

Cabinet



Date & time Wednesday, 29 July 2015 at 2.00 pm	Place Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN	Contact Vicky Hibbert or Anne Gowing Room 122, County Hall Tel 020 8541 9229 or 020 8541 9938	Chief Executive David McNulty
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vicky.hibbert@surreycc.gov.uk or
anne.gowing@surreycc.gov.uk

Cabinet Members: Mr David Hodge, Mr Peter Martin, Mrs Helyn Clack, Mrs Clare Curran, Mr Mel Few, Mr John Furey, Mr Mike Goodman, Mrs Linda Kemeny, Ms Denise Le Gal and Mr Richard Walsh

Cabinet Associates: Mrs Mary Angell, Mr Tim Evans, Mrs Kay Hammond and Mr Tony Samuels

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

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING: 23 JUNE 2015

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

3 DECLARATIONS OF INTEREST

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

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 PROCEDURAL MATTERS

4a Members' Questions

- (i) The deadline for Member's questions is 12pm four working days before the meeting (23 July 2015).

4b Public Questions

The deadline for public questions is seven days before the meeting (22 July 2015).

4c Petitions

The deadline for petitions was 14 days before the meeting, and no petitions have been received.

4d Representations received on reports to be considered in private

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

- 5 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL** (Pages 1 - 8)
- Two reports have been received from the Council Overview Board regarding welfare reform and the Chief Executive's 6 month progress report.
- 6 FINANCE AND BUDGET MONITORING REPORT FOR JUNE 2015** (Pages 9 - 12)
- The council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the council's financial position as at 30 June 2015 (month three).
- The Annex to this report gives details of the financial position but please note that the Annex to this report will be circulated separately prior to the Cabinet meeting.
- [The decisions on this item can be called in by the Council Overview Board]*
- 7 REFRESH OF 2015 - 20 MEDIUM TERM FINANCIAL PLAN** (Pages 13 - 32)
- The Medium Term Financial Plan 2015-20 (MTFP 2015-20) was approved by the Council on 10 February 2015 in the context of a number of uncertainties for the years following 2015/16. These included the outcome of the May 2015 General Election, the progress of services in making further savings in the current financial year and assumptions around the growth in demographic pressures.
- In approving MTFP 2015-20, the Council agreed for Cabinet to review and refresh the five year financial plan. This paper sets out the revised assumptions in MTFP 2015-20 and the strategies to maintain a balanced and sustainable budget.
- [The decisions on this item can be called in by the Council Overview Board]*
- 8 LEADERSHIP RISK REGISTER** (Pages 33 - 52)
- The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report summarises the risk governance arrangements and presents the Leadership risk register as at 30 June 2015.
- [The decisions on this item can be called in by the Council Overview Board]*
- 9 ST JOSEPH'S CATHOLIC PRIMARY SCHOOL, REDHILL** (Pages 53 - 56)
- To approve the Business Case for the expansion of St Joseph's Catholic Primary School from a two Form of Entry primary (420 places) to a three Form of Entry primary (630 places) creating 210 additional places in Redhill to help meet the basic need requirements in the Redhill area from September 2016.
- N.B. An annex containing exempt information is contained in Part 2 of the agenda – item 16.

[The decisions on this item can be called in by the Council Overview Board and/or the Education and Skills Board]

10 AWARD OF FRAMEWORK AGREEMENT FOR THE SUPPLY AND DISTRIBUTION OF FROZEN AND GROCERY PRODUCE AND VIENNOISERIE AND PIZZA PRODUCTS (Pages 57 - 64)

This report seeks approval to award a framework agreement in three lots for the supply and distribution of Frozen and Grocery Produce and Viennoiserie and Pizza Products for use within Schools and Civic catering facilities for the benefit of the Council to commence on 1 October 2015 as detailed in the recommendations as the current arrangements expire on 30 September 2015.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report, demonstrates why the recommended framework agreement and call-off contract awards deliver best value for money.

Due to the commercial sensitivity involved in the framework agreement and call-off contract awards process the financial details of the potential suppliers have been circulated as a Part 2 report, item 17.

[The decisions on this item can be called in by the Council Overview Board]

11 APPROVAL TO AWARD A CONTRACT FOR THE PROVISION OF A STOP SMOKING SERVICE (Pages 65 - 74)

Smoking remains the biggest cause of mortality and morbidity in Surrey costing Local Authorities, local businesses and the NHS over £100 million in 2012. The provision of high quality local Stop Smoking Services is a key priority for reducing health inequalities and improving the health of local populations.

This Cabinet report seeks approval to award a contract to North 51 for the provision of a Stop Smoking Service to commence on 1 February 2016. The report provides details of the procurement process, including the results of the evaluation process, engagement and consultation and, in conjunction with the Part 2 report, demonstrates why the recommended contract delivers best value for money and meets the needs of service users in Surrey.

N.B. An annex containing exempt information is contained in Part 2 of the agenda – item 17.

[The decisions on this item can be called in by the Wellbeing and Health Scrutiny Board]

12 ANNUAL REPORT OF THE SHAREHOLDER BOARD (Pages 75 - 110)

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council established a Shareholder Board, which reports annually to the Council. The purpose of the Board is to safeguard the council's interest as shareholder and to take decisions in matters that require the

approval of the Council as owner of a company.

[The decisions on this item can be called in by the Council Overview Board]

13 JOINT STRATEGIC REVIEW OF SHORT BREAKS FOR CHILDREN AND YOUNG PEOPLE WITH DISABILITIES

(Pages
111 -
116)

In September 2014, Cabinet received a report in respect of the consultation arising from the Joint Strategic Review of short breaks for children undertaken by the Council and Guildford and Waverley CCG, on behalf of the Surrey CCGs.

The key areas of the review were considered to be options for the future use and funding of short break services in East Surrey. The review focused on Applewood, which is located in Tadworth and run by SCC; and Beeches, which is located in Reigate, commissioned by the NHS Surrey CCGs and provided by Surrey and Borders Partnership NHS Foundation Trust (SABP). Beeches has been commissioned on a block contract which is high cost. Both facilities were considered underused.

The review recommended a number of options for the future use of both facilities, and a public consultation took place between 24 February and 24 May 2014. The responses were detailed in the report to September 2014 Cabinet. The recommendations of the report were as follows:

- i. The responsibility for funding short break services for children and young people currently accessing Beeches will transfer from Surrey Clinical Commissioning Groups (NHS) to Surrey County Council.
- ii. Surrey County Council continues to run Applewood as a short break service.
- iii. Beeches remains as an option for families through their personal budgets by direct payments or arranged by Surrey County Council rather than the current block contract arrangements, subject to agreement with Surrey and Borders Partnership NHS Foundation Trust (who run Beeches).
- iv. Surrey County Council and NHS Guildford and Waverley CCG work with Surrey and Borders Partnership to transfer commissioning arrangements to individual spot purchase at a fair price.
- v. Surrey County Council continues to develop options for the use of personal budgets with families either through direct payments or arranged by SCC.

The recommendations were accepted and, against this background, the CCGs gave notice to SABP that the existing block contract would come to an end on 3 November 2015.

Negotiations have since taken place with SABP, and it has not been possible to agree arrangements for individual spot purchase at a fair price. In May 2015, SABP informed the Council and the CCGs and Family Voice Surrey that they would not accept spot purchase arrangements. SABP now propose that Short Breaks services are discontinued from November 2015.

In order that consultees have an opportunity to comment further in light of this outcome, it is proposed to extend and complete the consultation process.

[The decisions on this item can be called in by the Social Care Services Board]

- 14 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 117 - 120)

To note any delegated decisions taken by the Leader, Deputy Leader and Cabinet Members since the last meeting of the Cabinet.

- 15 EXCLUSION OF THE PUBLIC**

That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

P A R T T W O - I N P R I V A T E

- 16 ST JOSEPH'S CATHOLIC PRIMARY SCHOOL, REDHILL** (Pages 121 - 128)

This is a part 2 annex relating to item 9.

Exempt: Not for publication under Paragraph 3

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

[The decisions on this item can be called in by the Council Overview Board and/or the Education and Skills Board]

- 17 AWARD OF FRAMEWORK AGREEMENT FOR THE SUPPLY AND DISTRIBUTION OF FROZEN AND GROCERY PRODUCE AND VIENNOISERIE AND PIZZA PRODUCTS** (Pages 129 - 138)

This is a part 2 annex relating to item 10.

Exempt: Not for publication under Paragraph 3

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

[The decisions on this item can be called in by the Council Overview Board]

- 18 APPROVAL TO AWARD A CONTRACT FOR THE PROVISION OF A STOP SMOKING SERVICE** (Pages 139 - 148)

This is a part 2 annex relating to item 11.

Exempt: Not for publication under Paragraph 3

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

[The decisions on this item can be called in by the Wellbeing and Health Scrutiny Board]

- 19 PROPERTY TRANSACTIONS - TOWN CENTRE REGENERATION UPDATE** (Pages 149 - 180)

To approve an updated business case for the council's participation in a regeneration scheme.

Exempt: Not for publication under Paragraph 3

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

[The decisions on this item can be called in by the Council Overview Board]

- 20 PROPERTY TRANSACTIONS - ACQUISITION OF PREMISES IN ALFORD, CRANLEIGH** (Pages 181 - 226)

Exempt: Not for publication under Paragraph 3

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

[The decisions on this item can be called in by the Council Overview Board]

- 21 PUBLICITY FOR PART 2 ITEMS**

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

David McNulty
Chief Executive
Tuesday, 21 July 2015

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

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

Please note:

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

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Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

COUNCIL OVERVIEW BOARD**Item under consideration: Report of the Welfare Reform Task Group****Date Considered: 3 June 2015**

- 1 At its meeting on 3 June 2015 the Council Overview Board considered the report of the Welfare Reform Task Group.
- 2 In April 2014, the Welfare Reform Task Group reported its findings to the Council Overview & Scrutiny Committee and made recommendations to Cabinet. In July 2014, the Task Group reconvened to take on a monitoring role, with regards to the potential impacts and key issue that they had identified through their initial programme of work. The reconvened task group was chaired by Bob Gardner and its Members are Stephen Cooksey, Margaret Hicks and Fiona White.
3. Attached to this cover note is a letter from the Chairman of the Council Overview Board highlighting some of the key aspects of the debate on 3 June 2015. The full list of recommendations are also included for your comment and endorsement.

David Munro
Chairman of the Council Overview Board

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6 Jul 2015

Dear Leader,

In April 2014, you will recall that the Welfare Reform Task Group made a number of recommendations to Cabinet. In July 2014, the Task Group reconvened to take on a monitoring role, with regards to the potential impacts and key issues that they had identified through their initial programme of work.

The Group reported their findings to the Council Overview Board on 3 June 2015. Overall, the Task Group was generally satisfied that Surrey County Council was prepared for the reforms, however they remained very concerned about the impact the changes to the welfare benefits system continues to have on the residents of Surrey. The recommendations of the Task Group are annexed to this letter; however I wish to draw your attention to some particular points:

One of the key findings was the apparent high number of benefit decisions being overturned, as well as the length of time it took applicants to reach tribunal once an appeal had been lodged. Members found that this caused stress for the applicant, and incurred unnecessary costs that could have been avoided if the correct decision had been made in the first instance. Therefore, the Board recommended that the Task Group explore further the length of time that it can take claimants to reach tribunal and the causes that lead to delays. The Task Group are also keen to investigate how the assessment process has improved since moving from the Atos contract to Maximus. Members seek the support of the Cabinet in furthering this piece of work, and asks that the Leader note the concerns about the impact delays have on the wellbeing of Surrey residents.

At the meeting of the Board, there was also a debate about the Central Government policy to pay housing benefit directly to claimants. The Board is recommending that District, Borough and Housing Association partners work with the County Council to ensure that all options are explored for alternative payment arrangements for vulnerable claimants.

The Council Overview Board agreed the recommendations of the Task Group, and you will find attached the full list of recommendations for your comment and endorsement.

Yours sincerely,

Mr David Munro

Chairman of the Council Overview Board.

Recommendations

The Board endorsed the Task Group's report and recommend that:

1. The case for continuing funding for the Local Assistance Scheme in Surrey is reconfirmed as part of the budget and service planning cycle, having due regard to usage, need, benefits and cost of delivery.
2. That the getWiSE or a similar service, be extended for a further 3 years, with a built-in review of usage and need on an annual basis.
3. That careful consideration be given to the role of Libraries as a 'gateway to County services' when developing a vision for the future of the Surrey Library Service and that the Resident Experience Board (previously Communities Select Committee) continues to monitor the progress.
4. A Member representative of the Welfare Reform Task Group be invited to be briefed on the Universal Credit pilot in Elmbridge, and agree a protocol for keeping the Task Group informed.
5. That a structured project plan for the Universal Credit roll Pilot in Elmbridge be shared with Members of the Task Group.
6. A robust monitoring scheme needs to be introduced to measure uptake of staff accessing training but also measuring the numbers starting the programme and the number of staff completing the training.
7. The Task Group to explore further the length of time it can take claimants to reach tribunal when they have launched an appeal against a benefits decision and request further information about how the assessment process has improved since moving to the Maximus contract.
8. Surrey's District & Boroughs and Housing Associations ensure that all options are explored for alternative payment arrangements for vulnerable claimants.
9. The Welfare Reform Coordination Group continues to work with partners to ensure that the reforms, including the introduction of Universal Credit, are communicated widely with residents and services across the County.
10. The Surrey County Council Contact Centre is adequately trained to deal with, and signpost, callers to the correct services, particularly during the initial period of Universal Credit.
11. The Welfare Reform Task Group should continue for a further year, meeting quarterly to monitor the impact of the reforms. The Chairman of the Task Group to engage with the Resident Experience Board to carry out future work.
12. The Welfare Reform Task Group to investigate the disparity between hardship fund spending in different districts and boroughs in Surrey.

COUNCIL OVERVIEW BOARD**Item under consideration: Chief Executive's 6 Month Report****Date Considered: 1 July 2015**

- 1 At its meeting on 1 July 2015 the Council Overview Board considered the Chief Executive's 6 month report. A letter highlighting observations of the Council Overview Board is attached.
- 2 The Board recommended that
 - The Chief Executive and Staff are congratulated on their hard work contributing to the report.
 - That the Chief Executive's 6 month report continue to be presented to Full Council in future years
 - That future reports include key milestones and targets in relation to the Council's priorities
 - That the Four Priorities for the next 6 months, as set out in the Chief Executive's report, are endorsed by the Scrutiny Board

David Munro
Chairman of the Council Overview Board
13 July 2015

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10 July 2015

Dear Leader,

The Council Overview Board scrutinised the Chief Executive's 6-monthly Progress Report for the period January - July 2015 at its meeting on 1 July, and asked me to forward the observations below. Although David McNulty could not attend in person owing to annual leave, we are grateful that Julie Fisher and Kevin Kilburn were present to introduce the report and answer questions.

First of all, the Board wished to congratulate and thank the Chief Executive and all staff at Surrey County Council for their excellent work in the period covered in the report.

The report was felt to be an important contribution to the debate on Surrey County Council's responsibilities and achievements and, as such, should continue to be presented to full Council every six months.

Future reports would be enhanced by a greater emphasis on objectives and milestones, with numerical measurements where appropriate, and a more detailed analysis of achievements against those targets.

The four priorities were endorsed unanimously by the Board, but a minority of members felt that the current and anticipated measures outlined to overcome the severe financial pressures experienced by the Council should be an additional and separate priority going forward.

The Board recommended that future reports should concentrate even more on residents' experience and be made widely available to all Surrey residents. To that end, it would be useful to include a short Executive Summary.

David Munro
Chairman of the Council Overview Board

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SURREY COUNTY COUNCIL

CABINET

DATE: 29 JULY 2015

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: FINANCE AND BUDGET MONITORING REPORT FOR JUNE 2015



SUMMARY OF ISSUE:

The council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the council's financial position as at 30 June 2015 (month three).

The annex to this report gives details of the financial position.

RECOMMENDATIONS:

Recommendations to follow.

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:

Revenue budget overview

1. Surrey County Council set its gross expenditure budget for the 2015/16 financial year at £1,671m. A key objective of MTFP 2015-20 is to increase the council's overall financial resilience. As part of this, the council plans to make efficiencies totalling £67.4m.
2. The council aims to smooth resource fluctuations over its five year medium term planning period. To support the 2015/16 budget, Cabinet approved use of £3.7m from the Budget Equalisation Reserve and carry forward of £8.0m to fund continuing planned service commitments. The council currently has £21.3m in general balances.
3. The financial strategy has the following long term drivers to ensure sound governance, management of 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.
- Balance the council's 2015/16 budget by maintaining a prudent level of general balances and applying reserves as appropriate.
- Continue to maximise our investment in Surrey.

Capital budget overview

4. Creating public value by improving outcomes for Surrey's residents is a key element of the council's corporate vision and is at the heart of MTFP 2015-20's £696m capital programme, which includes £176m spending planned for 2015/16.

Budget monitoring overview

5. The council's 2015/16 financial year began on 1 April 2015. This is 2015/16's first budget monitoring report. The budget monitoring reports focus on material and significant issues, especially monitoring MTFP efficiencies. The reports emphasise proposed actions to resolve any issues.
6. The council has implemented a risk based approach to budget monitoring across all services. The approach ensures we focus effort on monitoring those higher risk budgets due to their value, volatility or reputational impact.
7. A set of criteria categorise 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, which relates to the type of activities and data monitored (this includes the proportion of the budget spent on staffing or fixed contracts - the greater the proportion, the lower the complexity);
 - volatility, which is the relative rate that either actual spend or projected spend moves 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 the current year); and
 - political sensitivity, which 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).
8. Managers with high risk budgets monitor their budgets monthly, whereas managers with low risk budgets monitor their budgets quarterly, or more frequently on an exception basis (if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower).
9. Annex 1 to this report sets out the council's revenue budget forecast year end outturn as at the end of May 2015. 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.
10. The report provides explanations for significant variations from the revenue budget, with a focus on 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 variances over 2.5% may also be material.

11. Annex 1 to this report also updates Cabinet on the council's capital budget and a summary of the first quarter's balance sheet, reserves, debt and treasury management positions.
12. Appendix 1 provides details of the MTFP efficiencies, revenue and capital budget movements, plus the first quarter's: balance sheet, reserves, debt and treasury management positions.

CONSULTATION:

13. All Cabinet Members will have consulted their relevant director or head of service on the financial positions of their portfolios.

RISK MANAGEMENT AND IMPLICATIONS:

14. Risk implications are stated throughout the report and each relevant director or head of service 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

15. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus. The council continues to maintain a strong focus on its key objective of providing excellent value for money.

Section 151 Officer Commentary

16. 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

17. There are no legal issues and risks.

Equalities and Diversity

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

Other Implications:

19. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After	No significant implications arising

Children	from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report.
Carbon emissions	No significant implications arising from this report.

WHAT HAPPENS NEXT:

20. 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, strategic directors, heads of service).

Annexes:

- Annex 1 – Revenue budget, staffing costs, efficiencies capital programme, balance sheet, reserves, debt and treasury management positions summary.
- Appendix 1 – Directorate financial information (revenue and efficiencies), revenue and capital budget movements, balance sheet, reserves, debt and treasury management positions.

Sources/background papers:

- None
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SURREY COUNTY COUNCIL

CABINET

DATE: 29 JULY 2015

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: REFRESH OF 2015-20 MEDIUM TERM FINANCIAL PLAN



SUMMARY OF ISSUE:

The Medium Term Financial Plan 2015-20 (MTFP 2015-20) was approved by the Council on 10 February 2015 in the context of a number of uncertainties for the years following 2015/16. These included the outcome of the May 2015 General Election, the progress of services in making further savings in the current financial year and assumptions around the growth in demographic pressures.

In approving MTFP 2015-20, the Council agreed for Cabinet to review and refresh the five year financial plan. This paper sets out the revised assumptions in MTFP 2015-20 and the strategies to maintain a balanced and sustainable budget.

RECOMMENDATIONS:

It is recommended that Cabinet:

- i. approves £1.9m per year funding for the Child and Adolescent Mental Health Service pooled budget; (paragraph 29)
- ii. notes the increased demand and complexity of pressures faced by the council in the next five years;
- iii. notes the revised and updated revenue budget assumptions for the years 2016 to 2020;
- iv. approves the revised capital programme for 2015-20:
 - a. removal of three schemes totalling £7.0m (paragraphs 42 to 44);
 - b. addition of up to a total of £1m per year to match funding for district and borough councils for improving secondary local shopping areas, (paragraph 45);
- v. requires officers to develop business cases for capital investment in SEND and Looked After Children provision (paragraphs 47 to 48)
- vi. requires officers to develop further, for approval by Cabinet in November 2015, service transformational strategies necessary for the council to meet its financial challenges; (paragraph 54)
- vii. requires officers to prepare a draft Medium Term Financial Plan 2016 to 2021 for the Cabinet Meeting in November 2015; (Paragraph 55), and
- viii. approves the revised financial strategy to meet the challenges of the next five years; (paragraphs 56 to 59, and Appendix 4)

REASON FOR RECOMMENDATIONS:

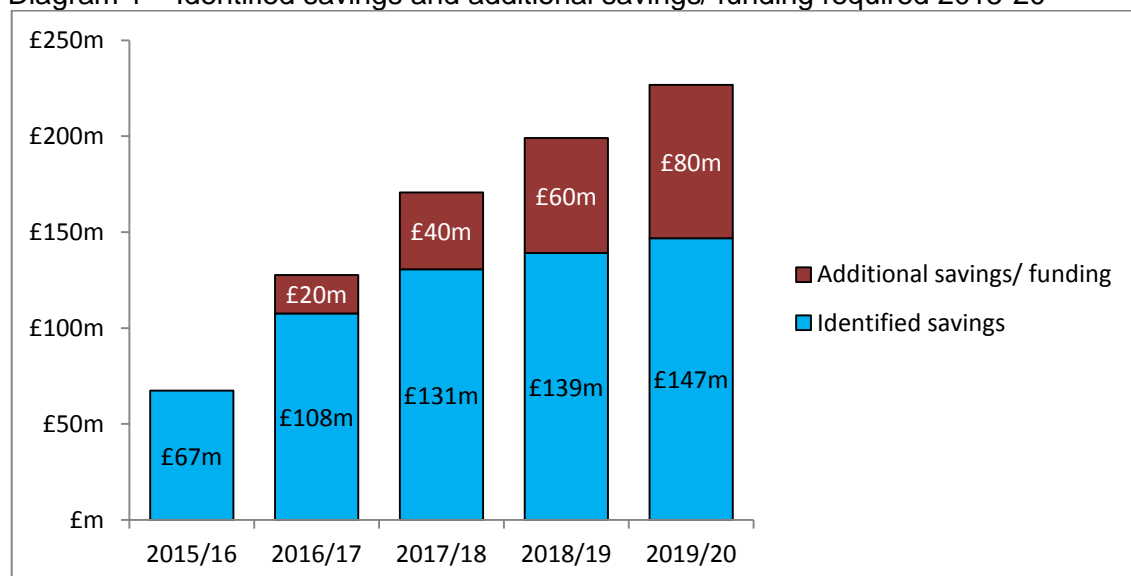
To ensure the council has a plan to develop a balanced and sustainable budget.

DETAILS:

Background

1. The Cabinet agreed the Medium Term Financial Plan (MTFP) for the years 2015 to 2020 in February 2015. In setting the MTFP 2015-20, the members recognised that it was in the context of considerable uncertainty about the future funding of local government in England and the impact of legislative change following a General Election.
2. Full Council agreed to the recommendation that Cabinet refresh MTFP 2015-20 in the summer of 2015. This would include both revenue and capital budgets. This paper sets out the results of the refreshed budget assumptions.
3. The Chancellor of the Exchequer, for the new majority government elected in May 2015, delivered an early Budget on 8 July 2015. This paper outlines the potential impact of this Budget on the County Council's current and future financial years.
4. The Local Government Finance Settlement in December 2014 was for one year only – 2015/16 - with little or no details of future years' government funding and legislative change. With uncertainty in the months before the General Election, the assumptions for funding and service pressures in MTFP 2015-20 would need to be revisited.
5. In setting MTFP 2015-20, the council identified and approved £147m of ongoing annual savings to be achieved over the next five years, including £67m for 2015/16. The MTFP 2015-20 also noted the need for an additional £20m each year (£80m in total by 2019/20) from extra funding or further savings from 2016/17 onwards. Diagram 1 shows the current identified savings of £147m and the additional £80m required by 2019/20.

Diagram 1 – Identified savings and additional savings/ funding required 2015-20



8 July 2015 – Early Budget

6. Following the general election in May 2015 and the election of a majority government, the Chancellor of the Exchequer presented another budget on 8 July 2015.
7. The Chancellor revised the target for the UK public finances to be in surplus to 2019/20. This is one year later than forecast in the budget of March 2015. To achieve this position the public sector is required to find a further £37bn of annual savings by 2019/20.
8. Of this total, £12bn is expected to be delivered through welfare reform and savings. The council will monitor the impact of these changes on its residents and any consequent demand for its services.
9. Changes to the tax system are forecast to generate a further £5bn each year, leaving £20bn to be found through the next spending review. The results of the review are expected in the autumn of 2015, at which point there will be further information on the impact of this review on the local government sector.
10. The Chancellor announced the introduction of a National Living Wage. This will entail the rising of the current minimum wage for over 25s from £6.50 per hour to £9.00 per hour by 2020. Officers are currently assessing the impact of this on both directly employed staff and the council's suppliers.

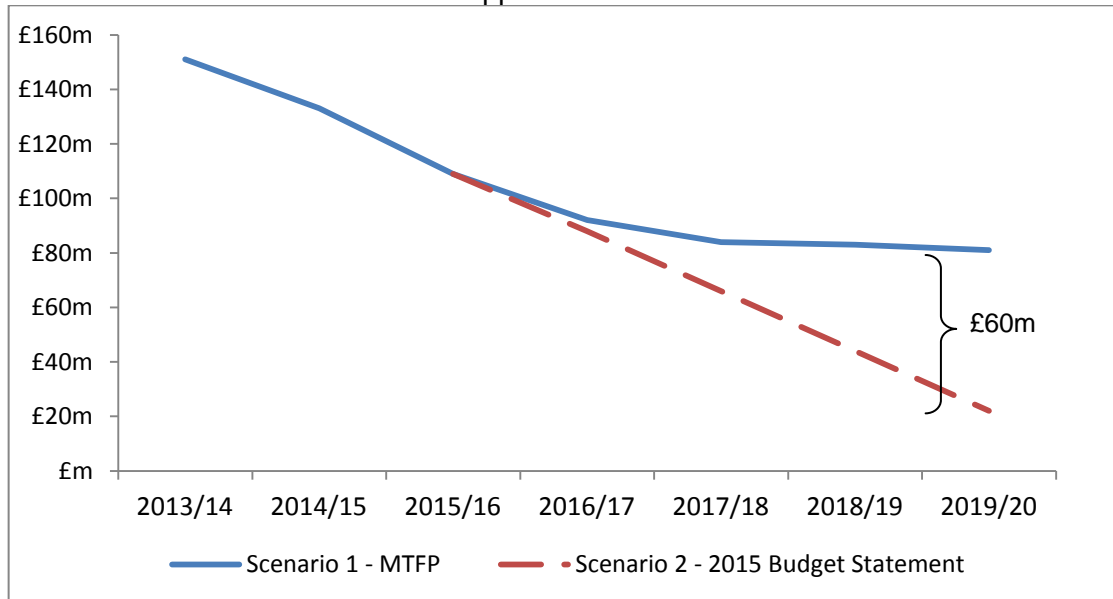
Review of revenue budget assumptions

Funding

11. The council's principal general funding grant from Government is the Revenue Support Grant (RSG). This is £109m in 2015/16 having fallen from £151m in 2013/14.
12. The MTFP 2015-20 estimates RSG to fall to £84m by 2017/18, after which the amount of grant remains fairly stable, falling to £81m by 2019/20. This assumption was based on the 2013 Comprehensive Spending Review and the previous Coalition Government's forecast of the period of austerity lasting for the duration of the last Parliament. In setting MTFP 2015-20 within the context of a period of uncertainty in the lead up to the General Election and the limited information in the 2014 Autumn Statement, the council continued with this assumption.
13. Following the General Election and statements by the Chancellor of the Exchequer since March 2015, it is now clear that reduced funding is the likely scenario. The Government has re-committed to protecting some parts of public spending, these being: Education, Health and Overseas Development, meaning the full reduction will fall upon the remaining unprotected areas. This could be as high as £20bn between 2015 and 2019, with local government likely to incur a significant part of this.
14. Although there has been no firm indication of Government funding for local government from 2016/17 onwards, the council has now updated its assumptions for RSG to reduce by between £87m and £100m over the four years to 2019/20. This could be £60m greater than the MTFP 2015 20. Diagram

2 shows the revised assumption being a continuation of the annual reduction in RSG funding.

Diagram 2 – Forecast reduction in Revenue Support Grant 2015 to 2020



15. The council receives further government grants in respect of specific services totalling £142m, excluding funding for schools. By applying the same reductions as for RSG to other government grants, the additional loss of grants could be between £8m and £9m.
16. The council increased its council tax precept by just under 2% for 2015/16, which was within the threshold for a referendum set by central government. If the council were to continue uplifting the council tax precept by 2% for the years 2016 to 2020, then this would raise an additional £84m annual funding by 2019/20 compared to 2014/15. This largely mitigates the impact of the government grant funding reductions, but does not generate any funding for the increased demand pressures faced by the council.
17. The MTFP 2015-20 assumes a return of £5m on investment properties from 2017/18 onwards. Returns achievable on the property market are low due to positive market sentiment, with significant increases in institutional and foreign investment into the safe haven of the UK property market. This increases the competition for assets and reduces the returns available. Based upon the current strategy and assuming at least two acquisitions each year are completed, £1m is achievable by 2020/21.

Expenditure pressures

18. The MTFP 2015-20 included significant assumptions on the growth in demand and costs faced by the council. In total this amounted to nearly £300m over the five years to 2019/20. The refresh of the MTFP has shown that demand for the council's services is expected to continue to grow. The following paragraphs outline the key expenditure assumptions and the overall possible impact.

Adult Social Care

19. MTFP 2015-20 included a wide range of assumptions across many activities for demand growth, legislative change and prices. The refresh concentrated on a number of key assumptions, which would have a significant impact on the council's finances.
20. Within Adult Social Care (ASC), MTFP 2015-20 included demand pressures of £75m over the full five year period. This is across all care groups and assumes the use of preventative services delivered in partnership with other agencies will lead to a reduction in the rate of growth that has been evidenced in recent years. The refresh over the first quarter of the year concluded there was no evidenced reason for this to change, although the risk remains over the success of the prevention strategies.
21. To achieve improved outcomes and better value for money, alternative delivery methods of social care are being developed. The most significant of these is the Families, Friends and Communities (FFC) strategy, which aims to save a total of £29m by 2017/18.
22. The refresh has had two main impacts regarding FFC savings. Firstly, the latest project plans mean that a small additional saving is now forecast in 2018/19. Secondly, a thorough review of performance over the last 15 months indicates that the full planned reduction in costs remains a stretch target. It is proposed that these savings are retained in the MTFP, but that they are flagged as a significant risk and reviewed based on emerging evidence to determine how likely it is that they can be achieved.
23. The Care Act came into force from 1 April 2015, although the provisions of the Act that will have the greatest financial impact on the council are not due to become law until 1 April 2016. It is still too early to forecast accurately the full anticipated costs of this as actual uptake and demand are not yet clear. The current MTFP 2015 - 2020 allows for £30m of funding risk by 2019/20. The Government has stated that the Care Act will be fully funded, and the MTFP assumptions are being adjusted to reflect this. However, there remains a risk that the implementation of the act will not be fully funded due to either the government failing to calculate accurately the true cost of the Care Act (in part because some factors such as the market impact are not included in the funding envelope) or because funding is not allocated to councils in line with how costs are incurred across the country.
24. Assumptions for other areas of ASC's budget have largely remained cost neutral over 2015-20, but timing issues identified in some areas mean an overall pressure in 2016/17 compared to the current MTFP. This pressure in 2016/17 could be offset by additional savings projected from 2017-20.

Public Health

25. MTFP 2015-20 assumes £2.5m of savings are delivered by Public Health (PH) by 2017/18. PH has been reviewing plans for delivery of these savings and although confidence remains that the £2.5m of savings are still achievable in totality, there may be some risks in the timing of their delivery as the majority of expenditure is tied to contracts. The profile of planned savings has not been amended in the refresh, as further work needs to be done to confirm what is achievable based on contractual commitments.

26. More significantly, the Government has announced that public health funding will be cut nationally by £200m. Both the council's share of this funding reduction and the precise timing of the cut remain unclear. As such the refresh has not been updated to include any funding reduction, although a proportionate reduction for the council could equate to £2.6m. PH is conducting health impact assessments to identify the impact on public health across Surrey if different services were to stop. This assessment will be used to inform the recommendations made to Cabinet about how to manage the council's share of the national public health funding reduction when its scale and timing are made clear by the Government.

Children's Services

27. Demand within Children's Services has been increasing. Based upon this increase further pressures have emerged in respect of: increased referrals and special guardianship orders, increased complexity of need and disabilities.
28. Targeted Child and Adolescent Mental Health Services (CAMHS) are commissioned by Surrey County Council on behalf of the six clinical commissioning groups (CCGs) in Surrey and Surrey County Council. Funding for these services is included within a pooled budget, which for 2015/16 is £3.8m. In December 2014 the Children & Young People's Strategic Partnership Board agreed to align funding to the CCGs' new investment into CAMHS. The proposed CCG additional investment is £1.4 m in the behavioural pathway plus £0.6m in specialist services. This investment will reduce and avoid cost pressures on both health and social care in future years
29. Appendix 4 outlines the investment and expected outcomes for the council's funding of £1.9m. It is recommended the Cabinet approves this investment from April 2016 to help deliver the: Joint Health and Wellbeing Strategy, Emotional Wellbeing & Mental Health Strategy Action Plan and Early Help Strategies.

Schools & Learning

30. The Children and Families Act 2014 brought in major reform for the services provided to children with special educational needs and disabilities (SEND). This has since been followed by a new code of practice and regulations which set out the supporting detail of these main themes. The Department for Education has announced a compulsory time period for the transfer of statements of education and learning difficulty assessments (LDAs) to the new system. The Secretary of State announced that OFSTED would be commissioned to inspect the way local authorities were implementing the legislation.
31. Within the Schools & Learning service, the demand and price for special needs transport have been rising, putting additional pressure on the budget. . A joint review of SEN transport is being undertaken by the Education & Skills, and the Economic Prosperity, Environment & Highways boards to consider how to contain and reduce these costs.
32. Across Schools & Learning and Services for Young People the MTFP included £9.8m of demographic demand growth by 2019/20. More recent population data will lead to this assumption being reviewed

33. In recent years the Children, Schools and Families directorate has successfully worked with suppliers to contain price rises. The services will continue to work with providers to ensure the market remains healthy and the council receives best value. In addition, in order to recruit and retain child social workers, the service is considering pay and reward strategies within the context of the current MTFP budget.

Environment

34. In April 2015, Cabinet approved the financial assessment for proceeding with the waste contract, including delivering the Eco-park. The assessment shows additional cost pressures due to increased tonnages as a result of population growth, increased economic activity and increases in prices following the delay in commissioning

Central Income and Expenditure

35. The council's Local Government Pension Fund is due its triennial actuarial review in March 2016. In advance of this review, officers have worked on high level assumptions to assess its possible impact. The outcome is that the contribution rate for current employees will remain the same at 14.3%.
36. In addition there are costs associated with past employment as the assumptions on the pension fund's asset and liabilities have changed to reflect the UK and world economies. The actuarial review is likely to increase the pressure on this budget.

Capital budget

37. MTFP 2015-20 includes a capital programme for the five years to 2020 of £696m, funded from government grants, reserves, third party contributions and borrowing. The cost of borrowing to fund MTFP 2015-20 is made up of interest payments, and a provision for the repayment of the loan called the Minimum Revenue Provision (MRP). MRP is based upon the expected life of the asset.
38. This capital programme is only affordable if the revenue budget is balanced. The MTFP 2015-20 includes £15.6m for the capital financing costs of the borrowing required to fund the capital programme by 2019/20. One of the key aims of the refresh of the MTFP is to review the budget assumptions, including the capital programme, to ensure it meets the council's strategic goals and is affordable.
39. Officers have been reviewing the capital programme in the context of the emerging financial and demographic challenges that have been identified. In undertaking this work, a set of criteria have been developed to ensure that all capital expenditure contributes to the council's corporate strategy and provides value for money.
40. A total of £32m of schemes met the criteria of being invest to save schemes. These schemes are required to ensure that revenue savings in MTFP 2015-20 are achieved. These schemes are presented in Appendix 1.
41. The result of this review is that 31 schemes, totalling £508m over the five year period, meet the council's strategic goals of wellbeing, economic prosperity, and

resident experience. Of this total, the Schools Basic Need Programme accounted for £290m, and Highways maintenance comprised £105m.

42. Three schemes, totalling £7m, have been reviewed and the financial business case is no longer valid as assumptions have changed. These schemes are:
- joint public sector property projects (Knowle Green) £1.90m
 - replacement provision – Soper Hall, Caterham £1.25m
 - Trumps Farm solar panels £3.8m
43. The schemes to install solar panels at Trumps Farm, and the replacement provision at Soper Hall in Caterham were intended as Invest to Save projects. However, due-diligence work identified it would not deliver a satisfactory net income or payback period.
44. It is recommended that these schemes are removed from the capital programme. The revenue impact of this would be a saving of £0.1m in 2015/16, rising to £0.5m per year by 2017/18 and beyond.
45. The council seeks to work with its partners in the boroughs and districts to promote economic prosperity for our residents. Many district and boroughs seek to support the development of secondary, local shopping areas. Through the use of match funding the County Council can increase the effectiveness of these investments. It is recommended that provision of up to £1m each year is made available to match funding provided by Surrey districts and boroughs to develop secondary, local shopping areas. The Deputy Leader will approve schemes after agreement with the Leader of the relevant borough or district council.
46. The remainder of the capital programme consists of £37m of schemes that have already commenced and schools based projects that are outside the scope of the refresh.
47. A major pressure on the council's budget is for children with special educational needs and disabilities (SEND). To a large extent this rising demand is met by placements in the non-maintained and independent sector (NMI), as there is limited in-house provision. Creating additional capacity will enable children to be placed closer to home, leading to revenue savings by 2018/19. The provision is estimated to be the equivalent of three special schools.
48. In a similar way, the council currently requires out of county accommodation provision for children, which is more expensive than provision within Surrey would be. Expanding this provision locally will allow Surrey children to be cared for in Surrey and avoid the higher cost of a growing demand. A business case with options to meet this requirement is currently being developed with a view to their inclusion in the November draft budget.
49. In April 2015 Cabinet approved the carrying forward of £17.4m of capital schemes from the 2014/15 year and in June 2015, Cabinet approved the re-profiling of £22.3m of expected expenditure in 2015/16 to future years.
50. The Schools Basic Needs programme is dependent on projections of pupil numbers and this in turn is dependent up on planning permissions for housing developments by districts and boroughs. As a part of the refresh, the timing of the required capital expenditure over the next five years has changed. The

impact on MTFP 2015-20 is a reduction in the projected spend over the two years 2015/16 and 2016/17 of £35m. The spend will then increase in the remaining three years to recover this position. In the long term there is little impact on the cost of borrowing.

51. The impact of these changes would be to increase the total amount borrowed over the next five years from £230m to £270m. Of this increase, £9m is due to the carry forward of schemes from 2014/15, which was undertaken in advance at historically low interest rates. However, unless the council can secure additional support for its major programmes, such as schools' places and SEND provision, this would increase the pressure on the council's revenue budget. The affordability of the capital programme can only be confirmed once the revenue budget is balanced, meaning a further review of the programme will be undertaken for the November 2015 draft budget report.
52. Table 1 sets out the refreshed 2015 to 2020 summary capital programme and funding. Appendix 2 shows the fully revised capital programme.

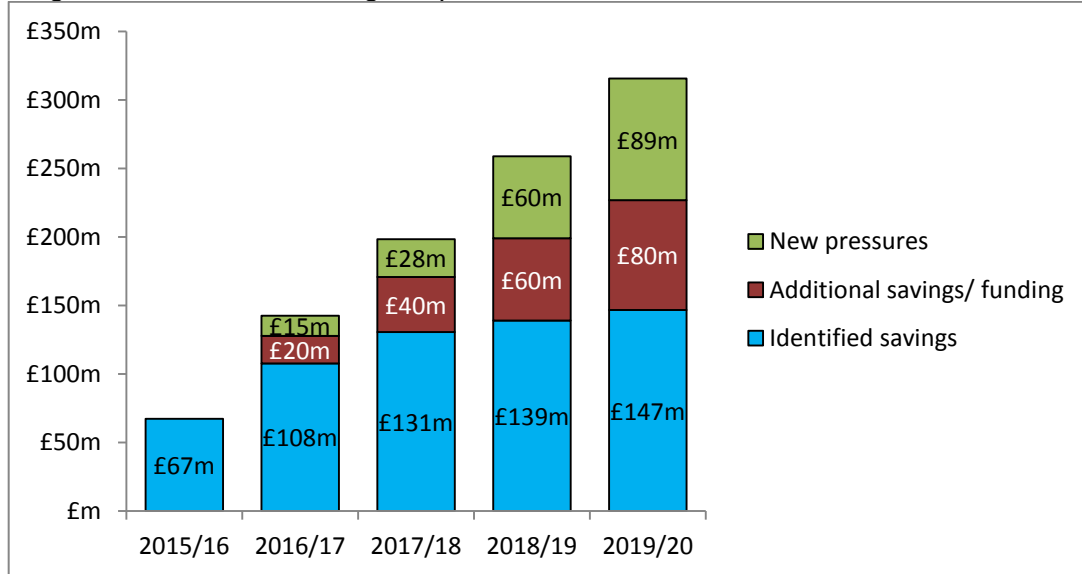
Table 1 – Updated capital programme and funding 2015–20

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	£m	£m
Summary capital expenditure						
Schools Basic Need	57.6	77.5	74.4	50.4	25.6	285.5
Highways recurring programme	34.8	31.0	30.6	28.7	27.6	152.7
Property & IT recurring programme	26.2	26.7	25.7	24.6	26.2	129.4
Other capital projects	53.0	33.7	35.5	28.2	25.1	175.5
Total	171.6	168.9	166.2	131.9	104.5	743.1
Summary capital funding						
Grants	91.0	114.0	85.1	70.1	53.9	414.1
Reserves	10.6	3.9	6.5	2.3	3.4	26.7
Third party contributions	5.0	6.3	7.1	7.2	7.2	32.8
Borrowing	65.0	44.7	67.5	52.3	40.0	269.5
Total	171.6	168.9	166.2	131.9	104.5	743.1

Size of the challenge

53. The refresh of the MTFP has identified additional likely demand, cost and funding pressures. It is possible that the council will need to increase its savings over the next five years from £147m to nearly £320m unless additional revenue and capital funding support can be found. Diagram 3 below, illustrates the revised potential savings requirement in each year.

Diagram 3 – Potential savings requirement 2015/16 to 2019/20



54. To meet the financial challenge of the next five years, the council's services are continuing to develop transformational strategies. In the autumn, as a part of a focused business and budget planning process, officers will also develop options for future service outcomes and provision that will ensure the council has a balanced and sustainable budget. The council's Cabinet and scrutiny boards will review these strategies and options.
55. Officers will develop draft budgets to support these strategies and submit an early draft MTFP for 2016 to 2021 for approval by Cabinet in November 2015. This is likely to be before the funding for the council is confirmed by central government. However, an early draft budget will enable officers to prepare for its implementation and enable any changes due to the announcement of the Local Government Finance Settlement to be accommodated.

Financial strategy

56. The financial strategy the council has followed for the past five years has been successful in delivering over £300m of annual savings. This strategy has been within the context of a five year national austerity programme that coincided with the last full Parliament. The strategy focused primarily on the county council and was developed and presented through directorates.
57. The principles of that strategy were that the council tax uplift was kept to a minimum and within the nationally set referendum threshold. The successful achievement of the savings and efficiency targets were based upon productivity gains for the county council as at a steady state, that is to say on the methods of service delivery as they existed at the time.
58. Since 2010, the council has set a five-year medium term financial plan to enable long term planning of the savings it required. The development of the budgets within each MTFP has been based on forecast volumes and prices.
59. With the election of a new majority Conservative government, the context for the next five years is likely to be different and the council will need to review and update its financial strategy to continue to be successful. The council is

proposing a revised financial strategy as set out below. Appendix 4 sets out this new strategy.

Financial and Value for Money Implications

60. The financial and value for money implications are considered throughout this report.

Section 151 Officer Commentary

61. In February 2015, the Cabinet agreed to refresh MTFP 2015-20 once there was more certainty around the likely future financial outlook. While some clarity has emerged, indicating a challenging financial future, much uncertainty continues pending the autumn spending review.
62. This report updates the MTFP2015-20 assumptions in the light of known changes and officers will continue to develop plans to submit an early budget to Cabinet in November 2015 that will deliver a balanced and sustainable budget.

Legal Implications – Monitoring Officer

63. There are no legal implications or legislative requirements arising directly from this report. However, where the savings identified in the MTFP could lead to a significant change in the service being offered, there is a clear expectation in public law that the Council will carry out a consultation process, and give due regard to the outcome of the consultation before making a decision on the change.
64. The council has a duty under the Equality Act (2010) to consider the equalities implications of the proposals underpinning the MTFP. These are detailed in the Equalities and Diversity section of this report

Equalities and Diversity

65. The MTFP 2015–20 undertook a detailed analysis of the equalities implications of its proposals. This report provides an update on the financial environment that the council faces in the future and as such no further equality analysis is required at this stage.
66. The proposal to invest an additional and on-going £1.9m in Child and Adolescent Mental Health Services will have an impact on people with protected characteristics. An Equalities Impact Assessment has been conducted for this proposal.

WHAT HAPPENS NEXT:

67. Council officers will continue to develop outcome based strategies and budgets, leading to a draft MTFP 2016-2021 being presented to the cabinet in November 2015.

Contact Officer:

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Consulted:

Cabinet members, strategic directors, heads of service.

Annexes:

Annex 1 - Invest to save capital schemes

Annex 2 - Summary capital programme

Annex 3 - New investment for targeted Child and Adolescent Mental Health Services

Annex 4 – Financial Strategy 2015 - 2020

Sources/background papers:

- Revenue and Capital Budget 2015/16 to 2019/20, and Treasury Management Strategy, County Council Meeting 10 February 2015
 - Medium Term Financial Plan 2015 – 2020, Cabinet Meeting 24 March 2015
-

Invest to save capital schemes

Capital scheme name	Total £000
Fire station reconfiguration - Elmbridge	500
Projects to deliver capital receipts	1,770
IT Equipment Replacement Reserve	6,516
Carbon reduction (corporate)	6,293
Projects to deliver income	1,350
IT project investment	12,500
Land acquisition for waste	3,122
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Total invest to save capital schemes	32,051
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Capital Programme	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
Major Adaptations	800	800	800	800	800	4,000
Wellbeing Centres	100	0	0	0	0	100
In-house capital improvement schemes	350	250	250	250	250	1,350
User led organisational hubs	200	100	0	0	0	300
Adult Social care	1,450	1,150	1,050	1,050	1,050	5,750
Schools devolved formula capital	2,812	2,612	2,612	2,612	2,612	13,260
Foster carer grants	500	300	300	300	300	1,700
Adaptations for children with disabilities	299	299	299	299	299	1,495
Children Services	799	599	599	599	599	3,195
Harnessing ICT	400	0	0	0	0	400
Schools & Learning: School Kitchens	1,483	0	0	0	0	1,483
Children, Schools & Families	5,494	3,211	3,211	3,211	3,211	18,338
Community Partnership & Safety: Local Committee Allocations	76	0	385	385	385	1,231
Fire-Vehicle & Equipment Replacement	5,256	1,836	1,986	2,141	1,526	12,745
Fire Emergency Care Response	75	0	0	0	0	75
Fire Resilience	641	0	0	0	0	641
Fire Joint Transport Project	5,200	0	0	0	0	5,200
Surrey Fire & Rescue Service	11,172	1,836	1,986	2,141	1,526	18,661
Highway maintenance	21,018	21,018	21,518	21,018	21,018	105,590
Bridge strengthening	2,300	1,956	1,956	1,956	1,956	10,124
Flooding & drainage	776	776	776	776	776	3,880
Local transport schemes	5,023	3,500	3,000	2,500	2,000	16,023
Safety barriers	333	256	256	256	256	1,357
Traffic signal replacement	954	550	550	550	550	3,154
Highways Vehicle Replacement	400	200	200	200	0	1,000
Local Growth Deal (tranches 1-3)	1,701	1,693	1,210	383	0	4,987
Flood remediation works	826	0	0	0	0	826
Flood resilience schemes	500	500	500	500	500	2,500
River Thames scheme	500	500	500	500	500	2,500
Redhill Balanced Network	556	0	0	0	0	556
Local economic regeneration	0	1,000	1,000	1,000	1,000	4,000
Developer funded schemes	2,952	1,700	1,700	1,700	1,700	9,752
Highways & Transport	37,839	33,649	33,166	31,339	30,256	166,249
Maintenance at closed landfill sites	476	100	100	100	0	776
Rights of way and byways	168	85	85	85	85	508
Road safety schemes	175	200	200	200	200	975
Basingstoke Canal Remedial Works	835	500	0	0	0	1,335
Local sustainable transport fund	1,419	0	0	0	0	1,419
Newlands Corner Visitor Improvements	100	300	0	0	0	400
Food waste	30	0	0	0	0	30
Transport coordination centre	24	0	0	0	0	24
Developer funded schemes	383	0	0	0	0	383
Cross Directorate CIL schemes	2,002	4,576	5,354	5,479	5,479	22,890
Environment & Planning	5,612	5,761	5,739	5,864	5,764	28,740

Annex 2

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000
<u>Recurring programmes:</u>						
Schools - Disability Discrimination Act	466	737	487	497	497	2,684
Schools capital maintenance, including Children's centres	12,685	13,102	13,102	13,102	13,102	65,093
Carbon reduction - Corporate	1,000	1,393	1,300	1,300	1,300	6,293
Fire risk assessments/minor works/DDA	236	0	0	0	0	236
Non schools structural maintenance	7,295	6,900	7,000	6,987	6,895	35,077
Recurring programmes	21,682	22,132	21,889	21,886	21,794	109,383
<u>Projects:</u>						
Portesbury SEN School	4,278	150	0	0	0	4,428
Gypsy Sites	1,200	1,045	0	0	0	2,245
Fire Station reconfiguration	2,070	3,460	0	1,989	991	8,510
Woking Fire Station	1,000	1,000	0	0	0	2,000
Guildford Fire Station	145	0	0	0	0	145
Fire training tower replacement	315	200	0	0	0	515
Replace aged demountables	1,014	850	750	0	0	2,614
SEN strategy	2,049	3,265	3,394	0	0	8,708
SEND and LAC Provision	250	2,400	13,000	10,300	8,750	34,700
Joint Public Sector Property Projects	0	0	0	0	0	0
Land acquisition for waste	3,798	0	3,122	0	0	6,920
Projects to enhance income	671	1,650	0	0	0	2,321
Regeneration projects	3,506	1,326	0	0	0	4,832
Projects to reprovision and deliver capital receipts	650	1,475	0	0	0	2,125
Reigate Priory School	423	500	0	0	0	923
Trumps Farm Solar Panels	0	0	0	0	0	0
Youth Transformation	119	0	0	0	0	119
ASC Sluice Rooms	31	200	0	0	0	231
Short Stay Schools	761	1,301	0	0	0	2,062
Projects	22,280	18,842	20,266	12,289	9,741	78,418
Property Services	43,962	40,974	42,155	34,175	31,535	192,801
Schools Basic Need	57,614	77,484	74,365	50,398	25,550	285,411
IT Equipment Replacement Reserve	1,494	2,074	1,342	207	1,898	7,015
IT Project Investment	3,038	2,500	2,500	2,500	2,500	13,038
Recurring programmes	4,532	4,574	3,842	2,707	4,398	20,053
Adults Social Care Infrastructure Grants (IT)	578	0	0	0	0	578
Other IMT projects	266	142	90	469	683	1,650
Projects	844	142	90	469	683	2,228
Information Management & Technology	5,376	4,716	3,932	3,176	5,081	22,281
Economic Development (Broadband)	2,647	0	0	0	0	2,647
Magna Carta 800th Anniversary	187	0	0	0	0	187
Legal & Democratic services: Community Buildings Grant scheme	150	150	150	150	150	750
Chief Executive's Office	2,984	150	150	150	150	3,584
Total Capital Programme	171,579	168,932	166,139	131,889	104,508	743,047

New investment for targeted Child and Adolescent Mental Health Services

Investment area and value	Expected outcome
<p>“Behavioural pathway” for identification, advice, training, resilience building and treatment of children with neurodevelopment difficulties and enhancing the CAMH service for children with learning disabilities</p> <p>SCC investment: £1,100,000</p>	<p>Strengthening of the capacity of professionals working with children and young people to support the early intervention of mild to moderate mental health needs, therefore reducing demand for acute services.</p> <p>An improved experience for children and young people presenting with emotional and behavioural problems/disorders who need to access CAMHS.</p>
<p>Sustainability of Extended HOPE</p> <p>SCC investment: £200,000</p>	<p>Improved out of hours response for young people in mental health crisis. Will lead to a reduction in inappropriate out of county placements, psychiatric hospital admissions, A&E admissions and paediatric ward admissions as well as placement breakdowns.</p>
<p>Looked After Children</p> <p>SCC investment: £200,000</p>	<p>Increased capacity in the Children in Care (3Cs) service to meet the high demand for Looked After Children requiring CAMHS support. Enable Looked After Children placed out of county within 20 mile radius to receive CAMHS support from the Surrey 3Cs service.</p>
<p>Sexually exploited young people</p> <p>SCC investment: £250,000</p>	<p>Deliver intensive group work programme and one to one support across the county to support sexually exploited children and young people and their parent/carers.</p>
<p>Prospective adopters and adoptive parents including special guardianships orders and residence orders</p> <p>SCC investment:£150,000</p>	<p>Children and young people will be supported through pre and post adoption period and prospective adopters / adoptive parents / kinship carers will have timely access to support young people’s emotional wellbeing and mental health needs.</p>

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PURPOSE

Making the most of every £ to deliver improved outcomes for residents

Page 33

VISION

ONE place
ONE budget
ONE team for Surrey

VALUES



Listen



Responsibility



Trust



Respect

Context

DRAFT

The new majority Conservative government, elected for the five years up to 2020, has indicated it plans to continue the programme of deficit reduction for the lifetime of this Parliament.

There is an increasing expectation for public bodies to work together in partnerships to improve the service to the public and provide better value for the taxpayer and residents. At the same time there is an emerging agenda of devolution of greater powers and responsibilities to local authority areas and the demand for council services, in particular in relation to services for vulnerable adults and children, continues to grow.

To respond to this change Surrey County Council will increase its collaboration with other public service providers to deliver services and support residents in the county of Surrey as a place, rather than from the council as an organisation.

In responding to this change, the council has already moved to a more network based, wider leadership model.

Our strategic approach

1. Principles

We will achieve transformational change through continual improvement & partnerships:

- Work with partners and the wider system to improve outcomes
- Continue to control costs
- Continue to seek opportunities to generate income and reduce the reliance on council tax and government grant
- Manage demand for services

2. Method

Our financial planning will support corporate strategic goals:

- Develop outcome based budgeting that supports service strategies
- Continue to plan for the long term to ensure services are fit for the future

3. Actions

We will support the council to:

- Publish a draft Medium Term Financial Plan in November 2015
- Publish a five-year Medium Term Financial Plan
- Have a council tax that meets demand pressures

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SURREY COUNTY COUNCIL**CABINET****DATE: 29 JULY 2015****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE****SUBJECT: LEADERSHIP RISK REGISTER****SUMMARY OF ISSUE:**

The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report summarises the risk governance arrangements and presents the Leadership risk register as at 30 June 2015.

RECOMMENDATIONS:

It is recommended that the Cabinet note the content of the Surrey County Council Leadership risk register (Annex 1) and endorse the control actions put in place by the Statutory Responsibilities Network.

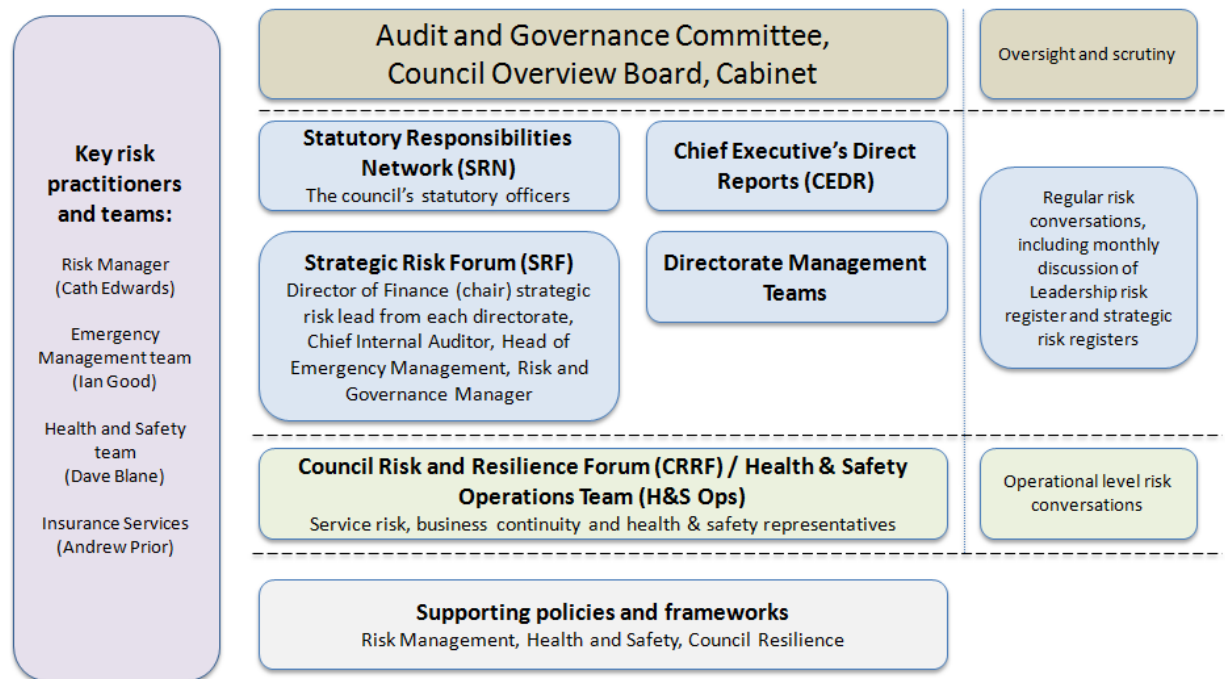
REASON FOR RECOMMENDATIONS:

To enable the Cabinet to keep Surrey County Council's strategic risks under review and to ensure that appropriate action is being taken to mitigate risks to a tolerable level in the most effective way.

DETAILS:**Risk governance arrangements**

1. The Director of Finance is the council's strategic lead for risk management and provides monthly risk updates to the Statutory Responsibilities Network (SRN) and on an ad hoc basis to the Chief Executive's Direct Reports. The risk updates include proposed changes to the Leadership risk register, emerging risks and other updates such as the risk strategy.
2. The Strategic Risk Forum (SRF), chaired by the Director of Finance, leads on developing the council's risk culture and reviews strategic risks through challenge and moderation and meets bi-monthly. Membership consists of strategic risk leads, Risk and Governance Manager, Chief Internal Auditor and Head of Emergency Management. The Cabinet Member for Environment and Planning attended the SRF meeting on 25 June 2015 to observe the discussion.
3. The SRF has recently been reviewing the council's risk levels through the use of analysis of the risk registers in graphical and visual form.

4. The council's risk governance arrangements are shown below:



5. The council has three levels of risk register:

- Leadership risk register – owned by the Chief Executive, each risk is assessed by high, medium, low for both inherent and residual risk levels using strategic risk assessment criteria.
- Strategic risk registers – each directorate has a risk register owned by the Strategic Director, each risk is assessed by high, medium, low for both inherent and residual risk levels using strategic risk assessment criteria.
- Operational risk registers – each service has a risk register, owned by the Head of Service, each risk is assessed by impact (financial, service and reputation) and likelihood to create a total risk score shown as red, amber or green.

6. Clear and transparent reporting enables informed decision-making and actions are driving improvement. The table below provides an overview of the monitoring and reporting of risk across the council:

	Service risk register	Directorate risk register	Leadership risk register
Risk co-ordinator	Service risk representative	Strategic risk lead	Risk and Governance Manager
Frequency of risk register review	Monthly where necessary but at least quarterly	Monthly	Monthly
Monitoring, assurance and accountability	Head of Service / Director 1-2-1 Service management team CRRF meetings	Director / Chief Executive 1-2-1 Directorate management team SRF meetings	SRN Leadership Team SRF meetings Director / Chief Executive 1-2-1
	Cabinet / Audit and Governance Committee / Scrutiny Boards Internal Audit Risk and Governance Manager		
Escalation of risk	Cross-directorate Cross-council High impact Significant project or programme	→ Cross-council Corporate Strategy High residual risk level	→

- Risk owners and co-ordinators are responsible for ensuring that risks are escalated as appropriate through the risk governance arrangements outlined above. Some risks may be more appropriately managed at a service or directorate level and therefore may not require escalation to the next level of risk register.

Risk management strategy and plan

- The risk management strategy 2015–20 (attached at Annex 1) has undergone a refresh and clearly sets out the council’s risk management approach on one page, in alignment with the Corporate Strategy.
- The risk management strategy is supplemented by the risk management plan, which outlines the risk governance arrangements, specific roles and responsibilities and the key risk actions for 2015/16.
- The risk management strategy and plan have been reviewed by SRF and SRN and were approved by the Audit and Governance Committee on 28 May 2015.

Internal audit of risk management

- The recent annual internal audit of risk management has received an overall audit opinion of some improvement needed. Key findings include the clear risk strategy and framework, the high profile of the Leadership risk register and that SRF is effective and well attended.

Leadership risk register

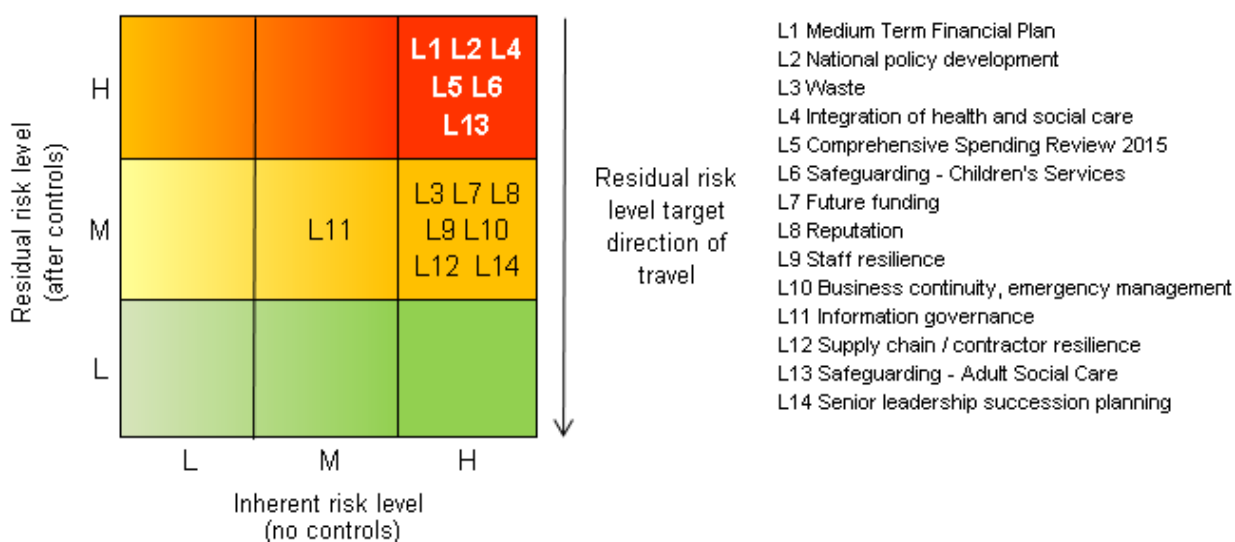
- The Surrey County Council Leadership risk register (Annex 2) is owned by the Chief Executive and captures Surrey County Council’s key strategic risks. The risk register focuses specifically on the strategic risks facing the council

as it strives to fulfil its purpose to ensure Surrey residents remain healthy, safe and confident about their future.

13. The role of the Cabinet is to assure itself that Surrey County Council's strategic risks are captured on the risk register and that appropriate actions are being taken to effectively mitigate the risks to a tolerable level.
14. Since it was last presented to the Cabinet in April 2015, the Surrey County Council Leadership risk register has been reviewed by the Audit and Governance Committee, SRF and SRN.
15. A number of wording changes have been made to the risk register (Annex 1) since it was last presented to the Cabinet in April 2015. The changes have been made to the 'processes in place' and 'controls' for risks L1, L2, L3, L4, L8, L9, L11, L13 and L14.

Residual risk level

16. The Surrey County Council Leadership risk register includes both the inherent and residual risk levels for each risk. Inherent risk is the level of risk before any control activities are applied. The residual risk level takes into account the controls that are already in place, detailed on the risk register as both 'processes in place' and 'controls.'
17. There are 14 risks on the Surrey County Council Leadership risk register, of which 13 have a high inherent risk level, as illustrated in the table below. Despite mitigating actions, six of these risks continue to have a high residual risk level (L1,L2,L4,L5,L6,L13) and eight continue to have a medium residual risk level (L3,L7,L8,L9,L10,L11,L12,L14): showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



CONSULTATION:

18. The Surrey County Council Leadership risk register has been reviewed by a number of senior officer groups as detailed in paragraph 14. The Audit and Governance Committee reviewed the risk register on 28 May 2015.

RISK MANAGEMENT AND IMPLICATIONS:

19. Effective management of risks and financial controls supports the council to meet its objectives and enable value for money.

Financial and Value for Money Implications

20. There are no direct financial implications relating to the Surrey County Council Leadership risk register.

Section 151 Officer Commentary

21. The Section 151 Officer is well sighted of current and emerging risks through being chair of the SRF, a member of the SRN and a direct report to the Chief Executive Officer. Her attendance at key strategic meetings provides further insight and ensures an integrated risk approach.

Legal Implications – Monitoring Officer

22. There are no direct legal implications relating to the Surrey County Council Leadership risk register.

Equalities and Diversity

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

WHAT HAPPENS NEXT:

24. The Surrey County Council Leadership risk register will be presented to the Cabinet on a quarterly basis.

Contact Officer:

Cath Edwards, Risk and Governance Manager
Tel: 020 8541 9193

Consulted:

Strategic Risk Forum, Statutory Responsibilities Network, Chief Executive and direct reports, Audit and Governance Committee, Cabinet

Annexes:

Annex 1 – Risk management strategy and plan
Annex 2 – Leadership risk register

Sources/background papers:

None

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PURPOSE

To realise opportunities and manage exposures to ensure Surrey residents remain healthy, safe and confident about their future.

VISION

A risk culture that supports

ONE place

ONE budget

ONE team for Surrey

VALUES



Listen



Responsibility



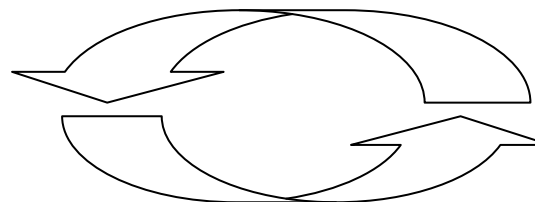
Trust



Respect

Context

The scale of the strategic challenges that the council is facing is increasing and the growing demand for services is accelerated by new legislative responsibilities, alongside continuing to meet existing responsibilities. Effective risk management is an integral part of ensuring the continued delivery of our services and providing organisational resilience during change and transformation. This Risk Management Strategy supports the achievement of our key priorities, goals and service delivery to residents. It is supplemented by our risk management plan that sets out our key risk actions for the coming year.



INTEGRATED APPROACH:

Risks are continually discussed and considered in the context of financial and performance management.

RISK PROCESS:

We have a consistent, iterative process of risk identification, risk assessment, risk monitoring and reporting.

GOVERNANCE:

Risk management roles and responsibilities are clearly defined and regularly reviewed.

Our strategic approach to risk management

1. Principles

Our approach to risk management is built on the following principles:

- It is dynamic, iterative and reacts to change
- It is open, transparent and consistently applied
- It provides risk information that objectively informs decision making and creates value
- It is integrated into our processes and aligns with our objectives
- It ensures lessons are learnt and actions for improvement are identified and implemented

2. Benefits

Through our risk management approach, the following benefits are realised:

- Enhanced organisational resilience through facilitating continuous improvement and innovation
- Stakeholder confidence and trust
- Flexibility to positively respond to new and continued pressures and challenges
- Strengthened governance to enable informed decision making
- Proactive management of risk and opportunities

3. Realisation

Realisation of the principles and benefits will be achieved through:

- Strong risk leadership that ensures the effective operation of the council's risk approach and arrangements
- Consistent compliance with the risk strategy and framework
- Staff and members being equipped to work with and support the risk culture
- Clear communication of the council's risk approach to our stakeholders
- Strong and transparent risk governance arrangements, including reporting and escalation of risk

To realise opportunities and manage exposures to ensure Surrey residents remain healthy, safe and confident about their future.

Challenges and opportunities

Sustaining the council's strong resilience in the climate of on-going reductions in funding, demographic demand increases in core services and potential policy change will require working differently and realising the opportunities identified by innovation work and partnership working.

Risk management is a continuous and evolving process that runs through everything we do. It focuses on the identification and treatment of risks and opportunities through increasing the probability of success and reducing the likelihood of failure.

Key actions

During 2015/16 three risk management actions will be prioritised to support the achievement of the council's corporate strategy:

1. Continue to promote a positive risk culture, including developing and understanding the council's risk appetite and tolerance.
2. Develop the risk registers to ensure they are fit for purpose, consistent and support risk discussions across the council.
3. Present risk information in a clear and user-friendly way using visual techniques.

Risk governance



The strategic lead officer for the corporate risk management arrangements is Sheila Little, Director of Finance and she is supported by Cath Edwards, Risk and Governance Manager.

The Audit and Governance Committee is responsible for monitoring the effectiveness of the risk management arrangements.

Roles and responsibilities

8

ROLE	RESPONSIBILITIES
The Cabinet	Oversee effective risk management across the council and ensure that key risks are identified, managed and monitored.
Portfolio Holders	Ensure that key risks within their portfolio are effectively managed through discussions with senior officers. Contribute to the Cabinet review of risk and be proactive in raising risks from the wider Surrey area and community if appropriate.
Scrutiny Boards	Monitor and challenge key risk controls and actions.
Audit and Governance Committee	Provide independent assurance to the council on the effectiveness of the risk management arrangements. Annually approve the risk management strategy.
Leadership Team	Ensure effective implementation, monitoring and review of the council's risk management arrangements. Identify, own and manage key risks facing the council.
Strategic Directors	Own their risk register and regularly identify, prioritise and control risks as part of wider council performance. Ensure that risk management is consistently implemented in line with the council's Risk Management Strategy and proactively discuss risk with senior officers and members.
Heads of Service	Own their risk register and regularly identify, prioritise and control risks as part of wider council performance. Challenge risk owners and review actions to ensure controls are in place and monitored. Support and have a regular dialogue with risk representatives and ensure that risk management is consistently implemented in line with the council's Risk Management Strategy.
Managers	Take ownership for actions and report progress to management. Co-operate and liaise with risk representatives and report any new or emerging risks.
Staff	Assess and manage risks effectively and report risks to management.
Risk and Governance Manager	Lead on the implementation of the risk management arrangements, including moderating and challenging risk across the organisation and providing training and communication. Centrally hold and publish all council risk registers and facilitate the review and challenge of the Leadership risk register.
Strategic Risk Forum	Review strategic risk through challenge and moderation and make recommendations to senior management on changes to the corporate risk arrangements and strategic risks. Lead on the review of risk culture across the organisation and identify and escalate common themes and issues through sharing learning and best practice.
Risk representatives	Embed and aid understanding of risk across the council and support management with the review of risk, including the risk register, as part of performance monitoring.
Internal Audit team	Annually audit the council's risk management arrangements and use risk information to inform the annual internal audit plan to ensure that internal controls are robust.

Review

The Risk Management Strategy and plan is reviewed annually. For any queries or comments on this document please contact Cath Edwards, Risk and Governance Manager.

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Leadership risk register as at 30 June 2015 (covers rolling 12 months)

Owner: David McNulty

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L1	ASC1,2 BUS01 CAC2 CSF4, EAI1, 3 FR72, 85	<p>Medium Term Financial Plan (MTFP) 2015-20 Failure to achieve the MTFP, which could be as a result of:</p> <ul style="list-style-type: none"> not achieving savings additional service demand and/or over optimistic funding levels. <p>As a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions.</p>	High	<ul style="list-style-type: none"> Monthly reporting to Continuous Improvement and Productivity Network and Cabinet on the forecast outturn position is clear about the impacts on future years and enables prompt management action (that will be discussed informally with Cabinet) Budget Support meetings (Chief Executive and Director of Finance) continue to review and challenge the robustness of MTFP delivery plans and report back to Cabinet as necessary Clear management action reported promptly detailing alternative savings / income if original plans become non deliverable or funding levels alter in year Monthly formal budget reports focus on funding levels comparing actual spend to forecasts Budget planning discussions with Cabinet and Select Committees Formal review of MTFP (2015-20) commenced in March 2015 and is ongoing as part of the budget planning process. Clear pricing structures in place for services delivered. 	<ul style="list-style-type: none"> Prompt management action taken by Strategic Directors / Leadership Teams to identify correcting actions. (Evidenced by robust action plans) Members (Council, Cabinet, Select Committee) make the necessary decisions to implement action plans in a timely manner 	Director of Finance	High
L6	CSF2,3	<p>Safeguarding – Children's Services Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation, leads to serious harm, death or a major impact on</p>	High	<ul style="list-style-type: none"> Working within the frameworks established by the Children's Safeguarding Board ensures the council's policies and procedures are up to date and based on good practice. Adult Social Care and Children, Schools and Families are working as key 	<ul style="list-style-type: none"> Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and promote the well being of children in Surrey. 	Strategic Director for Children's Schools and Families	High

Key to references:

ASC = Adult Social Care risk
 BUS = Business Services risk
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Leadership risk register as at 30 June 2015 (covers rolling 12 months)

Owner: David McNulty

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Page 46		well being.		stakeholders in the further development of the Multi-Agency Safeguarding Hub.	<ul style="list-style-type: none"> - Actively respond to feedback from regulators. - Robust quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved. - The Children's Safeguarding board (chaired by an independent person) comprises senior managers from the County Council and other agencies facilitating prompt decision making and ensuring best practice. 		
	L136 ASC6,7 BUS09	<p>Safeguarding – Adult Social Care</p> <p>Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing.</p>	High	<ul style="list-style-type: none"> • Working within the framework established by the Surrey Safeguarding Adults Board ensures that the council's policies and procedures are up to date and based on good practice. • Care Act Implementation Board provides strategic direction and focus. • Adult Social Care and Children, Schools and Families are working as key stakeholders in the further development of the Multi Agency Safeguarding Hub. • Established a locality safeguarding advisor to assure quality control. • Close involvement by Associate Cabinet Member for Adult Social Care in safeguarding functions. 	<ul style="list-style-type: none"> - Continue to work with the Independent Chair of the Surrey Safeguarding Adults Board to ensure feedback and recommendations from case reviews are used to inform learning and social work practice. - Agree and embed agreed changes resulting from Care Act 2014 consultation. - Actively respond to feedback from regulators. 	Strategic Director for Adult Social Care	High

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L2	ASC2	<p>National policy development</p> <p>Continuing national policy changes may put additional pressure on demand for all public services leading to an erosion of financial resilience and ability to deliver statutory and essential services.</p>	High	<ul style="list-style-type: none"> Effective horizon scanning to ensure thorough understanding of new policy changes Implementation of a welfare reform programme including districts and boroughs covering: <ul style="list-style-type: none"> - Advice and information - Financial resilience - Emergency assistance - Localisation of council tax support - Housing and homelessness - Employment training and support Taking opportunities to influence central Government policy development e.g. via the Local Government Association. The Welfare Reform Task Group is monitoring the implementation of its recommendations, which are intended to manage the implementation of reforms on Surrey Residents. The Task Group reports regularly to the Council Overview Board. 	<ul style="list-style-type: none"> Working in partnership with other statutory partners (e.g. Clinical Commissioning Groups CCG's) to maximise opportunities for communities Members proactively take the opportunities to influence central Government Care Act Implementation Board in place and project programme set up to support ongoing discussion with partners. 	Strategic Director for Adult Social Care	High
L4	ASC2 CEO13	<p>Integration of health and social care</p> <p>Failure in partnership working reduces our ability to:</p> <ul style="list-style-type: none"> - co-ordinate/integrate health and social care services; - improve health outcomes; and - develop a financially sustainable model. 	High	<p>Governance arrangements:</p> <ul style="list-style-type: none"> Robust partnership governance arrangements are in place through the Better Care Board, Public Sector Transformation programme and Surrey's Health and Wellbeing Board Regular monitoring of progress and risks against key Health & Social Care integration work streams and agreed financial governance framework (including the Better Care Fund) Prioritisation of resources and clear senior leadership across Council directorates to support the development of Health & Social 	<ul style="list-style-type: none"> Progress discussions with Clinical Commissioning Groups in Surrey about plans for integration beyond the Better Care Fund. Inclusion of key partners in local whole systems planning. Members continue to endorse approaches to integration across the County. Increase focus on tracking implementation and realisation of benefits through the Local Joint Commissioning Groups. 	Assistant Chief Executive	High

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L500 Page 48				<p>Care work streams.</p> <ul style="list-style-type: none"> Continued focus on building and maintaining strong relationship with partners through regular formal and informal dialogue Surrey's Better Care Fund plan (which includes agreed financial plans, metrics to measure progress and risk sharing arrangements) has been approved by Surrey's Health & Well-Being Board and the national Better Care Fund team. Formal pooling agreements (section 75 agreements) being developed for the operation of the Better Care Fund. 			
	BUS02	<p>Comprehensive Spending Review (CSR) 2015 Risk that CSR 2015:</p> <ul style="list-style-type: none"> reduces further the total public sector funding available, and introduces a revised distribution mechanism which lowers the councils financial resilience. 	High	<ul style="list-style-type: none"> Contribution to Local Government Commission to review Local Government Funding and development of scenarios for budget planning process is ongoing and will continue throughout 2015. Officers (Finance and Policy in particular) to sustain pro-active horizon scanning for insight into potential funding change. 	- Cabinet fully consider the implications of CSR in budget planning and agree an MTFFP that reflects likely impacts.	Director of Finance	High
	ASC4 BUS13	<p>Senior Leadership Succession Planning A significant number of senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.</p>	High	<ul style="list-style-type: none"> Workforce planning linked to business continuity plans High Performance Development Programme to increase skills, resilience and effectiveness of leaders Career conversations built into appraisal process looking forward five years Shaping leaders exercise 	- Transparent and effective succession plans	Chief Executive	Medium

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L3	EAI2	<p>Waste</p> <p>Failure to deliver the key elements of the waste strategy leads to negative financial and reputational impact.</p>	High	<ul style="list-style-type: none"> Implementation monitored by the Waste Programme Delivery Board with strategic overview provided by the Strategic Waste Board Operational Delivery Board created to specifically manage the delivery of the Eco Park development. All major decisions are reported to Cabinet on a regular basis Reporting through Surrey Chief Executives detailed proposals on options for improved collaborative working to achieve the strategy outcomes. Joint strategic partnership reinforces collaboration and will, if successful, strengthen the ability to deliver the key elements of the waste strategy Support from external strategic advisors assists senior officers in management and mitigation of key technical, financial and legal risks. Senior officers working closely with Government departments. 	<ul style="list-style-type: none"> Strong resourcing and project management regime in place to ensure prompt resolution of any issues that may hinder progress. Collaborative work with Districts and Boroughs is delivered through the Surrey Waste Partnership with close involvement of all Surrey Chief Executives The Waste Programme Delivery Board comprises senior managers from the service together with Procurement and Finance and is chaired by the Assistant Director Environment facilitating prompt decision making. 	Strategic Director of Environment and Infrastructure	Medium
L7	BUS07 CSF4 EAI1	<p>Future Funding</p> <p>The council is highly dependent on Council Tax for funding, and the ability to increase that in real terms is constrained (by current Government policy). This could lead to a reduction in the council's financial resilience with the consequence that funding for key services will be seriously eroded.</p>	High	<ul style="list-style-type: none"> Structured approach to ensuring Government understands the council's Council Tax strategy and high dependence Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular School Basic Need) Continued horizon scanning of the financial implications of existing and future Government policy changes Development of alternative / new sources of 	<ul style="list-style-type: none"> Members make decisions to reduce spending and or generate alternative sources of funding, where necessary, in a timely manner. Officers unable to recommend MTFP unless a credible sustainable budget is proposed. 	Director of Finance	Medium

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				funding (e.g. bidding for grants) <ul style="list-style-type: none"> Review how systems and processes can lead to greater efficiencies. Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures impacting on the council's long term financial resilience.			
L8	ASC8,9 BUS01 CSF3,4 CEO7 EAI2,14	Reputation A significant failure to deliver within the organisation (caused by an event or individual), could lead to a loss of trust and confidence in the organisation by external stakeholders (e.g. residents, Government, Partners) or internal staff, affecting our ability to deliver services effectively and harming our freedoms and flexibilities from Government controls.	High	<ul style="list-style-type: none"> Processes in place that minimise the likelihood of organisational failure include: <ul style="list-style-type: none"> Active learning by senior leaders from experiences / incidents outside the council inform continual improvement within the council Strong corporate values Robust Governance framework (including codes of conduct, health & safety policies, complaints tracking). 	<ul style="list-style-type: none"> Regular monitoring of effectiveness of processes is in place and improvements continually made and communicated as a result of learning. 	Chief Executive Officer	Medium
L9	ASC4 BUS06 CEO8	Staff resilience Scale of public service transformation and budget challenge leads to loss in productivity, increased sickness and staff turnover, impacting on the ability to deliver services to residents.	High	<ul style="list-style-type: none"> Communication, consultation and engagement is a priority for the council with an emphasis placed on thoroughly addressing the concerns of staff and their representatives Eight training courses available that address various aspects of change and trained coaches are available in all services to support staff. High Performance Development Programme being offered across the organisation to support leaders to develop 	<ul style="list-style-type: none"> Decision by members on pay and reward system taken in timely manner and combine with staff and union consultation. Communications engagement plan to promote the benefits of working for Surrey and help to support engagement across the organisation to be delivered. 	Strategic Director Business Services	Medium

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Owner: David McNulty

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
				<p>their own and the organisations behaviours.</p> <ul style="list-style-type: none"> Comprehensive range of surveys and focus groups provide a measure of the staff satisfaction with the council and its management of change. The smarter working framework and flexible working policy are in place to support managers and their teams to work differently. Promotion of support mechanisms for staff (eg. employee assistance). Staff are encouraged to get involved in finding innovative solutions to redesign services. 			
L11	CEO3 EAI4,5 FR06	<p>Business Continuity, Emergency Planning</p> <p>Failure to respond effectively to a known event or major incident results in an inability to deliver key services.</p>	High	<ul style="list-style-type: none"> The Council Risk and Resilience Forum reviews, moderates, implements and tests operational plans. Close working between key services and the Emergency Management Team to update plans and share learning Continued consultation with Unions and regular communication to staff. External risks are assessed through the Local Resilience Forum. Regular updates reported to Statutory Responsibilities Network. 	- Business Continuity Plans are in place and signed off (by heads of service) in timely manner	Assistant Chief Executive	Medium
L12	ASC8	<p>Supply chain / contractor resilience</p> <p>Supply chain failure, lack of business continuity arrangements in place leading to increased costs, time delays or reputational damage and</p>	High	<ul style="list-style-type: none"> Supply chain business continuity plans for strategic/critical contracts to meet required standards. Levels of compliance reported to Statutory Responsibilities Network. Consistent management of supply chain risks across all key suppliers through common reporting. 	<ul style="list-style-type: none"> Supplier selection policy decision made to include financial resilience and business continuity arrangements Needs strong support from ELT (Extended Leadership 	Strategic Director Business Services	Medium

Key to references:

ASC = Adult Social Care risk

BUS = Business Services risk

CAC = Customers and Communities risk

CEO = Chief Executive's Office risk

CSF = Children, Schools and Families risk

EAI = Environment and Infrastructure risk

FR = Fire and Rescue risk

Leadership risk register as at 30 June 2015 (covers rolling 12 months)

Owner: David McNulty

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
		failure to promote service delivery.		<ul style="list-style-type: none"> Regular supplier intelligence reporting in place to track industry and supplier news. Risk management training provided to contract managers to enable a consistent approach. Mitigating actions are less effective for small/medium suppliers due to reduced business continuity. 	Team) to ensure contract resilience and business continuity is in place and regularly up-dated		
L11	ASC5 BUS13 CEO7 CSF5	Information Governance Loss of protected data by the council leads to financial penalties, safeguarding issues and erosion of public trust.	Medium	<ul style="list-style-type: none"> Encrypted laptops, secure email environment and strong password policies Best practice working standards including PSN accreditation and move towards ISO2700 Focus on educating users through communications campaigns (linked to known peaks for breaches) and a refreshed and re-launched information security e-learning package. Information Governance and Caldicott Boards in place to oversee processes and controls Implementation of learning from feedback where breaches occur. Directorates and Digital Delivery Team engaging with partners to deliver a platform that will enable appropriate sharing of information between agencies. Increased use of mobile technology to minimise the need for paper records. <p>Despite the actions above, there is a continued risk of human error that is out of the council's control.</p>	- Cabinet review of IT security policy has resulted in the security policy, Code of conduct and social media policies being updated to reflect changes agreed	Strategic Director Business Services	Medium

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Key to references:

ASC = Adult Social Care risk
 BUS = Business Services risk
 CAC = Customers and Communities risk

CEO = Chief Executive's Office risk
 CSF = Children, Schools and Families risk
 EAI = Environment and Infrastructure risk

FR = Fire and Rescue risk

Movement of risks

Ref	Risk	Date added	Inherent risk level when added	Movement in residual risk level		Current residual risk level
L1	Medium Term Financial Plan	Aug 12	High	-	-	High
L2	National policy development	Feb 13	High	-	-	High
L3	Waste	May 10	High	Jan 15	↓	Medium
L4	Integration of health & social care	June 13	High	-	-	High
L5	Comprehensive Spending Review 2015	Sep 14	High	-	-	High
L6	Safeguarding – Children’s Services	May 10	High	Jan 15	↑	High
L7	Future funding	Aug 12	High	-	-	Medium
L8	Reputation	Oct 14	High	-	-	Medium
L9	Staff resilience	May 10	High	Jan 12	↓	Medium
L10	Business Continuity, Emergency Planning	May 10	High	Aug 12	↓	Medium
L11	Information governance	Dec 10	Medium	Oct 14	↓	Medium
L12	Supply chain / contractor resilience	Jan 14	High	-	-	Medium
L13	Safeguarding – Adult Social Care	May 10	High	Jan 15	↑	High
L14	Senior leadership succession planning	Mar 15	High	-	-	Medium

Risks removed from the register

Risk	Date added	Date removed
<i>IT risk</i>	<i>May 10</i>	<i>Oct 14</i>
<i>Resource Allocation System in adults personalisation</i>	<i>May 10</i>	<i>Aug 12</i>
<i>Integrated Children’s System</i>	<i>May 10</i>	<i>Feb 11</i>
<i>NHS reorganisation</i>	<i>Sep 10</i>	<i>May 13</i>
<i>2012 project management</i>	<i>Sep 10</i>	<i>Aug 12</i>
<i>LLDD budget transfer</i>	<i>May 11</i>	<i>Mar 12</i>
<i>2012 command, control, coordination and communication</i>	<i>Dec 11</i>	<i>Sep 12</i>

Leadership level risk assessment criteria

Due to their significance, the risks on the Leadership risk register are assessed on their inherent risk level (no controls) and their residual risk level (after existing controls have been taken into account) by high, medium or low.

Risk level	Financial impact	Reputational impact	Performance impact	Likelihood
	<i>(% of council budget)</i>	<i>(Stakeholder interest)</i>	<i>(Impact on priorities)</i>	
Low	< 1%	Loss of confidence and trust in the council felt by a small group or within a small geographical area	Minor impact or disruption to the achievement of one or more strategic / directorate priorities	Remote / low probability
Medium	1 – 10%	A sustained general loss of confidence and trust in the council within the local community	Moderate impact or disruption to the achievement of one or more strategic / directorate priorities	Possible / medium probability
High	10 – 20%	A major loss of confidence and trust in the council within the local community and wider with national interest	Major impact or disruption to the achievement of one or more strategic / directorate priorities	Almost certain / highly probable

SURREY COUNTY COUNCIL

CABINET

DATE: 29 JULY 2015



**REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS,
SKILLS AND EDUCATIONAL ACHIEVEMENT
MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS
SERVICES**

**LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER
PETER- JOHN WILKINSON, ASSISTANT DIRECTOR FOR
SCHOOLS AND LEARNING**

SUBJECT: ST JOSEPH'S CATHOLIC PRIMARY SCHOOL, REDHILL

SUMMARY OF ISSUE:

To approve the Business Case for the expansion of St Joseph's Catholic Primary School from a 2 Form of Entry Primary (420 places) to a 3 Form of Entry Primary (630 places) creating 210 additional places in Redhill, to help meet the basic need requirements in the Redhill area from September 2016.

RECOMMENDATIONS:

It is recommended that, subject to the agreement of the detailed financial information for the expansion set out in agenda item 15 in Part 2 of this agenda, the business case for the provision of an additional 1 Form of Entry (210 places) primary places in Redhill be approved.

REASON FOR RECOMMENDATIONS:

The proposal supports the Authority's statutory obligation to provide sufficient school places, relative to demand.

DETAILS:

Background

1. Reigate and Banstead is experiencing a significant increase in the demand for school places, reflecting both a significant rise in birth rate and increased house building and migration within the area. Births in the Borough in 2012 were 29.5% higher than births in 2002. In particular, this has resulted in there being a projected, sustained shortfall between the demand for primary places and the supply of the same in the Reigate and Redhill area. There is a need to expand the existing school estate to meet this demand, in order that the Local Authority is able to deliver against its statutory duty to provide sufficient school places.
2. The provision of additional capacity at St. Joseph's Catholic Primary School is also essential in providing specific faith-based school places, to retain and

enhance a diversity of provision in the School estate, so as to provide families with some element of choice.

3. St. Joseph's is located in the Redhill Deanery, which consists of three Catholic parishes. The school principally serves the Redhill, Reigate and Merstham area (Parish of the Nativity of the Lord).
4. There is a demonstrable need for an increase in school places for families with a Catholic background. The number of baptisms across the Deanery has typically exceeded the number of places available. Augmented by rising birth rates there is sufficient local Catholic demand within the area that St. Joseph's principally caters for (Redhill/Reigate/Merstham) to create a 1 Form of Entry expansion of this school.
5. The most recent Ofsted report on the school, from March 2012, rates the school as 'Good'. In particular, this report noted that "school leaders and governors are ambitious and they have high expectations for staff and pupils. Teamwork is strong and staff morale is high. Procedures for monitoring the quality of teachers' work are systematic and are used well to improve the quality of teaching. This has resulted in teaching which is good and improving". The evident quality of education provision at St. Joseph's was a key reason underpinning the move to expand this school and thereby increase the provision of high-quality school places to the local community.
6. A new extension will be provided consisting of six classrooms with associated WC provision and circulation as well as a library and a staff room. In addition to this, there will be some internal adaptations to the existing building to provide an appropriate Early Years Foundation Stage (EYFS) area and improvements will be made to the external EYFS play space to allow free flow to meet curriculum needs. The existing main entrance will be modified to provide a safe pedestrian route into the school and further external works will take place to provide replacement on-site parking. The existing kitchen space will receive some internal refurbishments, including an upgrade to the canopy and gas extraction, and an extension will be added to enlarge the overall space. There is also significant highways works to improve the safety on the approaches to the school.
7. A planning application was submitted in April 2015 and a decision is expected at the Planning and Regulatory Committee on 30 July 2015.

CONSULTATION:

8. The Headteacher and school governors have been fully consulted on the expansion proposals.
9. As a Voluntary Aided school, the increase in admission number was the subject of a school-led consultation process, which is being held for a 4-week period between 1 June and 29 June 2015. This process engaged a range of interested stakeholders, including the school community, local residents, local admissions authorities and the Surrey School Admissions Forum. The outcome of this consultation has been the subject of a statutory approval process, which was determined by the school on 29 June 2015. The Governing Body meeting on this date decided to approve the principle of expansion and this decision is to be ratified by the Cabinet Member for Schools, Skills and Educational Achievements on 28 July 2015.

10. As part of the pre-planning application process, an open public consultation event was held at the school on 16 April 2015. The event was attended by approximately 50-80 people, consisting of parents/guardians and local residents. A team consisting of SCC officers, the design consultants, the transportation consultant and school staff and governors were present to respond to any questions or concerns. The general feedback was positive and most attendees were enthusiastic and supportive of the expansion proposal. Some concerns were raised over parking and congestion which is being addresss through the planning process.

RISK MANAGEMENT AND IMPLICATIONS:

11. There are risks associated with the project and a project risk register has been compiled and is regularly updated. A contingency allowance appropriate to the scheme has been included within the project budget to mitigate for potential identified risks.

Financial and Value for Money Implications

12. The project will be subject to robust cost challenge and scrutiny to drive optimum value as it progresses. Further financial details are set out in the report circulated as item 15 in Part 2 of the agenda. These details have been circulated separately to ensure commercial sensitivity, in the interest of securing best value.

Section 151 Officer Commentary

13. The scheme is included in the 2015-20 Medium Term Financial Plan.

Legal Implications – Monitoring Officer

14. Section 13 of the Education Act 1996 places a duty on a Local Authority (with responsibility for education) to ensure sufficient primary and secondary education provision is available to meet the needs of the population in its area.

Equalities and Diversity

15. The expansion of the school will not create any issues that would require the production of an Equality Impact Assessment.
16. The new school building will comply with Disability Discrimination Act (DDA) regulations.
17. The Admissions arrangements give the highest priority to Baptised Looked After Children (LAC) and Baptised children with identified Special Educational Needs (SEN), thus supporting provision for the County's most vulnerable children. Baptised Catholic children receive the next priority, followed non-Catholic LAC and children with SEN. Priority is then given (in order) to children of other faiths; siblings; and distance from home to school. There is no proposal to amend the admissions criteria, which are fully compliant with the School Admissions Code.
18. The school will be expected to contribute towards community cohesion and to provide the normal range of before- and after-schools clubs provided in a typical Surrey County Council school.

Corporate Parenting/Looked After Children implications

19. This proposal would provide increased provision for primary places in the area, which would be of benefit to the community served by the school. This means it would therefore also be of benefit to any Looked After Children who have the opportunity of attending the school.

Climate change/carbon emissions implications

20. The design philosophy is to create buildings that will support low energy consumption, reduce solar gain and promote natural ventilation. The school will be built to the local planning authority's adopted core planning strategy.

WHAT HAPPENS NEXT:

If approved, to proceed to complete tenders and subsequent contract award through delegated decision.

Contact Officer:

Keith Brown, Schools and Programme Manager – tel: 020 8541 8651
Oliver Gill, School Commissioning Officer – tel: 020 8541 7383

Consulted:

Tony Samuels, Cabinet Associate for Assets and Regeneration Programmes
Natalie Bramhall, Local Member: Redhill West and Meadvale
Julie Fisher, Strategic Director for Business Services
Paula Chowdhury, Strategic Finance Manager – Business Services

Annexes:

None - Part 2 report with financial details attached to agenda as item 15

Sources/background papers:

- The Education Act 1996
- The School Standards Framework Act 1998
- The Education Act 2002
- The Education and Inspections Act 2006
- Report to Cabinet: Schools Capital Budget Allocations Service update based on latest or most appropriate report year and version

SURREY COUNTY COUNCIL**CABINET****DATE: 29 JULY 2015****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS, SKILLS AND EDUCATIONAL ACHIEVEMENT****LEAD OFFICER: BEVERLEY BAKER, HEAD OF COMMERCIAL SERVICES****SUBJECT: AWARD OF FRAMEWORK AGREEMENT FOR THE SUPPLY AND DISTRIBUTION OF FROZEN AND GROCERY PRODUCE AND VIENNOISERIE AND PIZZA PRODUCTS****SUMMARY OF ISSUE:**

This report seeks approval to award a framework agreement in three lots for the supply and distribution of Frozen and Grocery Produce and Viennoiserie and Pizza Products for use within Schools and Civic catering facilities for the benefit of the Council to commence on 1 October 2015 as detailed in the recommendations as the current arrangements expire on 30 September 2015.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report, demonstrates why the recommended framework agreement and call-off contract awards deliver best value for money.

Due to the commercial sensitivity involved in the framework agreement and call-off contract awards process the financial details of the potential suppliers have been circulated as a Part 2 report, item 17.

RECOMMENDATIONS:

It is recommended that:

1. A framework agreement with a start date of 1 October 2015 is awarded for three years to each supplier in the following lots:
 - Lot 1 - Frozen and Grocery Produce – BFS Group Ltd trading as Bidfest 3663
 - Lot 2 - Viennoiserie Products – Delice de France Ltd and BFS Group Ltd trading as Bidfest 3663
 - Lot 3 - Pizza Supplies – South Coast Restaurants Ltd trading as Express Foodservice and BFS Group Ltd trading as Bidfest 3663.
2. In year three of the framework agreement a decision will be made to either extend the agreement in accordance with the single 12 month extension available or terminate it.

-
3. Immediate call-off contracts for each lot under the framework agreement are placed with each of the suppliers named at section 1 above up to the annual sum set out in the part 2 report.

REASON FOR RECOMMENDATIONS:

A full tender process, in compliance with the requirements of Public Contracts Regulations 2006 and the Council's Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council.

These suppliers will provide a good mix between local enterprises for nominated lines and national providers, all of which have demonstrated the ability to deliver the required produce and products through a competitive procurement and thorough evaluation process.

The framework agreement as awarded sets out the general terms and conditions under which specific purchases known as call-off contracts can be made on behalf of the Council during the term of the framework agreement.

DETAILS:

Business Case

1. The framework agreement in three lots gives the Council access to a reliable service for the supply and distribution of an identified range of suitable fresh and frozen groceries e.g. frozen fruit and vegetables, prepared vegetables, tinned goods, dairy produce, flour and bakery items for Schools and Civic catering establishments that represent value for money. The current arrangements expire on 30 September 2015.
2. The agreement supports the Council's Commercial Services contractual obligations to provide school and civic meals across Surrey. It helps the schools to comply with their legal duty, including The Children's and Families Act 2014, to offer all state-funded schools, including academies and free schools, a free school lunch to all pupils in reception, year 1 and year 2. It was forecast that in order to meet the Council's obligations under the Act an extra 15% of prepared products would need to be purchased over and above the current volumes.
3. In order to provide expert knowledge within the highly specialised food market, the Council engaged the services of Pelican Procurement Services Limited (Pelican) to provide a food and supplies purchasing procurement service and ongoing contract management services throughout the life of the framework agreement. Commercial Services advise that Pelican provide significant added value through direct supply chain management for the school catering food supply. They take the planned menu and work with each supplier to manage the volumes and delivery schedules ensuring allergen and produce specifications are accurate. Pelican also manage the payment system offering online ordering through this, and provide market intelligence. Pelican were awarded the contract to provide this service following a tender process in 2012.

4. Once awarded the framework agreement allows other named bodies including borough and district councils within Surrey and Surrey Choices Ltd to utilise the agreement to meet their own individual requirements.

Procurement Strategy and Options

5. A full tender process, compliant with the Public Contracts Regulations 2006 and the Council's Procurement Standing Orders, has been carried out using the Council e-Procurement systems which included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 3 February 2015.
6. Several procurement options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These included the following options:
 - a) continue the service with the incumbent contractor;
 - b) utilise an external organisation's framework agreement;
 - c) undertake a full EU compliant tender exercise and establish a framework agreement by lot.
7. After a full and detailed options analysis, the tender process described in paragraph 6(c) was chosen. A framework agreement is required as there are named bodies other than the Council who wish to place call-off contracts under the framework agreement for their requirements with suppliers. Option 6(c) was selected as the option as described in 6(a) did not present an opportunity to obtain best value for the Council with the increased product volumes required and would not be in line with EU regulations. Option 6(b) was rejected as the external frameworks for the supply of produce do not satisfy the absolute need for the products to be delivered within the specific timeframe required.
8. All suppliers who expressed an interest were invited to tender for the framework agreement.
9. It was considered important to award contracts for the framework agreement to several suppliers and therefore the requirement was divided into three lots.
10. For Lot 1 it is vital to engage a single supplier as all products that are required for the primary schools' set three week menu cycle need to have continuity with regard to nutritional and allergen data. This enables close management of product specifications and the ongoing control of allergen data. BFS Group Ltd are a major national supplier in the school meals market and work closely with national professional bodies and regulators so fully understand this specific sector which carries a large legislative burden in satisfying the complex requirements for food supply to schools.
11. For Lots 2 and 3 for Secondary Schools and Civic catering the appointment of dual suppliers provides a mixed source of supply with maximum choice allowing buyers to purchase products for bespoke requirements at each site. If there is a service failure for whatever reason this will ensure all catering facilities have a continuity of supply as far as possible.

12. The menus for all lots feature lines nominated by the Council which ensure that a range of products have been sourced from local suppliers with exceptional standards in line with the 'Food for Life' (FFL) catering benchmark achieved by Commercial Services across Surrey primary schools e.g. free range eggs supplied by a farm in Surrey. The Soil Association's Gold FFL accreditation is the highest externally accredited standard for school food. Pelican assists Commercial Services to identify and source products for nominated lines from local suppliers with exceptional field to fork credentials. These products are supplied by local producers to the food supply contractors for Surrey Schools and Civic catering facilities.
13. All suppliers have given commitments to develop local supply chains within Surrey through nominated lines. For instance, BFS Group Ltd have stated they are willing to introduce further nominated lines (over and above any already in place) from new local suppliers for the contracts. Similarly, Delice de France Ltd and South Coast Restaurants Ltd have agreed to work closely with the Council to introduce local nominated lines.

Key Implications

14. By awarding a framework agreement to the suppliers as recommended for the supply of prepared products to Schools and Civic catering facilities to commence on 1 October 2015, schools will be meeting their obligations under the Children's and Families Act 2014, and the Council will be ensuring best value for money for this service to schools.
15. The Council, as part of the tender documentation, released detailed information and specifications for each lot emphasising the importance of food quality and the ability to identify products and their source.
16. Appropriate contract management and monitoring of quality and deliveries will take place throughout the duration of the framework agreement and be reviewed at regular contract meetings. The management responsibility for the framework agreement and call-off contracts lie with Pelican and Commercial Services who will maintain a process to ensure food quality and deliveries are monitored by way of service level agreements.
17. The schedule of prices tendered for products will be fixed for the first six months of the framework agreement and thereafter reviewed twice annually as well as benchmarked annually with other counties. Any price changes are to be agreed with Commercial Services and assessed against current market conditions.

Competitive Tendering Process

18. All suppliers expressing an interest in the advertised tender opportunity were invited to tender for the framework agreement and were given 42 days to complete and submit their tender. Tender responses were received from three suppliers for the advertised lots.
19. Tender submissions were initially evaluated against selection criteria including Good Standing, Insurance Requirements, Financial Information, Health and Safety and Equalities, Quality Assurance and Sustainability, Social Value and Business Continuity which all suppliers passed.

20. For the tender, food requirements for 304 schools across the county were identified and assessed as part of the procurement process. There were 599 standard prepared products required which were assessed across a range of criteria including but not limited to quality, delivery times and costs.
21. Tender submissions were scored against the quality and price award criteria and weightings as shown below.

Award Criteria	Weighting
Section A – Pass/Fail Questions e.g. Nut allergens, Receipt of Delivery, Lines of Communication, Online Ordering, Order Forms, Invoice Payment, Data Information, Business Development, Food Hygiene/Safety Audit	Pass Fail
Section B – Nominated Lines	10%
Section C – Account Management	6%
Section D – Efficient Delivery Service	13%
Section E – Contract Mobilisation Plan	8%
Section F – Other Named Buyers Sites	4%
Section G – Food Fraud	4%
Section H – Apprenticeships and Trainees	1%
Section I - Environmental	For Information Only
Section J - Accreditation	For Information Only
Section K – Product Specifications	For Information Only
Section L – Order Capture Procedure	For Information Only
Product Quality Evaluation	17%
Price	37%

CONSULTATION:

22. Key internal stakeholders have been consulted at all stages of the commissioning and procurement process including Procurement, Legal Services, Commercial Services and Finance.

RISK MANAGEMENT AND IMPLICATIONS:

23. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate include:
- a) Cost – the price is only fixed for the first six months of the framework agreement. Increases are possible after this period however these will be negotiated with the supplier prior to any increase being granted and are assessed to be in-line with market conditions.
 - b) Stability – the suppliers are not financially stable resulting in the supplier no longer being able to provide the services. Annual checks will be undertaken on the suppliers to monitor spend on the framework agreement and call-off contracts.
 - c) Reputation – the suppliers do not meet delivery times or produce quality schedules and fail to satisfy safeguarding requirements or respond inadequately to emergencies. Ongoing checks and monitoring will be undertaken by Pelican and the Council to maintain standards.

24. The framework agreement includes termination provisions to allow the Council to terminate the agreement with a three month notice period should circumstances change. If terminated the Council will only be liable to pay to the supplier sums due for services provided up to the date of termination.
25. All suppliers successfully completed satisfactory financial checks. The successful contractors will be required to provide either a Parent Company Guarantee or Performance Bond against failure.

Financial and Value for Money Implications

26. Full details of the framework agreement and call-off contracts for the Council, values and financial implications are set out in the Part 2 report.
27. The procurement activity has delivered a solution which is a reduction against current core contract costs for the evaluated basket of goods with savings of 9% overall and it is therefore within budget.

Section 151 Officer Commentary

28. The tender exercise outlined in this report provides Commercial Services with revised, fully evaluated contractual arrangements to manage a significant proportion of their operating costs. The prices obtained are, on average, 9% less than currently incurred and include a mechanism for future price changes to be managed in line with market conditions. As part of 2015/16 budget setting Commercial Services were tasked with increasing net operating income by £500,000. This price reduction will provide greater flexibility to meet this target.

Legal Implications – Monitoring Officer

29. Schools have a duty under the School and Families Act 2014 to provide school meals to children who are registered at a maintained school or pupil referral unit, and are in reception, year 1 and year 2 or the child's parents are in receipt of certain benefits.
30. As set out in this report, the procurement process for the provision of this service was undertaken using an EU compliant procedure and the Council also complied with the Council's Procurement Standing Orders.

Equalities and Diversity

31. There is no requirement for an Equality Impact Assessment (EIA) as there are no implications for any public sector equalities duty due to the nature of the goods being procured. Tender submissions were assessed for adherence to the Council's Equality and Diversity policy with specific questions requiring response on how staff will uphold and promote the aims of the policy in day-to-day work and how the suppliers will ensure staff comply with their policies and monitor this. From mobilisation onwards Pelican and Commercial Services will monitor the suppliers' adherence to the above and take appropriate action to address any concerns with the suppliers. The preferred suppliers will be required to comply with all relevant legislation.

Other Implications:

32. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	The tender helps to ensure that the Council meets its obligations under The Children and Families Act
Safeguarding responsibilities for vulnerable children and adults	Suppliers will comply with the Council's safeguarding and staffing policies, and will undertake Disclosure and Barring Service checks
Public Health	Quality of food and the ability to identify products and their source has been a key measure within the award criteria
Climate change	No significant implications arising from this report
Carbon emissions	Where possible local suppliers will be used to reduce food miles and transportation miles from depots

WHAT HAPPENS NEXT:

33. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	29 July 2015
Cabinet call in period	30 July to 6 August 2015
'Alcatel' Standstill Period	7 August to 17 August 2015
Contract Signature	August 2015
Contract Commencement Date	1 October 2015

34. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed framework and contract awards. This period is referred to as the 'Alcatel' standstill period.

Contact Officer:

Sara Walton, Category Specialist – Procurement and Commissioning, Business Services, Tel: 020 8541 7750

Consulted:

Pelican Procurement Services Limited

Annexes:

None - Part 2 report with financial details.

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SURREY COUNTY COUNCIL**CABINET****DATE: 29 JULY 2015****REPORT OF: MRS HELYN CLACK, CABINET MEMBER WELLBEING AND HEALTH****MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****LEAD OFFICER: HELEN ATKINSON, DIRECTOR OF PUBLIC HEALTH****SUBJECT: APPROVAL TO AWARD A CONTRACT FOR THE PROVISION OF A STOP SMOKING SERVICE****SUMMARY OF ISSUE:**

Smoking remains the biggest cause of mortality and morbidity in Surrey costing Local Authorities, local businesses and the NHS over £100 million in 2012. The provision of high quality local Stop Smoking Services is a key priority for reducing health inequalities and improving the health of local populations.

This Cabinet report seeks approval to award a contract to North 51 for the provision of a Stop Smoking Service to commence on 1 February 2016 targeting priority groups including deprived communities, pregnant women and young people. The report provides details of the procurement process, including the results of the evaluation process, engagement and consultation and, in conjunction with the Part 2 report, demonstrates why the recommended contract delivers best value for money and meets the needs of service users in Surrey.

Due to the commercial sensitivity involved in the contract award process the scoring summary and value for money details have been circulated as a Part 2 report.

RECOMMENDATIONS:

It is recommended that the contract is awarded for the provision of the Stop Smoking Service as described in the Part 2 report (item 18) for a period of three years with an option to extend on one or more occasions for up to two years commencing from the 1 February 2016. In any event the Contract shall be for no more than five years in total. Any such extension will be notified to the Service Provider at least 3 months prior to the contract end date.

REASON FOR RECOMMENDATIONS:

The recommended contract award will deliver an evidence based Stop Smoking Service that meets national guidance and will be responsive to the needs of key priority groups including deprived communities, pregnant women and young people. Priority groups have been identified in the Tobacco needs assessment as being particularly at risk of smoking related morbidity and mortality, or in the case of pregnant women, their smoking can cause harm to others.

An independent review commissioned by the Council found that the existing

provision, which is delivered in-house, does not fully meet the current evidence base, national guidance or the needs of priority groups. Following consultation, and an appraisal of the options with key stakeholders, a decision was taken to commission an external specialist stop smoking service.

A full tender process, in compliance with the requirements of EU Procurement Legislation and the Council's Procurement Standing Orders has been completed, and the recommendation provides best value for money for the Council following a thorough evaluation process.

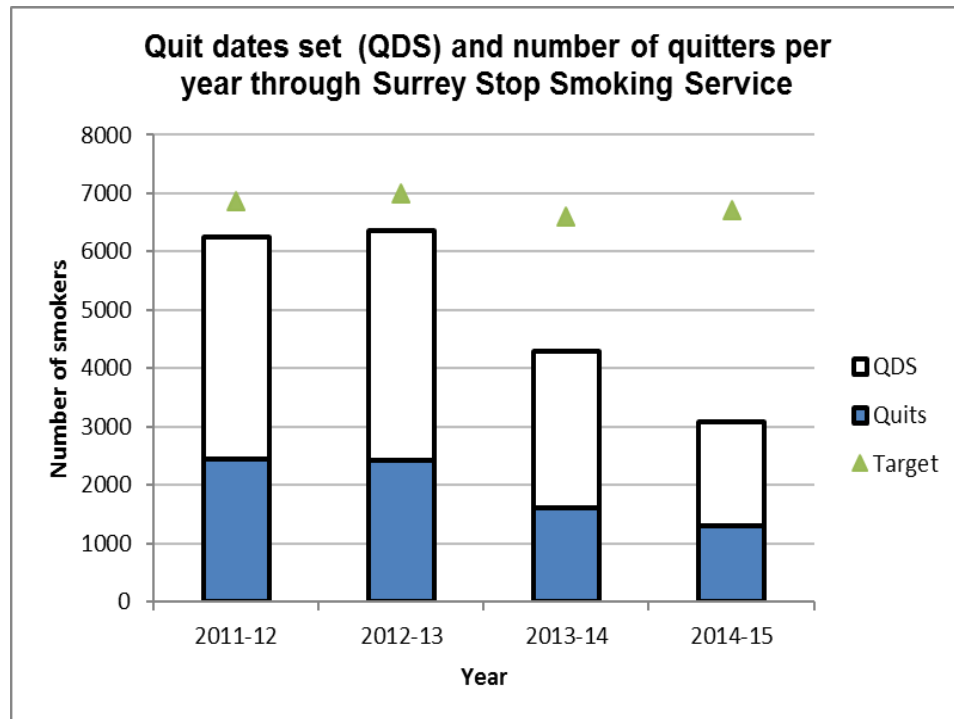
The service will be delivered in Surrey from local office bases and will provide apprenticeship opportunities to Surrey Young People whilst delivering efficiencies for Public Health Services.

DETAILS:

Business Case

1. As outlined in the Tobacco needs assessment; smoking remains the biggest cause of mortality and morbidity in Surrey. There are between 160,000 and 240,000 smokers in Surrey (depending on which data modelling is used), and smoking rates are much higher among our more deprived communities, having a significant impact on increasing health inequalities by reducing life expectancy and healthy life expectancy in these groups. The aim of this contract is to target these groups by taking the service into the community rather than expecting them to access traditional GP or Pharmacies where stop smoking services are provided.
2. People who smoke are at an increased risk of a number of long term conditions and smoking exacerbates symptoms for those who have a pre-existing condition. Tobacco smoking accounts for 12% of the burden of disease and is the single greatest cause of ill health in the UK with recent estimates attributing 80,000 premature deaths in England each year to smoking. Smoking places a significant burden on health and social services and impacts on the wider economy.
3. Stop smoking services are highly cost effective public health interventions which should be provided as part of a comprehensive tobacco control programme to reduce local smoking prevalence. Evidence from 'Action on Smoking and Health' (ASH) indicates that current and ex-smokers who require care in later life as a result of smoking related illnesses cost society an additional £19.2m each year across Surrey. This represents £11m in costs to local authorities and £8.2m in costs to individuals who self-fund their care.
4. The Tobacco Control Needs assessment, refreshed in 2014 along with an independent review of the Surrey Stop Smoking Service provides a clear rationale for the redesign of the current service to deliver a Stop Smoking Service that is evidence based and responsive to local need.
5. The current service, which is delivered in-house, does not fully meet national guidance, the evidence base or the needs of priority groups. The Department of Health advocate that stop smoking services should aim to treat 5% of adult smokers each year. Graph 1 below shows the number of smokers treated and each year since 2011 against this 5% target and the number of smokers that were quit at four weeks. This has been declining over the last two years.

6. In addition the table below shows that the % of those quit at four weeks who are from Routine and Manual sectors is low and has been declining over the same time period. This illustrates the need to increase the effectiveness of Surrey's stop smoking provision and the need to commission a specialist stop smoking service to target and support smokers from priority groups.



Year	Total Quits for Year	No of Routine & Manual Quitters	Percentage
2011-2012	2525	556	22%
2012-2013	3927	841	21%
2013-2014	2670	466	17%
2014-2015	1799	345	19%

Background

7. The vision of Surrey Public Health is for Surrey to be a county with great health and wellbeing by focusing efforts on those with the poorest health outcomes to make the greatest impact. In addition, Surrey Public Health has an active role in supporting the Council's Corporate Strategy and Strategic Goal of 'Wellbeing' and 'Resident's experience' as well as delivering against the council's nine priorities with a particular contribution being made to "keeping families healthy". By targeting priority groups we are addressing a key equalities issue in Surrey to reduce the risks of ill health and early death in those with greatest need which will impact on residents' experience and quality of life.
8. Reduction in the number of people smoking is one of the outcomes identified as being a key priority and relates to the council's mandatory responsibilities in improving and maintaining the health and wellbeing of people in Surrey.

9. Smoking is a major cause of preventable morbidity and premature death in Surrey. Consequently, helping people to quit smoking is one of the most cost effective public health interventions.
10. The Provider will be required to work in partnership with GPs and Pharmacies who also provide stop smoking services as part of the wider treatment pathway. The Provider will also be required to develop links with Children Centres, secondary schools, colleges, midwifery services and other health and social care services in order to reach priority groups. The service will target young people via schools and colleges working alongside the Healthy Schools programme campaigns that focus on health education and preventing the uptake of smoking.

Procurement Strategy

11. Several options were considered when completing the Strategic Procurement Plan prior to commencing the procurement activity. These were to continue the service as is, implement service improvement within current structure and arrangements or commission a specialist stop smoking service with a single provider.
12. After a full and detailed options analysis it was decided that commissioning a specialist stop smoking service was the preferred option as this demonstrated best value for money from the options appraisal completed. A small number of expert providers exist in the market who could be commissioned to deliver the desired outcomes in relation to quality and activity and tenders were invited.
13. A project team was set up which included representatives from Human Resources, Public Health, Legal Services, Finance and Procurement.
14. A full tender process, compliant with EU Public Contract Regulations and the Council's Procurement Standing Orders, has been carried out and this included advertising the contract opportunity in the Official Journal of the European Union.

Key Implications

15. By awarding a contract to North 51 for the provision of the Stop Smoking Service, the Council will be meeting one of its duties in improving and maintaining the health and wellbeing of people in Surrey whilst ensuring that it secures best value for money for the service.
16. Up to four members of permanent Surrey County Council staff and 31 Bank Staff will be affected by this tender. The implications of TUPE, including pension entitlement, were considered in the ITT questions and the successful bidder is committed to working with staff and Surrey County Council to ensure a smooth transition of staff.
17. The contract awarded will be split with 50% of the cost being paid as a block (guaranteed payment regardless of utilisation) and the remaining 50% of the cost being allocated to incentivised targets (payment by results). This is to ensure the delivery of outcomes and continuous improvement. Performance will be monitored through a series of Quality Outcome Indicators as detailed in the specification and reviewed at quarterly meetings. These are in line with the national indicators within the public health outcomes framework. The provider is required to meet the basic specification Quality Outcome Indicators associated with the block element of the contract before being able to claim any of the

incentivised amounts. The main incentivised performance indicators and targets are provided below.

KPI	Target	Notes
Total number of smokers accessing the service (setting a quit date)	Yr 1 - $\geq 4\%$ of total smoking population Yr 2 - $\geq 5\%$ of total smoking population Yr 3 - $\geq 6\%$ of total smoking population	In 2013/14, the current service treated 1.14% of the smoking population. National guidance recommends 5% of smokers are treated.
Number of service users quit at four -weeks through Surrey Stop Smoking Service	Yr 1 - >4500 Yr 2 - >5000 Yr 3 - >5000	In 2013/14, Surrey Stop Smoking service achieved 2744 four week quitters
Of which a % of service users need to come from priority ward and/or routine and manual occupation	Yr 1 - $\geq 50\%$ of total Yr 2 - $\geq 60\%$ of total Yr 3 - $\geq 60\%$ of total	Smoking prevalence in Routine and Manual occupations is much higher than in the general population in Surrey.
Of which a % of service users will still be quit at 12 months	Yr 1 - >20% of total Yr 2 - >25% of total Yr 3 - >30% of total	12 month quit rates are a good indicator of long term success.

18. The management responsibility for the contract lies with Public Health and the contract will be managed in line with the contract management strategy and plan as laid out in the contract documentation and in line with the Council's Supplier Relationship Management principles.

Competitive Tendering Process

19. The contract has been let as a competitive tendering exercise. It was decided that the open procedure was appropriate and bidders were given 40 days to complete and submit their tender. Two tenders were received from two of the main national providers of Stop Smoking Services and they were evaluated against both cost and quality criteria and weightings, the results being that North 51 scored highest, with a total score of 75.92%. A full score summary is provided in the Part 2 report.

20. The tender evaluation panel for the service included representatives from Public Health, Adult Social Care, Children Schools and Families and the Pharmacies.

CONSULTATION:

21. Commissioners from Public Health, Adult Social Care and Children, Schools and Families, colleagues from Human Resources, Finance, Legal and Procurement have been involved and consulted with.
22. A concept day was held on 18 March 2015 involving internal stakeholders from Public Health, Adult Social Care and Children, Schools and Families and external stakeholders from Districts and Boroughs, Smoking Cessation Specialists, Service user representatives as well providers of smoking cessation services. The aim of the concept day was to provide an understanding of the service to be procured and to seek input from stakeholders as to how the service could best meet the needs of priority groups.

RISK MANAGEMENT AND IMPLICATIONS:

23. The contract includes a termination clause (Condition 35 of contract). This will allow the Council to terminate the contract with 3 months notice should priorities change, the service provider commits a breach of the terms of contract or the provider at the time of the contract award has committed an offence under the Public Contract Regulations 2015.
24. The short listed bidders successfully completed the standard financial checks
25. The following key risks associated with the contract and contract award have been identified, along with mitigating activities:

Category	Risk Description	Mitigation Activity
Financial	Increased cost of service does not deliver quality outcomes expected.	Incentivisation of core quality outcomes. Payment for these outcomes will be made upon achievement.
	Potential risk that during the life of the contract the provider will request an inflationary increase against the annual service delivery cost.	The annual cost of the contract is fixed for the duration of the contract. The council's inflationary intentions will also be communicated with provider on an annual basis.
	Emergency Budget announcement (June 2015) that 200m will be cut from national public health budget leading to significant savings needing to be made in year.	Public Health remain committed to the allocated budget for this contract. A Stop Smoking Service remains a priority for public health and therefore the savings in relation to the budget announcement will be made from elsewhere in the public health budget.

	The ring fence on the Public Health budget is removed in future years necessitating a renegotiation of the contract value	Ability to vary the contract is contained within the Terms and Conditions.
	TUPE implications for up to 4 permanent Surrey staff and 31 bank staff.	Early engagement with affected staff, Human Resources and Legal and provision of TUPE related information to bidders during the tender process.
Reputational	New service does not establish in time for commencement date.	5 months have been set out for mobilisation activities.
Service Delivery	Quality of service delivered does not meet objectives and needs.	Strong contract management and quarterly contract review meetings. The use of an incentivisation model will enable us to influence, closely monitor and understand performance delivery.

Financial and Value for Money Implications

26. Full details of the value for money and financial implications are set out in the Part 2 report.
27. The procurement activity has delivered a service within budget and has generated a cashable saving of £60,000.00 against budget which will be reinvested into other Public Health activity.
28. The new contract will result in an increase in the cost of the service when compared with the existing in-house service. However, the increase in cost is to accommodate the required improvements and enhancements to the current service provision and to ensure that the new service delivers against national objectives. Key quality outcomes and the service levels to be delivered have been included and will be measured quarterly.

Section 151 Officer Commentary

29. The Section 151 Officer confirms that all relevant financial implications have been considered in the proposed award of the contract to North 51 for a Stop Smoking Service. This proposal represents the best option to commission a value for money service that will make a significant contribution in delivering the Council's strategic objective to improve the health of Surrey's residents.

Legal Implications – Monitoring Officer

30. As set out in this report above, the procurement process for the provision of this service was undertaken using an EU compliant procedure and the Council also complied with the Council's Procurement Standing Orders.

Equalities and Diversity

31. Under section 149 of the Equality Act 2010, Cabinet must comply with the public sector equality duty, which requires it to have due regard to:
- a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act,
 - b. advance equality of opportunity between persons who share a relevant characteristic and persons who do not share it,
 - c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
32. An equalities impact assessment has been written and is attached as Annex 1. It sets out the impacts of the recommendation on each of the protected group for each service. A range of positive impacts have been identified for all groups.
33. The contract will be managed and monitored in line with Surrey's obligations under the equalities monitoring framework.

Safeguarding responsibilities for vulnerable children and adults implications

34. The terms and conditions of contract stipulate that the provider will comply with the Council's Safeguarding Adults and Children's Multi-Agency procedures, any legislative requirements, guidelines and good practice as recommended by the Council. This will be monitored and measured through the contractual arrangements.
35. The service will operate a client centred approach, working collaboratively with other Health and Social Care Services.

Public Health implications

36. Smoking is the number one cause of avoidable mortality and morbidity, treating just ten people through Stop Smoking Services will avoid one premature death.
37. The specification stipulated that the provider will develop links and referral mechanisms into other health improvement programmes such as health checks and sexual health services. The commissioner will work with the provider to agree KPIs regarding referral into these services during contract mobilisation and develop a baseline during year 1 of the contract.

WHAT HAPPENS NEXT:

38. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	7 August 2015
'Alcatel' Standstill Period	7 - 21 August 2015
Contract Signature	04 January 2016
Contract Commencement Date	1 February 2016

39. The Council has an obligation to allow unsuccessful bidders the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.
40. The Council will work closely with the successful provider to ensure a smooth transfer from the current provisions to the new service.
41. The new provider will be required to work with the Council with regards to the transfer of staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006 to ensure the continuity of staff for current service users and the successful transfer to the new service.

Contact Officer:

Helen Harrison, Public Health Principal, 01737 737003
Helen Hunt, Senior Category Specialist, 020 8541 8676

Consulted:

Laura Langstaff, Head of Procurement and Commissioning
Anna Tobiasz, Category Manager – Adults
Andrew Healey, Principal Accountant
Rachael Dunn, Legal Services
Ruth Hutchinson, Deputy Director of Public Health
Monica Collins, Senior HR Advisor
Amy Bailey, Strategic Change and Efficiency Manager

Annexes:

Annex 1 - Equality Impact Assessment
Part 2 report – Commercial details and contract award.

Sources/background papers:

- None.
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Equality Impact Assessment

1. Topic of assessment

EIA title:	Tobacco Control Programme
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EIA author:	Helen Harrison and Chantal Edge
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2. Approval

	Name	Date approved
Approved by ¹		

3. Quality control

Version number	1	EIA completed	
Date saved		EIA published	

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Chantal Edge	Public Health Trainee	Surrey CC	Project Manager
Helen Harrison	Public Health Principal	Surrey CC	Lead
Jon Walker	Public Health Analyst	Surrey CC	Analyst

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

EQUALITY IMPACT ASSESSMENT TEMPLATE

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5. Explaining the matter being assessed

<p>What policy, function or service is being introduced or reviewed?</p>	<p>The Joint Strategic Needs Assessment (hereafter called JSNA) for Smoking sets out; the current needs surrounding smoking in Surrey (including priority groups and areas that show high tobacco usage); current services available to cease tobacco use and implement wider elements of tobacco control (such as those surrounding illicit tobacco and tobacco legislation); the evidence base for actions and services to address the identified needs, the service gaps in Surrey and the recommended services to commission.</p> <p>This document aims to inform local commissioners so they can commission appropriate services to address tobacco usage and tobacco control within Surrey. Overall this should reduce the prevalence of tobacco use and address wider tobacco control in Surrey, therefore increasing the health and wellbeing of the Surrey population.</p>
<p>What proposals are you assessing?</p>	<p>The Surrey Tobacco Control Programme has 6 internationally recognised key strands:</p> <ol style="list-style-type: none"> 1. Stopping the Promotion of Tobacco 2. Making Tobacco Less Affordable 3. Effective Regulation of Tobacco Products 4. Helping Tobacco Users to Quit 5. Reducing Exposure to Secondhand Smoke 6. Effective Communication for Tobacco Control
<p>Who is affected by the proposals outlined above?</p>	<p>The Tobacco Control programme impacts on many groups within Surrey, these being:</p> <ul style="list-style-type: none"> • Unborn children at risk of cigarette smoke exposure from women who smoke in pregnancy • Young people (both those who smoke and those exposed to secondhand smoke) • Pregnant women who smoke • Smokers of all ages • Routine and manual workers who smoke • Mental health service users who smoke • People living with chronic illnesses who smoke • Hospital patients who smoke • People who use tobacco in other ways e.g. nicotine vaporisers, chewing tobacco or shisha

6. Sources of information

<p>Engagement carried out</p>
<p>Public Health Tobacco Control Team members were involved in the JSNA development. The service review of the stop smoking service provided user feedback remarks.</p>
<p>Data used</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

- Health data information sources such as; Local Tobacco Profiles, Health and Social Care Information Centre, Mosaic mapping, QOF data, Surrey Stop Smoking Service database
- Surrey i
- Stop Smoking Service Review report which includes user feedback data
- Numerous national data sources on smoking such as ASH (Action on Smoking and Health) and NICE guidance (National Institute of Clinical Excellence). A full list is available in the JSNA itself.



EQUALITY IMPACT ASSESSMENT TEMPLATE

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

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

Protected characteristic ²	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 80</p> <p>Age</p>	<p>A targeted approach that focuses on the most vulnerable age groups will help to drive down smoking prevalence among these groups.</p> <p>Children and Young People Comprehensive, well-funded, sustained and tailored prevention process addressing three levels of influence (societal, social and community and individual) are effective in preventing smoking among young people. Locally, reducing adult smoking prevalence through increased cessation will impact positively on youth smoking and exposure to second hand smoke.</p> <p>Adults Universal smoking cessation support as part of a wider tobacco control programme will support people of all ages not to smoke and will protect them from the harms of illicit tobacco and secondhand smoke. Targeted support for 17-34 year olds will increase smoking cessation in these groups.</p>	<p>Targeting young people alone is not sufficient to reduce smoking related harm. The TC programme needs to ensure it works with families and communities to promote positive role modelling and to protect young people from second hand smoke.</p>	<p>Young People 33% of 11-15 year olds nationally are regular smokers. Prevalence increases after 15. YP from less affluent families are more likely to smoke. YP more likely to smoke if parents smoke. Smoking, Drinking and Drug Use surveys (SDD) Health Survey for England General Household Survey Smoking Toolkit Study Health Survey for England Stop Smoking Service statistics</p> <p>Adults 17-34 year olds in Surrey are the age group most likely to smoke.</p>
Disability	<p>People with mental health issues will display better current and long term health due to increased cessation in this group via targeted</p>		<p>Royal College of Physicians (2013). A thirds of all cigarettes are smoked by mental health service users. Inpatients of</p>

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

EQUALITY IMPACT ASSESSMENT TEMPLATE

	<p>support.</p> <p>People with long term conditions will be targeted for cessation services.</p>		<p>mental health units – up to 70% smoke. CDC – 36% of adults with a mental health illness smoke.</p> <p>People with long term conditions such as respiratory, lung cancer and heart disease are more likely to smoke.</p>
Gender reassignment	No known impact	No known impact	
Pregnancy and maternity	<p>Targeted support for pregnant women will increase smoking cessation in these groups.</p> <p>Mothers and babies will enjoy health benefits as smoking rates are reduced amongst pregnant women</p>	<p>Mothers may feel they are being ‘judged’ by midwives screening mothers for smoking which may harm relationships between these mothers and maternity staff</p>	<p>Smoking in pregnancy causes 2200 premature births and 5000 miscarriages every year in the UK (ASH 2013)</p>
Race	<p>BME groups, including those that use shisha and smokeless tobacco will be supported through the specialist stop smoking service.</p> <p>GRT will be able to access appropriate cessation support.</p>	<p>Services have typically found GRT and some minority groups difficult to engage with.</p>	<p>National data indicates that 51% of GRT community smoke.</p>
Religion and belief	<p>Those with religious beliefs, in general, are less likely to smoke.</p> <p>Some religious leaders also believe that smoking and the sale of tobacco is prohibited by Islam.</p>	<p>Chewing tobacco is embedded in many aspects of South Asian culture with symbolic implications at religious and cultural ceremonies.</p>	<p>Khayat MH (Ed). Islamic ruling on smoking. World Health Organization Regional Office for the Eastern Mediterranean, Alexandria, 2000.</p>
Sex	<p>Targeted support aimed at men, will support greater cessation among these groups</p>		<p>Smoking prevalence is higher among men than women.</p> <p>Men less likely to access stop smoking support</p>
Sexual orientation	<p>There is an opportunity for the stop smoking specialist provider to work alongside relevant organisations to target the LGBT community.</p>	<p>As sexual orientation is not recorded by stop smoking services, there</p>	<p>Anecdotal evidence that there are higher rates of smoking among the LGBT community, however, data is limited</p>

EQUALITY IMPACT ASSESSMENT TEMPLATE

	There are also links with supported targeted at people with mild to moderate Mental Health issues.	is a risk that the needs of this group are not being met.	
Marriage and civil partnerships	No known impact	No known impact	
Carers³			No evidence of smoking prevalence among carers

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

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Page 82 Age	Staff of all ages will have an increased awareness of the harms of smoking, ways to quit smoking and legislation surrounding tobacco control		
Disability	As for residents and service users		
Gender reassignment	No known impact		
Pregnancy and maternity	As for residents and service users		
Race	As for residents and service users		
Religion and belief	As for residents and service users		

³ Carers are not a protected characteristic under the Public Sector Equality Duty, however we need to consider the potential impact on this group to ensure that there is no associative discrimination (i.e. discrimination against them because they are associated with people with protected characteristics). The definition of carers developed by Carers UK is that 'carers look after family, partners or friends in need of help because they are ill, frail or have a disability. The care they provide is unpaid. This includes adults looking after other adults, parent carers looking after disabled children and young carers under 18 years of age.'

EQUALITY IMPACT ASSESSMENT TEMPLATE

Sex	As for residents and service users		
Sexual orientation	As for residents and service users		
Marriage and civil partnerships	No known impact		
Carers	No known impact		

EQUALITY IMPACT ASSESSMENT TEMPLATE

8. Amendments to the proposals

Change	Reason for change
No amendments required, the EQIA has been considered in the development of the specification to ensure all protected characteristics are appropriately represented	

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Reduced smoking prevalence among young people	Commissioning of a specialised service using contractual levers to target vulnerable young people and parents of young children, particularly those in less affluent areas.	July 15	Service commissioner
Increased engagement in services for 17-34 years olds, male routine and manual smokers and BME	Commissioning of a specialised service using contractual levers to target these priority groups	July 15	Service commissioner
Increased engagement in stop smoking services among people with mental illness	Commissioning of a specialised service using contractual levers to target people accessing mental health services	July 15	Service commissioner
Increased engagement in stop smoking services among people with long term conditions	Use levers via QOF and Public Health agreements with GPs to support referral and delivery of stop smoking support. Explore smoking CQUIN in secondary care	Jan 16	Service commissioner and specialist provider
Increased engagement in stop smoking service by pregnant women	Explore levers to encourage baby clear initiative Commissioning of a specialised service using contractual levers to target pregnant smokers Training for midwives	Jan 16	Service commissioner and specialist provider

EQUALITY IMPACT ASSESSMENT TEMPLATE

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10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
Engagement of GRT groups – As the evidence is unclear regarding the prevalence of smoking and uptake to services, more local research is required with this group. However, the provider will need to demonstrate how they ensure their service targets and is accessible to groups with high smoking prevalence.	Race

11. Summary of key impacts and actions

Information and engagement underpinning equalities analysis	Health data sources and engagement with public health smoking team
Key impacts (positive and/or negative) on people with protected characteristics	Smoking/tobacco cessation rates will be increased, especially in priority groups with high prevalence, thus tackling health inequalities. Wider tobacco control through the combined efforts of the Tobacco Control Alliance will make tobacco less affordable, accessible and attractive along with raising awareness of tobacco harms locally.
Changes you have made to the proposal as a result of the EIA	This EIA will inform the development of the specification for the commissioning of specialist stop smoking support; the public health agreements with GPs and Pharmacies and the Surrey Tobacco Control strategy.
Key mitigating actions planned to address any outstanding negative impacts	Outcome based commissioning of specialist service to ensure priority groups needs are met
Potential negative impacts that cannot be mitigated	Some priority groups are particularly difficult to engage in smoking cessation services and have poorer results

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SURREY COUNTY COUNCIL**CABINET****DATE: 29 JULY 2015****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE****SUBJECT: ANNUAL REPORT OF THE SHAREHOLDER BOARD****SUMMARY OF ISSUE:**

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council established a Shareholder Board, which reports annually to the Council. The purpose of the Board is to safeguard the council's interest as shareholder and to take decisions in matters that require the approval of the Council as owner of a company.

RECOMMENDATIONS:

It is recommended that:

1. the first Annual Report of the Shareholder Board (Annex A) is endorsed and that Cabinet present the report to Council at its meeting in October, and
2. the Cabinet continue to support the Council's strategic approach to innovation and evaluating new models of delivery, ensuring that this innovation is supported by best practice governance arrangements.

REASON FOR RECOMMENDATIONS:

To inform the Council about the activities of the Shareholder Board.. Continued innovation will enable the Council to continue to respond to the challenges it faces and will contribute to enhancing its financial resilience in the longer term. The Shareholder Board has been established in accordance with best practice governance to ensure effective oversight and alignment with the strategic objectives and values of the council.

DETAILS:

1. The Shareholder Board was created following the report to Cabinet in March 2013 outlining the Council's strategic approach to innovation and evaluating new models of delivery. This strategy set out the Council's approach to continuing to deliver public value in an environment of diminishing financial resources by evaluating different delivery models including the development of the Council's approach to trading.
2. The New Models of Delivery Programme was put in place to enable and assist services in identifying and assessing opportunities. The primary objective of this approach is to deliver public value for Surrey residents and businesses with any profits generated for the Council through trading being available to support the delivery of the Council's Medium Term Financial Plan. The approach ensures consistency to the appraisal of trading and commercial opportunities, and that all relevant options are considered.
3. The Council is able to make use of legal powers provided by a number of Acts including the Localism Act 2011 which together have broadened the range and scope of activities available to the Council. The report to Cabinet in March 2013 recognised that the Council had already taken advantage of these powers in the creation of the joint venture company with Babcock International Group PLC to provide school support services and since then a number of further opportunities have resulted in new ventures..
4. The Council may create a company or invest in shares for a wide range of purposes. For example, the Council's shareholding interest in the Joint Venture Company Bandstand Square Developments Ltd was established in order to facilitate the regeneration of Woking town centre in partnership with Woking Borough Council and a private developer. Similarly, Cabinet approved the creation of a property company in order to strengthen the Council's ability to invest in a diversified and balanced portfolio of assets in pursuit of its Investment Strategy.
5. The Shareholder Board has been established in accordance with best practice governance principles to ensure effective over-sight and alignment with the strategic objectives and values of the Council. The Board's authority and powers include:
 - appointing and removing directors;
 - approval of annual business plans signing off the business plan and financial dividend forecast (annually); and
 - reviewing the financial and overall performance of the trading company
6. The Board safeguards the Council's interest and takes decisions in matters that require the approval of the Council as owner or a shareholder of a company. Shareholder control is exercised over all companies owned by the Council, and in relation to any shares held whether the purpose is trading, service provision, or investment. Decisions in relation to the day to day operation of companies are taken by the directors of each company.

7. The Shareholder Board is comprised of 3 members of the council's Cabinet and the Chief Executive. The board is supported by officers of the Council, including the Section 151 Officer (Director of Finance) and the Monitoring Officer (Director of Legal & Democratic Services).
8. The Shareholder Board meets at least quarterly and receives detailed and comprehensive information and briefings to support its decision-making. The extent of this decision-making depends upon the Council's shareholding and the requirements of each company's Articles of Association, or other contractual documents such as a Shareholders Agreement in relation to Joint Venture companies.
9. The Shareholder Board reviews the financial performance of companies. In reviewing financial performance, the Board bears in mind contextual factors such as the purpose of the company, the agreed business plan, and the length of time it takes to create a successful company.
10. The Annual Report of the Shareholder Board is attached as ANNEX A to this report and provides further background information about the workings of the board together with information about the Council's companies and the progress made to date.

CONSULTATION:

11. A range of stakeholders were consulted on the establishment of the Shareholder Board and the strategies that underpin the establishment of council owned trading companies.

RISK MANAGEMENT AND IMPLICATIONS:

12. Effective risk management is a vital part of the Council's approach to innovation and establishing new models for service delivery and to generate income. The Shareholder Board provides this strong governance to ensure that risks are effectively managed.

Financial and Value for Money Implications

13. The decision to create a company or to invest in shares is taken by Cabinet upon the basis of a business case which articulates the financial implications for the council. Proposals are made with realistic expectations regarding the investment required and the length of time it will take to establish a successful company. The innovation strategy (New Models of Delivery) and Investment Strategy both recognise that the financial benefits and contribution to the Council's resilience will be delivered in the longer term.
14. The Shareholder Board is responsible for reviewing the financial performance of companies and taking decisions on an individual company by company basis and also maintains oversight of the Council's group position. The Board and its advisors ensure that the relationship between the Council and its companies are on an "arms-length" basis as required by legislation. This means, for example, that the Council must recover the full cost of any accommodation, goods and services supplied to a trading company. Any

financial assistance provided must be for a limited period, provided under a formal agreement and made in the expectation of returns in the future.

Section 151 Officer Commentary

15. There are no new financial implications arising from this report. The Shareholder Board ensures effective governance over the Council's companies and shareholding interests in order to enhance the financial resilience of the Council over the longer term. The board are supported by officers of the Council, who seek additional specialist technical external advice when required.

Legal Implications – Monitoring Officer

16. There are no direct legal implications arising from this report. The legal basis for company ownership and oversight is explained in the body of the report..

Equalities and Diversity

17. There are no direct equalities implications arising from this report.

WHAT HAPPENS NEXT:

The first annual report of the Shareholder Board will be present to Council at its October meeting.

Contact Officer:

Susan Smyth, Strategic Finance Manager (Secretary to the Shareholder Board)
Tel: 020 8541 7588

Annexes:

Annex A – Annual Report of the Shareholder Board.

Sources/background papers:

1. Strengthening the Council's Approach to Innovation: Models of Delivery (Cabinet March 2013)
 2. Investment Strategy (Cabinet July 2013)
-

Shareholder Board Annual Report July 2015



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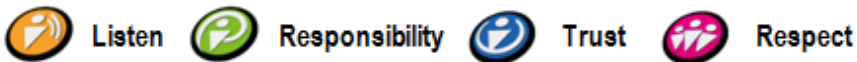
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CONTEXT

The council has created trading companies and made investments to enhance financial resilience in the longer term.



Our Corporate Strategy, Confident in Surrey's future



The council's strategic framework for innovation and investment is supporting the development of new ideas and approaches to enhance financial resilience. This increased emphasis on commercial activity has led to the creation of the Shareholder Board to monitor the council's trading activity and ensure satisfactory performance and effective risk management.

The Shareholder Board has been established in accordance with best practice governance principles and provides effective over-sight and alignment with the strategic objectives and values of the council. The board is member led and supported by officers, who when required seek the support of external professional advisors.

The Board safeguards the council's interests and takes decisions in matters that require the approval of the council as owner or a shareholder of a company. Decisions in relation to the day to day operation of a company are taken by the directors of each company.

THE SHAREHOLDER BOARD

Governance

- The Shareholder Board was created in September 2013 following the report to Cabinet setting out the council's strategic approach to innovation and new models of delivery.
- The Board and its role is noted in the constitution of the council.
- The Board works in accordance with its Terms of Reference (see Annex B) which are reviewed on an annual basis.
- Meetings take place at least quarterly.

The Shareholder Board is comprised of 3 members of the council's Cabinet and the Chief Executive. The board is supported by officers of the council, including the Section 151 Officer (Director of Finance) and the Monitoring Officer (Director of Legal & Democratic Services).

Shareholder Board

Members

- Leader
- Deputy Leader
- Cabinet Member for Business Services & New Models of Delivery
- Chief Executive

Advisors

- Director of Finance (Section 151 Officer)
- Director of Legal & Democratic Services (Monitoring Officer)
- Strategic Director Business Services
- Strategic Finance Manager (Board Secretary)

Purpose

The primary and most common purpose behind the creation of a Local Authority Trading Company (LATC) is to enable a council to participate in commercial trading activities. Many local authorities have created an LATC for this purpose, with the most common reason given being in order to grow income to protect services. Surrey County Council's first trading company, Babcock 4S Ltd, the Joint Venture with Babcock to provide school improvement services was created in 2003

The decision to create a company or invest in shares is taken by Cabinet upon the basis of a business case. Like many other councils, SCC has created companies in order to trade and grow income; with profits generated for the council available to support the delivery of the council's Medium Term Financial Plan and enhance financial resilience. This is however not the only reason for the creation of a company or investment in shares.

Cabinet approved the creation of a Property Company in order to strengthen the council's ability to invest in a diversified and balanced portfolio of assets in pursuit of the Investment Strategy. The council's investment in FutureGov Ltd enhances this portfolio of assets and supports a company that has a track record of delivering innovative products and solutions in children's services and adult social care.

The council's participation in the Joint Venture Company, Bandstand Square Developments Ltd, delivers the council's strategy of enhancing economic prosperity in the county. This company, a special purpose vehicle, was established in order to deliver the economic regeneration of Woking Town Centre in partnership with Woking Borough Council and a private developer, Moyallen Ltd.

The Council's Share-holdings

The council has created companies and purchased shares in order to;

- Deliver services, benefiting from efficiencies driven by operating in a commercial environment,
- Trade & generate income
- Invest in assets to deliver an income and enhanced asset value in the longer term.
- Deliver regeneration

The decision to create a company or to invest in shares is taken by Cabinet upon the basis of a business case which articulates the financial implications and associated risks for the council.

These proposals are made with realistic and prudent expectations regarding the investment required and the length of time it will take to establish a successful company. The council therefore recognises that returns will not necessarily be received in the short-term but will contribute to longer-term financial resilience.

Cabinet Decision To create a company or invest in shares

Regeneration	Service Delivery	Trading	Investment
Bandstand Square Developments Ltd	Babcock 4S	S.E. Business Services Ltd	FutureGov
	Surrey Choices		Halsey Garton Property Ltd
		TRICS Ltd	

Future investment activity may also be determined under delegated decision-making

The trading results of the companies that are wholly owned by the council will be consolidated and reported on a Group accounting basis for the first time for the financial year ending 31st March 2015.

THE SHAREHOLDER BOARD

The Council's Shareholdings

Company	Ownership
Surrey Choices Ltd	100%
S.E.Business Services Ltd	100%
Halsey Garton Property Ltd	100%
Bandstand Square Developments Limited	24%
Babcock 4S Limited	19.99%
TRICS Consortium Limited	16.67%
FutureGov. Ltd	13.1%

Shareholder Board Decision-Making

The day-to-day operation of each company is the responsibility of the Directors (of each company) with the Shareholder Board being responsible for taking decisions on behalf of the council where these are of a more strategic nature. The extent of this decision-making will depend upon the council's shareholding and upon terms included in a company's Articles of Association (matters reserved for the Shareholder) and / or a Shareholders Agreement in relation to Joint Venture companies.

The Articles of Association for the companies wholly owned by the council stipulate that the shareholder, that is the Shareholder Board on behalf of the council, are required to approve or make decisions in relation to the following, for example,

<u>Decision</u>	<u>Rationale</u>
Changes to the Articles	Removes all controls
Appoint and remove Directors	To ensure that the company is appropriately managed and that there is satisfactory governance
Material change in the nature or scope of the business	To ensure companies only undertake activities for which approval has been given and to protect the council's reputation

/continued

THE SHAREHOLDER BOARD

Reserved Matters (continued)

<u>Decision</u>	<u>Rationale</u>
Purchase of shares or interest in another company. Acquisitions of any business or any shares.	Significant business decision which may involve further financial risk
Borrowing or the raising of finance (except from SCC). The creation of any security interest (except SCC)	To avoid taking on debt that undermines security for SCC debt (excluding de-minimis bank overdrafts) and to avoid incurring further financial risk
Issuing, withdrawal or buy back of shares	To maintain SCC ownership as originally intended
Enter any Joint Venture, consortium or partnership	To ensure companies only undertake activities for which approval has been given by Cabinet or the Shareholder Board, to protect SCC reputation and to ensure the council takes decisions that may involve substantial financial risk.
Selling, transferring, leasing, assigning property or assets (excluding de-minimis and replacement of operational equipment)	To avoid dilution of assets or security in relation to SCC debt
Disposal of any business or any shares	To maintain SCC ownership as originally intended
Entering into an administration order or steps to voluntarily wind up the company	To protect SCC's reputation

The decisions set aside for Shareholder approval listed above are an extract of the type of matters contained in the Articles of Association of each of the council's LATCs. The Shareholder Board reviews these articles on a periodic basis to ensure that they remain appropriate.

THE SHAREHOLDER BOARD

Company Details

The following pages contain information about each company, including a description of activities and purpose, Cabinet approval & date of incorporation and progress made to date. Information of a financial and commercially sensitive nature has been excluded.

Directors

Each company must have at least one person named as a Director – the council itself cannot act in this capacity. The Shareholder Board is responsible for appointing (and removing) Directors to act on behalf of the council. Directors have specific responsibilities in Company Law and therefore the Shareholder Board will need to ensure that persons with the appropriate skills are selected. The name of the person(s) appointed to each company is noted in the section below. In the case of Joint Ventures the person appointed by the council to act in respect of its shareholding is noted. Directors appointed by the council receive no additional remuneration and undertake this role as part of their duties as an officer or member.

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FutureGov. Ltd	22



Cabinet Approval	December 2013
Ownership	100%
Date of Incorporation	March 2014
	Commenced Trade in August 2014
Council Investment	£100 Share Capital
Directors	Simon Laker (Managing Director) Kevin Kilburn

Company Profile

Surrey Choices Ltd commenced trade in August 2014, following Cabinet approval of the business case in December 2013. The company provides people with learning and physical disabilities with a range of services in a variety of settings. The service offer includes day services and support for people who wish to seek employment or become engaged in work, volunteering or training opportunities. The Shared Lives service matches carers who provide support in a family home environment with people with disabilities. The company has recently developed a respite service creating additional capacity in the Surrey based market. The commissioning contract to supply services to the council triggered the transfer of employees from the council to the company under TUPE regulations in August 2014.

Business Case

The council created the company in order to ensure the sustainability of the services provided and to create a commercial environment in which to deliver efficiencies and continued innovation. Benefits to the council are to be derived by two means;

- Income generated from trading activity by supplying services to those people with personal budgets and those that privately purchase, and,

- A reduction in the cost of services, that were previously delivered in-house and now commissioned by the council from Surrey Choices, from economies of scale delivered as a result of trading activity and from reducing fixed costs.

The business case demonstrated that the company would make a modest profit within the first five years of operation.

Council Investment

The council provided share capital of £100 and loans to enable the company to purchase operational assets from the council and to provide for working capital requirements– all lending has been provided on an “arms-length” basis at market rates of interest.

Progress Report

The Company has secured approval from the Care Quality Commission for the regulated services provided and for the newly developed respite provision. Changes have been made to the management team who have undertaken a thorough review of responsibilities, standards and policies, with these being re-shaped from the customer perspective. Management layers have been reduced such that there is now three tiers of management across the business and use of agency staff has reduced with increases to the permanent staffing.

Results from the first partial year of trading to 31st March 2015 are in line with expectations. The Company have reported a loss as a result of initial set-up costs, which includes the purchase of operational assets from the council and professional & project management support provided to enable the company to be in a position to start to trade.

The business will further develop new services and products, including

- Re-designing the day and community activities to provide an enhanced experience for existing customers and to attract new potential customers – including providing activities during the evening and more choice for young people.

SURREY CHOICES LTD

- Increasing the scale of the Shared Lives provision
- Refresh the EmployAbility service to broaden its potential market and increase employment

Surrey Choices is expected to achieve a net profit in the financial year, 2015/16, the company's first full year of trading. Key to this will be the evaluation of fixed costs, in particular making changes to under-utilised premises which will be achieved by working with the council to develop a strategic asset plan.

S.E.BUSINESS SERVICES LTD



Cabinet Approval	March 2013
Ownership	100%
Date of Incorporation	June 2013
	Commenced Trade in December 2013
Council Investment	£100 Share Capital
Directors	John Stebbings
	Paul Brocklehurst
	Liz Mills

Company Profile

S.E.Business Services commenced trade in December 2013, following Cabinet approval as part of the New Models of Delivery strategy in March 2013. The company provides business to business professional, technical, training and contingency services, enabling the council to trade in those functions in which it has particular expertise and capacity.

Business Case

Originally developed in order to enable the council to trade and to provide IT services, including data hosting, helpdesk and application support to a private sector organisation, the company has further developed and expanded to provide further IT contracts and services. Shareholder Board approval followed by Cabinet approval in March 2014, has enabled the company to enter the aviation fire contingency market created as a result of regulatory and licensing changes for UK airports. The company were selected to provide these services under contract in April 2014.

S.E.BUSINESS SERVICES LTD

Council Investment

The council provided share capital of £100 and an initial working capital loan to enable the company to commence trade– all lending has been provided on an “arms-length” basis and has been fully repaid.

Progress Report

The company has delivered profits in excess of those expected in the Business Case and compared to its first approved Annual Business Plan. These profits have been delivered as a result of entering the fire aviation contingency market and by securing a strategic contract with Heathrow Airport. This has enabled the company to declare a dividend in relation to the first full year of trading to 31st March 2015 (incorporating retained earnings from the prior year).

The contract with Heathrow is the first of its kind in the industry and has led to a number of potential leads to provide similar contingency capability to other UK airports. The management team are currently evaluating a number of similar opportunities and developing a related training offer.

The company employs staff as required to deliver confirmed contracts, and engages appropriate contractors, advisors and service providers to undertake the activities of the company. The Company receives services from the council, including contract delivery and operational services, commercial bid management support together with professional legal and finance services and accountancy support services. The council makes an appropriate charge to the company for any services provided, ensuring that the full cost of the activity is recovered.

HALSEY GARTON PROPERTY LTD

Cabinet Approval	May 2014
Ownership	100%
Date of Incorporation	June 2014
Council Investment	£1,000 Share Capital
Directors	John Stebbings Susan Smyth

Company Profile & Business Case

Halsey Garton Property Ltd was incorporated in June 2014 in order to fully implement the recommendations of the Investment Strategy approved by Cabinet in July 2013. The Property Company will enable the council to invest in a diversified and balanced portfolio of assets delivering income, asset growth and enhancing the council's financial resilience over the longer term.

Council Investment

The council has provided share capital of £1,000 which will be paid up upon the commencement of trade. All investment or development proposals will be underpinned by a robust business case for approval by Cabinet which will set out the financing arrangements. The council will provide the additional equity and debt financing required on an arm's length basis in accordance with the prevailing market conditions.

Progress Report

Cabinet approved the company's first investment acquisition in March 2015. The property was withdrawn from sale by the vendors during the due-diligence process and therefore did not proceed. The council is continuing to evaluate other potential investment opportunities.

BANDSTAND SQUARE DEVELOPMENTS LTD

Cabinet Approval	September 2012
Ownership	24%
Date of Purchase of Shares	February 2013
Council Investment	£7,200 Share Capital
Surrey County Council Directors	Denise Le Gal Trevor Pugh

Company Profile

Bandstand Square Developments Ltd (BSDL) is a company created for the purpose of delivering a regeneration of Woking town centre and is owned in partnership with Woking Borough Council (WBC) and a private developer, Moyallen Ltd. The company will be wound up upon completion of the development.

Business Case

The council's participation in the regeneration project aligns with the strategic priorities of the council to support economic growth and will ensure the long-term viability of the retail offer in the town. The development, known as Victoria Square, will provide further retail premises, a hotel and residential accommodation. The development will create additional employment in both the development phase and the longer term. The development will require the relocation of the existing fire station and changes to the highway. BSDL are responsible for securing the planning permission, funding and delivering the replacement Fire Station to the council's specification.

BANDSTAND SQUARE DEVELOPMENTS LTD

Council Investment

The council has provided share capital of £7,100. Development loans for the first phase of the project are being provided to the Joint Venture by both SCC and WBC, on equal terms, and at a margin above the cost of equivalent borrowing. WBC will repay all loan funding upon completion of the development when it takes ownership of the freehold from the company.

Progress Report

Phase 1 of the project is focussed upon putting together the redevelopment site, securing planning consent and developing the new Fire Station. Specifically;

<u>Activity</u>	<u>Status</u>
Site Acquisition (former post office and Globe House)	Completed
Secure planning consent for the relocation of the Fire Station	Planning consent has been secured and a construction contract awarded. The new Fire Station is expected to be delivered in the summer of 2016.
Secure planning consent for the main scheme and agree terms with a residential development partner, a hotel operator and a large retailer for the main components of the scheme.	Planning consent for the Victoria Square scheme was approved in November 2014. Negotiations with various parties continue.

Cabinet, in October 2014, agreed to make a payment to BSDL to recognise that the new Fire Station delivers substantial betterment compared to the facilities at the existing fire station and to recognise that the backlog maintenance associated with the existing building can be removed. The new Fire Station will provide additional garaging for specialist vehicles and enhanced training facilities including a smoke house and an area for Road Traffic Accident training.

BABCOCK 4S LIMITED

Cabinet Approval	July 2003
Ownership	19.99%
Date of Incorporation	September 2003
Council Investment	£199.99
Surrey County Council Director	Susie Kemp

Company Profile

The Company provides specific and statutory educational support services under a Service Delivery Agreement (SDA) with the council and has developed to provide a range of services to schools. Their services include those related to education, including curriculum advice, governor support and more generic services such as personnel services, technology support and facilities management. The company also provides services to other local authorities.

Business Case

The Joint Venture company was formed in 2004 when the council selected a commercial partner to deliver its school support and improvement services. Originally named VT Four S Limited, the company was renamed as Babcock 4S Limited when Babcock Internal PLC acquired VT Education and Skills Limited in 2010.

The Joint Venture was proposed in a time of uncertainty regarding the role of Local Education Authorities. The Government had announced its intentions for the greater independence of schools and predicted that the market for education services would be provided by a small number of larger providers. The council formed the Joint Venture in response to these proposed changes, selecting a partner to enable the services to be traded, utilising the partner's commercial skills to enter the market and providing greater sustainability if the levels of service purchased by the council were to decline.

BABCOCK 4S LIMITED

Council Investment

The council received a substantial consideration from VT Education and Skills upon commencement of the Joint Venture and award of the contract to supply services. Investment required to establish the company in the market was provided by VT Education and Skills, as at the time Local Authorities were operating under a different capital finance regime which restricted borrowing and investment.

Progress Report

The Joint Venture has proved to be successful, delivering a financial return to the council as a shareholder, significant dividends and improving school performance as part of its SDA with the council. However it is expected that the company will be significantly impacted by changes in the schools market in the future. The change to academy status means that a proportion of funding is transferred from the local authority to individual schools and the academy is then responsible for commissioning its own support services. Some academies have chosen to continue to purchase their support services from B4S but others have not. In addition the company has lost a number of significant local authority contracts since 2012 or seen the contract value of those remaining significantly reduce.

The changes in the market will therefore impact upon the nature and viability of the business in the future. The Shareholder Board have commissioned a strategic review, which is due to report in the autumn.

TRICS CONSORTIUM LTD



Cabinet Approval	July 2014
Ownership	16.67%
Date of Incorporation	October 2014
	Commenced Trade in January 2015
Council Investment	£27,500 Share Capital
Surrey County Council Director	Dominic Forbes

Company Profile

TRICS Consortium Ltd commenced trade in January 2015, following Cabinet approval in July 2014. The Company provides a service to the transport planning and property development customer community by providing access to a comprehensive database of travel patterns known as trip rates. Trip rate data is used by planning consultants in support of planning applications in order to demonstrate the impact of major developments on local traffic. The database is recognised in national planning policy and is widely used by the planning profession and its use has been given due weight by Inspectors at Planning Inquiries.

The company is a joint venture with five other local authorities, Dorset County Council, East Sussex County Council, Hampshire County Council, Kent County Council, and West Sussex County Council. These councils held the rights to the database under a long-standing partnership arrangement and therefore became the shareholders of the company. The company now owns all Intellectual Property Rights in relation to the database and the brand.

Business Case

The creation of the company ensures that the commercial activities of the consortium councils is being undertaken in an appropriate manner and will enable the growth potential of the database into other territories to be fully exploited. The Business Plan, created using prudent assumptions based upon current volumes, demonstrates that the company is a commercially viable proposition. The Shareholders can therefore have a reasonable expectation that the company will be able to declare a dividend within a short timeframe.

TRICS CONSORTIUM LTD

Council Investment

The council, together with the other five local authority shareholders, invested equity funds to provide for working capital and set-up expenses. The funds provided were from balances held by the consortium, created from surpluses from previous activity. The total equity provided is in line with the estimated pre-tax profit from the first full year of trading and the shareholders will therefore receive a return on investment within a short timeframe.

Progress Report

The Company commenced trading on 1st January 2015 when it took over the operation of the database from the incumbent supplier. Each of the shareholding councils, with the exception of Kent where the decision is pending an officer recruitment, have appointed a Director to the board of the company to oversee the strategy and growth plans. A Managing Director has been recruited and appointed to deliver the day-to-day operation of the company and to manage the three employees that TUPE transferred from the previous supplier.

The business is on track to exceed the financial projections in the Business Plan and deliver a pre-tax profit for its first year of operation.

FUTUREGOV LTD

FUTUREGOV

Cabinet Approval	December 2013
Ownership	13.1%
Date of Purchase of Shares	January 2014
Council Investment	£125,000
Surrey County Council Director	Julie Fisher

Company Profile

FutureGov Ltd provides innovative digital solutions to Local Authorities and specialises in the children's service and adult social care market. Their products and consultancy services have been purchased by a number of authorities including those in Australia. The company are focusing on developing a range of products particularly focussed on the Adult Social Care market which recognise the impact of the Care Act on the market. The product range will support the drive towards personalisation and linking data across Local Authorities and health providers.

Business Case

The investment in FutureGov strengthens a partnership that has already delivered innovative products within social care. The council's investment was made alongside investment from Nesta, a charity whose investment function has a track record in identifying commercial opportunities that deliver social value. It is expected that the investment made by both parties will enable the company to grow and significantly increase the commercial focus of the company. The investment will generate a modest net return to the council over a five year period.

FUTUREGOV LTD

Council Investment

The council provided equity and debt financing to FutureGov in 2014 as part of the company's funding round to find investors to support the growth of the company. The council's investment was made alongside that of a larger investment made by Nesta Investment Management, a wholly owned subsidiary of a charity focused upon companies and social ventures that deliver solutions to solve issues such as the health and wellbeing of the UK's ageing population. The debt financing provided by both parties is at market applicable interest rates, with the interest receivable offsetting the funding costs incurred on the initial equity investment.

Progress Report

The company has delivered significant revenue growth of some 60% since the date of investment however fell short of delivering fully against its ambitious business plan. Changes in the market have necessitated a re-evaluation of the strategy, and the company received support from Nesta's senior investment analyst to develop a detailed product plan and forecast. The overall suite of products has been developed and good sales prospects should enable the company to break-even by late 2015.

GLOSSARY (and associated principles)

Articles of Association

A company's Articles of Association set the rules (the constitution) for the company. The Articles are filed as part of the incorporation process and are publically available documents. The objects of the company describe what the company will do. The objects of a company are now deemed to be unlimited, unless the Articles limit them.

The Articles may restrict the decision-making powers of the Directors – these are described as Reserved Matters. The Articles may be changed at any time by a special resolution of the members (the shareholders) of the company.

Companies created by the council follow the model articles with the exception of the introduction of reserve powers in matters of strategic importance and one or two other minor exceptions.

Assets

A LATC may purchase assets from the council. In disposing of assets, the council must ensure that it receives appropriate market value and the company in turn will be required to purchase at market value. This is to ensure that there is no financial subsidy or advantage that may be deemed as state aid.

The council will retain property assets unless there is a financial advantage to transfer (for example, where the purpose of the trading company relates to property activities). Market rents will be charged for occupancy of property assets – rents are a pre-tax expense making this arrangement tax efficient and this also ensures that the council's balance sheet remains strong and is not diluted.

Surrey Choices Ltd purchased operational assets, such as vehicles and musical equipment, at appropriate market values from the council and this formed part of the initial set-up costs for the company.

Debt Financing

Debt financing provides the funds required to run a business. With limited or inadequate funds at a Company's disposal, the company may borrow the money required to grow and develop the business.

Interest on debt is a business expense, and therefore deducted before tax.

Companies created by the council, such as S.E.Business Services and Surrey Choices, have been set-up with limited equity funds. Funding for growth and working capital requirements has been provided by the council under an agreed loan facility.

GLOSSARY (and associated principles)

Directors Duties

The Shareholder Board are responsible for appointing (and removing) Directors to act on its behalf in relation to companies in which the council holds shares. Directors duties are described in the Companies Act 2006 and include a responsibility to promote the success of the company, exercise independent judgement and exercise reasonable care, skill and diligence.

Directors appointed by the Shareholder Board do not receive additional remuneration for their role and are covered by indemnities provided by the council in respect of financial loss (an extension of the indemnities provided by the council to staff and members as agreed by Cabinet in March 2013). This does not and cannot extend to negligence, default, breach of duty or breach of trust.

The council's legal team brief Directors so that they understand their duties.

Group Companies

Companies form a Group if one is a subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person. Companies within a Group can take advantage of Group Tax relief. In tax legislation, the council is a body corporate that can perform the link between LATCs and therefore the losses of one company can be offset against profits of another.

This group status in tax law also provides the council with the ability to be exempt from stamp duty which would ordinarily apply to property transactions (including the entering into lease arrangements between group companies).

The council is required to produce Group Accounting statements which mean that the financial results of its LATC's will be included together with the financial results of the council. The council will continue to also produce detailed Annual Statements of Accounts on a single entity basis as now.

Joint Venture

A Joint Venture company is one that is owned by more than one shareholder, where the shareholders concerned are corporate bodies in their own right. The term Joint Venture is not one that is legally defined and is often used in respect of other arrangements that do not necessarily involve a limited company.

LATC (Local Authority Trading Company)

The terminology "LATC" is often used to describe a company that is owned by a Local Authority (i.e. Local Authority Trading Company). It is not a legally recognised different form of company however most companies described as LATC's are companies limited by shares, with the shares and therefore the company being wholly owned by the local authority.

GLOSSARY (and associated principles)

Companies created by SCC are most likely to be limited by shares, as this structure ensures that profits can be returned to the shareholder (the council) in the form of dividend payments, and provides the possibility for future sale. It is the most suitable structure for trading activity and enables the Council to create a tax group.

It is possible that other company structures may be applicable in certain circumstances; however these structures tend to involve the removal of council control or would mean an inability to return profits.

Reserved Matters

Reserved matters are important decisions for which the Directors are required to seek and gain Shareholder Approval. These decisions are written in the Company's articles of association which set the constitution or the rules for the running of the company.

The Shareholder Board has delegated authority to perform these functions on behalf of the council. The reserved matters of SCC's companies have been written to ensure that the Shareholder Board is responsible for consideration of issues of strategic importance, take decisions that may involve changes to financial risks or may have an impact on the council's reputation.

Share Capital (Equity)

Equity or shares in a company represent the ownership interests. The Equity invested is the amount of funds contributed by the owners to the financial requirements of the company. In a limited liability company, the owners / shareholders lose no more than the amount invested. Equity invested at start-up is evaluated on the basis of assets owned and/or earnings potential.

Financial returns to the shareholders are made in the form of dividend payments. Dividends are not a business expense and are paid from post-tax profits.

Shareholders

The Shareholders (the owners of a company) and directors have different roles in a company. The Shareholders own the company and the directors manage it.

The Directors must obtain shareholder approval for decisions where the shareholder has restricted the powers of the Directors – these are called reserved matters. The Shareholder Board has delegated authority to perform these functions on behalf of the council.

Shareholders Agreement

These are agreements between shareholders which are private documents. These agreements set out how the shareholders interact with each other and can define what happens in the event of dispute.

GLOSSARY (and associated principles)

A shareholder agreement is only relevant when there is more than one shareholder and are recommended practice for Joint Ventures.

SCC has entered into shareholder agreements in respect of the Woking Bandstand Development (BSDL), TRICS Consortium Ltd and in relation to the investment in FutureGov Ltd (in this instance called an Investment Agreement).

Support Services

The 2003 Local Government Act provides the ability for the council to enter into agreements for the supply of goods and services, by and to a LATC. The supply of goods, services and financial assistance must be made without subsidy. The legislation guides the council to apply CIPFA definitions of total cost in calculating the cost of supplies made to a Trading company. This provides the ability to recover all costs in the organisation, including a proportion of all central overheads, depreciation, capital costs and pension back-funding. This wide definition allows significant overhead recovery in the provision of services to an LATC. The supply of goods and services calculated on this basis will be compliant with state aid legislation.

The arrangements for LATCs should seek to ensure that the overall cost base of the Group is not unnecessarily duplicated or increased as a result of any new arrangements. Therefore SCC will provide services to an LATC where it is in a position to do so, where these services are fit for purpose for the business and support its strategy and can be supplied at a cost that is competitive. This is particularly important from a Group perspective where costs are relatively fixed, for example in the provision of payroll services where a substantial portion of the cost relates to the system.

TUPE

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) protect employees when a business changes to a new owner and apply to “relevant transfers” which may occur in many situations, including service provision or contract changes. In these situations, the employment transfers, employment terms and conditions transfer and continuity of employment is maintained.

The new employer is therefore required to provide the same terms and conditions to the staff concerned. Alternate provision can be made, e.g. a cash alternative to a lease car, but this alternate provision must be acceptable to the employee.

SCC are required to follow the provisions of the TUPE act. This will apply where a service is being transferred to a trading company, as occurred with the award of the commissioning contract for services to Surrey Choices.

A LATC will additionally be required to follow TUPE provisions when taking over a service contract from another supplier – for example, as in the case for S.E.Business Services in the provision of IT managed services previously supplied to the customer by another provider.

GLOSSARY (and associated principles)

Teckal

Procurement complications arise where the Local Authority creates a company to supply services that the LA wishes to continue to purchase – be those that were previously in-house or previously provided externally. The Council is not permitted to automatically purchase from a LATC company outside of normal EU procurement rules. The LATC is required to tender alongside other private sector suppliers.

Procurement issues in relation to the purchase of goods and services from a LATC were evaluated in the Teckal case. According to the 1999 Teckal judgement, public procurement rules do not apply to contracts if the control exercised by the contracting authority over the entity awarded the contract is similar to that which it exercises over its own departments and, if at the same time that entity carries out the essential part of its activities with the controlling authority. This judgement has now been codified into a new EU Directive and in UK Law by the Public Contract Regulations 2015.

SCC will need to ensure that arrangements comply when considering transferring activities to a trading company, assuming that the council wishes to continue to purchase the services. The arrangements for Surrey Choices comply with these considerations.

A LATC falling within the Teckal exemptions will itself be required to comply with the EU public procurement rules, and therefore Surrey Choices is subject these procurement regulations.

Transfer Pricing / State Aid

Transfer Pricing refers to the price at which divisions of a company or a group of companies transact with each other – the terminology relates to all aspects of inter-company financial arrangements. These arrangements have potential implications for the tax authorities. The UK has adopted principles of “arms length” in tax laws.

State Aid issues would apply where a LATC is established, or provided with goods and services and financial assistance at a subsidy.

SCC will need to ensure that it steers an appropriate path or middle ground between issues of transfer pricing (in relation to tax) and those in relation to State Aid. The cost of goods and services and financial assistance (e.g. loans) supplied by the Council to an LATC will therefore be tested against the market to ensure that prices / rates can be justified on an arm’s length basis.



SHAREHOLDER BOARD

TERMS OF REFERENCE

Overview

The Shareholder Board will exercise the Council's role as shareholder in any company, limited by shares wholly or partly owned by the Council for the purposes of service provision and/or trading activities. The Board acts with the delegated authority of Cabinet to ensure the performance of any such company is satisfactory.

Any reference in these terms of reference to "Company" is defined as a company in which the Council holds shares.

The Shareholder Board may also decide, from time to time, whether to accept proposals to submit a bid to provide goods and /or services which, if successful would commit the council to the establishment of a company (which may include a joint venture company). In these instances, the decision of the Shareholder Board would be ratified in accordance with the council's decision-making process.

Membership

- | | |
|--|---------------|
| • Leader of the Council (Chairman) | David Hodge |
| • Deputy Leader of the Council | Peter Martin |
| • Cabinet Member for Business Services | Denise Le Gal |
| • Chief Executive | David McNulty |

The Director of Finance, Director of Legal & Democratic Services and the Strategic Director for Business Services will be advisors to the Board to provide open and strong technical advice. Susan Smyth, Strategic Finance Manager, will act as secretary to the Board. Additional advisors may be invited to attend the Board as required.

Purpose

The Shareholder Board will:

1. Have the power to appoint and remove Company Directors
2. Approve and monitor Company Business Plans
3. Approve the allotment of further shares in a Company (whether to third party shareholders or the Council)
4. Exercise any reserved powers in the Articles of a Company
5. Endorse any amendments to Company Business Plans
6. Periodically evaluate financial performance of a Company
7. Agree significant capital or revenue investments proposed by a Company
8. Determine the distribution of any surplus or the issue of any dividends from a Company
9. Consider any recommendation from Company Directors to cease trading
10. Report to the Council annually on trading activity
11. Review the risks associated with trading activities.

The Shareholder Board will not have operational control over Companies. All decisions regarding the day to day operation of each Company, its business developments and commercial opportunities, staff terms and conditions and the development and implementation of its internal procedures, rest with the Directors of each Company.

Relationship to scrutiny

Select Committees will retain their scrutiny function in relation to the Shareholder Board. The Council Overview Board will be able to call the Shareholder Board to account for progress in relation to any Company for which the Council is a shareholder and any returns it is making.

Scope

In respect of Teckal-compliant companies

The Shareholder Board will:

1. Monitor Teckal compliance at least annually.
2. Ensure the Business Plan of a Teckal compliant Company is aligned to the corporate objectives of the Council.

In respect of non Teckal-compliant wholly Council-owned companies

The Shareholder Board will also:

1. Seek to achieve appropriate returns on investment from trading activities.
2. Ensure trading activities are conducted in accordance with the values of the Council.

In respect of any shareholding and/or joint ventures

The Shareholder Board will:

1. Evaluate the return and benefits of the shareholding against the values of the Council.
2. Where appropriate, exercise influence over the company and /or joint ventures in accordance with the values of the Council.

In respect of the submission of a bid which will commit the council to the establishment of a company (or Joint Venture)

The Shareholder Board will:

1. Evaluate the return and benefits of the proposal, including an evaluation of the proposed profit share in a Joint Venture.
2. Seek to achieve appropriate returns on investment from trading activities.
3. Ensure trading activities are conducted in accordance with the values of the Council.

Operation of the Shareholder Board

1. The Cabinet has delegated to the Shareholder Board the authority to take decisions in respect of 100% of the Council's shareholding in any Company.
2. The Shareholder Board will meet quarterly, or as required.
3. The quorum for a meeting of the Shareholder Board is a minimum of 3 members, one of whom must be the Leader or Deputy Leader, who will chair the meeting.

4. The Shareholder Board may take decisions outside of a Company's general meeting as follows;
 - a. At meetings of its members by consensus of those present, unless any member of the Board requires a vote, in which event a majority decision will be taken with each member of the Shareholder Board present having a single vote. The Chairman of the meeting has a casting vote in the event that there is no clear majority; or
 - b. In cases of urgency, by a decision made by the Leader or Deputy Leader in consultation with the Chief Executive.
5. Any decisions made by the Shareholder Board in accordance with 4a or b above, must be notified to the Company's directors as soon as reasonably practicable following such decision being taken.
6. The Shareholder Board may take decisions at a Company's general meeting in accordance with the principles set out in 4a above.
7. The Chairman approves the agenda for each meeting. The agenda and papers for consideration are circulated at least two working days before the meeting. After each meeting, the Chairman approves the meeting notes and actions and signs any resolutions agreed by the Board.
8. The Shareholder Board will review the Terms of Reference annually.

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Last updated: 16.07.2015

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SURREY COUNTY COUNCIL**CABINET****DATE: 29 JULY 2015****REPORT OF: MRS LINDA KEMENY, CABINET MEMBER FOR SCHOOLS, SKILLS AND EDUCATIONAL ACHIEVEMENT****LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE****SUBJECT: JOINT STRATEGIC REVIEW OF SHORT BREAKS FOR CHILDREN AND YOUNG PEOPLE WITH DISABILITIES****SUMMARY OF ISSUE:**

In September 2014, Cabinet received a report in respect of the consultation arising from the Joint Strategic Review of short breaks for children undertaken by the Council and Guildford and Waverley CCG, on behalf of the Surrey CCGs.

The key areas of the review were considered to be options for the future use and funding of short break services in East Surrey. The review focused on Applewood, which is located in Tadworth and run by SCC; and Beeches, which is located in Reigate, commissioned by the NHS Surrey CCGs and provided by Surrey and Borders Partnership NHS Foundation Trust (SABP). Beeches has been commissioned on a block contract which is high cost. Both facilities were considered underused.

The review recommended a number of options for the future use of both facilities, and a public consultation took place between 24 February and 24 May 2014. The responses were detailed in the report to September 2014 Cabinet. The recommendations of the report were as follows:

- i. The responsibility for funding short break services for children and young people currently accessing Beeches will transfer from Surrey Clinical Commissioning Groups (NHS) to Surrey County Council.
- ii. Surrey County Council continues to run Applewood as a short break service.
- iii. Beeches remains as an option for families through their personal budgets by direct payments or arranged by Surrey County Council rather than the current block contract arrangements, subject to agreement with Surrey and Borders Partnership NHS Foundation Trust (who run Beeches).
- iv. Surrey County Council and NHS Guildford and Waverley CCG work with Surrey and Borders Partnership to transfer commissioning arrangements to individual spot purchase at a fair price.
- v. Surrey County Council continues to develop options for the use of personal budgets with families either through direct payments or arranged by SCC.

The recommendations were accepted and, against this background, the CCGs gave notice to SABP that the existing block contract would come to an end on 3 November 2015.

Negotiations have since taken place with SABP, and it has not been possible to agree arrangements for individual spot purchase at a fair price. In May 2015, SABP informed the Council and the CCGs and Family Voice Surrey that they would not accept spot purchase arrangements. SABP now propose that Short Breaks services are discontinued from November 2015.

In order that consultees have an opportunity to comment further in light of this outcome, it is proposed to extend and complete the consultation process.

RECOMMENDATIONS:

It is recommended that:

The earlier consultation be reopened/concluded following the negotiations with Surrey and Borders Partnership NHS Foundation Trust (SABP), with the options that Surrey County Council:

- negotiates an acceptable block contract with SABP for overnight short breaks or;
- funds alternative services, which will result in Beeches being closed by SABP.

REASON FOR RECOMMENDATIONS:

1. Overnight short breaks are a positive experience for children and young people with disabilities to spend time away from their parents, relax and have fun with their peers. They are also a lifeline for many families giving parents a break from the day and night care for their child. They give siblings an opportunity to spend some quality family time with their parents. SCC is committed to ensuring that this type of support continues to be available.
2. SABP continue to own and run Beeches and have confirmed again that they will not lease the building to the Council or a Private or a Voluntary organisation. Their block contract with Guildford & Waverley CCG (G&WCCG) ends on 4 November 2015.
3. Completing the consultation is recommended so that there is clarity that the choice is a council block contract with SABP or that Beeches closes.

DETAILS:

Business Case

4. Surrey County Council has a statutory duty to provide short breaks under the Short Breaks Regulations 2011. This legislation states that local authorities have to “offer short breaks as a preventive, early intervention service; offer a range of services for parents and publish a statement of those services to parents and families”.
5. The Children and Families Act 2014 extends the SEN system from birth to 25. This gives children, young people and their parents greater control and choice in decisions and ensuring needs are properly met by;
 - replacing old statements with a new birth- to-25 education, health and care plan;
 - offering families personal budgets; and
 - improving cooperation between all the services that support children and their families, particularly requiring local authorities and health authorities to work together.
6. Surrey County Council’s Children’s Services spends £8.5m per year on short breaks for children and young people with disabilities (2014/15). Surrey County Council invests significantly more in short breaks than many other local authorities and it continues to be a priority for the Council.
7. A public consultation was undertaken between 24 February and 24 May 2014 to look at potential options for both services. 275 people responded to the online consultation and 10 consultation meetings were held across the county. It is proposed that this consultation is re opened.

8. Now that the outcome of the negotiations with SABP is known, continuing the Consultation will enable the voice of parents to be heard, in light of this, in regard to:

- i) the impact of short breaks no longer being available at Beeches
- ii) the suitability of alternative short break services in meeting the needs of the 10 young people who by November 2015 will be using Beeches
- iii) the demand for overnight residential short breaks in the east of Surrey.

It will also provide the opportunity for alternatives to be explored.

RISK MANAGEMENT AND IMPLICATIONS:

Risk	Mitigation
Assessed needs are not met	Young People using Beeches and their carers will have individual Child and Family and Carers Assessments to agree support plans with families. Assessments will continue to be carried out for Young people referred to Children's Social Care for support who meet the eligibility criteria
Risk of legal challenge	Ensure due process is followed

Financial and Value for Money Implications

- 9. The Surrey Clinical Commissioning Groups currently fund the block contract with Surrey and Borders NHS Partnership Trust for £565,000 per annum. This funding will end on 4th November 2015.
- 10. Financial Implications for SCC will be considered when the outcomes and recommendations are reported to Cabinet in October 2015.

Section 151 Officer Commentary

- 11. It is understood that the consultation process on the Beeches needs to be completed and the outcomes and recommendations will be considered by Cabinet in October 2015. The financial implications will be outlined as part of the recommendations in that report.

Legal Implications – Monitoring Officer

- 12. There is a clear expectation in public law that the Council should carry out a consultation process whenever it is considering making significant changes to service provision. The proposal in this report will complete the process already begun and address concerns raised by families.
- 13. The proposal is consistent with the public sector equality duty (Section 149 of the Equality Act 2010).
- 14. Where there is a change in service provided to any family, an updated assessment of need will be required to inform the support required before any change takes place.

Equalities and Diversity

- 15. An updated Equalities Impact Assessment will be completed which assesses the two potential outcomes: -

- Outcome 1: Children and young people will continue to use Beeches funded by a block contract agreed between SCC and SABP.
 - Outcome 2: Beeches is closed by SABP.
16. Outcome 1 would mean no change for children and young people accessing Beeches and their families.
17. Outcome 2 would impact on the children and young people who access Beeches and their families. Measures would need to be put in place to mitigate against any potential impact, which are likely to include but are not limited to:
- Working closely with individual families to look at the best alternative options and support to meet their needs.
 - Offer of transport and escorts if required for children if they have been adversely affected by the recommendations, based on assessed need.
 - A managed change period to support children, young people and their families.
 - Reassessing the training needs of staff of any new provision chosen by the family to ensure they have the skills to meet the needs of children and young people who currently access Beeches. Ensure a training plan is in place to meet any outstanding needs.
 - “All about me” plan for each child and young person transferring to a new provision to ensure staff are fully aware of their individual needs, likes, dislikes, friendship groups etc.
 - Working with parents to ensure that the management of placement timings is a fair and transparent process.

Other Implications:

18. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	Provision of short breaks is a key safeguarding service to ensure that children and young people with disabilities are protected and families are supported.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report.
Carbon emissions	No significant implications arising from this report.

WHAT HAPPENS NEXT:

19. If Cabinet approves the recommendation the Council will carry out the further consultation using the “Surrey Says” website
20. The Consultation outcome and recommendations will be reported back to October 2015 Cabinet.

Contact Officer:

Ian Banner, Head of Childrens Social Care and Wellbeing Commissioning Children, Schools and Families Directorate, SCC

Background papers:

Cabinet Report Joint Strategic Review of Short Breaks - 4th February 2014

Cabinet Report Joint Strategic Review of Short Breaks - 23rd September 2014

Glossary

CCG	Clinical Commissioning Group
CWD	Children with Disabilities
CWD with complex needs	Children with profound and multiple disabilities, complex health needs and challenging behaviour
CYP	Children and Young People
Direct Payments	This cash payment allows families to organise care services themselves, allowing them to choose the services which meet their individual needs.
EIA	Equalities Impact Assessment
SABP	Surrey and Borders Partnership NHS Foundation Trust
SCC	Surrey County Council
SEND	Special Education Needs and Disability:
Personal Budgets	The indicative budget that will be made available if a young person or child is assessed as needing additional and individual support at home and when out and about in the local and wider community.
SEN	Special Education Needs
Child and family assessment	A children with disability team assessment for children and young people with disabilities and complex needs
Transition	Planned move from Children Services to Adult Services

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SURREY COUNTY COUNCIL**CABINET****DATE: 29 JULY 2015****REPORT OF: N/A****LEAD OFFICER: ANN CHARLTON, DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES****SUBJECT: LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING****SUMMARY OF ISSUE:**

To note the delegated decisions taken by Cabinet Members since the last meeting of the Cabinet.

RECOMMENDATIONS:

It is recommended that the Cabinet note the decisions taken by Cabinet Members since the last meeting as set out in Annex 1.

REASON FOR RECOMMENDATIONS:

To inform the Cabinet of decisions taken by Cabinet Members under delegated authority.

DETAILS:

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members, and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.
2. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.
3. **Annex 1** lists the details of decisions taken by Cabinet Members since the last Cabinet meeting.

Contact Officer:

Anne Gowing, Cabinet Committee Manager, 020 8541 9938

Annexes:

Annex 1 – List of Cabinet Member Decisions

Sources/background papers:

- Agenda and decision sheets from the Cabinet Member meetings (available on the Council's website)

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CABINET MEMBER DECISIONS**JULY 2015****(i) MINOR CHANGE TO POLICY OF ADOPTION OF ROADS AS HIGHWAYS MAINTAINABLE AT PUBLIC EXPENSE****Details of decision**

That the minor change to the policy of adoption of roads as highways maintainable at public expense as set out in Part B of Annex 1 of the submitted report, be authorised.

Reasons for decision

One of the reasons for introducing the new policy on adopting roads was to prepare for the County's then intended role as the SAB. Had this role been introduced, SCC would have been responsible for adopting and maintaining networks of drainage systems. As this role has not now passed to SCC, there is no need to adopt the more minor areas of public and private realm.

(Decision of Cabinet Member for Highways, Transport and Flooding – 7 July 2015)

(ii) DISPOSAL OF PERRY HILL LODGE, WORPLESDON**Details of decision**

1. The disposal of Perry Hill Lodge, Worplesdon, as set out in paragraph 1 of the submitted report, be approved.
2. Should exchange and completion not take place, approval be granted for a sale to be progressed to another bidder as named in paragraph 2 of the submitted report, within a 10% range of agreed sale price.

Reasons for decision

To expedite the sale of a property no longer required for service reasons, to reduce the cost of managing an empty property and to maximise potential receipts without additional risk.

(Decision of Cabinet Member for Business Services and Resident Experience – 7 July 2015)

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