

Cabinet



SURREY
COUNTY COUNCIL

Date & time

Thursday, 14 July
2016 at 2.00 pm

Place

Ashcombe Suite,
County Hall, Kingston
upon Thames, Surrey
KT1 2DN

Contact

Vicky Hibbert or Anne
Gowing
Room 122, County Hall
Tel 020 8541 9229 or 020
8541 9938



vicky.hibbert@surreycc.gov.uk or
anne.gowing@surreycc.gov.uk

Chief Executive

David McNulty

We're on Twitter:

@SCCdemocracy

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

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

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1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING:

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

3 DECLARATIONS OF INTEREST

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

Notes:

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

4 PROCEDURAL MATTERS

a Members' Questions

The deadline for Member's questions is 12pm four working days before the meeting (*8 July 2016*).

b Public Questions

The deadline for public questions is seven days before the meeting (*7 July 2016*).

c Petitions

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

d Representations received on reports to be considered in private

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

5 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL

(Pages 1
- 4)

Reports received from the Social Care Services Board and Council Overview Board.

CORPORATE PRIORITIES: 1. WELLBEING

6 CONSULTATION ON A REVISED CHARGING POLICY FOR ADULT SOCIAL CARE

(Pages 5
- 46)

One of the Council's strategic goals for the wellbeing of residents is to support our residents to live longer and live well. We do this in many ways with the aim of enabling people to live independently at home in their own community. We also support people to return home sooner from hospital with the care they need. Surrey's population is both rising and ageing. It is estimated that older people will make up 20% of the population by 2021, increasing the demand on health and social care services.

Income from charging is an essential contribution to Adult Social Care's budget to support the delivery of Adult Social Care Services to help people live and age well. The Council has faced a significant reduction of core central Government funding for 2016/17, alongside the increasing demographic demand for services.

At the Cabinet meeting on 22 March 2016 it was agreed that the Council would consult on proposals to revise the charging policy for Adult Social Care. If the proposals are not implemented, then it is likely that the additional savings required in their place, would affect a much wider range of individuals in receipt of care services. The proposed changes to the charging policy are therefore a more equitable approach, as they are based on each person's ability to pay towards their care, subject to their personal circumstances.

This report summarises the responses to the consultation and sets out a new charging policy for Adult Social Care services. The Cabinet should consider the summary of consultation responses which can be found at Annex 1.

[The decision on this item may be called in by the Social Care Services Scrutiny Board]

7 SURREY COUNTY COUNCIL HOME FROM HOSPITAL SUPPORT SERVICES - CONTRACT AWARD

(Pages
47 - 52)

This report seeks approval from Cabinet to award two contracts for the provision of a Home from Hospital support service to commence 1 October 2016.

The Home from Hospital support service provides assistance to vulnerable people who are discharged from hospital and returning to their home. It enables people to regain their confidence and ability to live in their own home and re-connect with the community.

In response to the identified need for a Home from Hospital support service and the changing demographics of Surrey, officers undertook a joint procurement exercise with Surrey's six main Clinical Commissioning Groups (CCGs) to identify and secure the most appropriate way to deliver a Home from Hospital support service in Surrey.

The report provides details of the collaborative procurement exercise,

including results of the evaluation process and demonstrates why the recommended contract awards deliver best value for money.

This service is aligned to the Council's strategic goal of Wellbeing through supporting vulnerable people on their return Home from Hospital.

N.B. an annex containing exempt information is contained in Part 2 of the agenda – item 15.

[The decision on this item may be called in by either the Social Care Services Scrutiny Board or the Council Overview Board]

CORPORATE PRIORITIES: 2. ECONOMIC PROSPERITY

8 REVISED SURREY WASTE LOCAL PLAN - ISSUES AND OPTIONS CONSULTATION (Pages 53 - 86)

Surrey County Council is the Waste Planning Authority for Surrey. This means we need to create a framework for the delivery of waste management infrastructure to ensure Surrey's economy remains strong and sustainable.

The current Surrey Waste Plan (SWP) was adopted in 2008 and needs to be replaced. A new Surrey Waste Local Plan (SWLP) 2018 – 2033 will need to go through several stages of public consultation. The first stage of formal consultation is 'Issues and Options'.

The Issues and Options stage sets out the context for a new SWLP. The Issues and Options Consultation Report includes our draft vision, draft objectives and draft options which consider different approaches the council could take for managing waste in Surrey.

Our vision is for Surrey to be truly sustainable in terms of waste management. This means encouraging communities to take responsibility for the waste they produce and providing facilities in the right locations at the right time. These facilities need to use the best management methods in order to maximise the resource potential of this waste and avoid adverse impacts on communities and the environment.

The consultation will run for 12 weeks from 2 September 2016 until 25 November 2016 to give statutory, non-statutory and public stakeholders a chance to have their say on what should be included in the new SWLP.

[The decisions on this item can be called in by the Economic Prosperity, Environment and Highways Board]

9 FINANCE AND BUDGET MONITORING REPORT FOR JUNE 2016 (Pages 87 - 108)

The Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's financial position as at 30 June 2016 (month three).

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

Please note that the Annex to this report will be circulated separately prior to the Cabinet meeting.

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

10 LEADERSHIP RISK REGISTER (Pages 109 - 120)

The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report presents the Leadership risk register as at 30 June 2016.

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

11 MUNICIPAL BOND AGENCY (Pages 121 - 130)

The UK Municipal Bonds Agency (MBA) was established by the Local Government Association (LGA) and 56 local authorities, including Surrey County Council, for the purpose of enabling local authorities to borrow on more favourable interest rates than would otherwise be available to the council and to provide an alternative to the Public Works Loan Board (PWLB). The Council became an equity shareholder in the MBA during late 2015, following approval by the Shareholder Board to invest in the company for the amount of £450,000 equity under delegated authority.

In order to be able to borrow for the purposes of capital funding from the MBA, a local authority must first accept the terms of a Framework Agreement and agree to joint and several guarantee. This means that local authorities on a proportional basis will be guaranteeing all the existing and future finance obligations of the MBA.

This Cabinet report will assess the risks of entering into the Framework Agreement and providing the Guarantee for the purposes of borrowing from the company, as well as assessing the safeguards and protections that are in place.

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

12 BUSINESS REMOVAL SERVICES CONTRACT AWARD (Pages 131 - 136)

This report seeks approval to award a framework agreement to Edward Baden Limited for the provision of Business Removal Services for the benefit of the Council as detailed in the recommendations to commence on 1 October 2016.

The report provides details of the procurement process, including the results of the evaluation process, and, in conjunction with the Part 2 report demonstrates why the recommended contract award delivers best value for money and therefore is a contributor to the strategic goal of Economic Prosperity within the Corporate Strategy 2016 – 21 to ensure Surrey's economy remains strong and sustainable.

N.B. an annex containing exempt information is contained in Part 2 of the agenda – item 16.

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

- 13 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING** (Pages 137 - 138)

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

Please note that the Annex to this report will be circulated separately prior to the Cabinet meeting.

14 EXCLUSION OF THE PUBLIC

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

PART TWO - IN PRIVATE

- 15 SURREY COUNTY COUNCIL HOME FROM HOSPITAL - CONTRACT AWARD** (Pages 139 - 144)

This is a part 2 annex relating to item 7.

Exempt: Not for publication under Paragraph 3

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

[The decision on this item may be called in by either the Council Overview Board or the Social Care Services Scrutiny Board]

- 16 BUSINESS REMOVAL SERVICES CONTRACT AWARD** (Pages 145 - 148)

This is a part 2 annex relating to item 12.

Exempt: Not for publication under Paragraph 3

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

[The decision on this item may be called in by the Council Overview Board]

- 17 PROPERTY TRANSACTIONS** (Pages 149 - 172)

Lease renewal.

Exempt: Not for publication under Paragraph 3

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

[The decision on this item may be called in by the Council Overview Board]

18 PUBLICITY FOR PART 2 ITEMS

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

David McNulty
Chief Executive
Wednesday, 6 July 2016

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

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

Please note:

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

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Thank you for your co-operation

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Social Care Services Board

Item under consideration: Consultation on a Revised Charging Policy for Adult Social Care Services

Date Considered: 23 June 2016

1. The Board was given a preliminary summary of the responses to the consultation and heard from representatives from the Surrey Coalition of Disabled People and Action for Carers.
2. It noted that there was strong resistance to the proposed changes and concerns about the detrimental impact on disabled people, their carers and families given the reduction in disposable income.
3. The Board expressed the view that there was not sufficient evidence of how the proposed changes would affect individuals in the Equalities Impact Assessment.
4. The Board was informed by the Cabinet Associate for Adult Social Care that the decision would see Surrey move in parallel with other local authorities. It was highlighted by the Board and external witnesses that the cost of living in Surrey was comparable to London, and not the local authorities cited in the consultation document.
5. The Board commented that it was not apparent whether the additional revenue generated as a result of the proposed changes would also mean additional implementation and administrative costs to the Council.
6. The Board expressed support for a set-up administration charge but questioned what weekly costs were being incurred that justified making an additional charge.
7. The Board understands the need for potential cost saving measures, but does not endorse the proposals as they currently stand, with the exception of the administration set-up fee.

It recommends:

- That the Cabinet demonstrate they have taken the impact of carers and families into account and have sought to mitigate this impact through a more robust Equalities Impact Assessment

- That Cabinet provide greater evidence for the cost-benefit of implementing the proposed changes to Adult Social Care charging policy
- That the Cabinet provide evidence as to how the administration fee is calculated and when it will be subject to review
- That, taking individual concerns into consideration, the Cabinet establish there are no indirect impacts on an individual's package arising from:
 - the implementation of the national living wage;
 - the review into the grants programme.

Keith Witham
Chairman of the Social Care Services Board

COUNCIL OVERVIEW BOARD

Item under consideration: MUNICIPAL BONDS AGENCY

Date Considered: 6 July 2016

1. At its meeting on 6 July 2016, the Council Overview Board considered the report on the Municipal Bonds Agency (MBA) Framework Agreement and Guarantee (item 11 of the Cabinet agenda for 14 July 2016) and sought clarification from the Director of Finance and the Strategic Finance Manager about the operation of the proposed arrangements. The Board was keen to understand more about the knowledge and experience of the MBA Board members, as well as the risks and benefits of seeking loans from the MBA compared to other existing options.
2. The Board noted that approval of the Framework Agreement and Guarantee was a necessary step to allow the Council to access loans from the MBA, but that this approval would not in itself result in any obligation to take out a loan or result in any liability for the Council in the event of a default in the loan repayment of any other authority. It was confirmed that any liability for the repayments of a defaulting authority would only arise if the Council itself took out a loan, and the extent of that liability would be in proportion to the loan taken and only apply to the specific bond issue from which the loan was drawn. If, for example the Council borrowed 10% of the capital available from a bond issue, it would only be liable for 10% of the value of the defaulted payments. The Board was reassured that the risk of any default was considered low in the light of the due diligence arrangements put in place by the MBA.
3. It was noted that, as a shareholder in the MBA, the Council would receive a dividend from any future profits, in proportion to the amount invested.
4. The Board welcomed the additional borrowing option that the MBA would provide and, whilst not a risk-free option, supported the principle of signing up to the Framework Agreement and Guarantee. However, the Board felt that a rigorous process needed to be in place to scrutinise any decision to take out a loan from the MBA, taking into account the risks involved and the terms available from any alternative sources of capital borrowing. It was also felt that for practical reasons relating to possible absences, it may be better if the delegation of borrowing decisions to the Director of Finance in recommendation (2) of the Cabinet report should be after consultation with either the Leader of the Council or the Cabinet Member for Business Services and Resident Experience, rather than just the Cabinet Member.
5. It was therefore **RECOMMENDED:**
 - (a) That a process be put in place to allow appropriate scrutiny of any proposal to seek a loan from the Municipal Bonds Agency, taking into account the need to review the risks involved, the terms available from any alternative sources of capital borrowing, and the need for timely

decision-making.

- (b) That the second recommendation of the Cabinet report be amended to read 'delegate borrowing decisions to the Director of Finance in consultation with the Leader of the Council or the Cabinet Member for Business Services and Resident Experience.'

Steve Cosser
Chairman of the Council Overview Board

SURREY COUNTY COUNCIL**CABINET****DATE: 14 JULY 2016****REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE****LEAD OFFICER: HELEN ATKINSON, STRATEGIC DIRECTOR ADULT SOCIAL CARE AND PUBLIC HEALTH****SUBJECT: CONSULTATION ON A REVISED CHARGING POLICY FOR ADULT SOCIAL CARE****SUMMARY OF ISSUE:**

One of the Council's strategic goals for the wellbeing of residents is to support our residents to live longer and live well. We do this in many ways with the aim of enabling people to live independently at home in their own community. We also support people to return home sooner from hospital with the care they need. Surrey's population is both rising and ageing. It is estimated that older people will make up 20% of the population by 2021, increasing the demand on health and social care services.

Income from charging is an essential contribution to Adult Social Care's budget to support the delivery of Adult Social Care Services to help people live and age well. The Council has faced a significant reduction of core central Government funding for 2016/17, alongside the increasing demographic demand for services.

At the Cabinet meeting on 22 March 2016 it was agreed that the Council would consult on proposals to revise the charging policy for Adult Social Care. If the proposals are not implemented, then it is likely that the additional savings required in their place, would affect a much wider range of individuals in receipt of care services. The proposed changes to the charging policy are therefore a more equitable approach, as they are based on each person's ability to pay towards their care, subject to their personal circumstances.

This report summarises the responses to the consultation and sets out a new charging policy for Adult Social Care services. The Cabinet should consider the summary of consultation responses which can be found at Annex 1.

RECOMMENDATIONS:

It is recommended that:

1. The Cabinet approves the charging policy for Adult Social Care at Annex 2.
2. These changes take effect from 3 October 2016.

REASON FOR RECOMMENDATIONS:

In light of the very significant financial pressures the Council faces and the increasing demand for services, it is important to review the charging policy to ensure that those

who are assessed as being in a position to contribute towards their care costs are making an appropriate contribution that will help maintain high quality care and support for all residents of Surrey with eligible social care needs.

The proposals do not significantly change charging for the majority of people in receipt of non-residential care and support, but will contribute to the sustainability of providing adult social care services.

The proposed policy will continue to provide an open and transparent framework which will enable people to make informed decisions about how their care and support needs may be met and will bring the Council's charging policy in line with the majority of other local authorities.

DETAILS:

The Council will charge an administration fee to full cost payers

1. If, after undertaking a financial assessment for care and support, the Council identifies that a person's resources are such that they are able to pay the full cost of their care and are not entitled to receive funding from Adult Social Care, the person may still ask the Council to meet their needs. This means that the Council will contract with a provider on behalf of the person in accordance with the Council's usual terms and conditions. However, the Council will ask the person to pay the full cost of their care and support package. In these circumstances, in addition to recovering the cost of the support, the Council may also levy an administrative charge to cover the cost of putting the arrangements in place.
2. The Cabinet agreed to consult on whether or not to charge a fee to cover the cost of putting arrangements in place, including any ongoing costs. A summary of the consultation responses is attached at Annex 1, proposal 1.
3. It is recommended that a charge will be made to offset the cost of putting these arrangements in place for new full cost payers. An initial set-up cost of £295 will be charged at the outset and thereafter a weekly fee of £5 will be charged for each week that the Council commissions support. If agreed, the charges will be introduced from 3 October 2016 and will be subject to annual review.

Increase in the percentage of available income taken in charges

4. For people in receipt of non-residential care and support, the financial assessment calculates the service user's total weekly income, less certain disregarded income, statutory allowances, certain housing costs and any disability related expenditure to determine the amount of net disposable income left over to contribute towards the cost of care and support. The Council's current charging policy is to take 90% of the net disposable income (after all allowances for expenditure) in charges.
5. Most neighbouring local authorities ask people to contribute 100% of net disposable income. Out of 15 county councils surveyed, including the majority with a close proximity to London, 13 councils ask people to contribute 100% and one authority is currently consulting on an increase to 100%. A table to show comparison with other county councils is attached at Annex 3. Increasing the percentage of net disposable income taken (after all allowances for

expenditure) from 90% to 100% would generate an additional £400k per annum income to the Council.

6. The Cabinet agreed to consult on whether or not to increase the amount of disposable income taken in charges from 90% to 100%. A summary of the consultation responses is attached at Annex 1, proposal 2.
7. It is recommended that the Council increases the percentage of available income taken in charges from the current 90% to 100%. The level of the disagreement with this proposal has been considered along with the potential benefit to the Council in supporting the sustainability of Adult Social Care services. If agreed the increase would take effect from 3 October 2016.

The full rate of Attendance Allowance (AA)/Disability Living Allowance (DLA) /Personal Independence Payment (PIP), excluding Mobility elements, to be taken into account as income

8. These disability benefits are for people in need of care and support and are intended to help with the costs of illness or disability. The Department of Health charging framework permits local authorities to take these benefits into account in full (with the exception of mobility elements which must be disregarded) when calculating available income. Under the current charging policy the Council disregards £27.20 per week, equivalent to the 'night time' support element of the higher rate of AA/DLA and the 'enhanced' rate of PIP daily living component. Taking the full rate of these benefits into account will generate an additional £1.1m per annum.
9. The Cabinet agreed to consult on whether or not to include the full rate of AA, DLA and PIP when calculating the amount of a person's available income for charging. A summary of the consultation responses is attached at Annex 1, proposal 3.
10. It is recommended that the Council takes the full rate of AA, DLA and PIP into account. The level of the disagreement with this proposal has been considered along with the potential benefit to the Council in supporting the sustainability of Adult Social Care services. The Council allows for all reasonable disability related expenditure, that is, the extra costs of illness or disability when calculating the amount of net disposable income available for charging and therefore the inclusion of these benefits in full is appropriate. If agreed the change would take effect from 3 October 2016.

Removal of the £20 per week disregard when charging for respite care

11. When assessing a person's ability to contribute towards respite care, in addition to allowing for reasonable household expenditure, the Council disregards £20 per week. This disregard was entirely at the Council's own discretion and has been in place for many years. Removal of the £20 disregard will generate an additional £59,000 per annum in income.
12. The Cabinet agreed to consult on whether or not to remove the discretionary disregard when calculating the amount of a person's available income for charging. A summary of the consultation responses is attached at Annex 1, proposal 4.

13. It is recommended that the Council no longer applies the disregard of £20 per week when charging for respite care. The level of the disagreement with this proposal has been considered along with the potential benefit to the Council in supporting the sustainability of Adult Social Care services. If agreed the change would take effect from 3 October 2016.

Summary of the impact of the proposals

14. The table below summarises the impact of the proposals on people who are supported by Adult Social Care.

Proposal	Numbers affected	Impact
1. Introduction of an administration fee for full cost payers	Estimated 80 people per annum	New people only, full cost payers. Not impacted by other proposals.
2. Increase in contribution of net available income to 100%	1,700	People currently assessed to pay a contribution will be impacted by this proposal
3. Include full rate of AA/DLA/PIP in the calculation of income	700	Of the 1,700 people currently assessed to pay a contribution 700 may also be impacted by this proposal
4. Removal of £20 per week disregard under the Respite charging policy	400	Not impacted by other proposals. Charges for respite care and support at home are not levied for the same period.

CONSULTATION:

15. Consultation on the proposed changes to the council's charging policy took place from 7th April 2016 to 16th June 2016 for a period of 10 weeks.
16. Consultation documents were sent to 6,992 people currently in receipt of chargeable services. A second letter was sent to the 700 or so people potentially impacted by two proposals to highlight the offer of a new financial assessment and encourage the return of the questionnaire. At the end of the consultation period we received 1,649 completed questionnaires, a response rate of 24%. The consultation documents included an accessible version. The consultation was also available on line via Surrey Says and 77 responses were received by this route. An analysis of the responses received is attached at Annex 1.
17. People were given the opportunity to comment on the proposals and a wide range of views were expressed, ranging from those who disagree with charging for social care services to those people who believe that the proposals were reasonable in the current financial climate. The responses have been considered and reflected in general terms in the Equality Impact Assessment (EIA) Annex 4.
18. Some people took the opportunity to raise matters with us about their care and support needs or their financial circumstances and we are in the process of following up on these requests.

19. Engagement has taken place with representatives of relevant user led organisations in relation to the potential impact of the changes and a detailed response has been received. Representatives from several user led organisations contributed to the EIA.

RISK MANAGEMENT AND IMPLICATIONS:

20. There is a reputational risk if the council implements policy changes but fails to consult on matters where the public expect to be consulted. The recommendations in this report reflect both the response rate and the analysis of responses received.

Financial and Value for Money Implications

21. In light of the very significant financial pressures the Council faces, it is important to review the charging policy to ensure that people who are assessed as being in a position to contribute towards their care are making an appropriate contribution that helps maintain high quality care for all residents of Surrey with eligible social care needs. As such, it is appropriate that administration charges are levied when commissioning care and support for individuals who have the means to make their own arrangements.
22. The proposal to increase the percentage of disposal income taken into account when calculating assessed charges for non residential care to 100% and taking into account the full rate of Attendance Allowance (AA)/Disability Living Allowance (DLA) /Personal Independence Payment (PIP), excluding Mobility elements, and removal of the £20 per week disregard when charging for respite care is estimated to generate £1.6m of additional income towards the forward budget. This will help to reduce the impact on front line services and will bring Surrey in line with the majority of other local authorities.
23. The additional £1.6m of income forecast from the proposed changes to Surrey's charging policy set out in this paper would reduce the requirement for savings to be delivered against the Adult Social Care budget.

Section 151 Officer Commentary

24. The income received from charging for social care is an important aspect of the Council's overall funding. The Section 151 Officer supports the policy changes outlined in this report, which will increase income received from charging to support the delivery of Adult Social Care services.

Legal Implications – Monitoring Officer

25. In recognition of its duty to consult, the Council carried out a 10 week consultation process which resulted in 1,649 completed responses. The consultation exercise was directed at consultees who were considered most likely to be affected by the proposals. All responses have been collated, summarised and will be considered by the Cabinet prior to making a decision on the recommendations made in this report. The Council is therefore satisfied that the duty to consult has been fulfilled.
26. When considering the recommendations, the Equality Act 2010 requires the Council to have due regard to the need to advance equality of opportunity for people with protected characteristics. Most of those affected by these

recommendations will have a protected characteristic so the public sector equality duty applies. Members should take into account the contents of the Equality Impact Assessment annexed to this report which sets out the positive and negative impacts of the proposals and an action plan. The assessment shows that there are some negative impacts that cannot be fully mitigated. In reaching the decision therefore, Members must balance the negative effect of the proposals on those who have been assessed as being in a position to contribute towards their care costs against the overall benefit of the sustainability of the provision of adult care services for vulnerable people with protected characteristics.

Equalities and Diversity

27. The equalities impact assessment can be found in Annex 4.

WHAT HAPPENS NEXT:

28. Subject to the Cabinet agreeing the recommendations:
- a) The Council will publish its revised policy on its website
 - b) Use the policy to revise its relevant public information
 - c) The policy will be implemented from 3 October 2016 and people will be reassessed accordingly.
 - d) The actions arising from the EIA will be implemented

Contact Officer: Toni Carney, Head of Resources, Adult Social Care, 01483 519473

Consulted:

Helen Atkinson – Strategic Director Adult Social Care & Public Health
 William House – Senior Principle Accountant
 Deborah Chantler – Principal Lawyer

Annexes: Annex 1 Responses to the Consultation 2016
Annex 2 Charging Policy – Adult Social Care Services
Annex 3 Comparison with other County Councils
Annex 4 Equalities Impact Assessment

Sources/background papers:

- Care Act 2014
 - Care Act 2014 Impact Assessment
 - Care and Support Statutory Guidance
 - The Care and Support (Charging and Assessment of Resources) Regulations 2014
-

Responses to the Charging Policy consultation 2016

We issued consultation documents to 6,992 people currently in receipt of chargeable services at home.

Proposal 1 : Power to make a charge for putting arrangements in place

The council is proposing to charge an arrangement fee to those people who are able to pay the full cost of their care and support at home but who, nevertheless, ask the council to make the arrangements with the relevant provider

Question 1. Do you agree that the council should charge an administrative fee to those people able to pay the full cost of their care?

Responses		Totals
Strongly Agree	142	612
Agree	470	
Neither agree nor disagree	352	352
Disagree	265	662
Strongly disagree	396	
Not answered	24	
		1649

Summary: The majority of people who returned the questionnaire either agree that the council should charge an administrative fee, or have not expressed a view on the matter. 41% of respondents disagreed with the proposal.

Proposal 2: Percentage of available income taken in charges

The council is proposing to increase the amount of available income taken into account in charges from 90% to 100%.

Question 2. Do you agree that the council should increase income taken into account 100%

Responses		Totals
Strongly Agree	59	290
Agree	231	
Neither agree nor disagree	320	320
Disagree	420	1012
Strongly disagree	582	
Not answered	27	27
		1649

Summary: 39% of people who responded either agree that the council should increase the % of available income, or did not express a view on the matter. 61% of respondents disagree with the proposal. The latter figure increased to 67% when responses were analysed to look at those people who currently pay a contribution and would be directly impacted by this proposal.

Proposal 3: Include the full rate of Attendance Allowance/Disability Living Allowance (Care Component)/Personal Independence Payment (daily living component) in the calculation of income.

The Council currently disregards £27.20 per week, equivalent to the 'night-time' support element of both higher rate Attendance Allowance and the higher rate Disability Living Allowance Care Component when calculating available income for care and support at home. This disregard has also been applied to the 'enhanced' rate of PIP daily living component. We are proposing to take the full rate of these benefits into account when calculating available income.

Question 3. Do you agree that the council should include the full rate of these benefits into account in the calculation of income?

Responses		Totals
Strongly Agree	49	
Agree	218	267
Neither agree nor disagree	337	337
Disagree	387	
Strongly disagree	621	1008
Not answered	37	37
		1649

Summary: 39% of people who responded either agree that the council should include the rate of these benefits, or did not express a view on the matter. 61% of respondents disagree with the proposal.

Proposal 4: Removal of the £20 per week disregard when charging for respite care

When the Council works out a person's ability to contribute towards respite care, in addition to allowing for reasonable household expenditure, the Council disregards £20 per week. We are proposing to remove the disregard from the respite charging policy.

Question 4. Do you agree that the council should remove the £20 per week disregard under the respite charging policy?

Responses		Totals
Strongly Agree	51	
Agree	210	261
Neither agree nor disagree	400	400
Disagree	420	
Strongly disagree	515	935
Not answered	53	53
		1649

Summary: 43% of people who responded either agree that the council should remove the disregard, or did not express a view on the matter. 57% of respondents disagree with the proposal.

Charging policy for Adult Social Care services

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Purpose

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1. This policy sets out Surrey County Council's position on charging for adult social care services.
2. It is effective from 3 October 2016. This policy has been produced in accordance with the legal requirements set out in:
 - [The Care Act 2014, Sections 14,17, 69 and 70](#)
 - [The Care and Support \(Charging and Assessment of Resources\) Regulations 2014](#)
 - [The Care and Support Statutory Guidance 2014](#)
3. The key elements that apply to charging for support services in the community and residential or nursing accommodation are described briefly within this document. There is a separate charging policy for the Council's Universal Deferred Payment scheme.
4. This policy clearly states the Council's position on areas where there is discretion within the legislation.

Background

5. The Care Act 2014 provides a single legal framework for charging for care and support. Where a local authority arranges care and support to meet a person's eligible need, the local authority has a power to charge that individual, except where the local authority is required to arrange care and support free of charge.
6. Surrey County Council will make a charge for adult social care support services, with the exception of those services listed in paragraph 13.

Principles

7. The Council will apply a means test to ensure that people are not charged more than they can reasonably afford to pay, in accordance with the above regulations and guidance.
8. Information on charging will be clear and transparent to ensure people know what they will be charged. A written record of the financial assessment will be given to the person to explain how the assessment has been carried out, what it will be, how often it will be made and the reason for any fluctuations.

Policy Statement

9. This policy has been developed following a consultation with Surrey residents currently receiving care and support who may be affected by any changes. It has been developed with reference to The Equality Act 2010 and the Public Sector Equality Duty. The Equalities Act requires public bodies to have due regard to the need to prevent discrimination, advance equal opportunities and encourage positive relationships.

Charging for residential and nursing care

10. Surrey County Council will charge for residential and nursing accommodation provided under the Care Act 2014, unless it is prohibited from doing so. The Council will use the legislation and guidance referred to in paragraph 2 above to assess the level of the adult's resources and the amount of any contribution the person is required to make.

Where a person has assets above the upper capital limit and the Council has a duty to make the arrangements for residential care and support services, the Council will apply an administrative fee to cover the cost of making the arrangements. The set-up fees from 3 October 2016 are:

- Arrangement fee of £295*
- Annual charge of £75* payable on 1 April each year

*Subject to annual review each April.

Charging for care and support at home

11. The following services **will** be charged for:

Home care services. This includes, for example, help with personal care, practical tasks, shopping, bathing, night care and night sitting and support workers.

Attendance at day services

Housing related support such as warden assistance

Supported Living and Extra Care Housing

Direct Payments (with the exception of those paid to carers)

Major adaptations to property

Transport

Respite care (including in residential accommodation)

12. When a person receives more than one of the above services, charges will not be made for any one service in isolation. The impact of charges for one service on the user's income will be taken into account in assessing whether a charge should be made for another service.
13. The following services **will not** be charged for:

Services for Carers

After-care services provided under section 117 of the Mental Health Act 1983

Services provided to a person suffering from any form of Creutzfeldt Jacob Disease

Equipment to help with daily living

Minor adaptations to property where the cost does not exceed £1000

Intermediate Care services, including reablement, of up to six weeks

Providing information and advice, assessments of need and support planning

Any service or part of a service that the National Health Service (NHS) has a duty to provide, this includes Continuing Healthcare and the NHS contribution to Registered Nursing Care.

Financial Assessment

14. The financial assessment will determine the person's 'ability to pay'; that is whether they will be required to pay all of, part of, or none of the cost of their care and support.
15. 'Ability to pay' is assessed by taking into account the person's capital, income, personal allowance, household expenditure, and disability related expenditure.
16. If a person declines a financial assessment it will be assumed that they can meet the full cost of their care and support from the start date of the service.

Where a person has assets above the upper capital limit and the Council has a duty to make the arrangements for non-residential care and support services, the Council will apply an administrative fee to cover the cost of making the arrangements. The set-up fees from 3 October 2016 are:

- Arrangement fee £295*
- Weekly fee of £5* for each week the Council commissions support

*Subject to annual review each April.

In these circumstances the Council will secure the person's agreement in writing to pay the actual cost of payments made on their behalf to care providers.

'Light –touch' financial assessments

In some circumstances the Council will consider that a financial assessment has already been carried out and there will be no need to go through the full process. *The main circumstances are:*

- Where a person has significant financial resources and does not want to have a financial assessment
- Where the Council is satisfied that the person can afford the charges due because their savings are clearly above the upper limit, any property taken into account is above the upper capital limit, or they would have sufficient income to pay the full cost
- Where there is a small or nominal charge for a service which the person can clearly meet
- Where the person is in receipt of Income Support or Guarantee Credit.

17. Evidence of these circumstances will be required.

As part of the 'light-touch' assessment' the Council must be satisfied that the person is willing to pay for their care and support as long as that care is needed.

The Council will make it clear to the person when it carries out a 'light-touch' financial assessment and of their right to request a full assessment.

Capital

Capital taken into account, capital disregarded and the value of capital and assets is as defined within the Care Act 2014 regulations, with additional guidance provided by the Care and Support Statutory Guidance 2014.

A person with capital or assets of more than the upper capital limit, other than the value of their main home, will be required to pay the full cost of their care and support. The upper capital limit for care and support at home is £24,500.

18. Tariff income from capital will be calculated in accordance with the regulations for those in residential or nursing accommodation. Tariff income from capital will be disregarded in full for those people receiving care and support at home.

Income taken into account, and income that is to be disregarded, is defined in the Care Act 2014 regulations, with additional guidance provided by the Care and Support Statutory Guidance 2014, with the exception of Tariff income, which will be calculated as stated as above.

19. The total of all income to be assessed is known as 'available income'.

Personal Allowances

20. A personal allowance will be calculated for the individual.
21. The personal allowance for non-residential services will equal the Minimum Income Guarantee set out in regulations each year.

Household expenditure

An allowance will be made for the following household expenditure for care and support at home:

- Mortgage repayments - net of payments from the Department of Work and Pensions or a mortgage protection scheme
 - Rent payments - net of housing benefit
 - Council tax payments - net of council tax benefit
 - Water rates and metered water charges
 - Buildings insurance
22. Allowances will be made in respect of Maintenance Orders determined by the Court or Child Support Agency (CSA).

Disability related expenditure

23. Allowance will be made for disability related expenditure (DRE) for care and support at home. Reasonable expenditure needed for independent living by the person, where they have little or no choice other than to incur that expenditure, will be allowed. This policy will ensure that assessed charges do not result in a person being left without the means to pay for any other necessary care, support or for other costs arising from their disability.
24. The council recognises that some people may not wish to discuss additional expenditure incurred due to their disability. A £20 disregard will be applied to all people in respect of these costs, regardless of whether or not the costs are actually incurred. This will ensure that the process of assessment is not made unduly complex for people.
25. The minimum £20 disregard will not prevent proper consideration of a person's full disability related expenses. Everybody will be given the opportunity to identify costs in excess of the £20 disregard and will be supported and given personal assistance in claiming such costs where applicable.
26. A list of possible disability related costs and examples of reasonable evidence requirements are found in Appendix A. The list is neither exclusive nor exhaustive and will be reviewed as part of the monitoring of the implementation of this policy. Discretion will need to be given on the level of costs claimed taking into account an individual's particular circumstances.
27. The Council may verify that items claimed for have actually been purchased, particularly for unusual items or where there is a high cost. Evidence of DRE will be requested at the Council's discretion. Where evidence is not available, the assessment will take into account the person's views and a request will be made for future receipts to be retained. If, despite a request to keep receipts, a person does not do so, and there is doubt about the expenditure, the cost will not be included in the assessment.
28. Costs claimed which arise from personal choice for a higher quality product or service than that provided by the council will not be taken into account. Where a reasonable alternative is available for a lesser cost, an amount equal to the lesser cost will be allowed for.

Assessing Ability to Pay

29. The person's net available income (NAI), upon which a charge can be made, will be calculated as follows for care and support at home:

Total of 'available income'
less

Minimum Income Guarantee
 Household expenditure
 Disability related expenditure
 = **Net available income (NAI)**

30. The Council seeks to ensure that a person's independent living is not undermined by its charging policy. The intention of the Minimum Income Guarantee (set in Regulations each year) is to promote independence and social inclusion and ensure that people have sufficient funds to meet basic needs, after all essential housing costs and after disability related expenditure.
31. Following a change in circumstances, a reassessment of ability to pay can be requested by the person or their representative at any time.
32. If the Council has reason to believe that a person has access to means held by a partner or spouse, other than those disclosed, the council may make a request for the partner or spouse to disclose his or her relevant resources. If there is no such disclosure, the council may consider that it is not satisfied that the person has insufficient means to pay for the service. In such circumstances the council will consider the case in the light of legal advice.
33. When assessing one member of a couple, that person will be assessed on their own resources:
 - 100% of solely owned and 50% of all jointly owned capital will be taken into account
 - All assessable income appropriate to the service user will be taken into account. Where benefits are paid at the couple rate, the benefit will be apportioned
 - 50% of the couple's total joint household expenditure will be allowed for
 - The Minimum Income Guarantee will be based on that of a single person
 - Disability Related Expenditure relating to the individual will be allowed for

The Assessed charge

34. The assessed charge will be equivalent to the person's ability to pay; that is 100% of Net Available Income, or the actual cost of the care and support, whichever is the lower amount. The assessed charge for respite care will be in accordance with the regulations for those in residential or nursing accommodation, allowing for essential household expenditure.

35. Parents and other members of an adult's family will not be required to pay the charges – except in certain legal circumstances, for example, where a family member may be managing the service user's own resources, or where a service user has died and money is owed to the Council from the estate.

Direct Payments and paying charges

36. Direct Payments are money paid to people to meet their eligible support needs. The amount of the direct payment depends on their needs and the outcome of the financial assessment. They allow people to have more independence, choice and control by enabling them to arrange their own care and support.
37. If a person has eligible needs and, following a financial assessment, is entitled to funding to help them meet those needs, that funding will be via a Direct Payment unless the person does not want this or cannot have one for reasons stated in the legislation.
38. Our preferred arrangement is to pay Direct Payments via a Prepaid Account, net of the assessed charge.
39. If the Council arranges care and support for somebody and they are required to pay for some or all of their care and support charges, the Council will tell them about this clearly and will collect the amount owed.
40. The charge will apply from the start date of the service.

Welfare benefits check

41. An integral part of the financial assessment will be to offer welfare benefits advice. Advice will be offered about entitlement, assistance with the completion of claim forms and follow-up action.
42. Advice will not be limited to benefits directly affecting charges. Equal emphasis to benefit entitlements will be given, irrespective of the impact on income to the council.
43. People who prefer to obtain welfare benefits advice from an independent source will be offered this choice.

Information and advice

44. The Council will, as a minimum, provide information and advice throughout the financial assessment process and refer people for independent financial advice where needed, in line with its legal duties.

Reviews, Appeals and Complaints

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45. People will be informed of their right to ask the council for a review of the charge which has been assessed, if he or she considers that they cannot afford to pay it.
46. The council will ensure the facility for a review is accessible to all and will ensure consistency on decisions. Information leaflets and correspondence notifying charges will include reference to the facility to ensure good practice.
47. People will be made aware of their right to an appeal if, following the outcome of a review, he or she still considers they cannot afford to pay.
48. People will be made aware of their right to make a formal complaint.
49. Services to meet assessed needs will not be refused or withdrawn if a person refuses to pay their assessed contributions. If a service user refuses to pay, the council will continue to provide services and the debt will be pursued, if necessary through the civil courts.
50. Complaints about the financial assessment process or Adult Social Care can be made through the Adult Social Care complaints procedure in the following ways:

Online: fill in our [online customer feedback form](#)

Post: fill in our [printable Adults Complaints form](#) attached below.

You can also request a form from the [Adult Social Care helpline](#) by phoning 0300 200 1005 and post it to the team that provides you with a service, or

Write to:

Adult Social Care Customer Relations Team
 Surrey County Council
 Millmead House
 Millmead
 Guildford
 Surrey GU2 4BB

Email: asc.customerrelations@surreycc.gov.uk

More information on providing Adult Social Care with your feedback, compliments or complaints can be found on the Council's website:

www.surreycc.gov.uk

Appendix A

Examples of disability related expenditure and reasonable evidence requirements:

This list is neither exclusive nor exhaustive and will be reviewed as part of the monitoring of the implementation of this policy. Discretion will be given on the level of costs claimed taking into account an individual's particular circumstances. Evidence will be sought, where reasonable, at the council's discretion.

Item of expenditure	Limitations	Evidence of
Private domestic help	Actual cost where Care Manager confirms requirement as part of care plan and Surrey supported care is reduced accordingly. In accordance with Direct Payment rulings, payment to family members is not allowed. Max of 2 hours care where not a requirement of the care plan	4 weeks of signed receipts using a receipt book
Privately arranged care	As per private domestic help	4 weeks of signed receipts using a receipt book
Gardening	Basic lawn cutting and gardening	4 weeks of signed receipts using a receipt book
Special dietary needs	Discretionary; noting that special dietary needs may not always be more expensive than a standard diet. Meals-on-wheels will not be taken as DRE - this cost subsidises for ordinary expenditure	Details and frequency of special purchases.
Special clothing or footwear	Actual cost where the disability is likely to incur this cost, noting that standard replacement clothing or footwear is relatively infrequent	Receipts. Request for future receipts to be kept if unavailable.

Frequently replaced bedding	Actual cost where the disability is likely to incur this cost as normal, noting that replacement of bedding is relatively infrequent	Receipts. Request for future receipts to be kept if unavailable.
Additional laundry	Additional electricity and water will be identified in fuel costs and water in water rates	Care plan identifies incontinence
Medical and chemist items	NHS provides incontinence items. Consider items that should be made available via prescription. Allow cost of annual season ticket divided by 52wks or actual cost, whichever the less	Receipts. Request for future receipts to be kept if unavailable
Chiropody	6 weekly visits, noting that diabetics receive free chiropody via the NHS	Unable to do for self and unavailable form NHS
Treatments	Alternative therapy e.g. acupuncture, homeopathy etc	Receipts. Request for future receipts to be kept if unavailable. Input from care manager.
Transport	Transport costs where they are greater than those incurred by an able bodied person. Where DLA Mobility component is in payment, only those costs over and above the Mobility in payment and available to meet these costs will be allowed	Care plan will identify mobility difficulties.
Mobile phone	Lowest monthly rental charge and emergency calls only	Phone bill and care manager to confirm essential need

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Disability equipment	Essential equipment required and maintenance cost. Mobility aids over and above DLA Mobility in payment and available.	Receipts. Care manger or OT to confirm essential requirement
Community alarm system	Actual cost if not met by Housing Benefit or Supporting People	Bills from provider
Additional fuel	Additional fuel, only where incurred due to disability, over and above Family Expenditure Survey guidelines	Annual receipts for all fuel types
Breakages	Actual cost where caused by disability	Receipts. Request for future receipts to be kept if unavailable

Comparison with other County Councils

Local Authority	Current % of available income taken in charges
Surrey	90%
Buckinghamshire	100%
Oxfordshire	100%
Hertfordshire	100%
Hampshire (currently consulting on an increase to 100%)	95%
West Sussex	100%
Cambridgeshire	100%
Gloucestershire	100%
Kent	100%
Leicestershire	100%
Essex	90%
Warwickshire	100%
Dorset	100%
Worcestershire	100%
East Sussex	100%
Devon	100%

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1. Topic of assessment

EIA title:	Charging Policy for Adult Social Care Services
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EIA author:	Toni Carney, Head of Resources
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2. Approval

	Name	Date approved
Approved by	Helen Atkinson	28 June 2016

3. Quality control

Version number	3	EIA completed	22/06/2016
Date saved	28 /06/2016	EIA published	01/07/2016

4. EIA team

Name	Job title (if applicable)	Organisation	Role
Pam Hassett	Senior Manager	Surrey County Council	Project Team
Dina Bouwmeester	Policy Development Manager	Surrey County Council	Project Team

5. Explaining the matter being assessed

<p>What policy, function or service is being introduced or reviewed?</p>	<p>In April 2015 Surrey County Council adopted the current Charging Policy to adhere to the Care Act 2014 and supporting regulations and statutory guidance.</p> <p>The policy affects all residents of Surrey who are assessed as needing chargeable care and support services. Any adult needing care and support is assessed to see if they need to contribute towards their care costs. The charging policy sets out in clear terms how contributions are calculated. The resident is informed of their assessed charge and how it was arrived at so they can plan their care.</p>
<p>What proposals are you assessing?</p>	<p>The proposed changes to the charging policy are as follows:</p> <ol style="list-style-type: none"> 1. The council will charge an administration fee in any case where the person is able to pay the full cost of their care and support at home but nevertheless the person asks the council to make the arrangements for the placement under the council's usual terms and conditions. 2. The council will increase the percentage of available income contributed in charges for non-residential services from 90% to 100% 3. The council will include the full rate of higher rate Attendance Allowance/Disability Living Allowance Care Component/Personal Independence Payment (excluding mobility components) in the calculation of income. 4. The council will no longer disregard £20 per week when calculating the available income for charging for respite care. <p>Income from charging is an important contribution to Adult Social Care's budget to help maintain front-line services and the council exercises the power to charge for all residential and nursing care and non-residential services unless it is prohibited from charging under the regulations or otherwise outside of our current policy</p> <p>Charging an administration fee for putting arrangements in place</p> <p>From 1 April 2015, when a person has capital above the upper capital limit (£24,500 for people living at home), and would be required to fund their own care, the person can still request that the council makes arrangements for their care and support needs to be met. The council may charge an arrangement fee to cover the cost of managing the contract with the provider and any administration costs. It is proposed that an administrative charge will be made. An initial set-up cost of £295 will be charged at the outset and thereafter a weekly fee of £5 will be charged for each week that the council commissions support.</p>

Percentage of available income taken in charges

For people in receipt of non-residential care and support, the financial assessment calculates the service user's total weekly income, less certain disregarded income, statutory allowances, certain housing costs and any disability related expenditure to determine the amount of net disposable income left over for charging. The Department of Health recommends that local authorities should consider whether it is appropriate to set a maximum percentage of disposable income which may be taken into account in charges. Many neighbouring local authorities take between 90% and 100% of available income. The current contribution in Surrey is 90% of net available income.

The full rate of Attendance Allowance/ Disability Living Allowance/Personal Independence Payment (excluding mobility elements) should be included in the calculation of income

Under the current charging policy, the council disregards £27.20 per week, equivalent to the 'night-time' support element of both higher rate Attendance Allowance [AA] and the higher rate Disability Living Allowance [DLA] Care Component when calculating available income for care and support at home. This disregard has also been applied to the 'enhanced' rate of Personal Independence Payments [PIP] daily living component. The charging framework permits local authorities to take the benefits into account in full.

It is proposed that the council takes the full rate of AA, DLA and PIP (excluding mobility components) into account when calculating income. The council allows for all reasonable disability related expenditure when calculating the amount of net disposable income available for charging and therefore the inclusion of these benefits in full is appropriate.

Removal of the £20 per week disregard when charging for respite care.

When assessing a person's ability to contribute towards respite care in a residential or nursing home, in addition to allowing for reasonable household expenditure, the council disregards £20 per week. This disregard has been in place for many years. It is proposed that the council removes this disregard from the respite charging policy.

Who is affected by the proposals outlined above?

The proposals will affect those residents of Surrey who have eligible needs and are supported to remain in their own homes. The proposals will affect those who are currently receiving services who have already been financially assessed as well as those who are assessed as having needs in the future. There may also be an impact on the carers and families of those individuals.

Surrey County Council staff will not be directly affected by the changes; however they will need to understand the new policy and any new procedures which come out of the proposals. Staff in frontline teams will also need to understand the policy so they can provide appropriate advice and guidance during assessments.

External organisations will not be directly affected; however there may be an increase in demand on information, advice and advocacy services and as such, organisations will need to have an awareness of the changes to the charging policy so that they are able to provide correct advice and guidance to their customers.

6. Sources of information

Engagement carried out

- Consultation on the proposed changes to the council's charging policy took place from 7th April 2016 to 16th June 2016 for a period of 10 weeks.
- All current people in receipt of chargeable services were sent copies of the consultation documents, a further letter was sent to those people impacted by proposals 2 and 3, to encourage people to respond to the consultation.
- The consultation also appeared on the Council's consultation web pages, 'Surrey Says.'
- Representatives of relevant user led organisations, including Surrey Coalition for Disabled People, Sight for Surrey, Age UK and Action for Carers were consulted on the EIA and contributed to the final version.
- Scrutiny from the Social Care Services Board on 23 June 2016

Data used

The following data has been used to inform changes to the charging policy.

- Surrey County Council in house data from the Adults Information System (AIS) database on client characteristics
- Joint Strategic Needs Assessment (JSNA) data on the profile of Surrey's population broken down by the protected characteristics.
- Feedback from the 10 week consultation

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

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

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 33</p> <p style="text-align: center;">Age</p>	<p><i>1) Charging an administration fee to offset the costs of commissioning care for full cost payers at home</i></p> <p>People who ask the council to make arrangements for them may benefit from decreased rates of payment as the council negotiates reduced rates in some circumstances compared to those which private buyers are able to achieve. Even if an administration fee is charged this may be cost effective for some people.</p> <p><i>2) Increasing available income contributed in charges from 90% to 100%</i></p> <p>Increasing the contribution in available income will mean that there will be a larger contribution paid towards the overall Adult Social Care budget which may help in the longer term to ensure that council services are sustainable for vulnerable groups with the protected</p>	<p><i>1) Charging an administration fee to offset the costs of commissioning care for full cost payers at home</i></p> <p>This may preclude self funding clients from accessing our professional services to arrange care and support as they do not want to pay an administration charge. There is also concern that the reference to administration fees may prevent people from seeking an assessment in the first instance.</p> <p><i>2) Increasing available income contributed in charges from 90% to 100%</i></p> <p>This could have a negative impact in that it will reduce the disposable income of people who are charged for services. We do not know on an individual basis what people spend their disposable income on and consequently cannot analyse the impact of decreasing that amount.</p>	<p>Adult Social Care records show that around 80 people have asked the council to commission their care and report at home since April 2015.</p> <p>Joint Strategic Needs Assessment: Data shows that Surrey has a higher proportion of people over eighty five years old and estimates that this population is set to double by 2033. This will lead to a greater demand on council services and a higher number of people who are able to fund their own care seeking advice and support.</p> <p>Approximately 1700 people will be affected</p> <p>The average weekly increase will be £4.85 per week; the range of increases will be £0.21 to £66.47 per week</p>

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p>Page 34</p>	<p>characteristics.</p> <p>People will be offered a further financial reassessment which may highlight their entitlement to other benefits, identify other DRE, or other change of circumstance they have not previously stated.</p> <p>3) <i>The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.</i></p> <p>Increasing the income from charging will mean that there will be a larger contribution paid towards the overall Adult Social Care budget which may help in the longer term to ensure that council services are sustainable or increased for vulnerable groups with the protected characteristics.</p>	<p>People’s well-being could be impacted if they do not have the means to purchase one off items of occasional expenditure or do not have the funds to socialise and could become socially isolated.</p> <p>An increase in care charges could be compounded by other changes in the welfare benefit system for some people, creating a larger and more complex negative impact.</p> <p>3) <i>The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.</i></p> <p>This could have a negative impact in that it will reduce the disposable income of people who are charged for services. We do not know on an individual basis what people spend their disposable income on and consequently cannot analyse the impact of decreasing that amount. All reasonable disability related expenditure is taken into account</p>	<p>There are approximately 700 people in Surrey who would be directly impacted by this proposal</p>

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 35</p>	<p>4) <i>Removal of the £20 per week disregard when charging for respite care.</i></p> <p>As above</p>	<p>when assessing the amount of income available for charging.</p> <p>4) <i>Removal of the £20 per week disregard when charging for respite care.</i></p> <p>As above</p>	<p>It is estimated that around 400 people would be affected by this proposal</p> <p>Consultation documents were sent to 6,992 people currently in receipt of chargeable services. A second letter was sent to the 700 or so people potentially impacted by two proposals to highlight the offer of a new financial assessment and encourage the return of the questionnaire. At the end of the consultation period 1,649 responses were received. People were given the opportunity to comment on the proposals and a wide range of views were expressed, ranging from those people who disagree with charging for social care to those people who believe that the proposals were reasonable in the current financial climate. The responses have been considered and are reflected in general terms in the EIA.</p>
<p>Disability</p>	<p>Same as above</p>	<p>Same as above</p>	<p>Same as above</p>
<p>Carers, including Young Carers</p>	<p>1) <i>Charging an administration fee to offset the costs of commissioning care for full cost payers at home</i></p> <p>People who ask the council to make</p>	<p>1) <i>Charging an administration fee to offset the costs of commissioning care for full cost payers at home</i></p> <p>This may preclude self funding</p>	<p>The number of carers impacted by the proposals cannot reasonably be quantified.</p> <p>However, it is likely that it will be</p>

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p>Page 36</p>	<p>arrangements for them may benefit from decreased rates of payment as the council negotiates reduced rates in some circumstances compared to those which private buyers are able to achieve. Even if an administration fee is charged this may be cost effective for some people. This could be of benefit to carers as well as the cared for person.</p> <p><i>2) Increasing available income contributed in charges from 90% to 100%</i></p> <p>Increasing the contribution in available income will mean that there will be a larger contribution paid towards the overall Adult Social Care budget which may help in the longer term to ensure that council services are sustainable for vulnerable groups with the protected characteristics.</p>	<p>clients from accessing our professional services to arrange care and support as they may not want to pay an administration charge. This could result in their carers not seeking information, advice or support in their own right. This could lead to increased stress on the carers of an individual and impact their health and wellbeing.</p> <p><i>2) Increasing available income contributed in charges from 90% to 100%</i></p> <p>This could have a negative impact in that it will reduce the disposable income of people who are charged for services. We do not know on an individual basis what people spend their disposable income on and consequently cannot analyse the impact of decreasing that amount. It may produce an indirect cost to the carer/young carer if they chose to provide additional financial support or increased stress if they feel they have to meet additional 'needs' the individual was paying for using their disposable income. This could negatively impact carers/young</p>	<p>significantly less than the number of people directly impacted.</p>

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 37</p>	<p>People will be offered a further financial reassessment which may highlight their entitlement to other benefits, identify other DRE, or other change of circumstance they have not previously stated. It may also highlight addition benefits that carers are entitled to.</p> <p><i>3) The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.</i></p> <p>Increasing the income from charging will mean that there will be a larger contribution paid towards the overall Adult Social Care budget which may</p>	<p>carers health and wellbeing.</p> <p>People's well-being could also be impacted if they do not have the means to purchase one off items of occasional expenditure.</p> <p>An increase in care charges could be compounded by other changes in the welfare benefit system for some disabled people, carers and families e.g. changes to PIP, minimum wage affecting receipt of carers allowance, potentially creating a larger and more complex negative impact. This could result in an increased burden on carers, and negatively impact their health and wellbeing.</p> <p><i>3) The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.</i></p> <p>This could have a negative impact in that it will reduce the disposable income of people who are charged for services. We do not know on an</p>	

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 38</p>	<p>help in the longer term to ensure that council services are sustainable or increased for vulnerable groups with the protected characteristics.</p> <p><i>4) Removal of the £20 per week disregard when charging for respite care.</i></p> <p>As above</p>	<p>individual basis what people spend their disposable income on and consequently cannot analyse the impact of decreasing that amount. It may produce an indirect cost to the carer/young carer if they chose to provide additional financial support or increased stress if they feel they have to meet additional 'needs' the individual was paying for using their disposable income. This could negatively impact carers/young carers health and wellbeing.</p> <p>People's well-being could also be impacted if they do not have the means to purchase one off items of occasional expenditure.</p> <p><i>4) Removal of the £20 per week disregard when charging for respite care.</i></p> <p>By removing the £20 disregard some carers may be deterred from taking respite or may feel they need to 'top up' any additional cost. This could negatively impact carers.</p>	

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
		.	
Gender reassignment	No impact	No impact	No impact
Pregnancy and maternity	No impact	No impact	No impact
Race	No impact	No impact	No impact
Religion and belief	No impact	No impact	No impact
Sex	No impact	No impact	No impact
Sexual orientation	No impact	No impact	No impact
Marriage and civil partnerships	No impact	No impact	No impact

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

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Age	These proposals do not impact on staff, unless they are in receipt of services in which case see above.	These proposals do not impact on staff, unless they are in receipt of services in which case see above.	These proposals do not impact on staff, unless they are in receipt of services in which case see above.

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
Disability	As above	As above	As above
Carers	As above	As above	As above
Gender reassignment	As above	As above	As above
Pregnancy and maternity	As above	As above	As above
Race	As above	As above	As above
Religion and belief	As above	As above	As above
Sex	As above	As above	As above
Sexual orientation	As above	As above	As above
Marriage and civil partnerships	As above	As above	As above

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8. Amendments to the proposals

Change	Reason for change
None	

9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
<i>The actions below would need to be undertaken should the recommendations made to Cabinet be agreed.</i>			
<i>1) Charging an administration fee to offset the costs of commissioning care for full cost payers at home</i>	<p>Review the administration charge annually to ensure it is covering no more than the cost of the process to the Council</p> <p>Periodically benchmark with other councils in relation to their administration fees</p> <p>The council has a duty to assess needs and will continue to do so regardless of the person's financial circumstances. This duty will be promoted to ensure people seek support to enable people to remain independent in their own homes.</p>	Annually	Toni Carney
<i>2) Increasing available income contributed in charges from 90% to 100%</i>	<p>Any person in receipt of a chargeable adult social care services may request a new financial assessment under any revised policy.</p> <p>Promote awareness of other forms of support available to people for the payment of significant items/services e.g. white goods, property maintenance. This will include signposting via SIP and within charging leaflets/information. Co-design with representative groups on this communication to</p>	<p>July 2016 onwards</p> <p>October 2016</p>	Toni Carney

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
	<p>ensure it is as effective as possible, particularly Age UK in respect of older people and Action for Carers, to support carers.</p> <p>Maintain the disregard of Tariff Income from capital within the current policy. This will mean that capital is not reduced through care charges and could be used e.g. to fund unexpected costs or significant items/services.</p> <p>Continue to promote face to face financial assessment support to ensure that Disability Related Expenditure (DRE) is identified, and other benefit entitlement is maximised.</p> <p>Provide guidance to staff to ensure that where appropriate, specialist support is provided at the financial assessment, specifically for deaf/blind people who would benefit from a Communicator Guide</p> <p>Maintain free services to Carers within the current policy.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>October 2016</p> <p>Ongoing</p>	
<p>3) <i>The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.</i></p>	<p>As above</p>	<p>As above</p>	<p>As above</p>
<p>4) <i>Removal of the £20 per week disregard when charging for respite care.</i></p>	<p>Continue to promote carers assessments to ensure carers have adequate support.</p> <p>Develop an effective way to monitor any potential impact on</p>	<p>As above</p>	<p>As above</p>

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
	carers		

10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
<p>The disposable income of residents would be lowered if the council increases individual's contributions to care.</p> <p>By removing the £20 disregard some carers may be deterred from taking respite or may feel they need to 'top up' any additional cost. This could negatively impact carers. As stated in page 3 above this only applies to respite care in the form of residential or nursing care, for the cared for individual.</p>	Age, disability, carer

11. Summary of key impacts and actions

<p>Information and engagement underpinning equalities analysis</p>	<ul style="list-style-type: none"> • 10 week consultation • Consultation with relevant User Led Organisations on the completion of the EIA • Focus group with Members and people receiving services • Scrutiny from the Social Care Services Board on 23 June 2016
<p>Key impacts (positive and/or negative) on people with protected characteristics</p>	<p><i>1) Charging an administration fee where a person is able to pay the full cost of their care and support</i></p> <ul style="list-style-type: none"> • This may have a positive impact on Surrey residents needing care and support who would normally have to make their own arrangements. This group will be able to access services at a lower rate which will offset any administration fee charged. • A potential negative impact is that people who fund their own care may be put off using Surrey services due to having to pay an administration fee. This could also have a negative impact on carers as described above.

	<p><i>2) Increasing the amount of available income contributed in charges from 90% to 100%</i></p> <ul style="list-style-type: none"> • Increasing the amount taken to 100% will bring greater income to Adult Social Care to enable ASC to continue to support people to live well at home independently for as long as possible. • A negative impact of this policy would be that the disposable income of residents would be lowered if the council takes more in way of contributions to care. • This could also have a negative impact on carers as described above <p><i>3) The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.</i></p> <p style="text-align: center;">As in 2 above</p> <p><i>4) Removal of the £20 per week disregard when charging for respite care.</i></p> <ul style="list-style-type: none"> • By removing the £20 disregard some carers may be deterred from taking respite or may feel they need to 'top up' any additional cost. This could negatively impact carers. As stated in page 3 above this only applies to respite care in the form of residential or nursing care, for the cared for individual
<p>Changes you have made to the proposal as a result of the EIA</p>	
<p>Key mitigating actions planned to address any outstanding negative impacts</p>	<p><i>1) Power to make a charge of an administration fee where a person is able to pay the full cost of their care and support</i></p> <ul style="list-style-type: none"> • Cost of charge may be offset by the reduced cost to people who fund their own care of paying for services when these are organised by the council. • In all other respects ensure frontline social care staff support people who fund their own care on an equivalent basis to those in receipt of local authority funding, including the offer of free assessments of their needs, universal information and advice, and signposting to appropriate sources of support, including family, friends and community support. To achieve this through staff training and ongoing development.

2) Increasing the amount of available income contributed in charges from 90% to 100%

- Write to affected residents offering a reassessment of their financial situation if they feel the charge is not financially sustainable.
- Continue to support frontline social care staff to advise and signpost all residents requiring support, irrespective of their level of funding, on how they can access family, friends and community support, some of which may be free of charge at the point of access.
- Promote awareness of other forms of support available to people for the payment of significant items/services e.g. white goods, property maintenance. This will include signposting via SIP and within charging leaflets/information. Co-design with representative groups on this communication to ensure it is as effective as possible, particularly Age UK in respect of older people and Action for Carers, to support carers.
- Maintain the disregard of Tariff Income from capital within the current policy. This will mean that capital is not reduced through care charges and could be used e.g. to fund unexpected costs or significant items/services.
- Continue to promote face to face financial assessment support to ensure that Disability Related Expenditure (DRE) is identified, and other benefit entitlement is maximised.
- Provide guidance to staff to ensure that where appropriate, specialist support is provided at the financial assessment, specifically for deaf/blind people who would benefit from a Communicator Guide
- Maintain free services to Carers within the current policy.

3) The council will include the full rate of Higher Rate Attendance Allowance/Disability Living Allowance/Personal Independence Payment in the calculation of income.

As in 2 above

	<p>4) <i>Removal of the £20 per week disregard when charging for respite care.</i></p> <p>As in 2 above</p> <ul style="list-style-type: none"> • Continue to promote carers assessments to ensure carers have adequate support.
<p>Potential negative impacts that cannot be mitigated</p>	<ul style="list-style-type: none"> • The disposable income of residents would be lowered if the council takes more in way of contributions to care. • By removing the £20 disregard some carers may be deterred from taking respite or may feel they need to 'top up' any additional cost. This could negatively impact carers. As stated in page 3 above this only applies to respite care in the form of residential or nursing care, for the cared for individual.

SURREY COUNTY COUNCIL**CABINET****DATE: 14 JULY 2016****REPORT OF: MR MEL FEW, CABINET MEMBER FOR ADULT SOCIAL CARE, WELLBEING AND INDEPENDENCE****LEAD OFFICER: HELEN ATKINSON, STRATEGIC DIRECTOR ADULT SOCIAL CARE AND PUBLIC HEALTH****SUBJECT: SURREY COUNTY COUNCIL HOME FROM HOSPITAL SUPPORT SERVICES – CONTRACT AWARD****SUMMARY OF ISSUE:**

This report seeks approval from Cabinet to award two contracts for the provision of a Home from Hospital support service to commence 1 October 2016.

The Home from Hospital support service provides assistance to vulnerable people who are discharged from hospital and returning to their home. It enables people to regain their confidence and ability to live in their own home and re-connect with the community.

In response to the identified need for a Home from Hospital support service and the changing demographics of Surrey, officers undertook a joint procurement exercise with Surrey's six main Clinical Commissioning Groups (CCGs) to identify and secure the most appropriate way to deliver a Home from Hospital support service in Surrey. The report provides details of the collaborative procurement exercise, including results of the evaluation process and demonstrates why the recommended contract awards deliver best value for money.

This service is aligned to the Council's strategic goal of Wellbeing through supporting vulnerable people on their return Home from Hospital.

RECOMMENDATIONS:

It is recommended that:

1. The contracts are awarded for one year, from 1 October 2016 with an option to extend for two further periods of one year each.
 - Red Cross – Lot 3 East Surrey.
 - Home Group Limited – Lot 1 Northwest Surrey, Lot 2 Surrey Downs, Lot 4 Guildford and Waverley, Lot 5 Surrey Heath, North East Hampshire and Farnham.
2. The combined annual contract value of the two contracts awarded is £335,000.00 (£1,005,000.00 including extension periods).

REASON FOR RECOMMENDATIONS:

The existing grant agreement, which is funded from the Better Care Fund, will expire

on 30 September 2016. There is a continuing need for a service to support individuals who are ready to be discharged from hospital and return home with short term support. This service has contributed towards a reduction in hospital readmissions and gives confidence to individuals to continue living at home. This tender exercise was conducted in compliance with procurement legislation and Procurement Standing Orders. The recommendations provide best value for money for the Council and the Clinical Commissioning Groups.

DETAILS:

Business Case

1. This service will maintain the individual's independence and in many instances delay care and support needs increasing to higher levels which may then require Adult Social Care eligible support.
2. These contracts will continue to allow the Clinical Commissioning Groups across Surrey to utilise this service.

Current Home from Hospital Grant Agreements

- The current Home from Hospital service has been funded by way of a grant agreement, which has been extended annually.
- In December 2015 it was identified that this service should go through a procurement tender exercise in compliance with procurement regulations in order to stimulate the market, grow local business and meet local needs. It provided the opportunity to review and redefine the service requirements at a local level.

Procurement Options

3. An increase in demand due to an aging population with complex needs, NHS re-organisation with the formation of the CCGs and the realignment of the Council's commissioning teams at a local level created an opportunity to discuss a possible joint tender exercise to meet local resident needs.
4. Several options had been considered by Council and the CCGs for the future of this service:
 - Option 1: Do nothing and stop the service; this action would immediately reduce the ability to discharge some people from hospital. Potentially, the cost to Adult Social Care would increase because if an individual's low level need on discharge is not met, their needs would increase requiring more Adult Social Care eligible services to be put in place.
 - Option 2: Bring the service in-house; the Adult Social Care Directorate does not have an internal voluntary workforce who would be able to offer this service, thus costs would significantly increase. It is also likely that the cost of in-house provision would be higher than externally provided alternatives.
 - Option 3: Re-tender for one county-wide contract; this was not possible because Adult Social Care and the Clinical Commissioning Groups are working to meet their own local needs and there are different service requirements.

- Option 4: Split the contract into five lot areas to meet local needs and encourage local business growth.
5. Option 4 was selected, to ensure local needs were met and market growth stimulated. A full tender process was carried out using an electronic tendering platform, compliant with the Council's Procurement Standing Orders and the contract opportunity was advertised in accordance with Procurement Contract regulations 2016 in OJEU.

Key Requirements of the Contract

6. A number of key requirements were identified for the service:
- Extending the hours of the service to 7 days a week, 365 days a year from 8am to 8pm Monday to Friday and 9am to 5pm Saturday and Sunday.
 - Develop the discharged individual's confidence and ability to live in their own home.
 - To connect with the community and reduce isolation.
7. Performance will be monitored through a series of Key Performance Indicators (see below) which will be collated through the Council's electronic contract monitoring system. Quarterly operational meetings are also scheduled to discuss performance and development opportunities covering the following areas:
- Number of referrals for each calendar month
 - Breakdown of active cases at the end of the month: Contact made with individuals by telephone calls, face to face interaction – discharge planning involvement, home visits
 - Number of referrals by day of the week (to highlight busy days and help resource planning)
 - Number of referrals by time band e.g. per hour when service is available (to highlight busy periods and assist resource planning)
 - Number of referrals declined and reasons e.g. referred to other area, non Surrey
 - The source for each referral e.g. social services, occupational therapy, nurse, etc
 - The GP practice for each person (provides evidence of areas where patients live)
 - Reason(s) for referrals e.g. shopping, mobility aids, signposting,
 - Service(s) provided e.g. shopping, settle at home, escorting to various appointments, assist with meals, emotional support, confidence building, paper work, signposting to other community services, etc.
 - Demographic profile by gender and age bands
 - Number of people supported on day of discharge
 - Number of people at home supported within 24 / 48 hours of discharge
 - Hours of support provided.

Competitive Tendering Process

The Council led the procurement process on behalf of Surrey County Council and the Clinical Commissioning Group partners. All providers who expressed an interest in the advertised tender opportunity were able to tender for any of the five different lots. A total of eight responses were received.

Tender submissions were evaluated against the following criteria;

Award Criteria	Weighting
Service Delivery	39 %
Recruitment and Training	8.4 %
Better Care Fund	4.8 %
Business Implementation and Continuity	6.6 %
Social Value	1.2 %
Price for each lot area	40 %

8. The tenders were assessed by each lot with Adult Social Care commissioners and health colleagues from each CCG area evaluating the technical submissions for their respective lot. Additionally, there were two independent representatives from Surrey Coalition and Surrey Disabled Peoples Partnership who evaluated all 8 bids.

CONSULTATION:

9. During all stages key internal and partner stakeholders were consulted throughout the procurement and commissioning process, including Legal Services, Finance, Procurement and representatives of the Surrey Coalition and Surrey CCGs.

RISK MANAGEMENT AND IMPLICATIONS:

10. Risks have been looked at, appropriately identified and mitigated throughout the process.
- Providers withdrawing from the market - awarding to two providers mitigates against the risk of one of them serving notice on a contract and there being no other readily experienced provider in the County.
 - Financial pressures - there is a fixed price for the contract life time.
 - Financial stability of the provider – all winning providers have had satisfactory financial checks.
11. The contract includes termination provisions to allow the Council to terminate the contract within a notice period of one month should circumstances change for the need of this service.

Financial and Value for Money Implications

12. Full details of the contract value and financial implications are set out in Part 2 of the report.
13. This procurement activity has delivered a solution which meets the service aim and represents a reduction against current costs. The total funding agreed in Surrey's Better Care Fund for the Home from Hospital service is £352,000.00. The new annual cost for the contract is £335,000, which represents a cashable saving of £17,000.00 per annum. This funding will enable reinvestment in other initiatives within Surrey's Better Care Fund.

Section 151 Officer Commentary

14. The Section 151 Officer supports the proposal to award contracts to the selected providers for the Home from Hospital service as this delivers the service objectives within the available financial resources.

Legal Implications – Monitoring Officer

15. The legal implications are set out in the part 2 of the report.

Equalities and Diversity

16. An Equality Impact Assessment has been completed to understand the current delivery of the service, current customer needs and to ensure that the new service will not discriminate against any individuals.

17. It was identified that the new proposals will have a positive impact on residents of Surrey and their wellbeing.

18. The new contracts will also contribute to growth of the volunteer market.

WHAT HAPPENS NEXT:

19. Should Cabinet approval be awarded for this contract, the next steps are as follows:

Action	Date
Cabinet decision to award	14 July 2016
Cabinet call in period - five working days	15 July to 21 July 2016
'Alcatel' Standstill Period - ten calendar days	22 July to 1 August 2016
Contract Signature and mobilisation	August 2016
Contract Commencement Date	1 October 2016

20. Once the standstill period has finished ratification and agreement of the result and final sign off with the Clinical Commissioning Groups will take place.

Contact Officer:

Danielle Bass, Category Specialist – Procurement and Commissioning
Tel: 01483 517701

Ian Lyall, Senior Category Specialist - Procurement and Commissioning
Tel: 020 8541 9933

Consulted:

Internal and partner stakeholders
Legal Services
Finance
Procurement
Representations from the Surrey Coalition and Surrey Clinical
Clinical Commissioning Groups

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SURREY COUNTY COUNCIL

CABINET

DATE: 14 JULY 2016

REPORT OF: MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING

LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR, ENVIRONMENT AND INFRASTRUCTURE

SUBJECT: REVISED SURREY WASTE LOCAL PLAN – ISSUES AND OPTIONS CONSULTATION



SUMMARY OF ISSUE:

Surrey County Council is the Waste Planning Authority for Surrey. This means we need to create a framework for the delivery of waste management infrastructure to ensure Surrey's economy remains strong and sustainable.

The current Surrey Waste Plan (SWP) was adopted in 2008 and needs to be replaced. A new Surrey Waste Local Plan (SWLP) 2018 – 2033 will need to go through several stages of public consultation. The first stage of formal consultation is 'Issues and Options'.

The Issues and Options stage sets out the context for a new SWLP. The Issues and Options Consultation Report includes our draft vision, draft objectives and draft options which consider different approaches the council could take for managing waste in Surrey.

Our vision is for Surrey to be truly sustainable in terms of waste management. This means encouraging communities to take responsibility for the waste they produce and providing facilities in the right locations at the right time. These facilities need to use the best management methods in order to maximise the resource potential of this waste and avoid adverse impacts on communities and the environment.

The consultation will run for 12 weeks from 2 September 2016 until 25 November 2016 to give statutory, non-statutory and public stakeholders a chance to have their say on what should be included in the new SWLP.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet agrees that Surrey County Council, as the Waste Planning Authority, consult on the Issues and Options Report (**Annex 1**) as the first stage in preparing a new Surrey Waste Local Plan (SWLP) 2018-2033.
2. Delegated authority be given to the Strategic Director for Environment and Infrastructure in consultation with the Cabinet Member for Environment and Planning to agree any amendments to the Issues and Options Report prior to

consultation taking place.

REASON FOR RECOMMENDATIONS:

It is a statutory requirement for Surrey County Council to have a Waste Local Plan. In addition, the National Planning Policy Framework (NPPF) emphasises that Local Plans should be kept up to date.

The SWP was adopted in 2008 and plans for the management of waste over a 10 year period until 2018. When determining planning applications for waste management the County Council has regard to this plan and for it to remain fit for purpose it is therefore important that it is consistent with current policy, legislation and local context. The SWP 2008 now needs to be reviewed, with the revised plan scheduled to be adopted in 2018.

It is important that the Council engage with communities and organisations on how waste is managed in Surrey and the consultation on Issues and Options provides the first formal opportunity to do this which is consistent with the Councils approach set out in its Local Development Scheme (LDS) and Statement of Community Involvement (SCI).

DETAILS:

Introduction

1. Surrey County Council is the Waste Planning Authority (WPA) for Surrey. This means we need to create a framework for the delivery of waste management infrastructure to ensure Surrey's economy remains strong and sustainable. The WPA will do this by planning for the facilities needed to manage the increased amount of waste recycled and reduce the amount of waste sent to landfill (Confident in Surrey's future: Corporate Strategy 2016-21).
2. As the WPA, the council is required under the Planning and Compulsory Purchase Act 2004 to produce a local plan which sets out how waste will be managed in Surrey.
3. All Local Plans should be positively prepared, justified, effective and consistent with national policy. It is also considered preferable that plans account for development that is likely to occur over a period of 15 years and so this review is intended to result in a Plan that provides an updated strategy and policies to 2033.
4. The NPPF's presumption in favour of sustainable development expects that any proposed development that accords with an up-to-date local plan is approved. Therefore, an up-to-date Waste Local Plan is needed to meet this requirement and ensure appropriate waste related development occurs in future.
5. As the WPA we work with a range of stakeholders, including other parts of the council such as the waste disposal authority (WDA). The WDA is responsible for managing household including projects and activities to reduce waste. The WPA seeks to make sure that sufficient land is available to manage this waste, and other non-household waste, sustainably.

6. The main consultation document is the Issues and Options Report (See **Annex 1**). This is supported by background papers
- Surrey Waste Plan Policy Paper No.1 Context and Issues which sets out the key constraints and considerations in preparing the plan.
 - Capacity Estimate Scoping Statement which sets out how we are proposing to calculate the capacity of current sites.
 - Site Assessment Scoping Statement which sets out how we are proposing to assess potential sites for inclusion in the plan.
 - Surrey Waste Plan Review Duty to Cooperate Scoping Statement which sets out how we are going to work with our stakeholders to make sure we meet the requirements under the duty.

All background papers are available on the Surrey County Council Minerals and Waste Policy web pages and should be read in conjunction with the main Issues and Options report.

Surrey Waste Plan

7. The SWP was adopted on 6 May 2008 and subsequently amended by order of the High Court on 5 March 2009. The SWP plans for the management of waste up to 2018. It will not expire in 2018 but beyond this date its relevance and effectiveness will increasingly be open to challenge.
8. Since the adoption of the SWP there have been a number of legislative and policy changes relating to the management and planning for waste. In particular the changes are:
- The revision (in November 2008) of the European Waste Framework Directive 1975 (WFD).
 - The enactment of the Localism Act 2011.
 - The publication of the National Planning Policy Framework (NPPF) in March 2012.
 - The publication of the National Planning Policy for Waste (NPPW) in October 2014.
9. An assessment of the SWP's consistency with the WFD, NPPF and NPPW was undertaken in December 2014. The assessment concluded that the SWP was compliant with the WFD and the NPPW.
10. Nevertheless, this assessment also highlighted that it would be necessary to complete a review and have a replacement plan in place by 2018. This assessment was considered by Cabinet on 16 December 2014 and, at that time, it was agreed that a review commence in early 2016.

Issues and Options Consultation

11. The review of the Surrey Waste Plan 2008 needs to follow a number of stages. The Issues and Options stage is the first formal consultation in the process for adopting the new Surrey Waste Local Plan (SWLP) 2018 – 2033.
12. The Issues and Options consultation has two distinct parts: Issues and Options Consultation Report (**Annex 1**) and a 'Search for suitable land'. The details of each part are set out below.

Issues and Options Consultation Report

13. Issues and Options Consultation Report (**Annex 1**) includes the draft vision, draft objectives and draft options.
14. The draft vision and objectives are as follows:

Vision:

Our vision is for Surrey to be truly sustainable in waste management. That means managing waste in facilities within the county which will be provided in the right locations at the right time so that communities and businesses can take ownership of the waste they produce. By 2033 there will no landfill of waste.

The facilities will help maximise the resource potential of waste, ensuring it is managed in line with the waste hierarchy's aim of extracting the maximum benefit from a waste material by reusing, recycling or recovering energy from it.

Technology and processes will be in place to ensure the production of waste has reduced.

Waste management development will maximise economic, social and environmental benefits and avoid adverse impacts on local communities and the environment.

Objectives:

Objective 1: To increase the sustainable management of waste through waste prevention, re-use, recycling and recovery.

Objective 2: To encourage communities and businesses to take responsibility for their own waste.

Objective 3: To ensure new waste management facilities are developed in suitable locations.

Objective 4: To make best use of land when managing waste.

Objective 5: To maximise the economic benefits of waste management.

Objective 6: To encourage innovation and new technologies which provide opportunities to minimise the impact of waste development on communities and businesses.

Objective 7: To support the reduction of greenhouse gas emissions through sustainable management of waste.

Objective 8: To make sure movement of waste by road is kept to minimum practicable levels.

15. Through this consultation we are asking the communities and businesses of Surrey what they think of the draft vision, draft objectives and draft options. We are also seeking comments on what a new SWLP might contain and how it is produced.
16. In order to give communities, businesses and other interested organisations the opportunity to comment on the emerging SWLP we will use questionnaires to gather views and use a range of channels and tactics to make people aware of the consultation and encourage their feedback.

Search for suitable land

17. The Issues and Options consultation will include a proposed methodology for identifying suitable land. As part of the Issues and Options landowners will be given the opportunity to put forward land in their control that might be appropriate to consider as part of the preparation of the SWLP.

Technical Documents

18. Alongside the Issues and Options Consultation Report it is proposed that the following technical documents be published:
 - Duty to Cooperate Scoping Statement which outlines what the duty to cooperate is and how we intend to meet the requirements of this duty.
 - Site Assessment Scoping Statement which outlines the proposed methodology for assessing potential waste sites for inclusion in the new SWLP.
 - Capacity Estimate Scoping Statement which outlines the proposed methodology for estimating capacity of our current waste sites which is used in forecasting how many additional facilities we need to plan for.

CONSULTATION:

19. At its meeting on 9 June 2016, the Economic Prosperity, Environment and Highways Board supported the approach for the Issues and Options Consultation and for a paper to be taken forward to Cabinet with a change to the proposed timing for undertaking the consultation.
20. This report is setting out the proposed approach that the WPA intends to follow when consulting on the revised Surrey Waste Local Plan. The consultation will be addressed to a range of stakeholders including:
 - Surrey District and Borough Councils
 - Other Waste Planning Authorities

- Adjoining Authorities outside Surrey
- Duty to Cooperate Bodies¹
- Local Enterprise Partnerships
- Statutory Environmental Bodies
- Parish Councils
- General public

21. The consultation will run for 12 weeks between 2 September 2016 to 25 November 2016. The consultation will be held in accordance with the adopted SCI.

RISK MANAGEMENT AND IMPLICATIONS:

22. It is important that Surrey County Council's minerals and waste plans remain effective and compliant with national legislation and policy. Failure to do so could lead to successful challenges to decisions on relevant planning applications, whereby they are overturned and costs are potentially awarded against Surrey County Council.

23. The WPA is managing this risk by being proactive about reviewing the SWP 2008 to ensure that the Surrey Waste Plan remains up-to-date and compliant with national legislation and policy and takes account of the most recent local context affecting the management of waste.

Financial and Value for Money Implications

24. The cost of reviewing the SWP was agreed by Cabinet in December 2014. The review is expected to cost £0.3m, although costs could be higher depending on external factors. Costs will arise from 2016/17 to 2018/19. This spend includes limited consultant support to deliver the new SWLP over the next two and half years and some costs associated with consultation.

25. By far the largest proportion of the cost will arise at the later stages of the review of the SWP. High costs are associated with the independent public examination that includes public hearings. By planning positively and early engagement of stakeholders through a Issues and Options Consultation we are seeking to minimise the time and cost of the independent examination.

26. The proposed approach which includes maximising the use of existing and online forums for consultation, while still catering for those without access by providing printed hard copies, demonstrates the best use of available resources.

¹ As identified in Regulation 4 of The Town and Country Planning (Local Planning) (England) Regulations 2012

Section 151 Officer Commentary

27. A The Section 151 officer confirms that all material financial issues and risks have been addressed in this paper. The anticipated costs of reviewing the Surrey Waste Plan will be met from within the wider Medium Term Financial Plan.

Legal Implications – Monitoring Officer

28. Surrey County Council is the WPA for Surrey. It is required by the Planning and Compulsory Purchase Act 2004 (as amended) to prepare development plan documents and other documents that provide the framework for delivering waste planning policy in Surrey.
29. The act also requires every planning authority to prepare a development scheme which sets out the programme for the preparation of development plan documents.

Equalities and Diversity

30. In order to develop the SWLP we are required to carry out several stages of plan preparation and public consultation. We will review our Equalities and Diversity Assessment (EqIA) at each stage to ensure that we capture and address any equalities issues that arise.

Climate change/carbon emissions implications

31. No direct implications will result from the Issues and Options Consultation. Preparation of the SWLP will consider how the management and transport of waste affects the emissions of greenhouse gases and will take account of the need for their minimisation. The SWLP will also consider how new facilities should be developed in a manner which adapts to climate change.

WHAT HAPPENS NEXT:

32. Subject to Cabinet approval for the Issues and Options Consultation, the consultation will run for 12 weeks between 2 September 2016 and 25 November 2016.
33. Once the consultation has concluded the WPA will analyse the responses and provide an assessment of how these responses will inform the emerging SWLP. The WPA will publish this assessment, highlighting the key issues and how we intend to address these in the draft SWLP.
34. A draft SWLP will be produced in early 2017. Before further consultation on the draft SWLP the WPA will seek approval from Cabinet on the content of the draft plan which will show how consultation has been taken into account and include more detail including potential sites suitable for waste management.
35. As discussed at the EPE&H Board, a member reference group will be convened to provide informal advice, and comment during the preparation of

the SWLP. This will report to the EPE&H Board and meet broadly bi-monthly or as required.

Contact Officer:

Katelyn Symington, Principal Planning Policy Officer Minerals and Waste
Tel: 020 8541 7933, Email: Katelyn.Symington@Surreycc.gov.uk

Consulted:

Mike Goodman, Cabinet Member for Environment and Planning
Economic Prosperity, Environment and Highways Board
Relevant Officers

Annexes:

Annexe Issues and Options Consultation Report

Sources/background papers:

All background reports Are available on the Planning Policy website
(<http://www.surreycc.gov.uk/environment-housing-and-planning/minerals-and-waste-policies-and-plans>)

- Surrey Waste Plan Policy Paper No.1 Context and Issues
 - Capacity Estimate Scoping Statement
 - Site Assessment Scoping Statement
 - Surrey Waste Plan Review Duty to Cooperate Scoping Statement
 - Surrey County Council Statement of Community Involvement
 - Surrey County Council Local Development Scheme
-

Surrey County Council Waste Planning

Surrey Waste Local Plan

2018–2033

Issues & Options

Consultation Report

Draft for Cabinet 14 July 2016

July 2016



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Executive Summary

Introduction

- It is a statutory requirement for Surrey County Council to have a Waste Local Plan. The current Surrey Waste Plan (SWP) was adopted in 2008 and planned for the management of waste in Surrey over a 10 year period until 2018.
- When determining planning applications for waste management, the council has regard to this plan and, for it to remain fit for purpose, it is therefore important that it is consistent with current policy, legislation and local context. The SWP 2008 now needs to be updated and a new plan is scheduled to be adopted in 2018.
- The replacement Plan, to be known as the 'Surrey Waste Local Plan' (SWLP), will cover the period from 2018 to 2033. The new SWLP will help make sure that there continues to be sufficient capacity to manage waste in Surrey in the most sustainable way.
- The SWLP will deal with all waste, but will focus on Household waste, Commercial and Industrial (C&I) waste, Construction, Demolition and Excavation (CD&E) waste and Hazardous waste.
- The Plan will include policies which set out how and where waste management can take place in Surrey in future. Amongst other things, these policies will identify sites which are suitable for hosting waste management facilities.

Context

- In 2014/15 3,074,000 tonnes of waste was produced in Surrey and this is likely to increase due to an increasing number of households and growth in the economy. There are currently 73 waste management facilities and 26% of all waste was landfilled in 2014/15.
- There are a number of factors that will influence waste development such as physical and environmental constraints. We have outlined these and how they may influence the emerging waste plan, some of the key ones are set out below.
- In particular our communities value the high quality of Surrey's environment and it is important that the Waste Planning Authority (WPA) acknowledges this when considering major new infrastructure, including waste facilities.

Issues

Social

- Surrey is one of the most densely populated and urbanised shire counties.
- It is projected that the population will grow by 5% in 2030 to 1,218,170.
- To support this growth:
 - 47,000 housing units are planned across Surrey between 2015 and 2030.
 - 155 employment sites with over 500 sq.m of additional floorspace will be developed.

Environmental

- Surrey is the most wooded county in England with 73% of the county is within the Metropolitan Green Belt.
- Surrey contains around 70 specially protected species and at least 337 species recognised as being a priority for conservation.
- 44,800 hectares of the county is covered by national landscape designations including the Surrey Hills Area of Outstanding Natural Beauty (AONB) and the High Weald AONB.
- Surrey is rich in heritage assets. 2,745 hectares of the county is covered by heritage designations such as Scheduled Monuments, Sites of Archaeological Importance and Areas of High Archaeological Potential cover.

Economic

- Traffic flows on all roads are well above the national average.
- There is strong competition for the development of land by different interests
- Surrey's economy in 2014 was worth £37.5 billion, the largest contributor to the South East regional economy.
- Surrey is located within the boundaries of two Local Enterprise Partnership Zones (LEP's): the Enterprise M3 LEP and Coast to Capital LEP.

Vision and Objectives

- A draft vision has been prepared that sets out how waste should be managed in Surrey throughout the plan period. In order to achieve the draft vision, seven draft objectives and draft options have also been prepared.

Options

- As part of the Issues and Options consultation draft options for meeting the objectives are also proposed and comments are invited on these and whether there are others that the council should be considering.
- The council is also asking for comments on the method that is proposed for estimating the future need for waste management capacity – this includes calculating current available capacity and the assumptions used to apply this methodology. We will also validate and update our current estimates of existing waste management capacity.
- When identifying suitable sites it is proposed that the site selection methodology set out in the Capacity Estimate Scoping Statement will be used. The site selection methodology aims to meet the challenge of balancing the needs for waste related development in Surrey going forward and the protection of communities and the environment. As part of this consultation comments are invited on the methodology.

Cooperation and Consultation

- As part of its management, waste is frequently transported across administrative boundaries and so the council has a statutory Duty to Cooperate (DtC) with other organisations and authorities that requires it to consider how waste produced in Surrey might impact on them and whether there is a need for waste arising in other areas to be managed in Surrey.
- The council is consulting on a DtC Scoping Statement to ensure that those authorities, prescribed bodies and other stakeholders it is required to cooperate with, have been appropriately identified and are satisfied with the council's proposed approach to discharging its DtC.

Next Steps

- The Issues and Options consultation will run for a period of 12 weeks between 2 September and 25 November 2016. Following the consultation the council will produce a statement summarising the responses and setting how they will be addressed in developing the SWLP.
- If you have any questions about the preparation of the SWLP and the consultation you can contact the waste planning policy team at Surrey County Council using the methods detailed below.

Contact Us



Phone: 0208 541 9897



Email: wasteplan@surreycc.gov.uk



**Letter: Planning and Development Service, County Hall,
Penrhyn Road, Kingston upon Thames, Surrey. KT1 2DW**

1 Introduction

1.1 Why do Surrey County Council need to plan for waste facilities in Surrey?

1.1.1 Waste management infrastructure is essential to support a modern economy. It is crucial therefore that we plan for waste related development to ensure there are sufficient facilities to manage waste sustainably; maximising its potential as a resource (e.g. by recycling) and preventing any significant adverse impacts on the environment and communities. By planning for waste related development we also provide certainty for developers and the community about where such development can take place e.g. by allocating suitable sites for waste management facilities.

1.2 What is a Waste Plan?

1.2.1 Waste Local Plans set out the planning framework for the development of waste management facilities and are used in determining planning applications for waste facilities. A Waste Local Plan is intended to ensure that waste management facilities are developed of the right type, in the right place and at the right time and normally includes a core strategy, policies for development management and site allocations.

1.2.2 The current Surrey Waste Plan (SWP) was adopted in 2008. The new Surrey Waste Local Plan (SWLP) will cover the period from 2018 to 2033 and will help to ensure that Surrey is able to provide sufficient waste management capacity and ensure waste is managed in the most sustainable way.

1.2.3 The SWLP will include provision for Local Authority Collected Waste (LACW) which includes Household waste, Commercial and Industrial (C&I) waste, Construction, Demolition and Excavation (CD&E) waste and Hazardous waste.

1.3 Issues

1.3.1 Surrey is the most wooded county in England and has retained a large proportion of countryside with 73% of the county lying within the Metropolitan Green Belt. The landscape, natural heritage and biodiversity of Surrey are rich, with the county containing diverse habitats that support a wide range of species. In addition to this, Surrey has important historic sites of high value.

1.3.2 All of these features make Surrey a great place to work and live. Our communities value the high quality of Surrey's environment and it is important that Surrey County Council, as the Waste Planning Authority (WPA), acknowledges this when considering major new infrastructure such as new waste facilities.

1.3.3 The waste hierarchy, together with the principles of proximity and self-sufficiency are the essential policy concepts which guide sustainable waste management practices and are enshrined in both EU and national legislation.

1.4 Why are we replacing the current Surrey Waste Plan?

1.4.1 It is essential that development plans are kept up to date to provide a robust policy framework to support the sustainable management of waste. The current plan is reaching the end of its period and since it was adopted in 2008 a number of new challenges have arisen. These challenges include:

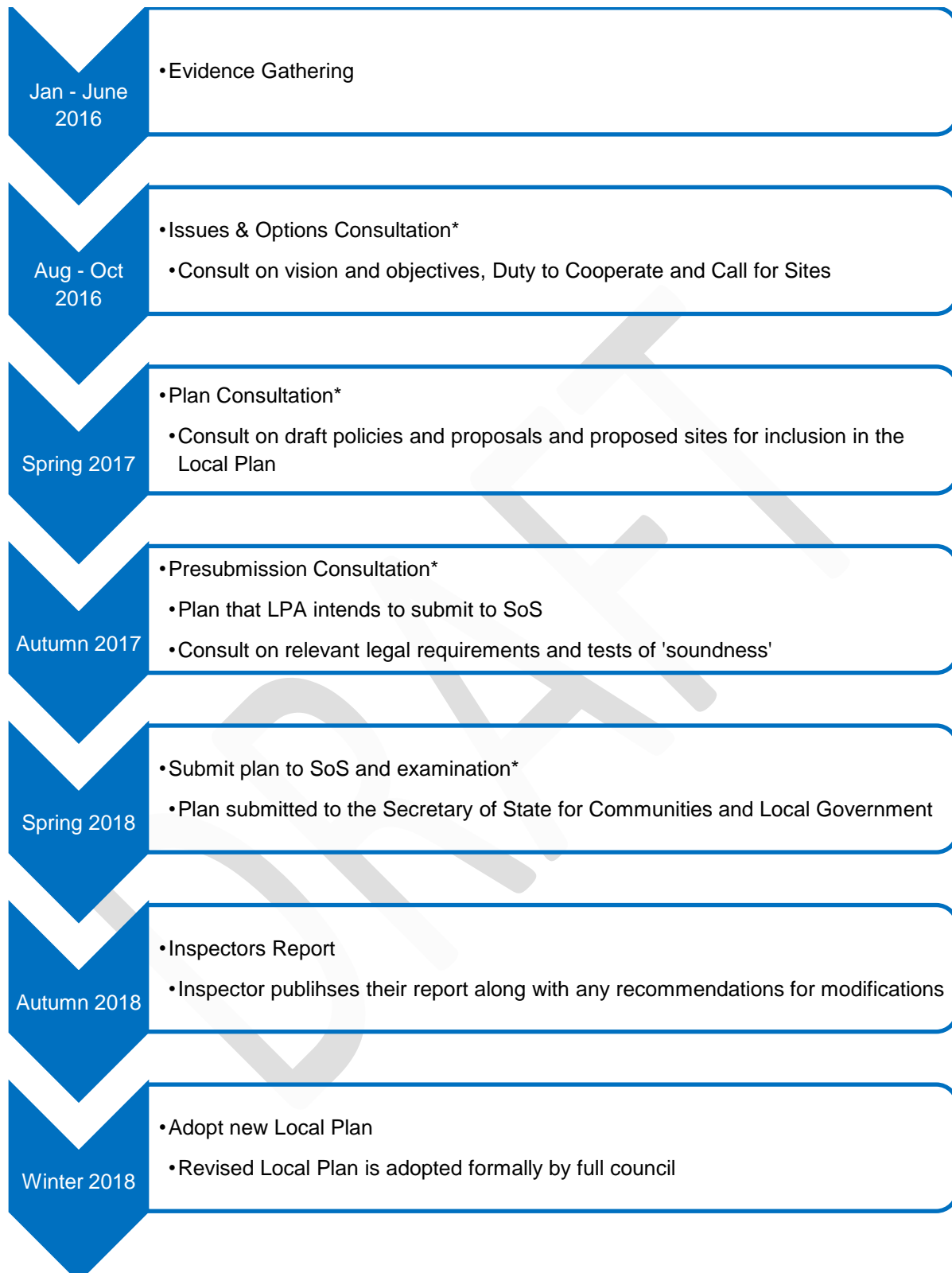
- Changes in the policy landscape and approaches to plan-making
- Evolution of waste management technologies and approaches
- Current and emerging local conditions including pressure to release allocated waste sites to alternative development
- Changes in patterns of waste production

1.4.2 Replacing the current plan will ensure that new waste management capacity is provided on the basis of the most up to date evidence and forecasts of waste arisings.

1.5 How will the new Surrey Waste Local Plan be prepared?

1.5.1 There are several stages in preparing the new SWLP. These are outlined in Figure 1. Many of the stages offer opportunities for residents, businesses and other key stakeholders to comment.

Figure 1 Process for delivering the Surrey Waste Local Plan 2018 – 2033



*Opportunities for comments

1.6 What is this Stage ('Issues and Options')?


- 1.6.1 Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012 requires the Local Planning Authority (LPA) to notify and invite representations from statutory consultees and communities in developing the plan.
- 1.6.2 This Issues and Options Paper is the first formal opportunity for stakeholders to contribute to the new plan. The Issues and Options Paper sets out the strategic context for waste management and explores the overall scale of need for additional waste management facilities in Surrey.
- 1.6.3 Linked to this consultation is a Search for suitable land, to give landowners the opportunity to put forward land in their control that might be appropriate to consider as part of the preparation of the SWLP.

1.7 How you can get involved?

- 1.7.1 You can respond to the questions in this consultation via the Surrey Says consultation hub (<https://www.surreysays.co.uk/>) during the consultation period (2 September to 25 November 2016). Hard copies of documents will also be available at County Hall and all district and borough offices.
- 1.7.2 We will be providing a summary document and questions for public responses to help all our communities and businesses have their say. These will be available at local libraries.
- 1.7.3 If you have any questions about the consultation you can contact the waste planning policy team at Surrey County Council by:

 Phone: 0208 541 9897

 Email: wasteplan@surreycc.gov.uk

 Letter: Planning and Development Service, County Hall, Penrhyn Road, Kingston upon Thames, Surrey. KT1 2DW

2 Context

2.1 Introduction to Surrey

2.1.1 Surrey is the most wooded county in England with 22% woodland cover, almost double the national average of 12%. The county has retained a large proportion of countryside with 73% of the county lying within the Metropolitan Green Belt.

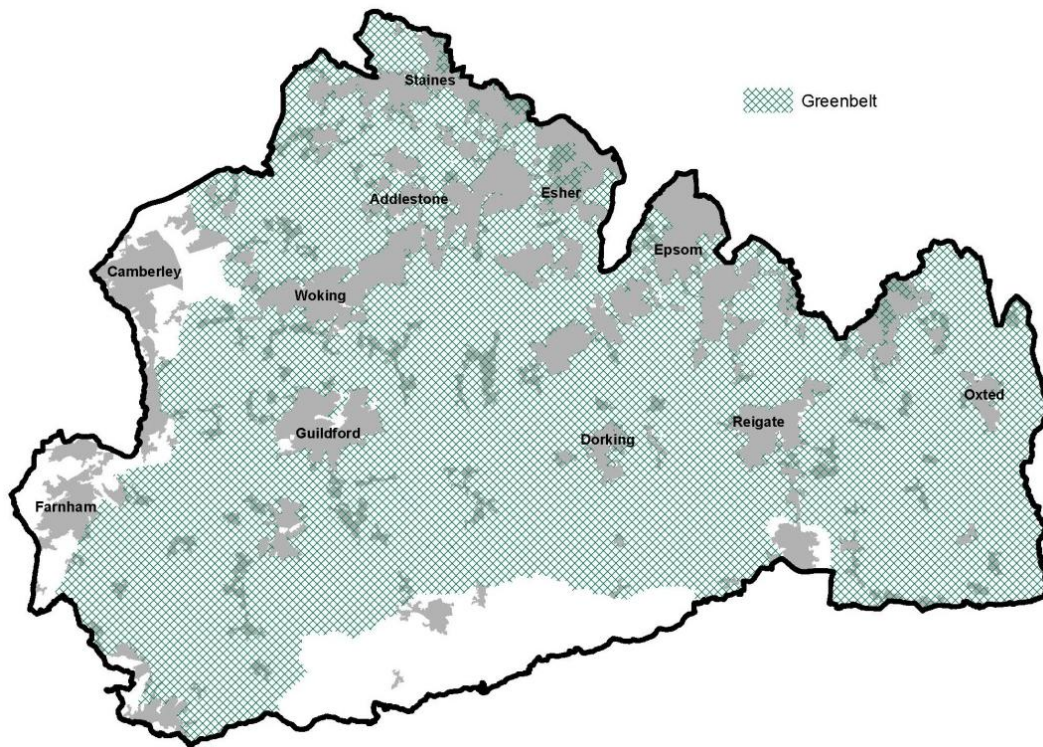


Figure 2.1 Map of greenbelt in Surrey

- 2.1.2 Surrey is also one of the most densely populated and urbanised shire counties; however, large parts of it remain essentially rural in character. A total of 44,800 hectares of the county is covered by national landscape designations including the Surrey Hills Area of Outstanding Natural Beauty (AONB) and the High Weald AONB.
- 2.1.3 The natural heritage and biodiversity of Surrey is rich, with the county containing diverse habitats that support a wide range of species. Numerous sites within the county have been designated for protection on the grounds of nature conservation and biodiversity at the local, national and international levels.
- 2.1.4 In addition to its landscape and natural heritage designations, Surrey has 197 Scheduled Monuments, 248 designated County Sites of Archaeological Importance and 1,077 individual Areas of High Archaeological Potential.
- 2.1.5 Surrey is characterised by a large number of individual settlements rather than a single centre. It comprises a mixture of larger towns (such as Guildford, Woking, Staines upon Thames, Weybridge, Farnham, Camberley, Epsom and Redhill) and other smaller towns. Traffic flows on all roads are well above the national average.

- 2.1.6 In 2014/15 3,074,000 tonnes of waste was produced in Surrey, 800,000 tonnes or 26% of which was sent to landfill.

Table Summary Waste Management Profile for main waste streams in Surrey¹

	LACW	C&I waste	CD&E waste
Reuse, recycling and compost	311,000	106,100	397,000
Energy recovery	227,000	-	-
Other Recovery	-	-	174,000
Transfer, other treatment or unallocated	-	381,000	678,000
Landfill	34,000	130,000	636,000
Total	572,000	617,000	1,885,000

2.2 Legislation and Policy

Waste Framework Directive (2008/98/EC)

- 2.2.1 The Waste Framework Directive (WFD), as amended, provides the overarching legislative framework for the management of waste. The WFD requires the council to apply the waste hierarchy when planning for, and considering options for waste management. The waste hierarchy encourages a shift to the reuse, recycling and recovery of waste with the disposal of waste as the least desirable option.
- 2.2.2 The WPA must have regard to the principles of 'self-sufficiency' and 'proximity'. This means that communities should take responsibility for managing their waste including making provision for sufficient capacity and ensuring facilities are suitably located having regard to where waste is produced.
- 2.2.3 The WFD also covers protection of human health and the environment and recommends that these issues are addressed at the planning stage to ensure that any waste is handled in a manner which guards against harm to human health and the environment.

National Planning Policy Framework (NPPF) 2012

- 2.2.4 In 2012 the Government replaced the former national planning policy statements with a single document, the National Planning Policy Framework (NPPF). The NPPF includes a presumption in favour of sustainable development, with local planning authorities expected to 'positively seek opportunities to meet the development needs of their area'.

¹ Commercial and Industrial (C&I) waste and Construction Demolition and Excavations (CD&E) waste are estimates only

- 2.2.5 The NPPF encourages local plans to be kept up-to-date and highlights the need for waste management facilities to be provided as a strategic infrastructure that addresses the needs of the plan area.

National Planning Policy for Waste (NPPW) 2014

- 2.2.6 The National Planning Policy for Waste (NPPW) 2014 sets out the government's ambition to work towards a more sustainable approach for resource management and use.
- 2.2.7 This policy aims to ensure any waste management facilities are a positive contribution to communities and to balance the need for waste management facilities with the interests of the community. Broadly, the NPPW requires Waste planning authorities to:
- Prepare local plans which identify sufficient opportunities to meet the identified needs of their area for the management of waste streams.
 - Identify in their local plans sites and/or areas for new or enhanced waste management facilities in appropriate locations
 - Assess the suitability of sites and/or areas for new or enhanced waste management facilities against certain criteria
 - First look for suitable sites and areas outside the Green Belt for waste management facilities
 - Monitor and report on the uptake of allocated sites in the local plan and the amount of waste recycled, recovered and sent for disposal

Localism Act 2011

- 2.2.8 The 'Duty to Cooperate' created under the Localism Act places a legal duty on local planning authorities, county councils and public bodies to engage constructively to maximise the effectiveness of local plan preparation. Local planning authorities must demonstrate how they complied with the duty during the independent examination of their Local plans.

Surrey Minerals Plan

- 2.2.9 The Surrey Minerals Plan (SMP) was adopted in July 2011. The Minerals Plan Core Strategy DPD and Primary Aggregates DPD have been assessed as being in conformity with the National Planning Policy Framework (NPPF). Therefore we are not seeking to review the plan at this stage. The SMP will require minor changes following the adoption of a new SWLP to update references to the SWP 2008.

Aggregates Recycling Joint Development Plan Document

- 2.2.10 The Aggregates Recycling Joint Development Plan Document (ARJDPD) was adopted 12 February 2013. The ARJDPD should be read alongside the SWP 2008 and the SMP Core Strategy 2011. It is important to note that the ARJDPD policies will remain valid as a result of the new SWLP being adopted.
- 2.2.11 The SMP Core Strategy DPD sets a specific aim to increase the rate of aggregate recycling to at 0.9 mtpa by 2026. The council is committed to achieving this target

and therefore needs to make sure that when updating the SWP 2008 appropriate policies and/or sites are included to help meet this target.

- 2.2.12 In 2014 it was estimated that the product produced from C,D & E Waste arising in the Plan Area included 337,500 tonnes of recycled aggregate. This is an important contributor to aggregate supplies.
- 2.2.13 The ARJDPD identifies suitable sites that could contribute to the future provision of aggregate recycling including temporary facilities at mineral sites (Policies AR2 and AR3). The suitability of sites for aggregates recycling needs to be considered as potential waste sites are reviewed.

Joint Municipal Waste Management Strategy

- 2.2.14 The Joint Municipal Waste Management Strategy (JMWMS) focuses on the management of municipal waste, including; household waste from kerbside collections, household waste delivered to community recycling centres, and other waste collected by the authority such as school waste and a small proportion of commercial and industrial waste.
- 2.2.15 The strategy sets targets for recycling, reducing and managing waste in the most sustainable and cost-effective way. The strategy is managed by the Surrey Waste Partnership which is made up of the 11 borough and district councils who are responsible for collecting household waste and the county council who are responsible for disposing the waste.

Waste Disposal Authority Action Plans

- 2.2.16 The Waste Disposal Authority (WDA) Action Plan outlines how the council will meet its responsibilities to; dispose of municipal waste, provide community recycling centres and produce the JMWMS.
- 2.2.17 The Surrey Strategic Partnership Plan was prepared by the Surrey Strategic Partnership as part of its statutory duty to prepare a Sustainable Community Strategy for Surrey which was adopted in 2010.

Surrey Strategic Partnership Plan 2010-2020

- 2.2.18 The overall aim of the strategic plan is to make Surrey a more sustainable place to live and work. The plan sets out how this will be achieved and includes targets for the ten priorities.
- 2.2.19 The priorities identified within the plan that the new SWLP could contribute are:
- Improve the global competitiveness of Surrey's economy through sustainable growth, underpinned by appropriate infrastructure.
 - Help people in Surrey to achieve more sustainable lifestyles.
 - Create better, more sustainable developments that deliver more social, environmental and economic benefit.

3 Issues

3.1 Identifying issues

3.1.1 The National Planning Practice Guidance explains that, Local Plans should “should concentrate on the critical issues facing the area – including its development needs – and the strategy and opportunities for addressing them, paying careful attention to both deliverability and viability.”

3.1.2 A range of issues were identified as part of an initial review as outlined below.

3.2 Future growth of homes and businesses

3.2.1 The Surrey Infrastructure Study forecast projected that by 2030 the population of Surrey will be 1,218,170 which is equivalent to an increase of 61,000 or to 5% growth. This data is based on a snapshot taken in 2015.

3.2.2 In addition to this the changing demographics will see a greater increase in those over 65. An ageing population will cause significant pressures on certain types of development in Surrey.

3.2.3 There are approximately 483,000 housing units existing across Surrey local authorities. 47,000 housing units are planned across Surrey between 2015 and 2030. One of the examples of pressure from an ageing population will be greater demand for single bedroom dwellings, including apartments.

3.2.4 In 2015 the Surrey Infrastructure Study identified 155 employment sites, including 45 industrial sites, with over 500 sq.m of additional floorspace from permissions, allocations in local plans and existing sites with capacity.

3.2.5 Households and businesses create waste and so waste infrastructure is needed to support growth in Surrey. The SWLP needs to provide for enough capacity to deal with this waste to support economic growth and the development of new homes.

3.2.6 Conversely, this increases the competition for available land. The SWLP needs to demonstrate the economic benefits that can be obtained from waste development or co-location of facilities to support the development of these facilities to be able to meet this need.

3.3 Transport infrastructure

3.3.1 The WPA acknowledges that congestion and HGV movements are key areas of concern for our communities. This is evidenced by the Surrey Local Transport Plan and supporting Transport Plan Strategies.

3.4 Environmental Protection

3.4.1 Surrey boasts a high quality natural environment with a number of biodiversity, landscape and heritage designations. Planning policies should be based on up-to-date information about the natural environment and other characteristics of the area.

- 3.4.2 Surrey supports a diversity of wildlife habitats and species, ranging from the chalk grasslands and woodlands of the North Downs, through scarce flood meadows along the rivers Wey and Mole, to the extensive heaths, bogs and acid grasslands of the Thames terrace gravels and Wealden sandstone.
- 3.4.3 Surrey is also home to around 70 specially protected species and at least 337 species recognised as being a priority for conservation. Paragraph 109 of the NPPF highlights the role of planning in protecting and enhancing valued natural features and providing 'net gains' in biodiversity.
- 3.4.4 Surrey has a great variety of land cover due to its varied geology, landform and soils. It contains the flat areas in the Thames Basin, the hills of the North Downs and Wealden Greensand, large expanses of open heathland, enclosed wooded gills, river valleys and water bodies, intimate small scale farmland, and open meadows. In addition, the Surrey Hills AONB and the High Weald AONB cover approximately 26% of the county of Surrey.
- 3.4.5 Surrey has 197 Scheduled Monuments, 248 designated County Sites of Archaeological Importance and 1,077 individual Areas of High Archaeological Potential. This equates to approximately 2,745 hectares (1.7% of the County).
- 3.4.6 Surrey has 43 Registered Parks and Gardens, totalling in the region of 2,925 hectares (1.8% of the County). Surrey's archaeological and designated historic landscape requires careful management and consideration. In addition, Surrey has 6,516 Statutory Listed Buildings, including 104 at Grade I and 346 at Grade II*. There are 278 Conservation Areas in Surrey, totalling 4,584 hectares or 2.7% of the county.
- 3.4.7 There is ongoing work to improve our understanding of the likely significant impacts of climate change, including on the potential effects on flood risk. In Surrey (especially in the northwest of the county), the combination of a large population, low lying land and a significant number of watercourses, increase the probability of people, property and the environment being adversely affected by any flood events that do occur.

3.5 Institutional and responsibility issues

- 3.5.1 These include consideration of the waste hierarchy (this encourages, in order of preference, the prevention, reuse, recycling and recovery of waste) and the circular economy package. This affects the amount of waste the WPA can expect to plan for and what types of facilities to include in the plan.
- 3.5.2 The principles of proximity and net self-sufficiency in the waste framework directive will affect the number and location of waste management facilities. These principles encourage waste to be treated at one of the nearest appropriate facilities to where it was created.

3.6 Resource value of waste and closing the loop

- 3.6.1 The waste industry employs a large number of people and the sector is growing. The value that can be extracted from waste is increasing, technology is changing and bespoke and specialist facilities are emerging in response to this opportunity.
- 3.6.2 However, wider economic conditions affect the ability for schemes to attract funding and waste facilities can find it difficult to compete with higher value uses e.g. housing, commercial.
- 3.6.3 The SWLP needs to support waste management by providing certainty, through allocating suitable locations and include policies that allow flexibility to support emerging technologies.

DRAFT

4 Vision and Objectives

4.1 Draft Vision

- 4.1.1 The vision has been drafted through an internal working group that include representatives from both Minerals and Waste Planning Policy and Minerals and Waste Development Management Teams. Feedback on the Vision has also been received from the Surrey County Council Economic Prosperity, Environment and Highways Board.
- 4.1.2 The draft vision sets out how waste should be managed in Surrey throughout the plan period. The vision should demonstrate a positive approach to planning and as such should be both ambitious and deliverable. The proposed vision is outlined below:

Our vision is for Surrey to be truly sustainable in waste management. That means managing waste in facilities within the county which will be provided in the right locations at the right time so that communities and businesses can take ownership of the waste they produce. By 2033 there will no landfill of waste.

The facilities will help maximise the resource potential of waste, ensuring it is managed in line with the waste hierarchy's aim of extracting the maximum benefit from a waste material by reusing, recycling or recovering energy from it.

Technology and processes will be in place to ensure the production of waste has reduced.

Waste management development will maximise economic, social and environmental benefits and avoid adverse impacts on local communities and the environment.

4.2 Draft Objectives

4.2.1 In order to achieve the draft vision, the following draft objectives are proposed:

Objective 1: To increase the sustainable management of waste through waste prevention, re-use, recycling and recovery.

Objective 2: To encourage communities and businesses to take responsibility for their own waste.

Objective 3: To ensure new waste management facilities are developed in suitable locations.

Objective 4: To make best use of land when managing waste.

Objective 5: To maximise the economic benefits of waste management.

Objective 6: To encourage innovation and new technologies which provide opportunities to minimise the impact of waste development on communities and businesses.

Objective 7: To support the reduction of greenhouse gas emissions through sustainable management of waste.

Objective 8: To make sure movement of waste by road is kept to minimum practicable levels.

4.3 Proposed plan period

4.3.1 The National Planning Policy Framework (NPPF) confirms that local plans should be drawn up over an appropriate timescale, preferably a 15 year time horizon to take account of longer term needs. In line with this guidance it is proposed that the revised plan will cover the period from 2018 to 2033.

5 Options

5.1 Draft Vision

- 5.1.1 The proposed vision builds on the previous Surrey Waste Plan 2008 but reflects changing perceptions of waste management and emerging policy on Circular Economy which seeks to 'close the loop' by seeing waste as a resource and trying to be truly sustainable. This sentiment was reinforced by Economic Prosperity, Environment and Highways Board who supported this positive approach to waste management.
- 5.1.2 The vision also highlights the value of Surrey's landscape, heritage and biodiversity assets and the role this plays in making Surrey a great place to work and live and that as the WPA, Surrey County Council seeks to protect and enhance these features.

5.2 Draft Objectives

- 5.2.1 The draft objectives have also been considered by the internal working group and have been drafted to assist Surrey County Council in achieving its vision for the new SWLP. A number of **options and alternatives** are set out below which will enable the draft objectives to be met. Some options may result in discounting alternatives.

Objective 1: To increase the sustainable management of waste through waste prevention, re-use, recycling and recovery

Options:

1A: Work with our stakeholders to support initiatives that help meet local targets for prevention, re-use recycling and recovery.

1B: Prioritise development of facilities which allow management of waste further up the waste hierarchy e.g. recycling preferred over recovery.

1C: Reduce the waste we send to landfill by encouraging other types of facilities, but recognising that landfill is a last resort and one which we will still need to plan for.

1D: Eliminate landfill entirely from Surrey over the plan period.

Objective 2: To encourage communities and businesses to take responsibility for their own waste.

Options:

2A: Work with our stakeholders to support initiatives that help meet local targets for prevention, re-use recycling and recovery. (N.B. This is the same as option 1A).

2B: Promote the management of waste in locations near to communities and businesses.

Objective 3: To ensure new waste management facilities are developed in suitable locations

Options:

3A: Generally identify suitable specific sites to meet the predicted need for new waste management facilities.

3B: Generally identify 'preferred areas' to meet the predicted need for new waste management facilities.

3C: Identify sites or preferred areas alongside, or within, sites identified for other forms of development in district or borough local plans, to ensure a joined-up approach.

3D: Enable waste to be managed at one of the nearest appropriate locations by locating facilities as close as possible to key population centres and identified opportunities for growth, such as new settlements or major urban extensions.

3E: Mitigate impacts to communities identify site allocations which promote sustainable methods of transport and minimise travel distances on road networks.

Objective 4: To make best use of land when managing waste.

Options:

4A: Provide enough waste management facilities to deal with the equivalent amount of waste generated in the county.

4B: Provide additional facilities needed to deal only with waste produced in Surrey.

4C: Give priority to previously developed land (PDL) including sites identified for employment uses, and redundant agricultural and forestry buildings and their cartilages when looking for sites and area.

4D: Allow development on Greenfield sites.

4E: In recognition of the shortage of development opportunities identify sites or preferred areas which are within the Greenbelt.

4F: Promote the co-location of waste facilities within areas of non-waste development where appropriate e.g. industrial estates.

4G: Identify opportunities to improve and enhance existing waste management facilities.

4H: Safeguard all existing waste management facilities.

4I: Safeguard only those waste management facilities in locations which are consistent with the vision and objectives of the plan.

Objective 5: To maximise the economic benefits of waste management*Options:*

5A: Support the development of sites which capture economic benefits from waste by creating new jobs created and/or contributing to local GVA.

5B: Encourage new development to reuse and recycle the waste generated from construction and demolition activities.

5C: Encourage the use of materials made from recycled waste in new development.

Objective 6: To encourage innovation and new technologies which provide opportunities to minimise the impact of waste development on communities and businesses*Options:*

6A: Ensure new facilities are well designed, well constructed and well operated to protect human health and the environment.

Objective 7: To support the reduction of greenhouse gas emissions through sustainable management of waste.*Options:*

7A: Minimise the need for waste transport by locating new waste facilities in proximity to population centres.

7B: Minimise the need for waste transport by identifying and/or safeguarding sites for facilities which are needed to allow transport of waste by means other than road i.e. rail and water.

7C: Encourage the generation of energy by using waste as a fuel.

5.3 Selection and Identification of Locations

Selection of sites

5.3.1 The method for selecting and assessing sites is detailed in the 'Site Assessment Scoping Statement'. In order to ensure that all alternatives were considered and that the selection of sites and areas was as comprehensive as possible, a wide range of potentially viable land was identified. Including those previously identified in:

- The Surrey Annual Monitoring Report (AMR) 2012/13
- The Site Assessment Reports for the SWP 2008
- The site assessment long list & short list for the Joint Aggregates Recycling Development Plan Document 2013
- Sites allocated in the adopted SWP 2008
- Sites allocated in the adopted joint Aggregates Recycling DPD 2013

5.3.2 We will continue to work with the district and borough councils in Surrey to identify sites and areas where co-location of facilities would be possible e.g. industrial sites.

5.3.3 Furthermore, as part of the 'Issues and Options' consultation we are also undertaking a search for suitable land. This will allow landowners to put forward land in their control that might be appropriate to consider as part of the preparation of the SWLP. These nominated sites will be subject to the same method of scrutiny outlined in the Sites Assessment Methodology before being considered for inclusion in the new SWLP.

Criteria for assessing whether sites are suitable

5.3.4 In line with the NPPW, allocated sites are to be located, designed and operated to minimise potential adverse impacts on the amenity of local communities, the natural and historic environment.

5.3.5 The site assessment criteria listed within the Site Assessment Scoping Statement fall under two main categories:

- i) Preliminary Criteria
- ii) Secondary Criteria

5.3.6 Preliminary Criteria will be used to 'sieve' those sites which are assessed as unlikely to be able to support waste-related development. Secondary Criteria will then be used to provide a more detailed site assessment to determine the most appropriate locations for waste related development.

6 Cooperation and Consultation

6.1 Duty to Cooperate Scoping Statement

6.1.1 Surrey County Council as the WPA has a statutory duty to “engage constructively, actively and on an ongoing basis” with other relevant organisations on strategic matters to consider cross boundary matters and so maximise the effectiveness with which plan preparation is undertaken in developing the new SWLP.

6.1.2 We have identified several organisations that we will need to engage with in the preparation of the SWLP including:

- Surrey District and Borough Councils,
- other Waste Planning Authorities, and
- other relevant organisations as identified in the Duty to Cooperate (DtC) Scoping Statement e.g. the M3 Enterprise and Coast to Capital Local Enterprise Partnerships

6.1.3 A draft DtC Scoping Statement has been prepared that outlines how and when the WPA expects to engage with those organisations identified.

6.1.4 The council is consulting on the DtC Scoping Statement to ensure that those authorities, prescribed bodies and other stakeholders we have identified are satisfied with the steps we will take to engage with them in order to discharge our duty.

6.2 Statement of Community Involvement

6.2.1 The Statement of Community Involvement (SCI) outlines how local communities and stakeholders will be involved in the preparation of local plans and planning decisions. A revised SCI was adopted in spring 2015. The SCI will support the preparation of the SWLP and will form part of its evidence base.

6.2.2 The consultations undertaken through the preparation of the new SWLP will be in accordance with the SCI 2015.

7 Next Steps

7.1 Consultation

- 7.1.1 The WPA will consult on the Issues and Options as outlined in this report between 2 September and 25 November 2016, a period of 12 weeks.
- 7.1.2 Once the consultation closes the council will produce a statement outlining the types of responses received and how these will be addressed in preparing the new SWLP.
- 7.1.3 The council may follow up with groups or individuals on specific issues that arise from the consultation to ensure that these are fully accounted for in the draft SWLP. The council will also aim to keep all our stakeholders informed as the SWLP emerges.
- 7.1.4 The next stage of preparing the Plan will be to identify which options are preferred. This will be done by undertaking Sustainability Appraisal and considering comments made on the options identified in this document. Planning policies will then be drafted which implement the preferred options.

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SURREY COUNTY COUNCIL**CABINET****DATE: 14 JULY 2016****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE****SUBJECT: FINANCE AND BUDGET MONITORING REPORT FOR JUNE 2016****SUMMARY OF ISSUE:**

The council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the council's financial position as at 30 June 2016 (month three).

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

RECOMMENDATIONS:

Cabinet is asked to note the following.

1. Forecast revenue budget for 2016/17 is a -£1.5m underspend (Annex, paragraph 1).
2. Forecast efficiencies and service reductions for 2016/17 is £83.5m (Annex, paragraph 19).
3. The quarter end positions for: balance sheet, earmarked reserves, debt and treasury management (Annex, Appendix paragraphs App 8 to App 22).

Cabinet is asked to approve the following.

4. Reprofile -£55.4m capital expenditure from 2016/17 into remainder of the 2016-21 capital programme (Annex, paragraph 24 **Error! Reference source not found.**).

REASON FOR RECOMMENDATIONS:

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

DETAILS:**Revenue budget overview**

5. Surrey County Council set its gross expenditure budget for the 2016/17 financial year at £1,686m. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. As part of this, the council plans to make efficiencies totalling £83.5m.

6. The council aims to smooth resource fluctuations over its five year medium term planning period. To support the 2016/17 budget, Cabinet approved use of £24.8m from the Budget Equalisation Reserve and carry forward of £3.8m to fund continuing planned service commitments. The council currently has £21.3m in general balances.
7. The financial strategy has the following long term drivers to ensure sound governance, management of the council's finances and compliance with best practice.
 - Keep any additional call on the council taxpayer to a minimum, consistent with delivery of key services through continuously driving the efficiency agenda.
 - Develop a funding strategy to reduce the council's reliance on council tax and government grant income.
 - Balance the council's 2016/17 budget by maintaining a prudent level of general balances and applying reserves as appropriate.
 - Continue to maximise our investment in Surrey.

Capital budget overview

8. Creating public value by improving outcomes for Surrey's residents is a key element of the council's corporate vision and is at the heart of MTFP 2016-21's £651m capital programme, which includes £207m spending planned for 2016/17.

Budget monitoring overview

9. The council's 2016/17 financial year began on 1 April 2016. This budget monitoring report covering the financial position at the end of the third month of 2016/17 (30 June 2016). The report focuses on material and significant issues, especially monitoring MTFP efficiencies. The report emphasises proposed actions to resolve any issues.
10. The council has implemented a risk based approach to budget monitoring across all services. The approach ensures we focus effort on monitoring those higher risk budgets due to their value, volatility or reputational impact.
11. A set of criteria categorise all budgets into high, medium and low risk. The criteria cover:
 - the size of a particular budget within the overall council's budget hierarchy (the range is under £2m to over £10m);
 - budget complexity, which relates to the type of activities and data monitored (this includes the proportion of the budget spent on staffing or fixed contracts - the greater the proportion, the lower the complexity);
 - volatility, which is the relative rate that either actual spend or projected spend moves up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during the current year); and
 - political sensitivity, which is about understanding how politically important the budget is and whether it has an impact on the council's reputation locally or nationally (the greater the sensitivity the higher the risk).

12. Managers with high risk budgets monitor their budgets monthly, whereas managers with low risk budgets monitor their budgets quarterly, or more frequently on an exception basis (if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower).
13. Annex 1 to this report sets out the council's revenue budget forecast year end outturn as at 30 June 2016. The forecast is based on the previous month's forecast as well as using information available to the end of the month. The change of basis is due the early reporting date.
14. The report provides explanations for significant variations from the revenue budget, with a focus on efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so variances over 2.5% may also be material.
15. Annex 1 to this report also updates Cabinet on the council's capital budget. Appendix 1 provides details of the MTFP efficiencies, revenue and capital budget movements.

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

17. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the leadership risk register continues to reflect the increasing uncertainty of future funding likely to be allocated to the council.

Financial and Value for Money Implications

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

Section 151 Officer Commentary

19. The Section 151 Officer confirms that the financial information presented in this report is consistent with the council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

Legal Implications – Monitoring Officer

20. There are no legal issues and risks.

Equalities and Diversity

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

WHAT HAPPENS NEXT:

22. The relevant adjustments from the recommendations will be made to the council's accounts.
-

Contact Officer:

Sheila Little, Director of Finance
020 8541 7012

Consulted:

Cabinet, strategic directors, heads of service.

Annexes:

- Annex 1 – Revenue budget, staffing costs, efficiencies, capital programme.
- Appendix 1 – Service financial information (revenue and efficiencies), revenue and capital budget movements.

Sources/background papers:

- None
-

Budget monitoring period 3 2016/17 (June 2016)

Summary recommendations

Cabinet is asked to note the following.

1. Forecast revenue budget for 2016/17 is a -£1.5m underspend (paragraph 1).
2. Forecast efficiencies and service reductions for 2016/17 is £83.5m (paragraph 19).
3. The quarter end positions for: balance sheet, earmarked reserves, debt and treasury management (paragraphs App 8 to App 22).

Cabinet is asked to approve the following.

4. Reprofile -£55.4m capital expenditure from 2016/17 into remainder of the 2016-21 capital programme (paragraph 24).

Revenue summary

Surrey County Council set its gross expenditure budget for the 2016/17 financial year at £1,686m. A key objective of MTFP 2016-21 is to increase the council's overall financial resilience. This includes making efficiencies totalling £83.5m during 2016/17.

As at 30 June 2016, services forecast -£1.5m year end underspend and achieving £83.5m efficiencies. The underspend is due to higher than budgeted forecast income from retained business rates. It is still early in the financial year and services may yet encounter service delivery challenges, which present risks to the 2016/17 budget. However, as at 30 June 2016, services are on track to achieve their planned efficiencies. This is important to ensure the council maintains a balanced budget and achieves a sustainable financial position in future years.

The council aims to smooth resource fluctuations over its five year medium term planning period. To support 2016/17, Cabinet approved use of £24.9m from reserves and carry forward of £3.9m to fund continuing planned service commitments. The council continues to maintain £21.3m in general balances.

In February 2016, Cabinet approved the Council's Financial Strategy 2016-21. The Financial Strategy aims to:

- secure the stewardship of public money;
- ensure financial sustainability and
- enable the transformation of the council's services.

Capital summary

Creating public value by improving outcomes for Surrey's residents is a key element of Surrey County Council's corporate vision and it is at the heart of its £638m capital programme in MTFP 2016-21. As at 30 June 2016, services forecast spending £154m against the £154m current 2016/17 budget and £242m in total, including long term investments.

As part of increasing the council's overall financial resilience, it plans to invest £89m in long term capital investment assets in 2016/17 to add to the £120m invested to 31 March 2016 (paragraphs 26 and 27).

Revenue budget

1. As at 30 June 2016, the year to date budget variance is balanced and services forecast a small revenue budget variance at the year end, with a -£1.5m overall net underspend due to higher business rates receipts. It is still early in the financial year and where necessary, services are developing plans to ensure they achieve a balanced outturn.
2. In March 2016, Cabinet approved the council's 2016/17 revenue expenditure budget at £1,686.0m. Changes in the first quarter of 2016/17 to reflect agreed carry forwards and other budgetary adjustments reduced the expenditure budget as at 30 June 2016 to £1,684.0m. Table 1 shows the updated budget, including services' net expenditure budgets (gross expenditure less income from specific grants and fees, charges and reimbursements) and funding of £672.2m from local taxation and £24.9m from reserves.

Revenue budget monitoring position

3. Table 1 summarises the council's year to date and forecast year end gross income and expenditure positions compared to the full year revised budget. The full year revised net expenditure budget to be met from reserves is £24.9m. The expected year to date net expenditure included in the budget is -£46.0m. The actual year to date total net expenditure is -£45.7m, resulting in a balanced position overall. This is summarised in Table 1 below and in more detail in Table App1 in the Appendix.

Table 1: 2016/17 revenue budget subjective summary as at 30 June 2016

Subjective summary	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Gross income	-1,659.1	-453.6	-1,660.6	-1.5
Gross expenditure	1,684.0	408.0	1,684.0	0.0
Total net expenditure	24.9	-45.7	23.4	-1.5

Note: * Profiled year to date net budget is -£46.0m compared to actual net expenditure of -£45.7m
All numbers have been rounded - which might cause a casting difference

4. In the appendix, Table App1 outlines the updated revenue budget by service after in year budget virements and carry forward of budgets from the last financial year.
5. Table 2 shows the revenue budget position analysed by services and the council's general funding sources. For each service, the table shows the net expenditure position that comprises gross expenditure less income from specific grants and fees, charges and reimbursements. The council's general funding sources include general government grants, local taxation (council tax and business rates) and planned use of reserves.
6. Table 2 shows services are on track to achieve a balanced outturn or underspend in 2016/17. General funding shows a favourable forecast variance for business rates income.

Table 2: 2016/17 updated revenue budget forecast as at 30 June 2016

Service	Full year revised budget £m	YTD actual £m	Full year projection £m	Full year variance £m
Economic Growth	1.7	0.2	1.7	0.0
Strategic Leadership	1.1	0.2	1.1	0.0
Adult Social Care	368.6	98.2	368.7	0.0
Children's and Safeguarding services	97.8	23.5	97.7	0.0
Commissioning & Prevention	37.9	8.7	37.9	0.0
Schools & SEND (Special Educational Needs & Disabilities)	63.3	15.4	63.2	-0.1
Delegated Schools	0.0	0.0	0.0	0.0
Community Partnership & Safety	3.5	0.8	3.5	-0.1
Coroner	1.8	0.4	1.8	0.0
Cultural Services	9.6	2.1	9.6	0.0
Customer Services	3.5	0.7	3.5	0.0
C&C Directorate Support	1.0	0.2	1.0	0.0
Emergency Management	0.5	0.1	0.5	0.0
Surrey Fire & Rescue Service	33.2	8.3	33.2	0.0
Trading Standards	2.0	0.4	2.0	0.0
Environment & Planning	79.8	20.5	79.8	0.0
Highways & Transport	45.1	10.4	45.1	0.0
Public Health	0.3	0.0	0.3	0.0
Central Income & Expenditure	56.1	-2.6	56.2	0.1
Communications	2.1	0.4	2.1	0.0
Finance	3.1	0.7	3.1	0.0
Human Resources & Organisational Development	4.3	0.8	4.3	0.0
Information Management & Technology	13.1	3.0	13.1	0.0
Legal & Democratic Services	8.5	2.0	8.4	-0.1
Strategy & Performance	1.7	0.5	1.7	0.0
Procurement	0.9	0.2	0.9	0.0
Property	20.9	3.9	20.9	0.0
Joint Operating Budget ORBIS	38.0	8.0	38.0	0.0
Business Operations	0.2	0.0	0.2	0.0
Total services' net revenue expenditure	899.3	207.1	899.4	0.0
General funding sources				
General Government grants	-202.3	-52.4	-202.3	0.0
Local taxation (council tax and business rates)	-672.2	-200.3	-673.7	-1.5
Total general funding	-874.5	-252.7	-876.0	-1.5
Total movement in reserves	24.9	-45.7	23.4	-1.5

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

Significant revenue budget variances

Central Income & Expenditure - -£1.5m underspend (no change since 31 May)

- As at 30 June 2016, Central Income & Expenditure (CIE) forecasts -£1.5m year end underspend. This is due to higher forecast business rates income than budgeted as explained in the budget monitoring report for May 2016.

Areas to be aware

- It is still early in the financial year and services may yet encounter service delivery challenges, which present risks to their 2016/17 outturn positions.

Areas to be aware – Adult Social Care

- As at 30 June 2016, a risk of +£1.1m overspend has been identified for Adult Social Care (ASC). This is due to a potential underachievement of £0.9m against ASC's £55.3m efficiencies target and £0.2m of costs that were not budgeted for. ASC's

Leadership Team is taking a rigorous approach to tracking performance in the delivery of the service's efficiencies programme and continues to look for opportunities to recover the position which will be assessed for next month's report.

Revolving Infrastructure & Investment Fund

10. Table 3 shows the council forecasts generating net income of -£1.8m in 2016/17 (after subtracting funding costs and other expenses) by the joint venture project to deliver regeneration in Woking town centre, from various property acquisitions made for future service delivery and from the Halsey Garton group. The council anticipates transferring the net income to the Revolving Infrastructure and Investment Fund at the year-end.
11. Capital expenditure in 2016/17 includes equity investment and loans to the Halsey Garton group, development of the former Thales site in Crawley, further loans to the Woking Bandstand Joint Venture Company and other town centre development projects. The forecast capital expenditure includes acquisitions and projects that are approved by separate Cabinet decisions. Of the £88.6m approved expenditure, the council has spent £53.4m to date on acquisitions and development projects.

Table 3: Summary revenue and capital position as at 30 June 2016

	YTD actual £m	Full year forecast £m
Revenue		
Income	-1.8	-9.6
Expenditure	0.0	0.4
Net income before funding	-1.8	-9.2
Funding costs	1.5	7.4
Net revenue income after funding	-0.3	-1.8
Capital Expenditure	53.4	88.6

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

Staffing costs

12. The council employs three categories of staff.
 - Contracted staff employed on a permanent or fixed term basis and paid through the council's payroll. These staff are contracted to work full time, or part time.
 - Bank staff are contracted to the council and paid through the payroll but have no guaranteed hours.
 - Agency staff employed through an agency with which the council has a contract.
13. Bank and agency staff enable managers to manage short term variations in service demand, or contracted staff vacancies. This is particularly the case in social care. Some flexibility in the staffing budget is sensible, as it allows the council to vary a portion of staffing costs.
14. The council sets its staffing budget on the estimated labour needed to deliver its services. It expresses this as budgeted full time equivalent (FTEs) staff and converts it to a cost for the budget. The budget includes spending on all three categories of

staff and is the key control in managing staffing expenditure. The council's total full year staffing budget for 2016/17 is £273.5m based on 7,122 budgeted FTEs.

15. The council has 618 "live" vacancies, where it is actively recruiting. 521 of these vacancies are in social care.

Table 4: Full time equivalents in post and vacancies as at 30 June 2016

	FTE
Budget	7,122
Occupied contracted FTE	6,468
"Live" vacancies (i.e. actively recruiting)	618

16. Table 5 shows staffing cost as at 30 June 2016 against service budgets and analysed among the three staff categories of contracted, bank and agency staff. Table 5 also shows services' budgeted FTEs. Budget variances can arise for several reasons including: the budget for some FTEs is held in a different service from where the postholder works in the organisation (for example the HR&OD budget covers apprentices' costs, but the occupied FTEs appear in the service they work in); secondees' budgeted posts appear in the seconding service, but the occupied FTE appears in the service they are seconded to (or not at all if the secondment is to an external body). The income from recharges for secondments is within services' other income.
17. Agency or bank staff often cover vacancies on a temporary basis. The number of temporary staff does not translate easily into an FTE number as these may be for a few hours only, part time etc. The easiest measure for monitoring staffing is cost, using the total expenditure and variance shown in Table 5 and Table App3 in the appendix.
18. Table 5 shows the year to date budget as at 30 June 2016 is £68.8m and expenditure incurred is £66.9m. Table App 3 shows the -£1.9m year to date underspend on employment costs and services' forecast -£0.3m underspend at year end.

Table 5: Staffing costs and FTEs to 30 June 2016

Service	<----- Staffing spend by category ----->						Budgeted FTE	Occupied contracted FTEs
	YTD staff budget £m	Contracted £m	Agency £m	Bank & casual £m	Total £m	Variance £m		
Strategic Leadership	0.3	0.2	0.0	0.0	0.2	0.0	10	9
Adult Social Care	14.5	13.2	0.5	0.5	14.2	-0.3	1,860	1,577
Children, Schools & Families ¹	29.7	26.1	1.9	1.1	29.1	-0.6	2,956	2,723
Community Partnership & Safety	0.3	0.3	0.0	0.0	0.3	0.0	25	27
Coroner	0.1	0.1	0.0	0.0	0.1	0.0	2	2
Cultural Services	4.7	4.2	0.0	0.4	4.6	-0.2	507	525
C&C Directorate Support	0.3	0.2	0.0	0.0	0.2	0.0	26	24
Emergency Management	0.1	0.1	0.0	0.0	0.1	0.0	12	12
Surrey Fire & Rescue Service	6.9	6.7	0.0	0.4	7.0	0.1	648	619
Trading Standards	0.8	0.7	0.0	0.0	0.7	-0.1	75	66
Environment & Planning	2.5	2.4	0.0	0.0	2.4	0.0	215	196
Highways & Transport	3.8	3.2	0.0	0.1	3.3	-0.6	370	310
Public Health	0.7	0.6	0.0	0.0	0.6	-0.1	48	43
Communications	0.3	0.3	0.0	0.0	0.3	0.0	22	27
Customer Services	0.9	0.8	0.1	0.0	0.8	-0.1	107	93
Legal & Democratic Services	1.4	1.2	0.0	0.0	1.2	-0.1	129	105
Strategy & Performance	0.5	0.5	0.0	0.0	0.5	0.0	27	30
ORBIS Managed Budget	1.1	1.0	0.1	0.0	1.1	0.0	84	80
Total	68.8	61.4	2.9	2.4	66.9	-1.9	7,123	6,468

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

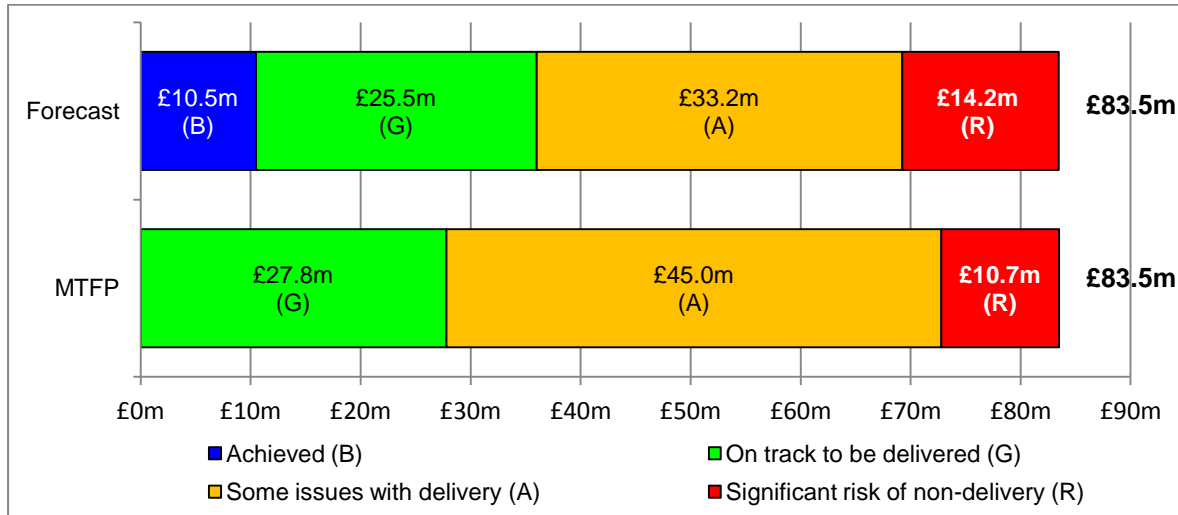
1 - Children, Schools & Families' FTEs include: Children's & Safeguarding, Commissioning & Prevention, Schools & SEND and Delegated Schools

2 - ORBIS Joint Operating Budget is formally delegated to the Joint Operating Committee for management (including staffing), as such the council's monitoring only reports its contribution to the joint budget

Efficiencies

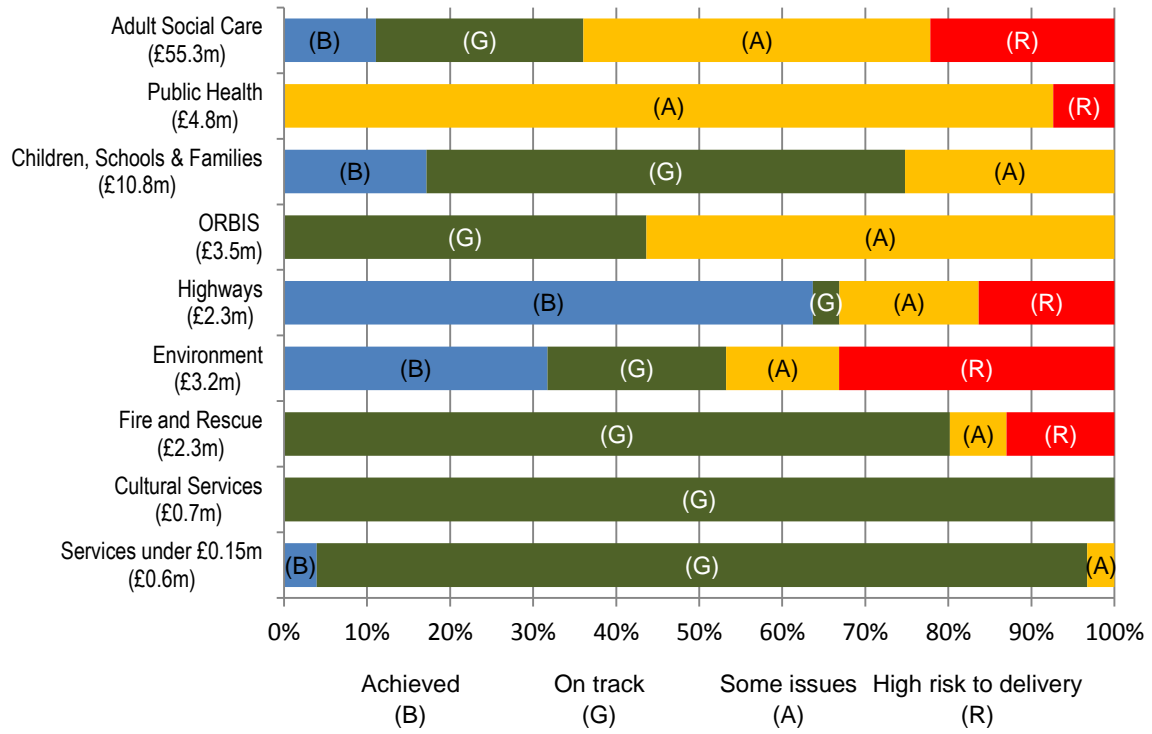
19. MTFP 2016-21 incorporates £83.5m efficiencies in 2016/17. Council services currently forecast to achieve these targets, although recognise the level of risk in their achievement. Figure 1 summarises services' efficiency targets, their forecasts for achieving the efficiencies and the risks to achieving them.

Figure 1: 2016/17 overall risk rated efficiencies



20. Each service's assessment of its progress on achieving efficiencies uses the following risk rating basis:
- RED – significant or high risk of saving not being achieved, as there are barriers preventing the necessary actions to achieve the saving taking place;
 - AMBER - a risk of saving not being achieved as there are potential barriers preventing the necessary actions to achieve the saving taking place;
 - GREEN – plans in place to take the actions to achieve the saving;
 - BLUE – the action has been taken to achieve the saving;
 - PURPLE – in year additional and one off savings to support the programme, which are not sustainable in subsequent years.
21. Figure 1 shows that overall, services are on track to achieve their planned efficiencies. Adult Social Care, ORBIS and Surrey Fire & Rescue are supporting their programmes with additional in year and one off efficiencies. Figure 2 shows services' risk ratings for achieving their efficiencies.

Figure 2: 2016/17 efficiencies risk ratings by service



Capital budget

22. The council demonstrated its firm long term commitment to supporting Surrey's economy by setting a £638m 2016-21 MTFP capital programme.
23. Cabinet approved the original capital expenditure budget for 2016/17 at £194m and carry forward of £13.0m scheme budgets requested in the 2015/16 Outturn report. As at 30 June 2016, capital virements totalled £1.7m.

Capital reprofile request

24. Property Services proposes reprofiling the 2016/17 capital budget by - £55.4m into the remaining years of the capital programme. The biggest element of the reprofiling is -£34.2m for the schools basic need programme. Following a review of the scheme, need is reduced in 2016/17 by £3.5m because of additional places from a new free school and reduced costs. The remaining re-profiling is due to reconsideration of the schedule of demand for school places. Table 6 shows the proposed reprofiled expenditure over the current capital programme.

Table 6: Proposed reprofiled capital expenditure 2016-21

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2016-21 £m
School Basic Need - reduced programme	-3.5					-3.6
School Basic Need - reprofiling	-30.7	3.3	20.7	7.7	-1.0	0.0
Other Property and IMT programmes	-21.2	5.5	10.0	-0.4	6.0	0.0
Total reprofiling	-55.4	8.8	30.7	7.3	5.0	-3.6

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

25. Table 7 shows the construction of the current year capital expenditure budget from the MTFP budget.

Table 7: Capital expenditure budget 2016/17

	MTFP budget £m	2015/16 budget c/fwd £m	Budget virement £m	Proposed reprofile £m	Current full year budget £m
School basic need	75.6	-8.1		-34.2	33.2
Highways recurring programme	58.1	-0.2	-0.5		57.4
Property & IT recurring programme	25.7	4.5	0.4	-0.5	30.2
Other capital projects	35.0	16.8	1.8	-20.7	32.8
Service capital programme	194.4	13.0	1.7	-55.4	153.7
Long term investments					0.0
Overall capital programme	194.4	13.0	1.7	-55.4	153.7

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

26. Table 8 compares the current full year overall capital programme budget of £153.7m to the current forecast expenditure for the service capital programme of £153.7m and the current forecast expenditure for the overall capital programme, including long term investments of £242.3m.

Table 8: Forecast capital expenditure 2016/17

	Current full year budget £m	Apr - Jun actual £m	Jul - Mar projection £m	Full year forecast £m	Full year variance £m
Schools basic need	33.2	7.4	26.1	33.2	0.0
Highways recurring programme	57.4	10.3	47.2	57.4	0.0
Property & IT recurring programme	30.2	1.9	28.3	30.2	0.0
Other capital projects	32.8	3.6	30.9	32.8	0.0
Service capital programme	153.7	23.2	132.4	153.7	0.0
Long term investments	0.0	0.0	88.7	88.7	88.7
Overall capital programme	153.7	23.2	221.1	242.3	88.7

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

27. Approved Investment Strategy spending is expected to be £88.7m in 2016/17 and total capital expenditure £244.2m. There are no significant variances to the current service capital programme

Appendix to Annex

Efficiencies & service reductions

App 1. There were no significant variations in services' progress against their MTFP 2016-21 efficiencies & service reductions as at 30 June 2016.

Updated budget - revenue

App 2. The council's 2016/17 revenue expenditure budget was initially approved at £1,686.0m. Adding virement changes in quarter one reduced the expenditure budget as at 30 June 2016 to £1,684.0m. Table 1 shows the updated budget. Table App1 shows the original and updated income and expenditure budgets, including the overall net expenditure the council plans to meet from reserves.

Table App1: 2016/17 updated revenue budget as at 30 June 2016

	MTFP income £m	Carry fwds & Internal movements £m	Approval income £m	MTFP expenditure £m	Carry fwds & Internal movements £m	Approval expenditure £m	Updated net expenditure budget £m
Economic Growth			0.0	1.7		1.7	1.7
Strategic Leadership			0.0	1.0	0.1	1.1	1.1
Adult Social Care	-60.9	-2.0	-62.9	429.5	2.1	431.6	368.7
Children's & safeguarding services	-7.9		-7.9	104.7	0.9	105.6	97.8
Commissioning & Prevention	-51.9		-51.9	89.7	-0.1	89.6	37.8
Schools & SEND	-107.8	-0.4	-108.2	170.8	0.6	171.4	63.2
Delegated Schools	-457.7	-0.4	-458.1	457.7	0.4	458.1	0.0
Community Partnership & Safety	-0.2		-0.2	3.0	0.7	3.7	3.5
Coroner			0.0	1.8		1.8	1.8
Cultural Services	-13.1		-13.1	22.7	0.0	22.7	9.6
Customer Services	-0.1		-0.1	3.6		3.6	3.5
C&C Directorate Support	-0.1		-0.1	1.1	0.1	1.1	1.0
Emergency Management	0.0		0.0	0.5	0.0	0.6	0.5
Surrey Fire & Rescue Service	-13.6	-0.8	-14.4	46.8	0.8	47.6	33.2
Trading Standards	-1.7		-1.7	3.7		3.7	2.0
Environment & Planning	-6.5	-0.7	-7.2	86.3	0.7	87.0	79.8
Highways & Transport	-7.6		-7.6	51.9	0.7	52.6	45.1
Public Health	-38.5		-38.5	38.8		38.8	0.3
Central Income & Expenditure	-0.5		-0.5	60.0	-3.5	56.5	56.0
Communications	0.0		0.0	2.0	0.1	2.2	2.1
Finance	-1.4		-1.4	4.5	0.0	4.5	3.1
Human Resources & Organisational Development	-0.1		-0.1	4.7	-0.3	4.4	4.3
Information Management & Technology	-0.8		-0.8	13.2	0.6	13.8	13.1
Legal & Democratic Services	-0.5		-0.5	9.0	0.0	9.0	8.5
Strategy & Performance	-0.8	0.2	-0.6	1.9	0.3	2.2	1.7
Procurement			0.0	0.9		0.9	0.9
Property	-8.3	-0.4	-8.7	29.5	0.1	29.6	20.9
Joint Operating Budget ORBIS	-6.7	6.7	0.0	44.7	-6.7	38.0	38.0
Business Operations			0.0	0.2		0.2	0.2
Services total	-786.6	2.2	-784.4	1,686.0	-2.2	1,683.8	899.5
General Government grants	-202.3		-202.3			0.0	-202.3
Local taxation (council tax and business rates)	-672.2		-672.2			0.0	-672.2
Total movement in reserves	-1,661.2	2.2	-1,659.0	1,686.0	-2.2	1,683.8	24.8

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

App 3. When Council agreed the MTFP in February 2016, some government departments had not determined the final amount for some grants. Cabinet agreed the principle that services would estimate their likely grant and services' revenue budgets would reflect any changes in the final amounts, whether higher or lower.

App 4. To control their budgets during the year, managers occasionally need to transfer, or vire budgets from one area to another. In most cases these are administrative or technical in nature, or of a value the Director of Finance can approve. Virements above £500,000 require the approval of the relevant Cabinet Member. There were no virements above £500,000 in the first quarter of 2016/17.

App 5. Table App 2 summarises the movements to the revenue expenditure budget.

Table App 2: Movements in 2015/16 revenue expenditure budget

	Income £m	Expenditure £m	Earmarked reserves £m	General balances £m
MTFP	-1,661.2	1,686.0		24.8
Carry forwards		3.9	-3.9	0.0
	-1,661.2	1,689.9	-3.9	24.8
Internal service movements	2.2	-2.2	0.0	0.0
Council and Cabinet approvals	0.0	0.0	0.0	0.0
Total quarter 1 movements	2.2	-2.2	0.0	0.0
June approved budget	-1,659.0	1,687.7	-3.9	24.8

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

App 6. Table App 3 shows the year to date and forecast year end gross revenue position supported by general balances.

Table App 3: 2016/17 Revenue budget forecast position as at 30 June 2016

	Year to date			← Budget £m	Full year → Remaining forecast Projection Variance £m		
	Budget £m	Actual £m	Variance £m		Budget £m	Projection £m	Variance £m
Income:							
Local taxation	-200.2	-200.3	-0.1	-672.2	-473.4	-673.7	-1.5
Government grants	-217.7	-210.8	6.9	-841.7	-623.7	-834.5	7.2
Other income	-36.8	-42.5	-5.7	-145.1	-109.9	-152.4	-7.3
Income	-454.7	-453.6	1.1	-1,659.0	-1,207.0	-1,660.6	-1.6
Expenditure:							
Staffing	68.8	66.9	-1.9	271.4	204.2	271.1	-0.3
Service provision	221.7	222.8	1.1	966.4	732.4	955.2	-11.1
Non schools sub-total	290.5	289.7	-0.8	1,237.8	936.6	1,226.3	-11.5
Schools expenditure	118.3	118.3	0.0	446.2	339.4	457.7	11.5
Total expenditure	408.8	408.0	-0.8	1,684.0	1,276.0	1,684.0	0.0
Movement in balances	-46.0	-45.7	0.3	24.9	69.1	23.4	-1.5

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

Updated budget – capital

App 7. Cabinet approved £13.0m carry forward of scheme budgets requested in 2015/16's Outturn report. Property Services has proposed -£55.4m reprofiling of expenditure from 2016/17 to the remaining years of the 2016-21 capital programme. Capital virements in June 2016 amount to a net total £0.4m to add to £1.3m virements made in April and May. Table App 4 summarises the capital budget movements for the year.

Table App 4: 2016/17 Capital budget movements as at 30 June 2016

	1 April 2016 £m	31 May 2016 £m	30 June 2016 £m
MTFP (2016-21) (opening position)	194.4	194.4	194.4
Carry forwards from 2015/16		13.0	13.0
Property Services' reprofiling			-55.4
Virements			
Limmerlease (Watts Gallery Trust)		1.0	1.0
Woodfuel & timber grant		0.3	0.3
Lindon Farm			-1.8
Salt barns			0.2
Horley Library			2.1
IMT contributions to Equipment Replacement Reserve			0.5
Environment & Infrastructure reprofile			-0.5
In year budget changes		14.3	-38.7
2016/17 updated capital budget		208.7	153.7

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

Balance sheet

App 8. Table App 5 shows a summary of the council's balance sheet as at 30 June 2016.

Table App 5: Balance sheet

As at 31 Mar 2016 £m		As at 30 June 2016 £m
1,792.9	Property, plant & equipment	1,804.3
1.0	Heritage assets	1.0
62.9	Investment property	62.9
5.5	Intangible assets	5.3
3.2	Assets held for sale	17.0
28.7	Long term debtors	67.0
1,894.2	LONG TERM ASSETS	1,957.5
65.0	Short term investments	61.1
0.8	Intangible assets	0.8
24.2	Assets held for sale	24.2
1.4	Inventories	0.8
152.1	Short term debtors	137.6
0.0	Cash & cash equivalents	0.0
243.5	CURRENT ASSETS	224.5
-19.6	Short term cash & cash equivalents	-0.1
-30.9	Short term borrowing	-28.7
-182.1	Creditors	-186.8
-3.1	Provisions	-3.1
-0.1	Revenue grants receipts in advance	-0.1
-0.3	Capital grants receipts in advance	-0.3
-7.6	Other short term liabilities	-7.6
-243.7	CURRENT LIABILITIES	-226.7
-30.6	Provisions	-30.5
-397.8	Long term borrowing	-397.8
-1,383.5	Other long term liabilities	-1,383.4
-1,811.9	LONG TERM LIABILITIES	-1,811.7
82.1	NET ASSETS	143.6
-317.1	Usable reserves	-398.3
235.0	Unusable reserves	254.7
-82.1		-143.6

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

Earmarked reserves

Table App 6: Earmarked revenue reserves as at 30 June 2016

	Opening balance 1 Apr 2016 £m	Balance at 30 June 2016 £m	Forecast 31 Mar 2017 £m
Revolving Infrastructure & Investment Fund	21.1	11.1	11.1
Budget Equalisation Reserve	13.1	6.9	11.7
Eco Park Sinking Fund	11.7	5.8	4.4
Insurance Reserve	11.9	6.5	6.5
Investment Renewals Reserve	8.8	8.3	2.1
General Capital Reserve	5.2	5.2	5.2
Street lighting PFI Reserve	5.1	4.4	4.4
Vehicle Replacement Reserve	3.9	3.9	1.3
Economic Downturn Reserve	9.2	9.2	9.2
Public Health Reserve	2.7	2.7	2.7
Economic Prosperity Reserve	2.5	2.5	2.5
Equipment Replacement Reserve	2.1	2.5	1.1
Child Protection Reserve	1.1	1.1	0.0
Business Rate Appeals Reserve	1.3	1.3	1.3
Pension Stabilisation Reserve	1.1	0.0	0.0
Interest Rate Reserve	1.0	1.0	1.0
Total earmarked revenue reserves	101.8	72.4	64.5
General Fund Balance	21.3		21.3

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

Debt

App 9. During the three months to 30 June 2016, the Accounts Payable team raised invoices totalling £83.8m. The amount overdue on these invoices was £24.6m of gross debt as at 30 June 2016. Table App 7 shows the age profile of the council's debts. The overdue debt is the gross debt less those balances not immediately due (i.e. less than 30 days old).

Table App 7: Age profile of the council's debts as at 30 June 2016

Account group	<1 month £m	2-12 months £m	1-2 years £m	+2 years £m	Gross debt £m	Overdue debt £m
Care debt – unsecured	2.9	5.2	2.1	3.2	13.4	10.5
Care debt – secured	0.1	2.0	1.6	3.2	6.6	6.5
Total care debt	3.0	7.1	3.4	6.4	20.0	17.0
Schools, colleges and nurseries	3.7	1.2	0.0	0.0	4.9	1.2
Clinical commissioning groups	7.7	2.0	0.1	0.2	10.0	2.3
Other local authorities	4.0	1.3	0.3	0.1	5.7	1.7
General debt	2.9	2.3	0.2	0.0	5.4	2.5
Total non-care debt	18.3	6.8	0.5	0.4	26.0	7.7
Total debt	21.4	13.9	3.9	6.8	46.0	24.6

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

App 10. Adjusting the overdue debt to take into account those balances not secured (on property) produces the overdue, unsecured debt figures shown in Table App 8.

Table App 8: Overdue, unsecured debt summary as at 30 June 2016

	2016/17 Q1 £m	2015/16 Q4 £m	2014/15 Q4 £m	2013/14 Q4 £m
Care related debt	10.5	10.8	8.9	6.5
Non care related debt	7.7	7.6	4.2	3.1
Total	18.2	18.4	13.1	9.6

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

App 11. The council's debt policy includes a target of 30 days to collect non-care debt. The average number of debtor days for the period 1 April 2016 to 30 June 2016 was 32 days.

App 12. The Director of Finance has delegated authority to write off irrecoverable debts in line with financial regulations. During the quarter to 30 June 2016, the Director of Finance has written off 82 such debts with a total value of £94,052, of which £66,591 is care related and £27,461 is non care related debt.

Treasury management

Borrowing

App 13. The council borrows money to finance the amount of our capital spending that exceeds receipts from grants, third party contributions, capital receipts and reserves. The council must also demonstrate the costs of borrowing are affordable, prudent and sustainable under the Prudential Code. Table App 9 shows movements in the council's long term borrowing.

Table App 9: Long term borrowing as at 30 June 2016

	£m
Debt outstanding as at 1 April 2016	397.2
Loans raised	0.0
Loans repaid	0.0
Current balance as at 30 June 2016	397.2

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

App 14. The weighted average interest rate of the council's entire long term debt portfolio is 4.1% as at 30 June 2016.

App 15. The council also manages cash on behalf of Surrey Police Authority (£30.7m as at 30 June 2016) which is classed as temporary borrowing.

Authorised limit and operational boundary

App 16. The following prudential indicators control the overall level of borrowing:

- The authorised limit represents the limit beyond which borrowing is prohibited. The limit reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing needed with headroom for unexpected cash flow. This is a statutory limit determined under section 3(1) of the Local Government Act 2003.
- The operational boundary is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an indicator to ensure the authorised limit is not breached.

Table App 10: Borrowing against the authorised limit and operational boundary as at 30 June 2016

	Authorised limit £m	Operational boundary £m
Gross borrowing	397.2	397.2
Limit / boundary	882.9	608.9
Headroom	485.7	211.7

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

Capital Financing Requirement

App 17. The Capital Financing Requirement (CFR) represents the council's underlying need to borrow for a capital purpose. The council must ensure that, in any one year, net external borrowing does not, except in the short-term, exceed the estimated CFR for the next three years. Table App 11 shows the council's position against the estimated CFR, as reported to the County Council in February 2016. The current borrowing position shows a net position of £332.7m more in borrowing than the council holds in short term deposits.

Table App 11: The council's position against the estimated CFR

Capital Financing Requirement			Net borrowing
2015/16	2016/17	2017/18	
£870.9m	£916.4m	£950.3m	£332.7m

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

Maturity profile

App 18. The council sets limits for the maturity structure of borrowing in accordance with the Prudential Code, as shown in Table App 12. This excludes balances invested on behalf of Surrey Police Authority.

Table App 12: Maturity structure of the council's borrowing as at 30 June 2016

	Upper limit	Lower limit	Actual
Repayable in 1 year*	50%	0%	0%
Repayable in 1-2 years	50%	0%	0%
Repayable in 2-5 years	50%	0%	0%
Repayable in 5-10 years	75%	0%	2%
Repayable in 10-15 years	75%	0%	0%
Repayable in 15-25 years	75%	0%	2%
Repayable in 25-50 years	100%	25%	96%

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

Early debt repayment and rescheduling

App 19. The council has not made early repayments or rescheduled debt in 2016/17.

Investments

App 20. The council had an average daily level of investments of £181.6m throughout 2015/16, with an average of £88.2m so far in 2016/17. The balance of funds managed on behalf of schools was £60.1m at 30 June 2016.

App 21. The council invests cash on the money markets through one of its five brokers, or directly with counterparties through the use of call accounts, money market funds or direct deal facilities, or with the Debt Management Office (DMO). Table App 13 shows activity during the year to 30 June 2016.

Table App 13: Deposit activity up to 30 June 2016

Timed deposits	Number	Average value	
		£m	
Deals using a broker	0	0	
Direct deal facilities	0	0	
Deals with DMO	0	0	
Instant access	Number	Individual limit	Total limit
		£m	
Active call accounts	1	20.0	20.0
Active money market funds	5	25.0	125.0

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

App 22. The weighted average return on all investments received to the end of the first quarter in 2016/17 is 0.50%. This compares to the average 7-day London Interbank Bid Rate (LIBID) of 0.36% for the equivalent period. Table App 14 shows the comparison.

Table App 14: Weighted average return on investments compared to 7-day LIBID

	Average 7-day LIBID	Weighted return on investments
Quarter 1	0.36%	0.50%
2015/16 total	0.36%	0.54%
2014/15 total	0.35%	0.42%

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

SURREY COUNTY COUNCIL

CABINET

DATE: 14 JULY 2016



REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE

LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE

SUBJECT: LEADERSHIP RISK REGISTER

SUMMARY OF ISSUE:

The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report presents the Leadership risk register as at 30 June 2016.

RECOMMENDATIONS:

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

REASON FOR RECOMMENDATIONS:

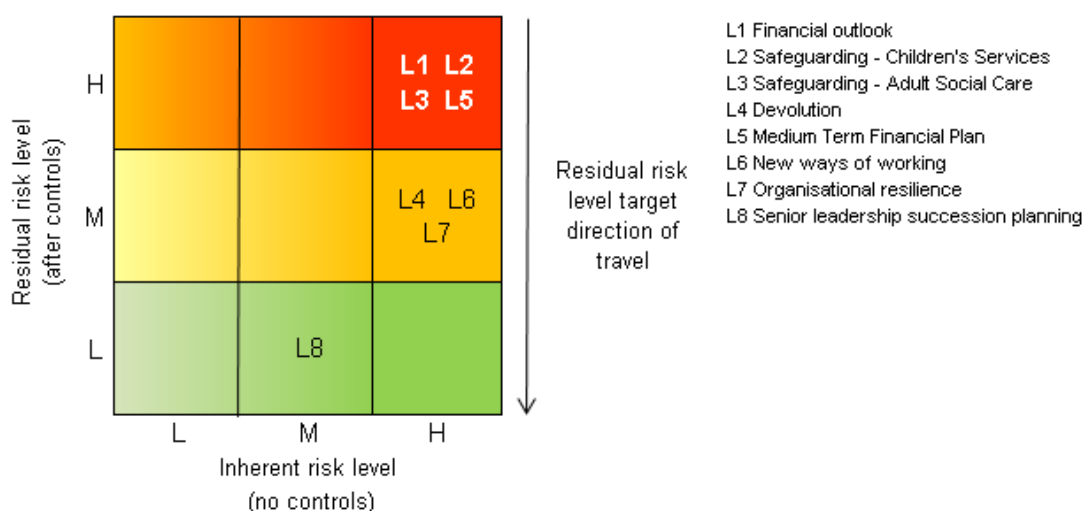
To enable the Cabinet to keep Surrey County Council's strategic risks under review and to ensure that appropriate action is being taken to mitigate risks to a tolerable level in the most effective way.

LEADERSHIP RISK REGISTER:

1. The Surrey County Council Leadership risk register (Annex 1) is owned by the Chief Executive and captures Surrey County Council's key strategic risks. The risk register focuses specifically on the strategic risks that have the potential to significantly destabilise the organisation.
2. The role of the Cabinet is to assure itself that Surrey County Council's strategic risks are captured on the risk register and that appropriate actions are being taken to effectively mitigate the risks to a tolerable level.
3. The Leadership risk register is reviewed monthly by the Statutory Responsibilities Network, bi-monthly by the Strategic Risk Forum and the Audit and Governance Committee at each meeting.
4. Since the risk register was last presented to the Cabinet in April 2016, the Senior Leadership Succession Planning risk (L8) inherent risk level has been reduced from high to medium and the residual risk level has been reduced from medium to low. Additional processes have also been included and wording changes made to all the risks.

Residual risk level

- The Surrey County Council Leadership risk register includes both the inherent and residual risk levels for each risk. Inherent risk is the level of risk before any control activities are applied. The residual risk level takes into account the controls that are already in place or are being put in place, detailed on the risk register as both 'processes in place' and 'controls.'
- Despite mitigating actions, four risks have a high residual risk level (L1,L2,L3,L5), three risks have a medium residual risk level (L4,L6,L7) and one risk has a low residual risk level (L8): showing the significant level of risk that the council is facing despite the processes and controls being put in place to manage the risks.



CONSULTATION:

- The Surrey County Council Leadership risk register has been reviewed by a number of senior officer groups and the Audit and Governance Committee.

RISK MANAGEMENT AND IMPLICATIONS:

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

Financial and Value for Money Implications

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

Section 151 Officer Commentary

- The Section 151 Officer is well sighted of current and emerging risks through being chair of the Strategic Risk Forum, a member of the Statutory Responsibilities Network and a direct report to the Chief Executive Officer. Her attendance at key strategic meetings provides further insight and ensures an integrated risk approach.

Legal Implications – Monitoring Officer

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

Equalities and Diversity

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

WHAT HAPPENS NEXT:

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

Contact Officer:

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

Consulted:

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

Annexes:

Annex 1 – Leadership risk register

Sources/background papers:

None

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Leadership risk register as at 30 June 2016 (covers rolling 12 months)

Strategic risks – have the potential to significantly disrupt or destroy the organisation

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L1	FN01 CSF7	Financial outlook Lack of funding, due to constraints in the ability to raise local funding and/or distribution of funding, results in significant adverse long term consequences for services.	High	<ul style="list-style-type: none"> Structured approach to ensuring Government understands the council's Council Tax strategy and high gearing. Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular Adult Social Care). Proactive engagement with Government departments to influence Government policy changes (especially grant distribution, 100% business rate retention strategy and school funding). Continued horizon scanning of the financial implications of existing and future Government policy changes. Development of alternative / new sources of funding (e.g. bidding for grants). <p>Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures impacting on the council's long term financial resilience. There is also a risk that the result of the EU referendum creates uncertainty in the future of Government policy and the economic situation.</p>	<ul style="list-style-type: none"> Members make decisions to reduce spending and or generate alternative sources of funding, where necessary, in a timely manner. Officers unable to recommend MTFP unless a credible sustainable budget is proposed. Members proactively take the opportunities to influence central Government. Officers continue to analyse events and create budget scenarios. 	Director of Finance	High

Key to references:

ASC = Adult Social Care risk
CSF = Children, Schools and Families risk
C&C = Customers and Communities risk

EAI = Environment and Infrastructure risk
FN = Finance Service risk
FR = Fire and Rescue Service risk

ORB = Orbis risk

Annex 1

Owner: David McNulty

Leadership risk register as at 30 June 2016 (covers rolling 12 months)

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L2	CSF3,4,9	<p>Safeguarding – Children’s Services</p> <p>Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation, leads to serious harm, death or a major impact on well being.</p>	High	<ul style="list-style-type: none"> Working within the frameworks established by the Children’s Safeguarding Board and the Social Care Services Board ensures the council’s policies and procedures are up to date and based on good practice. Adult Social Care and Children, Schools and Families are working as key stakeholders in the further development of the Multi-Agency Safeguarding Hub. Children’s Services Improvement Plan is being delivered to address the improvement notice dated 26 January 2016 and strengthen service and whole system capability and capacity. Ofsted visit on a monthly basis to monitor progress. Assistant Director roles and responsibilities have been reshaped to strengthen leadership and governance. 	<ul style="list-style-type: none"> Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and promote the well being of children in Surrey. Actively respond to feedback from regulators. Robust quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved. The Children’s Safeguarding board (chaired by an independent person) comprises senior managers from the County Council and other agencies facilitating prompt decision making and ensuring best practice. An Improvement Board (chaired by the Deputy Leader) oversees progress on the Improvement Plan and agrees areas of action as required. 	Deputy Chief Executive and Strategic Director of Children’s Schools and Families	High

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Leadership risk register as at 30 June 2016 (covers rolling 12 months)

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L3	ASC6,7,13,14	Safeguarding – Adult Social Care Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing.	High	<ul style="list-style-type: none"> Working within the framework established by the Surrey Safeguarding Adults Board ensures that the council's policies and procedures are up to date and based on good practice. Adult Social Care and Children, Schools and Families are working as key stakeholders in the further development of the Multi Agency Safeguarding Hub. Established a locality safeguarding advisor to assure quality control. Strong leadership, including close involvement by Associate Cabinet Member for Adult Social Care in safeguarding functions. 	<ul style="list-style-type: none"> Continue to work with the Independent Chair of the Surrey Safeguarding Adults Board to ensure feedback and recommendations from case reviews are used to inform learning and social work practice. Actively respond to feedback from regulators. One year on from the implementation of the Care Act, a new strategic plan for safeguarding within ASC will be implemented. 	Strategic Director of Adult Social Care & Public Health	High
L4	115	Devolution Failure to achieve a 3 Southern Counties (3SC) devolution deal leaves Surrey County Council without a coherent response to the strategic challenges facing the county.	High	<ul style="list-style-type: none"> 3SC internal governance arrangements agreed - including a Strategic Oversight Group which manages 3SC risks (and 3SC risk register developed/approved). Programme office and workstream sponsors and leads agreed with roles and responsibilities defined. Regular meetings of local authority Leaders and Chief Executives, including Leaders' seminar on 8 April 2016. Regular engagement with 3SC partners. Regular engagement with central government at both political and official level. Negotiation with Government underway, following a successful Ministerial challenge meeting in January 2016. 	<ul style="list-style-type: none"> Keep all processes under active review. Strategic Oversight Group reviewing risk register quarterly. Next 3SC Leaders meeting on 11 July 2016. 	Chief Executive	Medium

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Annex 1

Owner: David McNulty

Leadership risk register as at 30 June 2016 (covers rolling 12 months)**Cross cutting risks** – high level risks that can be mitigated more effectively through cross working.

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L5	ASC1,2,12 CSF1,2 C&C2 EAI1 FN2 ORB01	<p>Medium Term Financial Plan (MTFP) 2016-21</p> <p>Failure to achieve the MTFP, which could be a result of:</p> <ul style="list-style-type: none"> • Not achieving savings • Additional service demand and/or • Over optimistic funding levels. <p>As a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions.</p>	High	<ul style="list-style-type: none"> • Monthly reporting to Continuous Improvement and Productivity Network and Cabinet on the forecast outturn position is clear about the impacts on future years and enables prompt management action (that will be discussed informally with Cabinet). • Budget Support meetings (Chief Executive and Director of Finance) continue to review and challenge the robustness of MTFP delivery plans and report back to Cabinet as necessary. • A Public Value Transformation Board has been established, as required by Cabinet, and the Terms of Reference agreed. Members of the Board are the Leader of the Council (Chair), Chief Executive and Director of Finance. • Budget planning discussions held with Cabinet and Scrutiny Boards. • Early conversations are undertaken with all relevant stakeholders to ensure consultations about service changes are effective and completed in a timely manner. • Cross service networking and timely escalation of issues to ensure lawfulness and good governance. 	<ul style="list-style-type: none"> - Prompt management action taken by Directors / Leadership Teams to identify correcting actions. (Evidenced by robust action plans) - Members (Council, Cabinet, Scrutiny Boards) make the necessary decisions to implement action plans in a timely manner - Members have all the relevant information to make necessary decisions 	Director of Finance	High
L6	ASC2,9 CSF1,2,5,6 EAI3,15	<p>New ways of working</p> <p>Failure to identify and manage the impacts / consequences of</p>	High	<ul style="list-style-type: none"> • Shared and aligned strategies to ensure no unintended consequences. • Robust governance arrangements (eg. Inter Authority Agreements, Better Care Board, 	<ul style="list-style-type: none"> - Leadership and managers recognise the importance of building and sustaining good working relationships with key 	Chief Executive	Medium

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Leadership risk register as at 30 June 2016 (covers rolling 12 months)

Owner: David McNulty

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
	FR74 ORB01, 02	implementing a range of new models of delivery leads to severe service disruption and reputational damage.		Health and Wellbeing Board, financial governance framework) in place with early warning mechanisms. <ul style="list-style-type: none"> Regular monitoring of progress and risks against work streams. Effective transition arrangements with continuous stakeholder engagement. Continuous focus on building and maintaining strong relationships with partners through regular formal and informal dialogue. Close liaison and communication with customers. 	stakeholders and having early discussions if these falter. <ul style="list-style-type: none"> Work with Clinical Commissioning Groups on models of integrated care. Members continue to endorse approaches to integration across the council. 		
L7 Page 117	ASC4, 5,8 CSF5 EAI2, 5,17 ORB0 2,03	Organisational resilience Failure to plan for and/or respond effectively to a significant event results in severe and prolonged service disruption and loss of trust in the organisation.	High	<ul style="list-style-type: none"> Developing an employment framework that supports flexibility in service delivery and organisational resilience. Robust governance framework (including codes of conduct, IT security policies, health and safety policies, complaints tracking). External risks are regularly assessed through the Local Resilience Forum and reviewed by the Statutory Responsibilities Network. Active learning by senior leaders from external experiences / incidents informs continual improvement within the council. Close working between key services and the Emergency Management Team to proactively update and communicate business continuity plans and share learning. 	<ul style="list-style-type: none"> Regular monitoring of effectiveness of processes is in place and improvements continually made and communicated as a result of learning. 	Chief Executive	Medium
L8		Senior Leadership Succession Planning A significant number of	Medium	<ul style="list-style-type: none"> Enhance distributed leadership by focus on organisational goals and scorecard for organisational performance. 	<ul style="list-style-type: none"> Transparent and effective succession plans 	Chief Executive	Low

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Leadership risk register as at 30 June 2016 (covers rolling 12 months)

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
		senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.		<ul style="list-style-type: none"> • Workforce planning linked to business continuity plans. • High Performance Development Programme to increase skills, resilience and effectiveness of leaders • Career conversations built into appraisal process looking forward five years • Shaping leaders programme • Introducing new senior leadership appraisal process that mainstreams feedback (shaping leaders) and succession planning into appraisal process. 			

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Movement of risks

Ref	Risk	Date added	Inherent risk level when added	Movement in residual risk level		Current residual risk level
L1	Financial outlook (previously called future funding)	Aug 12	High	Jan 16	↑	High
L2	Safeguarding – Children’s Services	May 10	High	Jan 15	↑	High
L3	Safeguarding – Adult Social Care	May 10	High	Jan 15	↑	High
L4	Devolution	Jan 16	High	-	-	Medium
L5	Medium Term Financial Plan	Aug 12	High	-	-	High
L6	New ways of working	Jan 16	High	-	-	Medium
L7	Organisational resilience	May 10	High	Aug 12	↓	Medium
L8	Senior Leadership Succession Planning	Mar 15	High	Apr 16	↓	Low

Risks removed from the register in the last 12 months

Risk	Date added	Date removed
<i>National policy development</i>	<i>Feb 13</i>	<i>Jan 16</i>
<i>Waste</i>	<i>May 10</i>	<i>Jan 16</i>
<i>Comprehensive Spending Review 2015</i>	<i>Sept 14</i>	<i>Jan 16</i>
<i>Reputation</i>	<i>Oct 14</i>	<i>Jan 16</i>
<i>Staff resilience</i>	<i>May 10</i>	<i>Jan 16</i>
<i>Information governance</i>	<i>Dec 10</i>	<i>Jan 16</i>
<i>Supply chain / contractor resilience</i>	<i>Jan 14</i>	<i>Jan 16</i>

Leadership level risk assessment criteria

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

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

SURREY COUNTY COUNCIL**CABINET****DATE: 14 JULY 2016****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES****LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE****SUBJECT: MUNICIPAL BOND AGENCY****SUMMARY OF ISSUE:**

The UK Municipal Bonds Agency (MBA) was established by the Local Government Association (LGA) and 56 local authorities, including Surrey County Council, for the purpose of enabling local authorities to borrow on more favourable interest rates than would otherwise be available to the council and to provide an alternative to the Public Works Loan Board (PWLB). The Council became an equity shareholder in the MBA during late 2015, following approval by the Shareholder Board to invest in the company for the amount of £450,000 equity under delegated authority.

In order to be able to borrow for the purposes of capital funding from the MBA, a local authority must first accept the terms of a Framework Agreement and agree to joint and several guarantee. This means that local authorities on a proportional basis will be guaranteeing all the existing and future finance obligations of the MBA.

This Cabinet report will assess the risks of entering into the Framework Agreement and providing the Guarantee for the purposes of borrowing from the company, as well as assessing the safeguards and protections that are in place.

RECOMMENDATIONS:

It is recommended that Cabinet approves:

1. entry into the Municipal Bond Agency Framework Agreement and Guarantee; and delegates authority to the Director of Finance and the Director of Legal, Democratic and Cultural Services to execute the Framework Agreement and Guarantee together with associated legal documentation;
2. delegate borrowing decisions to the Director of Finance in consultation with the Cabinet Member for Business Services .

REASON FOR RECOMMENDATIONS:

It is anticipated that the Municipal Bond Agency will provide the council with an alternative source of borrowing capital funds at more favourable interest rates than those available from the PWLB.

The recently revised Treasury Management Strategy 2016/17 means that there is no immediate need to borrow from the Municipal Bond Agency. Until the Council

borrows, there is no financial risk to the Council in joining the Municipal Bond Agency Framework and Guarantee. If the current interest rate situation alters, the Municipal Bond Agency option could be an attractive borrowing option.

DETAILS:

Background

1. The UK Municipal Bonds Agency (MBA) was established by the Local Government Association (LGA) and 56 local authorities, including Surrey County Council, for the purpose of enabling local authorities to borrow at lower rates of interest than would otherwise be available, and to provide an alternative to the Public Works Loan Board (PWLB).
2. The MBA is a public limited company and, as such, is directed by its Board. In due course, it is expected that the Board will include seven non-executives and three executives. In addition, the Board will have the two sub-committees, chaired by independent non-executives.
3. The Council became a shareholder in the MBA during 2015-16, following consideration by the council's Shareholder Board and invested £450,000 equity under delegated authority. In total, the MBA has raised over £6m from 56 local authorities and the LGA.
4. The MBA has every prospect of offering a cheaper alternative to the PWLB. Other options include commercial loans from banks and LOBO loans (lender option borrower option with the PWLB traditionally regarded as the 'lender of last resort' i.e., a reliable platform for borrowing, offering ease of entry and administration. The pros and cons of each source of borrowing are regularly assessed by officers when funding decisions are being considered, and also at the time of the drafting of the annual treasury management strategy.
5. In order to be able to borrow from the MBA, a local authority must accept the terms and conditions of the Framework Agreement and grant joint and several guarantee. This means that a local authority will be guaranteeing all the existing finance obligations of the MBA and any future obligations which are entered into jointly with other local authorities who are signed up to the Framework Agreement.
6. Over the past six months, a working group of English local authorities (advised by law firm Allen & Overy) has been reviewing the Framework Agreement and Schedules provided by the MBA and their legal advisors Clifford Chance. Counsel opinion was also sought by the working group and Allen & Overy as to whether local authorities could lawfully enter into the Framework Agreement and Guarantee and borrow from the Agency.
7. This report describes the risks of entering into the Framework Agreement and providing the Guarantee, and the safeguards and protections that are in place to mitigate the Guarantee from being exercised. It also sets out the legal powers relied upon to enter into these contracts.

Overview of the MBA

8. The Local Government Association (LGA) established the UK MBA in June 2014 with the primary objective of reducing UK local authority financing costs,

through becoming an efficient and cost effective provider of capital finance. The MBA will borrow money from a variety of third parties, including local authorities and will issue bonds. It will then lend on a matched basis to UK local authorities.

9. In order to achieve the most competitive pricing and beat PWLB rates, the MBA will have to be viewed as a strong counterparty and have a sovereign level credit rating, achieved through (amongst others), the following mechanisms:
 - A joint and several guarantee granted by each of the borrowing local authorities covering the full amounts owed by the MBA under any financing document which is covered by the guarantee;
 - Contribution arrangements, whereby if a local authority defaults on one of its payments to the MBA, the MBA shall require each other local authority that is party to the Framework Agreement to put in funds to cover the shortfall.
10. In giving the joint and several guarantees, local authorities will be relying on the MBA to ensure appropriate standards of creditworthiness in relation to each of the local authorities and liquidity management.

MBA's Client Base

11. The MBA will only lend to UK local authorities who can give a joint and several guarantee. This client base is currently limited to 353 principal English local authorities, which have the general power of competence pursuant to section 1(1) of the Localism Act 2011 (the "General Power of Competence"), including the power to give a joint and several guarantee, and which satisfy the terms of the Framework Agreement in relation to accession of local authorities. The ability to give joint and several guarantees may in due course be extended to other local authorities, e.g., combined authorities or Scottish or Welsh authorities. In the event that this occurs, they will be eligible to borrow from the MBA, subject to appropriate credit checks.
12. In terms of the current client base, it is pertinent to query if this can be changed. It could be changed if the Government chose to legislate to grant or revoke the power; and a court could limit or extend local authority powers, although with courts it is usually the limiting of power. What will not change is that for any foreseeable time in the future, the Agency will only lend long term to a local authority that can give a guarantee.
13. The MBA would, in due course, like all local authority borrowers to become shareholders in the MBA. This ensures a stronger alignment of interest between local authority borrowers and shareholders and is viewed positively by ratings agencies and the markets. Accordingly, the MBA will charge a higher interest rate to local authority borrowers who are not shareholders, albeit one which remains competitive.

Borrowing from the MBA

14. In order to borrow from the MBA, a local authority will need to enter in to the Framework Agreement with the MBA. The Framework Agreement details how

the MBA expects to interact with local authority borrowers, including detailing how the joint and several guarantee and contribution arrangements will work, and documenting the loan standard terms and conditions.

Expected MBA Lending Timeline

15. The lead up to the initial bond issue will require a degree of coordination as local authorities who wish to borrow from the MBA go through robust approval processes and the volume of demand for financing builds. On the signing of required documentation, the MBA will carry out its credit assessments prior to entering into any loan with a local authority. Once the MBA has sufficient borrowing demand built up, the process of issuing a bond will commence.
16. The MBA has completed all the necessary internal steps to be able to issue a bond at short notice. The MBA will only issue a bond when market conditions are appropriate, and accordingly will look for flexibility within a two to four week window, once local authorities have committed to borrow.

Pricing of the MBA's Loans

17. The MBA will operate a transparent pricing structure. The MBA will charge a margin over its underlying borrowing costs to borrowing local authorities:
 - 10 basis points (0.10%) for shareholders; and
 - 15 basis point (0.15%) for non-shareholders.
18. The MBA may adjust these pricing margins for new borrowing transactions at its discretion, but will not increase them. It is expected that over time these margins will reduce. In addition, the MBA will pass on any transaction costs to local authority borrowers. These costs will include: rating agency fees, bank syndicate fees and legal costs. These will not exceed 50 basis points (0.50%) on the total amount borrowed. Therefore, for example, a transaction fee of £50,000 will be charged on a £10m loan compared to £3,500 charged by the PWLB.

Worked Example of Savings on a Loan

19. It is envisaged that borrowing from the Agency (as opposed to the PWLB) will result in a lower interest rate achieved (expected to be a net 15 basis points lower). The Council's estimated capital funding requirement in 2016/21 is estimated at £184m. Therefore, if the Council funded this by means of new borrowing, by utilising the MBA instead of the PWLB, the annual saving achievable would be $£184m \times 0.15\% = £276,000$ by 2020/21.

Prepayment

20. Any loans from the MBA will be funded by money borrowed by the MBA from the markets, institutions or local authorities. Early repayment rights will track through between the local authority loans and the MBA financing arrangements. For bond issues, voluntary early repayment is calculated in a similar way as PWLB early repayment.

Public Works Loans Board

21. The PWLB is still a valid source of long term borrowing for local authorities. It should be noted that a Government consultation is underway that will transfer the auspices of the PWLB to HM Treasury.

CONSULTATION:

22. Senior management and the Cabinet Member for Business Services have been consulted in the preparation of this report.

RISK MANAGEMENT AND IMPLICATIONS:

Approach to Credit Assessment of Local Authorities

23. Prior to approving any loans, the MBA will carry out a robust credit review of each borrowing local authority. The MBA has developed proprietary credit scoring models based on similar methodologies to the main rating agencies. In order to access funding from the MBA, a local authority would need to be able to achieve a single A credit rating on a standalone basis from the MBA.

Key Elements of the Framework Agreement

24. The guarantee required is unconditional and irrevocable. Accordingly, from the point in time at which the guarantee is executed, a local authority is guaranteeing **all the financing obligations of the MBA**. Should the Council give notice to withdraw from the guarantee, including repaying all outstanding borrowings, it will continue to guarantee all the borrowing of the MBA which is outstanding at that point in time from the period of its guarantee being in place until the debts run off.
25. The Framework Agreement mitigates the risk of a call on the joint and several guarantee. It achieves this by requiring the MBA to carry out certain processes, e.g., credit checks, and not to lend money to local authorities which it believes do not pass the credit assessment. It requires a level of diversification, which ensures that the MBA does not become overly concentrated in lending to a particular authority. It sets out the timelines for payment to ensure that the MBA has funds in place on a timely basis for payments of interest and principal, and it includes requirement for notification in the event that a local authority will have difficulty in meeting its payment obligations.
26. In addition, the MBA will maintain standby liquidity facilities, which are intended to be sized at an amount sufficient to avoid default on an interest payment. In the event that a local authority does not meet its obligation to the MBA on a timely basis, the MBA is required to ask authorities to make a contribution to meet the shortfall in proportion to their borrowings, in the form of a contribution loan, to avoid the guarantee being called in. In the event that a contribution is made, the MBA is required to pursue recovery of the debt plus interest from the defaulting local authority on a timely basis.

Default by a Local Authority

27. No principal local authority has ever defaulted on any loan (from the PWLB, a bank or any other lending institution). The statutory and prudential framework under which UK local authorities operate is amongst the strongest in the world. Any lender to a local authority has protection, under statute, by way of a charge on the revenue of that local authority. The unwillingness of a local authority to stain its reputation should result in the likelihood of a default event to be extremely low.

Risks and Safeguards of Entry into Framework Agreement

28. Given the participating local authority's exposure to the contribution arrangements and/or the Guarantee when borrowing from the MBA, it is important to understand that entry into the Framework Agreement and borrowing from the MBA is therefore very different in nature to borrowing from the Public Works Loan Board, under a bilateral loan facility or through a bond issue in the capital markets.
29. There are inherent risks associated with the proposed structure for any local authority entering into the Framework Agreement, not least the joint and several nature of the Guarantees that participating local authorities are required to provide before borrowing from the MBA. These are:
- The risk to a participating local authority is that its Guarantee may be called independently of any other Guarantee and for the full amount (albeit pro rata with other lenders) owing by the MBA under the financing document which is covered by such Guarantee (and, therefore, such participating local authority is potentially liable to pay out amounts to the MBA that vastly exceed the amounts borrowed).
 - Participating local authorities should also note that, even after a participating local authority has terminated its Guarantee, it will continue to guarantee the "Guaranteed Liabilities" entered into by the MBA before the date of termination of the Guarantee. The effect of this is that a participating local authority's liability under its Guarantee may potentially continue in existence for many years after termination.
30. However, the risks associated with the Guarantees are mitigated by the contribution arrangements mechanism. The Framework Agreement is designed such that the real exposure for participating local authorities, from a practical perspective, should be under the contribution arrangements rather than the Guarantees, and the exposure of each participating local authority would be calculated by reference to the amount borrowed by it as a proportion of all non defaulting participating local authorities borrowing under the structure.
31. Even though the participating local authorities are entitled to expect that the MBA will operate in accordance with its obligations under the Framework Agreement, participating local authorities are nevertheless inevitably exposed to the risk that the MBA fails to observe its obligation under the Framework Agreement. This may include failure to sustain and police robust due diligence and credit assessments on enrolling local authorities (and frequent checks post enrolment), therefore making it more likely that the participating

local authority will need to contribute over and above their borrowings whether through the contribution arrangement or the Guarantee.

32. It is also possible that the MBA itself may default on its underlying bilateral borrowing from counterparties or under bond issues by not managing its cash flows in a prudent manner, or that the MBA may fail to operate the contribution arrangements in a manner as envisaged in the Framework Agreement, in which case, each participating local authority is exposed to a call on its guarantee without the protection that the contribution arrangements provide.
33. However, the Framework Agreement does contain provision to mitigate the risks identified above, in summary by:
 - The contractual obligations upon the MBA to undertake an initial and then at least annual credit assessments of each local authority;
 - The limit on the amount each participating local authority may borrow from time to time;
 - The matched transactions basis on which the MBA itself will borrow money;
 - The power for participating local authorities to collectively instruct MBA not to undertake further borrowing.
34. In addition to the above, the statutory and prudential framework under which local authorities operate should provide some reassurance as to the financial standing of the local government sector (and as such the unlikelihood of a local authority defaulting on its loans):
 - Compliance with the prudential framework established by Part 1 of the Local Government Act 2003 and related regulations, including the Prudential Code for Capital Finance in Local Authorities published by CIPFA;
 - Requirement to set a balanced budget in accordance with Section 31A and Section 42A of the Local Government Finance Act 1992;
 - Each local authority's Section 151 Officer's report on robustness of budget estimates and adequacy of reserves under section 25 of the Local Government Act 2003;
 - Requirement to publish audited accounts by a statutory deadline;
 - External audit opinion in respect of a local authority's accounts.
35. Significantly the MBA has clarified that there can be no liability concerning both the Joint & Several Guarantee and the contribution arrangements unless the Council takes out a loan. In this context, if a local authority did make a decision to default on a loan, it is envisaged that a formal declaration to the Agency (and to the industry in general) would be made, and the Agency's plan on recovery from guarantors would be implemented. Liability of the Council in the event of a default would only be only invoked if the Council took

out a loan and the liability would be shared pro rata with the other local authorities.

Financial and Value for Money Implications

36. The MBA offers the Council an alternative source of borrowing capital funds at a more favourable interest rate than the PWLB. Balanced against the VFM benefit is a degree of risk concerning the possible default of local authority counterparties as set out in the report.
37. The main risk arises from the council (in partnership with other local authority guarantors) being required to guarantee a defaulting local authority's loan repayment. This risk is mitigated by the MBA's robust credit reviews of borrowing local authorities and the achievement of a minimum credit rating. The fact that no local authority has ever defaulted along with the reputational risk that would result if such a default ever took place stands in favour of the current perception of an extremely small likelihood of a local authority default ever happening.
38. The mitigating procedures set up to minimise the risk level against guarantors are clearly laid out in the Risk section of this report. Moreover, the statutory and prudential framework under which local authorities operate will also alleviate the risk of a local authority default.
39. Ultimately, this is an instance where the pros/benefits and cons/risks of participating in this facility need to be carefully weighed up and considered. On the pros/benefits side of the equation, the MBA could offer a cheaper source of borrowing that could result in savings to the Council's future funding of its capital expenditure. On the cons/risks side of the equation, what needs to be carefully understood is the real possibility of the county council being called in to stand as a guarantor for a defaulting local authority into the future. This possibility needs to be carefully considered, however remote the probability of it ever happening.
40. This is a decision for Cabinet in terms of the Council's support of a company that has been created with the best intentions of providing an alternative means of long term capital funding but, at the same time, being mindful of the risks of future default, a possible event that may occur long into the future.

Section 151 Officer Commentary

41. The Director of Finance recognises the benefits of lower cost long term borrowing that will accrue to UK local authorities, but is also mindful of the long term risks associated with offering a joint and several guarantee to those local authorities that might default in the future. Having carefully considered the balance of the benefits of lower cost loans and the risks of bearing a proportion of costs of possible future default, the Director of Finance considers that it is not unreasonable to support the council in entering into the Framework Agreement, Guarantee and associated legal documentation, and that separate consideration of the risks will be given ahead of any decision to enter into a loan from the Agency.

Legal Implications – Monitoring Officer

42. Due to the innovative nature of the arrangement, an opinion was sought on behalf of all local authorities that may wish to take part in the MBA's operations. Jonathan Swift QC confirmed that, in his view, entry into the Framework Agreement and execution of the Guarantee would fall within the ambit of the general power of competence under the Localism Act 2011.
43. Leading Counsel also gave very clear advice on both the requirement for Councils to take reasonable decisions, and for them to be able to show that they have exercised their powers consistent with their fiduciary obligation to local taxpayers. Cabinet should therefore make an assessment of both the potential advantages and disadvantages of the Framework Agreement.
44. In doing this they will of, course, wish to be able to evaluate the extent to which the Council will benefit from better borrowing terms, taking into account both its likely borrowing requirements over the period of the agreement and the specific financial position of the Council, both now and in relation to the potentially very significant and long-term obligations placed upon it by entering into this arrangement.

Equalities and Diversity

45. There are no equality or diversity issues arising from entering into the framework agreement.

WHAT HAPPENS NEXT:

1. Approval by Cabinet of the Framework agreement.
2. Signed documentation returned to the MBA.
3. MBA issues first bond and lends to first local authority borrowers (timing still to be decided by the MBA on the issuance of the first bond).
4. Decisions on loans are delegated to the Director of Finance and the Cabinet Member for Business Services in accordance with the delegation powers listed in the Treasury Management Strategy 2016/17.

Contact Officer:
Phil Triggs
Strategic Finance Manager
Pension Fund and Treasury
020 8541 9894

Annexes:
 None

Sources/background papers:
 MBA Framework Agreement

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SURREY COUNTY COUNCIL

CABINET

DATE: 14 JULY 2016

REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE

LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER

SUBJECT: BUSINESS REMOVAL SERVICES CONTRACT AWARD



SUMMARY OF ISSUE:

This report seeks approval to award a framework agreement to Edward Baden Limited for the provision of Business Removal Services for the benefit of the Council as detailed in the recommendations to commence on 1 October 2016.

The report provides details of the procurement process, including the results of the evaluation process, and, in conjunction with the Part 2 report demonstrates why the recommended contract award delivers best value for money and therefore is a contributor to the strategic goal of Economic Prosperity within the Corporate Strategy 2016 – 21 to ensure Surrey's economy remains strong and sustainable.

Due to the commercial sensitivity involved in the contract award process, the names of the potential suppliers and their financial details have been circulated as a Part 2 report.

RECOMMENDATIONS:

It is recommended that:

1. The framework agreement is awarded to Edward Baden Limited for two years from 1 October 2016 with an option to extend for two periods of one year each.
2. An immediate call-off contract under the framework agreement is placed with Edward Baden Limited for the benefit of the Council with an estimated annual value of £463,958 for a two year contract term with an option to extend the contract for two periods of one year each.

REASON FOR RECOMMENDATIONS:

The existing contract will expire on 30 September 2016. A full tender process, in compliance with the requirements of the Public Contract Regulations 2015 and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

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

DETAILS:

Business Case

1. The framework agreement provides an efficient, cost effective and flexible business removal service which includes office moves (pack, move, unpack), and the supply and management of crates to the Council and other named users of the framework on a call off basis for administrative and operational premises. The agreement supports the Council's ability to provide a high quality service with a competitive schedule of rates that represents value for money and clear monitoring measures to ensure this quality is maintained. The current arrangement expires on 30 September 2016.
2. The framework agreement allows other named bodies including borough and district councils within Surrey, Surrey schools, East Sussex County Council and borough and district councils and Brighton and Hove City Council to utilise the framework agreement for their own business removal service.

Procurement Strategy and Options

3. A full tender process using an electronic tendering platform, compliant with the Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, has been carried out. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 19 April 2016.
4. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were:
 - a. continue to provide the service with the incumbent contractor by enacting extension;
 - b. use internal services to undertake the work;
 - c. place a call-off contract from a framework agreement provided by an external buying organisation;
 - d. undertake a tender exercise and establish a bespoke framework agreement.
5. After a full and detailed options analysis, the tender process described in paragraph 4(d) was chosen. This option was selected as the option as described in 4(a) did not present an opportunity to improve service levels while also obtaining best value for the Council. Option 4(b) was rejected as there is insufficient internal resource to undertake the work and it would be costly for the Council to source the materials required for the service including a suitable storage area. Option 4(c) was rejected as the specification (services, materials, key performance indicators) for the externally provided framework was unlikely to meet the requirements of the Council. In addition as the framework had been awarded to a single supplier with a published schedule of rates the Council would be unable to run a mini-competition to establish best value for both quality and price criteria.

Key Implications

6. By awarding a contract to the supplier recommended for the provision of Business Removal Services to commence on 1 October 2016, the Council will be meeting its obligations to provide a quality service for the Council and ensuring best value for money for this service.
7. There will be a seven week mobilisation period with the requirement for transfer of sub-contractor from the incumbent supplier to the incoming supplier to be addressed by both organisations in respect of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) which is deemed applicable to this contract.
8. Performance will be monitored through a series of Key Performance Indicators (KPIs) as detailed in the contract and reviewed at monthly operations meetings. The top performance indicators and targets for each are as follows:

KPI	Target
Customer Satisfaction surveys rated happy or higher	95%
Continuity of foreman throughout the lifetime of the contract	90%
Any communications responded to within 1 working day	95%
Works with agreed crew numbers and equipment on site at correct time in line with agreed resource and activity schedule and quotation.	95%

9. Where the supplier fails to meet KPIs which are critical to the delivery of the service, a service credit will be due to the Council of 1% of the value of spend in the preceding quarter.
10. The management responsibility for the contract lies with the contract performance officer for Property Services. The schedule of rates will be fixed for the initial term of the contract and then reviewed on an annual basis. Any extensions will be subject to RPIX increases at the discretion of the Council after negotiation with the supplier.
11. In terms of Social Value bidders were required in their tender submissions to provide details of how they would implement and deliver the commitments made in their Employment and Skills Plan (ESP) including opportunities that would be offered within the local area and over the term of the call-off contract via work experience placements, apprenticeships and priority groups including employment of those currently Not in Education, Employment and Training (NEET).
12. The supplier recommended for award has given a contractual commitment to the appointment of three apprentices with two apprenticeship completions occurring during the second year of the call-off contract for the Council

including two jobs created for local residents with a portion of recruitment from priority groups.

Competitive Tendering Process

13. The framework agreement has been tendered following a competitive tendering exercise using an open procedure.
14. All suppliers expressing an interest in the advertised tender opportunity were invited to tender for the framework and were given 30 days to complete and submit their tender. A total of 12 tender responses were received.
15. Tender submissions were initially evaluation against selection criteria including Good Standing, Insurance Requirements, Financial Information, Health and Safety and Equalities, Quality Assurance and Sustainability, Social Value and Business Continuity which all suppliers passed. Tender submissions were then scored against the quality and commercial award criteria and weightings as shown below.

Award Criteria	Weighting
Section A – Staffing and Recruitment	7.5%
Section B - Performance	6%
Section C – Contract Management and Supervision	15%
Section D – Services	15%
Section E – Health & Safety (specifically for the contract)	3%
Section F - Environmental	6%
Section G – Resource and Activity Schedule	7.5%
Price – Basket of Services	35%
Price – Resource and Activity Schedule	5%
Total	100%

RISK MANAGEMENT AND IMPLICATIONS:

16. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate include:
 - a. Cost – the price is only fixed for the initial two years of the contract. Increases are possible after the initial two year contract term has ended, however these will be negotiated with the supplier prior to any contract extension being granted.
 - b. Stability – the risk of the supplier not being financially stable resulting in no longer being able to provide the services has been mitigated through annual checks to be undertaken to monitor spend on the framework agreement and call-off contracts.
 - c. Reputation – high standards need to be maintained in respect of health and safety, service and supplier staff continuity, correct equipment and the efficiency of the service. Ongoing performance monitoring will be undertaken by the supplier and the Council to maintain standards.
17. The framework agreement includes termination provisions to allow the Council to terminate the agreement with a three month notice period should

circumstances change. A call-off contract for a particular move can be terminated by the Council with a one week notice period to the supplier without obligation to pay for any services not yet provided.

18. All suppliers successfully completed satisfactory financial checks. The successful contractor will be required to provide either a Parent Company Guarantee or Performance Bond against failure.

Financial and Value for Money Implications

19. Full details of the framework agreement and call-off contract value and financial implications are set out in the Part 2 report.
20. The procurement activity has delivered a solution which is a reduction against core contract costs and is therefore within budget.

Section 151 Officer Commentary

21. The Section 151 Officer confirms that the estimated annual cost of £463,958 is provided for in the current Medium Term Financial Plan.

Legal Implications – Monitoring Officer

22. The procurement is legally compliant with the Public Contracts Regulations 2015.
23. The best value supplier may be awarded the Framework Agreement.
24. Section 111 of the Local Government Act 1972 allows the Council to award a contract for a business removal service.

Equalities and Diversity

25. Tender submissions were assessed for adherence to the Council's Equality and Diversity policy with specific questions requiring response on how staff will uphold and promote the aims of the policy in day-to-day work and how the suppliers will ensure staff comply with their policies and monitor this. From mobilisation and onwards Property Services will monitor the supplier's adherence to the above and take appropriate action to address any concerns with the supplier. The preferred supplier will be required to comply with all relevant legislation.

Other Implications

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

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising

	from this report.
Climate change	Supplier will be expected to ensure unwanted furniture is recycled, reused or refurbished wherever possible and in line with the Council's policy on recycling
Carbon emissions	Supplier will be expected to meet the Council's standards for any vehicle emissions and use energy efficient equipment.

WHAT HAPPENS NEXT:

27. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	14 July 2016
Cabinet call in period	18 July to 22 July 2016
'Alcatel' Standstill Period	25 July to 4 August 2016
Framework Agreement and Contract Signature	August 2016
Framework Agreement and Contract Commencement Date	1 October 2016

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

Contact Officer:

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

Consulted:

None applicable for external

Annexes:

None - Part 2 report with financial details attached to agenda as item 16.

SURREY COUNTY COUNCIL**CABINET****DATE:** 14 JULY 2016**REPORT OF:** N/A**LEAD OFFICER:** ANN CHARLTON, DIRECTOR OF LEGAL, DEMOCRATIC AND CULTURAL SERVICES**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING**SUMMARY OF ISSUE:**

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

RECOMMENDATIONS:

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

REASON FOR RECOMMENDATIONS:

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

DETAILS:

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

Contact Officer:

Andrew Baird, Regulatory Committee Manager, Tel: 020 8541 7609

Annexes:

Annex 1 – List of Cabinet Member Decisions

Sources/background papers:

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

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