

Notice of Meeting

Council Overview & Scrutiny Committee



Date & time
Thursday, 29
January 2015
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
Contingency Planning	Public Value Review programme and process

PART 1 IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 3 DECEMBER 2014

(Pages 1
- 4)

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 23 January*).
2. The deadline for public questions is seven days before the meeting (*Thursday 22 January*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

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

There are no responses to report.

6 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME

(Pages 5
- 24)

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

7 CARBON AND ENERGY POLICY FOR 2015 TO 2019

(Pages
25 - 54)

Purpose of the report:

Policy Development and Review

8 CABINET MEMBER PRIORITIES

Purpose of the report: A verbal update from the Cabinet Members of Business Services

9 AGENCY STAFF AUDIT ACTION PLAN UPDATE

(Pages
55 - 78)

Purpose of Report: Scrutiny of Services/Performance Management

10 BUDGET MONITORING REPORT

(Pages
79 - 114)

Purpose of the report: This report presents Council's financial position at the end of November 2014.

11 DATE OF NEXT MEETING

The next meeting of the Committee will be held at 10.30am on Wednesday 4 February.

**David McNulty
Chief Executive**

Published: Wednesday, 21 January 2015

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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MINUTES of the meeting of the **COUNCIL OVERVIEW & SCRUTINY COMMITTEE** held at 10.00 am on 3 December 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, 29 January 2015.

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

95/14 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Denise LeGal and Denise Saliagopoulos.

96/14 MINUTES OF THE PREVIOUS MEETING: 6 NOVEMBER 2014 [Item 2]

The Committee requested that a reminder be sent to the Strategic Director of Business Services regarding circulating the information of potential savings associated with the South East Business Services Partnership.

97/14 DECLARATIONS OF INTEREST [Item 3]

No declarations of interest were received.

98/14 QUESTIONS AND PETITIONS [Item 4]

No questions or petitions were received.

99/14 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

There were no responses to report.

100/14 RECOMMENDATION TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Key points raised during the discussion:

1. The Committee noted that an update from the Welfare Reform Task Group would be circulated shortly.

101/14 IMT UPDATE ON BETTER PLACE TO WORK PROJECT [Item 7]

Witnesses: Paul Brocklehurst, Head of IMT
Janet Ludley, IMT & Customer Communications Manager

Key points raised during the discussion:

1. The Head of IMT introduced the report and informed the Committee that IMT's customer base had increased by 40%. In addition, it was noted that IMT also supported around 2,000 NHS workers. There had been a rapid growth in the number of laptops distributed to staff from 400 to a current figure of 6,000; this was due to more staff working remotely. The entire network had now been changed to Unicorn system, in line with all 11 Surrey Borough and Districts and the majority of Surrey schools. The Committee were informed that IMT had replaced all IT systems apart from SAP and EMS over the last 3-4 years, to ensure systems were modern and fit-for-purpose. In line with upgrading systems, software on laptops and Blackberries and iPads would also be upgraded to ensure the Council can appropriately communicate and work with partners who use different systems.
2. Officers gave an update on potential risks to the project which included reduced levels of funding or a change in government legislation.
3. The Committee were informed that since visiting staff as part of the Better Place to Work Project, IMT had fixed 40% of issues raised. Officers expressed that this was considered a success as a number of issues raised had resulted in information being provided to staff to resolve their queries, and some of the issues could not be feasibly or easily fixed in the short-term.
4. It was noted the top five issues recorded were logging off/profile issues, printers, IT equipment, Blackberry issues and browser issues. Officers noted that nearly every staff member had the opportunity to present issues as part of Better Place to Work and from this 1000 IT issues were raised and were being dealt with.
5. There was a discussion around the reliability of IT equipment that the public use in libraries.. Officers informed the Committee that libraries

hold an external contract, with Axiell, but are monitored closely and get priority when systems fail. There had recently been an incident where the systems had failed and the Head of IMT assured the Committee that this matter was taken very seriously.

6. The Committee raised concern regarding the delay in issuing equipment to new starters and the speed of dealing with faults. Officers explained that they require information from the hiring manager before they can order a laptop and this often caused delays. However, there has been great improvement to the process for providing new equipment in recent months.
7. The Committee were informed the AIS system for Adult Social Care had recently been updated, it was noted IMT were considering moving Adults Social Care onto the same network as the Children, Schools and Families Directorate.

Further Information/Actions:

None.

Recommendations:

None

Committee Next Steps:

That an update on the Better Place to Work Programme be brought to a future meeting of the Committee (an update is scheduled for January)

102/14 DATE OF NEXT MEETING [Item 8]

The next Council Overview and Scrutiny Committee will be held on Thursday 29 January 2015 at 10.30am

Meeting ended at: 11.03 am

Chairman

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Council Overview & Scrutiny Committee
29 January 2015

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.

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 & SELECT COMMITTEE
ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED January 2015**

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
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	A response from the Cabinet, broadly in agreement with this recommendation was included in the 6 November agenda papers.	November 2014

Select Committee and Officer Actions

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
2 April 2014 COSC 18	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	Adult Social Care, Children Schools and Families, Libraries, Public Health and Finance teams to continue to monitor impacts of the welfare reforms on service users and services, and provide a joint update through the Welfare Reform Co-ordination Group to the Council Overview and Scrutiny Committee meeting in September 2014. Adult Social Care to include a summary of the impact of the welfare reforms on carers and Children Schools and Families to include a summary of the impact of the welfare reforms on care leavers in their updates.	Welfare Reform Co-ordination Group	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 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	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
		September 2014.			
2 April 2014 COSC 20	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	Surrey County Council's Organisational Development Team analyse training needs on welfare reform in the Council and explore how such training can be disseminated throughout affected council services and ensure consistency with training being delivered by partner organisations.	Organisational Development Team	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 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	REPORT OF THE WELFARE REFORM TASK GROUP: THE	The Adult Social Care Committee to closely monitor the delivery of this service by getWIS£ and report back	Adult Social Care Select Committee	The Adult Social Care Select Committee received a report on	March 2015



Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
COSC 25	IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	to the Council Overview and Scrutiny Committee as appropriate.		getWIS£ on 26 June 2014. The outcome was fed in to the work of the Welfare Reform Task Group when it reconvened in July 2014.	
2 April 2014 COSC 26	REPORT OF THE WELFARE REFORM TASK GROUP: THE IMPACTS OF WELFARE REFORM IN SURREY [ITEM 6]	<p>Surrey County Council's Adult Social Care Commissioners to work with Surrey's Welfare Reform Co-ordination Group, Public Health and getWIS£ to:</p> <p>(a) promote the getWIS£ advice and support service to all Surrey GPs through Surrey's 6 Clinical Commissioning Groups; and</p> <p>(b) continue to raise awareness of this service among key partners including District and Borough Housing and Benefits Officers and social housing providers;</p> <p>to ensure Surrey residents receive early help in dealing with the welfare reforms.</p>	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 WELFARE	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
	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 provision;</p> <p>(c) reviewing the demand for money management advice and assessing existing service provision, in order to</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>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>			
<p>4 June 2014</p> <p>COSC 43</p>	<p>YEAR-END FINANCIAL BUDGET OUT-TURN 2013/14</p>	<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. 	<p>Democratic Services</p>	<p>Arrangements have been made for this process to be adopted from May 2015.</p>	<p>June 2015</p>
<p>4 June 2014</p> <p>COSC 47</p>	<p>REWARD STRATEGY REVIEW 2014-18</p>	<p>Historic data about trends in staff costs and benchmarking data for staff above level S8 to be circulated to Members of the Committee.</p>	<p>Head of HR and Organisational Development</p>	<p>At the Performance & Finance Sub Group meeting in September 2014, the HR Relationship Manager (Adults) advised that the Council were</p>	<p>January 2015</p>

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				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 Committee as part of their Pay & Reward update in January 2015.	
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	January 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
				Chief Executive.	
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	<p>The Chairman has received a copy of the principles. A meeting has now been set up between the Scrutiny Manager and the new lead digital officer (covering a period of maternity leave) to discuss future scrutiny by the Committee.</p> <p>The Committee will also receive a 2 sided Digital Transformation vision, as part of the Corporate Strategy.</p>	October 2014
11 September 2014 COSC 52	DIGITAL TRANSFORMATION WITHIN SURREY COUNTY COUNCIL	That the Committee receive a further progress report on the digital transformation project in six months' time.	Chief Digital Officer	This has been scheduled for March 2015	March 2015
11 September 2014 COSC 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	A report was presented in November 2014.	November 2014

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
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	Staff survey has been postponed while feedback from a number of other projects, including the Better Place to Work Project, is taken into account.	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	Director of People and Development	It has been confirmed that the savings were not MTFP savings. Now that a full billing cycle has been completed, a report has been received from the supplier regarding the potential savings that would have been achieved.	January 2015
3 October 2014 COSC 59	INTERNAL AUDIT REPORTS	The process for awarding the future agency staff contract to be shared with the Committee	Director of People and Development	An update on the Manpower MAP is on the agenda for January.	January 2015

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
3 October 2014 COSC 60	INTERNAL AUDIT REPORTS	Officers to report back to the Committee if any of the actions highlighted in the Agency Staffing audit report are not completed by the agreed deadline.	Director of People and Development	This item is coming back to Committee in January 2015 for a progress update.	January 2015.
6 November 2014 COSC 61	APPRAISAL COMPLETION UPDATE REPORT 2013/14	Officers give consideration to spot-checking appraisals on grounds of quality	Director of People and Development	Internal Audit will be carrying out a review of appraisals in March 2015. This will involve reviewing a selection of appraisal documentation as evidence of completion, as well as a conversation with the individual and the manager about the quality and process of the appraisal. The feedback from this exercise will feed into any improvements that are made to our appraisal training and guidance.	April 2015
6 November 2014 COSC 62	BETTER PLACE TO WORK PROJECT	Officers give consideration to continuing the Better Place to Work Project and report the future programme to the Committee	Strategic Director for Business Services	An update from the Strategic Director for Business Services is attached at Appendix 1 to this tracker	January 2015
6 November 2014 COSC 63	BETTER PLACE TO WORK PROJECT	That the outcomes of the project be communicated to all Surrey County Council staff, including those in remote buildings and without access to the SNet	Strategic Director for Business Services		

Date of meeting and reference	Item	Recommendations/ Actions	To	Response	Progress Check On
6 November 2014 COSC 64	BUDGET MONITORING REPORT	That information regarding the DMA process be sent to the Strategic Director for Business Services for Consideration	Scrutiny Manager	A response is anticipated as part of the Committee's recommendations to Cabinet regarding the budget.	January 2015
6 November 2014 COSC 65	BUDET MONITORING REPORT	The Strategic Director for Business Services to share savings identified through the South East Business Services Partnership with the Committee when available.	Strategic Director for Business Services	To be scheduled	January 2015
3 December 2014	RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME	A welfare reform task group update would be circulated shortly	Chairman of the Welfare Reform Task Group	An update newsletter was circulated by the Scrutiny Manager on 9 December 2014	January 2015

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

29 January 2015

- Cabinet Member Objectives
- Pay & Reward Strategy
- Carbon and Energy Policy
- Better Place to Work Programme

4 February 2015

- Budget meeting

4 March 2015

- Digital Transformation
- New Models of Delivery
- Welfare Reform Update

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 and information on the Council's 'Better Place to Work' Project was given at meetings in November and December. A further update on staff engagement events has been agreed for Spring 2015.

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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Council Overview and Scrutiny Committee
29 January 2015

Better Place to Work Update

On 6 November 2014, the Strategic Director for Business Services and her team presented the Committee with an outline of the Better Place to Work Project.

Members made the following recommendations, and the responses are detailed below:

COSC 62: Officers give consideration to continuing the Better Place to Work Project and report the future programme to the Committee

Response: A wider employee engagement campaign is being designed to support managers and staff across the organisation. Whilst another round of visits is not being suggested, this engagement campaign aims to raise staff awareness to the support networks and tools available to them and how they can access to them. A report will be brought to the Committee in early 2015 to build on this.

COSC 63: That the outcomes of the project be communicated to all Surrey County Council staff, including those in remote buildings and without access to S-Net.

Response: Following the completion of the visits, updates have been provided to individual staff where possible. Targeted communications have been sent to building champions, who were the main contact for each building providing support to the programme, so that the update can be shared with the employees at these locations.

An update has also been included on the S-net for those employees who do have access.

Ongoing communication will occur through building user group meetings where appropriate and the teams will continue to update the building champions.

Next steps

A report will be brought to the Committee in early 2015 about the wider employee engagement campaign.

Report contact: Julie Fisher, Strategic Director for Business Services
Contact: 020 8541 7216

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Council Overview and Scrutiny Committee
29 January 2015

Carbon and Energy Policy for 2015 to 2019

Purpose of the report: Policy Development and Review

Introduction

The purpose of this report is to update the committee on the past four years of the council's energy and carbon policy and seek views on the proposed policy for 2015 to 2019, ahead of seeking Cabinet approval of the policy in March 2015. The draft policy sets out the council's approach to becoming a resilient and low carbon council. A briefing on the council's emerging Carbon and Energy Policy April 2015 to March 2019 is attached at **Annex A**.

Summary of the issue

This policy is required to enable the council to address a number of key challenges, opportunities and expectations on the council, including:

- Managing budget pressures in the context of volatile and typically above inflation unit energy price increases and the ongoing challenging financial climate
- Demonstrating leadership to reduce carbon emissions
- Ensuring joined up decision making across the council's services in respect of implications for energy and carbon
- Supporting schools to be more cost efficient and environmentally sustainable
- Harness the potential benefits from innovation and new models of delivery
- Develop wider benefits to Surrey's economy and local environment, such as employment in the low carbon economy sector and air quality benefits.

In 2013/14, the council - including Academies - emitted 93,000 tonnes of carbon dioxide and other greenhouse gases. The council spent a total of £14M on energy in all non-school buildings, fuel for fleet vehicles, business travel payments and Carbon Reduction Commitment (CRC) liabilities. Schools - excluding Academies - spent a further £8.2M on electricity, gas and oil in 13/14.

The effectiveness of the council's programme of carbon reduction in corporate buildings and maintained schools has been previously reported to the O&S Committee:

- Investment of £9.2M in energy efficiency measures, over a three year period from 10/11 was estimated, (based on samples from the SCC estate) to have contributed to a cumulative cost avoidance of £1.1M to date.
- Accounting for typical energy price inflation at 5% pa, the average payback period is expected to be 6 to 7 years. Further savings from subsequent years are still subject to verification.

- This contributed towards a 9% reduction in overall carbon emissions over the 2010-14 period of the previous policy, after accounting for the impacts of weather variations (or a 12% absolute reduction, if not accounting for weather)
- Investment in new streetlighting through a large-scale PFI agreement also contributed to this emissions reduction.
- Overall this scale of change is broadly comparable to other councils in the south east who report on a similar basis.

The proposed Carbon and Energy Policy for 2015 to 2019 has incorporated learning from previous policy period and has been developed in line with national best practice, benchmarking with other councils and in conjunction with all relevant services and the cabinet members for Environment and Business Services.

The policy proposes the scope and target for measurable carbon emissions reduction which will deliver associated cost savings compared to 'business as usual.' Guiding principles for determining the council's actions to achieve the policy's objectives have been developed and a core group including Property, Environment, Highways and Finance Services has identified and appraised opportunities and risks in relation to these principles. Project options have been identified across the corporate estate, street lighting, schools, fleet vehicles and business travel. Scale of investment and return has been considered for the most significant opportunities identified to date.

This policy sets SCC ambition over the following four year period and is proposed against a backdrop of challenging current and future financial constraints. Therefore, as noted in Annex A policy detail, each project element will be individually assessed via business case and scrutinised for benefits overall before commitment to fund is agreed.

For illustrative purposes a simple financial appraisal and carbon reduction schedule for possible energy conservation projects for the corporate estate is included at **Annex B**. This shows that investment of £3.2M could generate carbon savings in line with the 10% target and yield a positive financial return with a simple payback of around 8 years. Analysis for schools included at **Annex C** suggests investment of £9.6M would yield a similar level of carbon reduction with a simple payback of around 8 years. The scale of investment and savings for the corporate estate is consistent with the council's MTFP. For schools; low cost borrowing arrangements such as Salix are recommended as the primary funding source. In addition, county funded maintenance projects may also contribute carbon reduction benefits on the schools' estate.

Other areas currently under consideration for potential financial return, include a large scale solar PV array at Trumps Farm, streetlighting LEDs on one fifth of the network and procurement of electric vehicles within the council's fleet. Such projects would require scrutiny and approval from Investment Panel and Cabinet. If any of the current range of schemes under consideration are determined to be uneconomic, then other opportunities will be sought to contribute towards achievement of the 10% target emissions reduction. Schemes will not be pursued for the sake of the target alone, unless they provide a positive return to the interests of the council.

Energy and emissions reduction opportunities have also been considered in the context of major energy demand pressures. For example full utilisation of the Primary IT data centre and expanding schools to provide essential additional places could both increase carbon emissions compared to the baseline year. Energy and carbon savings may therefore be achieved in some areas but offset by growth due to pressures elsewhere. A methodology for verifying and reporting on savings will be developed.

The scale of capital investment and officer resource allocation is in proportion to the scale of the value at stake. Furthermore, delivery of the policy will be within existing officer resources, primarily within Environmental and Infrastructure, Property, Finance and Procurement and involves a cross-cutting approach to decision making.

Recommendations

That the Council Overview & Scrutiny Committee:

- a) Considers the emerging Carbon and Energy Policy (**Appendix A**), making recommendations where appropriate, in particular with reference to Governance arrangements, ahead of Cabinet consideration of the policy.
- b) Endorses the policy and monitors progress towards the targets on an annual basis, in line with statutory reporting timescales.

Next steps

- The policy will be considered for approval at Cabinet on 24th March 2015 and implemented, if approved, from 1st April 2015.

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paul.hasley@surreycc.gov.uk 020 8541 8577

Sources/background papers:

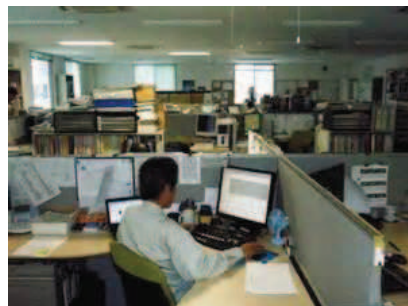
- [SCC Carbon and Energy Policy 2010 to 2014](#)
- [SCC Greenhouse Gas Emissions Report 13/14](#) to DECC 2013/14 and previous.
- “Annual Energy Report for County Council Buildings in 2012/13 and LASER energy procurement contract”, report to Overview and Scrutiny Performance and Finance subgroup, 30th September 2013
- *Review of Energy Management 2013/14*, Internal Audit Report, August 2013

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Appendix A:

Developing Surrey's Carbon and Energy Policy for 2015 to 2019

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Overview and Scrutiny Committee
29th January 2015

Contents

- **What are we trying to address?**
- **Review 2010 to 2014**
 - Context: 2010 to 2014 performance
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- **Policy development 2015 to 2019**
 - Carbon & Energy Policy 2015 to 2019 Development process and key milestones
- **Draft Policy 2015 to 2019**
 - Scope of policy and level of influence
 - Aim, Objectives and Target for 2015 to 2019
 - Benchmarking ambition and performance
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 - Identifying pressures and opportunities
 - Scale of investment and indicative financial return
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What are we trying to address?

Our **Aim** is to be a resilient and low carbon council in the most cost effective way whilst maximising the wider benefits to Surrey's economy and environment.

This matters because by working towards this, we will:

- **Respond to budget pressures** – context of above inflation energy price increases and challenging financial climate for local authorities
- **Demonstrate leadership** - reducing carbon emissions and costs of operations and ensuring wider environmental sustainability
- **Ensure joined up decision making** – longer term energy cost and financial implications form part of our decision making
- **Support schools** - to be more cost efficient and environmentally sustainable
- **Harness the potential benefits from innovation and new models of delivery** - with respect to finance and technologies, on a business case approach
- **Develop wider benefits to Surrey's economy and local environment**

Review 2010 to 2014

Context: 2010 to 2014 performance

We achieved reductions, as follows:

- Energy consumption **reduced** for streetlighting, buildings energy and transport fleet fuel.
- Total energy spend **reduced**
- Fleet fuel consumption **reduced**
- Further work is required to analyse business travel cost trends.

Renewable generation has increased

Renewable energy generation capacity on our estate and schools has increased from 0.5MW to 1.5MW.

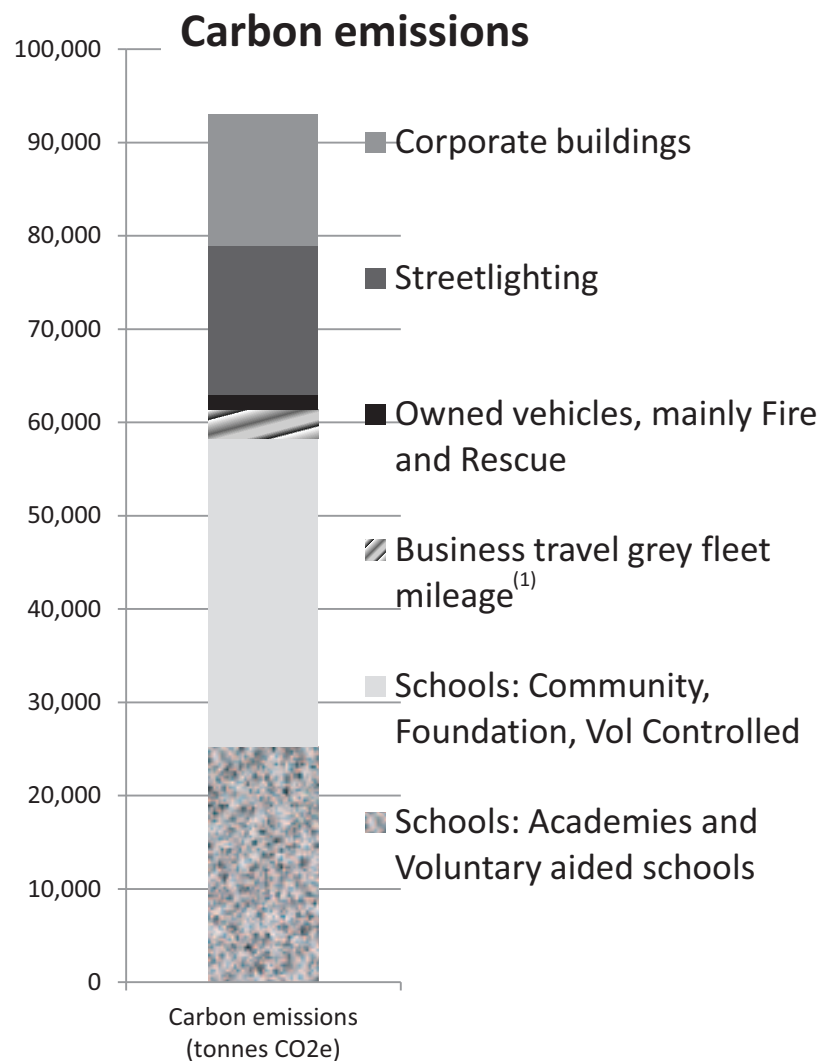
45% of total electricity was purchased on a green tariff, at no additional charge to the council.

Carbon emissions overall **reduced** by 12% or 9% after accounting for weather.

This is within the range of performance of other councils (see Benchmarking performance – slide 13)

Evaluation of our experience during the 2010 to 2014 period has informed the proposed policy for 2015 to 2019.

Carbon emissions and Costs in 2013/14



Costs

Energy for Corporate Buildings ⁽²⁾	£3.1M
Streetlighting	£3.5M
CRC (carbon tax)	£0.8M
Owned vehicles (estimated fuel spend)	£0.7M approx.
Business travel mileage, inc lump sum (exc. public trans)	£5.8M
County council: sub total	£14M
Schools (inc Community, Foundation, VC and VA)	£8.2M
Academies	not known

Notes:

1. The term 'grey fleet' refers to vehicles used for business travel which are not owned by the council, e.g. cars owned by staff used for journeys for which mileage is claimed

2. Cost of purchasing electricity, gas and oil excluding CRC ⁶

Policy development 2015 to 2019

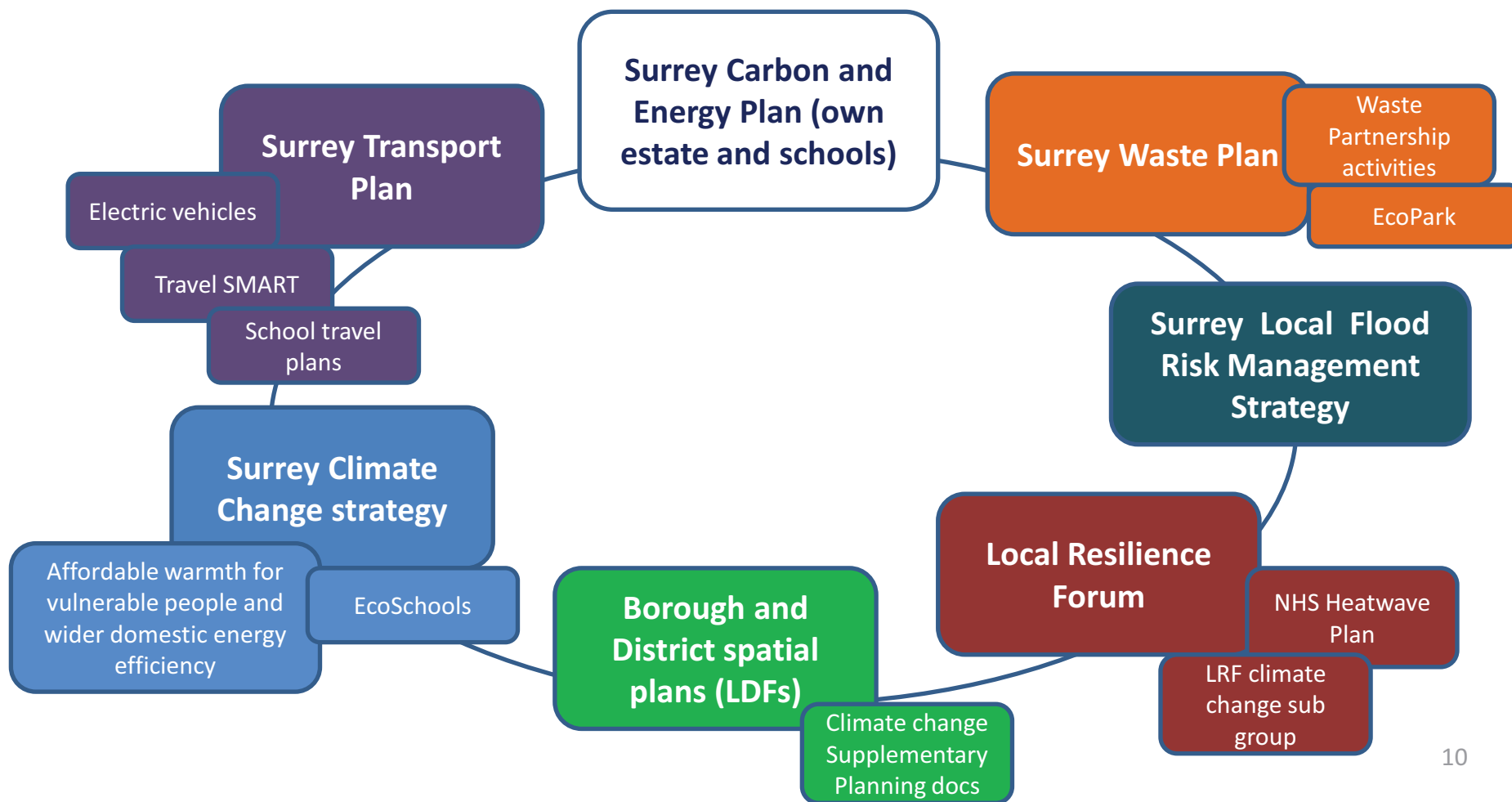
Policy development and approval process and key milestones - SUMMARY



Draft Policy 2015 to 2019

Context of the policy

The emerging Carbon and Energy policy sits alongside other local authority (inc B&Ds) activities for natural resource management, infrastructure development and spatial planning. Climate change mitigation (emissions reduction) and resilience (adaptation) is being addressed on a number of fronts; for example:



Proposed scope of policy and level of influence

The scope of the policy covers a breadth of activities, but our actions will be determined by the level of control and influence we have.

-
- Service decisions with energy implications
 - Corporate property portfolio
 - Streetlighting
 - Council owned fleet
 - Business travel
 - Schools (Community, Foundation and V.C.)*
 - Energy and fuel costs within major contracts
 - Schools (Academies and V.A.)
 - Staff commuting
 - Domestic and wider community and commercial sector emissions - strategy and delivery via other (partnership) activity

* Schools are within the scope of monitoring and reporting, but are self-governing organisations

Draft Aim, Objectives and Target for 2015 to 2019

Aim:

To be a resilient and low carbon council in the most cost effective way, whilst maximising the wider benefits to Surrey's economy and environment.

Objectives:

- Be joined up in our decision making, across Services' decisions which have energy implications
- Improve the efficiency of corporate property portfolio and streetlighting
- Support schools with advice, support and maintenance, depending on status
- Improve the efficiency of fleet, business travel and commuting
- Work with suppliers for contracts with a major component of energy costs
- Work in partnership working with boroughs and districts and other partners

Carbon Reduction Target

By 2018/19, compared to our baseline year of 13/14 (63,163 tonnesCO₂^e), we will reduce carbon emissions from our corporate estate, streetlighting and other highways electricity and schools* by **10%**.

* Community, Voluntary controlled and Foundation status only.

Benchmarking ambition

Other county councils that have recently reviewed equivalent policies, have set targets as set out below. Some councils opting for stretching targets but over the long term. **Where short term targets are set, these are generally in line with Surrey's scale of ambition.**

	Emissions Reduction Target and Period	Per annum equivalent
Surrey	10% reduction by 2018/19 vs 2013/14 baseline	2.0%
East Sussex	80% reduction by 2050 vs 2009/10 (in support of national legislated target)	3.5%
Hampshire	No percentage target reduction has been set in most recent strategy and action plan updates in 2012 and 2014	n/a
Kent	2.6% reduction per year, up to 2015 (no baseline specified)	2.6%
West Sussex	50% reduction by 2025 vs 2011	3.6%
Buckinghamshire	10% reduction by 2016/17 vs 2011/12	2.0%



Benchmarking performance

A rudimentary comparison, shows Surrey CC is broadly in line with other SE7 county councils, although there is significant variation between councils in some cases.

However, benchmarking emissions changes is unreliable. It is subject to changes in reporting rules (affecting all councils, but obscuring year on year changes), differences in application of guidance and variations in carbon reduction investment levels.

Emissions reporting source:	CRC reporting ¹ (latest figures available <u>13/14</u> vs 10/11)	GHG reporting ² (latest figures available <u>12/13</u> vs 10/11)
Surrey	-27.9%	-6.5%
East Sussex	-30.1%	-14.0%
Hampshire	+0.5% *	-5.0%
Kent	-30.6%	-6.9%
West Sussex	-21.2%	Figures unavailable for 12/13 vs 10/11

- Carbon Reduction Commitment (CRC)** Energy Efficiency Scheme is administered by the Environment Agency. It involves annually reporting and purchasing permits. The scope only includes emissions from the council's corporate buildings and streetlighting. Emissions reduction for CRC reporting should not be taken as an entirely comparable year on year progress, as changes in the rules for qualifying emissions have occurred. * Hampshire's figure is not reflective of the council's change in emissions overall.
- Greenhouse Gas (GHG)** reporting to DECC involves annually reporting emissions, but there no financial implications. The scope of reporting covers a wider range of emissions i.e. emissions from business travel and fugitive emissions from air conditioning.

Emerging Action Plan

<p>1. Statutory obligations</p>	<ul style="list-style-type: none"> •Meet all statutory obligations in relation to energy and carbon, including Carbon Reduction Commitment (CRC), Greenhouse Gas (GHG) Reporting , Display Energy Certificates and Energy Performance Certificates, Air conditioning maintenance and our role as a Planning Authority
<p>2. Monitoring and Reporting</p>	<ul style="list-style-type: none"> •Monitor energy consumption, costs and sources, to inform our energy management programme •Review and publish performance against targets
<p>3. Procurement</p>	<ul style="list-style-type: none"> •Secure best value energy and fuel supply and contract service delivery •Use Procurement opportunities to stimulate and sustain the local economy •Explore opportunities within our major contracts to achieve energy cost reduction
<p>4. Staff awareness and behaviours</p>	<ul style="list-style-type: none"> •Promote energy efficiency awareness and responsibilities to all staff as building users
<p>5. Manage assets and services</p>	<ul style="list-style-type: none"> •Improve energy efficiency of our operations through efficient building operation •Consider full lifecycle energy and carbon implications in major projects and strategic decisions •Invest in energy efficiency/carbon reduction projects on a prioritised basis within existing budgets •Develop new investment cases and evaluate options for delivery
<p>6. Travel</p>	<ul style="list-style-type: none"> •Review and implement policies, culture and initiatives that reduce the need for, and cost (including time) of business mileage and improve fuel efficiency of fleet vehicles through specification and usage practices
<p>7. Schools</p>	<ul style="list-style-type: none"> •Support schools to embed sustainability in learning and operations, including improving energy efficiency and reducing carbon emissions
<p>8. Residents and wider community</p>	<ul style="list-style-type: none"> •Work across council departments and in partnership with wider partners (public and private), to support residents and the wider community to reduce carbon emissions and benefit from efficiency



Guiding Principles

Be joined up in our decision making as one council

Develop proposals on a prioritised basis, considering:

Scale of contribution reducing carbon emissions

Statutory obligations

Our scope of influence to implement/facilitate change

Cost of implementation on a full life cycle basis

Ancillary impacts (+ve and -ve) re. corporate priorities

Work with partners to address issues of shared interest i.e. related service provision, common goals, , expertise, finance – orgs such as B&Ds, 3rd sector orgs, expert advisors and investors.

Identifying pressures and opportunities

Contribution to <u>increasing emissions</u> vs baseline:	Potential increase or reduction (not reliably predictable):	Contribution to <u>reducing emissions</u> vs baseline:
<ul style="list-style-type: none"> ▪ ICT data centre - fulfilling designed capacity for in-house demand and servicing other organisations ▪ Schools expansion programme – meeting growth in demand for school places 	<ul style="list-style-type: none"> ▪ Weather variations ▪ Change of status of schools ▪ Estate acquisitions and disposals ▪ Staff occupancy changes ▪ Changes to organisation e.g. In-sourcing / out-sourcing services ▪ Carbon intensity of energy sources – change over time 	<p>Over 40 project opportunities have been identified, covering:</p> <ul style="list-style-type: none"> ▪ Corporate property portfolio efficiency & renewable projects ▪ Staff behaviour change ▪ Streetlighting – further efficiency options ▪ Supporting schools, with support and advice ▪ Business travel mileage reduction



Indicative Investment and Return

Investment to achieving a 10% reduction in carbon emissions by 2018/19 could see the Council and maintained schools **avoid £3.9m** of cumulative cost pressures from energy spend in buildings alone over the coming 4 years. Streetlighting, solar and business travel project returns could increase this saving further.

Area	Energy costs (13/14)	Investment over 4 yrs	Returns (p.a.) in Yr 1	Indicative Payback	Funding stream and status
Corporate Property: efficiency and generation	£3.1M	£3.2M	£0.4M	8 years	Capital maintenance, within MTFP
Corporate property: Solar PV Trumps Farm	n/a	£3.8M	Business Case being evaluated	13 years	Provision within MTFP subject to Investment Panel approval
Schools (Community, Foundation and Vol Cont)*	£8.2M	£4.2M*	£0.50M*	8 years	Not SCC funding. Schools' borrowing e.g. Salix 0% interest lending from Education Funding Agency
Fleet vehicles (Electric vans)	Not known	~£0.3M	Business case in development	Less than 10 yrs	Highways service, subject to Investment Panel
Business travel (mileage and lump sum)	£5.8M	tbc	tbc	tbc	tbc
Street lighting LED	£3.5M	£8.0M (research ongoing)	Business case in development	19yrs (i.e. current business case is not acceptable)	Subject to an acceptable business case being established, funding options would be considered further.

* **Schools:** Revenue benefit to schools, not SCC budget. Maintenance projects e.g. boiler replacement, could also contribute to financial and carbon savings in LEA maintained schools. 18

Possible Scenario - Carbon

Area	13/14 baseline tonnes CO ₂ ^e	Carbon Saving tonnes CO ₂ ^e (pa)	Investment Required over 4 yrs
Corporate Property: Efficiency and generation	14,074	2,313	£3.2M
Corporate property: Solar PV Trumps Farm	-	1,490	£3.8M ⁽¹⁾
Total investment included in MTFP		3,304	£7.0M

Further investment being evaluated:			
Electric Fleet vehicles	1,526	17	£0.3M
Business Travel	3,057	No carbon savings yet identified vs baseline	tbc
<i>Street lighting⁽⁴⁾</i>	<i>16,064</i>	<i>2,283</i>	<i>£8M</i>

School led borrowing:			
Schools (Community, Foundation and V.C.) ⁽²⁾	33,025	3,348	£4.2M ⁽³⁾

(1) Trumps Farm solar PV: Subject to further consideration by Investment Panel.

(2) Schools not included in statutory CRC reporting from April 2014, but still included in GHG reporting

(3) Subject to agreement for schools to borrow from Salix, permission required from Secretary of State for other sources

(4) Streetlighting- Subject to further research to determine whether an acceptable business case exists



Governance:

Monitoring and Reporting

Reporting area	Frequency	Reporting led by	Purpose
CRC Energy efficiency scheme	Annual, by 31 July	Property	Government requirement (statutory duty)
Greenhouse Gas emissions	Annual, by 31 July	Environment	Government requirement (single data list)
Service reporting	Quarterly	All services involved in C&E policy delivery	Council performance monitoring - detail
Overview and Scrutiny Committee	Annual, following July	Joint: Business Services and Env & Inf	Council performance monitoring - oversight

Governance:

Supporting scrutiny arrangements

Reporting area	Frequency	Purpose
Internal Audit	In line with OSC reporting and additional as required	Verification of performance evaluation
Procurement Review Group	As required	Appointment of contractors and procurement of works
Investment Panel	As required	Individual scheme investment assessment
Continuous Improvement Network	As required	Performance review, as required

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Appendix B: Indicative Investment and Return Schedule¹ for Corporate Estate

Project type	Lifetime of measure (Yrs)	Investment (multiple sources) (£'000k)	Energy savings & income per yr (£'000k)	Simple payback (Yrs)	Carbon saving (tonnes CO ₂)	Cost Effectiveness (£ /lifetime tonne CO ₂)
Building Management Systems	10	120	15	8	82	147
Boilers	10-14	1,212	105	9-13	585	148
Heating Systems	7-15	436	171	2-9	955	46
Insulation	8-30	370	117	2-5	654	25
LED Lighting	20-25	279	59	5	225	56
Lighting Controls	9	5	1	4	5	110
Lighting Upgrades	20	69	22	4	279	12
Monitoring and Targeting	10	9	5	2	21	45
Motor Controls	10	19	10	3	39	50
Renewables²	11-20	120	7	5-19	28	217
Ventilation	14	9	5	2	19	32
Voltage Management		0	0		0	
Sub Total		2,648	516		2,891	
Contingency³		530	-103		-578	
TOTAL	n/a	3,178	413	8	2,313	n/a

1. This is an example of a potential scale of investment and savings (financial and carbon) that could result from an example mix of energy efficiency and renewables measures. The is for illustrative purposes of the potential relationship between investment and return, not a projected schedule for delivery.

2 Renewables used in this scenario mainly relates to solar PV as scope for replacing oil with biomass is considered limited within the corporate estate

3. Contingency: A risk adjustment has been made to cover a potential inflation in the cost of measures, a reduction in cost savings and a reduction in carbon emissions, compared to standard assumptions. The reported average payback period for the investment sum as a whole, is given after making these adjustments.

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Appendix C: Indicative Investment and Return Schedule¹ for schools

Project type	Lifetime of measure (Yrs)	Investment (from non-SCC sources, such as 0% Salix loans) (£'000k)	Energy savings & income per yr (£'000k)	Simple payback (Yrs)	Carbon saving (tonnes CO ₂)	Cost Effectiveness (£ / lifetime tonne CO ₂)
Building Management Systems	10	120	13	9	82	147
Boilers	10-14	160	13	9-13	79	145
Heating Systems	7-15	216	45	2-9	279	77
Insulation, draught proofing and glazing	8-30	952	304	2-5	1,866	22
LED Lighting	20-25	683	114	6	459	68
Lighting Controls	9	73	18	4	74	110
Monitoring and Targeting	5	9	5	2	21	90
Motor Controls	10	19	10	2	39	50
Renewables, including boilers²	11-20	1,275	252	5-19	1,287	76
Ventilation	14	0	0	2	0	
Sub Total		3,508	775	5	4,185	
Contingency³		702	-271		-837	
TOTAL	n/a	4,210	503	8	3,348	

1. This is an example of a potential scale of investment and savings (financial and carbon) that could result from an example mix of energy efficiency and renewables measures. The is for illustrative purposes of the potential relationship between investment and return, not a projected schedule for delivery. County funded maintenance projects (from the schools's maintenance grant) may also contribute carbon reduction benefits on the maintained schools' estate, but such works are not included in this scenario. (schools sheet only). Academies and Voluntary Aided schools are not included in the above scenario, but a similar range of opportunities exists for these schools.

2 Renewables used in this scenario are biomass boilers replacing oil and solar PV. The funding for solar PV projects in schools may continue to be sourced from thrid party finance arrangements with associated long term discounted power purchase agreements, as is the most common arrangement at present.

3. A risk adjustment has been made to cover a potential inflation in the cost of measures by 20%, a potential reduction in cost savings by 40% and a reduction in carbon emissions by 20%, compared to standard assumptions. The reported average payback period for the investment sum as a whole, is given after making these adjustments.

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Council Overview and Scrutiny Committee
29 January 2015

Agency Staff Audit Action Plan Update

Purpose of the report: Scrutiny of [Services and Budgets]/[Performance Management]/[Policy Development and Review] *[delete as appropriate]*

[Explanation (one or two sentences) of why the report is going to the Select Committee]

Introduction

1. A review of the Agency Staff Contract was included as part of the 2014/15 Annual Audit Plan and was undertaken completed in September 2014. The audit and Management Acton Plan(MAP) were presented to Council Overview and Scrutiny Committee on 3 December 2014.
2. The audit concluded there were major control weakness requiring immediate implementation of recommendations and the MAP set out the steps and timeframes to address these. Committee asked to be kept informed of progress on delivery of the MAP and that officers should return to committee to explain any failures or changes in delivering the MAP.
3. There has been slippage in the delivery against two high priority actions, see extract of the relevant audit findings and recommendations and management actions at Annex A. This report provides an explanation of the slippage, the action taken to address this and provides an progress report against the MAP (see Annex B).

Review of management action plan

4. Recommendation 5.1.10 was to have the new MStar contract signed and operational. This was completed in August and the contract runs until August 2015. We have in place a procurement waiver for this contract extension which is valid until April 2015.
5. Recommendation 5.1.11 provides for:
 - improving the operation of the current MStar (master vendor) contract;
 - putting in place a contract and procurement waiver where we have formed direct supply relationship for locum social workers outside of the current MStar contract ('off contract vendors'); and
 - identifying options and a plan for future supply for agency workers when the current contractual arrangements end.
6. The initial focus of management action was to secure a procurement waiver where there was risk of legal challenges and where Member approval was needed in order that outstanding invoices could be paid. Priority was then

given to address supply problems for locum social workers because of the potential risk of service failure affecting vulnerable adults and children. Through a co-design process we have implemented new locum process with Adults Social Care and Children, Schools and Families which provides a common route for accessing locums via our MStar contract and direct supplier relationships. This has improved speed of supply, relationships between Manpower and CSF and given more time off the Childrens Recruitment Team to focus on permanent recruitment.

- 9
7. As a result of this work, we were late in completing analysis of previous work to identify future supply options which was due in October and we have not put in place a contract for our direct supplier relationships. It is now clear that the expectations set out in the MAP were not achievable, however, we continue to make good progress in both of these areas.
 8. In terms of the contract for our direct supplier relationships we have implemented a single agency charge rate, common quality standards and developed a specification for service. The vendors will be signed up to a new contract in January.
 9. Following review of work previously undertaken four options have been identified and high level appraisal complete:
 1. Set up trading company for agency recruitment;
 2. Set up joint Surrey /East Sussex framework;
 3. Call off established MSTAR2 framework;
 4. Hybrid solution.
 10. A high level timeframe for procurement is as follows:
 - Jan detailed discussions with stakeholders;
 - Jan/Feb – options appraisal to decide model
 - Options 2-4:
 - March – complete spec,
 - Apr-June procurement,
 - July/Aug – mobilise;
 - Option 1:
 - Feb – August - business case and plan – engage partner and detailed research with successful trading companies,
 - Aug – extend existing arrangements.

Recommendations

11. Committee is recommended to note that:
 - progress has been made in delivery of the MAP;
 - where deadlines have been missed this has been because of work on high risk issues has been prioritised; and
 - there are achievable plans in place to make sure that audit recommendations are implemented in reasonable and appropriate timeframes.

Next steps

12. Officers should continue to report any slippage of failure to implement the MAP.

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Contact details: 07792 511083/ken.akers@surreycc.gov.uk
Sources/background papers: Audit Report (A01080/2014/15-Agency Staff Contract 2014/15 and Management Action Plan

RELEVANT EXTRACTS OF AUDIT FINDINGS, RECOMMENDATIONS AND MANAGEMENT ACTION

1. The review set out that the local authority's agency staff contract is accessed by managers across the organisation with an overall cost £11.7m in 2013/14 (£12.7 in 2012/13). The commercial aspects of this contract are managed by Procurement whereas the more operational and day to day contract management is the responsibility of the Deputy Head of HR supported by two staff in HR, who help manage the contract on behalf of Services.
2. Further, Cabinet approved a new two-year contract with Manpower from 1 April 2013 under the MSTAR (Managed Service to Temporary Agency Resources) framework contract. The Cabinet report identified that some of the difficulties identified in previous audits with the operation and delivery of this contract were still problematic. A task group was set up to take forward some of the feedback from Services and develop future alternative options.
3. A new agency staff framework contract approved by Members in March 2013 was not actually signed and implemented at that time. SCC and Manpower, the lead supplier, instead continued to operate under the old contract. The new MSTAR framework contract was signed by Manpower in August 2014. Panel Vendors (other agencies providing Manpower with agency staff) may resist reduced agency rates being introduced in September 2014. The MSTAR contract is due to end in March 2015.
4. Further, options for the development of a radical alternative to the contract have not been progressed to the extent originally anticipated. Children Services, Adult Social Care and IMT each have a number of long term agency staff, some of whom have been with SCC for more than two years. Agency salaries and mark-ups that sometimes appear high present Services with a longer term opportunity to achieve financial savings.
5. Dissatisfaction with Manpower and the need to urgently address staffing concerns resulting from national shortages of Social Workers and high staff turnover in Childrens Services meant the Service began engaging agency staff directly from other agencies not on the framework contract. This development, which initially presented some risks, has now been implemented with adequate operational controls and has begun to deliver more timely agency recruitment. There is currently a proposal for the introduction of new flexibilities for Childrens Services so that they can access to other agencies not on the framework, if requests for agency staff are not fulfilled within agreed timescales.
6. These new and more flexible procurement arrangements should offer: more surety over the speed that vacancies are filled; improved compliance with Procurement Standing Orders; and reduce costs. Formalising the contractual basis for these new procurement arrangements for Childrens Services now needs to be finalised.

Recommendations and management action plan

7. The following high priority recommendations were made and management actions identified to address these are shown below.

- (i) Audit recommendation 5.1.10

SCC should ensure that that there are robust plans in place for a rapid implementation of the new MSTAR contract signed with Manpower in August

2014. These plans should include careful monitoring of the Panel Vendors' response to rate reductions and the new routes to market that procurement are establishing. **(High Priority)**

Management actions:

- Implementation plans have been agreed with Manpower on the MSTAR contract by August 2014
- Manpower has written to all Panel Vendors to confirm new rates under the new contract. Where exceptions happen, Manpower will gain confirmation from SCC on the appropriate course of action by September 2014
- The overall effectiveness of the MSTAR contract will be reviewed at quarterly supplier meetings on a quarterly until early 2015

(ii) Audit recommendation 5.1.11

Procurement, HR and other interested parties should continue to develop innovative options for an alternative to a framework contract solution to the recruitment of agency staff. In particular, further consideration should be given to the options for SCC to:

- (a) creating more specialist agency staff supply contracts where Services are able to take on the necessary overheads for contract management; and

Management actions:

- Identify and agree the problem areas through the Relationship Managers, Procurement and Manpower and Service Coordinators by October 2014;
- Utilise operations meetings and strategy meetings to identify the project team to resource this by December 2014.

- (b) consider cost effective and innovative options for the future supply of agency staff taking into account any potential for wider regional collaboration and/or opportunities to generate income. **(High Priority).**

Management actions:

- Consider bringing in an additional resource to manage the options analysis by mid October 2014;
- Have contract in place for directly sourced temporary CSF Social Workers by December 2014;
- Options and costs paper by March 2015.

MANAGEMENT ACTION PLAN

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

PRIORITY RATINGS

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

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

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

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

Lead Responsible Officer (HOS) Ken Akers, HR Relationship Manager Date 9 January 2015

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.1.10	SCC should ensure that that there are robust plans in place for a rapid implementation of the new MSTAR contract signed with Manpower in August 2014. These plans should include careful monitoring of the Panel Vendors' response to rate reductions and the new	High Priority	Implementation plans have been agreed with Manpower on the MSTAR contract.	August 2014	ACTION COMPLETED MSTAR contract was signed and in place from 1 st August 2014.. The new rates were applied from the 4 th September 2014.	Laura Langstaff

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
	routes to market that procurement are establishing.		Manpower has written to all Panel Vendors to confirm new rates under the new contract. Where exceptions happen, Manpower will gain confirmation from SCC on the appropriate course of action	September 2014	ACTION COMPLETED	Ken Akers
			The overall effectiveness of the MSTAR contract will be reviewed at quarterly supplier meetings.	Quarterly until early 2015	ACTION COMPLETED Action is standing agenda item at supplier meetings.	Ken Akers
5.1.11	Procurement, HR and other interested parties should continue to develop innovative options for an alternative to a framework contract solution to the recruitment of agency staff. In particular, further	High Priority	Identify and agree the problem areas through the Relationship Managers, Procurement and Manpower and Service Coordinators.	October 2014	ACTION WORK IN PROGRESS <ul style="list-style-type: none"> • East Sussex procurement lead identified. • Analysis of agency spend and usage across both counties complete • Potential consultancy identified and outline business case received for creation of trading company temp agency Following review of work previously	Laura Langstaff, / Ken Akers / Caroline Budden

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
	<p>consideration should be given to the options for SCC to:</p> <p>(a) creating more specialist agency staff supply contracts where Services are able to take on the necessary overheads for contract management.</p>				<p>undertaken four options have been identified and high level appraisal complete:</p> <ol style="list-style-type: none"> 5. Set up trading company for agency recruitment 6. Set up joint Surrey /East Sussex framework 7. Call off established MSTAR2 framework 8. Hybrid Solution <p>Approx timeframe for procurement as follows: Jan detailed discussions with stakeholders Jan/Feb – options appraisal to decide model</p> <p>Options 2-4 : March – complete spec Apr-June procurement July/Aug – mobilise</p> <p>Option 1: Feb – August - business case and plan – engage partner and detailed research with successful trading</p>	

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.1.11	(b) consider cost effective and innovative options for the future supply of agency staff taking into account any potential for wider regional collaboration and/or opportunities to generate income	High Priority	Utilise operations meetings and strategy meetings to identify the project team to resource this. Consider bringing in an additional resource to manage the options analysis. Have contract in place for directly sourced temporary CSF Social Workers. (Amy / Keith)	December 2014 Mid October 2014 December 2014	companies Aug – extend existing arrangements Aug – Apr 16 – develop and implement Included as part of the above review. ACTION IN PROGRESS Surrey CC and East Sussex CC will work together to jointly procure the supply of agency staff, work is already underway to define the requirements at a regional level. – Lead appointed within East Sussex and discussions continue. ACTION IN PROGRESS Currently working with an external legal company to draft suitable specific external staff supply contracts that is being funded internally. – Developed and	Laura Langstaff, / Ken Akers / Caroline Budden

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.2.6	Childrens Services should produce aspirational targets for the phased replacement of some of the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change.	Medium Priority	Options and costs paper	March 2015	<p>launched a new Social Worker locum process for Children's & Adults services which builds in the off-contract process. A service specification has been drafted to include with the supply contract to ensure expectations and requirements are met.</p> <p>Engaged legal expertise to draft new contract arrangements. Appointed new contract manager to lead to lead on all contracts</p> <p>ACTION IN PROGRESS Included as part of the above review.</p>	Amy Bailey / Caroline Budden
			Develop a strategic approach to workforce supply and retention which would deliver a sustained reduction in locums and achieve the right balance between flexible, employed and trainee skills.	October 2014 to outline strategic approach and aims	<p>ACTION COMPLETED Regional conversations are taking place with thirteen Local Authorities (including Surrey) to move towards agreeing a Memorandum of Cooperation for Managing the demand and supply of Children's Social workers. This includes protocols around pay, recruitment, referencing and the standards of performance.</p> <p>Since 2010, Children's Services and Human Resources have</p>	

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
					<p>implemented a recruitment and retention strategy for social workers. A sum of £772k has been invested in establishing the 'social work academy' in North East Surrey for development and retention of newly qualified social workers. We have implemented the social work career grade; investing a further £1.8M in pay progression; accompanied by a clearly defined training programme for professional staff development. Alongside this, the Social Work Task Force has taken established more flexible locum recruitment and initiatives, such as the Locum Lunch, to transition locums to permanent staffing. HR & CSF are having ongoing discussions regarding the targets for locum to perm transfer.</p>	

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.2.6	Childrens Services should produce aspirational targets for the phased replacement of some of the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change.(cont'd)		Project started with Service and HR.	Ongoing – to be reviewed regularly	<p>ACTION IN PROGRESS</p> <p>A recruitment project is currently in progress with the following aims:</p> <ul style="list-style-type: none"> - Improve the website and advertising to ensure we are promoting Surrey and the roles within Surrey effectively and in line with other competing organisations. Work has started on the front page of our recruitment site and now reflects a 'cleaner' look. Work is continuing to improve the language and 'feel' of the web pages. - Improve the recruitment process for both permanent and locum Social Workers to ensure it is personalised and responsive, without unnecessary delays. <p>ACTION COMPLETED</p> <p>A policy has now been agreed and communicated detailing the commitment Surrey will make to its locum Social Workers to ensure they receive the basic training and development (including supervision) required to deliver the role. This recognises the key role locum Social Workers play in our workforce moving forward but does not detract from the need to move to a higher</p>	Amy Bailey / Caroline Budden

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
					proportion of permanent Social Workers.	
			Continue offering 'locum lunch' to target and communicate clear opportunities and to explain the approach of becoming permanent.	Next 'locum lunch' before Christmas 2014.	ACTION IN PROGRESS Proposed that next lunch be held in January 2015.	
			Introduce total reward benefit illustrations to allow cost comparison between locums and permanent staff.	By April 2015.	ACTION COMPLETED Planned total reward statements to demonstrate the financial equivalent of benefits such as annual leave, training and development, flexible benefits and pension schemes. Research is being carried out to support this scheme's cost and benefit.	
5.2.6	Childrens Services should produce aspirational targets for the phased replacement of some of		Improve the process for applying for and being selected for a permanent social worker using the	Ongoing – to be reviewed in October 2014.	ACTION IN PROGRESS – UPDATE REQUIRED Due to OFSTED commitments the progress report on the employee experience strand will be in shared	Amy Bailey / Caroline Budden

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
	the long term locums in Children Services with permanent staff, along with a set of measures designed over a period of time to stimulate such change.(cont'd)		SCC website.		with the project board in December 2014. Anyone applying for a Social Worker role can now apply by attaching their CV rather than by completing an application form. This is aimed at making the process faster and easier for potential applicants. The 'employee experience' is the first strand of the Recruitment Project., which is underway and being reported on 20 th October. This will provide a full account of communication, process and stages which an applicant will have to go through before being offered a SW role within Surrey.	
5.3.3	HR and Manpower should continue to work together to meet some of the specific concerns of Childrens Services on Manpower's performance, but particularly with regard to the quality and relevance of CV sent to managers and on the	Medium Priority	Strengthen operational management of the contract. Managers to raise issues through the issue log and for issues log to be regularly reviewed and checked for	Already in place and will be monitored on ongoing basis To be reviewed at operational	ACTION COMPLETED & MONITORING CONTINUES Operational management arrangements, the contract KPI's, ways of measurement and production of evidence are being reviewed. Ken Akers will be attending a sample of monthly meetings to understand how effectively issues are identified and addressed by Manpower and SCC leads.	Ken Akers

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
	functionality of Manpower's system which lead to so many requests for the cancellation of orders.		appropriateness of response. Strengthen the process of feeding back to managers about expectations	meetings.	In future, Surrey CC Relationship Managers will contribute to strategic meetings with Manpower contract managers and panel vendor representatives. This will help to focus on issues of quality of locums; making sure providers understand our needs and our culture; and contributing to improved performance management.	
5.4.7	Where Childrens Services need further flexibility on procurement arrangements, they should ensure that they use the procedures within SCC Procurement Standing Orders to request such flexibility and also ensure that there is adequate planning and coordination with other departments on how changes are to be implemented	Medium Priority	CSF will comply with SCC procurement rules. Where there are emergencies with the risk of major service failure, CSF will follow emergency waiver procedures to ensure sufficient skills are sourced to manage service delivery risks at short notice.	December 2014	ACTION COMPLETED A waiver application has been developed and approved for those appointments made off contract and is linked with the creation of the new contract for directly sourced locum social workers. Where Children's Services are unable to identify suitable locum staff within the existing contract; Procurement and HR will support them with flexible arrangements, whilst ensuring a robust process is in place that complies with SCC Standing Orders.	Caroline Budden / Amy Bailey/Keith Coleman

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.5.5	Manpower should be asked to substantially reduce its mark-up on any hard to recruit staff that Children Services introduced to them.	Low Priority	Service to identify relevant staff and volumes. Procurement and HR to meet with Manpower to establish whether an alternative charging mechanism can be added to the existing procurement terms.	December 2014	ACTION IN PROGRESS For discussion at January 2015 meeting	Ken Akers / Ian Banner/
5.6.9	Where agency staff are working at more than one site, the management of their total working week should be the formal responsibility of Manpower and one nominated SCC Manager. Manpower's performance on ensuring that staff do not reasonably exceed a normal working week	Low Priority	ASC and CSF Service Coordinators are monitoring the hours on a monthly basis and liaising with managers and Manpower. If a person working at more than one site breaches the weekly limit, then we ask a manager to take a lead role in making sure there is no	Monthly from August 2014	ACTION IN PROGRESS For discussion at January 2015 meeting ACTION COMPLETED Service Coordinators will be continuing to monitor this on a monthly basis. HR has reiterated the importance of this and further monitoring will take place at the quarterly operational meetings.	Ken Akers / Keith Coleman

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.6.9	Where agency staff are working at more than one site, the management of their total working week should be the formal responsibility of Manpower and one nominated SCC Manager. Manpower's performance on ensuring that staff do not reasonably exceed a normal working week (continued)		repeat of this. Local manager to take the lead in making sure hours limits are managed. Manpower also instructs all their workers not to work above 48 hours/week. We will review the hours regularly at our operational/service coordinators meetings. Establish if individuals are given the option to opt out of WTD and if so, where is this information held / shared.		ACTIONS COMPLETED Manpower will monitor all care workers that exceed 40 hours per week to ensure compliance This is a standard agenda item at the quarterly operational management meeting with service coordinators. All workers are given the option to opt out and this information is held on the individual's record available for audit if necessary.	Manpower Ken Akers Manpower
5.8.16	IMT should look at possible means of identifying possible IMT	Low Priority	Alternative options for resourcing flexible IMT capacity	New IMT Programme Manager not	ACTION IN PROGRESS Update: 26/11/2014: Programme Manager has been appointed and	Paul Brocklehurst

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
	<p>self-employed contractors that it can then refer on to Manpower, who can then work for SCC or even its partners at a much reduced mark-up. This may mean adopting novel approaches such as:</p> <ul style="list-style-type: none"> offering a finder's fee to SCC IMT staff and existing agency staff; using someone in IMT part time to act as a recruitment executive; maintaining a joint register of potential agency staff with Surrey Partners, particularly the Boroughs and Districts. 		<p>with a range of skills needs to be discussed with HR, procurement and the IMT programme manager.</p> <p>The IMT programme manager will be the senior lead for recruitment. However a more junior member of staff may support them in this capacity.</p> <p>Maintaining records of trusted contractors and agency staff used by us and partners would be helpful.</p>	<p>likely to be appointed until end of September, with subsequent start date depending on notice, likely to start this work in January 2015.</p>	<p>is now in post – they are now reviewing these options and currently remain on course for Jan 15</p> <p>IMT's internal contracts team has actively been pursuing this with IMT hiring managers. There is currently an internal exercise which is almost complete where all contract resource data has been compiled and the contracts team in conjunction with Manpower and Procurement will explore possible options. It is anticipated that this will be completed by Jan 2015 and will be handed over to the new Programme Manager upon their start date with us.</p>	
5.8.17	<p>IMT should ensure that it does not go off contract to secure</p>	Medium Priority	<p>IMT will comply with SCC procurement rules. Where there</p>	<p>Immediate.</p>	<p>ACTION IN PROGRESS - Update 26/11/2014: on-going</p>	<p>Paul Brocklehurst</p>

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
	agency staff in a way that breaches SCC procurement rules.		are emergencies with the risk of major IMT service/infrastructure failures, IMT will follow emergency waiver procedures to ensure sufficient skills are sourced to manage service delivery risks at short notice. The IT Programme Manager will review contractor placements to ensure resourcing is forecasted and planned.		Procurement and IMT will work together to ensure that the contracting model is appropriate on a case by case basis. Procurement will provide flexibility to ensure no breaches occur. IMT hiring managers have been reminded that they are not allowed to deviate from SCC procurement regulations in regard to the procurement of contract resources. Further scrutiny has been added by the SLT reviewing contract resources as per 5.8.21 at each of its weekly meetings and final ownership will be passed to the IMT programme manager upon commencement of their employment with SCC.	
5.8.18	IMT Management and Procurement should give further consideration to the basis of the agency supplier mark-ups being paid on	Low Priority	Agreed.	Quarterly meetings	ACTION IN PROGRESS Update 26/11/2014: On-going Procurement and IMT will work together to ensure that the contracting model is appropriate on a case by case basis.	Paul Brocklehurst / Keith Coleman/ HR

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.8.19	<p>Manpower agency staff, and where mark ups could be negotiated down further based on the value and duration of the booking.</p> <p>IMT management should give further, wide ranging consideration to where IMT support and specialist work typically provided from IMT contractors could be aggregated and put out to tender on a flexible basis.</p>	Low Priority	<p>The new IMT programme manager in conjunction with IMT SMT will be responsible for identifying projects in the pipeline that could be resourced as a tendered project rather than through individual contractors whilst still ensuring best value. However the reality of the labour market for IMT contractors may mean this is not always an attractive approach to individuals with the</p>	<p>New IMT programme manager not likely to be appointed until end of September, with subsequent start date depending on notice, likely to start this work in January 2015. In the interim to be considered by IMT SMT.</p>	<p>ACTION COMPLETED Update 26/11/2014: Programme manager is now in post and as picking this up as part of her duties. To commence in conjunction with IMT programme manager.</p>	Paul Brocklehurst

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.8.20	<p>IMT and Procurement to give further consideration as to the suitability of the MSTAR contract for IMT needs and whether alternative contractual arrangements would provide a better solution.</p>	Low Priority	<p>Options appraisal above will consider the needs of the services</p> <p>Alternative options for resourcing flexible IMT capacity with a range of skills needs to be discussed with Procurement and the IMT Programme Manager</p>	31 March 2015	<p>ACTION IN PROGRESS Update 26/11/2014: On-going Head of Service aware of actions. Contract Management team will review progress against the MAP in line with target timescales. HR & Procurement to support where necessary.</p>	Paul Brocklehurst / Keith Coleman
5.8.21	<p>The need for all IMT agency roles and the associated cost (and separately the agency mark-up) should be reviewed by the IMT Senior Management Team every three months.</p>	Medium Priority	<p>Agreed - for SMT agenda supported by regular reporting from manpower/HR</p>	To start September 2014	<p>ACTION IN PROGRESS Update 26/11/2014: On-going as per the report prepared for Julie Fisher. Contract resources identified in the report are currently being released as per the dates provided. Since the last update three contractors have been released from service in the technical teams.</p>	Paul Brocklehurst

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.9.6	HR should raise for discussion, whether there is a need and a means by which the target for the percentage of agencies that pass Safeguarding inspections conducted by Manpower is increased.	Medium Priority	Agreed. HR will raise with Manpower at next strategic meeting in Autumn	End November 2014	ACTION COMPLETED Item raised with Manpower and agreed. The target for safeguarding inspection will be 100 per cent compliance.	Ken Akers / Monika Mullaney
5.9.12	Further consideration should be given to means of improving the percentage of orders filled for ASC and Childrens Services bookings.	Medium Priority	We will seek clarity around how the data is achieved so that we are satisfied that the reported rate of fulfilled orders is accurate. Where we are dissatisfied by the fill rate we will consider the options available to us prepared in the	Ongoing and will be monitored at the Operational/Service Coordinators meeting	ACTION COMPLETED Reviewed on an ongoing basis The method of recording and showing compliance with key performance indicators will be reviewed with senior Manpower leads to provide reassurance about reporting and identify action areas.	Manpower and HR Operational team / Service Managers

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.9.13	Improvements in the recording of the reasons for cancelled bookings should be sought so that Manpower and SCC practice can be considered and improved where necessary.	Low Priority	<p>options paper.</p> <p>Manpower delivery team has been instructed not to choose the "cancelled" category even if the manager does not state the reason for cancellation.</p> <p>There will also be a separate category used for the orders which are cancelled by MP so it is clear which ones are cancelled by MP and which ones by our managers.</p>	From middle of August 2014, and then ongoing.	<p>ACTION COMPLETED</p> <p>Improvements have been established and implemented. This is now being monitored on a monthly basis with clearer explanations for cancellations provided.</p>	Ken Akers
5.9.14	Services should look to further develop their long-stop contingency arrangements for out of hours orders. This may involve giving greater consideration to the requirements of the service when	Low Priority	We will review roster patterns and review the practice of leave approval.	31 March 2015	<p>ACTION AWAITING UPDATE FROM SERVICE</p> <p>This has been a significant issue in function delivery for ASC and a workforce planning discussion is arranged with Service Delivery to address this, which will include arrangements for permanent and</p>	Phillipa Alisiroglu / Ken Akers

MANAGEMENT ACTION PLAN

Para Ref	Recommendation	Priority Rating	Management Action Proposed	Timescale for Action	Update on Progress @ 9 th January 2015	Officer Responsible
5.9.15	considering leave requests around bank holidays. HR should continue to monitor which managers are failing to manually authorise timesheets for agency staff and consider what escalation to Service management is appropriate.	Medium Priority	Agreed. We have been doing this together with Service Coordinators and the figures are decreasing.	Ongoing until the figures reach below 10% on regular basis.	locum staff. ACTION COMPLETED This is a standing item on quarterly meetings with service coordinators. Coordinators are monitoring this and a reduction has been seen. Currently seeing a 15% auto approval rate compared to spend.	Ken Akers
5.9.18	The monitoring arrangements for the new MSTAR contract and other routes to market need to be supported with effective measurements of the value for money being achieved.	Medium Priority	Discuss the new KPIs at the next Quarterly Strategy meeting with MP in October.	End November 2014	ACTION IN PROGRESS KPI's reviewed internally and discussed with Manpower. To be agreed at January meeting	Ken Akers / Keith Coleman



Council Overview and Scrutiny Committee
29 January 2015

BUDGET MONITORING REPORT

Purpose of the report: This report presents Council's financial position at the end of November 2014.

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 November 2014.

Report contact: Kevin Kilburn, Deputy Chief Finance Officer

Contact details:

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020 8541 9207

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SURREY COUNTY COUNCIL

CABINET

DATE: 25 NOVEMBER 2014

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: FINANCE AND BUDGET MONITORING REPORT FOR OCTOBER 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 November 2014 (eighth month)

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 an improved revenue position for 2014/15 of of -£2.7m underspend, up from -£0.5m at 31 October 2014. This position includes the need to fund planned commitments that will continue beyond 2014/15, bringing the underlying position down to -£1.2m underspend. (Annex1, paragraph 2).
2. Services forecast achieving an improved position on efficiencies and service reductions by year end of £70.0m (Annex1, paragraph 64).
3. The council forecasts investing £203m through its capital programme in 2014/15 (Annex1, paragraph 68).
4. Services' management actions to mitigate overspends (throughout Annex1).

Cabinet is asked to approve the following virement requests.

5. To transfer Bellwin grant compensating the council for costs it incurred responding to the flooding in the winter of 2013/14 and it funded from general balances to the Budget Equalisation Reserve to support future year's budgets (Annex1, paragraph 54)
6. To allocate the new government grant for Universal Infant Free School Meals to schools in accordance with the grant's conditions (Annex1, paragraph 9)

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 budget monitoring report for the eighth period of the financial year.
2. The Council has a risk based approach to budget monitoring across all services. This approach is to ensure we focus resources on monitoring those higher risk budgets due to their value, volatility or reputational impact.
3. There is a set of criteria to evaluate all budgets into high, medium and low risk. The criteria cover:
 - the size of a particular budget within the overall Council's budget hierarchy (the range is under £2m to over £10m);
 - budget complexity relates to the type of activities and data being monitored (the criterion is about the percentage of the budget spent on staffing or fixed contracts - the greater the percentage the lower the complexity);
 - volatility is the relative rate at which either actual spend or projected spend move up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during this year)
 - political sensitivity is about understanding how politically important the budget is and whether it has an impact on the Council's reputation locally or nationally (the greater the sensitivity the higher the risk).
4. High risk areas report monthly, whereas low risk services areas report on an exception basis. This will be if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower.
5. The annex to this report sets out the Council's revenue budget forecast year end outturn as at the end of October 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 October 2014 and year end forecasts.

Sources/background papers:

None

Budget monitoring period 8 2014/15 (November 2014)

Summary recommendations

Cabinet is asked to note the following.

1. The council forecasts an improved revenue position for 2014/15 of -£2.7m underspend, up from -£0.5m at 31 October 2014 (paragraph 2). This position includes the need to fund planned commitments that will continue beyond 2014/15, bringing the underlying position down to -£1.2m underspend.
2. Services forecast achieving an improved position on efficiencies and service reductions by year end of £70.0m (paragraph 64).
3. The council forecasts investing £203m through its capital programme in 2014/15 (paragraph 68).
4. Services' management actions to mitigate overspends (throughout this report).

Cabinet is asked to approve the following virement requests.

5. To transfer Bellwin grant compensating the council for costs it incurred responding to the flooding in the winter of 2013/14 and it funded from general balances to the Budget Equalisation Reserve to support future year's budgets (paragraph 54).
6. To allocate the new government grant for Universal Infant Free School Meals to schools in accordance with the grant's conditions (paragraph 9).

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 November 2014, the council

forecasts a -£2.7m underspend for 2014/15 (-£1.2m underlying position) 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 are 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 continues to consider strategic financial planning options for 2015-20 ahead of setting the next Medium Term Financial Plan early in 2015.

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 November 2014, services forecast to achieve £70.0m efficiencies by year end.

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 £5.5m to 30 November 2014.

As at 30 November 2014, the council forecasts a year end position of:

- £195.7m spend against 2014/15's reprofiled mainstream capital budget of £204.2m; and
- £7.5m spend on long term capital investments.

Revenue budget

Budget introduction and corporate view

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 November 2014, services forecast a -£2.7m underspend net revenue budget position (-£1.2m underlying position). This is a £2.2m improvement over the position forecast last month and follows an improvement to the forecast position of nearly £3m during September and October.

Figure 1 Forecast 2014/15 net revenue position



3. The forecast 2014/15 budget variance as at 30 November 2014 is -£2.7m underspent mainly due to the following variances.
 - Adult Social Care forecasts +£3.4m overspend, largely due to lower savings forecast for 2014/15 on the Family, Friends & Community support strategy.
 - Children's services forecasts a +£0.8m overspend net of income mainly on agency placements, pressures on fostering and adoption allowances and increases in numbers of care leavers and asylum seekers.
 - Schools & Learning forecasts -£4.2m underspend net of income. This underspend is mainly on county funded central budgets and Commercial Services, offset by an overspend on transport, mainly for children with SEN;
 - Environment & Infrastructure forecasts +£0.5m overspend mainly due to a shortfall in expected recharges to grant funded capital schemes and highways pressures partly offset by travel and transport underspends.
 - Business Services forecasts -£2.3m underspend, mainly in HR including underspends on the apprenticeship programme, training and early achievement of staffing efficiencies;
 - Chief Executive's Office forecasts -£0.6m underspend, mainly due to vacancies in Libraries Legal and Policy & Performance;
 - Central Income and Expenditure forecasts - £0.4m underspend mainly due to reductions in the costs of staff relocation allowances and protected pay.
4. In addition, Children's Services and Schools & Learning have ongoing planned commitments totalling £1.5m related to grant funded work on adoption reform and reforms for children with special educational needs and disabilities (SEND). The

services will seek to carry forward into future years as outlined in paragraph 20. This brings the underlying forecast underspend down to -£1.2m.

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

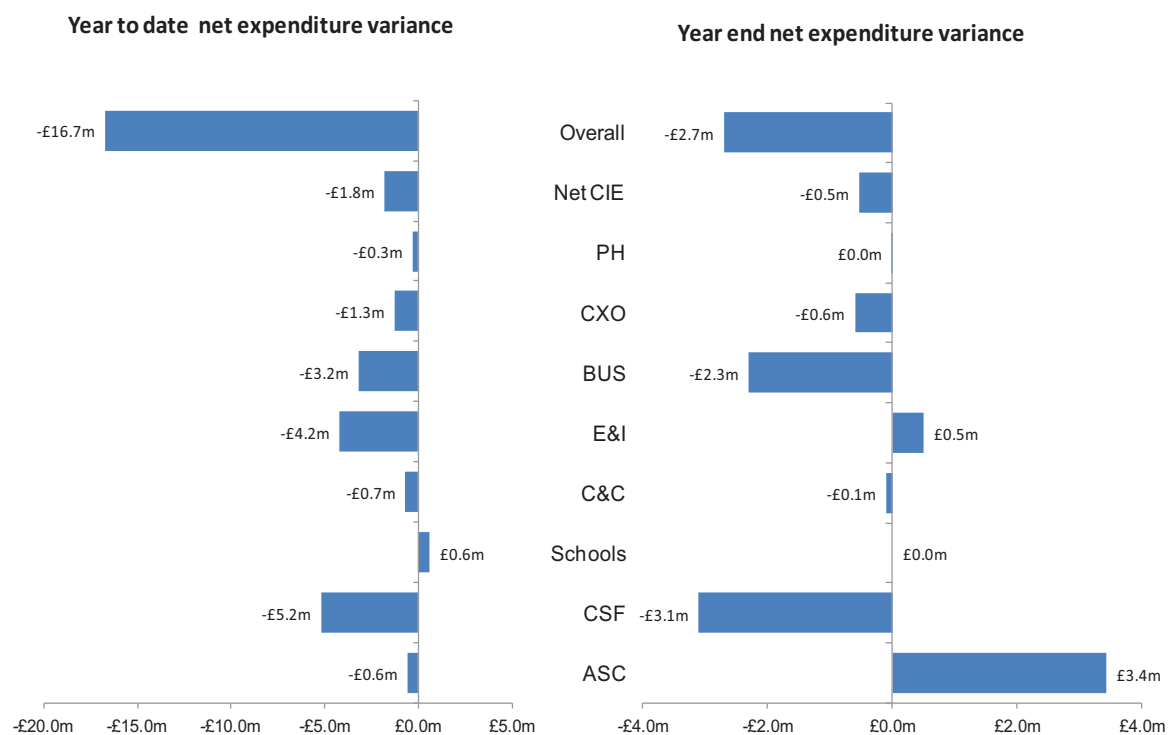
Table 1: 2014/15 Revenue budget - net positions

Oct forecast variance £m		YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
3.4	Adult Social Care	226.3	225.7	-0.6	342.0	119.7	345.4	3.4
-2.1	Children, Schools & Families	123.5	118.3	-5.2	187.0	65.6	183.9	-3.1
0.0	Schools (gross exp £468m)	0.0	0.6	0.6	0.0	-0.6	0.0	0.0
0.0	Customer & Communities	7.8	7.1	-0.7	11.9	4.7	11.8	-0.1
0.1	Fire	23.9	23.3	-0.6	35.5	12.1	35.4	-0.1
0.7	Environment & Infrastructure	81.6	77.4	-4.2	129.3	52.4	129.8	0.5
-1.4	Business Services	52.7	49.5	-3.2	82.1	30.3	79.8	-2.3
-0.5	Chief Executive's Office	17.4	15.8	-1.6	25.8	9.4	25.2	-0.6
-0.7	Central Income & Expenditure	-164.7	-165.5	-0.8	-171.9	-6.8	-172.3	-0.4
-0.5	Service net budget	368.5	352.2	-16.3	641.7	286.8	639.0	-2.7
	Local taxation	-436.5	-436.5	0.0	-615.8	-179.3	-615.8	0.0
-0.5	Overall net budget	-68.0	-84.7	-16.3	25.9	107.5	23.2	-2.7

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

6. Schools' funding is determined by an agreed formula under statute and expenditure decisions are the responsibility of each school's governing body.
7. 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



8. 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.

Virement request for new government grant - Universal Infant Free School Meals grant to the 2014/15 budget (£7.6m)

9. Cabinet is asked to approve receipt of the Universal Infant Free School Meals grant and the virement to allocate it to schools. This is a new grant introduced in 2014/15 to fund the provision of free school meals to all infant pupils from September 2014. This grant was not included in the MTFP because the basis of allocation was not known in January when the MTFP was compiled.
10. The grant conditions require the council to pass all the £7.6m grant on to individual schools and specifies how much to pass to each school (the funding distribution is £2.30 per meal supplied, plus additional funding for small schools). The council has no discretion in allocating the grant. The initial grant allocation is based on the government's estimate of the number of meals supplied. The grant itself creates no budget risk to the council as the amount received is equal to the amount the council allocates to schools.

Service commentaries

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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-46.7	-46.8	-0.2	-73.6	-27.1	-73.9	-0.3
Expenditure	272.9	272.5	-0.4	415.6	146.8	419.3	3.7
Net position	226.3	225.7	-0.6	342.0	119.7	345.4	3.4
Summary by service							
Income	-46.7	-46.8	-0.2	-73.6	-27.1	-73.9	-0.3
Older People	110.9	111.6	0.7	168.5	58.6	170.2	1.7
Physical Disabilities	31.9	31.1	-0.8	48.1	16.4	47.5	-0.6
Learning Disabilities	84.1	84.6	0.5	130.1	47.8	132.4	2.3
Mental Health	7.2	6.8	-0.4	10.9	4.1	10.9	0.0
Other Expenditure	38.8	38.4	-0.4	58.0	19.9	58.3	0.3
Total by service	226.2	225.7	-0.6	342.0	119.7	345.4	3.4

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

11. As at 30 November 2014, Adult Social Care services (ASC) has a -£0.6m year to date underspend with +£3.4m forecast overspend at year end.
12. 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 +£1.3m of extra demand pressures for Transition clients, meaning it requires £43.3m total savings. ASC has made good progress in many of its savings actions and judges it has achieved or will achieve savings of £29.1m without needing further management action.
13. The year end efficiencies forecast as at 30 November 2014 relies on ASC implementing £10.8m of management actions. Table 4 outlines these actions.
14. The most significant element of ASC's savings plans in 2014/15 is the Family, Friends and 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.
15. 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. ASC aims to achieve a further £1.6m 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 - Nov £m	Forecast Dec - 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	-0.6	-0.7	-1.3	2.2	-3.5	-2.9	0.6
Reassessments	-6.4	-1.5	-1.9	-3.5	3.0	-6.4	-10.1	-3.7
FFC DP surplus	-3.0	-3.6	-0.9	-4.5	-1.5	0.0	0.0	0.0
FFC catch up	0.0	0.0	-1.6	-1.6	-1.6	0.0	0.0	0.0
FFC demand management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total	-12.9	-5.7	-5.2	-10.9	2.0	-9.9	-13.0	-3.1
New packages transition	-0.4	1.1	-0.1	1.0	1.5	-0.4	-0.7	-0.2
Total	-13.3	-4.6	-5.3	-9.9	3.4	-10.3	-13.7	-3.4

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

16. Table 3 shows savings are progressing in all areas other than new transition care packages (for individuals who transferred from Children, 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 £5.7m savings to date with £9.9m forecast for the whole of 2014/15.
17. Challenges remain in five 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 Clinical Commissioning Groups (CCGs) which feed into this aim.
 - Identification of £2.6m of additional savings to 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 but currently no firm plans are in place to deliver these savings. As such, ASC has reduced the savings forecast to £0.72m.
 - ASC anticipates the correct application of continuing health care arrangements will deliver £0.9m 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.
 - The Learning Disabilities (LD) Public Value Review plans to secure £1.5m of savings in 2014/15 and to date £1.0m has been achieved. The remaining £0.5m relies on other local authorities agreeing to pick up the funding for a number of Ordinary Residence cases. The Strategic Director is liaising with the relevant directors in these authorities and Legal Services is supporting ASC in negotiating the funding transfers. However, there is a risk ASC will not conclude all the transfers by year end.
 - As outlined above, ASC aims to deliver £1.6m of FFC catch up savings in the remainder of 2014/15 to offset slippage against the original savings target. As at 30 November 2014, ASC is still working through detailed plans for these savings to determine whether this is achievable.

18. In recognition of the challenges outlined above, a risk contingency of £3.9m has been included within the management actions to account for the possibility of an element of these risks of not achieving the efficiency savings 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		-1.3
		<u>-43.3</u>
Total efficiency savings achieved (or needing no further management action) to date		-29.1
Efficiency savings forecast for the rest of the year through use of FFC	-4.4	
FFC applied to direct payments reclaims	-1.4	
Other efficiency savings for the rest of the year needing management actions	-9.9	
Risk contingency of savings not being achieved	+3.9	
		<u>-10.8</u>
Total efficiency savings forecast in remainder of year		-39.9
Under(+)/over(-) performance against MTFP target		<u>+3.4</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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-100.0	-99.9	0.1	-154.6	-55.6	-155.5	-0.9
Expenditure	223.5	218.2	-5.3	341.6	121.2	339.4	-2.2
Net position	123.5	118.3	-5.2	187.0	65.6	183.9	-3.1
Service summary							
Income	-100.0	-99.9	0.1	-154.6	-55.6	-155.5	-0.9
Strategic Services	2.7	2.9	0.2	4.3	2.0	4.9	0.6
Children's Services	61.6	61.8	0.2	93.4	32.4	94.2	0.8
Schools and Learning	140.6	135.3	-5.3	216.1	77.3	212.6	-3.5
Services for Young People	18.6	18.2	-0.4	27.8	9.5	27.7	-0.1
Total by service	123.5	118.3	-5.2	187.0	65.6	183.9	-3.1

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

19. As at 30 November 2014 Children, Schools & Families services (CSF) has a -£5.2m year to date underspend and forecasts -£3.1m year end underspend. This is an increase in underspend of -£1.0m compared to the position at 31 October 2014.
20. The underspend position includes lower than anticipated spend against the service transformation grants for adoption reform and the reforms for children with special educational needs and disabilities (SEND) being implemented from September 2014. These grants carry ongoing, planned commitments that continue beyond 2014/15, bringing the underlying position for CSF down to -£1.6m underspend, a slightly lower variance than reported at 31 October 2014. The services will seek to carry this grant funding forward into future financial years as detailed in paragraphs 25 and 27.
21. The change in CSF's underlying position is mainly due to an increase in the transport overspend and a reduction in the expected underspend for Commercial Services. CSF's transformation plans account for the +£0.6m overspend on Strategic Services. This includes the final phase of the public value programme.

22. Services for Young People forecasts collecting -£0.2m extra income, to give -£0.3m underspend net of income at year end.

Children's Services

23. Children's Services' forecast overspend is now +£0.8m net of income. This includes -£1.0m underspend on adoption reform, bringing the underlying position to +£1.8m. The underlying overspend relates mainly to care provided for children who are or have been in Surrey's care:
- +£0.2m agency placements, the forecast has reduced by -£0.1m as numbers are slightly lower, despite ongoing high cost secure accommodation placements exerting particular pressure on this budget;
 - +£0.2m continuing pressures on fostering allowances and cost of adoption allowances;
 - +£0.6m for leaving care and asylum seekers, as the number of care leavers continues at a similar level to that experienced in 2013/14 also occurred.
 - +£0.4m for asylum seekers, which continues to rise and is partly due to a grant shortfall of +£0.3m and children with no recourse to public funds +£0.1m.
24. In addition CSF expects a +£0.8m 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.
25. It is unlikely Children's services will spend the £1.4m Adoption Reform Grant fully this year due to delays in recruitment to the planned family assessment service. The grant is to support local authorities adapt to new timescales and expectations around adoption and permanency for looked after children. Children's services intended to use the grant to develop services to meet the new requirements (for example, increasing the number of adopters) over two to three years as the service becomes self sustaining through reductions in costs. The service will seek to carry forward £1.0m of this grant funding to sustain the adoption reforms in future years, particularly the creation of a family assessment service, with the intention of making the reforms sustainable through reductions in timescales, assessment and care costs.

Schools & Learning

26. Overall Schools & Learning forecasts a -£4.2m underspend (net of income) on county funded services at 30 November 2014. The main underspend is on the centrally held demographics and inflation budget. In addition Commercial Services forecasts to underspend by -£1.0m 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 a +£0.8m overspend on transport, mainly for children with SEN.
27. Schools & Learning now expects an underspend of -£0.5m against the £2.1m SEND reform grant intended to support the introduction of Education, Health and Care Plans from September 2014 as well as other aspects of the reforms. The service has encountered difficulties recruiting to short term posts to manage the transfer of all statements to the new plans. The service will seek to carry the unspent grant forward into 2015/16 when the transfer work will continue.

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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-289.6	-289.6	0.0	-468.3	-178.7	-468.3	0.0
Expenditure	288.0	288.0	0.0	468.3	180.3	468.3	0.0
Net position	-1.6	-1.6	0.0	0.0	1.6	0.0	0.0

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

28. 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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-0.6	-0.9	-0.3	-0.9	-1.3	-2.2	-1.3
Expenditure	8.4	8.0	-0.4	12.8	6.0	14.0	1.2
Net position	7.8	7.1	-0.7	11.9	4.7	11.8	-0.1
Summary by service							
Customer Services	2.2	2.1	-0.1	3.3	1.2	3.3	0.0
Trading Standards	1.4	1.3	-0.1	2.1	0.9	2.2	0.1
Community Partnerships & Safety	2.3	2.0	-0.3	3.7	1.7	3.7	0.0
County Coroner	1.1	0.9	-0.2	1.6	0.5	1.4	-0.2
C&C Directorate Support	0.8	0.8	0.0	1.2	0.4	1.2	0.0
Total by service	7.8	7.1	-0.7	11.9	4.7	11.8	-0.1

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

29. As at 30 November 2014 Customer & Communities services (C&C) had -£0.7m year to date underspend and forecasts a small underspend of -£0.1m at year end.
30. The reported position includes staff savings within Directorate Support and Customer Services of -£0.2m, offset by income pressures within Trading Standards, for the recovery of court costs and proceeds of crime.
31. The -£0.7m year to date underspend is mainly due to timing of expenditure on third party grants and member allocations plus staffing underspends.

Repair and Renewal Grant

32. The Repair and Renewal Grant is a £5,000 grant from the Department for the Environment, Fisheries and Agriculture (DEFRA) for households and businesses affected by last year's flooding as a contribution to resilience measures. The current guidance requires local authorities to have paid these grants for work completed by 31 March 2015. The County Council's Community Partnership and Safety team is administering this on behalf of 10 of the 11 boroughs and districts due to the scale of flooding, with over 1,600 properties affected.
33. Despite the publicity since April, there has been a slow take up of the grant, with applications to the end of November being around 600. There may be a number of reasons for this, but one of those will be households prioritising their response and

recovery from flooding. This is especially true of the 300 families who have not returned to their properties and might not yet have thought about the Repair and Renewal Grant and resilience measures.

34. The specialist flood protection contractors and suppliers are starting to report to the council that due to demand it may not be possible to have all measures installed and completed by 31 March 2015. This would mean those households and businesses would not be eligible for the grant, even if the work is in progress. If SCC were to pay, even though it cannot be reclaimed from DEFRA, then this would be a financial loss to the council. For example, if there were 200 cases, the cost to the council would be £1m.
35. Officers are discussing with DEFRA and DCLG to extend this scheme beyond 31 March 2015 so all affected residents can take advantage of the grant. In addition, Cabinet members have lobbied Surrey MPs so that this situation is understood. To date DEFRA has not responded positively.
36. While DEFRA's grant funds eligible works only, it is now likely that some of the additional administration costs may also be recoverable. The projected position will be updated when this has been confirmed.

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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-7.5	-7.7	-0.2	-11.3	-3.7	-11.4	-0.1
Expenditure	31.4	31.0	-0.4	46.8	15.8	46.8	0.0
Net position	23.9	23.3	-0.6	35.5	12.1	35.4	-0.1
Summary by service							
Rescue Operations	19.4	18.8	-0.6	28.9	10.2	29	0.1
Fire Support Functions	0.8	0.9	0.1	1.2	0.3	1.2	0
Community Fire Safety	0.8	0.9	0.1	1.2	0.3	1.2	0
Emergency Planning	0.1	0.2	0.1	0.2	0	0.2	0
FF Pension Fund	2.7	2.5	-0.2	4.0	1.3	3.8	-0.2
Total by service	23.9	23.3	-0.6	35.5	12.1	35.4	-0.1

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

37. As at 30 November 2014 Fire & Rescue services (F&R) has a year to date underspend of -£0.6m and forecasts an underspend of -£0.1m at year end .
38. The year to date underspend is due to the timing of income receipts and expenditure (including pension lump sums and training). The year end position remains changeable due to on-going strike action. F&R is absorbing the 2014/15 station reconfiguration efficiency in the current financial year through a mix of vacant posts and managed savings. The service is actively pursuing a number of additional opportunities and seeking further 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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-16.2	-15.5	0.7	-24.3	-9.3	-24.8	-0.5
Expenditure	97.8	92.9	-4.9	153.6	61.7	154.6	1.0
Net position	81.6	77.4	-4.2	129.3	52.4	129.8	0.5
Summary by service							
Environment	51.4	53.4	2.0	82.0	28.1	81.5	-0.5
Highways	28.4	21.9	-6.5	44.5	23.4	45.3	0.8
Other directorate costs	1.8	2.1	0.3	2.7	0.8	2.9	0.2
Total by service	81.6	77.4	-4.2	129.3	52.4	129.8	0.5

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

39. As at 30 November 2014 Environment & Infrastructure services (E&I) has a -£4.2m 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.
40. E&I forecasts to overspend by +£0.5m at the end of the year. This is mainly due to:
- +£0.3m additional employee costs being incurred across E&I, some of which will be funded through additional income and recharges, including use of grants;
 - +£0.4m shortfall in expected recharges to grant funded capital schemes
 - +£0.8m highways pressures including increased insurance costs and a shortfall in streetworks income;
 - -£0.6m travel & transport underspends, including refund of prior year Park & Ride costs, and income from the Police and NHS; and
 - -£0.5m a number of other variations.

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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-10.5	-12.3	-1.8	-16.5	-5.0	-17.3	-0.8
Expenditure	63.2	61.8	-1.4	98.6	35.3	97.1	-1.5
Net position	52.7	49.5	-3.2	82.1	30.3	79.8	-2.3
Summary by service							
Property	19.9	18.5	-1.4	31.5	12.2	30.7	-0.8
Information Management & Technology	15.8	15.5	-0.3	25.0	9.2	24.7	-0.3
Human Resources & OD	5.9	4.6	-1.3	9.2	3.5	8.1	-1.1
Finance	6.2	6.1	-0.1	9.2	3.1	9.2	0.0
Shared Services	2.7	2.5	-0.2	3.8	1.2	3.7	-0.1
Procurement & Commissioning	2.2	2.3	0.1	3.4	1.1	3.4	0.0
Total by service	52.7	49.5	-3.2	82.1	30.3	79.8	-2.3

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

41. As at 30 November 2014 Business Services has a -£3.2m year to date underspend and forecasts a -£2.3m underspend at year end.

42. Business Services' forecast -£2.3m year end underspend, includes making -£1.5m of 2015/16 efficiency savings early. The other -£0.8m underspends are one off, such as apprentices, rebates from contract negotiations and utilities.
43. The -£3.2m year to date underspend includes -£1.5m in Property and -£1.3m in HR. Property's underspend includes -£0.5m in relation to the timing of the managed print service roll out as a result of contractor delays, -£0.7m maintenance and -£0.5m utilities. HR's underspend includes -£0.4m for apprenticeships, -£0.3m training and -£0.4m staffing. HR is recruiting 48 apprentices. Their start dates create an underspend against the full year of -£0.4m. HR forecasts -£0.3m staffing underspend through early achievement of 2015/16 efficiencies.

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	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-26.7	-27.7	-1.0	-42.7	-15.7	-43.4	-0.7
Expenditure	44.1	43.5	-0.6	68.5	25.1	68.6	0.1
Net	17.4	15.8	-1.6	25.8	9.4	25.2	-0.6
Summary by service							
Strategic Leadership	0.3	0.3	0.0	0.4	0.1	0.4	0.0
Magna Carta	0.2	0.1	-0.1	0.3	0.1	0.2	-0.1
Emergency Management	0.3	0.4	0.1	0.5	0.1	0.5	0.0
Communications	1.3	1.2	-0.1	2.1	0.9	2.1	0.0
Legal & Democratic Services	6.1	5.7	-0.4	9.0	3.2	8.9	-0.1
Policy & Performance	2.1	2.0	-0.1	2.8	0.6	2.6	-0.2
Cultural services	6.7	6.1	-0.6	10.3	4.0	10.1	-0.2
Public Health	0.3	0.0	-0.3	0.3	0.3	0.3	0.0
Total by service	17.4	15.8	-1.6	25.8	9.4	25.2	-0.6
Public Health – income	-17.5	-17.9	-0.4	-28.9	-11.3	-29.1	-0.3
Public Health - expenditure	17.8	17.9	0.0	29.2	11.6	29.5	0.3
Public Health - net expenditure	0.3	0.0	-0.3	0.3	0.3	0.3	0.0

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

44. As at 30 November 2014 Chief Executive's Office (CEO) has a -£1.6m year to date underspend and forecasts a -£0.6m underspend at year end.
45. CEO's forecast underspend is mainly due to holding -£0.5m staff vacancies in Libraries, Legal and Policy & Performance during restructures in preparation for next year's efficiency savings and -£0.1m due to the timing of events in relation to the Magna Carta anniversary in June 2015. The service will request a £0.1m budget carry forward to align the budget to planned activities. These underspends have been partly offset by Emergency Management's costs relating to flood work.
46. The -£1.6m year to date underspend is mainly due the timing of income receipts within Cultural Services and staff underspends in Legal Services and Libraries.
47. 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.

48. PH expenditure is on target 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		

49. 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 funding government's 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.
50. The GUM (Genito Urinary Medicine) funding received late in the financial year is set to be spent in full before the end of the financial year. However, as receipt of this funding was not certain in April 2014 a prudent approach was applied to other aspects of the government grant expenditure, with these being held from starting immediately. Due to delays receiving the GUM funding, some of these projects may need to continue into the next financial year.

Central Income & Expenditure

Table 13: Summary revenue position

	YTD budget £m	YTD actual £m	YTD variance £m	Full year (revised) budget £m	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income	-200.7	-201.5	-0.8	-229.8	-30.4	-231.9	-2.1
Expenditure	36.0	36.0	0.0	57.9	23.6	59.6	1.7
Net position	-164.7	-165.5	-0.8	-171.9	-6.8	-172.3	-0.4
Local taxation	-436.5	-436.5	0.0	-615.8	-179.3	-615.8	0.0
Total net position	-601.2	-602.0	-0.8	-787.7	-186.1	-788.1	-0.4

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

51. As at 30 November 2014 Central Income & Expenditure (CIE) has a year to date underspend of -£0.8m and forecasts -£0.4m year end underspend.
52. The year to date position is mainly due to underspends on the interest payable budget and over recovery on 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.
53. The forecast -£0.4m 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).

54. In early December the council received confirmation it had been successful in its claim for Bellwin funding from central government to compensate for a proportion of the costs incurred as a result of the flooding in December and January of 2013/14. The council incurred the majority of its spend on flooding during 2013/14 and funded it from general balances. The council received £2.4m Bellwin grant in early December 2014. It is recommended that this is transferred to the Budget Equalisation Reserve to support future years' budgets.

Revolving Infrastructure & Investment Fund

Table 14: Summary revenue and capital expenditure positions

Revenue expenditure summary	YTD actual £m	Full year forecast £m
Income	-2.2	-3.3
Expenditure	0.2	0.3
Net income before funding	-2.0	-3.0
Funding	1.6	2.5
Net income after funding	-0.4	-0.5
Capital expenditure	5.5	7.5

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

55. Net income of -£0.5m (after the deduction of funding costs) is being generated this financial year by the Joint Venture project to deliver regeneration in Woking town centre and from various property acquisitions that have been made for future service delivery. It is anticipated that the net income will be transferred to the Revolving Infrastructure and Investment Fund at the year-end.
56. Capital expenditure year to date is on the purchase of 61 High Street, Staines and loans to the Woking Bandstand Joint Venture company. The forecast position of £7.5m assumes additional loans to the Joint Venture company and preliminary costs associated with the development of the Thales site in Crawley. In September Cabinet approved the submission of a detailed planning application and contract tender for the first phase of development.

Staffing costs

57. 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.
58. 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.
59. 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.
60. 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.
61. The council's total full year budget for staffing is £309.2m based on 7,823 budgeted FTEs. The year to date budget to 30 November 2014 is £206.0m and expenditure incurred is £202.0m. At 30 November 2014, the council employed 7,221 FTE contracted staff.
62. Table 15 shows the staffing expenditure and FTEs for the period to 30 November 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 in Table App 3.

Table 15: Staffing costs and FTEs to 30 November 2014

	Staffing budget to Nov 2014 £m	Staffing spend by category					Variance £m	Budget FTE	Nov 2014 occupied contracted FTE
		Contracted £m	Agency £m	Bank & casual £m	Total £m				
Adult Social Care	45.8	41.9	2.2	1.5	45.6	-0.2	1,887	1,653	
Children Schools & Families	70.8	63.1	2.9	2.6	68.6	-2.2	2,828	2,621	
Customer and Communities	24.8	22.7	0.5	1.0	24.2	-0.6	922	864	
Environment & Infrastructure	14.9	14.5	0.5	0.3	15.3	0.4	501	486	
Business Services and Central Income & Expenditure	28.4	25.2	2.7	0.1	28.0	-0.4	900	847	
Chief Executive's Office	21.3	18.1	0.3	2.1	20.5	-0.8	785	750	
Total	206.0	185.4	9.2	7.6	202.2	-3.8	7,823	7,221	

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

63. Table 16 shows there are 610 “live” vacancies, for which active recruitment is currently taking place, with 479 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>Nov 2014 FTE</u>
Budget	7,823
Occupied contracted FTE	7,221
“Live” vacancies (i.e. actively recruiting)	610

Efficiencies

64. The council's overall efficiencies target is £72.3m. Against this, the council forecasts achieving £70.0m by year end, an improvement of £0.6m on October's position.
65. 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 – compensating and one off savings found during the year to support the programme.
66. Figure 3 and Table 17 show services are on track to achieve their planned efficiencies and the overall level of risk for efficiencies projects fell during October:
- BLUE - action taken to achieve the saving unchanged at £26.9m;
 - GREEN - plans in place to achieve the saving rose by £0.4m to £27.7m;
 - AMBER - potential barriers to success rose by £0.2m to £11.8m;
 - RED - barriers preventing the saving unchanged at £2.8m;
 - PURPLE - compensating and one off efficiencies unchanged at £0.8m.

Figure 3: 2014/15 overall risk rated efficiencies

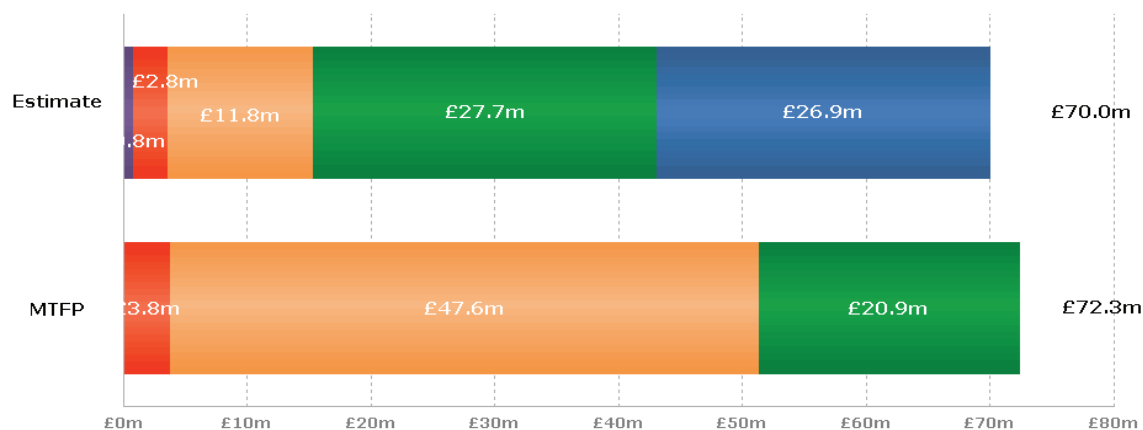


Table 17: 2014/15 Efficiency programme forecasts

	MTFP £m	Forecast £m	Compensating and one off efficiencies £m	Variance £m
Adult Social Care	45.8	42.0	0.4	-3.4
Children, Schools & Families	9.6	9.6		0.0
Customer & Communities	0.8	0.8		0.0
Fire & Rescue	1.1	1.1		0.0
Environment & Infrastructure	4.0	3.1	0.4	-0.5
Business Services	2.2	3.7		1.5
Chief Executive's Office	1.2	1.5		0.3
Central Income & Expenditure	7.6	7.5		-0.1
Total	72.3	69.2	0.8	-2.3

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

Capital

67. By planning significant capital investment as part of MTFP 2014-19, the council demonstrated its firm long term commitment to supporting Surrey's economy.
68. On 22 July 2014 Cabinet approved reprofiling of the 2014-19 capital programme. The capital budget for 2014/15 has increased by £3.7m due to £1.7m of school funded expenditure, £2.0m for Woking and Guildford fire stations. Table 18 shows current forecast expenditure for the service capital programme of £195.7m against a revised budget of £204.2m.
69. Approved investment strategy capital spending is expected to be £7.5m in 2014/15. Cabinet will receive further investment project proposals for spending approval during the year.

Table 18: Forecast capital expenditure 2014/15

	Revised full year budget	Apr - Nov actual	Dec - Mar projection	Full year forecast	Full year variance
	£m	£m	£m	£m	£m
Adult Social Care	1.4	0.6	0.6	1.2	-0.2
Children, Schools & Families	8.0	5.8	1.9	7.7	-0.3
Customer & Communities	0.5	0.1	0.3	0.4	-0.1
Fire & Rescue	5.2	3.6	0.8	4.4	-0.8
Environment & Infrastructure	73.3	68.8	1.4	70.2	-3.1
School Basic Need	54.3	41.0	13.3	54.3	0.0
Business Services	49.2	27.1	18.8	45.9	-3.3
Chief Executive Office	12.3	7.7	4.1	11.8	-0.5
Service programme	204.2	154.7	41.2	195.9	-8.3
Long term investments	0.0	3.8	3.7	7.5	7.5
Overall capital programme	204.2	158.5	44.9	203.4	-0.8

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

70. There is currently a forecast service capital programme underspend of -£8.3m for the year. This underspend is due to reprofiling the capital programme, rather than an underspend against the five year programme (which remains at £780m in total). Table 19 shows the significant capital programme variances.

Table 19: Significant capital programme variances 2014/15

The fire vehicle and equipment replacement programme experienced a delay in the officer cars replacement programme for a review of overall requirements to reduce future pressure on the replacement reserve.	-£0.8m
The Redhill Balanced Network scheme reprofiled to coincide with adjacent works.	-£0.6m
An increase in the useful life of IMT assets enables re-phasing of future years' IMT Equipment Replacement Reserve spend on: laptops, servers and other IMT equipment.	-£1.3m
Land payment for waste will now be in early 2015/16.	-£0.8m
The SEN strategy is expected to be ahead of schedule at year end and will need to bring forward 2015/16 capital.	+£0.8m
Additional costs of Guildford Fire Station due to flooding and delays from archaeological finds earlier in the year result in a forecast overspend.	+£0.3m
Small variances in Discrimination Disability Act works, replacing aged modular buildings, other non school projects and Magna Carta.	-£2.0m
Position to 31 October 2014	-£4.8m
Re-phasing the Corporate Planned Maintenance Programme. The maintenance team is responsible for the successful delivery of the schools' kitchen and maintenance programme, mainly over the summer, this has led to delays to the corporate programme	-£1.0m
Cabinet has allocated the Economic Regeneration budget to support Local Growth Deal schemes and is unlikely to be required in full in 2014/15	-£2.0m
Flanchford Bridge strengthening delayed and re-profiled into 2015/16	-£0.8m
Highways' additional road and safety improvements in advance of the Magna Carta celebrations	+£0.3m
Position at 30 November 2014	-£8.3m

Appendix to Annex

Contents

Corporate performance scorecard – finance

Efficiencies & service reductions

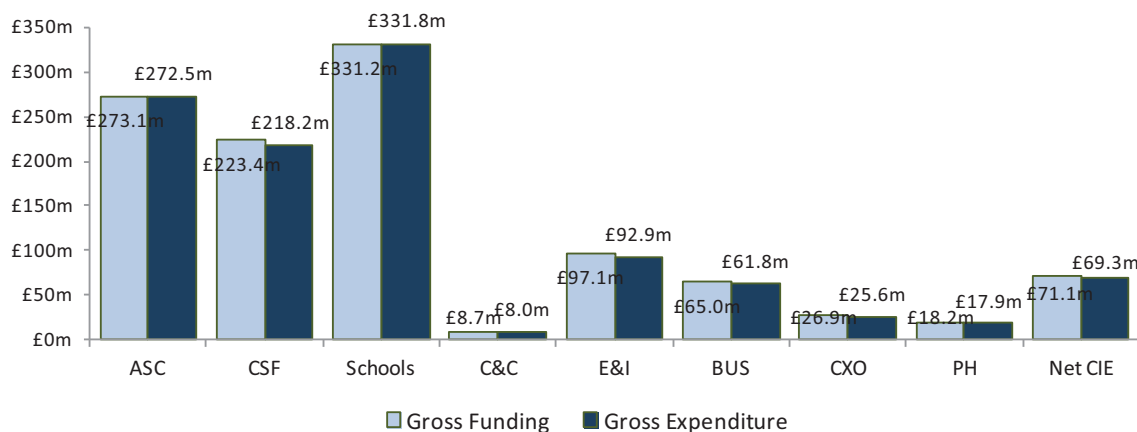
Updated budget - revenue

Corporate performance scorecard – finance

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

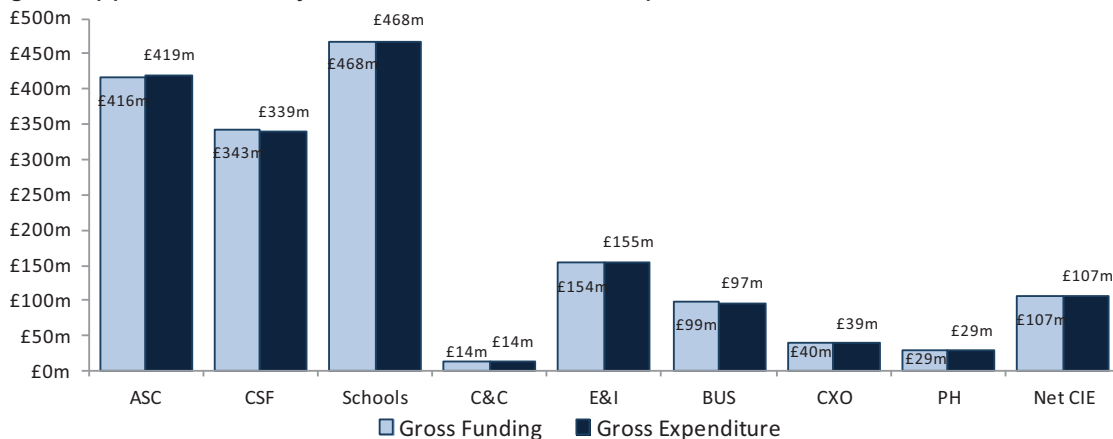
App 2. The corporate performance scorecard, shown above in the main annex in Figure 2, also includes the year end forecast revenue position.

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



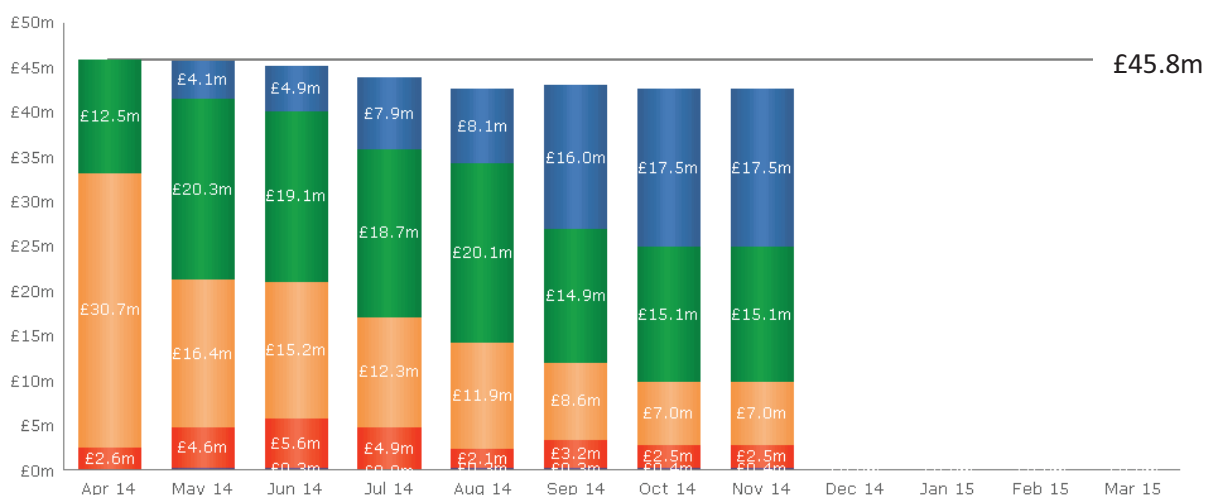
Efficiencies and service reductions

App 4. The graphs below track progress against MTFP 2014-19's risk rated efficiencies and service reductions over the eight months to 30 November 2014.

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

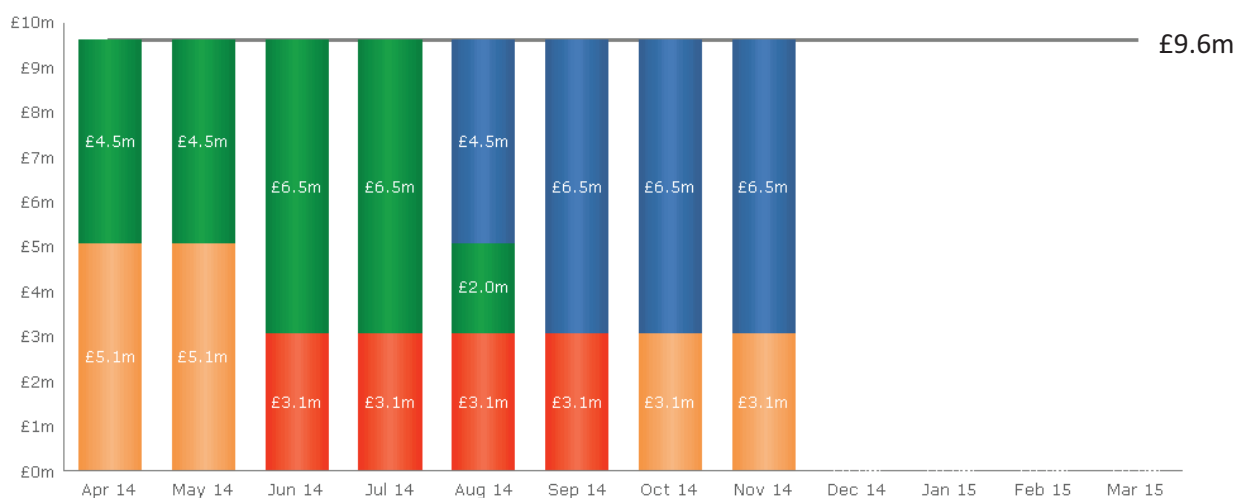
App 6. Each graph is based on the appropriate scale and so they are not directly comparable one against another.

Adult Social Care



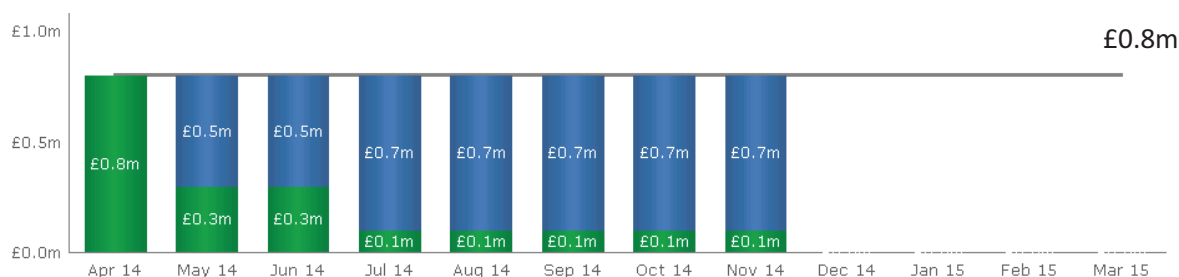
App 7. ASC forecasts a shortfall of -£3.4m against its £45.8m efficiencies target. ASC has already achieved savings of £17.5m by 30 November 2014 and is on target to achieve a further £15.1m by year end. Issues remain with £9.9m of efficiencies £2.5m is at risk and £0.4m is one off.

Children, Schools & Families



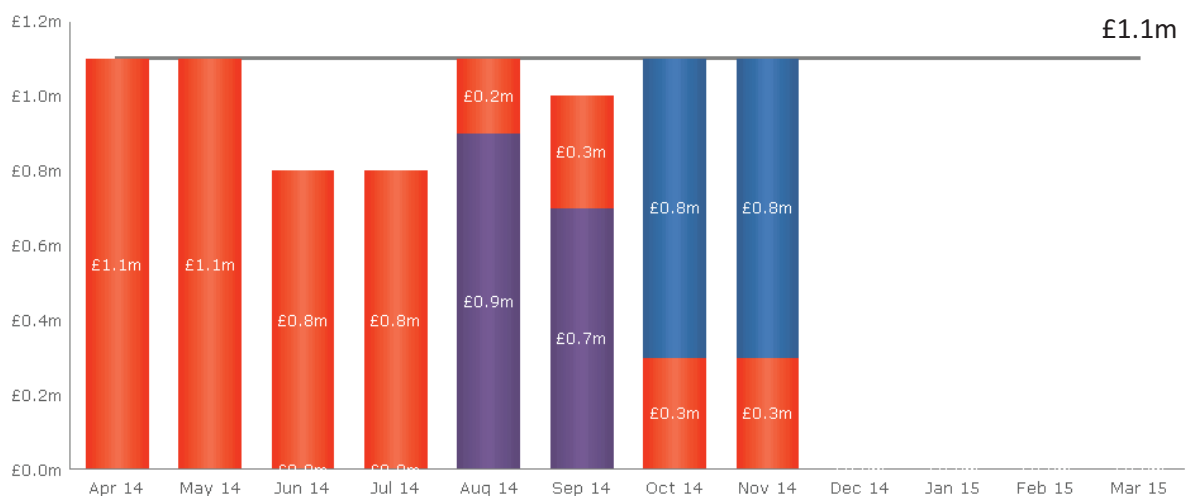
App 8. CSF forecasts to meet its £9.6m efficiencies target. CSF has achieved about two thirds of its efficiencies target, the remaining third have some issues.

Customer & Communities



App 9. C&C has either achieved or expects to achieve all planned efficiencies.

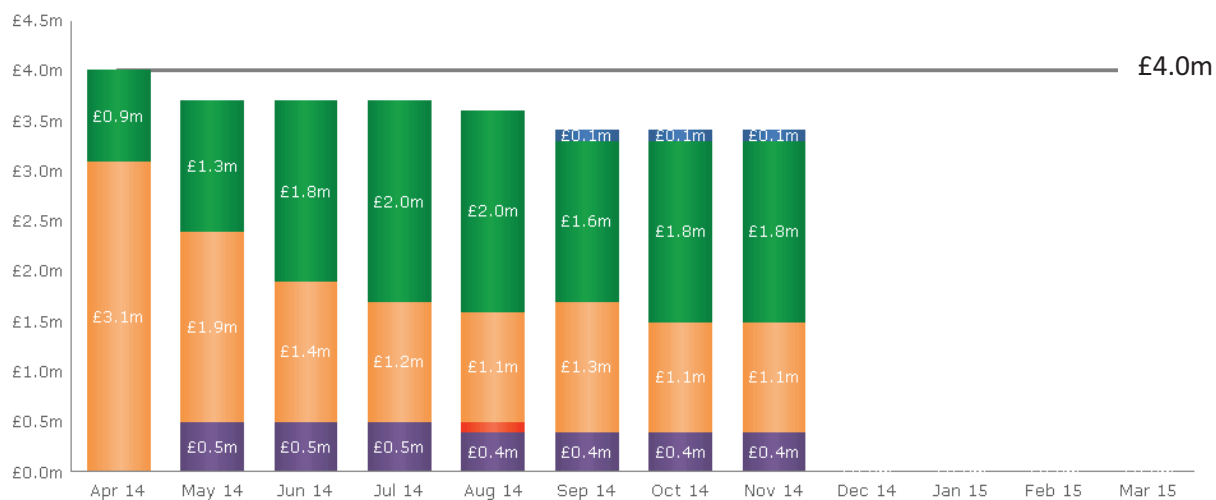
Fire and Rescue Service



10

App 10. F&R has plans in place to achieve part of their increased income target which currently leaves a shortfall estimated at £0.1m for 14/15 for which the service is actively pursuing a number of opportunities. The Fire reconfiguration efficiency has been delayed and is expected to be achieved in 2015/16.

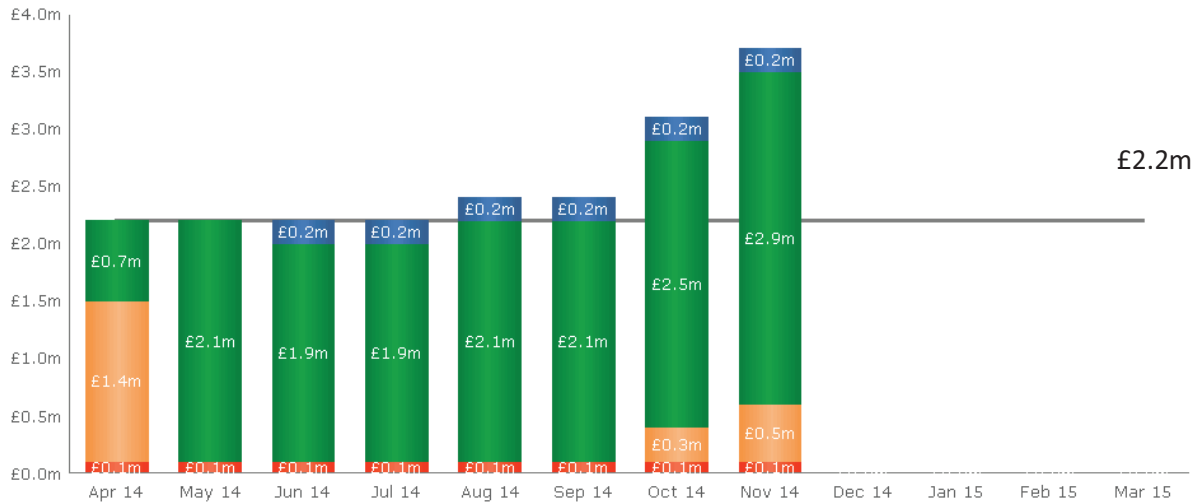
Environment & Infrastructure



App 11. E&I has established a Savings and Efficiency Panel to oversee the delivery of efficiency savings. The panel is scrutinising plans to deliver savings to ensure they

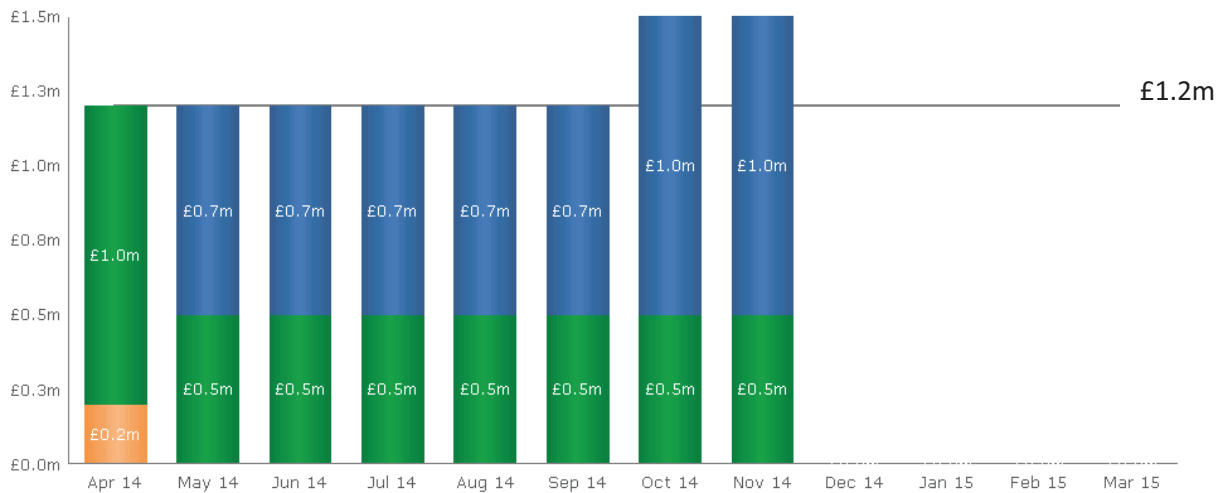
are robust and stretching. Currently, after taking into account compensating savings, there is an expected shortfall of £0.5m primarily as a result of a number of smaller savings being delayed and only partially achieved this year. The panel will continue to investigate this and the potential for other offsetting savings.

Business Services



App 12. Business Services' budget includes challenging efficiency savings and increased income targets of £2.2m. It is on target to achieve £2.1m of these savings and £1.5m of 2015/16 savings this year. This is an increase of £0.6m since last month, mainly on utilities, the IMT network and training.

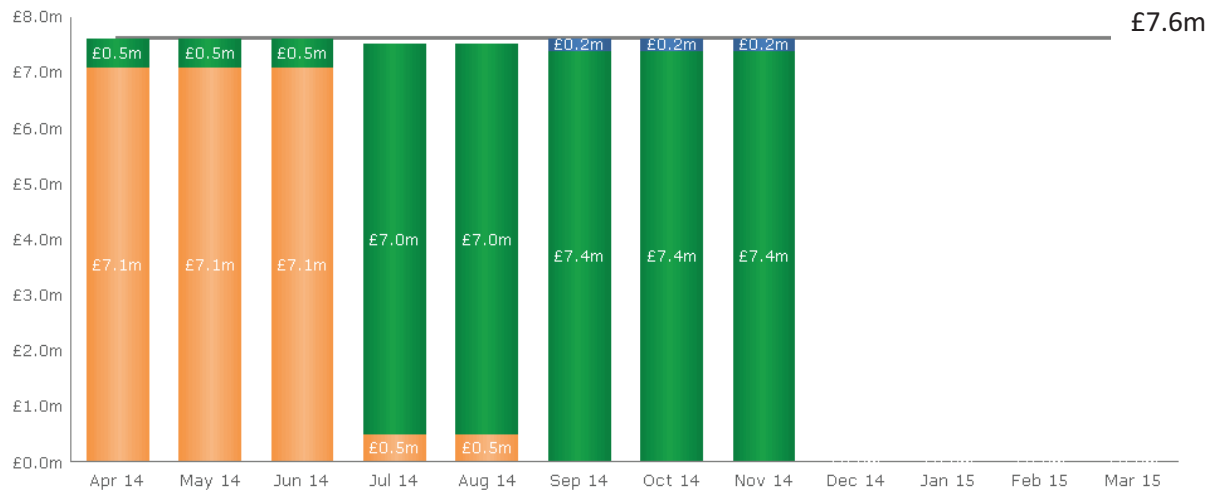
Chief Executive's Office



App 13. CEO is on target to achieve its £1.2m planned efficiencies in 2014/15. Cultural Services has achieved £0.3m of future years' on going savings early.

10

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 £0.3m 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 2016/17 are at risk.

Updated budget - revenue

App 15. The council's 2014/15 revenue expenditure budget was initially approved at £1,651.8m. Virement changes in quarters one and two and October increased the budget to £1,663.8m. In November the council made 9 virements which made no changes to the budget.

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
Quarter 2 changes	-11.2	11.2	0.0	0.0	0.0	126
October changes	-1.3	1.3				34
Updated budget - Oct 2014	-1,638.2	1,664.1	0.0	0.0	25.9	254
November changes	0.0	0.0			0.0	9
Updated budget - Nov 2014	-1,638.2	1,664.1			25.9	263

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 2014, Council agreed changes to Financial Regulations, such that virements above £500,000 require Cabinet approval except where they are in accordance with prior Cabinet approval. There were no virements above £500,000 in November.

App 19. Table App 2 shows the council's updated revenue budget as at 30 November 2014.

Table App 2: 2014/15 updated revenue budget as at 30 November 2014

	Income £m	Expenditure £m	Net budget £m
Adult Social Care	-73.6	415.6	342.0
Children, Schools & Families	-154.6	341.6	187.0
Schools	-468.3	468.3	0.0
Customers & Communities	-0.9	12.8	11.9
Fire & Rescue	-11.3	46.8	35.5
Environment & Infrastructure	-24.3	153.6	129.3
Business Services	-16.5	98.6	82.1
Chief Executive's Office	-42.7	68.5	25.8
Central Income & Expenditure	-845.6	57.9	-787.7
Service total	-1,637.8	1,663.7	25.9

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

App 20. Table App 3 shows the year to date and forecast year end revenue position supported by general balances.

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

	YTD budget £m	YTD actual £m	YTD variance £m	Full year budget £m	Dec - Mar forecast £m	Full year projection £m	Full year variance £m
Income:							
Local taxation	-436.5	-436.5	0.0	-615.8	-179.3	-615.8	0.0
Government grants	-636.7	-619.0	17.7	-862.3	-246.8	-865.8	-3.5
Other income	-103.5	-127.2	-23.7	-159.8	-36.0	-163.2	-3.4
Income	-1,176.7	-1,182.7	-6.0	-1,637.9	-462.1	-1,644.8	-6.9
Expenditure:							
Staffing	206.0	202.2	-3.8	309.2	102.5	304.7	-4.5
Service provision	571.5	564.0	-7.5	886.3	331.0	895.0	8.7
Non schools sub-total	777.5	766.2	-11.3	1,195.5	433.5	1,199.7	4.2
Schools expenditure	331.2	331.8	0.6	468.3	136.5	468.3	0.0
Total expenditure	1,108.7	1,098.0	-10.7	1,663.8	570.0	1,668.0	4.2
Movement in balances	-68.0	-84.7	-16.7	25.9	107.9	23.2	-2.7

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

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