

Notice of Meeting

Council Overview Board



Date & time
Wednesday, 14
December 2016 at
10.00 am

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

Contact
Ross Pike or Emma
O'Donnell
Room 122, County Hall
Tel 020 8541 7368

Chief Executive
David McNulty

ross.pike@surreycc.gov.uk
emma.odonnell@surreycc.gov.uk

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 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 democratic.services@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 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 David Ivison, Mr Nick Harrison, Mr Colin Kemp, Mrs Denise Saliagopoulos, Mrs Hazel Watson and Mr Keith Witham

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 Board is responsible for the following areas:

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

PART 1
IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 3 NOVEMBER 2016

(Pages 1
- 12)

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

3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or
- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

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 8 December 2016)
2. The deadline for public questions is seven days before the meeting (Wednesday 7 December 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

There are no responses to report.

6 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

(Pages
13 - 26)

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

7 PROPERTY SERVICES: STRATEGIC AND OPERATIONAL UPDATE (Pages 27 - 36)

This report explains the Council's Strategic Property Management Plan, provides the data and outcomes from the workplace utilisation study and the Future Planned Approach (FPA) to the estate.

8 AGENCY STAFFING UPDATE (Pages 37 - 50)

This report is a follow up to the Agency Staffing update report presented to the Board in July 2016.

9 PRELIMINARY BUDGET RECOMMENDATIONS (Pages 51 - 56)

This report outlines the work undertaken by Scrutiny Boards on their services' budget planning and the outcomes of this work to date.

10 DATE OF NEXT MEETING

The next meeting of the Board will be held at 10:00am on Wednesday 18 January 2017.

David McNulty
Chief Executive

Published: 6 December 2016

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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

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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

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MINUTES of the meeting of the **COUNCIL OVERVIEW BOARD** held at 10.00 am on 3 November 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, 14 December 2016.

Elected 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 Denise Saliagopoulos
- * Mrs Hazel Watson
- * Mr Keith Witham

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 Karan Persand

* present

70/16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Mark Brett-Warburton, Bob Gardner and David Ivison. Karan Persand substituted for Bob Gardner.

71/16 MINUTES OF THE PREVIOUS MEETING: 21 SEPTEMBER 2016 [Item 2]

Apologies for Denise Saliagopoulos were not noted on the previous minutes. Subject to this amendment, the minutes were agreed as a true record of the meeting.

72/16 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

73/16 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions submitted to the Board.

74/16 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD [Item 5]

There were no responses to report.

75/16 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Key points of discussion:

Recommendations Tracker

1. Recommendation reference A7/2016. The Chairman has had a number of discussions around this item. Increased funding has been awarded to Surrey Choices through the normal budget planning processes of the Adult Social Care and Public Health service. The Chairman has met with the Chairmen of Audit and Governance and Social Care Services Board to agree a way forward for the scrutiny of Surrey Choices. They agreed to jointly write to the Leader of the Council and the Chief Executive to raise concerns about the scrutiny arrangements. Once sent, the letter will be circulated to the Board for reference. The Chairman hoped to provide an update to the Board at the next meeting, subject to the response from the Leader and Chief Executive.
2. Recommendation reference A9/2016. The Chairman has reviewed four months' worth of IAB papers and minutes and has sought advice from the Monitoring Officer regarding Members rights in relation to requests of such information. The review was ongoing and the Chairman aimed to complete a report to the Board for the next meeting.

Forward Work Programme

1. The Chairman explained that the Scrutiny in a New Environment Task Group report would be scheduled as an item for January's meeting.
2. The Chairman invited Members to propose items for inclusion in the Forward Work Programme, indicating that there would be room on January's agenda for additional items.
3. Members discussed grant funding for carers' groups. It was agreed that this subject would be taken up by the Social Care Services Board as the service falls under its remit.

76/16 UPDATE ON CABINET MEMBER PRIORITIES 2016/2017 [Item 7]

Witnesses:

Denise Le Gal, Cabinet Member for Business Services and Resident Experience.

Karan Persand entered the meeting at 10:35am

Key points raised during the discussion:

1. The Board sought clarity on the Cabinet Members responsibilities within the Resident Experience brief of her portfolio. The Cabinet

Member explained that there was an overlap with her portfolio and that of the Cabinet Member for Localities and Community Wellbeing, particularly with regard to the Surrey Fire and Rescue Service. The Contact Centre was seen to be a key responsibility in this brief, as it was important that the experience of first point of contact by the resident was considered to be a good one. All Business Services support frontline services across the organisation with the aim of improving Resident Experience.

2. The Cabinet Member stated that she was of the view that Resident Experience should feature in the portfolio of every Cabinet Member, as all strategies implemented by the Council sought to improve Resident Experience.
3. The Board asked the Cabinet Member as to what she considered to be her greatest achievement to date. The Cabinet Member explained that she worked alongside a very successful team. She stated that the creation of Orbis was something of which she was very proud. Since the programme began in 2013, issues relating to sovereignty had been overcome. The transformation of teams was positive and despite teams getting smaller, the culture of the organisation remained and delivery was achieved ahead of schedule.
4. A Member commented that converting cost centres into profit centres should feature in the Cabinet Member's priorities and enquired if there were any plans in place to achieve this. The Cabinet Member explained that work had been done towards this, through the Local Authority Trading Companies that had been set up. This was exemplified in that South East Business Services Ltd and Babcock 4S had both generated significant dividends for the Council last year, and TRICs was also a profit centre for the Council. The Cabinet Member went on to explain that not all investments would be profitable, however they were constantly under review for value for money as the economic environment evolved.
5. The Board enquired as to where the Investment Strategy was heading, given that the authority would become more dependent on Return on Investment (ROI) due to the budget shortfall. The Cabinet Member suggested that the plan was to upscale the investment portfolio to £2 billion and grow the portfolio over a period of time.
6. In response to a question on the deals being offered to the Council, the Cabinet Member stated that the investment community recognised that this Council was open to doing business. Members were assured that all opportunities to invest were assessed using the risk-adjusted return on capital framework, and that the Investment Advisory Board had taken a decision to primarily invest in low risk assets.
7. The Board stressed the importance of a clear public message on the Council's investment strategy. Cabinet Member acknowledged the potential gap in public perception with regard to the investment strategy, explaining that challenge was to balance statutory obligations of service provision with investments that generated income for the Council to safeguard future provision.

8. The Cabinet Member reported that the current Council budget planning featured a £22.4m shortfall for the current financial year and that discussions were taking place to identify what work would be deferred in order to close the gap. The Cabinet Member also explained that Surrey MPs were aware of the seriousness of the problem ahead of the Autumn Statement, particularly the pressures faced by Adult Social Care, and that a lack of concessions from government would leave Surrey in a very difficult financial situation.

77/16 12 MONTH REVIEW OF ORBIS [Item 8]

Witnesses:

John Stebbings, Chief Property Officer
Denise Le Gal, Cabinet Member for Business Services and Resident Experience.

Key points raised during the discussion:

1. The Chief Property Officer began by explaining that it had been a challenging but productive year, with the integration of back office functions across Surrey and East Sussex County Councils. The Board were advised that Orbis were looking to bring together shared services through market developments with other local authority organisations such as LGSS and OneSource. This was a different approach, however the size of the organisation had enabled this as an option.
2. The Chief Property Officer explained that whilst Brighton and Hove City Council (BHCC) were proposed to be joining Orbis, their eventual integration into the organisation would not affect service provision and the benefits for the existing partners. As part of their discussions with BHCC, Orbis reiterated that the level of efficiency that had already been agreed needed to be delivered as it formed part of each organisations Medium Term Financial Plan (MTFP). This was therefore classed as a non-negotiable element for both Orbis and BHCC. Efficiencies and services would continue to be delivered as business as usual, with a small programme team responsible for integration delivery and review. Furthermore, it was confirmed that during its own due-diligence process, BHCC data would be inspected by the Orbis Joint Committee to assure its quality in order to minimise risk.
3. The officer stated that the Inter-Authority Agreement (IAA) framework would be reviewed prior to BHCC formally joining, taking into account lessons learned around services and engagement throughout the experience.
4. The Board were advised that Orbis had no additional partners currently lined up. The officer stated that Orbis would consider future partnerships on a case by case basis, however the organisation was also mindful of its capacity.
5. The Board enquired as to the cost to the organisation of using Ernst & Young (EY) as its transformation partner, and whether the cost

cancelled out the saving efficiencies being delivered through reducing the staff headcount. It was explained that the cost of the consultancy was minimal, c£300k, as the contract was not a traditional tariff based consultancy arrangement. Orbis would deliver £8.3m efficiencies by the end of the third year as a result of £7m in investment and the cost of the EY contract was included in the original business plan.

6. The officer explained that Orbis was looking to obtain mutually benefiting value from the EY partnership, with proposals being developed to allow for staff to be seconded into their organisation and vice-versa. It was also explained that EY partners were invited to the Orbis Joint Committee meetings at a cost to them, as they acknowledged that their attendance would help them to gain oversight and understanding that would be of benefit when they went on to consult with other clients.
7. The Board acknowledged that the Intellectual Property Rights within the Orbis structure were of real value to the organisation and that the intention was to generate income from EY should they use information related to the Orbis programme.
8. The Board recognised that Project MARS was a sound investment, improving customer experience whilst delivering efficiencies. The officer stated there had been a recent change in trend, where online system bookings were proving more popular than telephone bookings, providing resident access to the service 24 hours a day.
9. The Board sought reassurance that despite the ever-changing public sector environment, Orbis would remain focused on delivering services to improve resident experience. The officer explained that Orbis were involved in the Surrey Heartlands Sustainability and Transformation Plan from a properties perspective, and that they would continue to operate business as usual as well as being open to potential new business opportunities.
10. The Board enquired as to whether customer feedback had been sought with regard to the services provided by Orbis. The officer indicated that feedback was important in order to evaluate service delivery and that it was welcomed through formal and informal channels.

Further information to be provided:

1. Details on the status of the MARS project
2. Officers to provide clarity on the year-on-year savings after investment and the cumulative savings to the Council after three years based on the table on page 26 and the additional savings to be delivered by the Orbis partnership to the Council.

These figures should show:

- what numbers are gross and what are net;
- net of what in each case; and

- what costs have not been netted out where this is the case
3. How and where investment is made and whether this is capitalized
 4. The impact on salaries where there have been staff reductions leading to increased responsibilities for remaining officers
 5. Clarity on the savings expected by IT services. The current savings are rated 'green' but fall significantly short of the year end expectation.
 6. What savings do Procurement hope to deliver to the organisation as a whole, and are they reflected in the plans of the various business units?
 7. Current Property Service vacancy rate

Resolved:

The Chairmen of East Sussex's Audit, Best Value and Community Services Scrutiny Committee (ABVCSSC) and Surrey's Council Overview Board (COB) will coordinate their scrutiny work so that the *same* topics and reports, with additional authority specific information as requested, are prioritised by agreement between the Chairmen for consideration at each authority's scrutiny body which operate independently.

Additionally, COB's Transformation Sub-Group members will meet, at least annually, with ABVCSSC members and a Brighton & Hove City Council observer to review Orbis performance and prioritise future scrutiny topics.

78/16 HIGH PERFORMANCE DEVELOPMENT PLAN EVALUATION [Item 9]

Witnesses:

Karen Archer-Burton, Strategic OPD Manager.

Colin Kemp, Denise Saliagopoulos and David Harmer took brief breaks during this item.

Key points raised during the discussion:

1. Members questioned a contradiction in the report, whereby it suggested the programme had been a success and would be continued, however the last staff survey results indicated that some senior managers within the organisation were not living the values. The officer explained that the High Performance Development Programme (HPDP) went live in 2014 and therefore the impact of the HPDP on the 2015 staff survey results would have been low. One year on, all senior leaders had completed the HPDP, along with 60% of leaders. It was therefore expected that the 2016 survey results would show significant improvement. The officer stated that if the results were less favourable, Human Resources and Organisational Development would go back and review the programme further.

2. Members requested that the chart on page 83 was updated to include percentages of attendance by directorate. This information will be attached to these minutes as Annex 1.
3. The Board were informed that the £1million programme cost referred to in paragraph 13 did not include the cost of officer time or travel. Acting on previous officer feedback, the HPDP was delivered in different locations across the county in order to minimise the need for officers to incur travel costs.
4. The Board enquired whether, given the organisation's current financial situation, the programme represented value for money and how much more money was due to be spent on the programme in the next financial year. The officer explained that determining whether the programme was value for money would require more evidence and data to be analysed. She also explained that the leadership budget within HR and OD covered more than just the HPDP; and that next years' expenditure would be determined by the revised financial envelope issued to the service.
5. The officer explained that the re-design of the programme in April 2017 planned to feature some content changes as the programme currently focused on challenging behaviours and working with staff. The update would cover systems interactions and networks. There was also a potential for some collaborative working with organisations such as Surrey Police and the NHS which could lead to future savings.
6. The officer explained that the increase of absenteeism and grievances referred to in paragraph 14 (ii) was mild and was likely to be related to the increased confidence of leaders to challenge unacceptable behaviours post-completion of HPDP, however the increase would still be investigated by HR.
7. The officer informed the board that the HR/OD team aimed to make the HPDP programme more accessible. They recognised that for leaders in some frontline services, taking them out of the role for four to six days could lead to an impact in service provision. It was noted that this could be overcome by adapting the programme to offer place-based delivery.
8. The Board were advised that direct reports to leaders who had completed the HPDP had been asked to provide feedback to form part of the evaluation process, however this was only collected from 20 direct reports and therefore more information was required.

Further information to be provided:

- Percentage values for the number of staff who have completed the programme by directorate
- Explanation of the impact of the HPDP on directorate-level recruitment costs reported on page 94

Recommendation:

That a further report on the impact of the High Performance Development Programme incorporating the results of the staff survey and an update on the details of the new programme is brought to this Board in early 2017.

79/16 DATE OF NEXT MEETING [Item 10]

A private budget meeting has been arranged for the Board on Wednesday 23 November 2016 at 10:00am.

The next formal meeting of the Board will take place on Wednesday 14 December 2016 at 10:00am

Meeting ended at: 12.15 pm

Chairman

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Annex 1

Updated table:

	Leaders	Senior Leaders	Total	Eligible Leaders	%
Adult Social Care	91	58	149	332	45%
Business Services / Orbis	101	76	177	286	62%
Chief Executives	16	18	34	40	85%
Children, Schools and Families	134	50	184	517	36%
Customers and Communities	8	8	16	29	55%
Environment & Infrastructure	45	26	71	203	35%
Legal & Democratic Services	33	6	39	180	22%
	428	242	670	1587	42%

*These figures are based on the data sets sent to the to the University of Surrey in May, so the establishment of Senior leaders and Leaders is at May 2016.

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Council Overview Board
14 December 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 December 2016

14
December
2016

- Agency Staff Policy & Contract Monitoring
- Asset Management Strategy
- Preliminary budget recommendations

18
January
2017

- Scrutiny in a New Environment Task Group update
- Final budget recommendations

1
February
2017

- Surrey Choices
- Devolution update

Future items

- Trust Fund annual progress review (including proposals for Trusts where SCC is not the sole trustee)
- Communications Strategy
- Staff Survey results

Council Overview Board

ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED 1 December 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/ Actions	To	Response
1 June 2016 A7/2016	ANNUAL REPORT OF THE SHAREHOLDER BOARD	a) That further scrutiny in relation to Surrey Choices be scheduled once the Shareholder Board had completed the review of its business plan.	Scrutiny Manager	<p>Awaiting completion of the business plan review.</p> <p>Update (Sep): 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.</p> <p>Update (Dec): the Chairmen of COB, SCSB and Audit & Governance wrote to the Leader and Chief Executive to express their concerns regarding the management and scrutiny of Surrey Choices. This correspondence is attached to this tracker as Annex 1.</p>

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
6 July 2016 A9/2016	RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD	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.	Council Overview Board Chairman	The Chairman has requested further papers from the Investment Advisory Board to aid his investigation and will report back to the Board at its November meeting.
21 September 2016 R7/2016	INTERNAL AUDIT: REVIEW OF PROPERTY ASSET MANAGEMENT SYSTEM INCOME MODULE	a) The Board agreed that the service will report its progress against the high priority recommendations to Democratic Services.	Claire Barrett Nigel Jones David John Siva Sanmugarajah	Review early 2017, post go-live.
21 September 2016 R8/2016	INTERNAL AUDIT: SURREY YOUTH CENTRES- GOVERNANCE AND BUSINESS MANAGEMENT ARRANGEMENTS	a) The Board agreed that the service would bring an audit update report to the Council Overview Board. Audit would conduct a follow up in 3 months with a fuller review in 6 months	Ben Byrne Jan Smith David John Tasneem Ali	Update due end of March 2017.
3 November 2016 R9/2016	12 MONTH REVIEW OF ORBIS	The Board resolved: The Chairmen of ABVCSSC and COB will coordinate their scrutiny work so that the same topics and reports, with additional authority specific information as requested, are prioritised by agreement	COB Chairman	January 2017

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
		<p>between the Chairmen for consideration at each authority's scrutiny body which operate independently.</p> <p>Additionally, COB's Transformation Sub-Group members will meet, at least annually, with East Sussex Audit and Best Value members and a Brighton & Hove City Council observer to review Orbis performance and prioritise scrutiny topics.</p>	Transformation Sub-Group	
3 November 2016 R10/2016	HIGH PERFORMANCE DEVELOPMENT PROGRAMME	a) The Board agreed that a further report on the impact of the High Performance Development Programme incorporating the results of the staff survey and an update on the details of the new programme is brought to this Board in early 2017.	Ken Akers Karen Archer-Burton	Item scheduled for March 2017

COMPLETED ACTIONS - TO BE DELETED

Date of meeting and reference	ITEM	Recommendations/ Actions	To	Response
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1 June 2016 A5/2016	FUTURE WORK PROGRAMME	a) 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	This has been scheduled for December
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.
21 September 2016 R5/2016	FINANCIAL SUSTAINABILITY & BUDGET PLANNING 2017-2022	a) The Board recommends that the Leader should make the decision regarding acceptance or refusal of the governments four year settlement offer in public at a Leaders Decision making meeting so council members can make any representations as necessary.	Leader of the council	This decision was made in public at a Leader's decisions meeting on Wednesday 12 October.
21 September 2016 R6/2016	SURREY COUNTY COUNCIL'S APPROACH TO CONSULTATION	a) That COB in conjunction with members from the Resident Experience Board convene a task group to investigate how consultations could be best run across the council.	Scrutiny Manager	A draft scoping document has been circulated for sign-off prior to agreeing the membership of this group.

Council Overview Board
14 December 2016

CHAIRMAN'S UPDATE ON SURREY CHOICES

Purpose of the report: Scrutiny of Services and Budgets

This report outlines the work undertaken by the Chairman in relation to Board recommendation A7/2016.

1. At its meeting on 1 June 2016 the Council Overview Board recommended that: further scrutiny in relation to Surrey Choices be scheduled once the Shareholder Board had completed the review of its business plan.
2. In November, myself, the Chairmen of the Social Care Services Board and the Audit & Governance Committee wrote to the Leader and Chief Executive regarding additional monies provided to Surrey Choices and to express concern around the scrutiny of the company. This letter and the response are attached as annex 1.
3. A draft business plan was presented to the Shareholder Board by Surrey Choices in late November. Subject to the company providing further information to the Shareholder Board the plan will be reviewed again in early 2017. It is proposed that following their consideration, the Council Overview Board will schedule scrutiny of Surrey Choices.

Recommendation:

- That the Board scrutinises Surrey Choices' new business plan in line with the recommendation it made on 1 June 2016.

Next Steps:

- Scrutiny of Surrey Choices to be scheduled for early 2017.

Report contact: Ross Pike, Scrutiny Manager

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

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4 November 2016

Dear David and David,

Scrutiny of Surrey Choices

Over the last six months each of our committees/boards has been interested in looking into our local authority trading companies and Surrey Choices in particular. The Audit & Governance Committee raised concerns about further investment in the company in light of past governance failures in a letter to the Council Overview Board Chairman in April 2016. Subsequently, the Council Overview Board reviewed the Shareholder Board's oversight of the performance of Surrey Choices, as well as the other local authority trading companies, and in June the Council Overview Board recommended further scrutiny of Surrey Choices following the approval of its new business plan by the Shareholder Board.

In the meantime increased funding has been awarded to the company through the normal budget planning processes of the Adult Social Care and Public Health service. This obviously did not require approval from the Shareholder Board and we believe this process represents a significant risk to the Council. We will be seeking assurance about the ongoing suitability of the company to provide the services required by Adult Social Care and the realisation of financial benefits as envisaged in its original business plan.

As the chairmen of the Audit and Governance Committee, Council Overview Board and Social Care Services Board we have requested that details of the increased demand on Surrey Choices and the resultant variance to its contract with Adult Social Care be provided to the Social Care Services Board. Following receipt of this information and the approval of the new business plan we will aim to develop a programme to co-ordinate appropriate scrutiny across each of our committees/boards to assure Members that Surrey Choices is the right vehicle for delivering service and that it is adequately scrutinised.

We are therefore seeking your co-operation in realising this aim and would welcome a response to the issues raised on the adequacy of the governance process and the suitability of Surrey Choices to continue to deliver services to Adult Social Care. The Council Overview Board further expects to review the revised business plan at its 14 December meeting and would welcome appropriate attendance of Shareholder Board members to be able to respond to the concerns.

Additionally, the Council Overview Board has convened a task group to test the scrutiny function's arrangements to scrutinise new and emerging service models including local authority trading companies which will report in early 2017.

Yours sincerely,

Steve Cosser
Chairman
Council Overview Board

Stuart Selleck
Chairman
Audit & Governance Committee

Keith Witham
Chairman
Social Care Services Board

Cc.

Ann Charlton, Director of Legal, Democratic & Cultural Services

Helen Atkinson, Strategic Director Adult Social Care & Public Health

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CLLR DAVID HODGE
LEADER

23 November 2016

Dear Keith, Steve and Stuart

Thank you for your letter of 4 November 2016 regarding scrutiny of Surrey Choices.

The Shareholder Board continues to work with Surrey Choices to ensure they are in a strong sustainable position going forward. The Board has worked with Surrey Choices to develop their business plan which will be coming to the November meeting. We have recruited interim senior staff over the summer and the Shareholder Board will be further discussing the recruitment process for a permanent Managing Director.

In 2015/16 Adult Social Care agreed a contract envelope of £12.1m for the ASC services provided to the council by Surrey Choices. The actual amount paid to Surrey Choices in 2015/16 was £11.7m, £0.4m lower than the contract budget. The main reasons for the reduction in expenditure were as follows:

- a) The cessation of the Personalisation Team at the end of December 2015 (a team that was supporting ASC to conduct personalised assessments of individuals attending Surrey Choices' services, but was no longer required once all Surrey Choices' service users had been assessed).
- b) A reduction in expenditure on Short Breaks respite services due to capacity in these services being lower than had originally been anticipated.
- c) Changes to the use of Fairways day centre which meant that the service charge and rent Surrey Choices paid to the council was reduced in the last quarter of 2015/16 and hence the amount ASC paid to Surrey Choices also reduced in kind.

Although these three changes had a part year impact of £0.4m in 2015/16, the full year effect was a reduction in expenditure of £1m. The starting point for negotiations in 2016/17 was therefore a contract budget of £11.1m (the original £12.1m contract budget less the £1m reduction associated with the three changes listed above).

During contract negotiations for 2016/17 it became apparent that the full cost of delivering services to ASC was not being recovered by Surrey Choices. As a result an increase to the contract of £2m was agreed to represent Surrey Choices' current cost of service provision. The deed of variation signed for 2016/17 therefore set out a planned total contract payment of £13.1m for 2016/17. Within this deed of variation, a commitment was made by Surrey Choices to reduce the contract value in 2017/18 by a minimum of £0.8m in recognition of efficiencies that Surrey Choices is planning to make as a result of a reconfiguration of its business.

The increase to Surrey Choices' contract in 2016/17 has resulted in a budget pressure for ASC of £1.2m. The reason that it is not the full £2m is that ASC retained most of the budget relating to the £1m reduction associated with areas a-c set out above. This funding would have been used to offset increased spot care costs resulting from increased demand if the increase to the Surrey Choices contract had not been required.

Yours sincerely



David Hodge
Leader of the Council



David McNulty
Chief Executive

Cc.

Ann Charlton, Director of Legal, Democratic & Cultural Services
Helen Atkinson, Strategic Director Adult Social Care & Public Health

Property Services – Strategic and Operational Update

Purpose of the report: Scrutiny of Services

In three parts, this report explains the Council's Strategic Property Management Plan, provides the data and outcomes from the workplace utilisation study and the Future Planned Approach (FPA) to the estate.

Introduction

Part 1 – Strategic Property Management

Introduction

1. In May 2013, Property Services issued the first Strategic Asset Management Plan (SAMP). This was widely distributed to members in hard copy and online.
2. The SAMP focuses on setting the strategic importance of assets, the positive impact assets can have on service delivery and how they can act as a catalyst for change.
3. The SAMP sits at the core of the Property Service function and acts as a guide to future property decisions, providing the link between strategic consideration of assets and their role in the delivery of the council's services.
4. The SAMP underpins a set of customer-focused actions that both officers and members are committed to deliver.
5. The SAMP also pulls together information in one place around spend through local Surrey suppliers, CO2 energy usage reduction, support for regeneration and investment, and the move towards smarter and more flexible ways of working.
6. The SAMP demonstrates how we will consider other drivers affecting asset management, including national policy drivers such as the Localism Act, Community Right to Bid and the One Public Estate (formally the Capital and Asset Pathfinder National Project)

Changes to the SAMP

7. The SAMP is a working document meaning it is referred to and adapted as the backdrop changes, however periodically the document it is systematically reviewed and updated with significant changes e.g. following a relevant Council decision, or introduction of new legislation.

The following areas within the SAMP have been refreshed and updated:

- Partnership Working – The original SAMP did not specifically reference partnership working as a target theme. The new SAMP will reflect the importance of working together. As partnership schemes are generally multi-agency projects there are a number of different challenges that need to be addressed. The partners may have to explore new and innovative approaches with regards to public ownership of property; moving away from traditional structures of individual property ownerships in favour of shared co-location arrangements. The SAMP will include details of partnership successes to date with key benefits being:
 - reduction in the number of public sector buildings in operational use through flexible working and intensification of use.
 - significant reductions in annual operating costs for public sector property
 - reduction in backlog maintenance liabilities
 - providing commercial letting space for private sector income generation
 - improved service delivery through joining up services in a single building
 - improved working conditions for staff through modern buildings
- 8. Carbon Management & Sustainability has also been refreshed in line with 2015 Cabinet decision approving a new Carbon and Energy Policy with a target of reducing carbon dioxide (CO₂) emissions by 10% over 4 years. The policy covers energy used in buildings, schools and street lighting as well as emissions arising from staff travel. It builds on the previous policy for 2010-2014 over which time £13.1 million was invested in carbon reduction and energy efficiency schemes to deliver a 9% saving.
- 9. A section will be included on vacant property management. The Vacant Property Group has a mandate to examine, challenge and ensure that sites identified as Vacant are allocated a status and action plan as to their future use, i.e. disposal, hold for future Service need, strategic hold (greater value with adjoining land owners), income generation through lettings etc.
- 10. At the time of this report there are 103 assets being managed as vacant. A number of these are being held for longer term income/capital receipt generation and for use with upcoming service reviews strategies such as the Adult Social Care Extra Care cabinet paper December 2016.
- 11. The figure of 103 is roughly the same as the number of vacant sites held during 2012, however this is a constantly evolving set.
- 12. Since 2011/12, income from the council's leased out portfolios has increased. This being £2.32m in 2011/12 to £4.99m to date. This represents a net income increase to SCC of £2.67m per annum. Each case is evaluated and appraised to ensure that alternative options would not produce a better financial outcome to SCC such as a capital receipt.
- 13. Of the 103 properties that comprise the vacant portfolio only 7% are being held for long term vacant management. In addition, some of these are identified as supporting associated infrastructure i.e. private roads and therefore by design cannot at this point be moved through the review process.
- 14. The remaining 93% of the portfolio is split between sites being prepared for disposal, generating long term revenue income or supporting front line service delivery such as schools, highways or countryside access.

Conclusions

15. The SAMP has changed and evolved over time. For Property Services it is a living document.
16. Property Services recognise that it does however, require formal updating. Some recent changes which are to be included in version 2 relate to partner working, carbon management and vacant property management.
17. The new section in the SAMP on partner working needs to reflect the complexities of this arrangement.
18. Vacant property management is subject to its own review, processes and status alignment. It is important that we keep vacant property optimisation at the forefront in order to increase efficiencies to the council.

Part 2 – Office Utilisation Data

Introduction

1. Property collects a number of data sets to assist in asset analysis and the monitoring of operational performance. The property analysis supports future strategy formulation.
2. The corporate office utilisation analysis was recently completed.
 - Between July 2015 and January 2016 utilisation studies were undertaken at the four main Surrey County Council office sites
 - A company called Plan B was used which provided both resources and external challenge to our established thinking
 - There are several benefits to having office utilisation data and analysis, primarily to enable and support operational management at sites but also to assist decision making around strategic space planning.
 - The four buildings assessed as part of this study were County Hall, Kingston; Consort House, Redhill; Fairmount House, Leatherhead and Quadrant Court, Woking.
 - Each survey lasted 10 working days and included an assessment of utilisation of office space, meeting rooms and other spaces e.g. touch-down areas, canteens, quiet spaces etc.
 - There were nearly 300,000 lines of data produced and analysed by Plan B over the course of the survey. This report summarises the information and extracts the key findings.

The Survey

3. Plan B visited each of the sites for a two week period. Due to logistics, the sites were not assessed over the same two week period.

4. Hourly sampling was undertaken at each site and a status for the space was noted and headcount undertaken.
5. Space defined as “in use” was given a status of 1 or 3 – see Table A
6. High level summary data collected across all four sites is shown below in Table B

Table A - Status definition

1 Occupied - Staff in situ at workspace / room
2 Not Occupied & Unused - Space not occupied & no signs of it being used
3 Not Occupied & In Use - Space not occupied but evidence of recent use

Table B – High level summary data across sites

SCC Location	Fairmount House			Consort House			County Hall			Quadrant Court (%)		
Utilisation Study Date	Jan-16			Nov/Dec-15			Nov/Dec-15			Jul-15		
Key Space Type	Qty	Ave.%	Max.%	Qty	Ave.%	Max.%	Qty	Ave.%	Max.%	Qty	Ave.%	Max.%
Desks / Offices	358	61.8	76.5	339	58.0	72.6	1779	48.7	57.9	737	45.7	55.8
Meeting Rooms	25	47.5	80.0	20	46.0	85.0	91	31.3	53.8	38	38.6	71.1
Training Rooms	0	n/a	n/a	0	n/a	n/a	7	57.3	100.0	3	54.0	100.0
Quiet Rooms	0	n/a	n/a	0	n/a	n/a	3	12.4	100.0	14	42.4	92.9
Contact Rooms	1	14.9	n/a	4	33.1	100.0	0	n/a	n/a	1	21.5	n/a

County Hall, Kingston

- This is the main County base and the site is occupied by both Officers and Councillors and some other partner organisations. There are 1,559 Officers currently with County Hall as their contractual base and 1779 desk spaces included in the survey.
- The highest office space utilisation day is Tuesday and the peak hourly time is 11am.
- Friday is the lowest office utilisation day of the weeks assessed.
- The maximum utilisation of office space over the period was just under 58%
- The older part of the building including the Grand Hall, and Council Chambers areas are some of the most poorly used within the building, although outside of core council use, these are used for revenue generation e.g. filming and weddings. This was not factored into the survey.
- Meeting rooms are fully booked but under-utilised due to a high no-show rate of just over 48%. The means that space is often booked by staff and not used. See Table C. This finding corroborated the findings of the Property Space Booking Project.
- The Space Booking project is rolling out a new meeting room booking system which has the ability to check-in attendees and to release back space when people do not turn up for meetings. This new system is currently being piloted at Consort House and due to be rolled-out to County Hall in March 2017.

Key Plan B Finding: - “Even at a Max Utilisation of 57.9% throughout County Hall half of all groups hit 100% Utilisation”.

7. In fact real demand at certain times may be well above 100% which will create the perception that space is not available in the building. This is due mostly to the “pooling effect” or the way in which desks are assigned to small/medium sized teams. This is not helped by the design of the building being based around single separate offices making space sharing harder and in effect masking available desks.

Table C – Meeting Room analysis across sites

SCC 4 Site Workplace Utilisation Study 2015-2016				
	No. of Meeting Rooms	Max Rooms in Use	Minimum Free Rooms	Current No-Show %
County Hall	91	49	42	48.6%
Quadrant Court	38	27	11	33.0%
Fairmount House	25	20	5	40.6%
Consort House	20	17	3	39.0%
Total spaces (approx)	174	113	61	

Consort House, Redhill

- Number of desk spaces included in the survey was 339
- Number of staff registered with Consort House as a base are 492
- The highest office space utilisation days are Wednesday and Thursday and the peak hourly time is 12 noon.
- Friday is the lowest office utilisation day of the weeks assessed.
- The maximum utilisation of office space over the period was just under 73% and hotdesks were the highest used desk type with a maximum utilisation of just under 89%
- The maximum meeting room simultaneous use was 85%. The number of meeting room bookings average over 146% of utilisation. This difference accounts for no-show bookings. See Table C.

Quadrant Court, Woking

- Number of desk spaces included in the survey was 737.
- Number of staff registered with Quadrant Court as a base are 983
- The highest office space utilisation day is Tuesday and the peak hourly times are 10-1pm.
- Friday is the lowest office utilisation day of the weeks assessed.
- The maximum utilisation of office space over the period was just under 56%
- “1 in 3 meeting room bookings results in a no-show” Plan B

Key Plan B Finding: - “84 staff groups experienced 100% utilisation; even though the overall desk average is only 45.6%. Many groups will have demand above 100%”.

8. Table D shows both building headroom or additional notional capacity but also teams within the site who have utilisation of space of over 100% during the two week period. This is mostly down to the pools of space managed at team level as discussed at previous sites e.g. County Hall.

Table D – Table showing headroom v over 100% utilisation

SCC Admin Centre	Desk/ Office Count	Overall Ave Desk/Office Utilisation (%)	BUILDING HEADROOM		% of Groups Reaching 100% utilisation
			Min Free Desks (4 Hr) (Teams + assigned desks segmentation)		
County Hall	1779	48.7	279	15.7%	49.4
Quadrant Court	737	45.7	67	9.1%	82.4
Fairmount House	358	61.8	5	1.4%	93.8
Consort House	339	58.0	7	2.1%	88.9

Fairmount House, Leatherhead

- Number of desk spaces included in the survey was 358.
- Number of staff registered with Fairmount House as a base are 439
- The highest office space utilisation day is Wednesday and the peak hourly times are 12-2pm.
- Friday is the lowest office utilisation day of the weeks assessed.
- The maximum utilisation of office space over the period was 76.5%

Key Plan B Finding: - “45 of the 48 groups reach 100% use though their demand may be greater”

Recommendations from Study

9. Review the pool or team ownership and sharing of space throughout the sites, look to create bigger management pools and open up more flexible space (touchdown/hotdesking) all available to book through the new space management system.
10. Monitor meeting room use and no-show via the new space booking system. Ensure all room and desk resources are made available and visible through the new booking system
11. Foster a culture of space sharing amongst staff, for both desk space, working flexibly and meeting rooms.

Conclusions

12. Spare desk capacity does exist across all four sites to lesser or greater degrees, but the current sharing model does not highlight its availability and in fact is probably causing appearance of under-supply problems in many areas. This will be a cause of staff frustration.
13. All buildings had a headroom potential to increase occupancy but this can only happen through undertaking the key actions to create usable available space.

14. A revised sharing model with fewer pools and more flexi-desks will significantly increase building capacities
15. The new space booking system is needed to manage meeting room usage and no-shows and thereby open up this space for greater use.

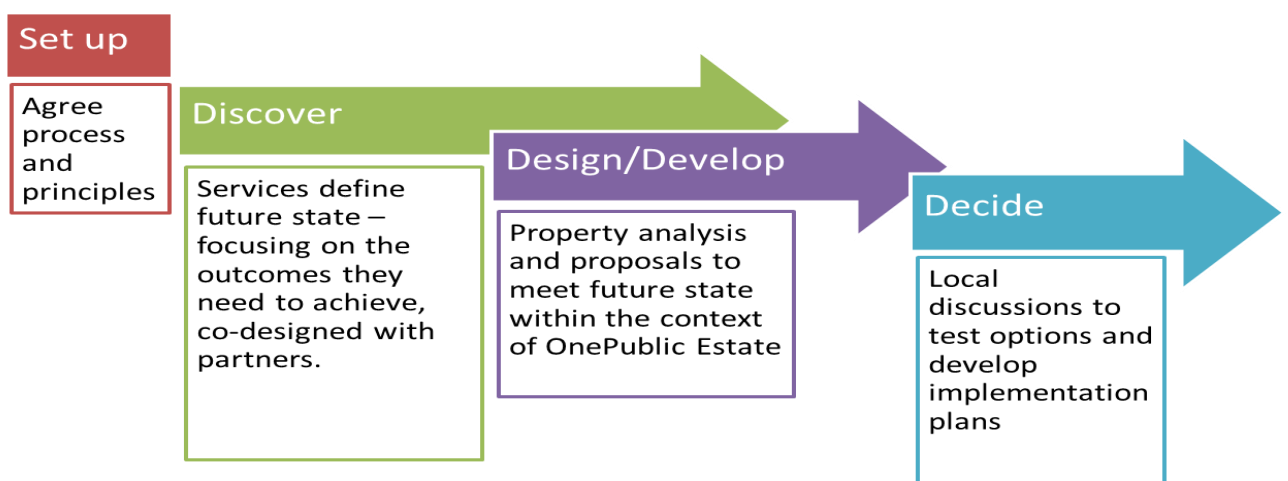
Staff behaviours around booking meeting rooms and not using or not cancelling if they do not intend to use needs to be addressed as part of the rollout of the new meeting room booking system.

Part 3 – A Future Planned Approach to the Estate

Introduction

1. The SAMP is diarised for review by Corporate Asset Panel next year. This new SAMP will pick up the work of the Future Planned Approach (FPA). The FPA is detailed service focused strategy work which started earlier this month and will continue into next year.
2. The outcomes of the FPA will enable the organisation to make decisions about the future shape, and service need of and from our assets. In this work, assets are defined as wider than just property with overarching focus on IT and other supporting resources to services.
3. Diagram 1 sets out the overarching process that we will be following with services to create a combined view of Surrey’s public sector asset landscape for the future. In order to understand what assets might be required services will need to think about their future service model, their workforce, and their future. This is a major piece of work, but will build the picture from the ground up of future requirements.

Diagram 1 – overarching process



4. The FPA is predicated upon a number of core principles.

- Look to enable residents to access multiple services from a single location
- Be digital by design
- Reduce the number of properties we are in by ourselves
- Reduce costs
- There will be a single public estate (generating savings and sharing them equitably)
- Staff will work flexibly

5. Diagram 2 shows what is meant by defining the future state and focusing on service outcomes and needs analysis. This part of the FPA is split into a two stage process (described here as diagrams 2 and 3).

This two stage process is undertaken with services following a workshop approach.

Diagram 2 – the two stage future state process

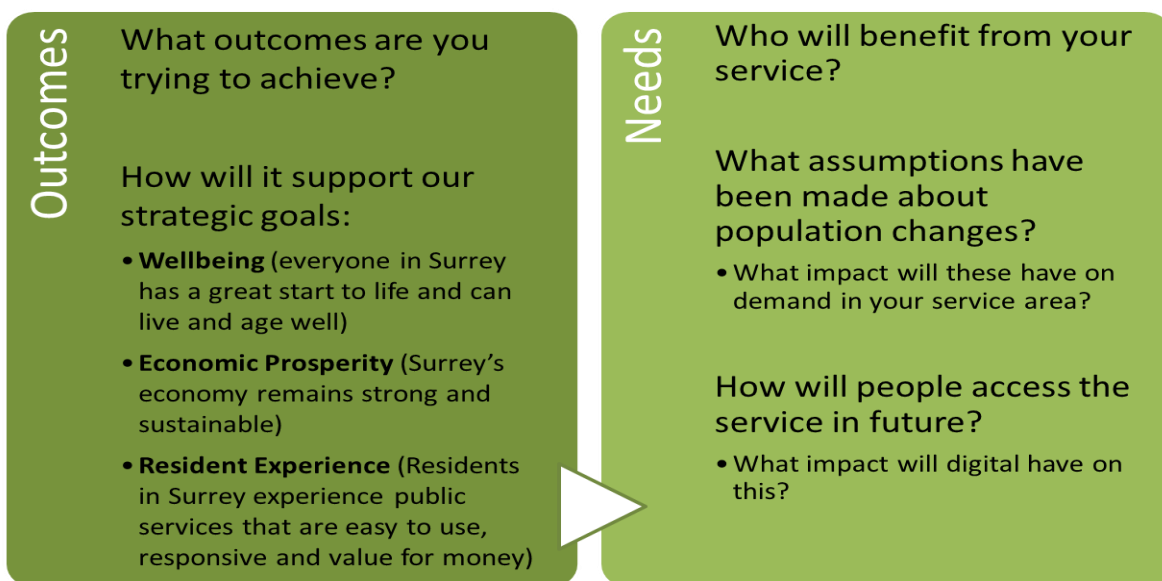
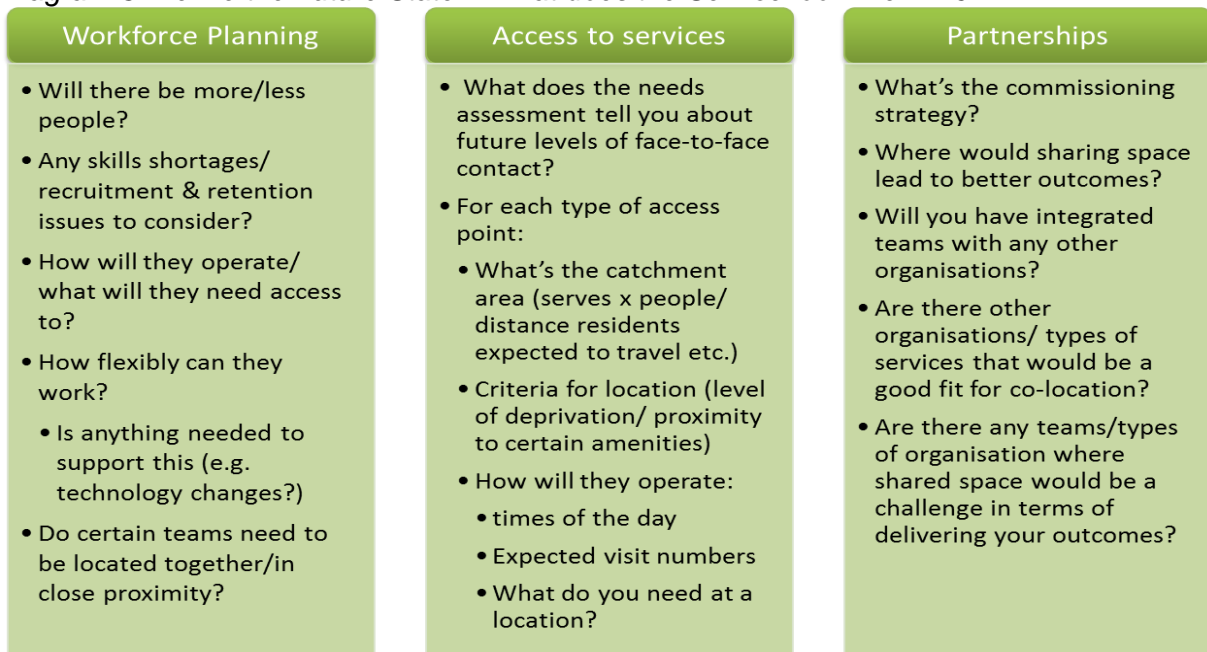


Diagram 3: Define the Future State – What does the Service look like in 20xx?



Process

6. Property Services are working with the New Models of Delivery team on the FPA process. The workshops are also supported by Corporate Asset Panel (CAP).
7. Once a future service proposal is formed options will be tested both against other service models and with customers and partners before a final strategy is co-designed.
8. The testing of the future service proposal will also involve using data sets that the organisation collects such as the utilisation data around corporate buildings. Therefore maximising the benefits of this data for both strategic and operational benefits.
9. A set of agreed priorities of change will be an outcome of this work.

Conclusions

10. The Future Planned approach is a new method in considering our asset strategy.
11. It ensures we start with the service need rather than with what we currently have or where we currently are.
12. This is the best way to ensure we are as effective and asset efficient in the future. We need to plan for the years ahead and for most services that is a starting point of 2021 or 5 years hence.
13. We are excited by this approach and have received strong support from services to date with the first pilot service being Environment & Infrastructure.
14. The FPA will form part of a third version of the SAMP

Next Steps

15. Issue a SAMP v.2. in January 2017. This will not include the outcomes of the Future Planned Approach (FPA), but will cover both partnership working, carbon management and vacant property management.
16. Rollout new meeting room booking system across all four corporate sites March 2017 – currently live in Consort House. Ensure "no-show" measures are within the success criteria of the project
17. Review office space pooling model across all sites. Identify headroom targets per site by September 2017.
18. Quantify and place a (notional) value on lost benefit to "no-show" lost meeting space – March 2017. Work with communications around informing staff of the lost benefit to their team and the organisation of booking meeting room space, hotdesks and other assets but not using or releasing them for others to use.
19. Undertake FPA work throughout this year and early next year with services – estimated end date April 2017.

20. Update the SAMP v.3 in July 2017 with the new FPA information

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Agency Staffing Update

Purpose of the report: Scrutiny of Services and Budgets; and Policy Development and Review

The report is a follow up to the agency staffing update report presented to the Board in July 2016.

Introduction

1. In July 2016, the Board were presented with a report on the progress of improvements to the council's agency worker arrangements.
2. Following this, the Board requested a policy on the appropriate use of agency workers and the first two quarterly monitoring reports for the Adecco contract.
3. Reference was also made to an HR project on flexible working arrangements that was commissioned to analyse the use of additional hours and was used to establish and inform the policy on the use of agency workers.

Developments in management and monitoring of agency workers

4. In September 2014, an internal audit of the council's agency worker arrangements noted that significant improvement was required both in the operation and use of the agency supply contract. A Management Action Plan (MAP) was developed and good progress was made at addressing the issues. Information on the MAP was provided to the Board in July 2016.
5. Subsequently, the following actions were taken:
 - A new framework provision for temporary workers was jointly procured and approved by Cabinet in September 2015
 - Adecco were awarded the contact for four years, with an option to extend year by year under an established procurement framework called MSTAR 2 which began in February 2016
 - The operational model adopted is called a 'hybrid' model, which means Adecco will fulfil general staffing roles, but 'hard to fill' roles will be sent immediately to the supply chain to fill
 - The strategic aims of the contract are now monitored through the quarterly strategic contract review meetings, chaired by the sponsors of the contracts across Surrey County Council and East Sussex County Council

Current approval processes for engaging temporary workers

6. We operate three ways in which services can engage temporary workers dependant on their needs
 - i. **Agency workers engaged via the Adecco contract**
Approval to engage agency workers via the Adecco contract is via locally agreed processes. A position number in the establishment is required along with a cost centre, length of assignment, pay rate (based on the Surrey pay structure) and the reason for vacancy prior to submitting an order through the online system hosted by Adecco. The first set of

monitoring reports (for quarters one and two of 2016-17) were available in November, analysis of which was presented at the quarterly strategic contract review meeting. Details on how HR intends to support and monitor this process further are contained within the rest of the report.

ii. Agency workers engaged directly

Approval to engage agency workers directly (off contract) are subject to a finance waiver process and Head of HR&OD approval. There is a requirement to show that the Adecco contract cannot supply the workers needed. Permission from the Head of HR has not previously been built into the waiver process. This process has been adjusted with immediate effect to ensure that the Head of HR&OD is provided with these requests for approval in order to challenge and scrutinise where necessary.

iii. Contractors, consultants and consultancy services

Approval to engage contractors, consultants or consultancy services are in accordance with Procurement and HR guidelines and a business case is required. Every request is sourced individually and will have a contract that will be issued and signed prior to the commencement of the individual. Reasons for using this process include the need for professional, specialist or technical expertise on a fixed term project basis. This process is being adjusted to ensure that the Head of HR&OD is provided with these requests prior to the relevant approval level being sought in order to challenge and scrutinise where necessary and verify that the contractor cannot be provided via the Adecco contract. Approval level is dependent on proposed spend with Leader approval required for any spend over £50,000 and an EU compliant tender process required for any spend over £100,000 in addition to Leader approval.

Analysis of temporary staff spend

7. Analysis has been conducted into the amount spent on temporary staff in relation to the Adecco contract, direct spend and comparing this with the overall staffing spend for each directorate.
8. The table below shows a high level analysis of permanent and temporary staffing spend (£M) which includes; the first two quarters of the year 2016-17, across different employment types:
 - Employed staff (includes permanent, fixed term, bank and casual)
 - Temporary staff (includes agency workers engaged via the Adecco contract and agency workers and contractors directly engaged by services)

	Employed staff (£M)			Temporary staff (£M)			OVERALL TOTAL SPEND
	Permanent & Fixed term	Bank & Casual	TOTAL	Direct agency	Agency via Adecco contract	TOTAL	
ASC	29.70	1.00	30.70	0.06	1.30	1.36	32.06
BUS	1.40	0.10	1.50	0.27	0.50	0.77	2.27
CEX	13.20	0.80	14.00	0.17	0.10	0.27	14.27
CSF	52.50	2.30	54.80	0.50	3.60	4.10	58.90
C&C	4.30	0.00	4.30	0.12	0.11	0.23	4.53
E&I	24.80	0.90	25.70	0.16	0.08	0.24	25.94
SCC	125.90	5.10	131.00	1.28	5.69	6.97	137.97

Note

- i. Employed staff figures are taken from the September 2016 workforce information report provided by finance.
 - ii. Temporary staff figures are taken from the quarterly report provided by Adecco (see annex 1) and the paid invoices analysis completed by Procurement that has been provided to the board.
9. The E&I spend of £204,000 in the Adecco report looked anomalous. The figure was cross referenced with the paid invoices analysis from Procurement which suggested that approximately £100,000 needs to be re-coded to the Contact Centre. The above table reflects the Adecco spend figures as per the analysis of the paid invoices. The potential miscoding is being reviewed and will be adjusted where necessary to ensure accurate future reporting.
10. The table below shows the total spend across the directorates as percentages of overall spend by type of worker for first two quarters of the year 2016-17.

	Employed staff %			Temporary staff %		
	Permanent & Fixed term	Bank & Casual	% of TOTAL SPEND	Direct agency	Agency via Adecco contract	% of TOTAL SPEND
ASC	92.6%	3.1%	95.8%	0.2%	4.1%	4.2%
BUS	61.7%	4.4%	66.1%	11.9%	22.0%	33.9%
CEX	92.5%	5.6%	98.1%	1.2%	0.7%	1.9%
CSF	89.1%	3.9%	93.0%	0.8%	6.1%	7.0%
C&C	94.9%	0.0%	94.9%	2.6%	2.4%	5.1%
E&I	95.6%	3.5%	99.1%	0.6%	0.3%	0.9%
SCC	91.3%	3.7%	95%	0.9%	4.1%	5.0%

Note

- i. The high usage of temporary staff within Business Services is attributed to the IMT service. This accounts for approximately 85% of the non-permanent spend within Business services (£0.5m via the Adecco contract and £0.2m via direct agency). Further information behind this spend is detailed below.

11. During the last 12 months the council has been undergoing a step-change in IT and digital capability. This change has been underpinned by the migration to an integrated Microsoft technology stack. Due to the scale and complexity of this change it has been necessary to temporarily augment the IT & Digital resource base with specialist agency resource. The use of temporary specialist resource has enabled delivery at relative pace, securely and without prolonged periods of service interruption. The temporary resource has provided expertise and experience that has accelerated design and delivery activities along with a responsive resolution of issues encountered during the course of the implementation. The deployment of new devices and O365 are now well underway and there will be a planned tapering down of specialist interim resource as the legacy solutions are retired and knowledge transfer is undertaken to establishment resources.

12. The table below shows the trend of temporary worker spend from the past three years. This includes agency workers engaged via the Adecco contract and agency workers and contractors directly engaged by services.

	2014-15	2015-16	2016-17 Q1&2
Temporary worker spend	£ 13,870,649	£ 14,628,773	£ 6,627,658

Note

- i. These figures were produced by Procurement based on paid invoices.

13. This shows that we are on course for a 2016/17 temporary worker spend of approximately £13.2 million, a reduction in overall use compared with previous years.

14. The table below shows the trend of permanent and temporary staffing spend (£M) which includes; the past two financial years and the first two quarters of the year 2016-17, across different employment types:

Year	Employed staff (£M)		Temporary staff (£M)	Overall total spend
	Permanent & Fixed term	Bank & Casual	includes direct agency and via Adecco contract	
2016-17 Q1 and Q2	125.9	5.1	6.9	137.9
2015-16	275.3	10.5	14.9	300.7
2014-15	277.7	10.7	13.4	301.5

Note

- i. Figures are taken from the workforce information reports provided by finance.

15. This shows that we are on course for a 2016/17 staffing spend of approximately £275 million, a reduction compared with previous years.

16. The table below shows the trend of spend across the council as percentages of overall spend by type of worker which includes; the past two financial years and the first two quarters of the year 2016-17, across different employment types:

Year	Employed staff		Temporary staff
	Permanent & Fixed term	Bank & Casual	includes direct agency and via Adecco contract
2016-17 Q1 and Q2	91.30%	3.70%	5.00%
2015-16	91.55%	3.50%	4.95%
2014-15	92.01%	3.55%	4.44%

Flexible working arrangements project – A summary

17. A review of the use of additional hours was carried out following a concern from the Statutory Responsibility Network that additional hours are not paid at the rate that includes holiday pay as regular additional hours can constitute contractual hours depending on the consistency.
18. Three teams (from Adults services; residential services for people with learning disability and the Reablement teams and the Children's Residential services) were identified as having claimed the most additional hours during 2014/15 and were approached for further information.
19. Findings from the project highlighted that the percentage of establishment based on additional hours and overtime is small (a range of 3-7% across the teams reviewed). The risks associated with the use of additional hours were identified and controls put in place to address them.
20. Feedback from the managers was that the use of additional hours and overtime is a good use of a flexible workforce and a sensible use of the available budget to meet the needs of the service users. Agency workers are rarely used by these teams.
21. The order of preference when addressing resourcing needs is to look at offering additional hours to current staff first whilst monitoring and controlling any risks. The use of bank workers is the next option and using agency workers should be seen as the final choice once all other options have been exhausted. This is reflected in the draft policy and guidance.

Draft policy and guidance

22. A draft policy and guidance document has been written (see annex 2) to support managers to determine the most appropriate and cost effective means to meet a short term need. The document details the options a manager must consider prior to the use of agency workers.
23. Information on the different options is already available on s:net and the policy will link to these sources.
24. The policy also details the implications and risks involved when using regular additional hours (overtime) for permanent staff. These hours could become contractual depending on their consistency and therefore this option requires careful consideration. Examples of controls that should be put in place to mitigate any risk are also included.
25. The document will be available to managers as part of the recruitment s:net pages and will be cascaded via leadership meetings.
26. Further feedback will be sought from service representatives via the Continuous Improvement and Productivity Network HR (CIPN HR) prior to finalisation and publishing.

Service workforce plans and agency worker scrutiny – What we are doing to improve monitoring

27. Work is continuing on the creation of service plans with workforce leads to achieve the appropriate use of agency workers and workforce planning. Alongside this, HR will be circulating to Heads of Services on a quarterly basis, reports of temporary worker spend and tenure highlighting any excessive spend and tenure above 6 months for their review and action.
28. Target spends will be proposed, based on the data analysis, to individual services that will take into account flexibility, recruitment challenges, peaks in demand, unexpected turnover and current development work. HR will work with services to support these plans with the aim of reducing agency worker usage and tenure of individuals.
29. The monthly dashboard reporting that is being established with Adecco will provide data on agency spend and tenure to help services with work force planning and monitoring usage.
30. HR will schedule a quarterly monitoring report on all temporary worker spend and tenure which will include agency workers via the Adecco contract, directly engaged workers and consultants for the boards review.

Audit of Adecco contract

31. The terms of reference for a review of the Adecco agency contract have been agreed with Internal Audit. The purpose of this audit is to consider the effectiveness of Adecco in providing suitable temporary staff and to ensure the use of temporary staff is monitored and controlled by HR management.
32. Audit fieldwork will commence in November 2016. It is anticipated that the findings and recommendations arising from this review will be reported to the Audit and Governance Committee in February 2017.

Recommendations

33. Officers ask that the Board:

- Note the data analysis and monitoring reports
- Note the policy and guidance
- Identify what data should be included in the quarterly monitoring report

34. Schedule an item on the Board's forward plan for the quarterly monitoring report to be presented that will detail the temporary worker spend and tenure by directorate.

Next steps

35. Officers will:

- Publish and cascade the policy and guidance following consultation with service representatives
- Continue to work closely with and support the services to monitor their temporary worker usage.
- Share monitoring reports and data analysis with Directors and Heads of Service to highlight usage and inform Service plans
- Agree target usage figures with services

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Sources/background papers: *Council Overview Board minutes from meeting on 6 July 2016 item 52/16*

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Surrey CC Quarterly Summary

Quarter	Q1
Month Name	(All)

Q1 Spend by Directorate & FTE

Row Labels	Sum of Spend	m of Adjusted Hours Da	FTE's
	£3,612	225	0
	£3,612	225	0
ASC Services for Adults Social Care	£624,758	23,112	49
ASC Commissioning & Operations	£372,556	11,983	26
ASC Enterprise Business & Assurance	£72,370	3,035	6
ASC SABP Integrated Mental Health	£82,812	2,342	5
ASC Service Delivery	£97,021	5,752	12
BUS Business Services	£283,254	7,736	17
BUS Customer Services	£357	30	0
BUS HR	£4,491	357	1
BUS Improvement & Digital Innovation	£56,254	1,333	3
BUS Information Management & Technology	£187,082	4,845	10
BUS Procurement & Commissioning	£14,035	551	1
BUS Property	£21,035	619	1
CC Customers & Communities	£33,448	936	2
CC Bucks & Surrey Trading Standards	£33,448	936	2
CEO Chief Executives Office	£25,848	1,146	2
CEO Communications Service	£15,125	815	2
CEO Policy & Performance	£10,724	331	1
CSF Services Children Sch & Families	£1,684,317	62,722	134
	£1,794	132	0
CSF Schools & Learning	£295,935	21,005	45
CSF Services for Children	£1,383,401	41,380	88
CSF Services for Young People	£3,188	205	0
EI Environment & Infrastructure	£80,072	5,002	11
EI Environment	£10,093	593	1
EI Highways & Transport	£69,979	4,409	9
Grand Total	£2,735,310	100,881	216

Quarter	Q2
Month Name	(All)

Q2 Spend by Directorate & FTE

Row Labels	Sum of Spend	Sum of Adjusted Hours	FTE's
	£52,095	828	2
	£52,095	828	2
ASC Services for Adults Social Care	£696,195	24,772	53
	£7,067	238	1
ASC Commissioning & Operations	£417,431	13,374	29
ASC Enterprise Business & Assurance	£69,537	2,952	6
ASC SABP Integrated Mental Health	£111,018	3,015	6
ASC Service Delivery	£91,143	5,194	11
BUS Business Services	£316,675	7,734	17
	£5,822	108	0
BUS Customer Services	£8,096	605	1
BUS HR	£2,606	189	0
BUS Improvement & Digital Innovation	£60,919	1,260	3
BUS Information Management & Technology	£198,286	3,911	8
BUS Procurement & Commissioning	£10,706	403	1
BUS Property	£24,719	834	2
BUS Shared Services	£5,520	424	1
CC Customers & Communities	£52,830	2,070	4
CC Bucks & Surrey Trading Standards	£52,830	2,070	4
CEO Chief Executives Office	£41,803	1,619	3
CEO Communications Service	£20,363	1,007	2
CEO Policy & Performance	£21,440	613	1
CSF Services Children Sch & Families	£1,566,592	57,923	124
CSF Schools & Learning	£243,288	17,940	38
CSF Services for Children	£1,319,466	39,857	85
CSF Services for Young People	£3,838	126	0
EI Environment & Infrastructure	£124,779	6,902	15
EI Environment	£11,623	664	1
EI Highways & Transport	£113,156	6,238	13
Grand Total	£2,850,969	101,847	218

Spend reasonably consistent in SCC over the two quarters. 115K additional spend in Q2 - two FTE's Trading Standards. Unidentified rows – Exec Children's and IT.

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Short term resourcing needs policy

Managers are responsible for ensuring that temporary or short term resourcing needs are met in a cost effective and efficient manner. Managers must be mindful of all cost implications, in particular, when using agency workers or consultants. There must be a clear business case based on the urgency of service needs, potential scarcity of skills and the impact insufficient staffing would place on the service prior to engaging a temporary worker.

Options for covering a short term need

A short term need can include peaks in demand, sickness absence, maternity cover or emergency staffing shortages. To meet the needs of your business in the most cost-effective way, there are a number of options that can be considered.

Re-allocation or re-scheduling of work within your existing team

This could be managed by:

- Adjusting the priority work areas of existing team members to cover the temporary period
- Providing time off-in-lieu (if necessary)
- An acting-up payment for employees covering all of the duties of a higher graded post for a continuous period of between four weeks and six months
- An honorarium for an employee undertaking some of the duties of a higher graded post
- Additional hours or overtime – see below for further information

Engaging a bank worker

- This could be a known bank worker for your existing team or identifying a bank worker known to a comparative team elsewhere in your service

A fixed term appointment

- If a fixed term appointment is considered the most appropriate action then this can be by:
 - A fixed term contract employee (for more than 1 month) – engaged via our recruitment process
 - A consultant* – must be engaged via Procurement
 - An agency worker (includes Ltd company workers) – must be engaged via Adecco

*The definition of a consultant, is a company who engages directly with the council to provide a service, unsupervised and the fee for the whole project is agreed up front.

The use of additional hours or overtime

The Council's Reward policy seeks to avoid the need for employees to be required to work hours in excess of their normal contractual hours (overtime). In most cases, when additional

hours are worked, time off in lieu (TOIL) must be considered first. For example whenever possible any employee who is required to remain on duty in a residential home beyond the hours "rostered", should be given equivalent TOIL over the ensuing seven days.

Where insisting upon TOIL is impracticable you may authorise payment for additional hours but you should satisfy yourself that the additional expenditure represents the most cost effective solution. Additional payments should only be paid if TOIL is genuinely impractical for business reasons.

As a hiring manager, you are accountable for controlling staffing costs. This includes controlling expenditure on additional hours. Approval for these hours should be authorised in advance.

Additional hours can become contractual where the hours are considered to be established, consistent and expected. It is important you understand the implications involved where the use of regular additional hours poses the risk of the hours becoming contractual. Contractual hours are included in any calculations required for pay e.g. to determine holiday or sick pay. However the additional contractual hours are only included for pensionable pay when the contract states explicitly that they should be.

Controls you can put place to manage this risk include:

- Monitoring monthly claims for additional hours and overtime to check whether staff are regularly working
- Consider when additional hours are claimed – times of day, particular days of the week – and recruit to cover such shifts through bank workers or part time workers.
- Review your establishment to check that it continues to be appropriate for the workload and service user needs
- Review your vacancies to consider how these should be filled e.g. splitting 1 FTE into smaller roles
- When additional hours are worked, consider providing time off in lieu (TOIL) rather than payment for additional hours.
- Ensure that additional hours worked are on a voluntary basis
- Build a bank worker pool the team can call to cover gaps in the rota.

The use of agency workers

What do you need to know?

At Surrey County Council, we have a contract with Adecco to supply agency workers.

The use of agency workers is associated with high costs. Agency workers should mainly be used as a short term solution to provide cover for unplanned or emergency staffing shortages. Such shortages may include sickness absences, unexpected increases in workload, or covering a vacancy while you go through a formal recruitment process.

Maternity leave is a planned absence and should be back-filled by the usual recruitment process for fixed term positions, not with an agency worker

If agency workers are being used in excess of 6 months, you should re-consider the business needs and work through the above options. The HR team will monitor tenure of agency workers and will highlight those exceeding 6 months and brought to the attention of the Head of Service for review.

Monitoring agency worker usage

As part of service workforce planning, targets will be set for the appropriate level of agency worker usage. These targets will take into account the level of flexibility services require, the variability of work, recruitment challenges and any levels of change services are experiencing. Excessive spend or workers with extended service will be highlighted to Heads of Services

Governance arrangements will be put in place to help services monitor their usage. HR will work with services to support these plans with the aim of reducing agency worker usage.

The rights of an agency worker

The individual has the legal rights of a worker (e.g. the right to a safe place of work) from the first day of assignment and after 12 weeks in the same role has the rights and entitlements of a permanent employee.

There is not a contract of employment between SCC and the agency worker, however this status can change and the agency worker may gain employee status depending on a number of factors. This includes a long-term agency placement where an implied contract may arise between the agency worker and the organisation.

Where the need for the agency worker is longer term, a transfer to permanent work should be considered. If the agency worker applies for an advertised permanent post, and is successfully appointed, there is no fee to transfer the worker. If the worker does not apply, and we request they transfer from an agency worker to a permanent employee, there will be a fee applicable if they are within the first 14 weeks of their assignment as an agency worker, thereafter, there is no charge. For more information on this process, please contact the HR Contracts team.

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Council Overview Board
14 December 2016

Budget Scrutiny Overview

Purpose of the report: Scrutiny of Services and Budgets

This report outlines the work undertaken by Scrutiny Boards on their services' budget planning and the outcomes of this work to date.

Introduction

In September 2016, the Chairman of Council Overview Board agreed with the Leader, Chief Executive and Director of Finance an outline of the scrutiny function's role in the Council's budget planning process this year.

Subsequently the Cabinet paper of 20 September recommended that to explore the robustness of the proposals Cabinet Members and officers develop scrutiny boards test the assumptions within proposals during the period from October to Christmas 2016.

As a result the scrutiny boards requested information from services and finance officers to cover the following in private sessions:

- Details of the cash envelope scenario for each service
- Savings plans as identified in the MTFP with, where possible, detail on these proposals including any service changes
- Brief notes on future plans and forward thinking for each service

Activity

Table 1 – Summary of scrutiny board budget meetings

Board	Council Overview Board	Economic Prosperity, Environment and Highways Board	Education and Skills Board	Resident Experience Board	Social Care Services Board	Wellbeing and Health Scrutiny Board
Dates of Meetings	6 October, 23 November	7 July, 17 November	21 October	5 September, 7 November	17 October, 29 November	21 November, 12 December

Boards' performance and finance sub-groups have met throughout 2016 to undertake budget monitoring. During the budget planning process, which this report focuses on, timely receipt of information has been an issue for a number of Boards.

However, when information has been provided it has generally been useful to Members.

The full membership of the **Council Overview Board** has twice met officers most recently alongside the Cabinet Member for Business Services & Resident Experience. The initial session covered the current Medium Term Finance Plan (MTFP) savings targets, budget monitoring data, future areas of search within Finance's 'A' and 'B' scenarios. Additional Cabinet workshop papers presented were considered at the second meeting which offered new savings proposals and actions to increase underspends in-year with the deferral of spend until next year.

The **Economic Prosperity, Environment and Highways Board** continued their work on the budget process from the previous council year into 2016/17. In July its sub-group considered revenue and capital updates for the environment and infrastructure directorate and a MTFP savings update. In November they received an update on the current budget monitoring position and MTFP savings positions, an outline of the main areas of spend, future budget scenario and details of the cash envelope scenario for the services and the areas of focus for savings.

Education and Skills Board held a joint session with Members from the Social Care Services Board to consider the Children, Schools and Families budget as this crosses the remits of the two boards. They considered a breakdown of the directorate's budget, the pressures and areas of overspend and its progress against 2016/17 MTFP savings.

The **Resident Experience Board** has also had two meetings. In November they covered the Surrey Fire and Rescue Service's budget, MTFP savings and further areas of search.

Across two meetings the **Social Care Services Board** received a presentation detailing a reminder of 2016-21 MTFP for Adult Social Care, September 2016 Budget Monitoring Position, County Council Budget Planning and the implications for Adult Social Care Forward Budget (outlining anticipated saving requirements of 2017-22). The Social Care Services Board made three recommendations to the Cabinet regarding the Adult Social Care budget (Annex 1).

Wellbeing and Health Scrutiny Board has met its officers once with a further meeting planned. At its initial meeting it received detail on the Public Health grant income to date, including allocation per head, October 2016 budget monitoring position, including savings and shadow funding, MTFP planning, cost drivers and the evidence of impact from its services.

Outcomes

The Boards all made **additional requests for information** following their first meetings to allow for more specific enquiry and further updates to the financial position as it has emerged including proposals to make additional savings.

Savings targets have been missed and assumptions on the ability of services to reduce costs over-estimated. **Increasing demand** on services across the Council particularly in Children's Services, Special Educational Needs and Adult Social Care has been noted. Discretionary and non-essential spend has been pared back with services delaying spend in this financial year to increase underspends where possible.

Central government policy is key to returning a balanced budget next year. There are limited options open to the Council and fundamental review of what services the Council continues to provide may be needed.

Emerging Themes

Members recognised that there are **implications beyond 2017/18** with particular attention paid to the impact on frontline services.

Income generation is an increasingly important factor for the Council to fund its statutory service delivery. Similarly, partnership working is vital to achieve efficiencies and economies of scale.

Workforce is an issue and the figures spent on locum and agency staff are not sustainable or desirable.

If it becomes clear that a significant increase in **council tax** is likely the Council needs to develop a clear message to the public on the scale of the financial gap and the options it has.

Recommendations

That the Council Overview Board collates the final feedback from the other Scrutiny Boards to formulate conclusions and recommendations to Cabinet for agreement at its January 2017 meeting.

Next steps

Scrutiny Boards complete and agree their findings in preparation for the January 2017 meeting of the Council Overview Board.

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Sources/background papers:

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CABINET RESPONSE TO SOCIAL CARE SERVICES BOARD

**ADULT SOCIAL CARE BUDGET MONITORING
(considered by Social Care Services Board on 26 October 2016)**

COMMITTEE RECOMMENDATIONS:

That the Cabinet set out the actions that be undertaken in the next three months in order to reduce the projected overspend;

That the Cabinet consider revising the methodology for finance planning;

That the Cabinet prioritise a sustainable set of savings for Adult Social Care as part of the planning for the Medium Term Financial Plan (MTFP) 2017-2022.

RESPONSE:

Cabinet has already asked that urgent actions be identified to tackle the projected overspend. These will be reported each month as part of the budget monitoring.

The methodology for developing a balanced and sustainable Medium Term Financial Plan is under continual review as part of the approach to planning over the financial year.

Cabinet's responsibility and indeed the Council's is to secure a balanced and sustainable budget for the whole Council. Given the proportion of spend that goes on adult social care that is always a key part of our discussions.

**Mel Few, Cabinet Member for Adult Social Care, Wellbeing and Independence
22 November 2016**

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