



We're on Twitter:  
[@SCCdemocracy](https://twitter.com/SCCdemocracy)



Agenda and Reports  
for the meeting of  
**THE COUNTY COUNCIL**  
to be held on  
**12 JULY 2016**



County Hall  
Kingston upon Thames  
Surrey

Friday 1 July 2016

TO THE MEMBERS OF SURREY COUNTY COUNCIL

## **SUMMONS TO MEETING**

You are hereby summoned to attend the meeting of the Council to be held in the Council Chamber, County Hall, Kingston upon Thames, Surrey KT1 2DN, on Tuesday, 12 July 2016, beginning at 10.00 am, for the purpose of transacting the business specified in the Agenda set out overleaf.

DAVID McNULTY  
Chief Executive

**Note 1:** *For those Members wishing to participate, Prayers will be said at 9.50am. If any Members wish to take time for reflection, meditation, alternative worship or other such practice prior to the start of the meeting, alternative space can be arranged on request by contacting Democratic Services.*

*There will be a very short interval between the conclusion of Prayers and the start of the meeting to enable those Members and Officers who do not wish to take part in Prayers to enter the Council Chamber and join the meeting.*

**Note 2:** *This meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The images and sound recording may be used for training purposes within the Council.*

*Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.*

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

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language please either call Democratic Services on 020 8541 9122, or write to Democratic Services, Surrey County Council at Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 9698, fax 020 8541 9009, or email [anne.gowing@surreycc.gov.uk](mailto:anne.gowing@surreycc.gov.uk)

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Angela Guest on 020 8541 9938

**1 APOLOGIES FOR ABSENCE**

The Chairman to report apologies for absence.

**2 MINUTES**

(Pages 1  
- 12)

To confirm the minutes of the meeting of the Council held on 17 May 2016.

*(Note: the Minutes, including the appendices, will be laid on the table half an hour before the start of the meeting).*

**3 CHAIRMAN'S ANNOUNCEMENTS**

(Pages  
13 - 14)

The Chairman to report.

A list of Her Majesty the Queen's Birthday Honour's List 2016, the Queen's Award for Voluntary Service and the Queen's Award for Enterprise is included within the agenda papers. The Chairman has written letters of congratulations to all those who have received awards for services to Surrey communities.

**4 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:**

- Each Member must declare any interest that is disclosable under the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, unless it is already listed for that Member in the Council's Register of Disclosable Pecuniary Interests.
- 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).
- If the interest has not yet been disclosed in that Register, the Member must, as well as disclosing it at the meeting, notify the Monitoring Officer of it within 28 days.
- If a Member has a disclosable interest, the Member must not vote or speak on the agenda item in which it arises, or do anything to influence other Members in regard to that item.

**5 LEADER'S STATEMENT**

The Leader to make a statement.

There will be an opportunity for Members to ask questions.

**6 MEMBERS' QUESTION TIME**

1. The Leader of the Council or the appropriate Member of the Cabinet or the Chairman of a Committee to answer any questions on any matter relating to the powers and duties of the County Council, or which affects the county.

(iii)

(Note: Notice of questions in respect of the above item on the agenda must be given in writing, preferably by e-mail, to Angela Guest in Democratic Services by 12 noon on Wednesday 6 July 2016).

2. Cabinet Member Briefings on their portfolios

These will be circulated by email to all Members prior to the County Council meeting, together with the Members' questions and responses.

There will be an opportunity for Members to ask questions.

**7 STATEMENTS BY MEMBERS**

Any Member may make a statement at the meeting on a local issue of current or future concern.

***(Note: Notice of statements must be given in writing, preferably by e-mail, to Angela Guest in Democratic Services by 12 noon on Monday 11 July 2016).***

**8 ORIGINAL MOTIONS**

**ITEM 8(i)**

**Mr Will Forster (Woking South) to move under Standing Order 11 as follows:**

'This Council welcomes the principles outlined in the Bus Services Bill and the opportunity it could give local councils to improve services. These include powers that will allow authorities to set standards of service, incorporating branding, ticketing and frequency.

This Council remains concerned that powers to franchise services, similar to those of Transport for London, will only be made available to areas that have chosen to have a directly elected mayor, unless they get special permission from the Transport Secretary.

This Council believes that:

- these powers should be accessible for all councils, including Surrey County Council which manages bus services which are of crucial importance for people who live in isolated and rural areas of the county, which are of crucial importance for countering traffic congestion in our towns, and which are of crucial importance for improving connectivity across the county;
- these reforms, particularly over franchising, are a golden opportunity to halt the decline in bus usage and help ensure that services are sustainable and should be made available to all councils by default;
- the Government should ensure that councils are given support to enable the costs of setting up a franchise to be met;

and calls upon the Cabinet to make representations to Surrey's MPs and the Secretary of State for Transport for this Council to have the power to franchise without having to have a directly elected mayor.'

**ITEM 8(ii)**

**Mr Jonathan Essex (Redhill East) to move under Standing Order 11 as follows:**

'This Council notes that whilst Surrey voted 52 - 48% to remain in the European Union, the UK as a whole voted the opposite way. We respect the fact that five of Surrey's eleven districts voted to leave, with six to remain and that the younger generation voted far more heavily to remain.

This Council believes that following this referendum, there is a need for a listening exercise to repair the divisions, and with tolerance and respect, to try to re-unite the people of Surrey.

Therefore this Council resolves to:

- explore ways of bridging divisions in our communities, through inter-generational dialogue and increased understanding.
- seek reassurance from the Government that the four-year funding deal offer to local government is ring-fenced from any future budget changes following this referendum vote.
- ask the Government to take steps to ensure that staff and students from EU countries can continue to work and study at our three universities, Surrey, Royal Holloway College and the University of the Creative Arts.

work with all the boroughs and districts to ensure that no racist or xenophobic behaviour is tolerated.'

**ITEM 8(iii)**

**Mr Robert Evans (Stanwell and Stanwell Moor) to move under Standing Order 11 as follows:**

'This Council congratulates Sadiq Khan on his election as Mayor of London and urges him to work closely with Surrey County Council on all cross-border issues of joint interest and mutual benefit to all our residents.'

- |           |   |                    |
|-----------|---|--------------------|
| <b>9</b>  | <b>REPORT OF THE CABINET</b>  | (Pages<br>15 - 48) |
|           | To receive the report of the meetings of the Cabinet held on 24 May 2016 and 21 June 2016.  |                    |
| <b>10</b> | <b>REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE</b>   | (Pages<br>49 - 70) |
|           | i. To approve the Risk Management Strategy, for inclusion in the Constitution (Annex A to the report)                                 |                    |
|           | ii. To approve the updated Code of Corporate Governance, for inclusion in the Constitution (Annex B to the report).                   |                    |
| <b>11</b> | <b>REVIEW OF CODE OF CONDUCT FOR MEMBERS</b>  | (Pages<br>71 - 80) |
|           | To agree revisions to the existing Member Code of Conduct following review by the Constitution Review Group.                          |                    |
| <b>12</b> | <b>APPOINTMENT OF INDEPENDENT REMUNERATION PANEL</b>  | (Pages<br>81 - 84) |
|           | To agree the arrangements for the appointment of an Independent Remuneration Panel to review the existing Members' Allowances Scheme. |                    |

- 13 REVISED TREASURY MANAGEMENT STRATEGY 2016/17** (Pages 85 - 90)  
To approve changes to the treasury management strategy 2016/17, specifically in relation to the borrowing strategy.
- 14 REPORT BACK FROM ECONOMIC PROSPERITY, ENVIRONMENT AND HIGHWAYS BOARD SCRUTINY REPORT** (Pages 91 - 92)  
A petition was submitted to the Council on 17 May 2016 to improve road safety on Bridge Street. It was resolved by Council that this issue and any proposals should be scrutinised by the Economic Prosperity, Environment and Highways Board.
- 15 MINUTES OF CABINET MEETINGS** (Pages 93 - 140)  
Any matters within the minutes of the Cabinet's meetings, and not otherwise brought to the Council's attention in the Cabinet's report, may be the subject of questions and statements by Members upon notice being given to Angela Guest in Democratic Services by 12 noon on Monday 11 July 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.

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

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

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

*Thank you for your co-operation*

This page is intentionally left blank

**COUNTY COUNCIL****COUNCIL MEETING - 17 MAY 2016**

**MINUTES** of the meeting of the Council held at the Council Chamber, County Hall, Kingston upon Thames, Surrey KT1 2DN on 17 May 2016 commencing at 10.00 am, the Council being constituted as follows:

Sally Marks (Chairman)

Nick Skellett CBE (Vice-Chairman)

	Mary Angell	*	Margaret Hicks
	W D Barker OBE		David Hodge
	Mrs N Barton		Saj Hussain
	Ian Beardsmore		David Ivison
	John Beckett		George Johnson
	Mike Bennison		Linda Kemeny
	Liz Bowes		Colin Kemp
*	Natalie Bramhall		Eber Kington
	Mark Brett-Warburton		Rachael I Lake
	Ben Carasco		Yvonna Lay
	Bill Chapman		Ms D Le Gal
	Helyn Clack		Mary Lewis
	Carol Coleman		Ernest Mallett MBE
	Stephen Cooksey		Mr P J Martin
	Mr S Cosser		Jan Mason
	Clare Curran		Marsha Moseley
*	Graham Ellwood		Tina Mountain
	Jonathan Essex		Mr D Munro
	Robert Evans		Christopher Norman
	Tim Evans		John Orrick
	Mel Few	*	Adrian Page
	Will Forster		Chris Pitt
	Mrs P Frost		Dorothy Ross-Tomlin
	Denis Fuller		Denise Saliagopoulos
	John Furey		Tony Samuels
	Bob Gardner		Pauline Searle
	Mike Goodman		Stuart Selleck
	David Goodwin	*	Michael Sydney
	Michael Gosling		Keith Taylor
	Zully Grant-Duff		Barbara Thomson
*	Ramon Gray	*	Chris Townsend
	Ken Gulati		Denise Turner-Stewart
	Tim Hall		Richard Walsh
	Kay Hammond		Hazel Watson
	Mr D Harmer		Fiona White
	Nick Harrison		Richard Wilson
*	Marisa Heath		Helena Windsor
	Peter Hickman		Keith Witham
			Mr A Young
			Mrs V Young

\*absent

## **21/16 CHAIRMAN [Item 1]**

Under the motion of Mr Martin, seconded by Mr Harrison, it was unanimously:

### **RESOLVED:**

That Mrs Sally Marks be elected Chairman of the Council for the Council Year 2016/17.

### **DECLARATION OF ACCEPTANCE OF OFFICE**

Mrs Marks made the statutory declaration of office and took the Chair. She expressed her thanks to the Members of the Council for electing her as Chairman for a second year.

## **22/16 APOLOGIES FOR ABSENCE [Item 2]**

Apologies for absence were received from Mrs Bramhall, Mr Ellwood, Mr Gray, Ms Heath, Mrs Hicks, Mr Page, Mr Sydney and Mr Townsend.

## **23/16 MINUTES [Item 3]**

The minutes of the meeting of the County Council held on 15 March 2016 were submitted, confirmed and signed.

## **24/16 ELECTION OF COUNTY COUNCILLOR [Item 4]**

The Chief Executive, formally reported that Mrs Denise Turner-Stewart was duly elected as the new County Councillor for the Staines South and Ashford West division following the by-election held on 5 May 2016.

## **25/16 CHAIRMAN'S ANNOUNCEMENTS [Item 5]**

The Chairman made the following announcements:

- The new High Sheriff, Richard Whittington had been appointed at a ceremony at Guildford Cathedral on 22 March 2016 and he would be guest of honour at today's AGM ceremonial lunch.
- That, in honour of Her Majesty the Queen's 90<sup>th</sup> birthday, a letter had been sent to Her Majesty at Buckingham Palace, on behalf of the county to mark the occasion.
- Congratulations to Mr David Munro, recently elected as Surrey's Police and Crime Commissioner.
- That since the last County Council meeting, she had undertaken several visits, and highlighted the following ones:
  - 'This is Me' photography exhibition opening reception at Denbies Wine Estate on 21 March
  - Transform Housing and Support Winter Shelter open afternoon and Woking Duke of Edinburgh awards presentation on 22 March
  - Johnson's Road Sweepers, Dorking on 5 April
  - High Sheriff Youth Awards on 14 April
  - The official opening of the Wooden Spoon Sensory Pod on 27 April
  - Surrey Young Enterprise finals on 12 May.

- That the county of Surrey had been very fortunate to receive several recent visits from various members of the Royal family.
- The County Service at Guildford Cathedral to be held on 12 June 2016 – she reminded Members to apply for tickets.
- Also, she was hosting a fund raising dinner at Loseley Park on 13 July 2016, to support hospices throughout the county and asked for Members support.
- Finally, that nominations for the Chairman’s volunteer awards should be submitted by the end of June.

**26/16 DECLARATIONS OF INTEREST [Item 6]**

There were none.

**27/16 VICE-CHAIRMAN [Item 7]**

Upon the motion of Mr Walsh, seconded by Dr Grant-Duff, it was unanimously:

**RESOLVED:**

That Mr Nicholas Skellett CBE be appointed Vice-Chairman of the Council for the council year 2016/17.

**DECLARATION OF ACCEPTANCE OF OFFICE**

Mr Skellett was invested by Mrs Marks with the Vice-Chairman’s badge. He made the statutory declaration of office and expressed thanks to the Members of the Council for electing him as Vice-Chairman for a second year.

**28/16 PUBLIC PETITION [Item 8]**

In line with legislation and the Council’s petition scheme, the Council has to debate a petition, if it contains more than 10,000 signatures.

An e-petition regarding Bridge Street, Guildford had received 11,390 signatures.

This petition was submitted to Guildford Borough Council in February and that Council had made the decision to forward it to Surrey County Council as the Highways Authority.

The petitioner, Mr Joe Hudson, had nominated Mr George Bowen to present it on his behalf, and he was invited to address the meeting.

He made the following points:

- He thanked Members for taking the time to receive the petition and listen to him
- The petition had received 11,390 signatures
- Bridge Street, Guildford had become infamous for the high number of accidents there over the last few years
- The petition had been started because two people had tragically lost their lives and he had spoken to the grieving families
- He had lived in Guildford as a student and considered that insufficient measures had been taken in Bridge Street to ensure that accidents did not

happen because there were no barriers or traffic calming measures on this road

- It was important to ensure that no further accidents happened in the area
- He had studied the 'crash map' for the area and provided details of the traffic flow
- He proposed suggested improvements such as improvements around the Friary pedestrian crossing and the one-way gyratory system
- Acknowledgement that the police and coroner's reports were still pending
- Finally, he urged Members to find the funding to make the highway improvements to prevent further accidents.

The Cabinet Member for Highways, Transport and Flooding responded to the petitioner. A copy of his statement is attached as Appendix A.

Six Members spoke during the debate and made the following points:

- Condolences to the families and friends of Kat Garrett and Del Kendall for their sad loss
- Full support for the recommendation proposed by the Cabinet Member for Highways, Transport and Flooding
- A reference to the Guildford Master Plan and that measures were underway to improve pedestrian and cycling access in Bridge Street
- The petition had been presented to Guildford Borough Council a few weeks ago
- That road safety in Bridge Street would be included on the Economic Prosperity, Environment and Highways Board agenda for its 9 June meeting and that the Chairman of Guildford Local Committee and other key people would be invited to attend. This Board would then report its findings / recommendations back to County Council at the earliest opportunity.
- Local Enterprise Partnership (LEP) funding (Enterprise M3) for Guildford was approved at the end of March
- Finally, Mr Bowen was thanked for his excellent presentation.

After the debate, Members were asked if they supported the recommendation made by the Cabinet Member for Highways, Transport and Flooding, that the Economic Prosperity, Environment and Highways Board scrutinise any proposed road safety improvements for Bridge Street, Guildford at their meeting in June and report back to a future County Council meeting at the earliest opportunity.

Guildford Local Committee would also be asked to scrutinise any proposals that may be introduced to improve road safety at this location.

Members agreed unanimously with the recommendation.

## **29/16 LEADER'S STATEMENT [Item 9]**

The Leader made a detailed statement. A copy of the statement is attached as Appendix B.

Members raised the following topics:

- It was important not to forget Surrey's valuable cultural heritage and that Members were custodians of it, preserving it for future generations

- That this was the first time that the Leader's statement had focussed on Surrey's heritage, and museums in particular
- A request for information relating to this year's funding gap
- That tourism was important for Surrey's economy and that the county had a large area of outstanding natural beauty for visitors to enjoy
- The County Council had a responsibility to protect the environment
- Schools were a vital part of local communities and an update on the Government's u-turn on academies was requested
- Following the last County Council meeting, confirmation was requested on whether the Leader had written to the Prime Minister on the European Union referendum and if a response had been received
- Recognition of the work of volunteers, such as ex-engineers working with aircraft at Brooklands Museum, and Painshill
- The importance of ensuring that funding was available to protect the archives preserved by the Surrey History Centre
- A request to influence the future route of the Prudential Ride London cycle event to include Spelthorne
- Concern about the shortfall of funding for Adult Social Care Services and whether he could confirm that he was continuing to lobby Government for fairer funding for these services
- Referring to Borough / District Local Plans, the Leader was asked which body was taking an overview of their planning, particularly where building could be encroaching onto Green Belt land, and also whether there would be sufficient infrastructure in place for the additional housing
- A request for more cultural opportunities in Spelthorne
- Support for Surrey's partnership with South West Trains, to promote visitors to the county and also promoting other forms of public transport to enable people to travel around the county visiting attractions such as Watts Gallery.

### **30/16 ANNUAL REVIEW OF POLITICAL PROPORTIONALITY 2016/17 [Item 10]**

The annual review of the Scheme of Political Proportionality 2016/17 was emailed to Members and tabled at the meeting. It is attached as Appendix C to these minutes.

**RESOLVED** (with no Member voting against):

That the committee sizes and scheme of proportionality, as set out in Annex 1 of the submitted report, be adopted for 2016/17.

### **31/16 APPOINTMENT OF BOARDS / COMMITTEES [Item 11]**

The proposals for the appointment of Boards / Committees were emailed to Members and tabled at the meeting.

The following amendments were made at the meeting:

- Economic Prosperity, Environment and Highways Board: Ian Beardsmore to replace David Goodwin
- Planning and Regulatory Committee: Ian Beardsmore to be added as a substitute
- That the name of the Surrey Pension Fund Board should be the Surrey Pension Fund Committee.

With these amendments, the appointment of Members to Boards / Committees for the 2016/17 council year was agreed. A copy of the finalised version is attached to the minutes as Appendix D.

**RESOLVED:**

1. That the Members, as set out in Appendix D, be appointed to serve on the Boards and Committees of the Council for the Council Year 2016/17, in accordance with the wishes of political groups.
2. That the Chief Executive be authorised to make changes to the membership of any of the Council's Boards / Committees as necessary during the Council Year, in accordance with the wishes of political groups.
3. That the County Councillors representing divisions in the Woking borough area be appointed to serve on the Woking Joint Committee for the Council Year 2016/17.
4. That the remaining County Councillors for each district/borough area be appointed to serve on the appropriate Local Committee for the Council Year 2016/17, and to authorise the Chief Executive to appoint an equal number of district/borough councillors to the Local Committees following nominations by the district and borough councils, which they should be requested to make politically proportional to their Membership.
5. That the Council's representative be appointed to the Surrey Police and Crime Panel for the Council Year 2016/17.

**32/16 ELECTION OF COMMITTEE CHAIRMEN AND VICE-CHAIRMEN 2016/17 [Item 12]**

The proposals for the Board / Committee Chairmen and Vice-Chairmen were tabled at the meeting.

**RESOLVED:**

1. That the Members listed below be duly elected as Chairmen and Vice-Chairmen respectively for the Boards and Committees, as shown for the Council Year 2016/17.
2. That the Chief Executive be authorised, in consultation with the Chairman of the Committee, to appoint the Borough's nominated Member as Vice-Chairman of Guildford Local Committee once the co-opted Members are appointed.

<b>BOARDS</b>		
	<b>Chairman</b>	<b>Vice-Chairman</b>
<b>Council Overview</b>	Steve Cosser	Eber Kington
<b>Social Care Services</b>	Keith Witham	Margaret Hicks
<b>Education and Skills</b>	Mark Brett-Warburton	Marsha Moseley
<b>Resident Experience</b>	Colin Kemp	Rachael I Lake
<b>Economic Prosperity, Environment &amp; Highways</b>	David Harmer	Bob Gardner
<b>Wellbeing and Health Scrutiny</b>	Bill Chapman	Ben Carasco
<b>PLANNING AND REGULATORY COMMITTEE</b>		
	Tim Hall	Keith Taylor
<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>		
	Stuart Selleck	Denis Fuller
<b>PEOPLE, PERFORMANCE &amp; DEVELOPMENT COMMITTEE</b>		
	David Hodge	Peter Martin
<b>SURREY PENSION FUND COMMITTEE</b>		
	Denise Le Gal	Alan Young

<b>LOCAL COMMITTEES</b>		
<b>DISTRICT</b>	<b>CHAIRMAN</b>	<b>VICE-CHAIRMAN</b>
<b>Elmbridge</b>	Margaret Hicks	Mike Bennison
<b>Epsom &amp; Ewell</b>	Eber Kington	John Beckett
<b>Guildford</b>	Keith Taylor	Borough to Appoint
<b>Mole Valley</b>	Tim Hall	Clare Curran
<b>Reigate &amp; Banstead</b>	Dorothy Ross-Tomlin	Barbara Thomson
<b>Runnymede</b>	Yvonna Lay	Mary Angell
<b>Spelthorne</b>	Denise Saliagopoulos	Denise Turner Stewart
<b>Surrey Heath</b>	David Ivison	Chris Pitt
<b>Tandridge</b>	Nick Skellett	Michael Sydney
<b>Waverley</b>	Pat Frost	Victoria Young

<b>Woking Joint Committee</b>	Liz Bowes	Borough to appoint
-------------------------------	-----------	--------------------

### **33/16 MEMBERS' QUESTION TIME [Item 13]**

Notice of 11 questions had been received. The questions and replies are attached as Appendix E.

A number of supplementary questions were asked and a summary of the main points is set out below:

**(Q1) Mr Essex** asked the Leader of the Council whether 'countries' also included UK overseas territories and was advised that this was correct.

**(Q3) Mrs Watson** asked the Cabinet Member for Children and Families Wellbeing if she would agree that this underspend on youth services could be transferred to youth centres to provide more activities for young people. The Cabinet Member responded by stating that Children, Schools and Families Directorate took a 'whole system approach' to its services and budget and overall there was an overspend, partly due to service priorities relating to recruitment and retention of social workers and the on-going work of the Children Services Improvement Plan. The Leader of the Council also said that the accounts for the financial year 2015/16 had now closed and there had been no request for a carry forward for this underspend.

**(Q4) Mrs Angell** did not consider that Surrey Library Service had a good working relationship with New Haw Community Partnered Library (CPL) and asked the following supplementary questions:

- (i) she considered that the response relating to the Memorandum of Understanding (MoU) was unsatisfactory because it had been outstanding for over two years and it was unrealistic to expect a ten day turn around,
- (ii) she was disappointed with the differing timescales for photocopiers,
- (iii) she asked the Cabinet Member for confirmation that the minutes that he had agreed to provide would inform the CPL who, why and where the cuts would be made and why there had been no CPL involvement,
- (iv) she asked for an undertaking that in future, any decision would be taken in conjunction with the CPL
- (v) finally, she invited the Cabinet Member to attend the CPL's Annual General Meeting on 2 June.

The Cabinet Member for Localities and Community Wellbeing said that he would provide a written response outside the meeting.

**(Also Q4) Mrs Young** raised the issue of timely and transparent information at Bramley CPL and asked for assurance from the Cabinet Member that, in future, this would be the case. Mr Essex asked whether it was an appropriate time to undertake a review by the Resident Experience Board on whether CPLs were working effectively.

The Cabinet Member provided assurance to Mrs Young in relation to her concerns, and in relation to Mr Essex suggestion, he confirmed that the library service continually reviewed its work with CPLs to ascertain where improvements could be made.

**(Q5) Mrs White** asked the Cabinet Member for Highways, Transport and Flooding whether local committees would be given the opportunity to discuss the type of treatment given to the repair of pavements. The Cabinet Member confirmed that it would be open for debate but in the first year of operation it was a question of available funding, plus the type of surface would also be dependent on highways officers' advice.

**(Q6) Mrs Windsor** praised the facilities at St Piers School and College in Lingfield and requested that the Cabinet Member for Schools, Skills and Educational Achievement bore this in mind when considering placements for SEND children and young people. The Cabinet Member said that this school was within the non-maintained and independent sector and referred to the SEND 2020 strategy, which was to make Surrey schools more inclusive in the future.

**(Q7) Mr Mallett** asked the Cabinet Member for Schools, Skills and Educational Achievement what mechanism was in place for cross-checking the appointment of various school governors. **Mr Robert Evans** also drew the Cabinet Member's attention to what he considered was a flawed system for the appointment of Local Authority governors to schools and asked if there were any guidelines from Babcock 4S on this matter. The Cabinet Member stated that all appointments at Surrey schools were undertaken by Babcock 4S, although currently this is not include academies. She invited Mr Evans to send her details of any issues.

**(Q8) Mrs Mason** requested a statement from Surrey Highways, providing an explanation of delayed works on the Project Horizon programme. The Cabinet Member for Highways, Transport and Flooding was not convinced that this would be

a good use of officer time and said that, as stated in his written answer, Members would be having a briefing later this week where there would be a full update of schemes completed, removed and still to be done.

**(Q9) Mr Kington** asked the Leader of the Council to provide the cost of officer time at this County Council meeting, rather than the number of hours, which he agreed to do. However, the Leader of the Council did reiterate that the Constitution stated that the authority was required to hold an Annual General meeting and that it was right and proper that it was attended by officers.

**(Q10) Mr Essex** asked for more details in relation to the number of SEN school places and also whether there were any SEND children travelling to schools outside Surrey. The Cabinet Member for Schools, Skills and Educational Achievement said that she could provide more information directly to Mr Essex outside the meeting, if he requested it.

**(Q11) Mr Robert Evans** referred to a recent residents' meeting that he had attended and their concern that the recent changes made at Community Recycling Centres would result in increased fly tipping in Spelthorne. The Cabinet Member for Environment and Planning said that the County Council was proud of the quality of its recycling service and that changes had saved residents £1.8m on this budget. He reminded Members that fly tipping was a criminal act, referred to the fly tipping prevention strategy currently being produced and said that the information campaign for residents would start in June. **Mrs Turner-Stewart** said that residents needed more information and clarification on this matter and asked if details could be included in a future issue of Surrey Matters, to which the Cabinet Member agreed.

#### **34/16 STATEMENTS BY MEMBERS [Item 14]**

Mr Kington made a statement relating to the contribution made by parent governors at state funded school governing bodies in his division.

#### **35/16 AMENDMENTS TO THE CONSTITUTION [Item 15]**

This report set out changes to the executive and non-executive functions, in the Scheme of Delegation and specifically referred to new delegations relating to the Woking Joint Committee.

Members were invited to comment on the report. Mr Carasco requested clarification of the section relating to public questions and statements (Section 14.2 of the Woking Joint Committee's Constitution), parts of which he felt were contradictory.

The Chairman considered that this was a matter for the Woking Joint Committee to clarify and proposed that it was referred back to that committee for discussion, which was agreed by the Chairman of Woking Joint Committee.

#### **RESOLVED:**

1. That the changes to the appointment of the Chairman and Vice-Chairman of Woking Joint Committee be approved so that both positions are appointed for two year period with the presumption that the chairmanship will rotate between the Borough Council and the County Council.
2. That the amendments to the Woking Joint Committee Constitution agreed by the Leader be noted.

### **36/16 REPORT OF THE CABINET [Item 16]**

The Leader presented the report of the Cabinet meetings held on 22 March and 26 April 2016.

#### **Reports for Information / Discussion**

That the following reports were received and noted:

- Health and Social Care Integration
- Quarterly Report on Decisions taken under Special Urgency Arrangements (January – March 2016)

#### **RESOLVED:**

That the report of the meetings of the Cabinet held on 22 March and 26 April 2016 be adopted.

### **37/16 WELLBEING AND HEALTH SCRUTINY BOARD [Item 17]**

The Chairman of the Wellbeing and Health Scrutiny Board presented this report. He thanked officers and Members of the Board who had taken part in Member Reference Groups.

He also drew Members' attention to the NHS Five Year Forward View and said that there would now be targets for treatment for Mental Health issues.

#### **RESOLVED:**

That the report of the Wellbeing and Health Scrutiny Board be noted.

### **38/16 MINUTES OF THE MEETINGS OF THE CABINET [Item 18]**

No notification had been received from Members wishing to raise a question or make a statement on any of the matters in the minutes, by the deadline.

[Meeting ended at: 12.07pm]

---

**Chairman**

This page is intentionally left blank

**Queen's Birthday Honours  
2016**

**Knighthood**

Damon Marcus Buffini  
Professor John Stanley Strang  
Peter Wood CBE

**CBE**

Professor Geoffrey Nigel Gilbert FREng  
Mrs Penelope Jane Snell  
Mrs Melissa Jane Tatton

**OBE**

Brian Blessed  
Paul Stuart Hancock  
Ms Emma Mulqueeny  
Ms Caroline Bayantai Plumb (Mrs Taylor)  
Robert James Twigger

**MBE**

Nigel David Blair  
Miss Davina Paola Blake  
Paul Doe  
Richard Alexander Driscoll  
Mrs Margaret Alexandra French  
John Christopher Julian Kempton  
Dr Miranda Clare Elizabeth Lomer  
Grant Munro Miller  
David Francis Mills  
Bruce Alexander Noble  
Miss Sally Ann Obertell  
John Palczynski  
Mrs Wendy Palczynsk  
Mrs Geraldine Ann Parris  
Mrs Angela Dorothy Margaret Peters  
Ms Sandra Yvonne Sullivan

**BEM**

Mrs Mary Patricia Ambler  
Christopher Richard Ball  
Robert James Bettesworth  
Ms Julia Doris Ida Hatto  
Neil Anthony Ledger  
Dr Anthony James Moore  
Mrs June Robinson  
Mrs Jane Winefred Turner

## **The Queen's Award for Enterprise**

### **Recent winners in Surrey 2016**

Benchmark Geophysical Consulting Limited, Farnham (International Trade)  
Cara Technology Limited, Leatherhead (International Trade)  
CGC Technology Limited, Farnham (International Trade)  
MR Solutions Limited, Guildford (Innovation Award)  
Scuderia Car Parts Limited, Egham (International Trade)  
Sesame Access System Limited, Byfleet (Innovation Award)  
Solventis Limited, Shere (International Trade)  
Vocality International Limited, Shackleford  
(International Trade)  
Wates Group, Leatherhead (Sustainable Development)

## **The Queen's Award for Voluntary Service**

### **Recent winners in Surrey 2016**

Bereavement Service of Princess Alice Hospice  
Brooklands Museum Volunteers  
Frensham Pond Sailability  
Spelthorne Museum  
Surrey Search and Rescue  
Orpheus Centre Volunteers

County Council Meeting – 12 July 2016

## REPORT OF THE CABINET

The Cabinet met on 24 May and 21 June 2016.

In accordance with the Constitution, Members can ask questions of the appropriate Cabinet Member, seek clarification or make a statement on any of these issues without giving notice.

The minutes containing the individual decisions for 24 May and 21 June 2016 meetings are included within the agenda. Cabinet responses to Committee reports are included in or appended to the minutes. If any Member wishes to raise a question or make a statement on any of the matters in the minutes, notice must be given to Democratic Services by 12 noon on the last working day before the County Council meeting (Monday 11 July 2016).

For members of the public all non-confidential reports are available on the web site ([www.surreycc.gov.uk](http://www.surreycc.gov.uk)) or on request from Democratic Services.

### REPORTS FOR INFORMATION / DISCUSSION

24 May 2016

#### A TRAVEL ASSISTANCE POLICIES FOR CHILDREN AND YOUNG PEOPLE WITH SPECIAL EDUCATIONAL NEEDS AND DISABILITIES

1. The Children and Families Act 2014 and associated statutory guidance set out the local authority's responsibilities in respect of travel assistance for those with special educational needs and disabilities (SEND). The existing policies were reviewed and a revised policy for those who are pre-16 (Annex 1 to the Cabinet report of 24 May 2016) and a new policy for those who are 16-25 years old (Annex 2 to the Cabinet report of 24 May 2016) have been adopted. The policies went through a 12 week period of consultation and were updated in light of feedback. The proposed policies supported delivery of the Council's Wellbeing and Resident Experience strategic goals, in addition to the SEND 2020 Development Plan.
2. The Local Authority is required to have robust, equitable, coherent and transparent policies in line with Department for Education (DfE) Home to School Transport Statutory Guidance (July 2014) and the Special Educational Needs and Disabilities (SEND) Code of Practice 2014. The policies also ensure there is an equitable approach to Post 16 travel for learners with an Education, Health and Care Plan (EHCP) and a more flexible approach for families choosing to use the parent mileage scheme.
3. **The Cabinet AGREED:**
  1. That the updated policy for Travel Assistance for Children and Young People with an Education, Health and Care plan/statement of special educational needs (pre 16) from 1 September 2016 be adopted.
  2. That the updated policy for Travel Assistance for Children and Young People with an Education, Health and Care Plan/statement of special educational needs (16-25 years) from 1 September 2016 be adopted.

3. That the proposed charge per day to all post 16 students with an Education, Health and Care Plan starting in year 12 from September 2016 onwards be approved.
4. That the charge to post 16 students be adjusted annually from 1 September, by the March Retail Price Index or Consumer Price Index whichever is the lower rate.
5. That the County Council mileage rates be set in line with the Her Majesty's Revenue and Customs (HMRC) rates that are designed to cover fuel and running costs for each mile of travel.

*21 June 2016*

## **B ANNUAL REPORT OF THE SHAREHOLDER BOARD**

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

### **2. The Cabinet AGREED:**

That the Annual Report of the Shareholder Board, Annex A to the submitted Cabinet report (and also attached as Annex A to this report) be endorsed and that the report be presented to Council at its meeting on 12 July 2016.

## **C SUSTAINABILITY AND TRANSFORMATION PLANS**

1. Surrey County Council is playing an important role in the development of the three Sustainability and Transformation Plans (STPs) across Surrey. These Plans will play a pivotal role in shaping the future health and care landscape across Surrey.
2. NHS Sustainability and Transformation Plans (STPs) are place-based, five-year plans built around the needs of local populations. They are intended to identify benefits to be realised in the short and longer term – helping organisations within the STPs to meet their immediate (2016/17) financial challenges and ensure that the investment secured by the NHS in the Spending Review does not merely prop up individual institutions but is used to drive sustainable transformation in patient experience and health outcomes over the longer-term.
3. STPs will be the overarching strategic plan for local health and care systems covering the period October 2016 to March 2021 and represent a significant shift in NHS planning towards a place-based approach (as opposed to solely asking individual NHS organisations to produce their own plans). In addition to covering all areas of CCG and NHS England commissioned activity, STPs will also include plans around integration with local authorities.
4. Whilst the STPs are principally NHS plans, the Council's involvement in their development and implementation will be crucial to ensure the achievement of the shared aims of the council and health partners around improving health outcomes and greater integration of health and care services. The national

guidance and direction from NHS England makes it clear that local authorities should be fully engaged in the STP process to ensure they are truly 'place-based'. STPs will also be the single application and approval process for being accepted onto programmes with NHS transformation funding for 2017/18 onwards.

**5. The Cabinet AGREED:**

1. That the update on the emerging NHS Sustainability and Transformation Plans (STPs) be noted.
2. That authority be delegated to the Chief Executive, in consultation with the Leader of the Council and Cabinet Member for Wellbeing and Health, to sign off the STPs on behalf of the Council through its membership of the relevant STP Transformation / Programme Boards.

**D QUARTERLY REPORT ON DECISIONS TAKEN UNDER SPECIAL URGENCY ARRANGEMENTS: 1 APRIL – 30 JUNE 2016**

1. The Cabinet is required under the Constitution to report to Council on a quarterly basis the details of decisions taken by the Cabinet and Cabinet Members under the special urgency arrangements set out in Article 6.05(f) of the Constitution. This occurs where a decision is required on a matter that is not contained within the Leader's Forward Plan (Notice of Decisions), nor available 5 clear days before the meeting. Where a decision on such matters could not reasonably be delayed, the agreement of the Chairman of the appropriate Scrutiny Board, or in his/her absence the Chairman of the Council, must be sought to enable the decision to be made.

*There have been no urgent items in this quarter.*

**Mr David Hodge, Leader of the Council**  
**1 July 2016**

This page is intentionally left blank

# Shareholder Board Annual Report

Financial year 2015/16

June 2016

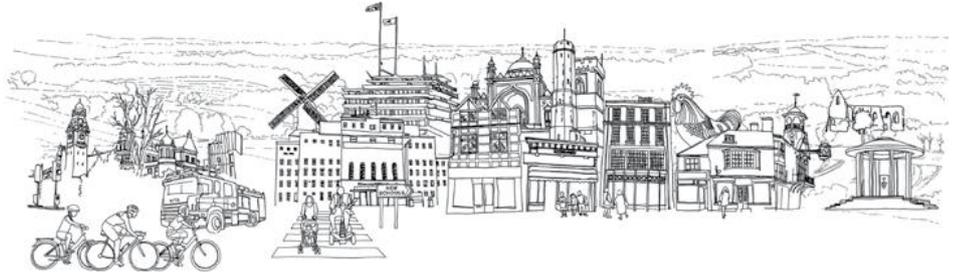


# Contents

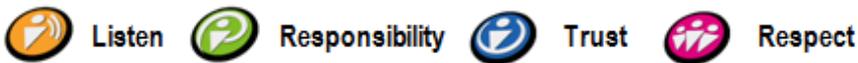
- **Shareholder Board**
  - Introduction from the Leader of the Council Page 3
  - Governance Page 4
  - Purpose Page 5
  - The Council's shareholdings Page 6
  - Decision-making Page 7
  - Directors Page 9
  
- **Company Details**
  - Surrey Choices Page 10
  - S.E.Business Services Page 12
  - Halsey Garton Property Page 14
  - Bandstand Square Developments Page 15
  - Babcock 4S Page 17
  - TRICS Consortium Page 19
  - FutureGov Page 21
  - Municipal Bonds Agency Page 22
  
- **Glossary and associated council principles** Page 23
- **Shareholder Board Terms of Reference** Page 28

# INTRODUCTION

The council has created trading companies and made investments to enhance the financial resilience of the council.



*Our Corporate Strategy, Confident in Surrey's future*



The council's strategic framework for innovation and investment is supporting the development of new ideas and approaches to enhance the financial resilience of the council. This increased emphasis on commercial activity has led to the creation of the Shareholder Board to monitor the council's trading activity and ensure satisfactory performance and effective risk management. The financial returns delivered from innovation and investment will help to ensure that we continue to deliver quality services at the right cost for our residents.

The Shareholder Board is an example of best practice governance. It provides effective oversight and alignment with the strategic objectives and values of the council. The Board safeguards the council's interests and takes decisions in matters that require the approval of the council as owner or as a shareholder of a company.

The Annual Report of the Shareholder Board provides an overview of the progress we have made in developing new models of delivery and enhancing the financial resilience of the council.



David Hodge  
Leader of Surrey County Council

# THE SHAREHOLDER BOARD

## Governance

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

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

### Members

- Leader
- Deputy Leader
- Cabinet Member for Business Services & Residents Experience
- Chief Executive

### Advisors

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

# THE SHAREHOLDER BOARD

## Purpose

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

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

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

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

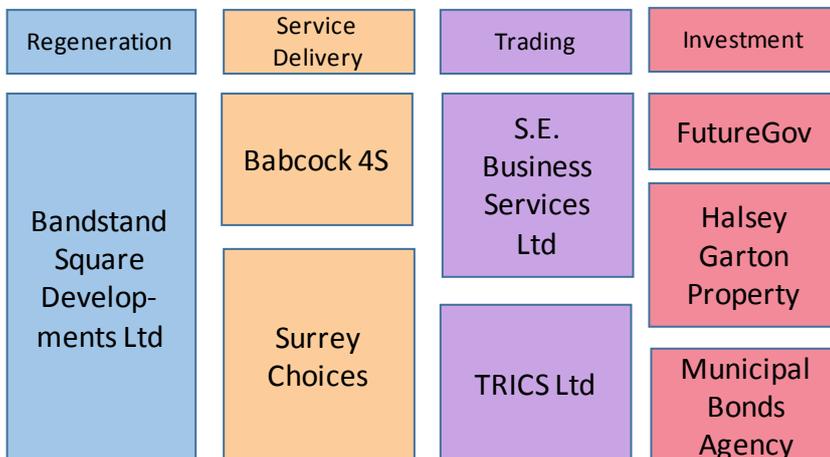
# THE SHAREHOLDER BOARD

## The Council's Share-holdings

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

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

**Cabinet Decision**  
To create a company or invest in shares



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

These proposals are made with realistic and prudent expectations regarding the investment required and the length of time it will take to establish a successful company.

The council therefore recognises that returns will not necessarily be received in the short-term but will contribute to financial resilience in the longer term.

# THE SHAREHOLDER BOARD

## The Council's Shareholdings

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

\*Will depend on total equity raised

### Shareholder Board & Decision-Making

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

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

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

# THE SHAREHOLDER BOARD

## Reserved Matters (continued)

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

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

# THE SHAREHOLDER BOARD

## Company Details

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

## Directors

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

<b>Company</b>	<b>Page</b>
Surrey Choices Ltd	10
S.E.Business Services Ltd	12
Halsey Garton Property Ltd	14
Bandstand Square Developments Limited	15
Babcock 4S Limited	17
TRICS Consortium Limited	19
FutureGov. Ltd	21
Municipal Bonds Agency	22

# SURREY CHOICES LTD



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

## Company Profile

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

## Business Case

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

- Income generated from trading activity by supplying services to those people with personal budgets and those that privately purchase, and,
- A reduction in the cost of services, that were previously delivered in-house from economies of scale delivered as a result of trading activity and from reducing fixed costs.

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

# SURREY CHOICES LTD

## **Council Investment**

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

## **Progress Report**

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

The company are putting in place changes to improve the internal controls and governance environment following growing concerns expressed by both Internal Audit and the Shareholder Board and the report of the external auditors, Grant Thornton, which identified a number of weaknesses. The Directors have made changes to the overarching governance within the company, taking on board advice from the auditors to improve the visibility and collective responsibility for the company’s financial performance. Improvements include regular meetings with the auditor to track progress with the plans being monitored by the Shareholder Board on a regular basis.

The company delivers services to the council under a commissioning contract; this is currently a block arrangement meaning that the risk of any volume increase rests with the company rather than with the council. Over the last year the number of new referrals from the council has significantly increased and this has contributed to a deteriorating financial situation, such that a loss is expected for this first full year of trading. The Shareholder Board is satisfied that these cases would have created a volume pressure within the council under previous arrangements and that the company is providing the additional services at a lower cost compared to the previous in-house provision. Discussions have concluded between the company and the Adults commissioning team to agree appropriate adjustments to the block contract.

The Shareholder Board are sufficiently encouraged by the progress made by the Directors to believe that a credible recovery plan is achievable to return to profitability. The company has further developed their financial plans for the forthcoming year which will continue to be reviewed by the Shareholder Board.

# S.E.BUSINESS SERVICES LTD



Cabinet Approval	March 2013
Ownership	100%
Date of Incorporation	June 2013. Commenced Trade in December 2013
Council Investment	£100 Share Capital
Directors	Liz Mills, Laura Langstaff & Steve Ruddy

## Company Profile

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

## Business Case

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

# S.E.BUSINESS SERVICES LTD

## Council Investment

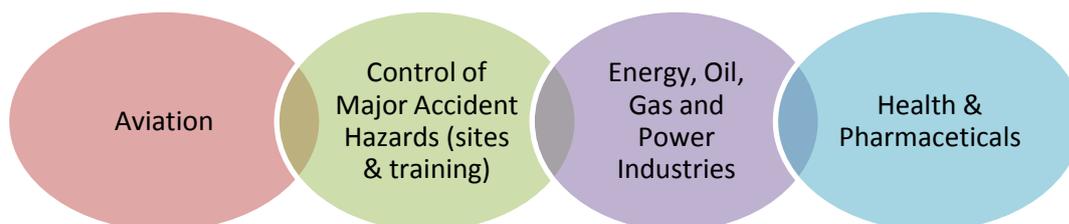
The council provided share capital of £100 and an initial working capital loan to enable the company to commence trade– all lending has been provided on an “arms-length” basis and has been fully repaid.

## Progress Report

The company has delivered profits in excess of those expected in the Business Case and compared to its approved Annual Business Plan. These profits have been delivered as a result of entering the fire aviation contingency market and by securing a strategic contract with Heathrow Airport. This enabled the company to declare a dividend in relation to the first full year of trading to 31<sup>st</sup> March 2015 (incorporating retained earnings from the prior year) and a further dividend for the year ending 31<sup>st</sup> March 2016.

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

The company will continue to develop its client base and reputation in the market in order to secure further contracts in target markets from the provision of business continuity services, training and development, technical services and subject matter consultancy and advice.



# HALSEY GARTON PROPERTY LTD

Cabinet Approval	May 2014
Ownership	100%
Date of Incorporation	June 2014
Council Investment	£2,544,000 Share Capital (as at 31.03.2016)
Directors	John Stebbings & Susan Smyth

## Company Profile & Business Case

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

## Council Investment

The council provided initial share capital of £1,000 and provides further equity and debt financing to enable the company to progress agreed investments. This is provided on an arm's length basis following the approval of the business case by Cabinet. The council provided a further £2.5m of equity funds in enable the company to purchase its first investment asset in November 2015, with the balance provided as debt financing.

## Progress Report

Cabinet approved the company's purchase of premises at Hampton Park West, Wiltshire in November 2015. This asset is occupied by Avon Rubber PLC as their global headquarters and UK manufacturing and distribution facility and hence provides an Industrial sector asset to complement and provide balance to the council's own portfolio. An investment approved by Cabinet in March 2015 was withdrawn from sale by the vendors during the due-diligence process and therefore did not proceed. Further investments have been made by the company in the first quarter of hte financial year.

The first dividend is expected to be received after the first full year of trading, in 2016/17.

# BANDSTAND SQUARE DEVELOPMENTS LTD

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

## Company Profile

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

## Business Case

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

# BANDSTAND SQUARE DEVELOPMENTS LTD

## Council Investment

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

## Progress Report

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

Activity	Status
Site Acquisition Secure planning consent for the relocation of the Fire Station	Completed Planning consent secured and a construction contract awarded. Construction is in progress with the new Fire Station expected to be delivered in the summer of 2016.
Secure planning consent for the main scheme and agree terms with a residential development partner, a hotel operator and a large retailer for the main components of the scheme.	Planning consent for the Victoria Square scheme was approved in November 2014. Negotiations with various parties continue with the company seeking tenders for the main construction contract and a hotel operator.

The new Fire Station will provide additional garaging for specialist vehicles and provides enhanced training facilities including a smoke house and an area for Road Traffic Accident training. Construction is expected to be completed in the summer of 2016.

# BABCOCK 4S LIMITED

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

## Company Profile

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

## Business Case

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

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

# BABCOCK 4S LIMITED

## **Council Investment**

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

## **Progress Report**

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

The changes in the market will therefore impact upon the nature and viability of the business in the future. The Shareholder Board recognise that the increasing emergence of free-schools and multi-academy trusts will impact on whether a single provider for schools improvement is the best long-term approach and that the company will need to manage these risks and any associated costs, such as redundancy, accordingly.

# TRICS CONSORTIUM LTD



Cabinet Approval	July 2014
Ownership	16.67%
Date of Incorporation	October 2014
	Commenced Trade in January 2015
Council Investment	£37,500 Share Capital
Surrey County Council Director	Mike Green

## Company Profile

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

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

## Business Case

The creation of the company ensures that the commercial activities of the consortium councils is being undertaken in an appropriate manner and will enable the growth potential of the database into other territories to be fully exploited.

# TRICS CONSORTIUM LTD

## **Council Investment**

The council, together with the other five local authority shareholders, invested equity funds to provide for working capital and set-up expenses. The funds provided were from balances held by the consortium, created from surpluses from previous activity.

## **Progress Report**

The Company commenced trading on 1<sup>st</sup> January 2015 when it took over the operation of the database from the incumbent supplier. The company comprises of the Managing Director, recruited to deliver the day-to-day operation of the company and three employees that TUPE transferred from the previous supplier. The company achieved its highest ever number of members (customers) in December 2015 and is benefiting from the more optimistic financial climate which has a large influence on activity within the industry. The company is developing plans to expand its reach into international markets, particularly in New Zealand and Australia.

The company delivered a profit in excess of expectations for the first full year of trading due to tight control of set-up costs and the improving economic environment. The company has distributed a dividend to its shareholders thereby delivering a return on investment within a short timeframe.

## **FUTUREGOV**

Cabinet Approval	December 2013
Ownership	13.1%
Date of Purchase of Shares	January 2014
Council Investment	£125,000
Surrey County Council Director	Julie Fisher until 1 <sup>st</sup> March 2016. From April the board meetings of the company will be attended by an observer.

### **Company Profile**

FutureGov Ltd provides innovative digital solutions to Local Authorities and specialises in the children's services and adult social care market. Their products and consultancy services have been purchased by a number of authorities including those in Australia.

### **Business Case & Council Investment**

The investment in FutureGov strengthens a partnership that has already delivered innovative products within social care. The council's investment of equity and debt finance in 2014 was made alongside investment from Nesta, a charity whose investment function has a track record in identifying commercial opportunities that deliver social value. The debt financing provided by both parties is at market applicable interest rates, with the interest receivable offsetting the funding costs incurred on the initial equity investment. The business case expected that the investment would generate a modest net return to the council over a five year period.

### **Progress Report**

The company has delivered a significant growth in sales revenue since the date of investment however continues to fall short of delivering fully against its ambitious business plan and profits targets. The products have sold well in Australia but have had limited success within the UK market. As a result of this, the company are further refining their business strategy which is expected to include a refocusing towards consultancy services.

# MUNICIPAL BONDS AGENCY

Cabinet Approval	Decision taken under delegated approval September 2015.
Ownership	Minority – will depend upon the total equity raised.
Date of Incorporation	September 2014
Council Investment	£450,000 share capital

## Company Profile

The Municipal Bond Agency's objective is to provide an alternative to the Public Works Loans Board (PWLB) as a cheaper source of borrowing for local authorities from the issuing of bonds. The agency, developed by the Local Government Association, has raised equity funds from 56 councils to provide for operating costs and sufficient capital against risks.

## Business Case & Council Investment

The council's equity investment will be long-term in nature as the agency is not expected to break-even until at least 2018. The agency will provide access to all local authorities to raise external borrowing provided that they meet the criteria set, however preferential terms will be provided to those councils that are also shareholders in the company. This means that, for example, on a loan of £10m the council will save £15,000 per annum compared to PWLB, and if it were not a shareholder the saving would be about £5,000.

## Progress Report

The Municipal Bond Agency has distributed a framework agreement which set out the terms upon which local authorities will be able to borrow from them. Authorities will be expected to pass the agency's own credit checks and agree to a joint and several guarantee that would operate if a local authority defaulted on its borrowing. Once sufficient numbers approve the framework, the agency will develop plans for the first bond issue.

# GLOSSARY (and associated principles)

## **Articles of Association**

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

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

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

## **Assets**

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

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

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

## **Debt Financing**

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

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

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

# GLOSSARY (and associated principles)

## **Directors Duties**

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

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

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

## **Group Companies**

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

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

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

## **Joint Venture**

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

## **LATC (Local Authority Trading Company)**

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

# GLOSSARY (and associated principles)

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

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

## **Reserved Matters**

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

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

## **Share Capital (Equity)**

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

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

## **Shareholders**

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

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

## **Shareholders Agreement**

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

# GLOSSARY (and associated principles)

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

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

## **Support Services**

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

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

## **TUPE**

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

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

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

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

# GLOSSARY (and associated principles)

## **Teckal**

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

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

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

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

## **Transfer Pricing / State Aid**

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

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

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

## SHAREHOLDER BOARD TERMS OF REFERENCE



### SHAREHOLDER BOARD

### TERMS OF REFERENCE

#### Overview

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

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

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

#### Membership

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

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

#### Purpose

The Shareholder Board will:

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

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

### **Relationship to scrutiny**

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

### **Scope**

#### In respect of Teckal-compliant companies

The Shareholder Board will:

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

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

The Shareholder Board will also:

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

#### In respect of any shareholding and/or joint ventures

The Shareholder Board will:

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

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

The Shareholder Board will:

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

### **Operation of the Shareholder Board**

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

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

V6

Last reviewed: 16.07.2015

*County Council Meeting – 12 July 2016*

**REPORT OF THE AUDIT & GOVERNANCE COMMITTEE**

- \* Mr Stuart Selleck (Chairman)
- \* Mr Denis Fuller (Vice-Chairman)
- \* Mr W D Barker OBE
- \* Mr Will Forster
- \* Mr Tim Hall
- \* Mr Saj Hussain

\* = Present  
A = Apologies  
S = Substitute

**A. RISK MANAGEMENT ANNUAL REPORT AND STRATEGY**

1. On 26 May 2015, the Committee considered the Risk Management Annual Report for 2015/16 and, following a robust discussion, confirmed that it was satisfied with the risk management arrangements.
2. The Committee **COMMEND** the Risk Management Strategy (Annex A) for inclusion in the Constitution.

**C. CODE OF CORPORATE GOVERNANCE**

1. The Local Government Act 2000 places a reliance on local authorities to review their governance arrangements and operate through a local governance framework which brings together requirements, governance principles and processes.
2. On 26 May 2016, the Audit & Governance Committee considered and approved updates to Surrey County Council's Code of Corporate Governance. The Committee **COMMEND** the updated Code of Corporate Governance (Annex B) for inclusion in the Constitution.

**Stuart Selleck**  
**Chairman of the Audit and Governance Committee**  
**May 2016**

This page is intentionally left blank

## PURPOSE

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

## VISION

A risk culture that supports

**ONE** place

**ONE** budget

**ONE** team for Surrey

## VALUES



**Listen**



**Responsibility**



**Trust**

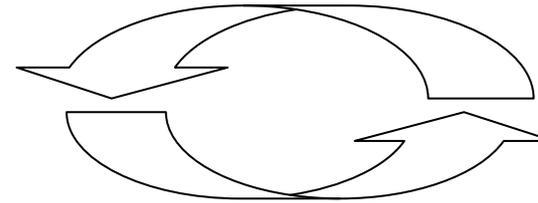


**Respect**

## Context

The demand for council services continues to grow while financial resources are decreasing. Effective risk management is an integral part of ensuring the continued delivery of our services and providing organisational resilience during major change and transformation.

This Risk Management Strategy supports the achievement of our key priorities, goals and service delivery to residents. It is supplemented by our risk management plan that sets out our key risk actions for the coming year.



### INTEGRATED APPROACH:

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

### RISK PROCESS:

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

### GOVERNANCE:

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

## Our strategic approach to risk management

### 1. Principles

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

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

### 2. Benefits

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

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

### 3. Realisation

**Realisation of the principles and benefits will be achieved through:**

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

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

## Challenges and opportunities

The ongoing climate of funding reductions, demand increases and changing responsibilities for Local Government continues to bring significant risk as well as opportunities. Sustaining the council's strong organisational resilience will require working differently, effectively managing our risks and realising the opportunities identified by new ways of working.

Risk management is a continuous and evolving process that runs through everything we do. Continually identifying and managing risks and opportunities increases the probability of success and supports the achievement of our goals and priorities.

## Key actions

During 2016/17 three risk management actions will be prioritised to support the achievement of the council's corporate strategy:

1. Ensure the council's risk management arrangements are fit for purpose and support new ways of working.
2. Continue to moderate, challenge and present risk information in a clear and transparent way across the organisation.
3. Gain assurance on links between strategic/operational risk and programme/project risk.

## Risk governance



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

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

## Roles and responsibilities

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

## Review

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

This page is intentionally left blank

# Code of Corporate Governance

May 2016

Page 55



**SURREY**

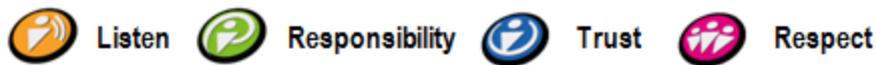
# CONTENTS

	<u>PAGE</u>
<b>Commitment to good governance</b>	<b>3</b>
<b>Good governance principles</b>	<b>4</b>
<b>Supporting governance documents</b>	<b>6</b>
<b>Governance review</b>	<b>6</b>
<b>Roles and responsibilities</b>	<b>8</b>
<b>Glossary</b>	<b>9</b>
<u>Annexes</u>	
A Supporting governance documents	10
B Governance document custodians	11
C Governance document approval	12
D Governance review process	13
E Governance Panel terms of reference	14

# COMMITMENT TO GOOD GOVERNANCE

The Corporate Strategy, 'Confident in Surrey's future' sets out the council's overall purpose to ensure Surrey residents remain healthy, safe and confident about their future.

Good corporate governance underpins confidence in public services and should be transparent to all stakeholders. We are committed to demonstrating that the council has sound corporate governance and the Governance Strategy and this Code of Corporate Governance sets out the way we meet that commitment. This in turn promotes adherence to our values that guide the behaviour of all officers and Members:



Corporate governance is the way in which the council directs and controls its arrangements to ensure that the intended outcomes for stakeholders are defined and achieved. A robust governance code provides assurance that Surrey is meeting best practice in protecting its assets and serving the community.

The council annually reviews the effectiveness of its governance arrangements and produces an Annual Governance Statement (AGS), which summarises the governance framework and environment in place during the year. The AGS is signed by the Chief Executive and the Leader of the Council and is included within the Statement of Accounts, as required by statute. A summary of the AGS is also included within our Annual Report.

This Code of Corporate Governance supplements the Governance Strategy and sets out the mechanisms for monitoring and reviewing the corporate governance arrangements, which enables the council to identify good governance practice and also areas for improvement.



*Our Corporate Strategy, Confident in Surrey's future*

# GOOD GOVERNANCE PRINCIPLES

## Principles of Public Life

The council is committed to ensuring that good governance is in place and that we are serving the local community in accordance with the seven principles of public life as defined by the Nolan Committee<sup>1</sup>. These principles apply to everyone working in the public services and should be incorporated into all codes of conduct and behaviour to ensure residents and service users receive a high quality service.

The principles are as follows:

### **Selflessness**

Officers and members should act solely in terms of the public interest. They should not act in such a way in which to gain financial or other benefits for themselves, their family or their friends.

### **Integrity**

Officers and members should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, officers and members should make choices on merit.

### **Accountability**

Officers and members are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their role.

### **Openness**

Officers and members should be as open as possible about all decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Officers and members have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the people of Surrey.

### **Leadership**

Officers and members should promote and support the principles by leadership and example.

---

<sup>1</sup> The Nolan Committee was established in 1994 by the Prime Minister in response to concerns that conduct by some politicians was unethical.

## Core Governance Principles

The council has adopted six core governance principles, which ensure good governance, compliance with the principles of public life and support the achievement of our Corporate Strategy and Governance Strategy.

<p>We will focus on our purpose to optimise the achievement of intended outcomes for Surrey and its local communities.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Making the best use of our resources available to ensure best value is achieved; and</li> <li>• Promoting decision making that is rigorous and transparent.</li> </ul>
<p>Members and officers will behave with integrity and demonstrate a strong commitment to ethical values.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Demonstrating and communicating our values; and</li> <li>• Understanding, monitoring and maintaining our ethical standards.</li> </ul>
<p>We will ensure openness and effectively engage with our stakeholders.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Demonstrating, documenting and communicating our commitment to openness; and</li> <li>• Engaging with residents, partners, businesses and other stakeholders in the development of services.</li> </ul>
<p>We will develop the capacity and capability of members and officers to continue to be effective.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Clarifying roles and responsibilities; and</li> <li>• Ensuring members and officers have the appropriate skills, knowledge, resources and support to perform well in their roles.</li> </ul>
<p>We will manage risks and performance through robust internal control and strong public financial management.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Ensuring integrated and effective risk management arrangements are in place; and</li> <li>• Monitoring service delivery.</li> </ul>
<p>We will implement good practice in transparency and reporting to deliver effective accountability.</p> <p>We will meet this by:</p> <ul style="list-style-type: none"> <li>• Reporting to stakeholders in an understandable way; and</li> <li>• Having good quality information that is easy to access.</li> </ul>

## SUPPORTING GOVERNANCE DOCUMENTS

There is a robust framework of council policies and processes that are of key importance in maintaining good governance, support the achievement of the Corporate Strategy and Governance Strategy and underpin compliance with the core governance principles. The documents are shown at Annex A.

Responsibility for each governance document ultimately rests with the Chief Executive or one of the strategic directors, aside from statutory functions that fall within the personal responsibility of the Section 151 Officer or the Monitoring Officer. Cabinet Members must also demonstrate ownership within their individual portfolios.

Below those officers and members mentioned above, where appropriate, are officers who have a material input and control over governance documents. These officers are referred to as Governance Custodians and they are shown in Annex B.

Governance Custodians are responsible for keeping documents up to date and therefore making necessary changes. Any significant changes require approval by members or officers as shown at Annex C. It is the decision of the relevant officer and/or member as to what is classed as significant.

## GOVERNANCE REVIEW

The annual review of governance assesses the level of compliance with each of the core governance principles. A flowchart showing the process is shown at Annex D. The review consists of a number of parts as follows.

### **PART 1 – CUSTODIAN ASSURANCE**

Governance Custodians are required to complete an annual Custodian Assurance Statement. A summary report is presented to the Governance Panel, which makes recommendations on any specific areas to be reviewed as part of the governance compliance work undertaken by Internal Audit (see below).

### **PART 2 – GOVERNANCE COMPLIANCE AND REPORT ON INTERNAL CONTROL**

Following agreement by the Governance Panel on the areas of focus, a number of methods are used by Internal Audit to test governance compliance:

- Relevant audit reviews already undertaken or in progress;
- Use of surveys sent to a sample of staff and members; and
- Assurance mapping.

Key findings from the testing above are presented to the Governance Panel and any significant areas will be included in the AGS.

The Chief Internal Auditor uses information gathered from internal audit reviews carried out as part of the annual audit plan, to report on the adequacy of the overall internal control

environment. This report is presented to the Governance Panel and any significant areas will be included in the AGS

### **PART 3 – ASSESSMENT OF THE CORE GOVERNANCE PRINCIPLES**

The Risk and Governance Manager carries out the annual assessment of the core governance principles. The review consists of:

- interviews with key officers,
- reviewing existing procedures,
- assessing existing governance arrangements against best practice, and
- reviewing any assurance mapping undertaken by Internal Audit.

A summary report is then presented to the Governance Panel and any significant findings will be included in the AGS.

### **PART 4 – ADDITIONAL GOVERNANCE INFORMATION**

In order to pull together a full picture of governance across the organisation, the Governance Panel also look at any relevant reports and findings from other inspectorates and groups, along with any self-assessments that the council has completed within the relevant year. Any significant issues are then included in the AGS and the information can include the following:

- External audit reports
- External inspection reports
- Annual review of the effectiveness of the system of internal audit
- Member task group reports and findings

### **PART 5 - AGS**

Taking all the above information into account, the draft AGS is developed and agreed by the Governance Panel. The Chair of the Governance Panel consults with the Statutory Responsibilities Network and the senior leadership team before the AGS is presented to the Audit and Governance Committee and the Cabinet for approval. The AGS is then incorporated into the Statement of Accounts and the Annual Report.

### **PART 6 - MONITORING**

The Governance Panel monitors progress on any improvement actions identified and update reports are presented to senior officers and the Audit and Governance Committee as appropriate.

# ROLES AND RESPONSIBILITIES

All staff and members have a role in ensuring good governance but specific responsibilities are set out below:

ROLE	RESPONSIBILITIES
The Cabinet	<ul style="list-style-type: none"> <li>• Approve the AGS for publication with the Statement of Accounts and the Annual Report</li> <li>• Monitor any governance improvements required, as appropriate</li> </ul>
Portfolio Holders	<ul style="list-style-type: none"> <li>• Demonstrate ownership of individual governance areas</li> <li>• Approve governance policies as appropriate</li> </ul>
Audit & Governance Committee	<ul style="list-style-type: none"> <li>• Review the draft AGS and advise the Cabinet as appropriate</li> <li>• Monitor the effectiveness of the governance arrangements</li> <li>• Monitor compliance with the Code of Corporate Governance</li> <li>• Approve governance policies as appropriate</li> </ul>
Statutory Responsibilities Network	<ul style="list-style-type: none"> <li>• Commission remedial action to address issues as appropriate</li> <li>• Review related reports en route to the Cabinet e.g. AGS</li> </ul>
Governance Panel	<ul style="list-style-type: none"> <li>• Refer to the Terms of Reference – <b>Annex E</b></li> </ul>
Heads of Service and Assistant Directors	<ul style="list-style-type: none"> <li>• Appoint Governance Custodians as required</li> <li>• Promote the delivery of policies within their service</li> <li>• Participate in the governance review and ensure that officers under their charge cooperate within the given timescales</li> <li>• Ensure governance improvements required within their service are acted upon in a timely manner and reported as necessary</li> </ul>
Governance Custodians	<ul style="list-style-type: none"> <li>• Maintain and regularly review governance documents to ensure they reflect legislative changes, best practice and organisational changes</li> <li>• Ensure governance documents are communicated effectively</li> <li>• Operate a standard process of version control on all governance documents</li> <li>• Ensure actions identified through the corporate governance review are acted upon in a timely manner and reported as necessary</li> </ul>
Risk and Governance Manager	<ul style="list-style-type: none"> <li>• Coordinate the corporate governance review</li> <li>• Carry out the annual assessment of core principles</li> <li>• Annually review the Code of Corporate Governance</li> <li>• Ensure provision of Corporate Governance training for staff and members as appropriate</li> </ul>
Internal Audit Team	<ul style="list-style-type: none"> <li>• Conduct the annual review of governance compliance</li> <li>• Provide information on the internal control environment to inform the AGS</li> </ul>

# REVIEWING AND REVISING THE CODE

This Code of Corporate Governance will be reviewed annually to reflect any changes. For any queries or comments on this document please contact:

Cath Edwards, Risk and Governance Manager, Business Services

# GLOSSARY

Annual Governance Statement (AGS)	A statement required by the Accounts and Audit Regulations (England) 2011 explaining how the council has complied with the code of corporate governance. It is signed by the Chief Executive and Leader of the Council and published as part of the annual Statement of Accounts and the Annual Report.
Chartered Institute of Public Finance and Accountancy (CIPFA)	The leading accountancy body for public services.
Constitution of the Council	Sets out how the Council operates, how decisions are made and the procedures that are followed to ensure efficiency, transparency and accountability.
Corporate Governance	How local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
Custodian Assurance Statement (CAS)	An annual submission from each Governance Custodian providing assurance that each policy is up to date and detailing any work that has been undertaken throughout the year.
Effectiveness review	An annual review of the effectiveness of the system of internal audit.
External Audit	An external annual review of the Council's accounts.
Governance Custodian	Officers who have responsibility for ensuring that governance documents are up to date and promoted across the authority.
Governance Panel	Chaired by the Director of Legal, Democratic and Cultural Services, the panel ensures that the council has a robust appraisal of governance. It advises Statutory Responsibilities Network, Audit & Governance Committee and Cabinet on the adequacy of the governance arrangements.
Internal Audit Team	An independent appraisal function that objectively examines, evaluates and reports on the adequacy of internal control.
Monitoring Officer (Director of Legal, Democratic and Cultural Services)	The statutory officer in accordance with section 5 of the Local Government and Housing Act 1989 ensuring lawfulness and fairness of decision making.
Section 151 Officer (Director of Finance)	The statutory officer with responsibility for the proper administration of the Council's affairs under section 151 of the Local Government Act 1972.
Society of Local Authority Chief Executives and Senior Managers (SOLACE)	The representative body for senior strategic managers working in local government, promoting effective local government.
Statutory Responsibilities Network (SRN)	Chaired by the Chief Executive, the SRN brings the senior statutory officers together to provide oversight on the council's major statutory responsibilities.



# GOVERNANCE DOCUMENT CUSTODIANS

## Annex B

Document	Custodian
Arrangements for dealing with complaints about Members	Director of Legal, Democratic and Cultural Services
Behaviours Framework	Head of HR
Cabinet Forward Plan	Cabinet Business Manager
Capability	Head of HR
Change Management	Head of HR
Code of Conduct for Members	Director of Legal, Democratic and Cultural Services
Code of Conduct for Staff	Head of HR
Communications and Engagement Strategy	Head of Communications
Customer Promise	Head of Customer Services
Data Governance policy	Corporate Information Governance Manager
Disciplinary	Head of HR
Equality, Fairness and Respect strategy	Policy and Strategic Partnerships Lead Manager
Ending harassment, bullying and discrimination	Senior Equality Inclusion and Wellbeing Manager
Financial Regulations	Director of Finance
Governance Strategy	Governance Panel
Grievance	Head of HR
Health and Safety policy	Senior Health and Safety Manager
IT Security policy	Head of IMT
Member / Officer Protocol	Director of Legal, Democratic and Cultural Services
Partnership Framework and Principles	Deputy Chief Executive
Partnership Governance Framework	Risk and Governance Manager
People Strategy	Head of HR
Premises Security policy	Workplace Delivery Manager
Procurement Standing Orders	Head of Procurement
Regulation of Investigatory Powers Act (RIPA)	Head of Trading Standards
Resilience Policy	Head of Emergency Management
Risk Management Strategy	Risk and Governance Manager
Safer Recruitment	Head of HR
Scheme of Delegation	Director of Legal, Democratic and Cultural Services
Standing Orders	Cabinet Business Manager
Strategy against Fraud and Corruption	Chief Internal Auditor
Surrey Compact	Strategic Partnership Manager
VCFS Framework	Strategic Partnership Manager
Whistle blowing policy	Head of HR

# GOVERNANCE DOCUMENT APPROVAL

## Annex C

### Member approval

<b>Cabinet</b>	<b>Leader of the Council</b>
Communication and Engagement Strategy	Cabinet Forward Plan
Customer Promise	
Equality, fairness and respect strategy	
Financial Regulations	
Partnership principles	
Procurement Standing Orders	
Regulation of Investigatory Powers Act (RIPA)	
Surrey Compact	
	<b>County Council</b>
	Arrangements for dealing with complaints about Members
	Code of Conduct – Members
	Member / Officer protocol
	Scheme of Delegation
	Standing Orders

<b>People, Performance and Development Committee</b>	<b>Audit and Governance Committee</b>
Behaviours framework	Risk management strategy
Capability	Strategy against fraud and corruption
Change Management	
Code of Conduct – Staff	
Disciplinary	
Ending harassment, bullying and discrimination	
Grievance	
People Strategy	
Safer recruitment	
Whistle blowing policy	

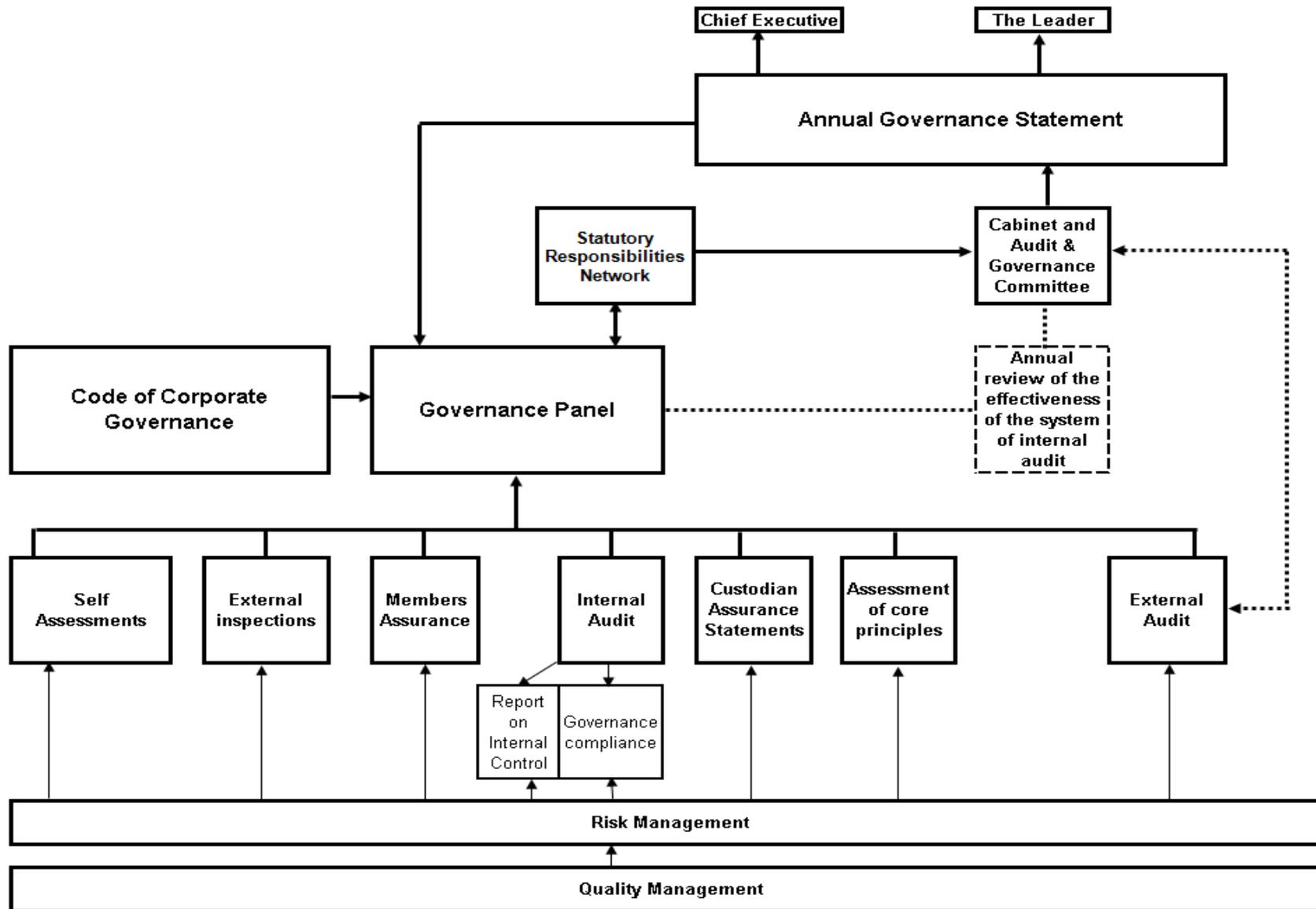
### Officer approval

Data governance policy	Information Governance Risk Board
Governance Strategy	Governance Panel
Health and Safety policy	Central Joint Safety Committee
IT Security policy	Head of IMT
Partnership Governance framework	Governance Panel
Premises Security policy	Chief Property Officer
Resilience policy	Head of Emergency Management
VCFS Framework	Chief Executive

# GOVERNANCE REVIEW PROCESS

Annex D

Page 67



## Scope

The Governance Panel (the panel) ensures that the Council has a robust method of scrutiny and appraisal of Governance. The panel advises Statutory Responsibilities Network<sup>2</sup>, Audit & Governance Committee (A&GC) and Cabinet on the adequacy of the arrangements and proposes areas for improvement through the Annual Governance Statement (AGS).

The panel reviews reports from Internal Audit, Risk & Governance, External Audit and other relevant documents.

## The Role of the Governance Panel

The Governance Panel collectively, is responsible for:

- Annually reviewing the Code of Corporate Governance and approving changes prior to presentation at the A&GC
- Reviewing reports from Internal Audit, Risk & Governance, External Audit and other inspectorates as appropriate
- Reviewing significant changes to governance documents within the Code of Corporate Governance
- Reporting significant governance issues, providing updates and presenting the draft AGS to the SRN and A&GC.

## Membership

The following officers form the Governance Panel:

Chair	-	Director of Legal, Democratic and Cultural Services (Monitoring Officer)
Standing members	-	Director of Finance (Section 151 Officer)
	-	Representative from HR & Organisational Development
	-	Chief Internal Auditor
	-	Representative from Strategy and Performance
	-	Risk & Governance Manager
Advisors	-	Governance custodians
	-	Representatives from Internal Audit

<sup>2</sup> Consisting Chief Executive (Chair), statutory officers for: Social Care and Public Health, Education, Fire, Director of Finance, Director of Legal, Democratic and Cultural Services, Chief Internal Auditor, Head of HR.

## Individual Roles and responsibilities

### Chair

- Proactively chair panel meetings, ensure meetings are effective and actions have been completed
- Present panel reports to SRN, A&GC and Cabinet and feed back to the rest of the panel members
- Report back to the panel on key issues from other governance meetings as appropriate, including partnerships

### Panel members

- Proactively participate at panel meetings
- Report back to the panel on key issues from other governance meetings as appropriate, including partnerships

### Risk and Governance Manager

- Lead on the annual review of governance, including the development of the AGS
- Provide reports to the panel on areas of risk and governance, including strategic and significant service risks, annual governance review reports and progress reporting
- Prepare panel reports for SRN, A&GC and Cabinet
- Report key issues from external audit and inspection reports including the Annual Audit Letter and the Annual Governance Report
- Undertake the annual review of the Code of Corporate Governance and recommend changes to the panel

### Chief Internal Auditor

- Provide updates and reports to the panel on internal control and key audit findings

### Governance Custodians

May be required to attend any panel meetings at the request of the Chair

This page is intentionally left blank

## REPORT TO COUNCIL

### REVIEW OF MEMBER CODE OF CONDUCT

#### **KEY ISSUE/DECISION:**

To agree revisions to the existing Member Code of Conduct following review by the Constitution Review Group.

#### **INTRODUCTION:**

- 1 At its meeting on 19 May 2015, the Council agreed that the Constitution Review Group should continue its work for another year. Alongside its review of Standing Orders, during that time, the Group, comprising Nick Skellett as Chairman, Liz Bowes, Steve Cosser, Nick Harrison and Hazel Watson, has reviewed the Member Code of Conduct. As part of this process a joint meeting was held with the Member Conduct Panel in April 2016, as well as a seminar to which all Members were invited in June 2016. This report sets out the reasoning for the proposed changes to the Code of Conduct recommended by the Constitution Review Group. A copy of the Code of Conduct amended to include the Review Group's proposals is attached at Annex 1 for the Council's approval.

#### **DECLARATIONS OF INTERESTS:**

- 2 The Member Code of Conduct incorporates the seven principles of public life. One key principle is that Members must avoid placing themselves under any obligation to outside individuals or organisations that might seek inappropriate influence over their official duties. Members must not act or take decisions in order to gain financial or other material benefits for themselves or their family and friends.
- 3 Currently, the Member Code of Conduct requires Members to register pecuniary interests. The Constitution Review Group considered that the guidance on pecuniary interests should be extended to require Members to declare a disclosable pecuniary interest at a meeting, or to explain to the Chairman the intention to withdraw before leaving the meeting. These revisions are set out in paragraph 4 (II) of Annex 1 to this report.
- 4 Although there is no mandatory obligation to maintain a register of personal interests, guidance from the Department for Communities and Local Government (DCLG) issued in September 2013 suggested that Councils should consider requiring Members to register non-pecuniary personal interests as a means of ensuring demonstrable openness and transparency. At the same time, the guidance recognised that it is for individual Councils to determine what is to be entered in its Register in respect of Members' interests. An internal audit of

Members' Interests in 2015, having considered the DCLG guidance, recommended that the Council should introduce a register for personal interests.

- 5 The Constitution Review Group was invited to consider whether it wished to introduce more transparency around Members' personal interests by recommending that Members register personal interests and declare them at meetings. The Group's joint meeting with the Member Conduct Panel in April 2016 discussed this recommendation, and it was addressed further with a wider group of Members at the seminar in June 2016.
- 6 Although at the joint meeting there was a narrow majority in favour of retaining the existing arrangements and not introducing a register of personal interests, the view was that personal interests should be declared at a meeting when relevant to the issue under consideration. Following discussion at the seminar, the vast majority of Members present agreed that a register for significant personal interests, as defined in section E of the annex to this report, should be introduced.
- 7 The Constitution Review Group was also invited to clarify the position on the declaration of prejudicial interests. The Group's proposed guidance on the definition of a prejudicial interest and the action that should be taken where one exists is set out in section F of the annex to this report.

#### **DECLARATIONS OF GIFTS AND HOSPITALITY:**

- 8 There was also discussion by the Constitution Review Group and at the seminar in relation to the declaration of gifts and hospitality. The current arrangements for Members set out in the Constitution state that *'you must notify the authority's monitoring officer of any gift or hospitality with a value of £100 or above which you have been offered in your role as a Member or Co-opted Member, within 28 days of accepting or refusing the offer and you must declare the acceptance of any such gift or hospitality at any discussion of, vote on, or discharge of any function relating to the donor.'* The view of the majority of Members present at the seminar was that gifts and hospitality with a value of £100 or above should be registered and declared only when it is actually accepted. However, it was agreed that where an offer has been declined, Members should, if they feel it appropriate because of its nature, report the offer to the Monitoring Officer.

#### **REVISED CODE OF CONDUCT:**

- 9 The Constitution Review Group has reviewed the Member Code of Conduct and proposes revisions to the declaration and registration of personal non-pecuniary interests and gifts and hospitality highlighted above, as well as to make the Code clearer and more informative.

#### **RECOMMENDATIONS:**

That the revised Member Code of Conduct attached at Annex 1 be agreed so that:

- (a) Members are required to register pecuniary interests as outlined in Schedule B and significant personal interests as outlined in Schedule E.
- (b) Members are required to register gifts and hospitality to the value of £100 or more that they have accepted.

- (c) Where a Member has a disclosable or non disclosable interest that is prejudicial in any matter to be considered at a meeting of the Council, the Cabinet, a committee, sub-committee or joint committee of the Council, he or she is required to declare it at the meeting or to notify the chairman of the reason for withdrawing from that meeting.

**REASON FOR RECOMMENDATION:**

To promote local rules to ensure that there is confidence that councillors are putting the public interest first and demonstrating transparency about their financial affairs.

---

**Contact:** Bryan Searle, Tel: 020 8541 9019, email: [bryans@surreycc.gov.uk](mailto:bryans@surreycc.gov.uk)

**Sources/background papers:**

None

This page is intentionally left blank

## **PART 6 (1)- SURREY COUNTY COUNCIL MEMBER CODE OF CONDUCT AND RELATED PROVISIONS**

### **A. Surrey County Council Member Code of Conduct**

As a Member or co-opted member of Surrey County Council you shall have regard to the following Principles of Public Life (also known as the Nolan Principles) – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Accordingly, when acting in your capacity as a Member or co-opted member:

1. You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
2. You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
3. When carrying out your public duties you must make all choices (such as making public appointments, awarding contracts or recommending individuals for rewards or benefits) on merit, and must be impartial and be seen to be impartial.
4. You must co-operate fully with whatever scrutiny is appropriate to your office.
5. You must be as open as possible about your decisions and actions and the decisions and actions of Surrey County Council and should be prepared to give reasons for those decisions and actions.
6. You will on occasions be privy to confidential and sensitive information, such as personal information about someone, or commercially sensitive information which, if disclosed, might harm the commercial interests of the Council or another person or organisation. This information must not be revealed without proper authority.
7. You should be mindful of the requirement to declare and record any disclosable pecuniary or personal interests in a manner conforming with the procedures set out in the provisions below.
8. You must, when using or authorising the use by others of the resources of the Council, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986. For guidelines on the personal use of Council IT resources by Members, please refer to the IT Code.

9. You must promote and support high standards of conduct (characterised by the above requirements) by leadership and example when serving in your public post.
10. In addition to compliance with the Member Code of Conduct, you are expected to comply with the following codes:
  - (a) Member/Officer Protocol
  - (b) Planning Code of Best Practice

And to comply with any reasonable request by the Council that you complete a related party disclosure

## **B. Registering and declaring disclosable pecuniary interests**

1. You must, within 28 days of taking office as a member or co-opted member, notify the Council's Monitoring Officer of your disclosable pecuniary interests. A disclosable pecuniary interest is an interest of yourself or your partner ("partner" means a spouse, civil partner, or a person with whom you are living as husband and wife or as civil partners) falling within the descriptions set out in regulations made by the Secretary of State and set out, for ease of reference, in part C of this Code. Any such interests will then be included in the Council's Register of Members' Interests. A copy of the Register will be available for public inspection and will be published on the Surrey County Council website
2. Where you consider that disclosure of the details of a disclosable pecuniary interest could, if the interest is entered on the register, lead to you, or a person connected with you, being subject to violence or intimidation, and the Monitoring Officer agrees, copies of the register that are made available for inspection and any published version of the register will exclude details of the interest, but will state that you have a disclosable pecuniary interest, the details of which are withheld.
3. *In accordance with this Council's requirement that Members will be as open as possible about their decisions and actions, it is good practice to ensure that your entries in the Council's Register of Members' Interests are kept up to date. You are advised to notify the Monitoring Officer promptly of any changes occurring to your interests whilst you remain in office so that these may be recorded in the Register. There are also occasions when you may be required to update the Register in accordance to comply with B 6 of this Code*
4. If you are present at a meeting of the Council, the Cabinet, a committee, sub-committee or joint committee of the Council, and you have a disclosable pecuniary interest in any matter to be considered or being considered at the meeting, unless you have obtained a dispensation, the following apply:
  - I. You must not participate in any discussion of, or any vote taken on, the matter at the meeting and you must leave the room where the meeting

is held while any discussion or voting takes place.

- II. *You should either declare the interest to the meeting or notify the Chairman of the reason you intend to withdraw before leaving the meeting.* If the interest is not registered, you must disclose the existence and nature of the interest at the meeting
5. Where you are a Cabinet Member discharging a function alone and you become aware of a disclosable pecuniary interest in a matter being dealt with or to be dealt with by you
    - I. You must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter.
    - II. If the interest is not registered, you must disclose the existence and nature of the interest at the meeting
  6. When you have disclosed a disclosable pecuniary interest which was not already recorded on the Register and it is not the subject of pending notification, you must then notify the Monitoring Officer of the interest within 28 days beginning with the date of disclosure.
  7. The Council's Audit and Governance may grant you a dispensation, but only in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest. Part 6 of the Constitution sets out how to apply for a dispensation and the criteria that will be used to consider your request.
  8. You should be aware that it is a **criminal offence** if, without reasonable excuse, you
    - (a) fail to disclose a disclosable pecuniary interest as set out above;
    - (b) participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest
    - (c) take any steps as a single member discharging a function of the Council, when you have a disclosable pecuniary interest in a matter you are dealing with
    - (d) provide information in relation to your disclosable pecuniary interests that is false or misleading and you know that the information is false or misleading, or are reckless as to whether the information is true and not misleading.

### **C. Definition of disclosable pecuniary interests**

Current legislation states that any of the following is a disclosable pecuniary interest if it is your interest or an interest of your spouse or civil partner, a person with whom

you are living as husband and wife, or a person with whom you are living as if you are civil partners, and you are aware that that other person has the interest:

1. Any employment, office, trade, profession or vocation carried on for profit or gain.
2. Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.  
This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
3. Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest<sup>1</sup>) and Surrey County Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
4. Any beneficial interest in land which is within the area of Surrey County Council.
5. Any licence (alone or jointly with others) to occupy land in Surrey for a month or longer.
6. Any tenancy where (to your knowledge):-
  - (a) the landlord is Surrey County Council; and
  - (b) the tenant is a body in which the relevant person has a beneficial interest.
7. Any beneficial interest in securities of a body where:-
  - (a) that body (to your knowledge) has a place of business or land in Surrey; and
  - (b) either:-
    - (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

#### **D. Registering and declaring gifts and hospitality**

1. *In considering whether it is appropriate to accept offers of a gift hospitality Members will need to take account of the Council's requirement that you do*

---

<sup>1</sup> "body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

*not “place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties”<sup>2</sup>*

2. You must notify the Monitoring Officer of any gift or hospitality with a value of £100 or above which you have been offered and accepted in your role as a member within 28 days of the offer being made to you. Any such interests will then be included in the Council’s Register Gifts and Hospitality. All entries on the Register will be maintained for three years and a copy of the Register will be available for public inspection.
3. You must, during that three year period, declare the acceptance of any such gift or hospitality at any discussion of vote on or discharge on any function relating to the donor

#### **E. [Registering and] declaring Personal interests**

1. *In addition to the disclosable pecuniary interests dealt with in parts B and C of this Code, you will have a personal interest in any organisation, operating in Surrey of which you are in a position of general control or management, even if you were appointed or nominated to that organisation by the Council. This includes public and voluntary sector organisations, such as other councils, schools, charities and some companies. It also includes political parties and campaigning groups.*
2. *You must, within 28 days of taking office as a member or co-opted member notify the Council’s Monitoring Officer of your personal interests. Any interests you declare will be included in the Council’s Register of Members’ Interests. A copy of the Register will be available for public inspection and will be published on the Surrey County Council website. You must also notify the Monitoring Officer of any changes in your interests arising after you have completed your initial notification.*
3. *In accordance with this Council’s requirement that you are as open as possible about your decisions and actions<sup>3</sup>, where you have a personal interest in any matter to be considered or being considered at a meeting of the Council, the Cabinet, a committee, sub- committee or joint committee of the Council and you speak at that meeting, you must, unless the chairman of the meeting rules it unnecessary, disclose to that meeting the existence and nature of that interest.*
4. *You can participate in any discussion and vote on any matter in which you have a personal interest unless you consider, having taken advice from the Monitoring Officer where relevant, that the interest is one that would reasonably regarded as*

---

<sup>2</sup> See A 2 above

<sup>3</sup> See A5 above

*prejudicial<sup>4</sup>, in which case you should withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting*

5. *If you are discharging a function of the Council as a member acting alone (e.g as a Cabinet member) you will need to consider whether you have a personal interest in any matter you are dealing with, in the course of discharging that function. If you do have such an interest you must ensure that a record of the existence and nature of the interest is recorded in the minutes of the meeting.*
6. *If, having taken advice from the Monitoring Officer where relevant, you consider that the interest is one that would reasonably be regarded as prejudicial<sup>5</sup> and therefore inappropriate for you to continue to take any steps in relation to the matter, you should not do so (except for the purpose of enabling the matter to be dealt with by someone else).*

## **F. Prejudicial Interests**

7. *A prejudicial interest is an interest which meets the following condition:*

*The interest is so significant that a member of the public who knew the relevant facts would reasonably think that your interest would prejudice your judgment of the public interest and prevent you from participating in any council business that affected or related to the interest whilst continuing to comply with the Nolan principles or the requirements of this Council's code. In particular those requirements that:*

I. *"You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate<sup>6</sup>."*

*And/or*

II. *"When carrying out your public duties you must make all choices (such as making public appointments, awarding contracts or recommending individuals for rewards or benefits) on merit, and must be impartial and be seen to be impartial"<sup>7</sup>*

8. *You must not participate in any business of the Council in which you have a prejudicial interest. If you are present at a meeting of the Council, the Cabinet, a committee, board, sub-committee or joint committee of the Council, and you have a prejudicial interest in any matter to be considered or being considered at the meeting, you, or the chairman of the meeting, should declare that you have an interest in the matter. You must not participate in any discussion of, or any vote taken on, the matter at the meeting and you must leave the room where the meeting is held while any discussion or voting takes place.*

---

<sup>4</sup> See section F below

<sup>5</sup> See section F below

<sup>6</sup> See A 1 above

<sup>7</sup> See A 3 above

## REPORT TO COUNCIL

### APPOINTMENT OF AN INDEPENDENT REMUNERATION PANEL

#### **KEY ISSUE/DECISION:**

To agree the arrangements for the appointment of an Independent Remuneration Panel to review the existing Members' Allowances Scheme.

#### **BACKGROUND:**

- 1 The Council has a duty under the Local Authorities (Members' Allowances) (England) Regulations 2003 to have in place and maintain an independent remuneration panel (IRP) to make recommendations about the allowances paid to Members under the Scheme of Allowances. The Panel's recommendations will include the level of the Basic Allowance received by all Members, as well as the level of Special Responsibility Allowances and to whom they should be paid. While it is up to the Council to agree its Scheme of Allowances, under the Regulations it must have regard to the advice and recommendations from its IRP before making any changes.
- 2 The current Members' Allowances Scheme was agreed by the Council in May 2014 and is valid until May 2017. There is no IRP currently in place and a new IRP therefore needs to be appointed to review the existing Scheme and make recommendations to Council in order for a new Scheme to take effect from May 2017.

#### **APPOINTING AN IRP**

- 3 Under the Regulations an IRP is required to consist of at least three members. Councils are permitted to decide their own arrangements for appointing IRP members and should ensure public confidence by putting in place a process to appoint a panel which is independent, well qualified to discharge its functions, and representative of all the communities in the local authority's area.
- 4 The Regulations also state that an authority should determine the term of office of members of its IRP and can pay allowances to its panel members. Previously Surrey County Council's IRP members were appointed for an initial three year period with the option to extend for a further period, the aim being to ensure continuity and knowledge within the IRP. The Panel's Chairman received an allowance of £2,500pa, with the other members receiving £2,000pa. The level of these allowances was set in 2001 and has not been revised since. Comparative data from other county councils has been sought to inform a decision on whether these rates should change. The arrangements in other counties in the South East are as follows:

**Essex County Council:**

Chairman £650 per day (£3,500 for last review) plus travel and expenses; other panel members receive a flat rate of £500, with no travel or other expenses.

**East Sussex County Council:**

£256 per day (pro rata for part-days) per panel member, plus travel expenses.

**Hampshire County Council:**

£675 per member per year, plus travel expenses.

**Kent County Council:**

£100 per day (pro rata for part-days) per panel member, plus travel expenses.

**West Sussex County Council**

Travel expenses only.

- 5 From this sample it is clear that there is a wide variation in the allowances paid to IRP members. The time taken to complete a review is difficult to determine precisely but it can be anticipated that, with a new panel, some time will need to be devoted to building knowledge about the operation of the Council's boards and committees and the roles of Members before the review can fully commence. An estimate of ten days' work to complete the entire process would therefore seem reasonable. The allowance rates previously offered by Surrey would appear to be high when compared to those paid by the other county councils in the South East. A prudent approach would be to align the IRP allowance to that of the £1,000pa paid to Surrey's Independent Person, with an additional amount paid to the IRP Chairman. The suggested rates are therefore £1,500 for the Chairman and £1,000 for the other Panel members, plus travel expenses, for the duration of the review.
- 6 In order to comply with the requirements of the Regulations for the appointment of an IRP as set out in paragraph 3 above, the Council is asked to approve the creation of an Appointments Panel to oversee the process. It is proposed that the Appointments Panel should be a cross-party group with the following membership:
  - Chairman or Vice-Chairman of the Council
  - Conservative Group Leader
  - Residents' Association/Independent Group Leader
  - Surrey Opposition Forum Group Leader
- 7 The proposed timetable for the appointment of an IRP and the completion of its subsequent review of Allowances Scheme is as follows:
  - July/August 2016 - advertise for members of the IRP
  - September 2016 - Interviews/proposed appointments (Appointments Panel)
  - 11 October 2016 - Council ratifies appointments

- October/November 2016 - IRP begins its review of the Allowances Scheme
- 23 May 2017 - IRP presents its report and recommendations to Council

8 Support for the Appointments Panel and the IRP will be provided by Democratic Services.

#### **NEXT STEPS**

9 Subject to approval of the recommendations below, a further report will be presented to the Council in October 2016 seeking ratification of the Appointment Panel's preferred candidates from the selection process. At that point the Council will also be asked to agree the terms of reference for the IRP.

#### **RECOMMENDATIONS:**

- (a) That an Appointments Panel, consisting of the Chairman or Vice-Chairman of the Council and the Conservative, RA/Independent and Surrey Opposition Forum Group Leaders be established to appoint a new Independent Remuneration Panel in line with the timetable set out in paragraph 7 of this report.
- (b) That the Independent Remuneration Panel should consist of three members.
- (c) That, for the 2016/2017 review of Members Allowances, a fee of £1,500 plus travel expenses be paid to the Chairman of the Independent Remuneration Panel, and a fee of £1,000 plus travel expenses be paid to the other Panel members.

---

**Contact:** Bryan Searle, Tel: 020 8541 9019, email: [bryans@surreycc.gov.uk](mailto:bryans@surreycc.gov.uk)

#### **Sources/background papers:**

Guidance on Consolidated Regulations for Local Authority Allowances, Office of the Deputy Prime Minister 2003.

This page is intentionally left blank



## REPORT TO COUNCIL

### REVISED TREASURY MANAGEMENT STRATEGY 2016/17

#### **KEY ISSUE/DECISION:**

To approve changes to the treasury management strategy 2016/17, specifically in relation to the borrowing strategy.

#### **BACKGROUND:**

#### **REVISED TREASURY MANAGEMENT AND BORROWING STRATEGY**

1. Historically, the Council has used its internal resources (such as reserves and working capital) to fund capital expenditure in order to limit the immediate need for external borrowing. This strategy has reduced the interest payable on external borrowing costs and in periods of historically low interest rates reduced the cost of carry<sup>1</sup> in an environment when the cost of borrowing far exceeds cash investment interest.
2. For a number of years, the council has set itself a minimum working cash investment target of £47m. It is recommended that this minimum level be amended. In order to enable the Council to optimise the benefits of the internal borrowing strategy and take further advantage of a low interest rate environment, this would mean the Council aiming to keep its cash balances above zero.
3. This change also has the benefit of reducing the recently increased counterparty risk to which the Council is exposed as result of the new 'bail in'<sup>2</sup> regulations in relation to short term investments in banks.
4. Interest rates on short term borrowing are significantly lower than long term borrowing rates and, while the current environment is expected to continue, it is recommended that the Council extends its internal borrowing policy by maintaining cash balances above zero and managing fluctuations in cash balances by borrowing on a short term basis.

---

<sup>1</sup> The difference between the cost and financial benefit of holding cash for a specified period

<sup>2</sup> Where depositors are required to prop up a failing financial institution as opposed to the state (bail out)

5. The Director of Finance will continue to review the need to borrow, taking into account expected interest rate changes, new capital expenditure, refinancing of maturing debt, the cost of carry and economic forecasts. Markets will continue to be carefully monitored and the Council will adopt a pragmatic approach to changing circumstances in relation to its borrowing strategy.
6. The Director of Finance has delegated power to authorise additional borrowing if it is considered that interest rates and timing are appropriate within the overall strategy. Future borrowing decisions will continue to be managed in this way.
7. The revised borrowing strategy section of the Treasury Management Strategy 2016/17 is shown as Annex 1. There are no changes required to the other areas of the Treasury Management Strategy, the Prudential Indicators or the Minimum Revenue Provision policy statement.

#### **SECTION 151 OFFICER COMMENTARY**

8. The revised Treasury Management Strategy has come about as a result of changes in the economic environment, specifically the combination of increased counterparty risk (less security arising from new bail in regulations) and a longer than predicted lower interest rate environment. This has resulted in consideration of a more focused strategy of internal borrowing over the short term, combining a move away from long term borrowing towards short term borrowing to maintain cash balances above zero. The medium term financial plan will be updated accordingly in due course.
9. Such a strategy will require monitoring to ensure that the Council can act responsively in the event of a sustained change in the economic forecast.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

10. Approval of a treasury management strategy is a function of the full Council. Councillors have a fiduciary duty to Surrey taxpayers and should therefore assure themselves that the proposed new arrangements are prudent and maintain a proper balance of risk and benefit.

#### **RISK MANAGEMENT**

11. The main risk with this strategy refresh is that the anticipated “lower for longer” scenario surrounding interest rates dissipates far sooner than envisaged and a recovery in the markets and economic climate bring about an appetite from the Bank of England’s Monetary Policy Committee (MPC) to start increasing rates. However, following the result of the referendum on the withdrawal of the UK from the EU, this scenario seems some way off and, indeed, there is a degree of anticipation in the markets that the MPC will reduce the bank base rate to 0.25% or even zero in the near future.
12. However, the Governor of the Bank of England has stressed that the Bank will assess economic conditions as well as considering additional policy responses over the next couple of weeks, a veiled reference to the possibility of future changes to monetary policy, possibly to support a weakening pound. However, many economists expect that

monetary policy will be loosened in response to the weaker economic outlook and to support consumer and business sentiment.

### **FINANCIAL IMPLICATIONS**

13. The strategy change will result in significant savings to the Council whilst the current interest rate environment exists. Short term borrowing in 2016/17 is forecast to cost the Council £40,000 in comparison with the £1.97m that exists in the medium term financial plan (MTFP) in relation to the interest cost for new borrowing. The equivalent figures for 2017/18 are £230,000 cost and £3.35m in the MTFP.

### **EQUALITIES AND DIVERSITY**

14. There are no equality or diversity issues arising from revising the Council's Treasury Management Strategy.

### **WHAT HAPPENS NEXT**

15. The revised treasury management strategy will have immediate effect on approval from the Council. Decisions will continue to be reported to the Audit and Governance Committee as necessary.

### **RECOMMENDATIONS**

**It is recommended that County Council approve with immediate effect the:**

1. Changes to the Council's Treasury Management Strategy for 2016-21 (shown as Annex 1), which include:
  - the revised borrowing strategy for long term capital funding;
  - the revision of the Council's minimum cash balance to above zero.

### **REASON FOR RECOMMENDATIONS**

Changes that have developed over the medium term to the economic and financial environment in which the Council operates has led to a review of the existing borrowing strategy. An increased opportunity in relation to an expectation that interest rates will remain lower for longer than initially anticipated and investment security have resulted in a proposal to amend the Council's borrowing strategy with immediate effect to ensure it reacts appropriately and with flexibility to these changes in conditions.

---

#### **Lead/Contact Officers:**

Phil Triggs, Strategic Finance Manager.  
Tel: 020 8541 9894

#### **Sources/background papers:**

CIPFA Treasury Management in the Public Services: Code of Practice

---

This page is intentionally left blank

## **Borrowing strategy**

- 1 The Council's primary objective when borrowing money is to seek an optimal balance between securing long term low interest costs and achieving optimal certainty of those costs over the period for which funds are required. Given the significant cuts to public expenditure and, in particular, future local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the long term stability of the debt portfolio.
- 2 There lies an opportunity to take further advantage of financing at historically low short term rates, just prior to long term rates rising. With short term interest rates currently much lower than long term rates, it will be more cost effective in the short term to continue using internal resources at an increased level and to borrow short term loans when cash flow requirements demand.
- 3 By maximising its internal borrowing strategy and further reducing the minimum cash balances, the Council will need to utilise short term borrowing (normally for up to one month) to cover the expected cash flow shortages. The expected "lower for longer" short term interest rate environment will enable the Council to further reduce its annual net borrowing costs (interest cost net of investment income) and reduce the overall treasury risk, especially counterparty risk.
- 4 In previous years, the council set itself a minimum working cash investment balance of £47m. In order to take increased advantage of internal borrowing for capital expenditure whilst the interest rate scenario remains viable, it is recommended that the Council approve the reduction of its minimum working cash balance from £47m to above zero or non overdrawn status.
- 5 The benefits of internal and short-term borrowing will be monitored regularly against the possible potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.
- 6 The Council will assess the timing carefully in order to take full advantage of the current environment. The Council's treasury advisors, Arlingclose, will assist the Council with the analysis of the future 'cost of carry' of long term borrowing in comparison with its short term borrowing strategy. If the interest rate scenario changes, the Council may switch its strategy and borrow additional sums at long term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 7 It is expected that the future return to long term external borrowing will take place on a gradual basis in order to reduce the impact of unanticipated market movements. This underlines the Council's need to maintain a cautious and low risk approach, and monitor on a daily basis the economic position against the Council's existing treasury position.
- 8 As an alternative strategy, the Council may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering the cost of carry in the intervening period.

This page is intentionally left blank

*County Council Meeting – 12 July 2016*

## **REPORT OF THE ECONOMIC PROSPERITY, ENVIRONMENT AND HIGHWAYS BOARD**

**9 June 2016**

### **ROAD SAFETY IMPROVEMENTS ON BRIDGE STREET, GUILDFORD [Item 7]**

1. A petition was submitted to the Council on 17 May 2016 to improve road safety on Bridge Street. It was resolved by Council that this issue and any proposals should be scrutinised by the Economic Prosperity, Environment and Highways Board.
2. The Board met on 9 June 2016 to discuss the petition. An officer report on road safety improvements on Bridge Street was provided. A number of witnesses were invited to the meeting including the petitioner's representative, the Chairman and Vice Chairman of the Guildford Local Committee, Guildford Borough Council officers and the local Member for the area.
3. Witnesses in attendance were given the opportunity to voice any key concerns they had. The Board were presented with a number of mitigation measures including pedestrianising Bridge Street and making improvements to Walnut Tree Bridge. It was agreed that more needed to be done to change the attitudes of car users and pedestrians.
4. It was stated that a bid for funding had been submitted to the Enterprise M3 Local Enterprise Partnership (LEP) for consideration. This bid would reconfigure traffic around the Guildford town centre gyratory which would in turn impact on traffic along Bridge Street. Members of the Board welcomed this and asked for an update to come back to the Board for consideration.

### **The following recommendations were agreed and endorsed by the Economic Prosperity, Environment and Highways Board,**

- a) that officers commission feasibility and design work for the repositioning of the stop lines at the junction of Bridge Street with Onslow Street;
- b) that officers commission feasibility and design work for the implementation of raised road tables at the crossing points at this junction;
- c) that officers commission a review of the pedestrian and traffic signal phasing and staging at this junction; and
- d) that once completed, these options be presented to Guildford Local Committee for approval and funding.

- e) that the Board receive an update on road safety improvements on Bridge Street in spring/summer 2017.

**David Harmer**

**Chairman of the Economic Prosperity, Environment and Highways Board**

**June 2016**

MINUTES OF THE MEETINGS OF  
CABINET HELD ON 24 MAY 2016 AND  
21 JUNE 2016

Any matters within the minutes of these Cabinet meetings may be the subject of questions and statements by Members upon notice being given to the Democratic Services by 12 noon on Monday 11 July 2016.

This page is intentionally left blank

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 24 MAY 2016 AT 2.00 PM  
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,  
SURREY KT1 2DN.**

These minutes are subject to confirmation by the Cabinet at its next meeting.

Members:

*Mr David Hodge (Chairman)	*Mr John Furey
*Mr Peter Martin (Vice-Chairman)	* Mr Mike Goodman
* Mrs Helyn Clack	*Mrs Linda Kemeny
*Mrs Clare Curran	Ms Denise Le Gal
*Mr Mel Few	*Mr Richard Walsh

Cabinet Associates:

*Mr Tim Evans	*Mrs Kay Hammond
Mrs Mary Lewis	*Mr Tony Samuels

\* = Present

**PART ONE**  
**IN PUBLIC**

**90/16 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Ms Le Gal and Mrs Lewis.

**91/16 MINUTES OF PREVIOUS MEETING: 26 APRIL 2016 [Item 2]**

The minutes of the meeting held on 26 April 2016 were confirmed and signed by the Chairman.

**92/16 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**93/16 PROCEDURAL MATTERS [Item 4]**

**1 MEMBERS' QUESTIONS [Item 4a]**

No Member questions were received.

**94/16 PUBLIC QUESTIONS [Item 4b]**

A question was received from Mr Ollie Purkiss and a response is attached as Appendix 1.

Mr Purkiss asked a supplementary question. He requested that, rather than cutting bus services, the Cabinet considered options to try and increase bus usage.

The Cabinet Member for Environment and Planning stressed the importance of residents 'using it or losing it' and said that, a year ago, the Council had

started looking at this option. He informed him that the Council had established the Knowledge Transfer Partnership with the University of Surrey, with the aim to stimulate patronage on bus services and he anticipated that the first pilot would be implemented in the Autumn.

**95/16 PETITIONS [Item 4c]**

No petitions were received.

**96/16 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

No representations were received.

**97/16 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

No reports from Scrutiny Boards, Local Committees and other committees of the Council were received.

[**Note:** Short Breaks for Disabled Children (Item 9) was moved up the agenda and taken next]

**98/16 SHORT BREAKS FOR DISABLED CHILDREN [Item 9]**

The Cabinet Member for Children and Families Wellbeing was pleased to bring this report to Cabinet. She said that this report set out a proposed earlier re-commissioning of short breaks for disabled children and their families in Surrey, which would support the Council's strategic goal of promoting wellbeing.

She said it addressed the recommendations agreed by Cabinet on 27 October 2015 for an assessment of need and capacity to inform future commissioning, including provision at Beeches and officers had worked together with families to produce this over-arching review and that the report was a 'co-production' with Family Voice.

This report highlighted some unmet need, variation in cost and degree of focus on outcomes with a recommendation for an integrated approach to the re-commissioning of the wider short breaks offer county-wide. She informed Cabinet that the re-commissioning would be integrated with SEND 2020 and the Early Help offer, enabling more disabled children's needs to be met earlier in future, which would enable the Council's restricted resources to go further, reaching a wider range of children rather than a few, and supporting more disabled children to achieve improved outcomes. She also drew attention to the needs analysis, the highlights of which were set out in the report, and included equality and value for money implications.

Finally, she said that she, and the Cabinet Member for Schools, Skills and Educational Achievement had met representatives from Family Voice last Friday and she read out their statement. She also publically thanked the officer team who had worked on this review.

The Cabinet Member for Schools, Skills and Educational Achievement confirmed her support for the recommendations and the work undertaken by

the service. She said that this Council was a high spending Local Authority in this area and stressed the importance of effective use of resources.

Other Members of the Cabinet considered that the Council had listened to parental concerns and that this strategic approach was the right way forward. The SEND 2020 programme for change, attached as Annex 1 to the submitted report, was highlighted and confirmation was also given that an Equality Impact Assessment had been completed on the proposed options.

**RESOLVED:**

1. That the re-commissioning of the wider short breaks offer be brought forward and the Council work closely with children and families to co-produce a new local offer for short breaks so that new contracts start on 4 September 2017 and existing contracts are terminated on 3 September 2017.
2. That the Council work with current and potential new providers to develop the market for short breaks to improve the range of services, value for money, focus on outcomes and address the current gaps highlighted in the report.
3. That a contract with Surrey and Borders Partnership (SABP) for specialist short breaks at Beeches to 3 September 2017 be approved.

**Reasons for Decisions:**

Having conducted a thorough assessment of need, it is clear that disabled children and families would benefit from a greater range of short breaks provision, and there is a need to address the gaps that exist in provision. This will require work to develop the market, working with families and current and potential new providers. The next commissioning cycle is currently planned for contracts to commence on 1 April 2018. This commissioning cycle should be completed earlier in order to improve the offer for children and families and increase value for money. However, there needs to be sufficient time to co-design the new offer with families and to develop the market. It is therefore recommended that the wider short breaks offer is re-commissioned from 4 September 2017, with current contracts, grants and service level agreements ending on 3 September 2017.

In the meantime, it is recommended that provision at Beeches be retained during this process and then included in the re-commissioning cycle with the wider short breaks provision as set out above.

[Note: Mrs Curran left the meeting after this item because of a family emergency]

**99/16 SURREY COUNTY COUNCIL LOCAL TRANSPORT REVIEW [Item 6]**

The Cabinet Member for Environment and Planning said that this was the second year in a three year programme to review bus provision in Surrey. He said that the County Council currently spent £7.3m on supporting local bus services.

During the first year of the review savings of £1.043m over a full year were made and this year, if Cabinet agreed to the recommended changes, full annual savings of £723k would be achieved. However, 72 bus users will potentially be affected by the changes but this was set against over 40,000 passenger journeys per day.

He thanked officers for their excellent work saying that, negotiating with suppliers to improve contracts had led to a third of the savings coming from reduced contract costs.

He accepted that providing bus services, particularly in the rural areas was important, together with services to schools, medical appointments, shopping and meeting friends and said that the changes proposed would maintain these links.

The consultation had received over 2,600 responses from residents and stakeholders and four petitions had also been received and responded to. He said that presenters on Surrey Radio considered that the County Council had conducted a good review and had listened to the public. He highlighted the questions and results which were compiled in the Public Consultation Summary Report, (Annex A to the submitted report) and said that the key findings were set out in paragraph 6 of the main report.

He was pleased to report that, after considering the views of residents, plus discussions with suppliers, a number of routes that were at risk have been saved, including routes 46, 72, several 500 routes in Guildford and others.

There was a list of ten commercial services that suppliers were considering changing and he was reported that none of these had been amended, including Metrobus 281. There would also be improved links to Dorking and Crawley from Mole Valley, including a service to Gatwick. Details of each of the original routes proposed and the subsequent changes were set out in Annex 2 to the submitted report.

He stressed the importance of encouraging more people to use bus services and said that the Council had established the Knowledge Transfer Partnership with the University of Surrey with the aim of stimulating patronage on bus services, with the first pilot anticipated in the Autumn 2016.

Finally, he drew Cabinet's attention to Annex 3, to the submitted report – the Equality Impact Assessment, which had been completed for Year 1 of the Bus Review and updated this year.

The Chairman of the Economic Prosperity, Environment and Highways Board was invited to address Cabinet and confirmed that the Local Transport Review, year 2, had been discussed in detail at his Scrutiny Board. He praised the public consultation process and said that the Board had supported the recommendations. However, he did stress the importance of accurate timetable information, if the Council wished to increase bus usage.

Cabinet Members highlighted particular routes in their areas, which they were pleased to report had been retained, in particular the new connectivity in Mole Valley and the reinstatement of a bus link from the Charlwood area to Gatwick airport.

Finally, the Leader of the Council thanked the Group Manager Travel and Transport and his team for their excellent work.

**RESOLVED:**

1. That the proposed changes to local bus services in Surrey, as detailed in Annex 2 of the submitted report be approved, and that delegated authority be given to the Cabinet Member for Environment and Planning and the Strategic Director for Environment and Infrastructure to agree any adjustments before these changes take effect from the start of the 2016/17 academic year.
2. That the award of the nine local bus tenders, as detailed in the Part 2 report (item 17) be approved.

**Reasons for Decisions:**

These recommendations will enable Surrey County Council to achieve the required savings needed from the review and are based on:

- Responses to the public consultation on proposed changes.
- Full understanding of the impact on the recommended changes to the public (including those with protected characteristics) and the environment.
- Maintaining as many of the services that residents rely on as possible that get them to employment, healthcare, school and essential shopping.
- Funding arrangement with service operators that is sustainable in the long term.
- Ensuring the Council complies with Procurement Standing Orders, requiring Cabinet approval for those contracts that reach a specified value.

**100/16 TRAVEL ASSISTANCE POLICIES FOR CHILDREN AND YOUNG PEOPLE WITH SPECIAL EDUCATIONAL NEEDS AND DISABILITIES [Item 7]**

The Children and Families Act 2014 and associated statutory guidance set out the local authority's responsibilities in respect of travel assistance for those with special educational needs and disabilities (SEND).

The Cabinet Member for Schools, Skills and Educational Achievement advised Cabinet that the existing policies had been reviewed and this report recommended adoption of a revised policy for those who were pre-16, Annex 1 to the submitted report and a new policy for those who are 16-25 years old, Annex 2 to the submitted report.

She said that there was a new statutory requirement to have a travel assistance policy for young people with SEND, who were between 16 – 25 years old, to be published by 31 May 2016. The policies proposed had been through a 12 week period of consultation and had been updated in light of feedback. The proposed policies supported delivery of the Council's wellbeing and resident experience strategic goals in addition to the Council's SEND 2020 Development Plan.

She gave details of the SEND Travel Group and said that the Group had developed and proposed the amended policies which had then been subject to 12 weeks consultation. The themes raised by the consultation feedback had been addressed and included within the report. She also read out a statement from Family Voice.

She informed Cabinet of the high cost of SEND transport but said that these proposals would be largely cost neutral, however, they may provide better value for money and generate savings in the long term.

She drew attention to the detailed Equality Impact Assessments, for both pre and post 16 age groups. These were attached to the report and she confirmed that both had been fully approved and neither was a draft report. She also amended Annex 2 (Travel Assistance for Young People with an Education, Health and Care Plan / statement of SEN aged 16-25 years), stating that within Section 6.3 -Journey Times, it should read: 'the journey time will be under 75 minutes...'

She also deleted the last two paragraphs of Section 8: Review of this Policy.

Finally, she confirmed that the policies would be adopted, published by 31 May 2016 and communicated widely. Also, that the Parents Guide would be co-produced, with families by 31 July 2016.

#### **RESOLVED:**

1. That the updated policy for Travel Assistance for Children and Young People with an Education, Health and Care plan/statement of special educational needs (pre 16) from 1 September 2016 be adopted.
2. That the updated policy for Travel Assistance for Children and Young People with an Education, Health and Care Plan/statement of special educational needs (16-25 years) from 1 September 2016 be adopted.
3. That the proposed charge per day to all post 16 students with an Education, Health and Care Plan starting in year 12 from September 2016 onwards be approved.
4. That the charge to post 16 students be adjusted annually from 1 September, by the March Retail Price Index or Consumer Price Index whichever is the lower rate.
5. That the County Council mileage rates be set in line with the Her Majesty's Revenue and Customs (HMRC) rates that are designed to cover fuel and running costs for each mile of travel.

#### **Reasons for Decisions:**

The Local Authority is required to have robust, equitable, coherent and transparent policies in line with Department for Education (DfE) Home to School Transport Statutory Guidance (July 2014) and the Special Educational Needs and Disabilities (SEND) Code of Practice 2014. The policies will also ensure there is an equitable approach to Post 16 travel for learners with an Education, Health and Care Plan (EHCP) and a more flexible approach for families choosing to use the parent mileage scheme.

**101/16 APPOINTMENT OF A NUMBER OF OPERATORS FOR THE PROVISION OF SPECIAL EDUCATION NEEDS HOME-TO-SCHOOL TRANSPORT [Item 8]**

The Cabinet Member Schools, Skills and Educational Achievement said that this report sought to award fixed price contracts to two transport operators for the provision of home-to-school transport services for eligible children with Special Educational Needs (SEN) into the following schools, Manor Mead School (Primary) in Shepperton and Woodfield School (Secondary) in Merstham. The current contracts would expire on 31 July 2016 had been retendered and if awarded would commence on 5 September 2016.

Whilst informing Cabinet that the service was looking at different ways of working, she stressed the importance of continuity for parents and pupils.

She said that this report provided details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 Report, demonstrated why the recommended contract award delivered best value for money. She informed Cabinet that the Council was proposing two contracts: (i) a sole provider contract for Manor Mead School, and (ii) the award of a bundle of individual route contracts.

The Leader asked whether all drivers had undergone DBS checks and was assured that this was the case because this was written into the contracts.

**RESOLVED:**

1. That the award of a sole provider contract for home-to-school transport, commencing on 5 September 2016 to Supreme Freedom to Travel Ltd, for all 24 routes into Manor Mead School be approved.
2. That the award of a bundle of individual route contracts for home-to-school transport, commencing on 5 September 2016 to East Surrey Rural Transport Partnership be approved. The bundle will be for 7 out of the 13 routes. The remaining routes would continue to be let with the existing operator.
3. That the award of contracts be approved for an initial three year period plus the option to extend for four periods of 1 year if deemed necessary.

**Reasons for Decisions:**

We currently have 19 operators servicing home-to-school transport into the two schools; the routes they operate were originally awarded on an individual route basis. From previous tenders we know that by putting Sole Provider contracts / minimising the number of operators in place we can make this service more efficient.

Pupils with special educational needs often want consistency from their operator – the same driver, same escort and same vehicle, on time, each day. Parents want to know the driver will show compassion, patience and care towards their child, and know how to deal with their child's specific needs (anything from autism and severe learning or behavioural difficulties, to physical disabilities). These benefits have been reported as a result of Sole Provider contracts we currently have in place at other schools.

The existing contracts will expire on 31 July 2016. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders, through Lot 2 of the Client Service Dynamic Purchasing System (DPS) has been completed, and the recommendations ensure the continuation of valued services for the children, their families and the Schools as well as delivering increased value for money to the Council.

Other benefits of awarding the contracts include:

- a. Consistency of service delivery and operator accountability
- b. Strong relationship between the School and its transport provider
- c. Quality of service provision, as performance monitoring will be made easier with fewer operators
- d. Ensuring value for money for the residents.

### **102/16 PROPOSED NEW LIBRARY FOR HORLEY [Item 10]**

The Cabinet Member for Localities and Community Wellbeing said that this was an exciting opportunity to acquire new premises for the library in Horley, which would provide a modern and flexible high profile environment in the town centre in a part of Surrey that was experiencing rapid population growth and ongoing regeneration.

He said that it would be accessible by car and public transport and compared the move to other library moves in Surrey, such as in Dorking where the new library had resulted in increased footfall.

He considered that libraries were the 'front door' of the County Council and a place where residents could receive or be signposted to advice and guidance. He tabled a revised site map, which enabled better comparison between the current and proposed site of the library and said that there would be no loss or reduction in library facilities at its new location because the service would be able to make more effective use of space.

He drew Cabinet's attention to two emails received from local residents and also to the concerns of Horley's local history group and said that if the recommendations were agreed today that he would continue to work with them to address their needs in the new library. Finally, he confirmed that an Equality Impact Assessment had been undertaken and this set out mitigating action to identified issues of concern.

As the Local Member, the Cabinet Associate for Community Safety Services raised questions of concern from local residents. She said that the library was well used, cited the increased population in the area and the need for a good quality library in the town. She was pleased that there would be ongoing dialogue with the history group; referred to the 'not fit for purpose' building of the current library; addressed the parking concerns but hoped that disabled parking would be retained, and; the issue of apparent lack of consultation.

On a more general point, she also requested that future Equality Impact Assessments were made relevant to their local groups, stating that this one referred to Dorking and Working but not Horley.

The Cabinet Member for Wellbeing and Health confirmed her support for the proposals, which she thought would be a great success and welcomed the investment in the service.

Finally, the Leader of the Council said that the Council was pleased that no libraries in Surrey had closed and confirmed his support for libraries in Surrey.

**RESOLVED( as amended):**

1. That the purchase of a retail unit in Russell Square, Horley for the purchase price, as stated in the 'Part 2' report (item 20) on a 998 year long lease (a 'virtual freehold') from Reigate and Banstead Borough Council (RBBC), as premises for a modern library for Horley be approved.
2. That authority be delegated to the Chief Property Officer, in consultation with the Director of Finance, the Director of Legal, Democratic and Cultural Services, the Cabinet Member for Localities and Community Wellbeing and the Cabinet Member for Business Services and Resident Experience to award a contract for the refurbishment and fit out of the new library, subject to formal tender, at a cost not to exceed that stated in the 'Part 2' report (item 20).

**Reasons for Decisions:**

To stimulate and maintain high levels of library use in Horley. The existing Horley library building is no longer in the centre of the town, does not provide a suitable environment for a modern library service and incurs high maintenance and running costs. Acquiring a recently constructed retail unit in Russell Square will provide premises fit for a modern library where a growing community will benefit from the more convenient location and a comprehensive range of services available to local residents.

**103/16 ASHLEY C OF E PRIMARY SCHOOL, WALTON ON THAMES [Item 11]**

The Cabinet Member for Schools, Skills and Educational Achievement requested the approval of the business case for the expansion of Ashley C of E Primary School from a two form of entry school (420 places) to a three form of entry primary school (630 places), which would create 210 additional places in Walton on Thames to help meet the basic need requirements in the planning area from September 2017.

She said that it would be a phased building project which involved demolition and rebuilding of part of the school and she was pleased to report that the Council had received a Community Infrastructure Levy (CIL) contribution from Elmbridge Borough Council to mitigate some of the cost of this project.

She said that school rolls had been rising steadily across Elmbridge since 2003 – over this period the birth rate had risen by nearly 25% and in this area was not expected to peak until 2017. She said that the report set out options considered to meet the need, plus the reasons for discounting each one and why expansion at Ashley CofE Primary School was the best option.

She said that the school was on a very restricted site and that the proposal consisted of the demolition of the caretaker's house, to be replaced by a new two storey building of four classrooms and group rooms. A small flat in the roof space would be incorporated for the resident caretaker plus there would be two other new classrooms and adaptations to the hall.

She confirmed that the consultation process had been undertaken and the results had been summarised in a report to the Governing Body on 14 January 2016 and that this was a popular and successful school.

**RESOLVED:**

That, subject to the agreement of the detailed financial information for the expansion as set out in agenda item 21 in Part 2 of this agenda, the business case for the provision of an additional form of entry (210 places) primary places in the Walton and Hersham primary planning area be approved.

**Reasons for Decisions:**

The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Walton and Hersham area.

**104/16 WEST HILL SPECIAL SCHOOL, LEATHERHEAD [Item 12]**

Presenting this report to Cabinet, the Cabinet Member for Schools, Skills and Educational Achievement requested Cabinet approval for the business case for the alteration of the age range of West Hill School, from a 100 place 11 - 16 mixed special secondary school to a 112 place 5 - 11 mixed primary school, with an additional nursery providing seven full time equivalent places for those who had Learning and Additional Needs.

She said that she had approved the decision to alter the age range at this school in November 2014 at her individual decision making meeting and that these proposals would create much-needed primary places for children with SEN and reduce the numbers of these children being placed in schools within the Non-Maintained and Independent (NMI) sector.

She also referred to the consultation process, as detailed in the report, and also confirmed that the secondary aged pupils currently at West Hill School would remain there until their education at the school ended in Year 11.

Finally, she said that a full Equality Impact Assessment had been completed as part of the Learning Difficulties Review in 2012 and that no significant changes were required because the information was still relevant.

**RESOLVED:**

That, subject to the agreement of the detailed financial information for the alteration set out in item 22 in Part 2 of this agenda, the business case for the provision of a new primary special school for pupils with Learning and Additional Needs be approved.

### **Reasons for Decisions:**

The proposal supports the Authority's statutory obligation to provide appropriate facilities for all SEND children who attend the special school. A need has been identified for a countywide primary school and nursery for children with complex Learning and Additional Needs. The town of Leatherhead is a county central location for such a provision, allowing reasonable access for all.

### **105/16 DELIVERING THE SURREY WASTE STRATEGY [Item 13]**

Introducing this report, the Cabinet Member for Environment and Planning said that it built on the Cabinet report of November 2014. He said that the Surrey Waste Partnership had commenced in 2009, when recycling rates were only 40.9% compared to 53.2% now. However, recycling rates had not continued to improve and had stalled in 2015, with the performances of the Boroughs and Districts ranging from 43% - 63%.

He acknowledged the huge amount of work that has already been done and the savings that had been delivered, but said that, in order to get the next level and make even greater savings, the County Council would need to work more closely with Boroughs and Districts.

He confirmed that all Borough and Districts had been visited to discuss the opportunities and proposals to combine the waste collection authority and the waste disposal authority so that significant savings may be achieved.

Savings opportunities from partnership working were set out in the report and indicated potential savings £8 -12m per year, if authorities adopted a co-ownership approach to delivering waste services.

He provided a number of examples of what happens when the County Council, Boroughs and Districts work together, including a single approach to marketing food waste, green waste collected at kerbside by all Boroughs and Districts was combined with green waste from Community Recycling Centres to get better prices and the textile campaign.

He considered that developing a co-ownership approach was key to the strategy and said that currently there were four authorities Elmbridge, Mole Valley, Surrey Heath, Woking plus the County Council who were tendering for a joint collection contract. However, he encouraged all Boroughs and Districts to consider joining.

He confirmed that the Equalities Impact Assessment for the Joint Municipal Waste Management Strategy had been summarised within the report and contained mitigating actions which would be followed in taking the proposals forward.

Finally, he said that there was a considerable amount of work to be completed by officers before a further report came back to Cabinet in the Autumn but it was important that the current system was replaced by a new model that better reflected the total cost of managing waste in Surrey and delivered a public value solution for residents.

The Chairman of the Economic Prosperity, Environment and Highways (EPEH) Board was invited to speak and said that this report had not yet been considered at his Scrutiny Board so he was speaking for himself. He said that he was a member of the Joint Municipal Waste Management Group and acknowledged the difficulty of bringing the function of the Waste Disposal Authority together with Surrey's Waste Collection Authorities, due to differing contracts and timelines but he supported this approach and hoped that the EPEH Board would support it when it was considered at its next meeting.

Referring to Figure 1 in the report (Recycling rates by Boroughs / District Councils for 2014/15), the Cabinet Member for Adult Social Care, Wellbeing and Independence requested that this data be provided for previous years so that the rates could be compared.

**RESOLVED:**

1. That the consultation and discussions that have taken place through the Surrey Waste Partnership and the key messages arising from it be noted.
2. That it be agreed that combining the function of the Waste Disposal Authority with that of Surrey's Waste Collection Authorities to deliver waste services via a new co-ownership partnership is essential to deliver public value for Surrey's residents, and officers be tasked to work with District and Borough Councils to develop detailed proposals which will be implemented from 2017/18, and to report back to Cabinet in autumn 2016.
3. That it be agreed to work with District and Borough Councils to manage kerbside collected recyclables centrally through a new partnership arrangement and to replace the current recycling credit scheme with a system more suited to the achievement of public value for Surrey residents.

**Reasons for Decisions:**

The delivery of the Surrey waste strategy through a single co-ownership approach will deliver significant cost savings for Surrey district and borough councils, and the County Council, which are essential in delivering public value to the Surrey taxpayer. The distribution of costs and savings between SCC and individual Waste Collection Authorities will need to be determined through development of detailed proposals which are essential to the delivery of the Council's financial strategy.

The approvals will provide a mandate for officers to develop proposals and allows for changes to the role of SCC as the Waste Disposal Authority to centralise management of recyclables through new partnership arrangements.

## **106/16 APPROVAL TO ENTER INTO ENTERPRISE AGREEMENT FOR MICROSOFT LICENCES [Item 14]**

In the absence of the Cabinet Member for Business Services and Resident Experience, the Deputy Leader said that this report sought Cabinet approval to enter into a three year Microsoft Enterprise Agreement commencing on 1 July 2016 for the supply of Microsoft licensing and associated support services under the recently awarded Microsoft Licence Solution Partner contract with Phoenix Software Limited.

He said that the Enterprise Agreement would enable delivery of up-to-date software, including cloud-based Office 365, which would allow staff to work more flexibly, enabling them to improve the service delivery to residents.

Finally, he said that the procurement strategy and competitive tendering process was set out in the report.

### **RESOLVED:**

1. That a three year Microsoft Enterprise Subscription Agreement be entered into to provide a compliant, flexible and cost effective Microsoft licensing solution with an initial value of £1.5m per annum, which is fixed throughout the term if there are no licence volume changes but will increase or decrease in cost with any changes in licence volumes.
2. That the Council remains compliant under Microsoft licensing terms, and authority be delegated to the Chief Information Officer and Head of Procurement to purchase any additional licences required within the term of the Microsoft Agreement Subscription via the same route, where this provides the most cost effective solution and can be funded.

### **Reasons for Decisions:**

The existing five year Microsoft Enterprise Agreement Subscription expires on 30 June 2016 after which time the Council will no longer be compliantly licenced for the Microsoft applications currently in use including the Microsoft Office suite and associated Microsoft services.

Microsoft only resells the licensing for its products through a network of approved Partners. Purchase of a Microsoft Agreement therefore needs to be completed via the Microsoft Licence Solution Partner contract recently awarded by the Council to Phoenix Software Limited. This 'nil value' contract was the result of a further competition under a Government procurement framework, in compliance with the requirements of the Public Contracts Regulations and Procurement Standing Orders.

Following a thorough evaluation process, this further competition demonstrated that the selection of Phoenix Software Limited will provide best value for money for the Council.

**107/16 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 15]**

**RESOLVED:**

That the decisions taken by Cabinet Members since the last meeting, as set out in Annex 1 of the submitted report, be noted.

**Reasons for Decisions:**

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

[Note: Mr Samuels left the meeting at 3.30pm]

**108/16 EXCLUSION OF THE PUBLIC [Item 16]**

**RESOLVED** that under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under paragraph 3 of Part 1 of Schedule 12A of the Act.

**109/16 SURREY COUNTY COUNCIL LOCAL TRANSPORT REVIEW 2016/17 [Item 17]**

The Cabinet Member for Environment and Planning said that this report contained the financial and value for money information relating to item 6.

**RESOLVED:**

That the award of the nine local bus tenders, as detailed in table 2 of this Part 2 report, be approved.

**Reasons for Decisions:**

To enable SCC to achieve the required savings needed from the Local Transport Review and ensure the Council complies with Procurement Standing Orders, requiring Cabinet approval for those contracts that reach a specified value.

**110/16 APPOINTMENT OF A NUMBER OF OPERATORS FOR THE PROVISION OF SPECIAL EDUCATION NEEDS HOME TO SCHOOL TRANSPORT [Item 18]**

The Cabinet Member for Schools, Skills and Educational Achievement confirmed that this report contained the detailed financial and value for money information relating to item 8. She also informed Members that, in case the Council's approach to delivering SEN Home to School Transport changed in the future, the contracts would include termination clauses.

The Leader of the Council asked for confirmation that all drivers had undertaken DBS checks and that this was written into the contracts.

**RESOLVED:**

1. That the award of a sole provider contract for home-to-school transport, commencing on 5 September 2016 to Supreme Freedom to Travel Ltd, for all 24 routes into Manor Mead School at an annual value set out in the submitted report, be approved.
2. That the award of a bundle of individual route contracts for home-to-school transport, commencing on 5 September 2016 to East Surrey Rural Transport Partnership for all routes into Woodfield School be approved. The bundle will be for 7 out of the 13 routes at a cost, detailed in the submitted report. The remaining routes would continue to be let with the existing operator.
3. That the award of contracts for an initial three year period plus the option to extend for four periods of 1 year if deemed necessary, be approved.

**Reasons for Decisions:**

Set out in the part 1 report (item 8).

**111/16 SHORT BREAKS FOR DISABLED CHILDREN [Item 19]**

**RESOLVED:**

1. That the re-commissioning of the wider short breaks offer be brought forward and the Council works closely with children and families to co-produce a new local offer for short breaks, so that new contracts and care packages , as detailed in the report, start on 4 September 2017 and existing contracts are terminated on 3 September 2017.
2. That the Council work with current and potential new providers to develop the market for short breaks to improve the range of services, value for money, focus on outcomes and address the current gaps highlighted in this report.
3. That a contract with Surrey and Borders Partnership (SABP) for specialist short breaks at Beeches to 3 September 2017, at a cost detailed in the report, be approved.

**Reasons for Decisions:**

Surrey County Council would benefit from a greater range of short breaks provision, particularly addressing the gaps highlighted in this report. This will require work to develop the market, working with families and current and potential new providers. The next commissioning cycle is currently planned for contracts to commence on 1 April 2018. This commissioning cycle should be completed earlier in order to improve the offer for children and families and increase value for money. However, there needs to be sufficient time to co-design the new offer with families and to develop the market. It is therefore recommended that the wider short breaks offer is re-commissioned from 4

September 2017, with current contracts, grants and service level agreements ending on 3 September 2017.

In the meanwhile, it is recommended that provision at Beeches be retained and then this provision be de-commissioned at the same time as all short breaks provision in readiness of the re-commissioning of short breaks.

## **112/16 PROPOSED NEW LIBRARY FOR HORLEY [Item 20]**

The Cabinet Member for Localities and Community Wellbeing said that there was an opportunity to move the library service in Horley into a modern and more efficient property and this report set out commercially sensitive information, relating to item 10, to enable Cabinet to take a fully informed decision.

He confirmed that the overall running cost of the proposed new library in Horley would be less than the current running costs of the existing library. He also drew attention to a revised recommendation (2) tabled at the meeting, namely that the following wording: 'the Director of Legal, Democratic and Cultural Services, the Cabinet Member for Localities and Community Wellbeing and the Cabinet Member for Business Services and Resident Experience' be included after 'Director of Finance'.

The Cabinet Associate for Community Safety Services asked the Cabinet Member to confirm the timing, set out in the Heads of Terms, for the exchange of contracts, which he agreed and said he would respond outside the meeting.

### **RESOLVED (as amended):**

1. That the purchase of a retail unit in Russell Square Horley, for the sum set out in the submitted report, plus fees and stamp duty land tax on a 998 year long lease (a 'virtual freehold) from Reigate and Banstead Borough Council (RBBC), as premises for a modern library for Horley, be approved.
2. That authority be delegated to the Chief Property Officer, in consultation with the Director of Finance, the Director of Legal, Democratic and Cultural Services, the Cabinet Member for Localities and Community Wellbeing and the Cabinet Member for Business Services and Resident Experience to award a contract for the refurbishment and fit out of the new library, subject to formal tender, at a cost not exceeding the figure set out in the submitted report.

### **Reasons for Decisions:**

To stimulate and maintain high levels of library use in Horley, this paper recommends that Cabinet approve the purchase of a recently constructed retail unit in Russell Square, Horley, from Reigate and Banstead Borough Council (RBBC). The unit will be used as premises for a modern library where residents will benefit from the more convenient location and a comprehensive range of services available to the local community.

**113/16 ASHLEY C OF E PRIMARY SCHOOL, WALTON ON THAMES - BASIC NEED EXPANSION PROJECT [Item 21]**

The Cabinet Member for Schools, Skills and Educational Achievement said that this report contained the financial and value for money information relating to item 11.

She amended recommendation (2), deleting Strategic Director for Business Services and adding in Deputy Chief Executive.

**RESOLVED(as amended):**

1. That the business case for the project to expand Ashley C of E Primary School by 210 places, at a total cost, as set out in the submitted report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Deputy Chief Executive, in consultation with the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Business Services and Resident Experience and the Leader of the Council.

**Reasons for Decisions:**

The proposal delivers and supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Walton on Thames area.

**114/16 WEST HILL SPECIAL SCHOOL, LEATHERHEAD [Item 22]**

The Cabinet Member for Schools, Skills and Educational Achievement said that this report contained the financial and value for money information relating to item 12.

She amended recommendation (2), deleting Strategic Director for Business Services and adding in Deputy Chief Executive and also informed Members that there was an urgent need for in-county provision for primary aged LAN pupils.

**RESOLVED (as amended):**

1. That the business case for the project for the alteration of the age range of West Hill School from a 100 place 11 – 16 mixed special secondary school to a 112 place 5 – 11 mixed primary special primary school, with an additional nursery providing seven full time equivalent places for those who present with Learning and Additional Needs, at a total cost as set out in the submitted report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Deputy Chief Executive, in consultation with the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Business Services and Resident Experience and the Leader of the Council.

**Reasons for Decisions:**

The proposal delivers and supports the Authority's statutory obligation to provide appropriate facilities for all vulnerable children who attend the school.

**115/16 PROPERTY TRANSACTIONS - DISPOSAL OF LAND [Item 23]**

In the absence of the Cabinet Member for Business Services and Resident Experience, the Deputy Leader requested that Cabinet authorised the agreement to the planning overage payable at completion in respect of the sale of land at Portesbury Road, Camberley.

**RESOLVED:**

That the completion of the sale of land hatched on the attached plan in Annex 1, of the submitted report, extending to 0.3256 hectares to Cala Homes at the increased price, as set out in the report.

**Reasons for Decisions:**

Exchange of Contracts on a subject to planning basis took place in 2014, following which the developer secured detailed planning consent.

As a result of agreed provisions in the contract, the consideration to be paid by the developer for the element of the site owned by Surrey County Council has increased.

As this was in excess of the 10% tolerance figure that was delegated to officers in the original April 2014 Cabinet report. Further approval is therefore required from Cabinet to accept this uplift in consideration received by the Council before completion can take place.

**116/16 PROPERTY TRANSACTIONS - PROVISION OF FUNDING TO HGP FOR AN INVESTMENT ACQUISITION [Item 24]**

In the absence of the Cabinet Member for Business Services and Resident Experience, the Deputy Leader presented the report to Cabinet.

**RESOLVED:**

1. That Surrey County Council provides equity investment and a long-term loan of up to figures detailed in the submitted report, to its wholly owned property company, Halsey Garton Property Ltd (HGP), as outlined in paragraphs 10 to 12 of the report.
2. That Legal Services be authorised to agree appropriate contractual arrangements for the provision of financing on behalf of the Council with funds to be released upon the completion of appropriate due-diligence in relation to the property acquisition.
3. That HGP be authorised to acquire the freehold interest in the property for a purchase cost of up to the figures detailed in the submitted report, including associated costs of purchase.

**Reasons for Decisions:**

The provision of financing to the Council's property company to facilitate the proposed investment acquisition is in accordance with the Council's Investment Strategy and provides an asset that will contribute to the creation of a diversified portfolio over time to spread risk.

The investment will deliver an ongoing income to the Council, enhancing financial resilience in the longer term.

**117/16 PUBLICITY FOR PART 2 ITEMS [Item 25]**

It was agreed that non-exempt information may be made available to the press and public, where appropriate.

[Meeting closed at 3.55pm]

---

**Chairman**

**Public Questions**

Question (1) Ollie Purkiss:

As demonstrated by the consultation and the numerous petitions received, for some residents bus services are a vital part of their day-to-day lives. Positive outcomes for the elderly, the young and job seekers particularly are documented and understood in various reports across government. So I am sure the Council are well aware of their duty to ensure comprehensive, reliable and regular bus services throughout the County. I am pleased to see concessions being made to the consultation and petitions, with services being preserved; however, in many cases these services are still proposed to be reduced to run only once an hour during the day. This reduction in frequency makes many journeys difficult and some journeys can become impossible within a reasonable time period especially where two buses are needed in each direction. The proposals brought before the Council appear to ignore the problems and disruption associated with reducing the frequency of services to one an hour, for example on the "Annex 2 - Proposed changes to local bus services from September 2016 V3" document it lists the 70/71/72 bus services has having 424,600 journeys annually, but states that the proposal to change to hourly buses in the day will impact 0 people. Clearly this is incorrect. My question to the Cabinet is what process has been followed to test or understand the impact of reducing the frequency of buses to one an hour, and how can we be sure that the service will still meet residents' travel needs if these proposed changes to bus frequencies are put into action?

**Reply:**

The Council is faced with difficult choices due to funding pressures, including significant reductions in funding from central government. Our Medium Term Financial Plan includes a range of savings and efficiencies to help us balance the budget, including a reduction of £2m per annum in public transport expenditure by 2017/18. To help us deliver this, a Local Transport Review is being carried out enabling residents to have their say on bus services, noting that the saving cannot be achieved without reducing the amount of bus service subsidy. Inevitably, reduced funding must mean compromises, including fewer buses on certain services; although steps have been taken to avoid leaving some areas with no access to public transport at all where services cannot be maintained commercially. Overall, future levels of our investment in bus services must be affordable within agreed budgets.

In considering compromises to bus service frequency from, say, every 30 minutes, to every hour, many current bus users are likely to still be able to travel for whatever journey purpose, albeit with a lesser choice of departure time. Therefore, our focus is on those who may have more difficulty, for example, in time-critical work related journeys during peak hours or a new need to change buses to reach the required destination, based on average patronage data supplied by bus operators. The rationale for the given estimate of impact shown in Annex 2 is explained in paragraphs 13 and 14 of the Local Transport Review Cabinet report.

The data in Annex 2 consolidates the three Stagecoach services on the Guildford-Godalming-Aarons Hill-Haslemere corridor. Services 70 and 71 are

effectively unaltered and together will provide two buses per hour from Portsmouth Road at the bottom of Eashing Lane, to Godalming, Guildford, etc. It is the view of the Council and the bus operator that maintaining a half-hourly service on route 72 specifically from Ockford Ridge/Aarons Hill is unsustainable based on current unique patronage data, without a significant increase in subsidy.

Stagecoach surveyed the number of people boarding service 72 at all stops between Ockford Ridge/Aarons Hill and Inn on the Lake, on an average weekday, using 20 days between mid September and mid October 2015 as the sample. The total number was 72, of which 52 boarded before 12.30pm (an average of 6.5 people per trip) and only 20 after 12.30pm (an average of 2.2 people per trip).

The proposed diversion of service 72 to stop outside an important health care facility in Catteshall Road is seen as beneficial. The proposals recommended for approval by Cabinet will of course not preclude a future review of provision if increased customer demand from the Ockford Ridge/Aarons Hill area was found to be sufficient to allow this to be commercially viable.

**Mr Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**24 May 2016**

This page is intentionally left blank

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 21 JUNE 2016 AT 2.00 PM  
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,  
SURREY KT1 2DN.**

These minutes are subject to confirmation by the Cabinet at its next meeting.

Members:

*Mr David Hodge (Chairman)	*Mr John Furey
*Mr Peter Martin (Vice-Chairman)	*Mr Mike Goodman
* Mrs Helyn Clack	Mrs Linda Kemeny
*Mrs Clare Curran	* Ms Denise Le Gal
*Mr Mel Few	Mr Richard Walsh

Cabinet Associates:

*Mr Tim Evans	*Mrs Kay Hammond
*Mrs Mary Lewis	*Mr Tony Samuels

\* = Present

**PART ONE  
IN PUBLIC**

Prior to the start of the meeting, the Leader of the Council asked colleagues to remember and reflect on the life of Jo Cox, MP, who had been tragically killed outside her constituency surgery office.

**118/16 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Mrs Kemeny and Mr Walsh.

**119/16 MINUTES OF PREVIOUS MEETING: 24 MAY 2016 [Item 2]**

The minutes of the meeting held on 24 May 2016 were confirmed and signed by the Chairman.

**120/16 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**121/16 PROCEDURAL MATTERS [Item 4]**

**1 MEMBERS' QUESTIONS [Item 4a]**

No Member questions were received.

**122/16 PUBLIC QUESTIONS [Item 4b]**

A question was received from Mrs Susan Darling and a response is attached as Appendix 1.

### **123/16 PETITIONS [Item 4c]**

No petitions were received.

### **124/16 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

No representations were received.

### **125/16 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

Three reports were received from the Council Overview Board relating to:

1. Investment Strategy: Property Portfolio (Appendix 2). The Cabinet response is attached as Appendix 3.
2. Annual Report of the Shareholder Board (Appendix 4). The Cabinet response is attached as Appendix 5.
3. Trust Fund Task Group Report (Appendix 6). The Cabinet response is attached as Appendix 7.

Mr Cosser, Chairman of the Council Overview Board was invited to speak and made the following comments:

1. Investment Strategy: Property Portfolio: That he would take the Cabinet's response back to the Board for a collective response. He said that the Board was not against the over-arching policy, however, to date he considered that the Investment Strategy had been disappointing and that the Cabinet should examine the performance of it on an annual basis.
2. Annual Report of the Shareholder Board: That there were some concerns about the new delivery mechanisms, which had changed governance arrangements and he considered that scrutiny was now being done by the Shareholder Board and not the Scrutiny Boards.
3. Trust Fund Task Group Report: He said that the Council Overview Board had undertaken an excellent piece of work in reviewing the management arrangements of the Council's Trust Funds and that he supported the Cabinet's amendment in relation to the Henrietta Parker Trust and the Tulk Fund Trust, that these two funds should be added to the two excepted funds already named and not be transferred to the Community Foundation for Surrey. He asked for confirmation, which was given in principle, that the Cabinet agreed with the other Council Overview Board's recommendations.

One report was received from the Economic Prosperity, Environment and Highways Board relating to the Highways and Transport: Revised Asset Management Strategy (Appendix 8). The Cabinet Member response is attached as Appendix 9.

## **126/16 SUSTAINABILITY AND TRANSFORMATION PLANS [Item 6]**

Introducing this report, the Cabinet Member for Wellbeing and Health said that the Sustainability and Transformation Plans (STPs) represented the next milestone in delivering commitments made in the five year forward view to create a NHS which was not only sustainable but one that also improved health outcomes and provided a better experience for patients.

She said that local authorities, as commissioners of social care, had a pivotal role to play in establishing STPs that were successful place-based systems of care and which responded to the needs of local populations. For local authorities across England this would require significant co-operation with Clinical Commissioning Groups (CCGs) and other partners, in order to drive ever closer integration of health and social care services.

She informed Cabinet that with six CCGs and three STP footprints spread across a number of local authority areas, the landscape of health and social care delivery in Surrey would be complex. She said that over the last three years, the County Council had built lasting relationships with its CCG partners which would enable close collaboration across the three STP footprints, in order to deliver effective and integrated place based systems.

This strong relationship and shared understanding with the CCGs was already evident, as demonstrated by the fact that the County Council's Chief Executive had been asked to chair Surrey Heartlands STP Transformation Board. Surrey was also at the forefront of ensuring that Members were sufficiently engaged in the work of developing the STPs with all of the footprints having already been considered by both the Health and Wellbeing Board and the Wellbeing and Health Scrutiny Board.

She commended the recommendations, within the report, to Cabinet.

The Leader of the Council highlighted the risk implications, as detailed in paragraph 18 of the submitted report.

### **RESOLVED:**

1. That the update on the emerging NHS Sustainability and Transformation Plans (STPs) be noted.
2. That authority be delegated to the Chief Executive, in consultation with the Leader of the Council and Cabinet Member for Wellbeing and Health, to sign off the STPs on behalf of the Council through its membership of the relevant STP Transformation / Programme Boards.

### **Reasons for Decisions:**

The deadlines and tight timescales for the preparation and submission of NHS Sustainability and Transformation Plans necessitate the recommendation included in this report to delegate authority to sign off the STPs on behalf of the Council ahead of the deadline for submission to NHS England.

## **127/16 WEST EWELL INFANT AND NURSERY SCHOOL [Item 7]**

In the absence of the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Children and Wellbeing said that this report requested approval for the business case for the conversion of West Ewell Infant and Nursery School from a 4FE infant school with 360 places plus a 100 nursery places, to a 2 form entry Primary (420 primary places plus 52 nursery). This would reduce the number of Key Stage 1 and nursery places at the school by half but would add 240 junior places into the planning area.

This expansion formed part of an area re-organisation of primary schools within Ewell that sought to deliver around 600 additional primary places across three schools and would help meet the basic need requirements in the Ewell and NW Epsom primary planning areas from September 2017.

She confirmed that West Ewell Infant and Nursery School was a popular and successful school, which delivered high quality education and had been rated 'outstanding' by Ofsted at its last inspection. With reference to the consultation process, she said that the proposals had been favourably received with 85% of written responses in favour of the proposal.

The Cabinet Member for Business Services and Resident Experience highlighted the fact that the County Council had to find 11,000 additional school places over the next five years and this expansion would deliver 600 additional primary places. She confirmed that the funding for it was included within the Medium Term Financial Plan.

### **RESOLVED:**

That, subject to the agreement of the detailed financial information for the expansion as set out in Part 2 of this agenda, the business case for the provision of an additional two forms (240 places) of junior places in Ewell planning area be approved.

### **Reasons for Decisions:**

The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in Epsom and Ewell borough.

## **128/16 LINDON FARM, ALFORD - BUSINESS CASE FOR SUPPORTED LIVING ACCOMMODATION FOR ADULTS WITH AUTISM [Item 8]**

There was growing demand for, and a shortage of, accessible accommodation with care and support for young adults with autism and high support needs in Surrey.

Introducing this report, the Cabinet Member for Adult Social Care, Wellbeing and Independence said that this paper set out the business case for the construction of long term supported living accommodation for ten young adults at Lindon Farm and sought Cabinet approval for capital investment. It set out how the development would deliver better outcomes by enabling

young people to live in Surrey near their families and support network, in specialist accommodation with appropriate space and access to activities.

He said that other options had included providing for more than 10 individuals but were discounted because Transforming Care did not recommend large groups of adults with autism and high support needs living in a single development because of the risks of it becoming an institutional facility.

The building would be designed by the appointed architect, in consultation with all relevant stakeholders and the financial information relating to the business case was set out in a Part 2 report to be considered later in the meeting.

Finally, he said that this approach aligned with the Council's strategic goal of 'wellbeing' and the accommodation with care and support strategy, and also supported the national direction of travel set out in the Transforming Care Programme.

Other Members had an opportunity to comment on the proposals and were pleased to support this investment. A summary of the Equality Impact Assessment had been included within the report and stated that there were no potential negative impacts that could not be mitigated.

#### **RESOLVED:**

1. That agreement to invest to build long term supported living accommodation for ten adults with autism and high support needs at Lindon Farm be approved.
2. That authority be delegated to the Chief Property Officer, in consultation with the Cabinet Member for Business Services and Resident Experience for awarding the contract for developing the site and construction of the supported living accommodation.
3. That authority be delegated to the Strategic Director for Adult Social Care and Public Health, in consultation with the Cabinet Member for Adult Social Care, Wellbeing and Independence to award the contract for the provision of care services to the residents once construction has been completed.

#### **Reasons for Decisions:**

The site offers an opportunity to build supported living accommodation for ten adults with autism and high support needs to:

- Enable individuals to live in Surrey near their families and support network, rather than out of county.
- Provide supported living accommodation with appropriate space and a range of activities for residents, whilst they are also supported to be part of their local community.
- Deliver long term savings in the provision of their care and support.

## 129/16 HIGHWAYS AND TRANSPORT ASSET MANAGEMENT STRATEGY [Item 9]

The Cabinet Member for Highways, Transport and Flooding introduced the report, stating that Surrey was one of the first authorities to develop an Asset Management Plan in 2005 (STAMP) and that it was refreshed in 2014 and now must be revised again so that it was in line with best practice.

He said that the Department of Transport (DfT) had introduced changes to the way they fund local highway authorities (the 'Incentive Element'), which meant that those who are not applying sound asset management principles would receive a 15.5% reduction in highway maintenance funding by 2021. In terms of the funding Surrey received, this would mean a reduction in funding of £4.3 million over this period if the Council could not demonstrate that an effective approach was not being applied.

Operation Horizon was forecast to reduce the length of Surrey's road network that were in need of structural repair from 17% in 2013 to 12% in 2018. As a result of the success of this programme, the Council's depreciation modelling indicated that over the next 15 years levels of investment between roads and other assets should be rebalanced to achieve the greatest overall benefits for Surrey in the long-term.

He informed Cabinet that in developing the revised Strategy, there had been consultation with Members to determine their priorities using a tool called 'You Choose'. He also drew attention to the risk management and implications, as set out in paragraph 12 – 15 of the submitted report and also tabled a revised last sentence for paragraph 15, as detailed:

'The delivery of the strategy may be at risk to varying degrees, in the event that any/all of the above ~~becomes an~~ ~~if any/all of these~~ risks materialise, unless additional funding is provided by central government and/or the council, the programmes of work described in paragraph 9 would be reviewed.'

And also a **revised recommendation 3, with additional wording in Bold and Italics:**

'Agrees that minor future amendments to the strategy, ***within the overall resource allocation***, can be made by the Strategic Director of Environment and Infrastructure in consultation with the Cabinet Member for Highways, Transport and Flooding.'

Finally, he commended the approval of a new 15-year Highways and Transport Asset Management Strategy to Cabinet.

Other Cabinet Members considered that the Highway and Transport Asset Management Strategy was a helpful document which clearly set out the Council's priorities and strategic goals for the highways network.

The Leader of the Council was pleased to report that the maintenance backlog had reduced over the last five years and also that the communication process with residents had improved over this period, since Project Horizon had taken place.

**RESOLVED (as amended):**

1. That the 15-year Highway and Transport Asset Management Strategy, as set out in Annex 1 to the submitted report, be approved.
2. That the revised allocation of capital budgets from 2017 onwards as outlined in paragraph 20 of the submitted report, be approved.
3. That minor future amendments to the strategy, within the overall resource allocation, can be made by the Strategic Director of Environment and Infrastructure, in consultation with the Cabinet Member for Highways, Transport and Flooding.

**Reasons for Decisions:**

To ensure that we manage our assets effectively with the resources available, and that this is aligned to our business plan, delivers the councils corporate goals, and reflects national best practice.

The success of Operation Horizon to reduce the length of the network in need of structural repair to 12% means we can now rebalance investment across the different asset types to achieve the best outcomes for Surrey over the next 15 years.

To enable us to demonstrate to the Department for Transport (DfT) that we have embedded asset management principles into our core policies and procedures. This will help deliver value for money and ensure our DfT funding allocations are not reduced unnecessarily.

**130/16 AWARD OF A CONTRACT FOR SHORT TERM VEHICLE HIRE [Item 10]**

Surrey County Council had various needs for vehicle access so that employees can carry out essential Council business. Access to vehicle hire provision ensured that services were supported to deliver statutory duties and this included usage by adult and children's residential care homes, and the Surrey highways service.

The Cabinet Member for Business Services and Resident Experience said that the current contract for vehicle hire was directly awarded to the incumbent provider, Automotive Leasing on 1 August 2015 and in preparation for the expiry of the current contract, a competitive tendering process had been completed using a Crown Commercial Services Vehicle Hire Framework. The outcome of the process was set out in this report, with the financial and value for money implications set out separately in a Part 2 report later in the agenda.

She said that eight expressions of interest had been received, with five companies subsequently submitting tenders and that the proposal was to award the contract in three lots.

**RESOLVED:**

That the contract be awarded to the following three suppliers:

- Lot 1: Europcar, for the provision of passenger car hire, light commercial vehicles, general on road and 4x4. The Contract to commence on 1 August 2016.
- Lot 2: 4 x 4 with off road capability: Scot Group Ltd, trading as Thrifty Car and Van Rental are recommended for award. The Contract to commence on 1 August 2016.
- Lot 3: UK Minibus hire: Sixt Hire Ltd is recommended supplier for award. The contract to commence on 1 August 2016.

**Reasons for Decisions:**

A comprehensive procurement process using the Crown Commercial Services pre-established Vehicle Hire Framework was conducted. This has involved Surrey County Council conducting a mini-competition in accordance with Surrey County Council's own Procurement Standing Orders and also in adherence to the relevant legislative requirements. The recommendations provide best value for money for the Council following a combined quality/price evaluation process.

The bid from the preferred suppliers offers saving and value for money over the full contract term. Full financial details are included in Part 2 of this report. In summary, the lifetime contract value is £2.6m and this represents a saving of £48,000 in the first year.

The preferred suppliers have demonstrated they are able to deliver the high standard of service expected by Surrey County Council and will work with the Council over the full contract duration to make continuous improvements and add value.

**131/16 AWARD OF A CONTRACT FOR LEASE AND FLEET MANAGEMENT  
[Item 11]**

Surrey County Council had various needs for lease vehicles and fleet management services and the Cabinet Member for Business Services and Resident Experience said that the current contract for lease and fleet management was awarded to Automotive Leasing on 1 August 2015. She said that in preparation for the expiry of the current contract a competitive process in the form of a closed mini-competition had been undertaken using a Crown Commercial Services Framework.

The outcome of the process was set out in this report, with the financial and value for money implications set out separately in a Part 2 report later in the agenda.

**RESOLVED:**

That the contract for the provision of lease vehicles and fleet management services be awarded to Automotive Leasing Ltd (trading as Leaseplan).

**Reasons for Decisions:**

A comprehensive procurement process using a Crown Commercial Services Framework was conducted. This has involved conducting a mini-competition in accordance with Surrey County Council's Procurement Standing Orders and in adherence to EU Procurement Contract Regulations. The recommendations provide best value for money for the Council following a combined quality and price evaluation process.

The bid from the preferred supplier offers value for money over the full contract term. Full financial details are included in Part 2 of this report.

The preferred supplier has demonstrated they are able to deliver the high standard of service expected by Surrey County Council and will work with the Council over the full contract duration to make continuous improvements and add value.

**132/16 ANNUAL REPORT OF THE SHAREHOLDER BOARD [Item 12]**

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council established a Shareholder Board, which reports annually to the Council. The Leader of the Council requested Cabinet approval for the Annual Report of the Shareholder Board, which would be presented to full County Council at its meeting on 12 July 2016.

**RESOLVED:**

That the Annual Report of the Shareholder Board, attached as Annex A to the submitted report, be endorsed and that the Cabinet present the report to Council at its meeting on 12 July 2016.

**Reasons for Decisions:**

To inform the Council about the activities of the Shareholder Board.

The Shareholder Board has been established in accordance with best practice governance to ensure effective oversight and alignment with the strategic objectives and values of the Council.

**133/16 ANNUAL GOVERNANCE STATEMENT 2015/16 [Item 13]**

Introducing the Annual Governance Statement, the Cabinet Member for Business Services and Resident Experience said that it provided a comprehensive assessment of the Council's governance arrangements, which, once signed by the Leader of the Council and the Chief Executive, would be incorporated in the Statement of Accounts. She also confirmed that there was a statutory duty to review it annually.

Referring to the section of the Statement relating to Transparency and Stewardship, she was pleased to report that an Effective Audit opinion had been given, following the annual internal audit of Organisational Ethics which was the highest grading that could be achieved.

She also informed Cabinet that the Annual Governance Statement had been considered by the Audit and Governance Committee on 26 May 2015. Both the Leader of the Council and the Chief Executive had attended that meeting. During discussions at that meeting some minor changes had been agreed and that committee was satisfied with the governance arrangements and therefore, commended it to Cabinet for publication with the Council's Statement of Accounts.

The Cabinet Associate for Community Safety considered that this Statement was succinct, easy to read and clearly set out the County Council's corporate aims and objectives, including partnership working.

The Cabinet Member for Wellbeing and Health referred Cabinet to the focus 2016/17 and stressed the importance of strong governance arrangements, which would support the increasing number and scale of challenges that the County Council was facing.

Finally, the Leader of the Council informed Members that openness and accountability was at the centre of everything that the Council did. He also highlighted increasing demand for Adult Social Care services and school places as key pressures facing the County Council.

**RESOLVED:**

1. That the 2015/16 Annual Governance Statement, attached as Annex A to the submitted report, be approved and signed by the Leader of the Council and the Chief Executive for inclusion in the Statement of Accounts.
2. That the Audit and Governance Committee continue to monitor the governance environment and report to the Cabinet, Cabinet Member or Scrutiny Board as appropriate.

**Reasons for Decisions:**

There is a statutory duty to annually review and report on governance through an Annual Governance Statement. The identification of areas for focus and continuous improvement ensures high standards of governance.

**134/16 FINANCE AND BUDGET MONITORING REPORT FOR MAY 2016 [Item 14]**

The Leader of the Council presented the budget monitoring report for the first two months of the 2016/17 financial year, covering the period up to 31 May 2016. He said that overall, a forecast of £1.3m underspend this year end was expected and that all services forecast a balanced outturn or small underspend but it was still early in the financial year and services may yet encounter budget issues.

However, services were on track to achieve their planned efficiencies. The risk rating of the total of efficiencies they planned to deliver this year had improved slightly from the Medium Term Financial Plan position. He

considered that achieving these savings was important to ensure the Council maintained a balanced and sustainable budget in the future.

On revenue, he said that he was confident that Cabinet's support for managers' actions would make this the seventh consecutive year that there would be a small underspend or balanced outturn across the Council.

On efficiencies, he informed Members that at the end of May, services forecast delivering all of their £83.5m efficiencies.

Finally, on capital summary, he said that the £638m capital programme for 2016-21, improved and maintained services, invested in Surrey and generated income for the Council and that the Council forecast making £209m capital investment in its services this year. He also considered that reducing reliance on government grants and council tax was key to balancing the budgets over the longer term and that the Revolving Infrastructure and Investment Fund was part of this strategy.

Other Cabinet Members were given the opportunity to highlight key points and issues from their portfolios.

#### **RESOLVED:**

That the report be noted, including the following:

1. That the forecast revenue budget for 2016/17 was a £1.3m underspend, as set out in the Annex, paragraph 1, of the submitted report.
2. That forecast efficiencies and service reductions for 2016/17 were £83.5m, as set out in the Annex, paragraph 20, of the submitted report.
3. That the Adult Social Care Service had reviewed the hourly charge for provision of extra care services operated in-house by the Council and updated it to reflect these services' current operating costs and that the revised hourly charge would be £16.10, as set out in the Annex, paragraph 10, of the submitted report.
4. That the transfer of £4.8m from the Investment Renewals Reserve to the Budget Equalisation Reserve, as set out in the Annex, paragraph 8, of the submitted report, be approved.
5. That the following Highways and Transport capital virements be approved:
  - £0.66m from bridge strengthening to highways maintenance, as set out in the Annex, paragraph 28, of the submitted report.
  - £1.03m from Government grants to highways maintenance, as set out in the Annex, paragraph 29, of the submitted report.
  - £1.71m from highways maintenance to strategic economic plan schemes, as set out in the Annex, paragraph 30, of the submitted report.

**Reasons for Decisions:**

This report is presented to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval and action as necessary.

**135/16 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 15]**

The Annex which set out the decisions taken by individual Cabinet Members since the last meeting of the Cabinet was tabled at the meeting. Members were given the opportunity to comment on them.

**RESOLVED:**

That the decisions taken by Cabinet Members since the last meeting, as set out in Annex 1 of the submitted report, be noted.

**Reasons for Decisions:**

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

**136/16 EXCLUSION OF THE PUBLIC [Item 16]**

**RESOLVED** that under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under paragraph 3 of Part 1 of Schedule 12A of the Act.

**137/16 WEST EWELL INFANT SCHOOL (EPSOM AND EWELL) - BASIC NEED EXPANSION PROJECT [Item 17]**

In the absence of the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Children and Wellbeing said that this report contained financial and value for money information relating to item 7.

She said that window replacement and other repair works funded from the planned maintenance programme would take place at the same time.

**RESOLVED:**

1. That the business case for the project to expand West Ewell Infant and Nursery School by 240 places, at a total cost as set out in the submitted report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value be agreed by the Deputy Chief Executive and Strategic Director for Children, Schools and Families, in consultation with the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Business Services and Resident Experience and the Leader of the Council.

**Reasons for Decisions:**

The proposal delivers and supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Ewell and NW Epsom area.

**138/16 LINDON FARM, ALFOLD [Item 18]**

This report set out the business case for the construction of long term supported living accommodation for ten young adults at Lindon Farm, Alfold. The Cabinet Member for Adult Social Care, Wellbeing and Independence drew attention to the financial details as set out in the submitted Annex and requested Cabinet approval for the capital investment.

**RESOLVED:**

1. To fund investment, as detailed in the submitted report, to build long term supported living accommodation for ten adults with autism and high support needs at Lindon Farm.
2. That authority be delegated to the Chief Property Officer, in consultation with the Cabinet Member for Business Services and Resident Experience for awarding the contract for developing the site and construction of the supported living accommodation.
3. That authority be delegated to the Strategic Director for Adult Social Care and Public Health, in consultation with the Cabinet Member for Adult Social Care, Wellbeing and Independence to award the contract for the provision of care services to the residents once construction has been completed.

**Reasons for Decisions:**

The site offers an opportunity to build supported living accommodation for ten adults with autism and high support needs to:

- Enable individuals to live in Surrey near their families and support network, rather than out of county.
- Provide supported living accommodation with appropriate space and a range of activities for residents, whilst they are also supported to be part of their local community.
- Deliver long term savings of £0.4m per annum in the provision of their care and support.

**139/16 AWARD OF A CONTRACT FOR SHORT TERM VEHICLE HIRE [Item 19]**

The Cabinet Member for Business Services and Resident Experience said that this report set out the commercial and financial details relating to item 10 on the agenda and that the Resolution and Reasons for Decisions, were as set out in the Part 1 report.

## **140/16 AWARD OF A CONTRACT FOR LEASE AND FLEET MANAGEMENT [Item 20]**

The Cabinet Member for Business Services and Resident Experience said that this report set out the commercial and financial details relating to item 11 on the agenda and that the Resolution and Reasons for Decisions, were as set out in the Part 1 report.

## **141/16 WOKING TOWN CENTRE REGENERATION [Item 21]**

The Cabinet Member for Business Services and Resident Experience introduced this report and reminded Cabinet that it had agreed in September 2012 that Surrey County Council (SCC) would participate in a Joint Venture Company, Bandstand Square Developments Ltd, with Woking Borough Council (WBC) and Moyallen Ltd to regenerate Woking Town Centre.

She also drew attention to a typo and tabled an amended last sentence to paragraph 27 of the report, as detailed below:

'However S.13 of the Local Government Act 2003 prohibits it from mortgaging or charging any of its own property as security for money which it has borrowed or otherwise owes and no ~~debtor debt or creditor~~ has priority over any other.'

### **RESOLVED:**

1. That the increase in the Phase 1 loan funding requested be provided to Bandstand Square Developments Ltd.
2. That the Director of Legal, Democratic and Cultural Services be authorised to approve appropriate contractual amendments to extend the loan facility.

### **Reasons for Decisions:**

The increase in the loan facility provided by Surrey County Council (SCC) has been requested in order to provide the finance necessary to bring forward enabling works and to complete the procurement of a prime construction contractor. These activities are in addition to the previously agreed Phase 1 works which delivered the land acquisition required for the development, the planning consents necessary and the construction of a new Fire Station.

The full project will deliver a large scale regeneration of the town centre, improving the long-term viability of the existing retail offer in the town and attracting external investment to develop further housing.

SCC's financing costs associated with providing the Phase 1 loan facility will be offset by interest payments received from the Joint Venture.

## **142/16 PROPERTY TRANSACTIONS [Item 22]**

The Cabinet Member for Business Services and Resident Experience informed Cabinet that consideration of this property acquisition had already been through the Investment Advisory Board and commended its approval to Cabinet.

**RESOLVED:**

1. That Surrey County Council provides equity investment and a long-term loan up to the sum stated, to its wholly owned property company, Halsey Garton Property (HGP) Ltd, as outlined in paragraphs 10 to 12 of the submitted report.
2. That Legal Services be authorised to agree appropriate contractual arrangements for the provision of financing on behalf of the Council with funds to be released upon the completion of appropriate due-diligence in relation to the property acquisition.
3. That HGP be authorised to acquire the long leasehold interest in the property for a purchase cost including associated costs of purchase, as detailed in the submitted report.

**Reasons for Decisions:**

The provision of financing to the Council's property company to facilitate the proposed investment acquisition is in accordance with the Council's Investment Strategy and provides an asset that will contribute to the creation of a diversified portfolio over time to spread risk.

The investment will deliver an ongoing income to the Council, enhancing financial resilience in the longer term.

**143/16 PUBLICITY FOR PART 2 ITEMS [Item 23]**

It was agreed that non-exempt information may be made available to the press and public, where appropriate.

[Meeting closed at 3.20pm]

---

**Chairman**

**Public Questions**

**Question (1) from Susan Darling:**

What is the legal position and Surrey County Council policy on decisions of Cabinet and/or Council which have been adopted on the basis of information provided in Council papers which is subsequently found to be wrong or unproven.

**Reply:**

Councillors are required to take reasonable decisions, informed by all relevant material considerations and disregarding any irrelevant matters. This is evidenced by information provided in reports to meetings and by oral presentations and deliberations at meetings. The legal position flows from an analysis of these and any other relevant legal requirements at the time, and so can only be determined on a case by case basis. Bearing in mind the legal position it would not be sensible to have a written policy for the specific circumstances outlined in Mrs Darling's question.

**Mr David Hodge  
Leader of the Council  
21 June 2016**

**COUNCIL OVERVIEW BOARD**

**Item under consideration: INVESTMENT STRATEGY: PROPERTY PORTFOLIO**

**Date Considered: 1 June 2016**

1. At its meeting on 1 June 2016 the Council Overview Board reviewed the performance of the Council's investment strategy and property portfolio.
2. The Board supported the principle of a broad portfolio of investments to provide a revenue stream for the Council, but expressed disappointment with the returns achieved to date.
3. In a part two discussion the Council Overview Board queried the levels of return on a number of the investments made in property by the Council and by its property company, Halsey Garton, since the investment strategy was agreed.
4. The Board did not feel that the figures contained in the confidential annex were easy to reconcile with the figures provided to Cabinet when taking individual investment decisions. The Board considers that it would be helpful to have a clearer analysis of what the Cabinet had originally anticipated in terms of income and what had been realised on a year by year basis.
5. **The Board agreed the following recommendation to the Cabinet:**

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 and consider whether any adjustments need to be made to the investment strategy.

**STEVE COSSER**  
**Chairman of the Council Overview Board**

**CABINET RESPONSE TO COUNCIL OVERVIEW BOARD**

**INVESTMENT STRATEGY: PROPERTY PORTFOLIO (considered by Council Overview Board on 1 June 2016)**

**COMMITTEE RECOMMENDATIONS:**

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 and consider whether any adjustments need to be made to the investment strategy.

**RESPONSE:**

I would like to thank the board for their comments and scrutiny of the reports provided which outlined progress being made to deliver an income from property investment in the longer term. I would also like to thank the board for their support and confirm that the returns are in line with expectations. The Investment Strategy is managed on behalf of the council by the Investment Advisory Board who consider detailed reports on performance once per quarter. Summary financial information about the Investment Strategy is included in the Finance and Budget Monitoring report reviewed by Cabinet on a monthly basis.

**David Hodge  
Leader of the Council  
21 June 2016**

**COUNCIL OVERVIEW BOARD**

**Item under consideration: ANNUAL REPORT OF THE SHAREHOLDER BOARD**

**Date Considered: 1 June 2016**

1. At its meeting on 1 June 2016 the Council Overview Board considered the Shareholder Board's annual report with the Leader and Deputy Leader of the Council alongside the Strategic Finance Manager, who also acts as Secretary the Shareholder Board, as witnesses.
2. The Council Overview Board discussed the governance structure and noted the overlap in membership with the Cabinet as the Shareholder Board and Investment Advisory Board are effectively sub-groups of the Cabinet. The Council Overview Board highlighted the problematic scenario whereby the individual financial performance of the companies could not be scrutinised directly by the Council Overview Board.
3. The Council Overview Board considered the performance information submitted on each of the companies in the annual report with the Shareholder Board representatives and noted the difficulties faced by Surrey Choices in particular and identified this organisation for further scrutiny.
4. The Scrutiny Board considered the level of detail provided on the financial results of the companies to be insufficient. The Board therefore asks that the Cabinet support its request 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.

**STEVE COSSER**

**Chairman of the Council Overview Board**

**CABINET RESPONSE TO COUNCIL OVERVIEW BOARD**

**ANNUAL REPORT OF THE SHAREHOLDER BOARD  
(considered by Council Overview Board on 1 June 2016)**

**COMMITTEE RECOMMENDATIONS:**

6. The Scrutiny Board considered the level of detail provided on the financial results of the companies to be insufficient. The Board therefore asks that the Cabinet support its request 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.

**RESPONSE:**

I would like to thank the board for their comments and scrutiny of the Shareholder Board report. The Shareholder Board will continue to provide information to the Council Overview Board in so far as this is publically available and not commercially sensitive.

**David Hodge  
Leader of the Council  
21 June 2016**

**COUNCIL OVERVIEW BOARD**

**Item under consideration: TRUST FUND TASK GROUP REPORT**

**Date Considered: 1 June 2016**

At its meeting on 1 June 2016 the Council Overview Board considered the report of its Trust Fund Task Group. Members of the Task Group alongside the Deputy Director of Finance discussed the findings with the rest of the Board.

The Board discussed the proposals formulated by the Task Group and agreed that they offered the best opportunity to bring the trusts managed by the Council back into effective use.

The Board agreed that the Community Foundation for Surrey was the best organisation to administer the funds as they have the expertise and track record to ensure the funds are delivered to those in need and as closely to their original objectives as possible.

The Board also noted that as the Council may become the trustee of new funds in the future that a policy should be in place for the transfer of these funds too.

The Board agreed the following recommendations and asks the Cabinet to agree:

- a) That trust funds for which the County Council is the sole trustee, excluding the Lingfield Guest 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.
- 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.
- 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.

Subject to Cabinet agreement to the above recommendations the Council Overview Board will monitor these arrangements on an ongoing basis and make recommendations to the Cabinet as appropriate.

**STEVE COSSER**  
**Chairman of the Council Overview Board**

**CABINET RESPONSE TO COUNCIL OVERVIEW BOARD**

**TRUST FUND TASK GROUP REPORT**

**(considered by Council Overview Board on 1 June 2016)**

**COMMITTEE RECOMMENDATIONS:**

The Board agreed the following recommendations and asks the Cabinet to agree:

- c) That trust funds for which the County Council is the sole trustee, excluding the Lingfield Guest 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.
- d) 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.
- 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.

Subject to Cabinet agreement to the above recommendations the Council Overview Board will monitor these arrangements on an ongoing basis and make recommendations to the Cabinet as appropriate.

**RESPONSE:**

Cabinet has carefully considered the recommendations of the Council Overview Board following its receipt of the Trust Fund Task Group Report on 1 June 2016 and wishes to make the following amendment:

That in view of the considerable work which has been undertaken in recent months by Cabinet Members and officers in respect of the Henrietta Parker Trust, including scrutiny by the Education and Skills Board, and the Tulk Fund Trust for which a report was considered at the Cabinet Meeting on 26 April, 2016, these two funds should be added to two excepted funds of Lingfield Guest House and Looked After Children and not be transferred to the Community Foundation for Surrey, and that the activities of these two additional trusts be reviewed after two years to ensure that they have been properly managed and have disbursed funds to suitable projects in accordance with their respective aims and objectives.

**Mary Lewis, Cabinet Associate for Children, Schools and Families Wellbeing, on behalf of Linda Kemeny, Cabinet Member for Schools, Skills and Educational Achievement  
21 June 2016**

**ECONOMIC PROSPERITY, ENVIRONMENT AND HIGHWAYS BOARD**

**Item under consideration: HIGHWAYS AND TRANSPORT - REVISED  
ASSET MANAGEMENT STRATEGY [Item 9]**

**Date Considered: 9 June 2016**

**Key points raised during the discussion:**

- The board were updated on revisions to the asset management strategy for the highways and transport service. It was stated that the strategy had to be refreshed so it was in line with best practice and enabled the service to receive maximum funding from the Department of Transport (DfT).
- Members of the board congratulated officers on the strategy produced. The Board were invited to email the Director of Highways with any locally specific comments they may have.
- The board discussed the strategy in detail and asked for clarification where appropriate.
- It was explained that the revised asset management strategy supported the delivery of the services 5 year strategic business plan 2016-21 which in turn was aligned to the councils corporate priorities.

**Recommendation:**

The Economic Prosperity, Environment and Highways Board recommends that Cabinet endorse and approve:

- a. the Asset Management Strategy
- b. the revised allocation of capital budgets from 2017 onwards
- c. that any minor future amendments to the strategy can be made by the Strategic Director of Environment and Infrastructure in consultation with the Cabinet Member for Highways, Transport and Flooding Recovery.

**David Harmer**  
**Chairman of the Economic Prosperity, Environment and Highways Board**

**CABINET RESPONSE TO ECONOMIC PROSPERITY, ENVIRONMENT  
AND HIGHWAYS BOARD**

**HIGHWAYS AND TRANSPORT – REVISED ASSET MANAGEMENT  
STRATEGY (considered by Economic Prosperity, Environment and  
Highways Board on  
9 June 2016)**

**COMMITTEE RECOMMENDATIONS:**

The Economic Prosperity, Environment and Highways Board recommends that Cabinet endorse and approve:

- a. the Asset Management Strategy
- b. the revised allocation of capital budgets from 2017 onwards
- c. that any minor future amendments to the strategy can be made by the Strategic Director of Environment and Infrastructure in consultation with the Cabinet Member for Highways, Transport and Flooding Recovery.

**RESPONSE:**

We agree that it is important that we manage our highway assets in the most efficient and effective way possible within the available budgets to ensure that residents get the best value for money in terms of highways services. We also believe that it is important that the County is able to demonstrate to the Department for Transport that we are managing our highway assets in accordance with national best practice to ensure that we achieve the maximum level of capital funding available. The Asset Management Strategy and revised allocation of capital budgets will help to ensure that these priorities are met.

May I thank the Economic Prosperity Environment and Highways Board for their comments and their continued interest in maintaining a safe road network in Surrey.

**John Furey**  
**Cabinet Member for Highways, Transport and Flooding**  
**21 June 2016**