

Notice of Meeting

Council Overview Board

**Date & time**

Wednesday, 21
September 2016 at
10.00 am

Place

Ashcombe Suite
County Hall
Penrhyn Road
Kingston upon Thames
KT1 2DN

Contact

Ross Pike
Room 122, County Hall
Tel 020 8541 7368

ross.pike@surreycc.gov.uk

Chief Executive

David McNulty

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email ross.pike@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Ross Pike on 020 8541 7368.

Members

Mr Steve Cosser (Chairman), Mr Eber A Kington (Vice-Chairman), Mr Mark Brett-Warburton, Mr Bill Chapman, Mr Stephen Cooksey, Mr Bob Gardner, Mr Michael Gosling, Dr Zully Grant-Duff, Mr David Harmer, Mr Nick Harrison, Mr David Ivison, Mr Colin Kemp, Mrs Hazel Watson, Mr Keith Witham and Mrs Denise Saliagopoulos

Ex Officio Members:

Mrs Sally Ann B Marks (Chairman of the County Council) and Mr Nick Skellett CBE (Vice-Chairman of the County Council)

TERMS OF REFERENCE

The Committee is responsible for the following areas:

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

PART 1
IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 6 JULY 2016

(Pages 1
- 10)

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

3 DECLARATIONS OF INTEREST

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

Notes:

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

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (Thursday 15 September 2016).
2. The deadline for public questions is seven days before the meeting (Wednesday 14 September 2016).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD

(Pages
11 - 14)

The Cabinet responded to the recommendations made by the Board regarding the Municipal Bond Agency proposal.

6 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

(Pages
15 - 24)

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

7 SCRUTINY BOARD TASK GROUP SCOPING DOCUMENTS

(Pages
25 - 38)

Purpose of the report: For the Council Overview Board to review and approve the scoping documents as appropriate.

8 SURREY COUNTY COUNCIL'S APPROACH TO CONSULTATION (Pages 39 - 44)

Purpose of the report: Policy Development and Review

The report provides an overview of consultation practice, how officers are supported to undertake consultations and how this can be strengthened.

9 INTERNAL AUDIT: REVIEW OF PROPERTY ASSET MANAGEMENT SYSTEM INCOME MODULE (Pages 45 - 52)

Purpose of the report: Scrutiny of Services

To review the summary of audit findings and Management Action Plan produced as a result of an internal audit review.

10 INTERNAL AUDIT: SURREY YOUTH CENTRES - GOVERNANCE AND BUSINESS MANAGEMENT ARRANGEMENTS (Pages 53 - 72)

Purpose of the report: Scrutiny of Services

To review the summary of audit findings and Management Action Plan produced as a result of an internal audit review.

11 FINANCIAL SUSTAINABILITY AND BUDGET PLANNING 2017 TO 2022 (Pages 73 - 88)

Purpose of the report: Scrutiny of Budgets

This report presents an update on the council's financial prospects and the key strategies to respond to the challenge presented in the next five year Medium Term Financial Plan (MTFP 2017-22) to ensure it is both balanced and sustainable.

12 DATE OF NEXT MEETING

The next meeting of the Board will be held at 10:00 on Thursday 3 November 2016

David McNulty
Chief Executive
Published: 13 September 2016

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

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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

MINUTES of the meeting of the **COUNCIL OVERVIEW BOARD** held at 10.00 am on Wednesday 6 July 2016 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 21 September 2016.

Elected Members:

- * Mr Steve Cosser (Chairman)
- * Mr Eber Kington (Vice-Chairman)
- * Mr Mark Brett-Warburton
- * Mr Bill Chapman
- * Mr Steven Cooksey
- * Mr Bob Gardner
- * Mr Michael Gosling
- * Dr Zully Grant-Duff
- * Mr David Harmer
- * Mr Nick Harrison
- Mr David Ivison
- * Mr Colin Kemp
- Mrs Hazel Watson
- Mr Keith Witham
- Mrs Denise Saliagopoulos

Ex officio Members:

Mrs Sally Ann B Marks, Chairman of the County Council
Mr Nick Skellett CBE, Vice-Chairman of the County Council

Substitute Members:

- * Mr Jonathan Essex
- * Mrs Margaret Hicks
- * Mr Richard Wilson

46/16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Denise Saliagopoulos, Hazel Watson and Keith Witham.

Margaret Hicks substituted for Keith Witham, Richard Wilson substituted for Denise Saliagopoulos and Jonathan Essex substituted for Hazel Watson

47/16 MINUTES OF THE PREVIOUS MEETING: 1 JUNE 2016 [Item 2]

The minutes of the previous meeting were approved as a true and accurate record of proceedings.

48/16 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

49/16 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions submitted to the Board.

50/16 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SELECT COMMITTEE [Item 5]

Key points of discussion:

1. **Investment Strategy: Property Portfolio** - The Board expressed disappointment with the response provided by the Cabinet to the recommendation submitted to the Board. It was agreed that the Chairman should consider how best to take forward the Board's concerns with the Cabinet.
2. **Annual Report of the Shareholder Board** - The Board noted that, while it had obtained some financial information from the Shareholder Board, the sensitive nature of the reports created some difficulties in the publication of information. The creation of trading companies presented a problem for open and accountable scrutiny within the existing structure, and this was an issue which would be reviewed by the Council Overview Board. It was requested that confirmation be provided about the existing powers for scrutiny boards to hold the directors of trading companies to account.
3. **Trust Fund Task Group Report** - The Board noted the progress of the Henrietta Parker Trust (HPT) and the Tulk Fund Trust and agreed that these trusts should not be destabilised by incorporating them into the Community Foundation for Surrey at this time, with the caveat that they be subject to an annual review.

Resolved:

- (a) That the Chairman consider whether any further discussion with the Cabinet was appropriate in the light of the Cabinet's response to the recommendation on the Investment Strategy Property Portfolio.
Action by: Steve Cosser

- (b) That information be provided about the existing powers for scrutiny boards to hold the directors of the Council's 'arm's-length' companies to account.

Action by: Ross Pike

51/16 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Key points of discussion:

Recommendations Tracker

1. It was noted by the Board that the Babcock 4S pension information was imminently available and that this information would be circulated to the Board for scrutiny as part of the next Bulletin.

Forward Work Programme

2. It was agreed that the review of the priorities for the Cabinet Member for Business Services and Resident Experience would be added to the agenda for September 2016. The Public Value Transformation item had been included in the list of items in error, as it would be discussed at his meeting.
3. The Recommendations Tracker and Forward Work Programme were agreed to by the Board.

52/16 AGENCY STAFFING UPDATE [Item 7]

Witnesses:

Ken Akers, Head of Human Resources & Organisational Development
Indiana Pearce, Senior Human Resources Advisor - Contract Management

Key points of discussion:

1. Officers outlined that the report illustrated continuing improvement and control of the recruitment of agency staff, but that the service was committed to further improvements to the system and continual work towards making savings. It was also noted that the financial outturn of agency staff for the Council was only 5% of the overall staffing budget, but that this did not lessen the service aspiration to improve efficiencies in this area.
2. The Board queried Officers regarding the large increase in payments for qualified social workers in Adult Social Care and for the Chief Executive's Office. Officers responded that the figures regarding Adult Social Care Service was reliant upon information from Manpower and that the information provided was felt to be incorrect, noting that the higher figure could most likely be attributed to the erroneous addition of £1.2 million costs for unqualified care workers. The service would provide the Board with the correct figures. It was noted that the increased cost for the Chief Executive's Office was due to demand for

locum lawyers.

3. A question was raised by Members querying costs listed in paragraph 29 suggesting that annualised figures do not correspond with those listed in the table. Officers responded that the figures available were a snapshot for the month of May 2016 and could not be extrapolated to provide a complete annual picture. Members suggested that a more accurate investigation could be undertaken with an analysis of quarter two and three figures for 2016. Officers suggested that the Board could be supplied with more comprehensive data later in the year.
4. Members noted that there was currently no policy framework in place to guide the use of agency workers. It was suggested that there was a need to create a policy framework to address any issues that may arise from this. Officers agreed with the necessity to draft a policy for the improvement of contractual arrangements. It was noted, however, that, due to the wide ranging nature of agency staff, that a “one size fits all” approach would not be the ideal method. Officers suggested that multiple avenues of approach to resolving this issue were being considered, and the aim was to have a policy in place by October 2016.
5. Members put a question to officers regarding permanent staff recruitment and retention as an alternative to agency staffing, and whether there has been improvement regarding this. It was noted that improved staff retention was an aim of the Pay and Reward Strategy. It was also noted that the offer of competitive pay and attraction benefits had improved the prospects for permanent recruitment. It was noted, however, that some issues were still difficult to tackle, particularly emphasising the issues raised by staff of a lack of work/life balance and high levels of case work. The service was, however, seeking long term solutions to these problems.
6. The Board questioned whether there was an adequate level of staffing, particularly in areas of high pressure. Officers responded that levels of staff appeared adequate in these areas; however, for a more detailed analysis, it would be necessary to discuss this with specific services.
7. A question was raised by members regarding the mark-ups for qualified agency workers. It was noted that these were significantly higher than other staff bands. It was also observed that this area had seen the greatest increase in costs. The Board questioned whether it would be appropriate to reduce staff levels in this area and focus on permanent recruitment as a means of cost reduction. Officers noted that, while there was a significant mark-up rate, there was also a high on-boarding cost for permanently recruited staff which needed to be taken into account when comparing overall costs. However, that there were probable savings available and that these would be explored by the service. It was agreed that a comparison of the full costs of employing agency and permanent staff would be provided, showing figures posts at the low, medium and high ends of the salary scale.

[Stephen Cooksey left the meeting at 10.50am and returned at

10.56am]

8. The Board questioned officers regarding who were the signatories of the Memorandum of Understanding regarding agency staffing. It was explained that signatories included a large range of authorities in south east England, and that a full list would be provided to the Board for examination.
9. The Board thanked the team for their work regarding the Pay and Reward Strategy and noted the hard work undertaken by the service.

Resolved:

1. That the policy for the use of agency staff and the data from the first two quarterly monitoring reports for the Adecco contract be reviewed by the Council Overview Board at its meeting in November 2016.

Further Information to be Provided:

1. Comparison of the full costs of employing agency and permanent staff would be provided, showing figures posts at the low, medium and high ends of the salary scale.
2. Details of the Memorandum of Understanding regarding agency staffing.

Action by: Ken Akers/Indiana Pearce

53/16 MUNICIPAL BONDS AGENCY [Item 9]

Witnesses:

Sheila Little, Director of Finance
Phil Triggs, Strategic Finance Manager

Key points of discussion:

1. The Board considered the report on the Municipal Bonds Agency (MBA) Framework Agreement and Guarantee and sought clarification from officers regarding the operation of the proposed arrangements. The Board was keen to understand more about the knowledge and experience of the MBA Board members, as well as the risks and benefits of seeking loans from the MBA compared to other existing options.
2. Officers reported that Surrey County Council had access to a number wide range of options to fund capital projects and that the MBA was one such option. While it was noted that this option was not risk-free, it was noted that there was a probability of lower interest rates on future long term loans.
3. The Board raised the concern over who was ultimately responsible for the triggering process regarding bonds purchased from the MBA. It was noted that, in the treasury management strategy, the Director of

Finance had delegated power to make borrowing decisions but, for the purposes of loans from the MBA, consultation was to take place with the Cabinet Member for Business Services and Resident Experience prior to a loan decision. It was felt that for practical reasons relating to possible absences, it may be better if the delegation of borrowing decisions to the Director of Finance should be after consultation with either the Leader of the Council or the Cabinet Member for Business Services and Resident Experience, rather than just the Cabinet Member.

4. The Board queried whether a special control should be put in place to limit the risk of borrowing from the MBA. Officers responded that the MBA had its own rigorous scrutiny and assessment and would only allow authorities on its lending list if it felt that they were capable of future repayment. It was suggested that their scrutiny processes amounted to a sufficient safeguard to minimise risk without unduly hindering process.

[Bill Chapman left the meeting at 11.32am and returned at 11.34am]

5. Members queried how the bonds and loans system functioned. Officers clarified that loans from the MBA could only be used to finance capital spending commitments in the Medium Term Financial Plan (MTFP). It was also noted that any debts undertaken by Surrey County Council must be accounted for by law in its MTFP and fell within its Prudential Indicators, ensuring that the authority cannot borrow more than its means, limiting risk to the authority.
6. The Board questioned officers regarding the relationship between Surrey County Council and the MBA, noting that the authority was an equity investor in the MBA and querying what the risks would be to the authority to acquiring long term loans in addition. It was noted by officers that the mechanism being proposed was not an amendment to Surrey County Council's status as an equity investor and the possible benefits that this entails, but an extension of treasury management policy to allow for the taking out of loans from the MBA.

[Bob Gardner left the meeting at 11.41am and returned at 11.51am]

7. The Board queried the possible benefits of being a significant equity investor in the MBA. It was noted that, while this would not effect this proposal, the authority was projected to acquire dividends on its equity investment in the future.
8. A query was raised by the Board regarding the financial risk of borrowing and if this will be added as a liability on the balance sheets. Officers responded that adding any source of long term capital finance would constitute a balance sheet liability. It was also noted that adding these loans as a balance sheet liability was not necessary due to bonds purchased from the MBA being used by the authority to exclusively fund capital projects rather than to make property investments.
9. The Board asked officers to clarify the liabilities of MBA loans to the authority. It was noted that, if one investor authority defaulted on repayments relating to a loan, there was a proportional pro rata

guarantee for all other local authorities forming part of the bond that provided those loans. It was also noted that the Agency had a robust local authority credit rating system to minimise risk of local authority default. It was clarified that any risk would only relate to a specific bond taken by Surrey County Council.

10. The Board questioned the level of expertise that was present within the MBA and whether the experience of its board members and staff was sufficient to reduce failure risk. Officers responded that the level of experience of members of the Agency was high, listing key members such as Sir Merrick Cockell and Sir Stephen Houghton as having a good level of expertise in this field.
11. The Board noted the likely future changes in the administration of the Public Works Loan Board (PWLB) could result in an increased viability for the use of the MBA as an alternative funding method for capital projects.
12. Members questioned what arrangements had been put in place for monitoring MBA local authority clients. It was explained by officers that the monitoring processes were outlined in the Cabinet report and that there was emphasis on the transparency of the monitoring process. It was noted that the MBA had final responsibility to ensure that proper monitoring of client local authorities took place.

Recommended (to Cabinet):

- a) That a process be put in place to allow appropriate scrutiny of any proposal to seek a loan from the Municipal Bonds Agency, taking into account the need to review the risks involved, the terms available from any alternative sources of capital borrowing, and the need for timely decision-making.
- b) That the second recommendation of the Cabinet report be amended to read 'delegate borrowing decisions to the Director of Finance in consultation with the Leader of the Council or the Cabinet Member for Business Services and Resident Experience.

54/16 PUBLIC VALUE TRANSFORMATION PROGRAMME [Item 10]

Witnesses:

Sheila Little, Director of Finance

Kevin Kilburn, Deputy Chief Finance Officer

Key points of discussion:

1. The Board put the question to officers regarding the savings projected in the 2016/2017 Public Value Transformation Programme report and whether the projections would be met. Officers responded that it was unlikely that projected targets would be met in the projected timescale. It was noted that there was confidence in the MTFP to deliver savings, however, the longer-term vision was not expected to be fully realised.

It was noted that work was being done to rectify this, highlighting workshops that were being organised to raise new ideas.

2. The Board questioned the business model of some of the services, asking whether a commercial outlook of identifying “cost centres” and “profit centres” within services may give valuable insight into possible savings and develop new behaviours within services towards savings. Officers responded that this culture was being promoted, but that more work could be done to improve this.
3. It was asked by the Board if the Public Value Transformation team could, in future, look into new, culture shifting, opportunities for generating, rather than saving, income as a prospective option for services.
4. It was noted that the Public Value Transformation programme had, while not fully achieving its vision, accomplished a great deal, highlighting its work in re-examining strategic thinking regarding budgetary analysis and changing the organisational culture regarding cost saving. It was also noted the programme had been looking into creating a robust financial monitoring model for services.
5. The Board noted that Surrey County Council needed to work with Central Government to minimise the impact of funding cuts on its services and that there was a general concern regarding funding cuts in services. Officers recognised that there was no simple solution to this issue.
6. Members expressed the concern that there was a need for greater focus on the impact on residents with regard to possible cost saving measures, suggesting that the team consider the wider implications more. It was noted that the team does engage well currently with stakeholders and considers the wider implications of its actions fully.
7. The Board noted that the fact that the Public Value Transformation Project would not achieve the anticipated savings would need to be taken into account by Scrutiny Boards in the scrutiny of services’ current spending and the proposed budgets for 2017/2018.

55/16 BUDGET SCRUTINY [Item 11]

Witnesses:

Sheila Little, Director of Finance

Kevin Kilburn, Deputy Chief Finance Officer

Key points of discussion:

1. The Chairman reported that he had met the Leader of the Council and the Chief Executive to discuss the role of scrutiny in the budget-setting process, and they recognised the importance of effective and timely involvement.

2. The Board recommended that all Scrutiny Boards within Surrey County Council should put a greater emphasis on monitoring whether current agreed savings targets were being achieved, and that this process should be incorporated within the scrutiny work of all of the Boards.
3. It was suggested by the Board that figures relating to financial savings should be made more transparent for scrutiny. It was suggested that officers should be doing more to provide suggestions to Scrutiny Boards as to where savings could be made and the implications involved in any proposal. Officers informed the Board that there was an internally available "Efficiency Tracker" which was currently being used by the service which could be offered to Boards as a scrutiny tool in the future.
4. There was a concern raised by members that financial information was unclear for ordinary Members and that budget scrutiny could be overly fragmented over several Boards and services.
5. It was suggested that Member briefings regarding the impact of the MTFP could be a valuable information tool for members to gain insight into budget scrutiny and provide support. Officers responded that they were happy to work with Members to ensure that any further briefs were more inclusive.
6. Members raised a concern regarding the lack of Member input on saving opportunities. Officers responded that they were working on opportunities to help Members provide input. It was also noted that there was an advantage in Scrutiny Board Chairmen working with Cabinet Members to forward ideas.
7. The Board suggested that any information on budgetary matters should be supplied to scrutiny boards when requested and that data could be analysed in public or private depending on its nature. The concern was raised that some information was being withheld on occasion, owing to the sensitivity of some financial information, making budgetary scrutiny difficult.
8. The Board noted that the formulation of a good working relationship between the scrutiny board Chairman and the relevant Cabinet Member was a crucial aspect of future good budgetary scrutiny and that current Chairmen should work to foster a positive relationship.

Resolved:

1. That Scrutiny Boards give greater emphasis to challenging whether the savings identified for their service areas in 2016/17 were being met, and that Chairmen decide the most appropriate way for their Board to achieve this.

56/16 SCRUTINY IN A NEW ENVIRONMENT [Item 8]

Key points of discussion:

1. The Board questioned whether other authorities had experienced issues in conducting scrutiny as a result of the changing role of local government and whether any solutions had been outlined that could be applicable for Surrey County Council. It was noted that while there were similar problems in other authorities, no answers to these problems had yet been established. It was suggested that Surrey County Council seek to lead the way in ascertaining a new scrutiny framework.
2. The Board noted that Scrutiny Boards should not be limited from the acquisition of any relevant information that they request from services.
3. It was noted that many positive aspects of current scrutiny arrangements existed and that statutory requirements were being met. However, it was noted there was room for improvement regarding financial scrutiny.
4. There was a concern raised regarding the transparency of partnerships working with Surrey County Council as well as Local Enterprise Partnerships (LEPs). It was noted that it should be more closely examined how to scrutinise these entities better in future.
5. It was noted that the presence of Cabinet Members at Scrutiny Boards was critical to the legitimacy and relevance of the Boards' work. It was noted that some Cabinet Member attendance has been sporadic and that this could be improved upon to improve future scrutiny and ensure that any discussion was informed and relevant.

Resolved:

- (a) That a Task Group be established with the aim of reviewing the effectiveness of the Council's existing scrutiny arrangements in the light of changes to methods of service delivery.
- (b) That the draft terms of reference for the task group be circulated to Members of the Council Overview Board for comment.

Action by: Ross Pike.

57/16 DATE OF NEXT MEETING [Item 12]

The next public meeting of the Board will be held on Wednesday 21 September 2016, 10.00am in the Ashcombe Suite.

Meeting ended at: 1.26 pm

Chairman



Council Overview Board
21 September 2016

RESPONSES FROM CABINET TO ISSUES REFERRED BY THE BOARD

1. Responses from the Cabinet to recommendations made by the Board at its last meeting are attached:

(a) Municipal Bond Agency

Recommendation:

That the Board reviews the Cabinet responses and agrees any next steps as appropriate.

Report contact:

Ross Pike, Scrutiny Manager

Contact details: 020 8541 7368, ross.pike@surreycc.gov.uk

Sources/background papers: None.

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CABINET RESPONSE TO COUNCIL OVERVIEW BOARD

MUNICIPAL BONDS AGENCY

(considered by Council Overview Board on 6 July 2016)

COMMITTEE RECOMMENDATIONS:

- (a) That a process be put in place to allow appropriate scrutiny of any proposal to seek a loan from the Municipal Bonds Agency, taking into account the need to review the risks involved, the terms available from any alternative sources of capital borrowing, and the need for timely decision-making.
- (b) That the second recommendation of the Cabinet report be amended to read 'delegate borrowing decisions to the Director of Finance in consultation with the Leader of the Council or the Cabinet Member for Business Services and Resident Experience.'

RESPONSE:

- a. The Cabinet agrees that on the first instance that the Council proposes to seek a loan from the Municipal Bonds Agency, the proposal may be scrutinised by the Council Overview Board prior to implementation provided time is available. All subsequent borrowings with the Municipal Bond Agency will be subject to the delegated powers granted to the Director of Finance from the approved Treasury Management Strategy and consultation with the Leader of the Council or the Cabinet Member for Business Services and Resident Experience.
- b. Agreed.

**Denise Le Gal
Cabinet Member for Business Services and Resident Experience
14 July 2016**

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Council Overview Board
21 September 2016

RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

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

Recommendation:

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

Next Steps:

The Board will review its work programme and recommendations tracker at each of its meetings.

Report contact:

Ross Pike, Scrutiny Manager

Contact details: 020 8541 7368, ross.pike@surreycc.gov.uk

Sources/background papers: None.

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Council Overview Board Forward Work Programme September 2016

21
September
2016

- Consultation Framework
- Internal Audit Report: Property Assessment Management System
- Internal Audit Report: Surrey Youth Centres

6
October
2016
(Private)

- Budget Scrutiny

3
November
2016

- 12 month review of Orbis
- Agency Staff Policy & Contract Monitoring
- High Performance Development Programme Evaluation
- Cabinet Member for Business Services and Resident Experience priorities

Future items

- Devolution
- Trust Fund annual progress review (including proposals for Trusts where SCC is not the sole trustee)
- Communications Strategy
- Asset Management Strategy
- Surrey Choices

Council Overview Board

ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED 13 September 2016.

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

Please note that this tracker includes recommendations from the former Council Overview & Scrutiny Committee.

| Date of meeting and reference | Item | Recommendations | To | Response | Progress Check On |
|-------------------------------|------------------------------|---|---------|--|-------------------|
| 6 September 2016 R4/2016 | MUNICIPAL BOND AGENCY | <p>a) That a process be put in place to allow appropriate scrutiny of any proposal to seek a loan from the Municipal Bonds Agency, taking into account the need to review the risks involved, the terms available from any alternative sources of capital borrowing, and the need for timely decision-making.</p> <p>b) That the second recommendation of the Cabinet report be amended to read 'delegate borrowing decisions to the Director of Finance in consultation with the Leader of the Council or the Cabinet Member for Business Services and Resident Experience.'</p> | Cabinet | The Cabinet's response to the recommendations is set out in item 5 of this agenda. | 21 September 2016 |

Scrutiny Board and Officer Actions

| Date of meeting and reference | Item | Recommendations/ Actions | To | Response |
|-------------------------------|--|--|---------------------------------|---|
| 1 June 2016 A5/2016 | FUTURE WORK PROGRAMME | The Chairman to consider the addition of an item on the Council's Asset Management Strategy to the Board's forward work plan. | Council Overview Board Chairman | |
| 1 June 2016 A6/2016 | ANNUAL REPORT OF THE SHAREHOLDER BOARD | (a) That the issue of ensuring effective scrutiny of arm's-length companies be addressed by the Council Overview Board as part of the review of 'scrutiny in a new environment' in July 2016. | Council Overview Board Chairman | The item was on the agenda for the last meeting and it was agreed that a Task Group be set up to investigate these issues further. |
| 1 June 2016 A7/2016 | ANNUAL REPORT OF THE SHAREHOLDER BOARD | (b) That further scrutiny in relation to Surrey Choices be scheduled once the Shareholder Board had completed the review of its business plan. | Scrutiny Manager | Awaiting completion of the business plan review. Update: Surrey Choices has been given further time to complete a final business plan. This is expected in October. Scrutiny could be scheduled for the December meeting of COB. |
| 6 July 2016 A9/2016 | RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD | That the Chairman consider whether any further discussion with the Cabinet was appropriate in the light of the Cabinet's response to the recommendation on the Investment Strategy Property Portfolio. | Chairman | |

| Date of meeting and reference | Item | Recommendations/ Actions | To | Response |
|-------------------------------|--------------------------------------|---|---------------------------|--|
| 6 July 2016 A10/2016 | AGENCY STAFFING UPDATE | <ol style="list-style-type: none"> 1. Comparison of the full costs of employing agency and permanent staff would be provided, showing figures posts at the low, medium and high ends of the salary scale. 2. Details of the Memorandum of Understanding regarding agency staffing. | Ken Akers/ Indiana Pearce | To be circulated as part of the bulletin |
| 6 July 2016 A12/2016 | SCRUTINY IN A NEW ENVIRONMENT | <p>(a) That a Task Group be established with the aim of reviewing the effectiveness of the Council's existing scrutiny arrangements in the light of changes to methods of service delivery.</p> <p>(b) That the draft terms of reference for the task group be circulated to Members of the Council Overview Board for comment.</p> | Scrutiny Manager | Scoping of this group is underway. |

COMPLETED ACTIONS - TO BE DELETED

| Date of meeting and reference | ITEM | Recommendations/ Actions | To | Response |
|-------------------------------|-------------------------------------|---|---------|---|
| 1 June 2016 R1/2016 | TRUST FUND TASK GROUP REPORT | a) That trust funds for which the County Council is the sole trustee, excluding the Lingfield Guest | Cabinet | The Cabinet's response to the recommendations was considered at the July meeting. |

| | | | | |
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| | | <p>House and Looked After Children funds, be transferred to the Community Foundation for Surrey (CFS), and that officers be authorised to begin the liaison with the CFS to ensure this is actioned at the earliest possible date.</p> <p>b) That a further report outlining the proposals in relation to those trust funds where the Council is not the sole trustee be submitted in due course, following discussions with the other trustees.</p> <p>c) That, where a new trust fund is bequeathed to the Council, the presumption should be that the trust fund is transferred - under the same principles recommended for the current trust funds - to the Community Foundation for Surrey.</p> | | |
| 1 June 2016 R3/2016 | INVESTMENT STRATEGY: PROPERTY PORTFOLIO | That the future presentation of financial information to the Council Overview Board should be improved, including the addition of a column showing the return on the investment/capital for each company. | Cabinet | The Cabinet's response to the recommendations was considered at the July meeting. |
| 1 June 2016 R3/2016 | INVESTMENT STRATEGY: PROPERTY PORTFOLIO | That a report be presented to the Cabinet on an at least annual basis with a transparent and accessible summary of actual income compared to anticipated returns, to enable the Cabinet to review the performance of the investments made | Cabinet | The Cabinet's response to the recommendations was considered at the July meeting. |

| | | | | |
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| | | and consider whether any adjustments need to be made to the investment strategy. | | |
| 6 July 2016 A11/2016 | BUDGET SCRUTINY | That Scrutiny Boards give greater emphasis to challenging whether the savings identified for their service areas in 2016/17 were being met, and that Chairmen decide the most appropriate way for their Board to achieve this. | Scrutiny Board Chairman | The Chairman of COB has written a further letter to Scrutiny Chairman outlining a process for this year which is being implemented by the Scrutiny Boards. |
| 1 June 2016 A8/2016 | ANNUAL REPORT OF THE SHAREHOLDER BOARD | Further details to be provided about the unrealised pension liability loss incurred by Babcock 4S. | Susan Smyth | Circulated as part of the bulletin |

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Council Overview Board

21 September 2016

TASK GROUP SCOPING REPORT

1. Scrutiny Boards wishing to establish task groups are required to complete a scoping report, which sets out details of the task group's objectives, proposed timescales, the resources required, and sources of information. Prior to work commencing on reviews, the scoping reports are submitted to the Council Overview Board for consideration, so that any links with other areas of work or potential duplication can be identified. This also enables the Board to gain an awareness of the issues being investigated across all services of the Council.
2. The scoping document for the Social Care Services Board task group reviewing the role of the Voluntary, Community and Faith sector in early help is attached for the Scrutiny Board's consideration (**Annex 1**).
3. The scoping document for the joint scrutiny of the SEND Development Plan is also attached for consideration (**Annex 2**).

Recommendation:

That the Board reviews the attached task group scoping report and suggests any amendments or additions for consideration by the Resident Experience Board.

Next Steps:

The Board will be kept informed of progress and outcomes as appropriate.

Report contact: Ross Pike, Scrutiny Board, Democratic Services

Contact details: 020 8541 7368, ross.pike@surreycc.gov.uk

Sources/background papers: None

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Scrutiny Board Task and Finish Group Scoping Document

The process for establishing a task and finish group is:

1. The Scrutiny Board identifies a potential topic for a task and finish group
2. The Scrutiny Board Chairman and the Scrutiny Officer complete the scoping template.
3. The Council Overview and Scrutiny Committee reviews the scoping document
4. The Scrutiny Board agrees membership of the task and finish group.

Review Topic:

The role of the voluntary, community and faith sector in early help for children, young people and their families

Scrutiny Board(s)

Social Care Services Board

Relevant background

Early Help

Early help plays a vital role in reducing demand on statutory services and improving outcomes for children and young people.

As Impower's April 2015 report *Breaking the Lock* notes: "[The national] shift to a preventative model as being driven by two critical factors; the need to improve outcomes and life chances for vulnerable children and need to make services more sustainable."

It goes onto comment: "Early help must be seen as a component part of a wider whole system that is focused on responding to the needs of children earlier, ensuring that we provide the right help at the right time and that early identification and early help are firmly within the scope of child protection services. To have the greatest impact we need to ensure that all of our universal, voluntary and targeted support services work together to improve the lives of our children and reduce to a minimum the need for direct intervention by social care professionals."¹

Voluntary Community and Faith Sector (VCFS)

A report to the Resident Experience Board on 21 July 2015 outlines that: "There are over 5,700 voluntary, community and faith sector (VCFS) groups in Surrey. Most of these are front line organisations, delivering services directly to our communities. They range in their size and purpose and can be large organisations like the Red Cross that cover the whole county, to much smaller organisations like neighbourhood watches or locally based befriending schemes. The voluntary, community (VCFS) and faith sector is hugely important to Surrey County Council supporting us to deliver key services meeting the needs of the residents of Surrey and often reaching those parts of the community that are the most vulnerable."²

¹ <http://www.impower.co.uk/insights/new-report-breaking-the-lock-released-today>

² <http://mycouncil.surreycc.gov.uk/documents/s23529/FINAL%20REB%2021%20July%202015.pdf>

In Surrey the Voluntary, Community and Faith sector (VCFS) supports the early help offer in a variety of ways:

- by being commissioned to deliver services on behalf of the council
- by providing early help services that improve outcomes for children and young people, therefore reducing the need for statutory intervention
- by coordinating community efforts to improve resilience in children, young people and their families

Why this is a scrutiny item

Services across the directorate are being faced with significant budgetary and demand pressures.

In order to continue to meet its statutory responsibilities and realise improvements, the Council will be required undertake work to transform how services are delivered.

The Early Help agenda is central to achieving this transformation, and the role of key partners, such as VCFS, is a key component in this regard.

Adult Social Care has undertaken a number of initiatives under its Family, Friends and Community Support programme to bolster the role of the VCFS and improve how these services are signposted.

This has worked in conjunction with other strands of the programme in order to support the Directorate's strategic aims. The overall programme is expected to achieve £14.5million savings over the life of the council's current Medium Term Financial Plan (2016-21).

The Board would like to develop an understanding of how Children, Schools and Families could utilise the lessons from this initiative, and also support the Directorate in identifying opportunities that exist for the VCFS and council to collectively support the Early Help agenda.

What question is the task group aiming to answer?

How does the Council currently work with the VCFS to improve outcomes for children, young people and their families, and reduce the need for statutory services?

What are the current examples of success, and what barriers exist in relation to the above?

What could the Council do differently to bolster the role of the VCFS in supporting the early help agenda?

What savings can be delivered and evidenced by developing work with the VCFS?

What lessons can be learnt from the Council's work on Family, Friends and Community Support in order to ensure the benefits of working with the VCFS are realised?

What gaps exist in the VCFS offer across Surrey?

What are the risks and opportunities associated with developing an early help offer in conjunction with the VCFS?

Aim

To identify potential policy developments and opportunities to work with the VCFS, and support the improvement work being undertaken by the council in regard to children, young people and their families.

Objectives

- Establish a current picture of how the VCFS and council work together to improve outcomes for children
- Seek the views of key stakeholders and partner agencies as to what opportunities exist to improve collaborative working
- Consider what can be learnt from the work undertaken with the VCFS in regard to Family, Friends and Community Support
- Make recommendations to inform future commissioning decisions, and support the VCFS and council working jointly to deliver an early help agenda

Scope (within / out of)

Given the short period of time to conduct preliminary witness sessions, the task group will need to take a focussed, strategic approach to its work.

It will, however, note possible future avenues for scrutiny to assist future work.

In scope

- Partnership arrangements with the VCFS and the council in regard to children and young people
- The Early Help strategy

Out of scope

- Support arrangements for individual children and young people
- Delivery of VCFS arrangements in Adult Social Care
- Grant giving and commissioning processes
- Targeted and statutory services
- Children who are Looked After
- Special Education Needs and Disabilities Programme

Outcomes for Surrey / Benefits

Through the work it proposes to undertake, the Task Group will support the following of the Council's strategic priorities for 2016-21:

Wellbeing:

"Everyone in Surrey has a great start to life and can live and age well"

- Improve outcomes for children in need of support and protection
- Support 750 families through the Surrey Family Support Programme

Resident experience

"Residents in Surrey experience public services that are easy to use, responsive and value for money"

- Enhance opportunities for residents to influence and shape council services
- Deliver the savings set out in the Medium Term Financial Plan

It will do so by producing recommendations that support future policy development aimed at improving outcomes for children and young people, while also ensuring best value for public resources.

Proposed work plan

It is important to clearly allocate who is responsible for the work, to ensure that Members and officers can plan the resources needed to support the task group.

| Timescale | Task | Responsible |
|--------------------------|--|-----------------------------|
| August 2016 | Terms of reference drafted | Scrutiny officer/Chairman |
| 21 September 2016 | Terms of reference approved by Council Overview Board | COB/Chairman |
| September – October 2016 | First set of witness sessions | Scrutiny officer/Task Group |
| November 2016 | Verbal update to Board | Task Group |
| November 2016 | Second set of witness sessions | Scrutiny officer/Task Group |
| December 2016 | Report back and consideration of final recommendations by the Board, prior to referral to Cabinet in January 2017. | Task Group |

Witnesses

Officers

Assistant Director for Commissioning and Prevention
Senior Strategy & Policy Development Manager, Children, Schools and Families
Head of Youth Support Services
Head of Early Years & Childcare Service
Strategic Partnership Manager. Children, Schools and Families
Lead officers for Family, Friends and Community Support

External witnesses

Church Diocese representatives
Phase Council representatives
Homestart
Oasis
Wellcare
Surrey Care Trust
YMCA
Busy Bees

Useful Documents

<http://www.impower.co.uk/insights/new-report-breaking-the-lock-released-today>
¹<http://mycouncil.surreycc.gov.uk/documents/s23529/FINAL%20REB%2021%20July%202015.pdf>

Potential barriers to success (Risks / Dependencies)

Equalities implications

The voluntary, community and faith sector represents a broad range of different communities and ethnic groups. The Task Group will work to ensure that it takes this into account when identifying witnesses.

The Task Group will monitor the equalities implications emerging from its recommendations with officers, and will work to identify mitigation measures for those with a potentially negative impact.

| | |
|--------------------------------|---------------|
| Task Group Members | |
| Co-opted Members | |
| Spokesman for the Group | |
| Scrutiny Officer/s | Andrew Spragg |

Special Educational Needs and Disabilities (SEND) Scrutiny Task Group

The process for establishing a task and finish group is:

1. The Scrutiny Board identifies a potential topic for a task and finish group
2. The Scrutiny Board Chairman and the Scrutiny Officer complete the scoping template.
3. The Council Overview and Scrutiny Board reviews the scoping document
4. The Scrutiny Board agrees membership of the task and finish group.

| |
|--|
| Review Topic: Special Educational Needs and Disabilities (SEND) Strategy |
| Select Committee: Education and Skills Board, Resident Experience Board & Social Care Services Board |
| Relevant background <i>Detail the background to the issue, and consider some of the following questions: What is the service we are providing? What is the Council responsible for? What is the legislative framework?</i> The SEND Partnership Board published their SEND Development Plan in Spring 2016, setting out their aims and ambitions for transforming the statutory provision and offer for children and young people with SEND in Surrey by 2020. SEND spans a wide range of services within Surrey County Council and as a result would benefit from additional coordination across the scrutiny boards. Four scrutiny boards have elements of SEND services within their remits: <ul style="list-style-type: none">• Education and Skills Board• Social Care Services Board• Wellbeing and Health Scrutiny Board• Resident Experience Board All four have undertaken scrutiny of specific elements related to SEND services (a summary of work to date is provided in Annex A). It is proposed that a sub-group is established to undertake a programme of scrutiny of the Development Plan. A joint approach for 2016/17 would have the benefit of: <ul style="list-style-type: none">• improved oversight and assurance on the progress of the SEND Development Plan;• a greater emphasis on how the Development Plan will support children, young people and their families, rather than how isolated elements work; and• reduced risk of duplication in reporting to Scrutiny and added value from multiple perspectives. |
| Why this is a scrutiny item <i>Why look at this issue now? What has changed that needs investigating? (e.g. the budget is overspent or a KPI is failing).</i> The total budget for SEND services to children and young people aged 0-25 in 2016/17 is £237m ¹ and although there are planned savings for SEND in the Medium Term Financial Plan, SEND will remain a significant expenditure for Children, Schools and Families for some time to come. |

¹ Special Educational Needs and Disabilities Development Plan 2016-2020, (page 14), Surrey County Council, published Spring 2016

Annex 2

Surrey's SEND services are under significant pressure and in high demand due to an underlying increase the population, an increase in the number of statements and education, health and care plans (EHCPs) and legislation changes around requirements for SEND services.

The SEND Development Plan aims to transform and rebuild the SEND local offer around the customer. The Plan also outlines a timeline of objectives and targets required to complete the transformation process.

What question is the task group aiming to answer?

What is the basic question that the task group is trying to answer? It will be a 'what' or 'how' question, not 'why'.

How has the SEND Development Plan been successful to date in delivering the key objectives and targets within the SEND Development Plan, and is the SEND Development Plan on course to successfully transform the SEND offer in Surrey?

Aim

Detail the change (outcome) across Surrey that the task and finish group aims to deliver.

To provide Member-led support to the SEND Development Plan to help achieve the target transformation of the SEND services in Surrey.

Objectives

Break the aim of the project out into specific objectives (Specific, Measurable, Attributable, Realistic and Timely), e.g. to reduce the average cost of services provided to the elderly by £xx by April 2008.

The objective of this work would be:

- to gain an overview of the achievement to date against the four strategic goals set out within the SEND Development Plan:
 1. Transform the customer experience
 2. Re-build the system around the customer
 3. Reshape the SEND local offer
 4. Develop inclusive practice
- to consult key SEND partners and stakeholders on progress made and gain assurances in this regard.
- to set the foundations for a further piece of work on young people with SEND, their families, and their experiences with Surrey's SEND services.
- to reduce a duplication of work amongst the scrutiny boards, and to increase coordination to effectively scrutinise the SEND strategy from 2016-2020.

Scope (within / out of)

For clarity also define work that is out of scope, e.g. the review is to cover all SCC owned Property, but will exclude schools property.

In scope

- SEND Development Plan

Out of scope

- Scrutiny of individual and specific service changes

Annex 2

Outcomes for Surrey / Benefits

Which corporate priority will this review support or deliver? Which failing KPI's will this review look to address?

Surrey County Council's Corporate Strategy sets out strategic goals to improve resident wellbeing, experience and the county's economic prosperity. This task group would support the delivery of two corporate goals:

1. Improve outcomes for children in need of support and protection (Wellbeing)
2. Support young people to participate in education, training or employment (Economic Prosperity)
3. Enhance opportunities for residents to influence and shape council services (Resident Experience)
4. Improve the satisfaction of families of children with special educational needs and disabilities with the support they receive. (Resident Experience)

At the end of the initial work plan (September 2016 - March 2017) the Group will report a summary of findings to the Council Overview Board, including a new work plan covering the next stage in the SEND Development Plan, to be commenced in the new Council year.

Proposed work plan

It is important to clearly allocate who is responsible for the work, to ensure that Members and officers can plan the resources needed to support the task group.

| Timescale | Task | Responsible |
|---------------|---|--|
| October 2016 | Session 1 To discuss and evaluate progress made against the following development objectives within the SEND Development Plan: <ol style="list-style-type: none"> 1. Transform the customer experience 2. Re-build the system around the customer | Andy Spragg Dominic Mackie Liz Mills Gabrielle Close <i>Others</i> |
| December 2016 | Session 2 To discuss and evaluate progress made against the remaining development objectives within the SEND Development Plan: <ol style="list-style-type: none"> 3. Reshape the SEND local offer 4. Develop inclusive practice | Andy Spragg Dominic Mackie Liz Mills Gabrielle Close <i>Others</i> |
| February 2016 | Session 3 Plenary session to draw together the findings from Sessions 1&2 and prepare the report for Council Overview Board. | Andy Spragg Dominic Mackie Liz Mills Gabrielle Close <i>Others</i> |

Annex 2

| |
|---|
| <p>Possible witnesses</p> <p>The Task Group is mindful that a robust assessment and appeal process exists around decisions relating to individual SEND provision, based on the opinion of social care, health and education professionals. It also recognises the decisions taken have a real impact on the lives of children and families,</p> <p>In order to facilitate positive, outcome-focussed discussions, care will be taken to ensure that the Task Group's work remains centred on the development and delivery of the SEND strategy, and the experience of children and their families in that respect - rather than examining individual decisions.</p> <p>Possible witness groups include:</p> <ul style="list-style-type: none">• Children and young people with SEND• Parents• Family Voice• Cabinet Members• Senior Management Officers• Service Commissioners• Transport providers• Teachers• Schools/Schools Forum/Phase Councils• Child and Adolescent Mental Health Services• SEND Partnership Board |
| <p>Useful Documents</p> <ul style="list-style-type: none">• SEND Development Plan |
| <p>Potential barriers to success (Risks / Dependencies)</p> <ul style="list-style-type: none">• Information availability• Officer time |
| <p>Equalities implications</p> <p>Equalities implications will be considered as the strategies are developed to ensure it does not negatively impact on any protected group.</p> |

| | |
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| <p>Task Group Members</p> <p>It is proposed that the membership of this task group will be formed from Members of the Education & Skills, Social Care Services, Resident Experience and Wellbeing and Health Scrutiny Boards.</p> | |
| Co-opted Members | TBC |
| Spokesman for the Group | TBC |
| Scrutiny Officer/s | Andrew Spragg & Dominic Mackie |

SEND Scrutiny

Education and Skills Board

March 2016

- SEND 2020 Development Plan - the Board reviewed the development of the SEND 2020 development plan, and the new Ofsted inspection framework for SEND (taking effect in May 2016)
- SEND Transport - the Board reviewed the new two SEND policies for pre and post-16 transport that were out for consultation earlier this year.
- SEND Finances - Finance Officers gave the Board an overview of the spending and future pressures for SEND.

April 2016

- SEND Transport - the Board received a paper on the results of the SEND Transport consultation. Concerns were raised about the effectiveness of the consultation due to a very low response rate. From this discussion a second paper on SEND Transport was requested. Further clarification on SEND Transport spending was asked for in a future paper

June 2016

- SEND Contract Procurement - this paper will be the follow up report from the April meeting. Officers will provide further detail on how SEND Transport contracts are tendered; the differences in contract type; and processes around Transport contract procurement and pricing.

September 2016

- Officers are aiming to write and publish a Parent Guide for SEND Transport in collaboration with parents and transport customers. The Board plan to review the Guide and the consultation around the document.

November 2016

- The Board are planning to request another paper on SEND engagement with customers at their November meeting.

2017

- It is planned to request a paper reviewing the successes achieved in relation to targets set by Officers in the SEND 2020 Development Plan for the first meeting of 2017

Social Care Services Board

March 2016

- Children's Improvement Plan - the Board queried whether capacity building was underway to meet the needs of children and young people with SEND

May 2016

- This meeting will have two reports that link to the topic of SEND, covering the work of the Transition Team and the Learning Disabilities Commissioning Strategy respectively.

Resident Experience Board

Discussing the timing of reviewing the SEND services Customer Service Excellence journey.

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Council Overview Board
21 September 2016

Surrey County Council's approach to consultation

Purpose of the report: Policy Development and Review

An overview of consultation practice, how officers are supported to undertake consultations and how this can be strengthened.

Introduction

1. One of the goals of Surrey County Council's Corporate Strategy is to ensure that residents experience public services that are easy to use, responsive and value for money. To support this goal the strategy says we will 'Enhance opportunities for residents to influence and shape council services'.
2. A key way to do this is by consulting with residents on the strategies, plans, policies and service changes that are developed and delivered by the council.
3. Consulting with those likely to be affected by a proposed change can help the council to make more informed decisions, as well as helping residents to understand why changes need to be made.
4. In addition there are some scenarios where the council has a statutory duty to consult, with residents and/or appropriate stakeholders.

Current situation

5. Currently, consultations at the council are managed by the officers working within those directorates and services responsible for developing and delivering the various strategies, plans, policies and services under consultation.
6. The various directorates and their services all employ officers with differing degrees of experience, expertise and qualifications relevant to the conduct of consultation. These officers are typically not in roles dedicated to the conduct of consultations and were not recruited for their consultation and research skills.
7. A proportion of consultations are planned and delivered by officers with the additional advice, guidance and support of either qualified research & intelligence professionals in the Strategy & Performance Service and/or communications professionals within the central Communications Service, both part of the Deputy Chief Executive's Office.

Available support

8. Research & intelligence officers in the Deputy Chief Executive's Office offer a range of support, advice and guidance to officers conducting consultations across the council. This covers aspects of consultation such as identifying stakeholders; choosing the most appropriate method(s) of engaging with them; sample design, question design; data collection methods; data collation, analysis and reporting. The offer from the team includes:
 - Face-to-face advice and guidance on all those aspects of consultation;
 - Guidance published on S-net including links to directorate-specific guidance;
 - A half-day introductory training course 'Social Research Methods' which is run several times a year according to demand and can be commissioned on demand by services with content tailored to their requirements;
 - Online consultation tools such as the council's consultation portal Surrey Says, which has hosted 511 surveys and has 299 registered users across the council, and also Survey Monkey.
9. Communications officers in the Deputy Chief Executive's Office provide advice and support on how best to engage the relevant audience(s) in the consultation and encourage them to participate. This includes:
 - Bespoke advice on the development of the questions to be asked and the supporting information that will be provided to enable people to make an informed response;
 - Copy editing or drafting of the above;
 - Development of a communications plan and tactics to ensure maximum awareness with residents and other audiences. This typically includes a mix of advertising, media releases, digital and social media activity, creation and distribution of printed collateral such as posters and banners, and articles in Surrey Matters magazine or e-newsletter;
 - Support for consultation events, such as any materials required and creating awareness of the events.
10. Officers utilising the available advice and support from the Deputy Chief Executive's Office benefit from this and are more likely to deliver consultations that are planned and conducted to a high standard, especially if those officers are inexperienced in this field. The case study below is an example of when officers sought advice and support at an early stage and the resulting consultation benefited from the input received.
11. These existing support arrangements are subject to ongoing review and improvement by the officers involved in offering them. This includes full evaluations of the success of consultations so that the learning can be fed into future activities.

Case study

12. A best practice example of a consultation that was supported in this way was the Local Transport Review (LTR), managed by the Directorate

Programme Group (DPG) working with the Travel and Transport Group (T&T) in Environment & Infrastructure.

13. The LTR is a three year programme of change to local bus services, which aims to make vital savings to the council in the face of significant funding pressures.
14. Proposals developed by council officers in liaison with bus service operators were publically consulted on with stakeholders and bus users, who had an opportunity to provide feedback on the proposed changes. This feedback would then inform the final proposals that were submitted to Cabinet for consideration, before any changes to local bus services came into effect.
15. The outline plan for the public consultation was put together by the DPG and T&T. However it was strengthened following advice from professionals in the Strategy and Performance Service, who assisted with the development of the consultation survey, gave advice on how to analyse responses and acted as a 'critical friend' on the ensuing consultation report.
16. Professionals in the Communications team also provided a vital support function to the LTR in developing and executing the communications plan to help deliver the public consultation.
17. The number of responses to the LTR consultations in Surrey compare well with those of consultations on similar subjects conducted by local authorities of a similar population size to Surrey.
18. The feedback gathered by the LTR consultations played an important role in informing the final proposals submitted to Cabinet and realising the savings targets required. One example was the decision taken by Cabinet in Year 1 of the LTR not to remove the non-statutory extra local concessions available to Surrey bus users as part of the English National Concessionary Travel Scheme. These include the no time restriction on travel for disabled pass holders and Companion + passes issued to pass holders who cannot travel without assistance. Feedback collected, following the consultation, suggested that if these extra concessions were withdrawn, this would cause isolation, frustration and depression and reduce independence for vulnerable members of the local community. As a result, Cabinet decided not to remove these concessions.
19. In terms of the cost of consultation on the LTR, a relatively small amount of £28k was spent on publicising the public consultations during Years 1 and 2 of the LTR, with resources focused on areas where there were proposed changes, although materials were also widely available for other areas too. This money was spent on producing the consultation material, which consisted of consultation brochures in standard print, large print and easy-read versions, and posters, digital advertising and social media and various press advertisements. This helped to ensure that as many Surrey residents and stakeholders as possible were able to have their say on the proposed changes to local bus services. The public consultations enabled changes which will contribute full year savings of £1.766m by the end of 2016/17.

What could be improved?

20. As a consequence of consultations being service-led and managed there is no standard council-wide approach nor minimum standards for conducting consultations. Despite this, use is made of the various good

practice advice and guidance resources on offer (paragraphs 8 and 9) and it has been demonstrated that officers benefit from government guidance and requirements for conduct when these are in place for statutorily required consultations.

21. A 'One Council' approach in which consultations are still managed and delivered by officers in the directorates and their services but are routinely guided by 'central', experienced research & intelligence and/or communications professionals can ensure consistent good practice in design and delivery across the organisation. This 'networked' approach would help to identify and eliminate duplication of effort across the council. It would provide a whole-council overview of major consultation and research.
22. This would also facilitate better planning and sharing of insight generated by these activities throughout the council rather than that insight remaining within its individual organisational units.

Proposed actions

23. Officers managing significant consultation activities should routinely make Strategy & Performance and Communications officers in the Deputy Chief Executive's Office aware of their intention to consult at the earliest possible stage of the process in order that they can offer appropriate advice, guidance and support.
24. Efforts to improve the quality and consistency of consultation can be further facilitated by the creation of a network of research 'champions' who will oversee consultation activities, principally online consultations, within their Directorate and provide advice on using online consultation tools. Research & Intelligence officers in the Deputy Chief Executive's Office will in turn support the champions in their role with training and guidance in using online tools and in designing high quality consultations.

Recommendations

That the Council Overview Board considers whether, given the increasing need for the council to find savings from changes to services, including changes that will be consulted upon, it would benefit from a centralised approach to co-ordinating those consultation activities.

That the Council Overview Board consider whether the quality and co-ordination of consultation activities would be strengthened by assigning responsibility for overseeing these activities across the whole council to a nominated Cabinet Member.

Next steps

1. To set up the champions' network.
2. A process for planned consultations to be co-ordinated by Strategy & Performance and Communications officers in the Deputy Chief Executive's Office for their advice and guidance to be determined and developed following discussion.

Report contact: Richard Stockley, Senior Manager – Research & Intelligence, Deputy Chief Executive’s Office & Adult Social Care Services
Contact details: 07738 756659

Report contact: Tim Vamplew, Research & Consultation Manager, Deputy Chief Executive’s Office
Contact details: 020 8541 7597

Report contact: Pat Hindley, Campaign Communications Manager, Deputy Chief Executive’ Office
Contact details: 020 8541 8798

Sources/background papers:

[Snet guidance on consultation and engagement](#)

[Consultation in Adult Social Care - Good practice guide](#)

[Consulting and engaging with children and young people](#)

[Surrey Says consultation portal](#)

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Council Overview Board
21 September 2016

Review of PAMS Income Module

Purpose of the report: Scrutiny of Services

To review the summary of audit findings and Management Action Plan produced as a result of an internal audit review of Property Asset Management System (PAMS) Income Module.

Introduction:

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

Context:

2. Internal Audit undertook a review of PAMS Income Module in July 2016. The report produced as a result of this review attracted no overall audit opinion. There were four high priority recommendations made. A summary of the audit findings and recommendations is attached as **Annex A**. The agreed Management Action Plan is attached as **Annex B**. The supporting audit report has been previously circulated to Board members.
3. Officers from the service and Internal Audit will be available at the meeting, and the Scrutiny Board is asked to review the actions being taken to address the audit recommendations made.

Recommendations:

4. That the Board review the audit report and Management Action Plan and makes recommendations as necessary.

Next steps:

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

Report contact: Sue Lewry-Jones, Chief Internal Auditor

Contact details: 020 8541 9190

Sources/background papers: Review of PAMS Income Module

| Background to review | Key findings | Audit opinion (1) | Recommendations for improvement (Priority) (2) |
|---|---|---------------------------------|--|
| <p>The Works Delivery Module of Property Asset Management System (PAMS) which holds all financial and non-financial data on projects across Property Services and enables payments to be made via SAP interface has been operating for more than 2 years. Tenancy related payments and receipts are dealt with via the PAMS Estates Module (also referred to as PAMS Income Module) and it was decided to implement this module in two phases. Phase 1 was to upload tenancy data which was completed in Summer 2015 and Phase 2 was to develop the interfaces between PAMS and SAP and vice versa and 'go-live'.</p> | <p>The 'go-live' of Phase 2 has been delayed on numerous occasions in the last 12 months due to various issues remaining unresolved and at the time of the audit, no 'go-live' date had been set.</p> <p>Changes in Property Services as part of the Orbis Partnership but also the absence of a senior officer on maternity leave with no replacement to lead the project resulted in either decisions not being taken in a timely manner or disagreements on proposed solutions remaining unresolved.</p> <p>The Senior Estates Surveyors look after properties leased in and out on a commercial basis, residential lettings, small holdings and rural estates including garden licences, houseboats, gypsy sites etc. The 'As is' process does not detail the flow of information in the form of a flowchart or the content of the information that needs to flow or the method of communication at each step which can be helpful to users.</p> <p>The current arrangements for monitoring customer accounts to keep track of debts outstanding for debt management is a very time consuming process as well as prone to inaccuracies.</p> | <p>n/a – position statement</p> | <p>The Chief Property Officer should nominate a member of his Senior Management Team as a priority to sponsor the implementation of PAMS rent interface going 'live'. The nominated officer should steer the consultation of all stakeholders impacted by PAMS Estates Module and provide resources and clear direction of travel by taking decisions to move the project forward. (H)</p> <p>The Estates Delivery Team should incorporate their written procedure notes to create a flowchart which will detail the flow of information between different services that are impacted by the creation of tenancies. (M)</p> <p>The Property Asset Management System (PAMS) Estates Module including the rent interface should be implemented as a priority to enable the council to maximise its property income generating potential and manage its debts effectively. (M)</p> |

¹ Audit Opinions

| | |
|---------------------------------------|---|
| Effective | Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. |
| Some Improvement Needed | A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. |
| Significant Improvement Needed | Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met. |
| Unsatisfactory | Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met. |

² Audit Recommendations

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

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

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

FINAL MANAGEMENT ACTION PLAN

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|----------------------|------------------------------|
| Directorate: | Business Services |
| Audit report: | Review of PAMS Income Module |
| Dated: | 11 July 2016 |

PRIORITY RATINGS

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

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

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

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

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

Lead Responsible Officer (HOS): John Stebbings

Auditor: Siva Sanmugarajah

Date: 27 July 2016

Date: 18 July 2016

Page 49

| Para Ref | Recommendation | Priority Rating | Management Action Proposed | Timescale for Action | Officer Responsible | Audit Agree? |
|----------|--|-----------------|--|----------------------|--|--------------|
| 5.9 | The Chief Property Officer should nominate a member of his Senior Management Team as a priority to sponsor the implementation of PAMS rent interface going 'live'. The nominated officer should steer the consultation of all stakeholders impacted by PAMS Estates Module and provide resources and clear direction of travel by taking | High | Claire Barrett, Deputy Chief Property Officer to act as Project Sponsor for the implementation of the PAMS rent interface from 11 July 2016. | Immediate 11/072016 | John Stebbings, Chief Property Officer | √ |

FINAL MANAGEMENT ACTION PLAN

| Para Ref | Recommendation | Priority Rating | Management Action Proposed | Timescale for Action | Officer Responsible | Audit Agree? |
|----------|--|-----------------|--|--|---------------------------------------|--------------|
| | decisions to move the project forward. | | | | | |
| 5.19 | The Estates Delivery Team should incorporate their written procedure notes to create a flowchart which will detail the flow of information between different services that are impacted by the creation of tenancies. These services will include teams within Property Services, Legal Services, Finance and Shared Services. This will not only evidence that the council is following good practice but also enable service delivery to continue to be provided especially during periods of staff changes and vacancies. | Medium | <p>Process Maps will be reviewed and updated to show the flow of information as tenancies are agreed and completed.</p> <p>The Maps will be held on the Estates Team shared folder on the H:Drive and also centrally by the Performance Team within Property Services.</p> | Review existing process maps and existing processes with a view to updating maps by end of August 2016. | Clare Neave, Estates Delivery Manager | √ |
| 5.24 | PAMS Estates Module including the rent interface should be implemented as an urgent priority to enable the council to maximise its | Medium | <p>The rent interface will be implemented through the following process steps:</p> <ul style="list-style-type: none"> • Final testing of the interface | <ul style="list-style-type: none"> • Final testing of the interface by w/e 22 July 2016. • Agree timetable of events (as per | Nigel Jones, Performance Manager | √ |

FINAL MANAGEMENT ACTION PLAN

| Para Ref | Recommendation | Priority Rating | Management Action Proposed | Timescale for Action | Officer Responsible | Audit Agree? |
|----------|---|-----------------|--|--|--|--------------|
| | property income generating potential and manage its debts effectively. | | <ul style="list-style-type: none"> • Agree timetable of events (as per plan) with all stakeholders • Set date for Go/No-Go decision and interface go-live date | implementation plan) with all stakeholders by – date to be confirmed. Set date for Go/No-Go decision and interface go-live date – to be confirmed. Provisional target go live date of October 2016. | | |
| 5.31 | Property Services should consider maintaining a PAMS project specific risk register which can be reviewed on a regular basis to inform all stakeholders of the key risks and enable decision makers to focus on the consequences of managing these key risks. | Low | The project risk register has been reinstated to monitor the risks associated with the Estates Rents Interface go-live. This can also be used for any further BAU developments across the PAMS system. Document stored on the shared H: drive. | Immediate – 11/07/2016 | Tanveer Hirani, Systems Development Team Leader and Nigel Jones, Performance Manager | √ |

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Council Overview Board
21 September 2016

Surrey Youth Centres- Governance and Business Management Arrangements

Purpose of the report: Scrutiny of Services

To review the summary of audit findings and Management Action Plan produced as a result of an internal audit review of Surrey Youth Centres Governance and Business Management Arrangements.

Introduction:

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

Context:

2. Internal Audit undertook a review of Surrey Youth Centres Governance and Business Management Arrangements in July 2016. The report produced as a result of this review attracted an overall audit opinion of Some Improvement Needed. There were twelve high priority recommendation made. A summary of the audit findings and recommendations is attached as **Annex A**. The agreed Management Action Plan is attached as **Annex B**. The supporting audit report has been previously circulated to Board members.
3. Officers from the service and Internal Audit will be available at the meeting, and the Scrutiny Board is asked to review the actions being taken to address the audit recommendations made.

Recommendations:

4. That the Board review the audit report and Management Action Plan and makes recommendations as necessary.

Next steps:

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

Report contact: Sue Lewry-Jones, Chief Internal Auditor

Contact details: 020 8541 9190

Sources/background papers: Surrey Youth Centres- Governance and Business Management Arrangements

| Background to review | Key findings | Audit opinion (1) | Recommendations for improvement (Priority) (2) |
|--|--|---|--|
| <p>On 23 September 2014 the Cabinet approved the decision to commission a new Community Youth Work Service (CYWS) to support the Council's strategic goal of employability for young people.</p> <p>The Cabinet also approved the Outcomes Framework which is used as a tool to measure outputs in relation to achieving the strategic goal of employability.</p> <p>The change was effective 1 April 2015 and responded to an overall funding reduction of 11% for Services for Young People.</p> | <p>The Quality Mark is an assessment tool used to measure the quality of youth work delivered at the youth centres. In the 2014/15 year under the managing agent arrangements three youth centres achieved a level 3 Quality Mark assessment. Since being brought in-house on 1 April 2015 a new Quality Mark assessment tool has been devised. At the date of audit (May 2016) - over 1 year and 1 month later - these assessments have not yet taken place.</p> <p>The Annual Report for Young People 2014/15 contains information on Centre Based Youth Work including data on attendance, hours of youth work delivered, average hours per youth and a narrative on performance, lessons learnt and recommendations. The Auditor scrutinised the backing data for accuracy and validity and found at least 368 (6.2%) records appeared to be duplicated, which means that the number of contacts reported is too high and performance is overstated.</p> | <p>Some Improvement Needed - (for governance and strategic arrangements)</p> <p>Unsatisfactory - (for business and management support arrangements)</p> | <p>The Annual Report for Young People could include a report of progress which aligns the delivery outputs at youth centres to the Outcomes Framework. (M)</p> <p>Youth centre session evaluation forms should include the Outcomes Framework as a minimum to ensure consistency over reporting on outcomes. (M)</p> <p>Delivery plans should link to the Quality Mark Framework and be seen to be contributing to the Outcomes Framework. (M)</p> <p>The service should make effective use of the available data through its data bank tools to maintain data integrity and eliminate duplicate data on attendance. (M)</p> <p>Financial information reported by the service should be validated for accuracy. Where a report includes financial information it is recommended the Finance Lead for Children and Young People should validate the data before it is presented to Local Committees. (H)</p> |

| Background to review | Key findings | Audit opinion (1) | Recommendations for improvement (Priority) (2) |
|---|---|---|---|
| <p>On 23 September 2014 the Cabinet approved the decision to commission a new Community Youth Work Service (CYWS) to support the Council's strategic goal of employability for young people.</p> <p>The Cabinet also approved the Outcomes Framework which is used as a tool to measure outputs in relation to achieving the strategic goal of employability.</p> <p>The change was effective from 1 April 2015 and responded to an overall funding reduction of 11% for Services for Young People.</p> | <p>A web based application to record attendance data at youth centres was developed in 2012 which was intended to work on a tablet style device called a BB playbook. Due to technical issues the BB playbooks were replaced within 2 years by 56 mini I pads. 57 of the decommissioned BB playbooks were not returned to IMT so there was no opportunity to recover any associated monetary value.</p> <p>Senior Practitioners and Youth Workers at Youth Centres were of the opinion that they did not receive sufficiently timely or detailed information to enable effective budget monitoring.</p> <p>The Auditor was concerned that there were not up to date inventories of assets held. This was particularly surprising in view of the service having been brought back in-house on 1 April 2015. Furthermore valuable assets had not been tagged as owned by the council.</p> <p>The Auditor's queries in relation to cash handling resulted in the discovery of significant irregular practices. As a result the Auditor is unable to provide assurance on the completeness of cash generated through youth centre activities.</p> | <p>Some Improvement Needed - (for governance and strategic arrangements)</p> <p>Unsatisfactory - (for business and management support arrangements)</p> | <p>Assets belonging to the Authority should be clearly identified and when no longer in use, should be returned to the Authority. (H)</p> <p>The service should present adequate information to budget holders to enable them to effectively monitor individual centre budgets. This should include income and expenditure transactions for each centre. (H)</p> <p>Compile an inventory of assets owned by the Community Youth Work Service. (H)</p> <p>Ensure assets are appropriately tagged and watermarked. (H)</p> <p>The service should approve cash handling procedures and Business Support to ensure that guidelines are understood and applied in practice. (H)</p> <p>Regular management overview for cash handling to be implemented to ensure accountability over cash received at youth centres. (H)</p> |

| Background to review | Key findings | Audit opinion (1) | Recommendations for improvement (Priority) (2) |
|---|--|---|---|
| <p>On 23 September 2014 the Cabinet approved the decision to commission a new Community Youth Work Service (CYWS) to support the Council's strategic goal of employability for young people.</p> <p>The Cabinet also approved the Outcomes Framework which is used as a tool to measure outputs in relation to achieving the strategic goal of employability.</p> <p>The change was effective from 1 April 2015 and responded to an overall funding reduction of 11% for Services for Young People.</p> | <p>The Auditor performed searches online to determine the existence of any social media sites and websites related to Surrey's youth centres. Various websites and Facebook sites linked to the youth centres were found which were not set up in line with Surrey's guidance. These sites also included images of the young people.</p> <p>Appropriate signage advising of CCTV surveillance inside/outside the youth centres was not in place in all cases.</p> <p>During the 2015/16 financial year full time youth workers were issued with purchase cards to facilitate purchases related to centre based activities. Review of a sample of 20 transactions, found that VAT was not being correctly accounted for. The Authority was claiming VAT on non VAT-able purchases resulting in poor accounting practices.</p> | <p>Some Improvement Needed - (for governance and strategic arrangements)</p> <p>Unsatisfactory - (for business and management support arrangements)</p> | <p>The service should provide clear procedure notes in relation to when consent should be obtained in relation to images of young people. (H)</p> <p>Necessary measures should be implemented to ensure the closedown of all youth services-related websites and social media sites that do not comply with SCC guidelines. (H)</p> <p>Review the use of CCTV at relevant sites to ensure compliance with the Data Protection Act and Information Commissioner's Office guidance. (H)</p> <p>VAT should be correctly treated in relation to purchase card expenditure. VAT cannot be claimed without a valid tax invoice. (H)</p> |

| Background to review | Key findings | Audit opinion (1) | Recommendations for improvement (Priority) (2) |
|--|---|---|---|
| <p>On 23 September 2014 the Cabinet approved the decision to commission a new Community Youth Work Service (CYWS) to support the Council's strategic goal of employability for young people.</p> <p>The Cabinet also approved the Outcomes Framework which is used as a tool to measure outputs in relation to achieving the strategic goal of employability.</p> <p>The change was effective 1 April 2015 and responded to an overall funding reduction of 11% for Services for Young People.</p> | <p>Purchase cards were being used to pay for travel and subsistence expenditure by management contrary to the Rules and Guidance for the use of purchase cards. The Auditor is of the view that this could be avoided through correct use of the Portal for claiming such expenses. From a review of the organisational structure it was apparent that in some instances the responsible officer was not at a level to challenge expenditure of this nature incurred by more senior colleagues.</p> <p>The Auditor also noted that fuel costs for a vehicle were being paid for using a purchase card. In addition items ordered using an SCC purchase card were being delivered to personal addresses.</p> <p>A sample of 25, procure to pay items was randomly selected for by the Auditor for testing. Two invoices for £293.97 and £200 were queried as they appeared to be duplicates. It was found that a credit note has since been passed for the £293.97 and £200 had been paid to the wrong bank account as the bank details originally provided by the service were incorrect. To date the money has not been reclaimed.</p> | <p>Some Improvement Needed - (for governance and strategic arrangements)</p> <p>Unsatisfactory - (for business and management support arrangements)</p> | <p>Expenditure using purchase cards should be approved by officers who have the authority to challenge such expenditure appropriately. (H)</p> <p>Banking information provided by new suppliers should always be shared with the payments team on the suppliers headed paper. (H)</p> |

¹ Audit Opinions

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|---------------------------------------|---|
| Effective | Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. |
| Some Improvement Needed | A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. |
| Significant Improvement Needed | Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met. |
| Unsatisfactory | Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met. |

² Audit Recommendations

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

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

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

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| MANAGEMENT ACTION PLAN |
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| Directorate: | Children Schools and Families |
| Audit report: | Surrey Youth Centres- Governance and Business Management Arrangements |
| Dated: | 28 July 2016 |

PRIORITY RATINGS

Priority 1 (high) - major control weakness requiring immediate implementation of recommendation

Priority 2 (medium) - existing procedures have negative impact on internal control or the efficient use of resources

Priority 3 (low) - recommendation represents good practice but its implementation is not fundamental to internal control

| Para Ref | Recommendation | Priority Rating | Management Action Proposed | Timescale for Action | Officer Responsible | Audit Agree? |
|----------|---|-----------------|---|---|---|--------------|
| 5.13 | The Annual Report for Young People could include a report of progress towards outcomes achieved. This will align the delivery outputs at youth centres to the Outcomes Framework. | Medium | We currently provide evidence to outcomes. We will review last year's annual report to strengthen outcomes achieved. This report relates to the whole of SYP and we can therefore look to highlight where outcomes have been achieved. This will not be a separate report for CYWS but will be highlighted within. Please note - The outcomes framework is for the whole of Services for Young People and not CYWS alone. | The report will be published at the end of September 2016 | Chris Tisdall (Commissioning and Prevention) – Please note this may change as a result of service restructure from September 2016 onwards | Y |

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| 5.14 | The service should establish a consistent reporting timetable to Committees and Local Task Groups which would demonstrate progress towards achieving the Authority's strategy for young people. | Medium | SYP reports on an annual basis to Local Committees, with the latest round of reports going to Committees in June 2016. Parts of these reports were focussed on CYWS provision, alongside other services. CYW is now part of a new Early Help Service, which will need to establish how it will report to Local Committees in the future. The questions raised in this report should be reflected in future reporting. | The next round of reports will go to Local Committees in June 2017 (please note change in scope from Services for Young People to Early Help). | Chris Tisdall (Commissioning and Prevention) – Please note this may change as a result of service restructure from September 2016 onwards | Y |
| 5.15 | The Annual Report for Young People could be formally shared with the Cabinet on an annual basis rather than at the end of the commissioning cycle in 2020. This would provide an update on progress towards achieving the Strategic goal of the Council thus maintaining transparency over the progress of the service towards meeting its strategic objectives. | Low | Local committees as set out in the council's constitution have delegated oversight responsibilities in respect of some parts of Services for Young People. SYP will report performance to Local Committees as explained above. An overall SYP annual report will be produced for 2015-16 by the end of September 2016. This will take account of report recommendations. This will be shared with Youth Task Groups and other Members. Reports for future years will need to reflect structural changes to services, following the | 2015-16 SYP Annual Report to be produced by the end of September 2016 Future reporting requirements to be determined in response to structural changes within Children, Schools and Families Directorate, | Chris Tisdall (Commissioning and Prevention) | Y |

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| | | | change to an Early Help Service, rather than just Services for Young People. | | | |
| 5.16 | The service should make effective use of the available data through its data bank tools to maintain data integrity and eliminate duplicate data on attendance. | Medium | Processes are already in place to redesign the Attendance App to ensure that duplicates do not occur. | This piece of work is being completed by IMT and is due for completion by end of August 2016 | Chris Spring (IMT) | Y |
| 5.17 | Financial information reported by the service should be validated for accuracy. Where a report includes financial information it is recommended the Finance Lead for Children and Young People should validate the data before it is presented to Local Committees. | High | This action will be implemented for the 2015/16 SYP Annual Report. | Annual report to be produced by September 2015/16. | Chris Tisdall (Commissioning and Prevention) | Y |
| 5.24 | Session evaluation forms should include the Outcomes Framework as a minimum to ensure consistency over reporting on outcomes | Medium | Historically there were standard forms and as a result of feedback it was felt more appropriate for people to devise their own and is in line with NYA guidance in respect of the effective delivery of youth work. However, we recognise that there should be some givens though about what should be considered e.g. | End of December 2016 | Nikki Parkhill Jan Smith | Y |

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| | | | how has the session enabled young people to work towards employability/ achieve the intended outcomes and so we will undertake a review of existing forms to ensure that they are fit for purpose and demonstrate how the session where appropriate links to the Outcomes Framework. | | | |
| 5.25 | Delivery plans should link to the Quality Mark Framework and be seen to be contributing to the Outcomes Framework. | Medium | We will review existing delivery plans and strengthen the links with the outcomes framework where needed. | End of September 2016 | Jan Smith Jeremy Crouch Leigh Middleton | Y |
| 5.42 | The CYWS provide training to youth workers on real-time use of the 'app'. | Medium | This has been provided extensively and is not the issue. CYWS is currently undertaken an audit of App use and the reasons why they are not being utilised across the county. We will then make recommendations on the basis of the finding of the audit. | Audit has been completed as of the end of July 16. A review of the audit and recommendation will be made by end of September 2016 | Jan Smith Hannah Wyatt | Y |
| 5.43 | The service should be clear as to the extent of information available through the 'app' and its limitations. Accordingly officers should not make statements that could be | Medium | The service is clear in respect of the information available through the use of the App and will in future check draft minutes of local committee meetings to ensure that they reflect the | Ongoing | CYWS Management Team and Senior Practitioners | Y |

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| | misleading to members. | | tenet of what at times can be long conversations which are then condensed into a single sentence. | | | |
| 5.44 | Adequate guidance on how to securely store electronic devices should be provided at each centre to enable youth workers to use their devices in real time. | Medium | Risk assessment CYWS management to ensure all staff are aware of the guidance for safe storage of equipment on snet Look at cost effective property solution if risk of being stolen is great and additional storage needed Accept that there may be specific local conditions that at times may prevent the use of the App in real time. | By end August 16 By end September 2016 | Sarah Gooding Jan Smith Sarah Gooding Jan Smith | Y |
| 5.45 | Assets belonging to the Authority should be clearly allocated and when no longer in use, should be returned to the Authority. | High | Inventories completed for all centres see 5.62 | End September 2016 | Sarah Gooding | Y |
| 5.54 | The service should present adequate information to budget holders to enable them to effectively monitor individual centre budgets. This should include income and expenditure transactions for each centre. | High | Completed- This information will be provided on a borough basis from July 16 onwards. It is not possible to provide this on a centre by centre basis. SPs have been advised on the best way to communicate this information to their | July onwards | Hannah Wyley | Y |

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| | | | teams that no longer work on a centre by centre basis but across a borough and district. | | | |
| 5.55 | The service could consider providing read only access to SAP for officers responsible for budget management. This should be supported by adequate training to understand the system reports. | Low | Read only SAP access has now been provided to all Senior Practitioners w.e.f June 16 | June completed | Hannah Wyley | Y |
| 5.62 | A complete inventory to be compiled of all assets owned by CYWS. | High | Inventory is currently being undertaken | By end September | Sarah Gooding | Y |
| 5.63 | A programme of asset verification checks to be implemented | Medium | A programme of asset checks will be undertaken across SYP's venues | End October 2016 | Sarah Gooding | Y |
| 5.64 | Assets to be appropriately tagged and watermarked where required. | High | All assets will be checked and labelled either with water mark pen or standard label. Ensure that every centre has a pen/labels needed Locally procured assets with be watermarked | End October 2016 | Sarah Gooding | Y |
| 5.67 | The service could give due consideration to the inclusion of the following risks on the service: | Low | This has been discussed at Risk Management panel and has not been deemed to be of high enough risk. However, we will raise | As the Directorate is being restructured it will go to the next available meeting. | Jan smith | Y |

Internal Audit

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| | <ul style="list-style-type: none"> Services offered are not desired by Young People; and Lack of governance. | | these 2 specific issues with the Risk Management Panel to ensure that due consideration is given to these areas of risk. | | | |
| 5.79 | The service should approve cash handling procedures and Business Support to ensure that guidelines are understood and applied in practice | High | Completed - All centres have now been provided with paying in books, cash tins and a duplicate receipt book w.e.f July 16 | July completed | Hannah Wyley | Y |
| 5.80 | Regular management overview for cash handling to be implemented to ensure accountability over cash received at centres | High | Completed - Each borough is required to submit a cash income return each month (w.e.f May 16), detailing all cash income received that month together with confirmation that it was banked that month. | May onwards. completed | Hannah Wyley | Y |
| 5.100 | The service should agree a generic registration form which incorporates declarations on allergies and medical conditions. | Medium | Audit of existing forms to check that they cover agreed key areas and amend where they do not. | 30 th September | Nikki Parkhill Emma Stretton | Y |
| 5.101 | The service should provide clear procedure notes in relation to when consent should be obtained in relation to images of young people. | High | SCC policy alongside specific guidance from CYWS will be issued to all staff so they are clear on the use of images of young people. | August 2016 | Jan Smith Nikki Parkhill | Y |
| 5.102 | Necessary measures should be implemented to ensure | High | A project team has been established to undertake | Where the pages have been set up by | Nikki Parkhill Hannah Wyatt | Y |

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| | the closedown of all youth services –related websites and social media sites that do not comply with SCC guidelines. | | this task and to provide approved social media guidance. We have identified all existing Facebook sites. We have 3 existing sites that are being used regularly and these are being brought in line with SCC policy particularly in relation to photo consent. Where pages are no longer being used these pages are being closed down. | existing SCC employees these have been shut down as of July 2016. Where the pages are historical in content and have been set up by ex SCC employees then this is currently in progress but taking a little longer. | Saffron Mackintosh | |
| 5.103 | Whilst social media is seen as an acceptable means of engaging with young people, the service should provide support on how to set up such sites in compliance with SCC guidelines | Low | Any future social media developments will be co-ordinated centrally. | This is an ongoing process as centres work with young people. On 10 th August staff will have training on the new social media policy and we will then work with centres on an individual basis to set up new facebook pages where required | Nikki Parkhill Hannah Wyatt Saffron Mackintosh | Y |
| 5.104 | As an authority SCC should be consistent in its approach regarding first aid and provide clear guidance to youth centre staff on protocol to be followed. | Medium | The service will send out first aid guidance to remind staff of their responsibilities. | 30 th September 2016 | Nikki Parkhill | Y |
| 5.105 | The use of CCTV at relevant sites should be reviewed to ensure compliance with the | High | Audit to be undertaken of all youth centres to ensure we are clear of those locations | End October 2016 | Sarah Gooding | Y |

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| | requirements of the Data Protection Act and in accordance with guidance from the Information Commissioners Office (ICO). | | where we have SCC CCTV and partners CCTV. We will then make sure that staff are clear on the guidance pertaining to the use of CCTV and that building signage is clear as per SCC policies. | | | |
| 5.106 | Records of risk assessments should be accessible to all staff. Such assessments should not be saved on individuals personal drives. | Medium | Review all risk assessments and ensure that they are saved to a shared folder on the I drive. We will also need to consider a hard copy folder for part time staff where IT is not readily accessible. This will form a part of the Quality Mark process which is currently being completed by staff. | End of February 2017 with priority given to our more vulnerable sites | Sarah Gooding Jan Smith | Y |
| 5.107 | Where food and drinks are prepared at youth centres, the service should consider compliance with their relevant Local Councils environmental health teams to ensure compliance with Food Hygiene standards | Medium | With Ops admin we will audit the local requirements of borough's and district environmental health teams to ensure that we are in line with local standards. This is an action that will need to be undertaken across Early Help Services as the CYWS is not the only user of the kitchen facilities at youth centres | 30 th November 2016 | Ops Admin and CYWS Admin | Y |
| 5.108 | A clear view on healthy eating should be presented by the service to limit the quantity of fast food purchases for young people | Medium | Healthy eating is a core part of the work we do and the service needs to balance the often difficult and challenging work we do | Ongoing | CYWS youth work staff | Y |

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| | attending youth centres. The merits of health eating should always be reinforced. | | with young people alongside wanting to empower and support young people when they succeed and will continue to use predominantly limited pizza purchases to do this. We will ensure that there is a balance in the use of predominantly pizza purchases to encourage young people alongside the extensive work we do in respect of health eating. | | | |
| 5.117 | Expenditure using purchase cards should be approved by officers who have the authority to challenge such expenditure appropriately. | 1 | The CYWS manager currently approves East and West Practice Leads CYWS purchase card expenditure. The practice lead for the West is also on a part time secondment to Commissioning and Prevention and currently has his purchase card expenditure for this area approved by the Finance and Business Development Manager. This will now transfer to Head of Market Strategy | Mid September 2016 | Marcus Robinson Finance and Business Development Manager. Commission and Prevention | Y |
| 5.118 | VAT should be correctly treated in relation to purchase card expenditure. VAT cannot be claimed without a valid tax invoice. | High | This will be monitored and corrected on an ongoing basis (process). We have committed to carrying out an internal mini Purchase Card Audit on a quarterly | July 16 - completed | Hannah Wyley and Business Support Officers | Y |

Internal Audit

| | | | | | | |
|-------|---|--------|---|---|--|---|
| | | | basis to check VAT is being recorded properly. We have also requested that from July onwards a VAT receipt must be requested from a supermarket when purchasing food with a purchase card or with petty cash. | | | |
| 5.119 | Banking information provided by new suppliers should always be shared with the payments team on the suppliers headed paper. | High | CYWS Sap shoppers have been instructed to ensure that bank details are always provided on company headed paper prior to raising a free description shopping cart. | July 16 Completed with ongoing monitoring | Hannah Wyley and Business Support Officers | Y |
| 5.120 | Descriptions provided by officers processing petty cash related transactions could be strengthened to facilitate easier identification for reconciliation purposes. | Medium | An e-mail communication has been sent to all purchase card holders and petty cash users requesting them to provide a project name /food/equipment/etc details for each purchase. | July 16 – Completed with ongoing monitoring | Hannah Wyley and Business Support Officers | Y |

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

The action agreed is satisfactory.

Head of Service: Garath Symonds
Date: 28 July 2016

Supervising Auditor: Tasneem Ali
Date: 29 July 2016

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Council Overview Board
21 September 2016

FINANCIAL SUSTAINABILITY AND BUDGET PLANNING 2017 -2022

1. Herewith the Cabinet report as presented to Cabinet provides an update on the council's financial prospects and the key strategies to respond to the challenge presented in the next five year Medium Term Financial Plan (MTFP 2017-22) to ensure it is both balanced and sustainable.

Recommendation:

That the Board reviews the Cabinet report and agrees any next steps as appropriate.

Report contact:

Ross Pike, Scrutiny Manager

Contact details: 020 8541 7368, ross.pike@surreycc.gov.uk

Sources/background papers: None.

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SURREY COUNTY COUNCIL

CABINET

DATE: 20 SEPTEMBER 2016

REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

**SUBJECT: FINANCIAL SUSTAINABILITY AND BUDGET PLANNING
2017 TO 2022**



SUMMARY OF ISSUE:

Since 2010 local authorities in England have been faced with year on year reduction in funding from central government as a part of the deficit reduction policy. This reduction has included Surrey County Council, which has traditionally been one of the lowest funded local authorities from government grants. At the same time, the demand for Surrey County Council's services has been increasing, especially in looking after an increasingly aged population, a high level of people with learning disabilities and providing school places for a record number of children. The county council has met this challenge through a financial strategy that includes: managing demand, efficiency savings and increases in the level of council tax.

In February 2016 the council's Section 151 Officer highlighted that the 2016/17 budget was balanced through the use of substantial one-off funding and the Medium Term Financial Plan for 2016/17 to 2020/21 (MTFP 2016-21) required significant actions to become sustainable. The council agreed to a Public Value Transformation programme to investigate whether sustainability could be achieved through further significant transformation. This report presents an update on the council's financial prospects and the key strategies to respond to the challenge presented in the next five year Medium Term Financial Plan (MTFP 2017-22) to ensure it is both balanced and sustainable.

Government decisions have a huge influence on the council's financial sustainability. These include:

- the level of grants and how they are allocated;
- the use of business rates;
- the imposition of new responsibilities;
- caps on the council's ability to raise its own income.

How the government implements these decisions will shape the financial prospects over the next five years.

RECOMMENDATIONS:

Cabinet to note:

1. the context and background to the county council's financial prospects over the medium term (paragraphs 15 to 22);
2. the achievement of £329m efficiency savings over the last five years and the further planned savings of £361m over the next five years;
3. the impact of additional funding on the council's financial sustainability (paragraph 35).

Cabinet to approve:

4. revised cash limit budgets for each service in the absence of additional funding from government grants, council tax, or business rates; or further savings (paragraph 33 and annex 1);
5. Cabinet members and officers to develop proposals on delivering services within the revised cash limits for a future Cabinet meeting (paragraph 33);
6. development of proposals to the Government for additional funding through the adult social care precept, business rates retention and for school places (paragraph 35).
7. delegation to the Leader of the decision to accept or decline the Government's four year settlement offer (paragraph 41);
8. the council's own response to the 100% Business Rates Retention consultation, and to endorse the joint response from the 3SC local authorities (paragraph 48).

Cabinet requests;

9. scrutiny boards examine the key budget proposals and report back to Cabinet (paragraph 34)

REASON FOR RECOMMENDATIONS:

10. The council is required to produce a balanced budget each year. Surrey County Council also prepares a Medium Term Financial Plan (MTFP) that sets out its financial plans over a rolling five year period. The efficiency savings the council has had to achieve over the last five years and the efficiency plans it has had to make for the coming five years illustrate the unprecedented and continuing length of the Government's austerity programme, the simultaneous rise in service demand and the impact of additional spending pressures on the council's financial sustainability. Given the confluence of these challenges, Cabinet's decisions need to ensure the council plans and implements coherent and robust measures to achieve a

balanced financial plan in MTFP 2017-22.

11. A key step in achieving a balanced and sustainable MTFP 2017-22 is for Cabinet to approve a suitable framework for developing proposals to deliver the council's Corporate Strategy within the available budget envelope. A critical element of this is a set of revised cash limits for each service that officers will use to develop proposals for Cabinet to approve at a future meeting.
12. The Government has not announced detailed changes to its spending plans, austerity is set to continue and the council needs to maintain a prudent approach. However, the recent changes in the Government's policy developments and economic forecasts mean there is increased continuing uncertainty over the level of future fundraising.
13. In March 2016, the Secretary of State for Communities and Local Government wrote to all councils offering a four year settlement. The offer guarantees (subject to unforeseen significant economic events) each council its Revenue Support Grant (RSG), Rural Services Delivery Grant and Transitional Grant over the period 2016/17 to 2019/20 as set out in the Final Local Government Settlement. To accept the offer, a council must prepare and submit an efficiency plan to the Department for Communities and Local Government (DCLG) by 14 October 2016. A significant feature of the council's proposed four year settlement is that it is set to receive -£17.3m negative RSG in 2019/20 (the Government will deduct £17.3m from the council's other grants). To maximise the time available to consider this issue Cabinet is asked to delegate this decision to the Leader, which will be reported to Full County Council.
14. The Government is consulting on 100% Business Rates retention by local government and a fairer funding review. These will have a fundamental and strategic impact on the council's financial sustainability. The council's consultation responses, in conjunction with partner organisations', seeks to safeguard and advance Surrey residents' wellbeing and experience and Surrey businesses' prosperity.

DETAILS:

Context and background

15. The context and background for the council's financial planning has changed significantly due to the increased uncertainty in the UK's economic forecast, principally due to:
 - EU referendum;
 - new Prime Minister and Cabinet;
 - possible changes to Government economic policy; and
 - Bank of England reductions in interest rates and new quantitative easing.

-
16. The council's current MTFP 2016-21 includes the shock reduction in RSG funding over the period 2016/17 to 2019/20 following a change in grant allocation method to take account of a council's ability to raise council tax. The Government partially mitigated the effects of this change in funding allocation through Transition Grant in 2016/17 and 2017/18 only. However, the reductions in RSG last to 2019/20, when the council suffers a negative RSG grant of -£17.3m.
 17. In addition to the reduced Government funding the council has experienced over recent years, it has also had to maintain one of the country's most heavily used road networks and faced intensifying demographic growth pressures from a record number of children requiring more school places and an ageing adult population requiring more social care. To balance and sustain its budget over this period, the council has achieved £329m efficiencies since 2011/12, coupled with regular modest uplifts in council tax.
 18. In her statutory report in February 2016 on the robustness of the council's estimates and the adequacy of its reserves, the council's Section 151 Officer commented that though the 'level of risk remains significant and the position is very serious' the 2016/17 budget was balanced and the longer term budget was sustainable, provided:
 - the council delivered all of its existing savings plans in full; and
 - the Public Value Transformation (PVT) programme identified considerable base budget costs reductions as soon as practicable.
 19. To help maintain and boost the UK economy following the EU Referendum, the Bank of England has cut interest rates to 0.25% and introduced a new package of quantitative easing.
 20. On 25 November 2015, the then Chancellor of the Exchequer, George Osborne, presented his Autumn Statement and Spending Review. This planned a further four years of spending reductions so Government revenues would exceed its spending and would have balanced the budget by 2019/20. However, before leaving office on 13 July, George Osborne announced the Government's ambition to achieve fiscal balance would now have to extend beyond 2019/20.
 21. The Prime Minister, Theresa May, has a new Cabinet (including Sajid Javid as the new Secretary of State for Communities and Local Government). Within this, the new Chancellor of the Exchequer, Philip Hammond, has a series of judgments to make on a much changed economic and political backdrop and has yet to announce his plans. These are expected in his Autumn Statement, for which no date is known yet.
 22. All of these factors mean the outlook for financial planning is uncertain. While the uncertainty also holds several potential opportunities, the council has an obligation to balance its budget and achieve a sustainable financial position.

Public Value Transformation Programme

23. Public Value Transformation (PVT) was agreed in February 2016 as part of the Council's response to tackling an unsustainable budget beyond 2017. The approach is overseen by the PVT Board (comprising the Leader of the Council, Chief Executive and Director of Finance). The Board had two key objectives:
- transformation work across the council is aligned within a programme approach to deliver optimum Public Value; and
 - Public Value is a key element of identifying additional savings or funding of £25m by 2017/18 and £50m by 2018/19.
24. The PVT Programme follows the Council's 5D approach to transformation and focuses on the key principles of Public Value:
- there is evidence of a clear (measurable) benefit to those who are meant to benefit from our work;
 - we have stakeholder support for what we propose; and
 - we are able to deliver it.
25. The initial phase of the work (Discovery) aimed to: offer challenge and scrutiny to the transformation areas in their discovery process; sign off analysis and agree work areas for design/develop phase; develop a process for tracking current savings; identify MTFP savings.
26. The Public Value Transformation Board identified seven transformation priority areas amongst the transformation work taking place across the Council and has provided additional strategic support for transformation priority areas.
27. The Discovery phase has proven an effective way of getting focus on all of the priority area transformation programmes: Special Educational Needs and Disabilities; Early Help; Multi-Agency Safeguarding Hub (MASH); Health and Social Care Integration; Accommodation with Care and Support; Waste; Highways for the Future. As a consequence of this work, there has been a significant increase in confidence that we have credible approaches in place to deliver change on a large scale. This phase also identified a number of challenges and potential gaps in our approach to transformation, resulting in a renewed focus on the identification and analysis of need and demand to identify the pressures with clarity as to the cause, and accuracy. Using this more rigorous approach, assumptions being made within transformation programmes can be tested and challenged.
28. The PVT approach has created greater confidence in our current MTFP savings and helped to accelerate key transformation programmes where required as well as identifying and stopping those which are not critical to the

development of a sustainable budget so that resources can be redirected to actions that will create Public Value and contribute significant savings. The Discovery phase has clarified that the savings already identified are the upper limit of what can be achieved through the transformation programme. Further, we do not have transformational proposals that would meet the additional £50m required.

Revenue and capital budgets

29. The detailed MTFP 2016-21 Cabinet approved in March 2016 included £25m PVT savings to find in 2017/18, rising to £50m in 2018/19 and remaining at £50m to 2020/21. Work during the spring and early summer identified two scenarios as the basis for financial planning.
30. Scenario A incorporates the following known changes, which increase the budget challenge by £6m in 2017/18, rising to £23m in 2020/21.
- Savings increased by £7m in 2017/18, rising to £8m in 2020/21 due to: higher collection fund income, lower treasury management costs and staffing savings.
 - Costs increased by £13m in 2017/18, rising to £31m in 2020/21 due to, in particular, high needs block funding and the National Living Wage.
31. Scenario B models the additional impact of a further £20m shock funding reduction. This is to reflect the level of uncertainty and the possibility of currently unknown factors leading to a further reduction in funding. This is considered prudent following the council's experience with the Local Government Settlement for 2016/17.
32. Table 1 shows how these factors provide the quantities of new savings for the council to identify in order to meet the two budget challenge scenarios.

Table 1 Summary of revised budget challenge scenarios (new savings to identify)

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|-----------|-----------|-----------|-----------|
| | £m | £m | £m | £m |
| PVT savings to be identified in MTFP 2016-21 | 25 | 50 | 50 | 50 |
| Increased new savings | -7 | -8 | -8 | -8 |
| Increased new costs | 13 | 17 | 26 | 31 |
| Scenario A budget challenge | 31 | 59 | 68 | 73 |
| Additional shock | 20 | 20 | 20 | 20 |
| Scenario B budget challenge | 51 | 79 | 88 | 93 |

33. Based on these scenarios, revised cash limits have been set for each service (annex 1). Cabinet members and officers will work together to determine where services' spending is to reduce in order to balance the budget.
34. To explore the robustness of the proposals Cabinet Members and officers develop, Cabinet is recommended to request scrutiny boards to test the

assumptions within proposals during the period from October to Christmas 2016.

35. Assuming the council identifies and delivers the service reductions to meet the revised cash limits, the uncertain economic position means there is a strong likelihood of the budget challenge remaining. Therefore Cabinet is recommended to continue to work to influence Government policy, especially around the key areas of: adult social care precept, business rates retention and school funding. Any additional funding gained through the council's influencing work will have a positive impact on the council's financial sustainability.

Four year settlement

36. On 10 March 2016, the Secretary of State for Communities and Local Government wrote to all councils offering a four year funding settlement for councils that prepared and submitted an efficiency plan to DCLG by 14 October 2016.
37. The Secretary of State's letter outlines that efficiency plans should:
- be locally owned and locally driven;
 - show how the greater certainty of the four year settlement can bring about opportunities for further savings;
 - cover the full four year period (2016/17 to 2019/20);
 - be open and transparent about the benefits to the council and the community; and
 - show how the council will collaborate with local neighbours, partners and devolution deals where appropriate.
38. In return for completing an efficiency plan, the Government would guarantee (subject to unforeseen significant economic events) the council minimum funding over the period 2016/17 to 2019/20, as set out in the Final Settlement in February 2016 for:
- Revenue Support Grant,
 - Rural Services Delivery Grant and
 - Transitional Grant
39. Table 2 summarises the offer. As such, the Government's guarantee would mean the council will have negative Revenue Support Grant (RSG) to the value of -£17.3m in 2019/20. This is the equivalent of Surrey residents paying for a 3% increase in council tax to fund services elsewhere in the country.

Table 2 Summary of the Government's four year funding offer

| Grant funding | 2016/17 £m | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue Support Grant | 67.1 | 28.0 | 4.5 | -17.3 |
| Transitional Grant | 11.9 | 12.2 | 0.0 | 0.0 |

| | | | | |
|-------------------------------|-------------|-------------|------------|--------------|
| Rural Services Delivery Grant | 0.0 | 0.0 | 0.0 | 0.0 |
| Total four year offer | 79.0 | 40.2 | 4.5 | -17.3 |

40. Other factors to consider in determining whether to decline or accept the four-year offer are set out below.

The main risks to the council of declining include:

- increased vulnerability to further funding changes as DCLG has indicated it will look first to reduce the funding of authorities that have not accepted the offer of a four year settlement;
- Surrey County Council would appear to be unsupportive of DCLG's policy response to requests from local government for greater certainty over future years' funding; and
- uncertainty about the profile of RSG and Transitional Grant allocations, albeit that the grants protected form a very small proportion of the council's overall funding.

The main risks to the council of accepting include:

- the risks of reductions in other unprotected grants remain, in particular funding for SEN (special educational needs) is not assured (the council's assessment of potential reductions in SEN funding could be significant);
- the offer provides no assurances around the future level of funding through business rates retention;
- acceptance could imply acceptance of the financial position the Government has put the council in for future funding discussions and could weaken further funding arguments (through the key influencing areas around business rates retention and devolution);
- acceptance could imply the council agrees the offer enables it to make and deliver efficiency plans with appreciably more certainty than would otherwise be the case; and
- the obligation to produce an efficiency plan by 14 October 2016 (although the council has already published much of the material and this involves minimal additional effort).

41. In conclusion, to maximise the time available to consider this issue, it is recommended Cabinet delegates the decision to accept or decline the Government's four year settlement to the Leader, and report the decision to Full County Council.

Efficiency Plan

42. In outline, the council could prepare its efficiency plan to meet the requirements described in paragraph 37 as follows:
- Summarise the Corporate Strategy, setting out the council's intentions and challenges and how it plans to achieve the strategy's outcomes for Surrey residents and businesses.

-
- Summarise the Financial Strategy, including how this underpins the council's Corporate Strategy.
 - Reference the council's service strategies, highlighting some particular challenges in them.
 - Summarise MTFP 2016-21, highlighting:
 - the council's overall financial challenge and its profile;
 - how the council intends to make efficiencies to achieve financial sustainability; and
 - the impact of transformational efficiencies on the council's finances.
 - Summarise evidence of the council's partnership and collaborative activities, including with: 3SC, ORBIS, SE7 and health & social care integration.

Business Rates Retention

43. In July 2016 the Government confirmed its intention to move to 100% business rate retention by local government with the publication of two consultation papers on 100% business rates retention and fair funding review of needs and redistribution. Responses to the consultation papers are due on 26 September 2016.
44. The Government states the purpose of this fiscal devolution is 'to provide communities with the financial independence, stability and incentives to push for local growth and pioneer new models of public service delivery.' This will mean local authorities as a whole retaining all of the business rates they collect, but taking on new responsibilities to match the increased resources this gives them. The Government's intention is that this change in local government funding is fiscally neutral, and as such is not a solution to the council's financial challenge.
45. The council is fully engaged in the consultations and discussions to develop the proposals, both as Surrey County Council and with a range of partners. As part of this, the council is contributing to responses by:
 - Three Southern Counties (3SC) proposed combined authority group;
 - South East Seven (SE7) group of authorities;
 - South East Strategic Leaders (SESL) group of authorities; and
 - Society of County Treasurers (SCT).
46. In summary, the key principles and areas of commonality agreed in the responses for Surrey County Council, boroughs and districts in Surrey and 3SC group of authorities include:
 - business rates retained by local authorities should fully fund current responsibilities first;
 - new responsibilities devolved to local authorities by the Government should link to economic growth and enable effective public service delivery;

and

- combined authority areas should be able to agree their own arrangements to suit local circumstances and ambitions.

47. Cabinet is recommended to approve the council's responses to the consultation papers, which are set out in full in annex 2 and to endorse the joint response from the 3SC group of authorities set out in annex 3.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

49. 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

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

Section 151 Officer Commentary

51. In February 2016 the council's Section 151 Officer highlighted that the financial position was serious, noting that:
- the 2016/17 budget was balanced through the use of substantial one-off funding, and;
 - the Medium Term Financial Plan for 2016/17 to 2020/21 would only be sustainable through an effective programme of Public Transformation.
52. It is now clear that the PVT Programme has increased the level of confidence in delivery of the existing MTFP, although it will not produce the additional savings to close the budget gap. Therefore the requirement to set a balanced budget can only be met either through identifying further reductions in services' spending, or by securing a fairer funding settlement from Central Government.
53. Changes across Government, the on-going uncertain economic outlook and service demand changes since February 2016 mean the financial position remains serious. It is essential Members remain focused on shaping service delivery to fit within available resources as a matter of priority over the autumn, to enable a balanced budget to be set in February 2017 and a clear plan for moving towards sustainability to be identified.

Legal Implications – Monitoring Officer

54. The Council is under a duty to set a balanced and sustainable budget. This report describes the context to the Council's financial prospects in the medium term and highlights the challenges faced in planning future budgets. It also provides an update on the strategies recommended to respond to these challenges and delegates to the Leader the decision to accept or decline the Government's four year settlement.

Equalities and Diversity

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

WHAT HAPPENS NEXT:

56. Cabinet members and officers will work together in informal workshops to determine where services' spending is to reduce in order to balance the budget. Scrutiny boards will test the assumptions within proposals during the period from October to Christmas 2016.

Contact Officer:

Sheila Little, Director of Finance
020 8541 7012

Consulted:

Cabinet, strategic directors, heads of service.

Annexes:

- Annex 1 Services' revised cash limits 2017/18 to 2020/21
- Annex 2 Surrey County Council's responses to DCLG's consultation papers on:
Self-sufficient local government: 100% Business Rates Retention and
Business Rates Reform Fair Funding Review: Call for evidence on Needs
and Redistribution – *to follow*
- Annex 3 Three Southern Counties' response to DCLG's consultation papers on:
Self-sufficient local government: 100% Business Rates Retention and
Business Rates Reform Fair Funding Review: Call for evidence on Needs
and Redistribution – *to follow*

Sources/background papers:

- Medium Term Financial Plan 2016-21

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Services' revised cash limits 2017/18 to 2020/21

| Scenario A - revised cash limits | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|---|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m |
| Delegated Schools | 457.5 | 457.5 | 457.5 | 457.5 |
| Schools and Special Educational Needs & Disabilities (SEND) | 166.7 | 165.2 | 165.9 | 166.2 |
| Children's services | 103.9 | 101.1 | 96.8 | 94.4 |
| Commissioning and Prevention | 82.9 | 79.7 | 79.3 | 79.1 |
| Adult Social Care | 409.0 | 401.8 | 398.6 | 398.9 |
| Environment and Planning | 84.7 | 85.1 | 88.8 | 90.4 |
| Central Income and Expenditure | 68.9 | 75.9 | 81.4 | 84.0 |
| Highways and Transport | 51.9 | 51.2 | 51.6 | 52.2 |
| Fire and Rescue Service | 44.3 | 45.4 | 43.4 | 43.3 |
| ORBIS Joint & managed budgets | 96.4 | 92.2 | 92.3 | 94.0 |
| Public Health | 36.5 | 34.2 | 32.8 | 32.5 |
| Cultural Services | 22.4 | 21.9 | 21.9 | 22.0 |
| Legal and Democratic Services | 10.0 | 8.5 | 8.4 | 8.4 |
| Trading Standards | 3.6 | 3.5 | 3.5 | 3.5 |
| Customer Services | 3.5 | 3.4 | 3.4 | 3.4 |
| Strategy and Performance | 3.5 | 3.4 | 3.4 | 3.3 |
| Community Partnership and Safety | 2.9 | 2.8 | 2.8 | 2.8 |
| Communications | 1.9 | 1.8 | 1.8 | 1.8 |
| Coroner | 1.7 | 1.7 | 1.7 | 1.8 |
| Directorate support | 1.0 | 1.0 | 1.0 | 1.0 |
| Strategic Leadership | 1.0 | 1.0 | 1.0 | 1.0 |
| Emergency Management | 0.5 | 0.5 | 0.5 | 0.5 |
| Total expenditure | 1,654.8 | 1,638.8 | 1,637.8 | 1,641.9 |
| Scenario B - revised cash limits | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | £m | £m | £m | £m |
| Delegated Schools | 457.5 | 457.5 | 457.5 | 457.5 |
| Schools and Special Educational Needs & Disabilities (SEND) | 165.3 | 163.7 | 164.5 | 164.7 |
| Children's services | 101.7 | 98.8 | 94.6 | 92.1 |
| Commissioning and Prevention | 82.0 | 78.8 | 78.4 | 78.3 |
| Adult Social Care | 400.6 | 393.4 | 390.2 | 390.5 |
| Environment and Planning | 82.9 | 83.3 | 87.0 | 88.6 |
| Central Income and Expenditure | 68.9 | 75.9 | 81.4 | 84.0 |
| Highways and Transport | 50.9 | 50.2 | 50.5 | 51.2 |
| Fire and Rescue Service | 43.5 | 44.6 | 42.7 | 42.5 |
| ORBIS Joint & managed budgets | 94.6 | 90.4 | 90.5 | 92.2 |
| Public Health | 35.6 | 33.3 | 31.9 | 31.7 |
| Cultural Services | 22.2 | 21.7 | 21.7 | 21.8 |
| Legal and Democratic Services | 9.8 | 8.3 | 8.2 | 8.2 |
| Trading Standards | 3.5 | 3.5 | 3.5 | 3.5 |
| Customer Services | 3.4 | 3.3 | 3.3 | 3.3 |
| Strategy and Performance | 3.5 | 3.4 | 3.3 | 3.3 |
| Community Partnership and Safety | 2.8 | 2.8 | 2.7 | 2.7 |
| Communications | 1.9 | 1.7 | 1.7 | 1.7 |
| Coroner | 1.7 | 1.7 | 1.7 | 1.7 |
| Directorate support | 1.0 | 1.0 | 1.0 | 1.0 |
| Strategic Leadership | 1.0 | 1.0 | 1.0 | 1.0 |
| Emergency Management | 0.5 | 0.5 | 0.5 | 0.5 |
| Total expenditure | 1,634.8 | 1,618.8 | 1,617.8 | 1,621.9 |

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