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Agenda and Reports  
for the meeting of  
**THE COUNTY COUNCIL**  
to be held on  
**21 MARCH 2017**



County Hall  
Kingston upon Thames  
Surrey

Monday, 13 March 2017

TO THE MEMBERS OF SURREY COUNTY COUNCIL

## **SUMMONS TO MEETING**

You are hereby summoned to attend the meeting of the Council to be held in the Council Chamber, County Hall, Kingston upon Thames, Surrey KT1 2DN, on Tuesday, 21 March 2017, beginning at 10.00 am, for the purpose of transacting the business specified in the Agenda set out overleaf.

DAVID McNULTY  
Chief Executive

**Note 1:** *For those Members wishing to participate, Prayers will be said at 9.50am. Reverend Richard Lloyd from St Mary's Church, East Molesey, has kindly consented to officiate. If any Members wish to take time for reflection, meditation, alternative worship or other such practice prior to the start of the meeting, alternative space can be arranged on request by contacting Democratic Services.*

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

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

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

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

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

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

**1 APOLOGIES FOR ABSENCE**

The Chairman to report apologies for absence.

**2 MINUTES**

(Pages 1  
- 14)

To confirm the minutes of the meeting of the Council held on 7 February 2017.

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

**3 DECLARATIONS OF INTEREST**

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

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

**NOTES:**

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

**4 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman to report.

**5 LEADER'S STATEMENT**

The Leader to make a statement.

There will be an opportunity for Members to ask questions.

**6 MEMBERS' QUESTION TIME**

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

***(Note: Notice of questions in respect of the above item on the agenda must be given in writing, preferably by e-mail, to Angela Guest in Democratic Services by 12 noon on Wednesday 15 March 2017).***

2. Cabinet Member Briefings on their portfolios

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

There will be an opportunity for Members to ask questions.

**7 STATEMENTS BY MEMBERS**

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

***(Note: Notice of statements must be given in writing, preferably by e-mail, to Angela Guest in Democratic Services by 12 noon on Monday 20 March 2017).***

**8 ORIGINAL MOTIONS**

**a Mr Eber Kington (Epsom & Ewell) to move under Standing Order 11 as follows:**

This Council supports the introduction of a new and more open and transparent budget making process to be implemented following the Surrey County Election on 4th May including:

- An earlier start to the engagement of Scrutiny Boards in scrutinising already identified savings and forward plans and future thinking
- A set of budget proposals detailing draft service changes available in January for final scrutiny by Scrutiny Boards
- A fully costed budget with details of service changes, to be the subject of a vote at the budget meeting every February

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

This Council:

1. recognises that the financial outlook for Surrey schools is likely to deteriorate as cost pressures increase;
2. regrets the phasing out of the Education Services Grant and its impact on schools and the council;
3. calls upon HM Government to increase the schools budget in order to prevent a serious detrimental impact on class sizes, support for pupils with special needs or valuable extra-curricular activities;
4. asks the Leader of the Council to write to all Surrey MPs, urging them to raise the council's concerns with the Secretary of State for Education.

**c Mrs Hazel Watson (Dorking Hills) to move under Standing Order 11 as follows:**

This Council:

1. notes that Openness and Accountability are two of the Nolan principles of Public Life which all Councillors are expected to follow.
2. regrets that a culture of excessive secrecy is now prevalent in the way in which the County Council operates with information being inappropriately classified as "confidential" and thus withheld from Surrey residents and with Councillors being denied the necessary information to enable fully informed and effective decision-making and scrutiny of the Council's Budget, proposed changes to services and the performance of services for Surrey residents at the appropriate time.
3. calls for a review, to be reported back to Council at the earliest opportunity and led by the Chief Executive, to ensure that the council operates in a more open and transparent way with information being published and easily accessible unless it is genuinely and legally classified as confidential.

**9 SURREY COUNTY COUNCIL PROGRESS REPORT**

(Pages  
15 - 86)

To consider the report and matters which the Chief Executive draws to attention.

**10 ELECTED MEMBER DEVELOPMENT STRATEGY**

(Pages  
87 - 120)

This report seeks approval of a revised Elected Member Development Strategy, in accordance with County Council requirements.

**11 REPORT FROM PEOPLE PERFORMANCE AND DEVELOPMENT COMMITTEE - OFFICER CODE OF CONDUCT POLICY**

(Pages  
121 -  
134)

This report seeks approval for changes to the Officer Code of Conduct Policy which introduces the concept of ethics and strengthens references to the Council's value statements which reflect the importance of the principles of public life.

**12 REPORT FROM SURREY PENSION FUND COMMITTEE - LOCAL GOVERNMENT PENSION SCHEME ASSET POOLING**

(Pages  
135 -  
268)

The recently published Local Government Pension Scheme (LGPS) asset pooling consultation has set out a vision for each administering authority of the LGPS to commit to a national pool. The Surrey Pension Fund was instrumental in setting up the Border to Coast Pensions Partnership (BCCP) and submitted a proposal to Government on 15 July 2016, proposing a countrywide pooling arrangement and consisting of 12 administering authorities. This report makes the case for Surrey County Council to officially endorse the Border to Coast pool and create a Joint Committee and Shareholder Board for the purpose of delegating authority for the running of the pool to the Joint Committee and the Shareholder Board, and setting out the administrative issues that need to be

considered.

- 13 AMENDMENTS TO THE CONSTITUTION - SCHEME OF DELEGATION - PUBLIC CONSULTATION** (Pages 269 - 278)
- This report requests that Council notes the updates to the Scheme of Delegation as agreed by the Leader. The Leader is responsible for maintaining a list in Part 3 of the Constitution setting out who will exercise executive functions. Any changes to this list are required to be reported to the next appropriate meeting of the County Council.
- 14 REPORT FROM THE WELLBEING AND HEALTH SCRUTINY BOARD** (Pages 279 - 282)
- This briefing describes the changes to the environment in which the Wellbeing and Health Scrutiny Board (WHSB) has worked during the four year lifetime of this Council; and sets out the likely future priorities for its successor.
- 15 REVIEW OF STANDING ORDERS - REPORT OF THE CONSTITUTION REVIEW GROUP** (Pages 283 - 338)
- This report seeks approval for amendments to Standing Orders.
- 16 MINUTES OF CABINET MEETINGS** (Pages 339 - 394)
- Minutes from the meetings held on 31 January 2017 and 28 February 2017. Any matters within the minutes of the Cabinet's meetings may be the subject of questions and statements by Members upon notice being given to Angela Guest in Democratic Services by 12 noon on Monday 20 March 2017.

#### **MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

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

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

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

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

*Thank you for your co-operation*

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**MINUTES OF THE MEETING OF THE COUNTY COUNCIL HELD AT THE COUNCIL CHAMBER, COUNTY HALL, KINGSTON UPON THAMES, KT1 2DN ON 7 FEBRUARY 2017 COMMENCING AT 10.00 AM, THE COUNCIL BEING CONSTITUTED AS FOLLOWS:**

Sally Marks (Chairman)  
Nick Skellett CBE (Vice-Chairman)

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

\*absent

[Note: The Chairman announced two adjournments and the meeting began at 11am, when the Chairman re-ordered the agenda to take the Revenue and Capital Budget 2017/18 - 2019/20 and the Treasury Management Strategy item after the lunch break.]

#### **1/17 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Mrs Bramhall, Mr Few, Miss Heath, Mr Norman, Mr Orrick and Ms Thomson.

#### **2/17 MINUTES [Item 2]**

The minutes of the meeting of the County Council held on 6 December 2016 were submitted, confirmed and signed.

#### **3/17 CHAIRMAN'S ANNOUNCEMENTS [Item 3]**

The Chairman made the following announcements:

- (i) The sad news of the deaths of two former County Councillors:
- Mr Geoffrey Marlow: he represented Woking East between 2001 – 2013 and was also Chairman of the County Council from 2009 – 2011.
  - Mrs Marie King-Hele: she represented Farnham Central between 1981 – 2005 and was also a Member of Waverley Borough Council for 30 years, serving the Borough between 1973 – 2003. She was also Leader of Waverley Borough Council between 1991 – 1995.

Members stood in silent tribute.

- (ii) Her Majesty the Queen's New Year Honours List:  
A list was included within the agenda. The Chairman informed Members that she had written letters of congratulations to those people who had received awards for services to Surrey communities. She drew the following names to Members' attention:
- Mr David Hodge CBE, Leader of the County Council
  - Mrs Janet Maines, former County Councillor.
- (iii) She informed Members of particular events that she had attended recently:
- Tour of the Grange Centre for people with disabilities on 12 January 2017
  - Downlands Partnership site visit on 18 January 2017
  - Holocaust Memorial Day on 27 January 2017.
- (iv) Related Party Disclosures – she reminded Members that it was a legal requirement to complete their forms and return them to Finance by the 31 March 2017 deadline.

#### **4/17 DECLARATIONS OF INTEREST [Item 4]**

There were none.

## **5/17 STATEMENTS BY MEMBERS [Item 7]**

Mrs Helena Windsor made a statement relating to Surrey's Green Belt.

## **6/17 MEMBERS' QUESTION TIME [Item 6]**

Notice of 12 questions had been received. The questions and replies are attached as Appendix A.

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

**(Q1) Mr Robert Evans** asked the Cabinet Member for Localities and Community Wellbeing if he considered that residents had a right to know which fire stations faced an uncertain future. The Cabinet Member responded by stating that it was difficult to predict anything in the current financial climate. However, he considered that Surrey's Fire and Rescue Service was one of the finest in the country and he would do his utmost to protect it. He also referred to the Leader's decision, made after listening to the views of local residents and the MP, to keep Staines Fire Station open until the new fire station was built in the area.

**(Q2) Mr Sydney** said that he was pleased that information about the county's rural landholdings would be included in the Annual Report 2017/18 but asked the Leader why it had not been included in the current report. The Leader stated that the Conservatives valued the views of its countryside partnership and provided an assurance that information relating to countryside management would be included in the 2017/18 Annual Report of the Council.

**Mr Mallett** considered that the County Council owned a large number of properties and land but did not have a property / land scrutiny board, which he felt was a disadvantage to Members. The Cabinet Member for Business Services and Resident Experience disagreed, stating that property issues came within the remit of the Council Overview Board. The Chairman of the Council Overview Board also confirmed this and added that other scrutiny boards scrutinised areas within their remit, such as the Economic Prosperity, Environment and Highways Board examining the Surrey Wildlife Trust.

**(Q4) Mrs Young** asked the Leader if he was aware of the increasing pressures on family household budgets, due to rising prices and in particular energy costs.

**Mr Kington** referred to 'welfare reform' mentioned in the Leader's response to this question and said that the County Council did not contribute to the Boroughs / Districts hardship fund.

The Leader did not respond specifically to these supplementary questions and asked Members to wait for his Budget statement later in the meeting.

**(Q5) Mr Robert Evans** referred to the Freedom of Information Act (FOI) and considered that there was nothing in it that would prevent voluntary information being given so questioned why was he not able to receive the information that he had requested.

**Mr Essex** said that he had previously asked for similar information and that his request had also been dealt with under FOI but that he had now received a

response. He asked the Leader to confirm whether he considered that Adult Social Care was a national issue, which he did.

**(Q6) Mr Sydney** considered that his question had not been answered and asked the Leader why the time taken to consider income generation from specific Surrey assets was so slow. He was advised that there were agreed processes to go through and that it was important to follow these procedures in order to protect public money.

**(Q7) Mrs Young** asked the Leader of the Council to say which services would be cut if Surrey residents rejected the 15% council tax increase in the referendum.

**Mr Essex** considered that deleting recommendation 23 of the Cabinet recommendations on the Budget proposals and replacing it with recommendation 30 – the establishment of a Sustainability Review Board was less transparent.

The Leader requested that Members wait for his Budget statement later in the meeting when the reasons may become clearer.

**(Q9) Mr Sydney** considered that the reasons stated in the response were unsatisfactory and said that they were excuses for the slow progress that the Council had made in this area. The Leader disagreed and said that in relation to the planning process, there was clear guidance that had to be adhered to.

**Mr Essex** referred to cuts being made to the Surrey Wildlife Trust and asked the Leader when it would be possible to view the business plan setting out how the Trust proposed to generate income and make better use of land and resources. The Leader referred to the Cabinet Member for Environment and Planning and asked him to contact Mr Essex directly in relation to this request.

**(Q11) Mr Sydney** considered that Lingfield Library had been more successful prior to it becoming a Community Partnered Library (CPL).

The Leader asked the Cabinet Member for Localities and Community Wellbeing to confirm that the success of the CPLs was due in part to the dedication of the volunteers, which the Cabinet Member did, referring to paragraph 2 in his written response. He considered that libraries in Surrey were a wonderful success story and hoped that Mr Sydney would be supportive of the Lingfield CPL.

**(Q12) Mr Sydney** did not believe that Property Services had the right mix of skills, qualifications and experience to deliver the service it was responsible for and said that he had previously taken issue with both the Cabinet Member for Business Services and Resident Experience and the Cabinet Member for Environment and Planning on this matter. However, the Cabinet Member for Business Services and Resident Experience disagreed with his view and confirmed that the service did have access to the professional staff it required.

## **7/17 REPORT OF THE CABINET [Item 8]**

The Leader presented the reports of the Cabinet meetings held on 13 December 2016 and 31 January 2017, which included a supplementary report of the Cabinet circulated to Members last week, giving the recommendations agreed at Cabinet on 31 January in relation to the Budget and the School Admissions item.

## **Recommendations on Policy Framework Documents**

### **Admissions Arrangements for Surrey's Community and Voluntary Controlled Schools and Co-ordinated Schemes that will apply to all schools for September 2018**

#### **RESOLVED:**

That the following Admissions Arrangements for September 2018 for Surrey's Community and Voluntary Controlled Schools and Co-ordinated Schemes for all schools be approved:

#### **Recommendation 1**

That a sibling link is introduced for Stoughton Infant School with Northmead Junior School for September 2018.

#### **Recommendation 2**

That the published admissions number for St Andrew's CofE Infant School in Farnham is decreased from 40 to 30 for September 2018.

#### **Recommendation 3**

That the published admissions number for Walsh CofE Junior School is decreased from 75 to 64 in September 2018.

#### **Recommendation 4**

That Surrey's Relevant Area is agreed as set out in Enclosure 3 of the Cabinet report.

#### **Recommendation 5**

That the aspects of Surrey's admission arrangements for community and voluntary controlled schools for September 2018, for which no change is proposed, are agreed as set out in Enclosure 1 and its Appendices within the Cabinet report.

#### **Recommendation 6**

That the primary and secondary coordinated admission schemes that will apply to all schools for 2018 are agreed as set out in Enclosure 2 to the Cabinet report.

## **Reports for Information / Discussion**

The following reports were received and noted:

- Investment of programme funding to extend Superfast Broadband Infrastructure to Surrey Premises
- M3 Enterprise Zone
- Developing a Single Waste Approach
- Quarterly Report on Decisions taken under Special Urgency Arrangements: 1 October – 31 December 2016

Members had an opportunity to ask questions and make comments.

**RESOLVED:**

That the report of the meetings of the Cabinet held on 13 December 2016 and 31 January 2017 be adopted.

**8/17 REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE [Item 9]**

The Chairman of the Audit and Governance Committee introduced the report and informed Members that it was vital that a robust Counter Fraud Strategy and Framework should be adopted by the County Council.

**RESOLVED:**

That the new Counter Fraud Strategy and Framework, attached as Annex A to this committee's submitted report, be approved and its inclusion in the Constitution be endorsed.

**9/17 MINUTES OF THE MEETINGS OF THE CABINET [Item 10]**

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

**ADJOURNMENT**

The meeting adjourned for lunch at 11.45am and resumed at 1.15pm with all those present who had been in attendance in the morning session except for Mrs Moseley.

**10/17 REVENUE AND CAPITAL BUDGET 2017/18 TO 2019/20 AND TREASURY MANAGEMENT STRATEGY [Item 5]**

The Chairman said that the papers for this item were included in the agenda, the supplementary report of the Cabinet circulated last week and Annex 3, which set out the Council tax requirements. This was emailed to Members yesterday and paper copies were tabled.

She asked Members to note that the recommendations before them today were set out in the supplementary agenda.

She said that the debate on the Budget would be conducted in accordance with the County Council's Standing Orders.

The Leader presented the Report of the Cabinet on the Revenue and Capital Budget 2017/18 to 2019/20, the Council Tax Requirement for 2017/18 and the Treasury Management Strategy. A copy of the Leader's statement is attached as Appendix B.

The Budget proposals were formally seconded by the Deputy Leader.

The Director of Finance presented her report to Council. A copy of her statement is attached as Appendix C.

The Leader of the Council announced that he believed that the County Council no longer required residents to pay additional council tax above 4.99%, which included the 3% Adult Social Care precept, and therefore tabled both revised recommendations and council tax requirement - Annex 3 (Appendices D and E respectively). The Chairman proposed an adjournment of 20 minutes to consider this new information prior to the minority Group Leaders being invited to speak.

Each of the Minority Group Leaders (Mr Harrison, Mrs Watson and Mrs Windsor), were then invited to speak on the budget proposals.

Key points made by Mr Harrison were:

- Disappointment that there was no specific detail in relation to the funding
- Concern about the issues of funding Adult Social Care and that the Government grant for Surrey was unfair
- The county of Surrey paid more income tax, apart from London, than any other part of the country
- Income tax was a fair tax but council tax was not
- That there had been much dialogue and lobbying with all the Surrey MPs and that they were listening. However, there was no evidence to date that Surrey would receive more funding
- The Better Care Fund and its funding issues for Surrey
- Surrey had a large number of residents with learning disabilities
- The continued reduction of the Revenue Support Grant, which would be a negative figure by 2018/19, and that the formula for calculating it was wrong
- Concern that the proposed savings of £93m were unidentified and that the cuts would have to be made in non-statutory areas such as bus services, youth service, fire stations and road schemes
- He suggested a review of: Members Allowances including Special Responsibility Allowances, staffing numbers including back office and accommodation costs, Surrey Matters.

Key points made by Mrs Watson were:

- That the last minute changes had been secretive and shambolic
- Members were being asked to keep their fingers crossed and hope that the funding appeared in the council's bank account
- She questioned where the £93m savings would be made
- That the Liberal Democrats would not serve on the newly formed Sustainability Review Board
- She was pleased that the 15% proposed council tax increase had been avoided. However, there were still many residents that could not afford a 4.99% increase
- Social Care was at the heart of the County Council budget but she considered it was a national issue and should be funded centrally
- That the Leader had cancelled the referendum at the last minute because he knew that it would not be supported by Surrey residents
- That Surrey residents did not believe that they had received Value for Money from the County Council
- Her suggestions for areas to review included: Surrey Matters, Special Responsibility Allowances, reviewing the Cabinet Associate positions, Property Investment, SEND out-county educational provision, investment in key worker housing, reducing locum costs.

Key points made by Mrs Windsor were:

- That UKIP would have been in favour of a referendum. However, the Conservative Administration had withdrawn the forthcoming referendum for the proposed 15% increase in council tax because the Leader did not want it to be held on the same day as the County Council elections
- It was the same message as last year, the Government were raising taxes by stealth because there was 3% Adult Social Care precept this year
- Surrey residents were treated as a 'cash cow' by the Government
- Changes to the Revenue Support Grant had penalised Surrey, which was why the County Council had not accepted the four year settlement
- Surrey was not the only Council facing increased costs in Adult Social Care
- Council tax increases affected those who could least afford to pay and also those residents who were asset rich / cash poor
- Her residents had been unhappy with the proposed 15% council tax increase and would have voted 'No' in the referendum. Therefore, she considered that the Conservative Administration had made this decision based on residents' feedback.

Twenty Members spoke on the Budget proposals and the following key points were made:

- That Members had previously been told that there was no alternative to raising council tax by 15% but they had now been informed that this increase was not necessary and that the proposed council tax rise would be 4.99%
- Adult Social Care needed to be funded by Central Government because it was unrealistic to fund it from council tax
- That the Leader had withdrawn the referendum as he knew that the County Council would lose and several Members seats would be in jeopardy
- The Director of Finance had expressed concern about Surrey's budget for 2017/18
- Members had not been told of any deal offered by the Government to Surrey
- There was a 'top heavy' democracy in Surrey, with approximately 600 councillors – steps should be taken to reduce both this cost and the Special Responsibility Allowances
- Concern that this was a secret budget and there was no detail in today's papers or any Equality Impact Assessments
- It was not clear where the cuts would be made
- As Surrey was a Conservative Council, it should be receiving a better deal from Government
- The opposition did not make their own budget proposals – they should take this opportunity to explain to Surrey residents what they support and what are their proposals
- Central Government were forcing Surrey County Council into an impossible financial position and the County Council had worsened the situation by stating that it could make savings without cutting front line services
- Members were being asked to vote on the Budget without having the detailed figures
- That the Director of Finance had delivered a damning report on the Council's financial situation
- Support for the U-turn on the proposed 15% council tax rise but that it could just be a postponement until next year, after the County Council elections

- Residents will be concerned which services would be cut and only want to pay more for the services that they use
- Only a small percentage of Surrey residents actually use Adult Social Care but this service was a large percentage of Surrey's budget
- Members were reminded that they were also approving the Treasury Management Strategy today and that Orbis had saved £10m this year
- The Leader always fought hard to get the best deal for Surrey residents and Surrey MPs were listening
- A suggestion that the County Council looks at the new arrangements in Oxfordshire which were delivering significant savings
- That the Leader should inform Members what the last minute changes were that enabled him to propose a 4.99% rather than 15% council tax rise
- That the Social Care budget had overspent its budget for the last three years – it was considered that social care was a problem, which required a national solution
- A review of the Property and Assets owned by the County Council was proposed
- Surrey was the 'golden goose' of the country but residents wanted more of their money to be spent on them
- That these late changes were embarrassing for the Conservative Administration and if the Cabinet had planned the 4.99% council tax increase earlier, it would not be in the situation today where further savings were urgently sought
- The opposition proposals for savings, such as reviews of high salary costs, Member Allowances and County Council care beds were dismissed every year
- Surrey County Council was an efficient Council which had been treated with contempt by Central Government
- There had been relentless efforts made by the Leader to obtain an improved financial deal from Government but he had not panicked and was steadfast
- The negotiations with Government had now reached a point where the Leader had sufficient confidence in the outcome that he could propose a 4.99% council tax increase
- That CIPFA (Chartered Institute of Public Finance and Accountancy) had carried out a financial resilience review of the County Council's finances in November 2016 and had confirmed that its budget planning assumptions and figures were sound
- Some residents would have supported the original proposed increase, if the additional 10% had been ring-fenced for Adult Social Care
- Setting the council tax was a matter for the County Council and not Central Government
- The Leader had worked tirelessly to achieve a better deal for Surrey – in the last four years, successes included the provision of a large number of additional school places and also Project Horizon
- All Members had been aware that the County Council leadership had been in discussion with Government in relation to the Council's finances and, in particular, the funding of Adult Social Care
- A belief that the Government was now more focussed on the Adult Social Care issues facing all Councils across the country
- As a result of discussions with Government, there were now potential solutions to move forward on the basis proposed today, with a 4.99% council tax increase and this was much better than having a divisive referendum on a proposed 15% council tax increase.

The Leader responded to the points made by Members during the budget debate and made the following points:

- The duty of all Members today, as set out in the Constitution, was to set a budget envelope and a council tax rate, which could then be passed to the Council's billing authorities
- If the opposition Members did not support the revised recommendations, did that mean that they supported the original proposals of 14.99%?
- That the S151 Finance Officer and her team were available if required, to meet with opposition Members to assist them in preparing an alternative budget
- He had hoped to unite all Members in the Chamber with the revised Budget recommendations
- Agreed that Adult Social Care was a national issue and that he was confident that the Government would work towards a better way of funding it
- Referring to recommendation 17(b), he invited all Members / Groups to provide proposals for identifying permanent service reductions and one-off reductions so that a balance budget could be achieved in 2017/18
- Finally, he said that he considered that all Members became councillors to improve their communities so that there would be a better future for the next generation and he commended his revised recommendations to Council.

After the debate the Chairman called the recommendations, which included the council tax precept proposals, and a recorded vote was taken.

The following Members voted for it:

Mrs Angell, Mr Bennison, Ms Bowes, Mr Brett-Warburton, Mr Carasco, Mr Chapman, Mrs Clack, Mrs Coleman, Mr Cosser, Mrs Curran, Mr Ellwood, Mr Tim Evans, Mrs Frost, Mr Fuller, Mr Furey, Mr Gardner, Mr Goodman, Mr Gosling, Dr Grant-Duff, Mr Gray, Mr Gulati, Mr Hall, Mrs Hammond, Mr Harmer, Mrs Hicks, Mr Hodge, Mr Hussain, Mr Ivison, Mr Johnson, Mrs Kemeny, Mr Kemp, Mrs Lake, Mrs Lay, Ms Le Gal, Mrs Lewis, Mrs Marks, Mr Martin, Mrs Mountain, Mr Page, Mr Persand, Mr Pitt, Mr Ramsdale, Mrs Ross-Tomlin, Mr Samuels, Mr Skellett, Mr Taylor, Mrs Turner-Stewart, Mr Walsh, Mr Wilson, Mrs Windsor, Mr Witham, Mr Young and Mrs Young

And the following Members voted against it:

Mrs Barton, Mr Beardsmore, Mr Beckett, Mr Cooksey, Mr Essex, Mr Robert Evans, Mr Forster, Mr Goodwin, Mr Harrison, Mr Hickman, Mr Kington, Mr Mallett, Mrs Mason, Mrs Searle, Mr Selleck, Mr Townsend, Mrs Watson and Mrs White.

Mrs Saliagopoulos abstained.

53 Members voted for and 18 Members voted against the Budget recommendations. There was one abstention.

Therefore, it was:

**RESOLVED:**

1. That the council tax requirement for 2017/18 be set at £656,821,897.48, as set out in paragraph 3.4 of the revised Annex 3.
2. That the level of the general council tax be increased by 1.99%.
3. That council tax be increased by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services.
4. That the County Council precept for band D council tax be set at £1,331.55, which represents a 4.99% up-lift.
5. That the council tax for each category of dwelling to be as follows:

Valuation band	£
A	887.70
B	1,035.65
C	1,183.60
D	1,331.55
E	1,627.45
F	1,923.35
G	2,219.25
H	2,663.10

6. That the payment for each billing authority, including any surplus or deficit balances on the collection fund, will be set out as follows:

Billing authority	£
Elmbridge	85,728,065.25
Epsom & Ewell	43,738,124.52
Guildford	76,246,236.74
Mole Valley	53,650,096.35
Reigate & Banstead	79,835,944.80
Runnymede	44,376,566.85
Spelthorne	52,941,846.33

Surrey Heath	51,190,822.85
Tandridge	51,396,753.30
Waverley	72,190,134.96
Woking	54,604,577.55
<b>TOTAL*</b>	<b>665,899,169.48</b>

\*This total includes the Council Tax Collection Fund balance.

Each billing authority's payments to be made in ten equal instalments on the following dates, already agreed with relevant authorities:

20 April 2017	13 October 2017
26 May 2017	24 November 2017
26 June 2017	5 January 2018
28 July 2017	12 February 2018
8 September 2017	16 March 2018

7. That the council tax rate set above be maintained after the Final Local Government Financial Settlement.
8. That powers be delegated to the Leader of the Council and the Director of Finance to finalise budget proposals, updated to take account of new information.
9. The requirement for the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions, as set out in paragraph 92 of the submitted Council report.
10. That the County Council's £1,666m gross revenue expenditure budget for 2017/18, for the substitute budget (Table 17 in the submitted Council report) be approved.
11. That only capital schemes which are funded without requiring borrowing be supported and approved, unless a sustainable basis for funding borrowing costs is identified and a compelling business case developed that demonstrates best value in progressing a particular scheme (paragraph 110 of the submitted Council report).
12. That the detailed programme of schemes be agreed at the March 2017 Cabinet, as part of the Medium Term Financial Plan.

13. That a robust business case be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
- all revenue 'invest to save' proposals, and
  - capital schemes.

**Treasury Management and Borrowing:**

14. That the Treasury Management Strategy for 2017-18 be approved with immediate effect. This strategy includes:
- the investment strategy for short term cash balances;
  - the borrowing strategy for funding the capital programme
  - the treasury management policy (Annex 2, Appendix 8 of the submitted report);
  - the prudential indicators (Annex 2, Appendix 9 of the submitted report);
  - the schedule of delegation (Annex 2, Appendix 11 of the submitted report);
  - the minimum revenue provision policy (Annex 2, Appendix 12 of the submitted report).

**That the following decisions have been approved by Cabinet:**

15. That services will develop detailed budgets and savings ahead of approval by Cabinet on 28 March 2017 when the final Medium Term Financial Plan (MTFP) 2017-20 will be presented.
16. That the draft MTFP for the financial years 2017-20 be approved, which includes the Total Schools Budget of £545.2m (paragraphs 66 to 71 in the Cabinet report) and the overall cash limits for individual services for the proposed budget and the substitute budget.
17. (A) That a Sustainability Review Board be established comprising three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance.
- (B) That this board be required to bring back an initial report to the Cabinet meeting on 28 March 2017 on progress towards identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18.

[Meeting ended at 3.35pm]

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**Chairman**

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## LEADER REPORT TO COUNCIL

### SURREY COUNTY COUNCIL PROGRESS REPORT

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

To consider the attached report and the matters to which the Chief Executive draws attention.

#### **BACKGROUND:**

1. This is the fifteenth of the Chief Executive's reports to Members. It provides an **overview of the council's progress** over the past six months and the challenges ahead.
2. The format of the report has changed over time in response to feedback from both Members and staff. The purpose of the report has also evolved. It has increasingly become a prompt for wider discussions with Members, staff and partners.
3. The Chief Executive highlights the **pressures the council faces**. There is an increasing demand for our services and communities have changing needs and expectations – at the same time the council's financial resources continue to reduce.
4. Given this context we know **we have to continue working differently and learning from our experiences** in order to keep pace with rising pressures. Based on our progress to date **I believe we can successfully navigate the significant challenges we face**.
5. To achieve this will we need to remain focussed on the **shared goals and values in our Corporate Strategy**, working as "**one team**" with our partners and residents to ensure wellbeing, strengthen economic prosperity, and improve resident experience.
6. I look forward to working with all Members over the coming months as **we continue to improve services and value for our residents**.

#### **RECOMMENDATIONS:**

That the Council notes the report of the Chief Executive, thanks staff for the progress made during the last six months, and confirms its support for the direction of travel.

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**Contact:** David Hodge, Leader of the Council, Tel: 020 8541 8003

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

*Confident in Surrey's Future*, Corporate Strategy 2016-21

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# Chief Executive's progress report March 2017



SURREY

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# Part 1

## Introduction

## Introduction

This is my fifteenth progress report since I started my time here as Chief Executive and the last of the current council administration, which began in May 2013.

On Thursday 4 May 2017, elections will be held for a new team of Councillors to lead us through to May 2021. This will be a period of transition as we could see 30 or more new Members starting with us. It goes without saying that they will have some tough challenges ahead given the significant financial and service pressures that we face. This report is a great opportunity to showcase our achievements and the good work being done during challenging times.

Given the financial situation, it is more important than ever that we work with energy and enthusiasm in a resourceful and collaborative way. Once again, I have been overwhelmed by stories of colleagues' achievements. In part 4 Adam tells us how we have re-designed mental health services through a scheme called 'Safe Havens' while Elaine tells us about training for the voluntary, community and faith sector and how volunteers help to run bespoke courses for these groups where there isn't already a training offer in place. Volunteers are vital to provide invaluable services to our residents that aren't funded with paid workers. Stories like these inspire me. There's a wide range of case studies in this report although they all have a number of things in common. They all show a passion, determination and commitment to making a difference to our residents by listening to their needs. They have all used a collaborative approach. They have all responded to problems they've identified. And they've all delivered positive change.

We also have a number of awards and recognition to celebrate in part 4, including a gold award for championing the armed forces and two awards for our successful Orbis partnership with East Sussex County Council. It is great to have colleagues' hard work and high quality recognised in this way.

## The last four years

The last four years have flown by. It is important to take a step back and look at just how far we have come.

Here are just some of the things we have achieved since May 2013:

- We have included **111** colleague stories in my progress reports – each an example of the high quality and importance of our work.
- We have held **24** Full Council meetings and **44** Cabinet meetings (46 by May), making key decisions on things that impact on our residents' wellbeing and prosperity.
- Between September 2013 and September 2016 we created **13,906** additional mainstream school places and **164** additional school places for children with special educational needs and disability (SEND).
- We have provided support to over **2,300** looked after children.

- We have repaired **250** miles of road through our Horizon programme.
- We have achieved a **64%** reduction of young people not in education, employment or training (NEET). For the third year in a row we have had the lowest proportion of NEET of any large local authority in England.

We have continued to develop our culture over the past four years, including setting up our networks. Our networking approach has ensured that we have a distributed leadership that delivers shared objectives more effectively through a 'one team' approach. The networks have encouraged colleagues to recognise their contribution to our strategic objectives and have helped us to work together on what is important.

We launched the High Performance Development Programme in 2014, to help managers deliver the scale of change needed and lead effectively in challenging times. Approximately 700 colleagues have attended either the senior leader or leader programme since the launch, with managers now better able to challenge unacceptable behaviour, address conflict and poor performance, seek feedback on performance, be open to constructive challenge and be aware of their impact on others.

We have developed some important partnerships. For example, Orbis launched in 2015 when Surrey County Council and East Sussex County Council established a joint sector partnership. It covers approximately 1,400 people providing human resources and organisational development, finance, property, information technology and digital, procurement and business operations for both organisations and many public and third-sector customers. Thanks to Orbis, both councils have worked together to save money and have streamlined processes to provide better, more efficient services.

Our investment in fibre broadband infrastructure over the past four years through our contract with BT has had a very significant impact on the well-being and economic prosperity of thousands of residents and businesses around the county.

As a result of the council's investment into broadband infrastructure, more than 96% of all Surrey premises are able to access fibre download speeds of 15mbps or above. According to Think Broadband, Surrey County Council is currently the best connected county in England.

## **The last six months**

### **Our financial pressures**

There are some crucial uncertainties in our medium term financial position. And where we have more certainty it's mainly about the size of the challenge we face.

We've worked hard to try to ensure that Government and others had the key facts about the financial issues we face. In particular we drew attention to where we believe the methodologies used to distribute national funding have a disproportionate negative impact on Surrey e.g. Better Care Fund. This has continued to an extent with the Chancellor's statement on additional support for adult social care. On a relative needs formula Surrey would receive £17 million this year. In fact we will only actually receive £7.5 million. That's why it is crucial that we continue to play a full role in the Government's Fair Funding Review.

At its meeting in January 2017, the Cabinet also agreed to set up a Sustainability Review Board to include three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance. The Cabinet has asked the Board to focus on identifying up to £30m permanent service reductions and potential one-off reductions to achieve a balanced budget in 2017/18, bringing a progress report to the Cabinet meeting on 28 March 2017. This, along with the work already undertaken by the council, will help inform the council's longer term financial strategy and contribute to discussions with Government on business rates retention and wider fairer funding options.

We faced a real risk of ending this financial year with a large overspend. However, since October there has been a systematic effort across the council to address this and I'm now optimistic that for the eighth year running we will end the year within budget. That's a huge credit to colleagues across the organisation who have made changes small and big to achieve these targets.

### **3 Southern Counties (Devolution)**

In my last report I talked about Three Southern Counties (3SC), the partnership of 26 councils in Surrey, East Sussex and West Sussex, three Local Enterprise Partnerships, East Sussex Fire Authority and the South Downs National Park Authority. 3SC developed proposals for devolution intended to deliver a financial return for the UK, as well as benefits for local residents and businesses – helping drive the economy forward, while also making the area a better place to live in, work in and visit.

A key proposal, which has come out of discussions in the 3SC partnership over the past six months, is to establish a Sub National Transport Body (STB) for the South East. This will cover a larger geography than the 3SC and will focus in particular on investment in strategic transport infrastructure, including investment by Highways England and Network Rail. You can read more about this in part three.

### **Health and social care integration and Surrey Heartlands**

In October I explained that collaboration with colleagues and partners on health and social care integration was one of my biggest areas of work. I explained that by 2020 Surrey's elderly population is set to increase by 20,000. While it's great that our residents are living longer, our current health and social care structure is not sustainable to manage the increasing demand that this puts on our services and so we need to work with partners to re-design the way that the system works.

Over the past six months I have continued to chair the Surrey Heartlands Transformation Board, which covers the biggest health area in Surrey with a population of 850,000 residents. One key opportunity that Surrey Heartlands has been pursuing with partners over the past six months is a health devolution agreement for the area which would shift more decision-making responsibilities about residents' health and care to local health and care leaders.

You can read about health and social care integration in more detail in part three.

## **Culture and staff survey**

In October 2016, we undertook our latest staff survey, with 49% of colleagues responding. This was the second year we used Best Companies, who specialise in employee engagement and advocacy, as this fits well with our values and culture. For the second year running, Best Companies have allocated us their 'One to Watch' category, a rating of 'good' by their standards.

The results show that the majority of colleagues feel they can contribute to the success of the organisation, and that colleagues in teams go out of their way to help and care for each other. The key areas of focus from 2015 were fair deal (in particular, issues around pay and benefits), coping better with the pressures of work and continuing to build our leadership culture, with a particular focus on listening. The most recent results show that these remain the key focus although there is evidence that things are improving, particularly around fair deal and leadership. In relation to the pressures of work, there is less evidence of an improvement and given the current financial pressures and challenges, this is something that I'm keen to address.

## **Multi-Agency Safeguarding Hub (MASH)**

In my last report, I talked about how we were preparing to launch the Multi-Agency Safeguarding Hub (MASH) and Early Help Coordination Hubs (EHCH). These went live on 5 October 2016, ahead of the original schedule. The objective was to provide a single point of contact for reporting safeguarding concerns, bringing together data, information and knowledge from across the Surrey partnership, instead of this process being split across four geographical teams, as previously.

The first two months of the transition, from the four area teams to one central MASH, were a challenge and we have undertaken several reviews of our processes — in both safeguarding and project management — to improve service provision and learn from the transition. There is still some work to do to refine the MASH. This includes improving and expanding feedback to referrers, broadening partnership involvement, being more consistent with timeliness, and improving performance reporting. The next six months will be guided by an improvement plan informed by the reviews currently being undertaken.

Overall, despite the snagging issues, the programme has been an example of effective partnership working and we are confident that children and adults in Surrey are safer as a result.

## **Special Educational Needs and Disability (SEND)**

In the last 6 months we have been focusing on our impact for children and young people with SEND, helping them to achieve better outcomes.

We are working closely with family representatives and partners in health and schools to put children and families at the heart of our practice. For example, in January 2017, we ran a two-day event with families and practitioners focussed on improving the experience of families applying for an education health and care plan (EHCP). We have also co-designed the SEND commissioning plan following four engagement events with partners and family representatives, to be published in June 2017.

We have significantly reduced waiting times in paediatric therapies, but will be going further with the introduction of a new model of delivery in April 2017.

The number of education health and care plans completed on time is improving and we are committed to improving this further.

## **Looking ahead - the next six months**

My three areas of focus over the next six months will be sustainability, health and social care integration and our capacity and capability.

The overall budget figures agreed at Council include £93 million of savings and reductions for 2017-18. There is a remaining budget gap of £30 million. Decisions on how to deal with this will go to the March Cabinet. It is worth noting that the £93 million assumed savings/reductions is already a significantly higher target than anything we've achieved previously. There is detailed work underway to deliver these but it is sensible to be cautious about whether the full £93 million will be delivered in 2017-18.

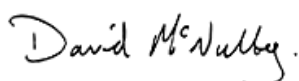
I will be accelerating work on health and social care integration with partners, including agreeing a health devolution agreement for the area to shift more decision-making responsibilities about residents' health and care to local health and care commissioners. We are aiming to agree a Memorandum of Understanding to secure a devolution deal in shadow form in 2017/18. We will also be continuing to implement our Sustainability and Transformation Plans, the complex plans that we have been working on with our health partners.

As in my previous report, my final area of focus is our capacity and capability as an organisation, and developing a culture that supports effective leadership and high performance. There are no magic wands available to improve our position. We will have to continue to work hard in partnership with others to achieve what we can for residents with the resources available.

## **Conclusion**

We have come a long way and achieved some remarkable things over the past four years. We will be entering a new phase in May with an incoming Council electorate to see us through to May 2021. While it will be sad to see current Members leave it will be an opportunity to inject fresh energy and ideas into the Council. We will support our new Members by working together resourcefully and creatively to meet our challenges, and to ensure we can continue to provide vital services to our residents.

With thanks,



David McNulty  
Chief Executive

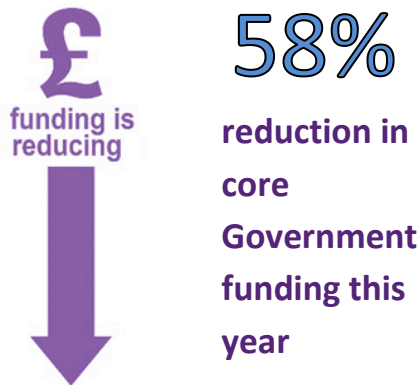
# Part 2

## Our budget position



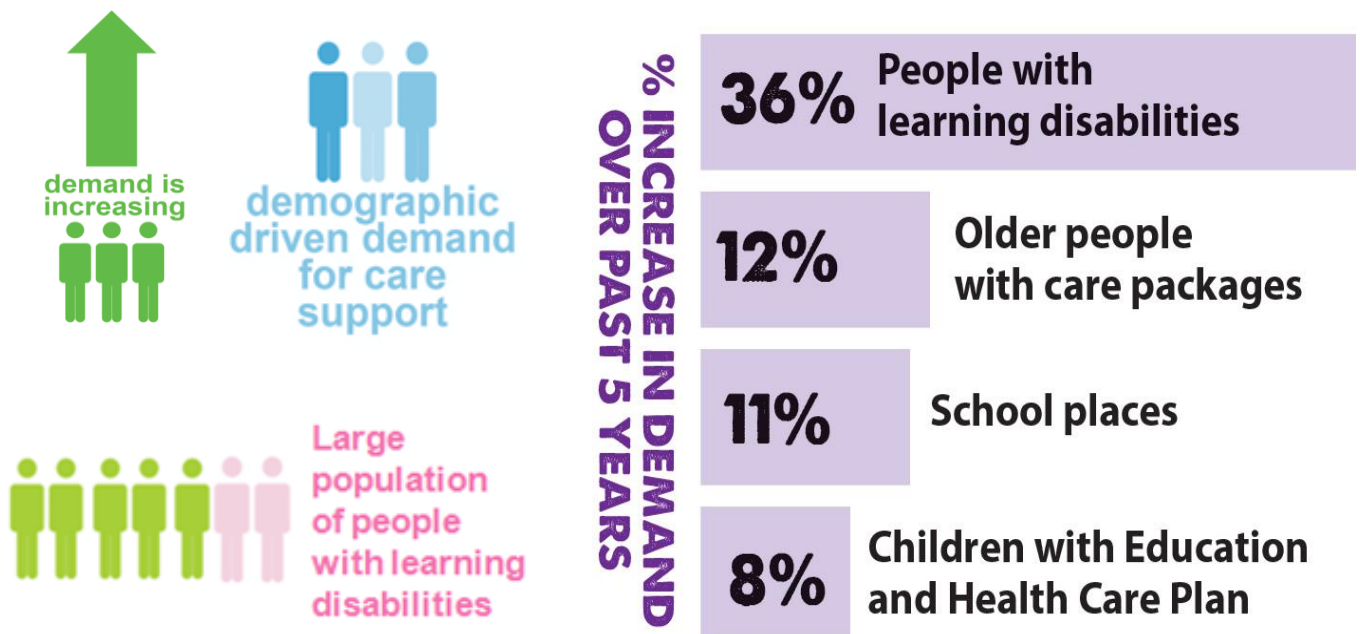
# Our budget pressures

We face an unprecedented squeeze on our budget



Reductions in Government grant since 2010 mean a £170m cut for 2017.

This is accompanied by demand going up. The demands of our residents are complex...



## **We face challenges that are unique to Surrey**



**Our roads are the most used in the country.**



**100% increase in last two years.**



**We struggle to recruit and maintain skilled staff so close to London.**



**Our housing can be unaffordable for those on the lowest income. Challenges in housing also impact heavily on key workers, older people looking for alternative accommodation as their needs change as well as those with learning disabilities looking to live independently through supported living.**

**We are working to address these challenges, but it won't be easy.....**

**Despite a target of £83m savings 2016-2017**

**This only matches annual pressures**

**£93m of savings identified for 2017/18**

**Leaving a budget gap of £30m**

# Part 3

## Our work in context

## Three Southern Counties

Three Southern Counties (3SC) is a partnership of 26 councils in Surrey, East Sussex and West Sussex, three Local Enterprise Partnerships, East Sussex Fire Authority and the South Downs National Park Authority. Together 3SC has been developing proposals for devolution intended to deliver a financial return for the UK, as well as benefits for local residents and businesses – helping drive the economy forward, while also making the area a better place to live, work in and visit.

A key proposal which emerged from discussions in the 3SC partnership was to establish a Sub National Transport Body (STB) for the south east. This will cover a larger geography than the 3SC and will focus in particular on investment in strategic transport infrastructure, including investment by Highways England and Network Rail.

The Government has been reviewing its position on devolution alongside the development of major policy announcements on its industrial strategy and on housing. Therefore 3SC leaders agreed that it is right to have a 'strategic pause' in our discussions with the Government.

Work is currently focussed on a number of projects that could bring a direct benefit to the area, such as the STB, to ensure 3SC is able to maximise the opportunities for the area.

If the STB was agreed with Government it would cover the south east, stretching from Hampshire to Kent. It would be a statutory body that sets a transport strategy for the south east and would determine strategic transport priorities. This would enable investment to be directed into strategic schemes to support economic growth. The local authorities would retain responsibility for decisions relating to local transport projects.

The STB would include a range of partner bodies including Local Enterprise Partnerships (LEPs), and funding bodies, including the Department for Transport, National Rail and Highways England.

The STB is due to meet for the first time in May 2017. It will then go through a legislative process, which requires sign off from Government, before being formally constituted in 2019.

If you want to stay informed on 3SC, the website (<https://surreyandsussex.wordpress.com/>) will have all of the latest developments, including information about the STB.

## **Update on commissioning services for people with learning disabilities in Surrey**

In 2011, Surrey County Council took on more than 1,000 adults with learning disabilities from the NHS, when the responsibility for long-term patients from places such as St Lawrence's Hospital transferred to social care services. The transfer to Surrey was the biggest in the country. Most of these residents needed personalised care in their community and had high needs, often because they had spent such a large part of their lives in institutions. Government committed funding to help Surrey to support these residents. However, three years later, this funding, worth £69m, was instead rolled in with another government grant and the extra money that Surrey was given to support some of our most vulnerable residents effectively disappeared. This is an ongoing challenge for the council as we look to meet our ever decreasing budget.

Better news is that in the last six months the council has been successful in attracting capital funding to facilitate the development of new accommodation services for people with learning disabilities in the county, which has gone some way towards alleviating our pressures.

In September 2016, the Department of Health launched the Housing with Technology fund for people with learning disabilities. Surrey submitted a number of bids and was successful with two. Funding of £690k was awarded for us to refurbish an empty care home property into flats for three people in New Haw and to develop a new scheme of one bedroom flats for six people in Ottershaw. The work will be completed over the next year, working with Welmede Housing Association and Avenues Support.

Since March 2016, SCC has supported the development of the Surrey Transforming Care Partnership, one of 48 partnerships established nationally to develop new services for people with learning disabilities who are in long-term inpatient hospitals across the country.

The Partnership, consisting of representatives from SCC, clinical commissioning groups, borough councils, providers and other stakeholders, has successfully bid for capital from NHS England to refurbish two properties to enable people to leave hospital and live in the local community. Funding of £202k has also been made available by NHS England to support the refurbishment work of properties located in Banstead and Epsom to enable people to leave hospital and move in later this year.

We have continued to develop good working relationships with a range of specialist providers to deliver services to people with learning disabilities. In November, Surrey County Council agreed with the Surrey Care Association to start work with local providers to review the costs incurred in delivering services to support people across Surrey. A project group, chaired by Brian Mayers, Area Director for Guildford and Waverley Clinical Commissioning Group, has been formed to work with local providers to review key cost areas and to understand pressures providers say they are facing, whilst recognising the severe financial strain we are under.

Understanding demand and providing appropriate services is a key area of commissioning, and the accommodation and support project team is clarifying the current picture in the county. Following publication of Surrey's joint learning disability strategy 2016-2020 last year, a market position statement and integrated commissioning statement are being developed. These documents will give residents and providers of services clarity about the level of need in the county and ways services can be provided to meet this need.

## Links and information

<https://www.gov.uk/government/news/funds-to-improve-housing-for-people-with-learning-disabilities>

<https://www.england.nhs.uk/learningdisabilities/tcp/>

<http://www.surreypb.org.uk/>

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## Culture and staff survey

How colleagues feel about working for Surrey is crucially important to our effectiveness as an organisation. In my last report, I covered the Best Companies staff survey, which we were just completing for the second year.

The response rate was 49%, up 15% on the previous year, and is well above benchmarks. The results provide us with the best data we have about how colleagues are feeling.

These second year results have enabled us to make comparisons with the previous year. We've seen improved results for questions relating to fair deal (pay and benefits) and my manager. In 2016 the pay and reward review took place and has seemingly had a positive impact on the results with an increase in the scores for most areas, particularly senior managers, managers and team leaders. Support for managers has continued through training and development including the High Performance Development Programme (HPDP), which seems to be shaping the improved scores.

Wellbeing is an area that continues to be of concern for many colleagues. We need to continue to focus on the concerns raised to ensure colleagues remain healthy and able to fulfil their roles in a fit and productive way.

The highest scoring question is still 'I believe I can make a valuable contribution to the success of this organisation' and we are looking to develop some ways for colleagues to more easily generate ideas and progress them. Recently we actively encouraged colleagues to contribute ideas to help address the financial challenge. Colleagues' involvement was positive - Finance were able to work with some of the viable suggestions. Areas we continue to score well in are my team, my company and my manager.

I am also pleased to see that the results for this year show that there has been a positive increase in colleagues having more confidence in the leadership of the organisation, with the highest level of confidence growing within the senior management community. These results include improvements in living the values and principles of the organisation, with an extra 6% (around 350 people) feeling that managers are listening more and asking colleagues for their views. We will be continuing the work on these areas by furthering the work to embed our values and behaviours – in particular in our recruitment, induction and staff development.

There are three key themes that need addressing to help us to continue improving:

- working as one team – avoiding duplication of work, improving our communication with each other and understanding what we can achieve together.
- management – listening and accepting everyone's views, increasing opportunities to connect with teams, focussing on making timely decisions, and greater open honest communications.
- my "company" – providing more clarity about our direction and goals.

We'll be inviting colleagues to take part in a third staff survey this October. I am committed to making improvements and hope colleagues get involved in local conversations about how they can work together to make improvements that make a difference within services and teams. We recognise that local conversations are valuable at gauging opinion throughout the year and hope colleagues will see and feel the benefits of involvement in making improvements in the coming months.

## Information management programme

In recent years the private sector has made huge advances in its use of technology and data to inform the way it interacts with us as customers. Things we take for granted and use every day such as travel apps, shopping loyalty cards and advertising all rely on collecting and interpreting data to offer us tailored services intended to make our lives easier.

It can be difficult to keep pace with this in the public sector, where responsibilities around protecting personal information and budget pressures have been barriers to fully utilising emerging technologies and data. But we also know that residents' expectations are rising – not least in light of their 'amazon' experience – and that there is huge potential to transform service delivery. So we need to get better at how we record and use information to improve our offer to residents.

Children, Schools and Families knows it needs to improve the way information is collected and used to achieve better outcomes for children. To help focus on this, a programme of work has been established to deliver change in the way information is managed and used across the directorate.

This will involve ensuring we have the right IT systems in place to enable the right data to be captured in the right way. We also need to ensure that this information is accessible to all practitioners who need it, so that they have a joined up view of each child. Holding this information in one place will prevent families having to explain their story multiple times, as is sometimes the case now. Instead, practitioners will have a single view of each child and the different services they are interacting with. This will highlight a child's needs and potential risks so that support can be put in place sooner. We need to make sure that our systems protect people's personal information.

To develop an accurate picture of a child, we need to make sure that we are collecting the right data and asking the right questions. With the right information we can understand the experience of individual children better, the impact that council services are having and how well we are performing. We can use this to inform decisions we make about how we provide services in the future and how resources are allocated.

We also need to make sure that our people and culture support this way of working. All practitioners have a responsibility to ensure they are recording good quality information and making best use of it. This is something that needs to be embedded throughout the directorate – equipping frontline colleagues to use data to inform their practice and ensuring leaders are making strategic decisions based on an informed view of performance.

This is a substantial piece of work that won't be achieved overnight. In the meantime however, there are a number of areas where we are applying the principles outlined above to deliver immediate improvement. Interactive dashboards have already been created for special educational needs and disability, giving colleagues access to up to date performance information in a number of areas across the service. These are being embedded into both frontline practice and decision making to drive improvements in the outcomes for our children and young people.

## Health and social care integration

The past six months have seen us build even closer relationships with local NHS colleagues, as our own social care teams and six Surrey-based Clinical Commissioning Groups (CCGs) work to improve outcomes for individuals who use our services, and to meet our shared system challenges.

By 2020 Surrey's elderly population is set to increase by 20,000 and by the middle of the next decade 56% of the population will be aged over 65 with half experiencing chronic conditions that require service support. Every year in Surrey County Council alone, an additional £24m in funding is required and, since 2010, government core funding has decreased by £170m. Similar challenges are faced by the NHS making it vital for us to continue to integrate our services, approaching our priorities together.



We are in our second year of the Better Care Fund - a national programme aimed at bringing health and social care partners together. This year we have pooled £73.1m with our CCG colleagues, with the aim of achieving three key objectives: enabling people to stay well, enabling people to stay at home, and enabling people to return home sooner from hospital. Our next plans will cover two years and will build on our previous work, and deliver even closer integration.

In each local CCG area, joint commissioning groups have agreed new approaches to delivering health and social care. Integrated care teams exist in communities where adult social care, GPs, community mental health teams and community nurses all work together.

The Epsom Health & Care Alliance has already delivered some positive results. There have been improvements in accident and emergency waiting times, length of stay for unplanned hospital admissions and fewer delays in discharge from hospital. In Surrey Heath CCG some members of the integrated staff are being jointly line managed by the local health and social care leadership.

In my last report, I mentioned the significance of the Sustainability & Transformation Plans (STPs), which focus 'place-based' plans around geographies, rather than organisational lines. A milestone was passed last October as the three STPs, which are based in Surrey, published their **plans**. All plans include prevention as a priority, local integration plans for health and social care services and a focus on engagement with residents.

The STPs are ambitious. The challenges we face are significant in terms of improving financial sustainability, quality and wellbeing across our health and care systems. We will need to transform the way we work locally drawing on all of our capabilities and take advantage of opportunities to make the plans become reality.

A key opportunity we have been pursuing with partners is a health devolution agreement for Surrey Heartlands - the largest of Surrey's three STP areas, with approximately 850,000 people.

At its most basic level, a health devolution agreement will mean shifting more decision-making responsibilities about people's health and care to local health and care commissioners and

securing additional freedoms and flexibilities in how we can work together in Surrey Heartlands for the benefit of residents.

We also want to take advantage of the energising effect a devolution deal can have on a local system - as we've seen in Greater Manchester.

This includes:

- speeding up progress for local health and social care integration initiatives,
- increasing partnership working with the wider public and private sectors,
- strengthening local resident engagement, including involving them in the design of a sustainable health and care system.

We will continue our conversations to define the detail of what a health devolution deal should include for Surrey Heartlands and hope to agree a memorandum of understanding within the next 12 months.

DRAFT

# Property management and investment

Property services has responsibility for an extensive and diverse property portfolio of operational and non-operational premises, including office buildings, fire stations, care homes, parcels of land, and other types of assets. The service delivers every aspect of property including designing new buildings and schools, managing, maintaining, refurbishing and adapting existing buildings, acquiring and selling property assets, and managing tenancies, leases and other agreements.

Property services is currently focusing on three areas of work around asset management and investment to make sure we meet the needs of our residents.

## 1) Service asset strategy

We need to make sure we have the right buildings in the right places to support our front-line services.

There are three key principles of the service asset strategy: workforce planning, access to services and partnerships.

## Future State: Operational Service Design

Workforce Planning	Access to services	Partnerships
<ul style="list-style-type: none"><li>• Will there be more/less people?</li><li>• Any skills shortages/ recruitment &amp; retention issues to consider?</li><li>• How will they operate/ what will they need access to?</li><li>• How flexibly can they work?<ul style="list-style-type: none"><li>• Is anything needed to support this (e.g. technology changes?)</li></ul></li><li>• Do certain teams need to be located together/in close proximity?</li></ul>	<ul style="list-style-type: none"><li>• What does the needs assessment tell you about future levels of face-to-face contact?</li><li>• For each type of access point:<ul style="list-style-type: none"><li>• What's the catchment area (serves x people/ distance residents expected to travel etc.)</li><li>• Criteria for location (level of deprivation/ proximity to certain amenities)</li><li>• How will they operate:<ul style="list-style-type: none"><li>• times of the day</li><li>• Expected visit numbers</li><li>• What do you need at a location?</li></ul></li></ul></li></ul>	<ul style="list-style-type: none"><li>• What's the commissioning strategy?</li><li>• Where would sharing space lead to better outcomes?</li><li>• Will you have integrated teams with any other organisations?</li><li>• Are there other organisations/ types of services that would be a good fit for co-location?</li><li>• Are there any teams/types of organisation where shared space would be a challenge in terms of delivering your outcomes?</li></ul>

## Merstham Community Hub

Work is ongoing to complete the construction of a new modern integrated community hub for Merstham where a range of services, both new and existing, will be delivered. The building will be home to Merstham library, the Merstham Community Facility Trust (MCFT), a new early years childcare provision, Merstham youth centre and a new community café.

Adjacent to the hub will be four new retail shops, which will be managed by Reigate and Banstead Borough Council.

The construction of the hub is due to complete this summer and will open late summer.

The hub provides opportunities for the provision of preventative services to support vulnerable children and adults in the local community and reduce social isolation. There will be rooms available for use by the NHS, which will improve local residents' access to health facilities.

The new hub and the adjacent retail units should also reduce the need for residents to travel outside the local area.

A purpose built youth centre will enable Surrey's Services for Young People to deliver vocational training and education directly to the relatively high numbers of young people in the immediate vicinity who are currently not in employment, education or training (NEET).

Merstham Community Hub has been designed to be a functional shared building that will allow local residents access to provisions that they need and allow them to feel a sense of inclusion within their community.

### **Spelthorne Fire Station**

This project will deliver a new modern fire station in Spelthorne, known as Fordbridge, for the operation and delivery of Surrey Fire and Rescue Services.

Construction is expected to commence in the next few months, subject to planning approvals, with a new fire station delivered mid, 2018.

The new Fordbridge Fire Station will replace two existing fire stations, Sunbury and Staines, both built in the 1960s. The decision to replace the two fire stations was made in 2014 following public consultation. This will result in:

- Ongoing revenue efficiency savings, circa £900k per annum, through future service delivery from one station.
- Avoiding uneconomical expenditure, addressing increasing maintenance liabilities and modernisation requirements, arising as a result of the age of Staines and Sunbury stations.
- Potential future capital receipt through the disposal of Staines and Sunbury, if the sites are declared as surplus.

## **2) Development of a joint venture**

Surrey County Council is seeking to appoint a commercial partner to make sure our properties deliver the best outcomes for Surrey's residents. This will provide the specific skills and capacity for us to make the most income and returns from our estate and create revenue streams that will assist in us providing services for residents in the future. A number of partners across the public estate are part of this - including local district and borough councils, as well as NHS property services and Surrey Police - to assist us in attracting the right partner to meet our objectives.

## **3) Property investment strategy**

The key purpose of the property investment strategy is to deliver an ongoing net income stream to the council to provide a source of funding to support services. The investment portfolio is managed by a small team of staff from property, finance and legal, who are supported by external specialist advisors when required.

The investment strategy was agreed by Cabinet in July 2013 as one of a series of measures to improve the financial resilience of the council in the longer term. The investment portfolio includes property investments that have been acquired by Surrey County Council in order to deliver economic regeneration or to provide for long-term future service use, and deliver an investment return.

As part of the investment strategy, the council has also established a property company, Halsey Garton Property Ltd, to purchase assets for their investment return. The overall portfolio of property investments therefore consists of assets held by the council together with those owned by the property company.

The council is developing a mixed and diversified portfolio across geographies and across property sectors in order to manage the inherent risks of property ownership. The performance of the portfolio is managed and monitored to avoid an over-reliance on single tenants or types of tenants in terms of their impact as a percentage of the total portfolio. Investment property assets are let to a variety of tenants in a number of different industry sectors, ranging in size from local businesses to large PLCs. The covenant of each tenant is evaluated at the time of purchase and the asset is priced in accordance with this covenant together with a number of other factors, for example the length of the lease and the location, so that the returns available are commensurate with risk.

All investments are required to demonstrate a revenue return in excess of the cost of funding the purchase and all investment opportunities are progressed based upon a robust business case which takes into account due and proper consideration of the balance between the risk and reward of ownership of the asset.

# Part 4

## Case studies & Awards and recognition



SURREY

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# Wellbeing

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



**SURREY**



# Kathryn Pyper

Kathryn Pyper, Adult Social Care, tells us about new accommodation for young adults with autism.

## Introducing a new specialist supported living development

### What was the challenge?

In Surrey there is a growing demand for, and a shortage of, accessible accommodation with care and support for young adults with autism and high support needs.

Despite the development of successful specialist services, each year individuals with a particular profile of needs are placed out of the county, away from their families and at a high cost. Some live in care homes and others in school or college placements. We expect there to be an increase in the number of young people who will need this type of accommodation in the next few years.

### What was the solution?

We want to make sure these young people have the opportunity to be closer to their families and support networks so that they can feel part of a local community.

We became aware of land for sale at Lindon Farm in Alford, south-west Surrey and decided it would be an ideal setting to create specialised supported living. The accommodation will be built to best practice in autism design, have good internal and external space and an activity centre, equipped with sensory and therapy facilities.

This new highly specialised supported living accommodation will help us to meet some of the growing demand for young adults with autism and high support needs. They will be offered a tenancy to live there for as long as they need.

Providing this accommodation in Surrey will also bring us a financial saving each year, compared with providing specialist support outside of Surrey.

### What has happened so far?

We acquired the land at Lindon Farm in summer 2015. An event was held in Alford so that local people could see the early designs, talk with the design team and learn more about autism and supported living. In January this year, we secured planning permission to build long-term supported living for ten young adults with autism and high support needs.

### What are the next steps?

The transitions team has identified the young people whose needs will be best met at Lindon Farm. We will continue to engage with our stakeholder groups and the local Alford community as part of our preparation.

Building work is scheduled to start in the spring of 2017, with residents moving in during summer 2018.

**For more information**

If you would like to know more about the accommodation being built at Lindon Farm contact Kathryn.



Walter Bailey's Xylem bench. This bench will sit at a new, accessible view point at the National Trust location of Gibbets Hill, Hindhead.





# Laura Saunders

Laura Saunders, Public Health, tells us about reducing the demand on emergency services from heavy drinkers with alcohol dependency.

“The High Impact Complex Drinkers pilot removes the barriers between support services and vulnerable adults by using an assertive outreach approach.”

## New approach to supporting adults with alcohol dependency

### What was the challenge?

We know heavy drinkers with alcohol dependency place a significant burden on public services and can end up in situations where they rely heavily on our emergency ‘blue light’ services. Often, they have a range of complex issues such as neglect, mental health issues, involvement in the criminal justice system and homelessness. These are often viewed as “unattractive” qualities which mask an individual’s extreme vulnerability.

We already offer a number of substance misuse treatment services in Surrey, but the complexity of these health and social care needs often acts as a barrier to engagement. Getting such individuals to engage initially and/or maintain engagement with services is often challenging.

### What did you do?

In March 2015, we launched a High Impact Complex Drinkers (HICD) pilot in Woking, Waverley and Guildford. These locations were selected for the pilot because they have a range of appropriate services in each town centre that offer specialist support to service users.

A modelling exercise carried out by Alcohol Concern estimated over 400 highly complex and vulnerable residents could benefit from the introduction of positive strategies and alternative approaches. We decided to carry out a one year pilot; an integrated approach to supporting vulnerable adults (18 years+) who have complex needs and alcohol dependency. The HICD pilot removes the barriers between support services and vulnerable adults by using an assertive outreach approach—taking the service to the individual rather than relying on them to come to the service. Evidence suggests that by using an outreach approach and improved pathways, initial and consistent engagement with the vulnerable adult can improve and support them to reduce their alcohol consumption—contributing to an improvement in their quality of life and also reducing the impact on emergency ‘blue light’ services.

The core aim of the pilot was to work with our substance misuse services and partner organisations and see how they could use their resources more effectively to achieve the greatest outcome for these individuals. It was important for us to support services and agencies to work together, appropriately sharing information moving toward a shared goal. It took roughly six months to get to the pilot to an operational level.

“Over 6 months we were able to provide help to fourteen vulnerable adults and work with them to help them make a positive change to their lifestyle.”

Some aims of the pilot included: reducing alcohol consumption; improving mental and physical health and wellbeing; reducing impact on Surrey’s Blue Light services (Police, Ambulance and A&E).

### **Impact**

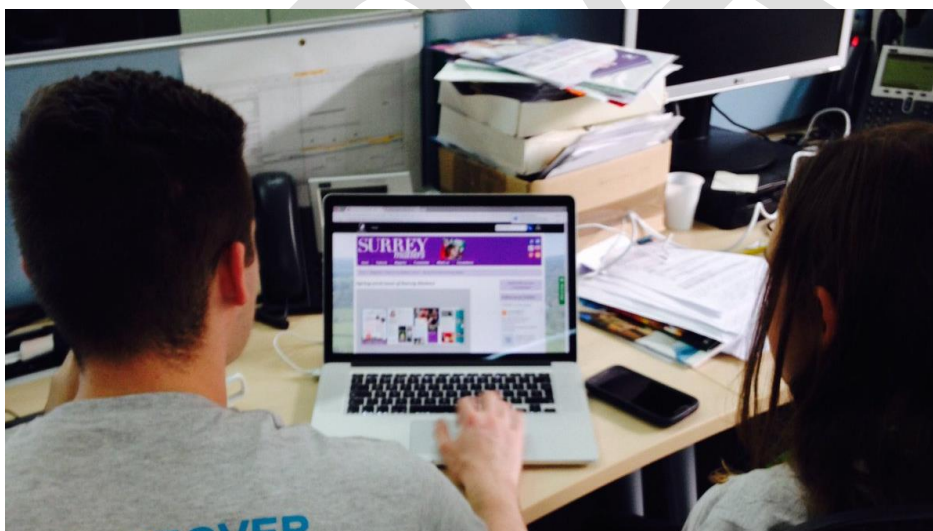
Over a period of six months the pilot service received 24 referrals. We were able to provide help to fourteen vulnerable adults and work with them to help them make a positive change to their lifestyle. As a result of the help given, there was a significant reduction in the number of drinking days, improved psychological and physical health scores and a reduction in hospital visits and bed days allowing us to estimate potential return on investment of £4 for every £1 spent.

### **What next**

We are co-commissioning, with the Office of the Police and Crime Commissioner, a two year extended evaluation, which will expand delivery countywide. We will continue to work with vulnerable residents who may be assessed as HICD. We will also be working more closely with our colleagues in districts and boroughs, criminal justice and health services to develop and embed system change.

### **Find out more**

If you would like to know more about the pilot contact [Laura](#).



Young people take over in the communications department as part of Takeover Day 2016



# Alison Clarke

Alison Clarke, Surrey Arts, tells us about working with artists to create viewpoints in the Surrey Hills and the impact this had on residents.

“Five sculptors and designers were involved in the project, creating sculptural benches at viewpoints along the trail.”

## Inspiring views

### The Challenge

The Surrey Hills are a designated Area of Outstanding Natural Beauty (AONB), popular with visitors from Surrey, London and beyond. Many visitors frequent the tourist spots but don't know about the lesser trodden locations. The landscape has changed over time and many of the stunning viewpoints and pathways have become overgrown.

The challenge was to reveal lost viewpoints, improve access for all and encourage visitors to the hills for much needed wellbeing benefits.

### What did you do?

We created a three-year partnership between the Surrey Hills Family and Surrey Arts, Surrey County Council to deliver this project, funded by the Mittal Foundation. This partnership is enabling us to develop an innovative arts programme across the AONB.

Initially, we focussed on the Greensand Way in South West Surrey, to open up hidden views, improve accessibility and celebrate these points with sculptural seating, poetry and sound.

We resurfaced paths and car parks and created new pathways. Two of the viewpoints are now wheelchair accessible which has enabled the Freewheelers Theatre Company to enjoy dancing and hot chocolate up on Holmbury Hill, an area previously unreachable by wheelchair.

Five sculptors and designers were involved in the project, creating sculptural benches at viewpoints along the trail. Poet John Wedgewood Clarke wrote verses that captured the beauty and character of each location having spent time walking and researching the locations. Musician Graham Dowdall created 'sound pictures' of each hill, layering music and field recordings.

Once all the improvements had been made, the community engagement programme offered walks and talks, workshops and demonstrations between May and October 2016. The sessions provided an insight to the artists, and the history and geology of the landscapes.

### What impact did you make?

We've had positive feedback about the artworks, providing us with valuable insight into the wants and needs of local communities and visitors to the Surrey Hills. This has helped in our planning for what we'd like to do next.

“The project means people can see the landscape in a new way.”

Our art workshops were popular with children of all ages (infant, primary and Children with Special Educational Needs (SEN) and teenagers) and local artists.

The project means people can see the landscape in a new way. It's educated young people in the history of their environment, and encouraged people of all ages to create poetry, music and art inspired by the Surrey Hills.

There are many health and wellbeing benefits in bringing the art and landscapes together. As well as encouraging physical exercise, this project benefits those living with mental health issues by combining therapeutic creativity and the space and time to reflect in front of an inspiring view.

### **What next?**

We are hoping to extend this project although it is dependent on receiving funding. At the same time, we are working with young people and university arts students to get them involved in their local landscapes.

We plan to focus on health and wellbeing by providing creative health walks to combine the arts, physical exercise and the social element of walking with others.

### **Find out more**

To see some of the artwork and find out more about Inspiring Views visit the [Surrey Hills website](#).



The Freewheelers Theatre Company sit on Converse bench, designed by Matthew Burt. The spot On Holmbury Hill has been resurfaced and the bench arrangement has been designed to make the location fully accessible.



# Matt Lamburn

Matt Lamburn, Adult Social Care, tells us about extra care housing as an alternative to residential care homes.

“Our aim is to increase the amount of extra care accommodation in Surrey to benefit older residents with care and support needs.”

## Housing for older people

### Background

Residents are thinking about their longer-term and future care needs when choosing accommodation and there has been an increase in older people being supported to live independently. The predicted trend for accommodation needs in Surrey shows demand for independent living / extra care is growing and the trend for residential care is declining; however due to life expectancies increasing and people living with more complex needs, more people will require specialist residential and nursing care each year.

Extra care housing is an accommodation option for older people that offers independent living in a community setting, with care and support services provided according to an individual's need. It offers a way for people to continue to live as independently as possible when their care and support needs increase, without the need to move into more traditional types of accommodation for older people with care and support needs, such as care homes. Other benefits include extra care housing being hubs in local communities, delivering a range of activities to benefit the whole community, not just those living in the accommodation.

### What was the challenge?

At least one in four Surrey residents we support are in residential care, but many of these could have their needs met within an extra care setting. We do not currently have enough extra care housing to offer this choice and also have a limited number of providers with experience in delivering this accommodation. Providers have told us that one of the key challenges to developing extra care housing is the availability and accessibility of suitable land on which to build.

### What was the solution?

Discussions with extra care providers allowed us to understand the challenges faced by developers and providers. After establishing that availability of land was the key barrier to increasing extra care capacity, work began to examine the possibility of using council-owned land. Potential sites were identified and assessed for best use and value for money against the projected savings possible; Cabinet agreed plans in December 2016.

### What's next?

In the next few months we plan to identify a partner/partners to work with. Our aim is to increase the amount of extra care accommodation in Surrey to benefit older residents with care and support needs.

### Find out more

To find out more about extra care homes you can visit [s-net](#) or the [Surrey County Council website](#).



# Jane Crew

## Creating high quality childcare places

Jane Crew, Early Years, tells us how Early Years teams help to make sure the supply of early years places meets demand.

““Sunny Days pre-school, with our support, is having a positive impact on local families”

### What was the challenge?

Although large numbers of two, three and four year olds were eligible for free childcare in Ashford, there weren't enough high quality places available. It is our responsibility to make sure supply meets demand and with existing nurseries already expanded, early years teams still had to create extra places.

### How did you overcome this?

Early Years Improvement Advisor Justine Louka looked for a suitable site and advertised the offer to tender. She identified a refurbished church hall nestled in a housing estate as an ideal location, as it was already very much part of the local community. She spoke to the church Pastor who was open to the idea and recognised that some parents may also benefit from debt counselling and the food bank offered by the church.

A husband and wife team of experienced childminders were successful in their bid. Early Years teams helped negotiate costs for the hall to help keep the pre-school sustainable and agreed payments for work to make the space fit for purpose including providing a fence (to help maintain privacy and avoid a potential safeguarding issue), a sun canopy, storage and varnishing the floor. After the work had been completed the couple opened Sunny Days Pre-school in April 2015.

Jane and the Early Years team advised the couple on policies and procedures, room layout, staffing, recruitment and retention. She made sure the pre-school used child-centred planning, provided a good learning environment with age appropriate activities and was value for money. We carried out audits to identify any improvements needed and released the remaining money from the “new places” grant for equipment and resources so that the pre-school got the best out of their funding.

### What was the impact on local families and the community?

Sunny Days pre-school meets the childcare needs of the local community and with the support of Early Years teams, has been able to go the extra mile, building and maintaining links with the church, children's centres and the local leisure centre which is having a positive impact on local families.

The pre-school, which has 34 children enrolled (four who qualify for free early education for two year olds), was awarded 'outstanding' in their first Ofsted inspection. This helped the couple gain confidence and they have opened a second pre-school.

### **What next?**

The Early Years team is continuing to work with the pre-school, making sure that quality remains high, which experience shows only happens with sustained, long-term support.



Young people from Cranleigh explore the viewpoint at Winterfold, and take field recordings to create soundtracks.





# Nicola James

Nicola James, Transitions team, tells us about the transition of a young adult with learning disabilities from college into a new home.

“His parents told us our happy, smiling colleagues have a positive effect on their son”

## Helping a young adult settle into a new home once leaving school

### What was the challenge?

The transition for a young adult into mainstream, long-term adult social care services is always a tense time for all concerned. The family of a young adult with learning disabilities, funded by us to attend a specialist college outside of Surrey, was anxious about where their son would be living after he finished college. They wanted their son to live closer to them and knew the location they were looking for in the county.

### How did you help?

Our specialist adult commissioning team, a social worker, the specialist college and a number of providers worked together on how to meet his specific needs. Together we designed a bespoke self-contained flat for him to live in. A central part of the plan was designing a property space that was homely and welcoming, yet suitable for his learning disabilities.

All aspects of the move had to be carefully planned, including the journey back to Surrey itself to make sure he wasn't distressed.

### What was the outcome?

Feedback following the move has been very positive, with the young adult engaging in a range of community activities locally. He's even visited a local shop to buy some flowers for his mother to celebrate Mother's Day which was a huge achievement. Being local to his family has certainly helped him settle in.

The ongoing support provided by the social worker and other specialists means he can move into adult life with certainty and develop to his fullest potential. The parents are very pleased with the care their son receives, and they told us our happy, smiling colleagues have a positive effect on him.



# Laura Wilby

Laura Wilby, Educational Psychologist, tells us about a pilot that supports preschool children with social communication difficulties.

“The Local Early Autism Programme pilot indicates that we are meeting local needs whilst saving money on private support”

## Supporting pre-schoolers with autism

### What was the challenge?

We were aware of a gap in provision for pre-school children with social communication difficulties or autistic spectrum disorders (ASD). Parents frustrated at a lack of specialist support for their children often turned to private organisations and looked for funding from us. Alternatives tended to be Applied Behaviour Analysis (ABA) programmes, which are very narrowly focused and costly.

### What did you do?

Our answer to this gap in provision was the Local Early Autism Programme (LEAP), a three-year pilot by Surrey's North West Educational Psychology Service to trial an in-house early autism intervention service.

After listening to feedback from families about their problems securing appropriate services for their children, we reflected on issues related to child development and good practice in autism, while considering relevant research and evidence. We consulted with colleagues and other local authorities and drew up a proposal for LEAP.

The programme is an intensive home and pre-school based intervention for young children with social communication difficulties or ASD. It is in line with parental feedback and similar to other in-house specialist, early autism intervention programmes, which have been positively evaluated in other local authorities.

The family-centred programme is flexible and service delivery is based around the needs of the child and their family. All families on the programme are offered regular visits, typically one visit at home and one in pre-school every week.

LEAP uses an evidence-based approach drawing on good practice strategies for children with ASD.

### What impact have you had on residents?

Our first group of LEAP families and pre-schools has given positive feedback. We're now in our second year working with 12 families and initial feedback continues to be positive. Since the start of LEAP we've not had any ABA requests, indicating that we are meeting local needs whilst saving the money.

“We will run coffee and play mornings each half term for families to get together and to encourage the children to play in a safe and secure environment.”

### **What is next?**

We are continuing to strengthen links with our speech and language and occupational therapy colleagues to make sure we provide a joined-up service for Surrey’s children.

We will run coffee and play mornings each half term for families to get together and to encourage the children to play in a safe and secure environment.

### **Find out more**

If you would like to know more about the LEAP pilot call 01483 518130.

If you think that you might know a child and family who would benefit from LEAP refer them to the Educational Psychology Service who can refer them on to us if appropriate.



Russell Jakubowski leads sculpture workshops with children from primary, secondary and special schools.



# Claire King

Claire King, Reablement team, tells us about supporting a vulnerable resident to regain her confidence in her home.

“As we age our ability to do everyday tasks changes; our team can offer support and help to residents”

## Supporting residents to remain independent

### What was the challenge?

One of the challenges for our reablement teams is to help residents remain independent at home wherever possible. As we age, our ability to do everyday tasks changes. This is when our teams can offer support and help. Woking social care team asked the Woking reablement team to support a resident in her home due to concerns that she was neglecting herself and in a vulnerable state.

### How did you help?

The reablement team, health services and social care team worked together in order to achieve a positive outcome for the lady in question. The team quickly built rapport with the resident and she accepted the support we provided. With input from our occupational therapist we were able to provide equipment that she desperately needed. We also identified the need for support from district nurses so the lady could receive the care that she needed.

The resident's health deteriorated and initially she refused to go to hospital to receive medical care. A member of our reablement team and a specialist nurse were able to encourage her to accept that she needed treatment in hospital. In hospital she received the medical attention that was long overdue. Once discharged our reablement team supported her to settle back in her home and adjust to her surroundings.

### What was the outcome?

After a short time of support back in her own home, the resident's confidence grew and she began looking after herself better so that we were able to reduce our level of support. Eventually the lady was fully settled, happy and safe in her home knowing that she could contact us in the future and ask for support.

### Find out more

For more information on the support we provide for our residents to help them to be independent at home visit the [Surrey website](#).



# Jim Pinchin

Jim Pinchin, Surrey Arts, tells us about applying the lessons learnt from a trip to Mexico to engage Surrey's children and young people with music

“We particularly wanted to engage children living in challenging circumstances,”

## Building confidence through music

### What was the challenge?

Surrey Arts wanted to find new ways to ensure that disadvantaged and vulnerable young people had access to meaningful music education. They particularly wanted to engage children living in challenging circumstances, those in care, with disabilities, in hospitals, those excluded from school and young offenders.

It is well known that music and the arts can transform lives by building confidence, self-esteem and essential life skills yet we were struggling to get children and young people involved.

### How did you address the challenge?

The Winston Churchill Memorial Trust funds British citizens resident in the UK to travel overseas, to study areas of topical and personal interest, gain knowledge and bring back best practice for the benefit of others, their profession and community in the UK.

Jim travelled to a city in Mexico that in 2010 was the most violent city in the world. During his time there he worked with an organisation called CCOMPAZ who promote values of peace and community cohesion through music education in some of the most hostile communities in Latin America.

He wanted to find out the part music and music education played in the city and importantly what we could learn from using music to engage with young people in Surrey.

We learnt that:

- Classical music was accessible to all children and young people with no age or ability barrier and regular celebration concerts were held in the highest profile venue in the city.
- Numbers of children and young people participating were very high. The older young people who came through the programme acted as assistant music tutors, helping them to feel empowered as they helped the younger ones.
- Music was used to address the personal needs of every child, including health and wellbeing in addition to music.
- Evaluation included measuring the effects the music programme has had on bullying, cross-curriculum learning, suicidal tendencies,

“Through the Infinity orchestra, we’re establishing a truly inclusive ensemble that is actively seeking to include some of our most disadvantaged young people.”

health/physical growth and engagement with the arts outside of music education.

As a direct result of Jim’s learning, Surrey Arts created the Infinity orchestra as an extension to our SEND UP! Orchestra. Our SEND UP! Orchestra started in 2015 and was nominated for a Music Teacher Award for Excellence in both 2016 and 2017.

Since returning, Jim has had the opportunity to talk about his work in Mexico and Surrey at a number of national conferences and also at the 2016 ISME Global Conference for Music Education. This profile raising has led to Surrey Arts being seen as a national leader and role model for inclusive music making across the UK.

In addition to setting up the Infinity Orchestra we arranged for colleagues and young musicians from CCOMPAZ to visit the UK as part of a cultural exchange project. They worked with young people from our SEND UP! Orchestra, performing at a high profile national event in London. The visit inspired our Mexican partner to launch their very own UP! Orchestra.

### **What impact did you have on residents?**

Through the Infinity orchestra, we’re establishing a truly inclusive ensemble that is actively seeking to include some of our most disadvantaged young people. Unlike most orchestras it is free to attend, there is no musical ability entry requirement and young people are supported to have complete ownership of the music that is created.

One parent recently wrote “thank you so much for giving ‘C’ this opportunity. Never in our wildest dreams would we have imagined he would be part of an orchestra and have the chance to perform, kids like him are always the ones left aside.... The team is amazing and work you are doing through the music group is undoubtedly changing lives and we can’t thank you enough...”

### **What’s next?**

Inspired by the way CCOMPAZ integrates physical exercise with innovative music education, Surrey Arts is forming a new and exciting partnership with Active Surrey. We have been told to “watch this space!”

### **Find out more**

You can read more about the project on the [Surrey Music Hub](#).

You can see a short video documentary on Jim’s initial project in Mexico here <https://vimeo.com/115966082>



# Adam Whittaker

Adam Whittaker, Strategy and performance, tells us about a pilot to redesign mental health services across the county

“They provide a relaxed, safe and friendly environment for people to come to if they are either in crisis or believe they are about to be.”

## Safe Havens

### What was the challenge?

In 2014, we partnered with health and police services and were successful in a bid from central government to deliver a programme to re-design mental health crisis care services in Surrey.

Evidence suggested that that by re-designing the way we provide the services, it can lead to better outcomes including more effective recovery and to help people stay well afterwards.

Re-designing the service would also be an effective way to mitigate the effect of rising demand for services from a growing population relying on acute mental health services, such as accident and emergency (A&E) for care.

### What did we do?

One of the services delivered by the programme was Safe Havens for mental health crisis. Safe Havens was designed to provide urgent mental health support during evenings and weekends within a community setting.

Five pilot Safe Havens were opened between November 2015 and March 2016 across the county (Camberley, Epsom, Guildford, Redhill and Woking). They replicate the service pioneered in Aldershot, which was recognised for its success by Government when **the Prime Minister visited earlier this year**.

Safe Havens are deliberately designed not to feel like just another mental health service. They are provided in partnership with Community Connections (voluntary sector services that support people aged 16 or over with mental health needs to stay well in their communities) and Surrey and Borders Partnership NHS Foundation Trust.

They provide a relaxed, safe and friendly environment for people to come to if they are in crisis or believe they are about to be. There is an open door policy so people can visit when they need to and use it in the way that suits them best: from talking to their peers to share advice, to working with mental health professionals on site to do some crisis planning and clinical management.

### What have we achieved?

There is evidence that the service is making a real difference for service users. By the end of December 2016, they had been visited over 8,500

“It has helped me to understand about a difficult time I went through and came out the other side smiling.”

times with the majority of people saying they visited to prevent a crisis from happening. They have also achieved high levels of satisfaction with 98% of users saying they were either very or fairly satisfied with the services, suggesting that they are a good alternative to attending A&E for treatment.

The most powerful and rewarding feedback has come from hearing service users' experience. I think this quote in particular sums up what the Safe Havens are all about:

*“It has helped me to understand about a difficult time I went through and came out the other side smiling”.*

### Next steps

The pilots are due to come to an end in March. Surrey's Clinical Commissioning Groups are reviewing the evidence and will make a decision about the future of the service.

### Find out more

For more information on the Safe Havens, contact **Adam** or **Jane**. You can also get more information from the **Health and Wellbeing Surrey** website.



The Mexican Youth Orchestra perform with Surrey's UP! Orchestra in London.

# **Economic prosperity**

**Surrey's economy remains  
strong and sustainable**



**SURREY**



# Elaine Thomas

Elaine Thomas, Training Delivery team, tells us about how we have helped our partners with their training needs.

“We’re helping partner organisations with their training needs with a range of courses, from first aid and food hygiene to budgeting and leadership.”

## Training for the voluntary, community and faith sector

### What was the challenge?

Surrey has over 5,700 voluntary, community and faith sector (VCFS) organisations and financial constraints can make it a struggle for them to pay for training.

### What did you do?

We looked at the best way to share our resources with the VCFS that would have maximum benefit for them and with a minimum cost to us.

As we run training courses for colleagues that aren’t always at full capacity, sharing our training could create an excellent opportunity for the sector.

We introduced a routine of assessing our bookings for the classroom based courses every Monday to see whether we had any unfilled places. All courses had been open to colleagues for a minimum of six weeks and a maximum of nine months. Courses that had reached a viable number to run based on our bookings but not at full capacity were identified as being suitable and this information is circulated to councils for voluntary services who share the opportunities with local organisations in their area. Places are given on a first come first serve basis and those unsuccessful in getting a place are put on a waiting list for future opportunities. We also reviewed which of our e-learning modules were relevant and made them available to the sector via the Surrey Skills Academy website.

### What impact did you make?

The feedback so far has been extremely positive. We’re helping partner organisations with their training needs with a range of courses, from first aid and food hygiene to budgeting and leadership. It has been a really exciting thing to do, challenging us to look at innovative ways to support key partners as well as making a real difference in them gaining skills and working better.

Courses are free for the sector as there are no additional costs for us to provide them (they are courses that are viable to run before the offer is made). There are also some courses offered by the Surrey Adults Learning Team being made available, they charge for their courses but do so at a 50% discount to the VCFS which works out at excellent value for money for them.

“It’s been a really exciting thing to do, challenging us to look at innovative ways to support key partners”

### What next?

Over the next few months we will assess how many people from the VCFS have taken advantage of this opportunity. We will be working with colleagues to find ways of broadening the offer, with a wider selection of courses – partly through working with Surrey Adult Learning and also through ongoing reviews and changes to our internal offer.

We will continue to offer places on classroom-based courses that have unfilled places. We also aim to look at the possibility of offering bespoke training for the sector. If a number of organisations identify a particular training need that isn’t available through our current offer, we will look at putting on a specific course. We will initially look to colleagues to help run those courses as part of employee volunteering, if this option is not available we will review the need and may look to source an external trainer.

### More information

For more information about the available online courses you can look at the [Surrey Skills Academy website](#).



A child takes inspiration from Walter Baileys Xylem bench on Gibbets Hill.



# Simon White

Simon White, Strategy and Performance, tells us how the Surrey Counter Fraud Partnership is dealing with non-benefit fraud locally.

“The partnership has developed in to a sustainable, self-funded and innovative approach to tackling fraud at borough, district and county levels.”

## Fraud prevention

### The challenge

In 2016, Universal Credit was introduced in Surrey, leading to all benefits being paid in one single payment by the Department for Work and Pensions (DWP).

Districts and boroughs used to have a fraud investigation resource for tackling a number of types of fraud, including fraud relating to benefit, tenancy and council tax. With the introduction of Universal Credit, this resource was transferred to the DWP for their new single fraud investigation service. This move meant the district and boroughs had no resource to tackle the other types of fraud.

### What did you do?

We secured funding to set up the Surrey Counter Fraud Partnership, a collaborative approach for dealing with non-benefit fraud locally.

Initially grant funded, the partnership has developed in to a sustainable, self-funded and innovative approach to tackling fraud at borough, district and county levels. There has not previously been this level of cooperation and joint working between, and within, the different tiers.

The partnership was originally formed between Surrey and seven districts and boroughs. It has now grown into a multi-agency body led by Surrey with membership from all 11 districts and boroughs, Surrey Police, Trading Standards and registered social landlords from across the county.

### What impact have you made?

The partnership has helped make significant savings which has given us a high return on the initial investment required to establish it and enabled us to become self-funded. Savings have been made through detecting and stopping fraud, preventing fraud before it happens and increasing the amount of council tax and business rates collected by targeting individuals and businesses fraudulently claiming discounts or exemptions.

The partnership has:

- made over £5.6 million fraud and error savings
- recovered 60 properties leading to the reallocation to families in genuine need

“The next step is to move away from our reliance on fraud referrals from members of the public to generating the referrals ourselves.”

- prevented 49 property allocations on the basis that the applicants were not eligible or had given incorrect information to enhance their application
- turned down 13 homeless applications on the grounds that the applicants were not in genuine need or given incorrect information on their application
- rejected 31 right-to-buy applications on the grounds that applicants were not entitled to the discount or given incorrect information on their application.

### What's next?

The next step is to move away from our reliance on fraud referrals from members of the public to generating the referrals ourselves. This is where data matching and analytics come into it.

Our data hub is a recent development (and innovation because we're one of few areas to have an operational hub) which enables us to share data across partners to look for instances and anomalies where someone isn't being truthful. For example, they might be claiming single person discount on their council tax but have other individuals claiming a parking permit at the address meaning that they have made a false representation to gain either one of these. We will then investigate these cases to prosecute and recover the money where possible.

Find out more

If you want to know more about the way we tackle fraud email the **internal audit team**.



The Mexican Youth Orchestra visit a Surrey school to give a presentation.



# Holly Yorston

Holly Yorston, Children's, Schools and Families, tells us about the day children and young people took over County Hall for the day.

“Young people enjoyed having a say in things and being able to give their opinion, learning about apprenticeships and other things that they wouldn't necessarily hear about at school.”

## Children's takeover challenge

### What was the challenge?

The Children's Commissioner for England champions the Takeover Challenge and asks local authorities, organisations and businesses to open their doors to children and young people, to put them at the heart of decision making and listen to their views. As part of our commitment to listening to and involving children and young people in our work, we hosted our first Takeover Challenge in 2016 welcoming 50 young people aged 11-25 to County Hall.

### What did you do?

Colleagues from the Children, Schools & Families Commissioning and Prevention team and Democratic Services worked together to create an exciting, interesting and fun day of activities. This included talks by senior managers and young people, and workshops led by different departments.

- Dan, a care leaver spoke about overcoming adversity to achieve his goals and how we each, in our own way, face different kinds of challenges.
- Seb, from the Youth Collective, talked about getting involved and having his say. Whether at school, in the local community or in somewhere like the UK Youth Parliament, Seb said it was important that young people take opportunities to have their voices heard.
- HR ran a workshop on Surrey's apprenticeship offer and asked for feedback on the advertising, roles available and ideas about how to attract more young people into apprenticeships.
- Emergency Management hosted a workshop about young people's involvement and input in responding to emergencies in their communities.
- The office of the Police and Crime Commissioner held a workshop about young people's relationship with the police and how it could continue to improve.

### What feedback have you received?

Young people enjoyed having a say in things and being able to give their opinion, learning about apprenticeships and other things that they wouldn't necessarily hear about at school.

“It’s time to put your thinking caps on and come up with some opportunities for young people to get involved in your services.”

Feedback from the colleagues who got involved was very positive. They were impressed with how engaged the young people were in the workshops and with the ideas, opinions and suggestions they gave. Colleagues were keen to involve young people more in their work in future.

We also been awarded a silver commendation for Takeover Day 2016 from the Children’s Commissioner’s Up for the Challenge scheme.

### **What’s next?**

We are looking forward to Takeover Day 2017 and will be working with schools and participation groups so that we can welcome even more young people next time.

We would love to have more colleagues involved too so it’s time to put your thinking caps on and come up with some opportunities for young people to get involved in your services.

### **Find out more**

To find out more about the Takeover Challenge visit the [Commissioner’s website](#).



Julie Fisher, Deputy Chief Executive and Strategic Director of Children’s, Schools and Families welcomes children and young people into County Hall for Takeover day 2016

# **Resident experience**

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



**SURREY**



# James Chilton

James Chilton, Adult Social Care, tells us about improving hospital visits for people with long term neurological conditions.

“I have a patient passport myself and found it easy to use. It goes to prove that if the right form contains the right information, patients will receive the appropriate care.”

## The patient passport

### Background

Some neurological conditions are lifelong and people can experience onset at any time in their lives. Long term neurological conditions form a diverse set of conditions resulting from damage to the brain, spinal column or nerves, caused by injury or disease of the nervous system that will affect an individual for the rest of their life.

### What was the challenge?

When a patient visits hospital, completing a form prior to their appointment helps hospital staff understand a patient's specific conditions and requirements. The long term neurological conditions group highlighted that there was a need to improve the hospital experience of people with these conditions. The only form available for a patient visiting hospital was designed for people with learning disabilities or a sight impairment and it didn't address the needs of people with physical disabilities. This meant that when people with neurological conditions made a hospital visit they were sometimes mistakenly considered as having a learning difficulty, especially if they could not communicate to staff verbally.

### What was the solution?

I worked with the long term neurological conditions group to create a new form called the patient passport. We designed the form to make sure healthcare professionals are made aware of a patient's specific needs and requirements, so that the best possible healthcare can be provided. Residents living with neurological conditions can access the patient passport form on our website.

### What next?

The patient passport is being promoted by different groups and a variety of networks to encourage people to use it. We have received some very positive feedback about how helpful people have found it. I have a patient passport myself and found it easy to use. It goes to prove that if the right form contains the right information, patients will receive the appropriate care.

### Find out more

To find out more about the patient passport email [James](#) or visit our [website](#).



# Ron Critcher

Ron Critcher, Adult Social Care explains how the Surrey NHS Carers Prescription provides support and services to carers.

“The new portal puts carers in touch with services that can give them information and advice or even provide them with a short break from caring.”

## Carers strategy and development

### What was the challenge?

The Care Act 2014 created new obligations for councils to work in partnership with the NHS to improve support for carers. Carers mean family and friends who provide unpaid care for sick and disabled relatives.

About 70% of carers have contact with NHS staff but it takes, on average, five years before a carer is identified as being in a carer role. Our challenge was to identify carers early on in their caring life so that we could provide support and services to them.

Improving partnership working in this area would also support our plans for greater integration with health.

### What was the solution?

A new online portal called Surrey NHS Carers' Prescription has been developed in partnership with Action for Carers Surrey and the six Clinical Commissioning Groups in Surrey. It is now used by all 129 GP practices in Surrey to securely refer carers to voluntary sector support. This provides a simple practical system for busy clinical staff to make referrals at the first point of contact. Having put this in place, Surrey hospitals and mental health services have also opted to take up the system and are rolling this out throughout their services.

The online form is quick for health staff to complete and has resulted in referrals rising from a few hundred to over 6,000 a year and it is still rising. The new portal puts carers in touch with services that can give them information and advice or even provide them with a short break from caring. Carers have been amazed to get a follow up call from the local carers support service within 24 hours of visiting their GP.

### What's next?

The Carers' Prescription continues to be rolled out with NHS providers both in acute and community services. Later this year the system is also being taken up by pharmacists and hospices across Surrey so that they can also refer carers.

The portal is the first of its kind in the country and was instrumental in securing the prestigious Health Service Journal Commissioning for Carers Award. It was also shortlisted for two other awards in 2016.

The Government is set to launch a new, national carers strategy in spring 2017 which will emphasise the importance of joint working with the NHS.

**Find out more**

To find out more visit the [Action for Carers Surrey](#) website.



Giles Miller's Perspectives on Winterfold hill sits nestled within the woods with a clear view over the South Downs providing shelter and a space for focused contemplation.



# Sandra Brown

Sandra Brown, Communities and Partnership, tells us about using social media to connect with residents on issues that matter to them.

“Our team has helped residents to get involved and hear about things happening in other parts of the county that have an impact on their lives.”

## Using social media to connect with residents on the issues that matter to them

### What was the challenge?

We think it's important that residents have the opportunity to influence the outcomes of committee meetings where decisions are made that may affect them. There are very few who attend local committee meetings, so we wanted to find new ways of reaching more people, giving residents the chance to connect with us on the issues that matter to them, in a convenient way.

### What was the solution?

We decided to use digital and social media and created Twitter, Facebook and Instagram accounts for each of our eleven district and borough areas where we have committees to encourage residents to have a conversation with us about their community.

Our local committee question time format was put online, setting a specific time for services to answer questions from residents and businesses. We introduced Twitter polls asking residents to vote on their top anti-social behaviour concerns and gave the results to our Community Safety Team and partner agencies. We also asked residents about the improvements that could be made to ease traffic congestion in Reigate and the results are going back to a group of local councillors to tackle the issue. Residents have also been encouraged to help us promote pride in their towns and villages by sharing their pictures of local events, history, issues and happenings with us on Instagram.

Some of our committee meetings are now streamed live, allowing viewers to interact and comment on the content as the meeting is happening. We also update our Twitter followers on decisions, as they are made, at committee meetings.

### How have you made a difference?

Our team has helped residents to get involved and hear about things happening in other parts of the county that have an impact on their lives. When issues are happening in their street or neighbourhood, we have made it easier for them to have an influence on what we do about it.

Our presence on social media allows us to reach more people than just through traditional committee meetings. While pertinent local issues can result in thirty to forty people attending a meeting, through social media, thousands more have the opportunity to respond and raise other issues that they wish to discuss. We were hoping to reach more women and young people and we've achieved our goal as our social media followers are predominantly female and aged between 25 and 54 years old.

“Our use of social media makes democracy accessible to more people. We have expanded our services for residents and made it easier to get involved”

Our use of social media makes democracy accessible to more people. We have expanded our services for residents and made it easier to get involved in discussions and hear about what is happening through better use of digital media.

### **What's next?**

We are already using social media to help local communities in other ways; in addition to our local committee accounts, we also have social media accounts promoting messages and sharing information from agencies, organisations and communities that are involved in preparing for future local emergencies.

We have a dedicated Twitter account for our work supporting and integrating the military, veterans and their families into the local communities (e.g. supporting ex-military personnel in finding civilian employment, getting funding for older ex-service personnel, or encouraging employers to support military reservists).

We will continue to extend our use of social media to all our areas of our work, including our work with Community Safety Partnerships, finding local solutions to issues such as anti-social behaviour that are concerns for residents.

We would like to do more to support our county services and colleagues to engage with local residents when there are times services need to be adapted or made specific to the locality that they are in. We could run polls, have a question/answer session, or obtain residents' views on social media, in ways similar to those described in the case study, that could help inform their decisions about what's important to residents and what residents would wish to see happen where they live.

### **Find out more**

To see or community engagement in action search on Facebook, Twitter or Instagram for one of our 11 district and borough councils.



# Andrea Killick

Andrea Killick, Adult Social Care, tells us about integrating health and social care in Surrey Heath.

“It is a very exciting time to be working in Surrey Heath. Although we are still very early on in the journey to integrate our services we’re continuing to make progress.”

## Integrated care in practice

### What was the challenge?

Surrey Heath residents told us that they were being asked for the same information each time they were referred to a new agency when accessing health and social care. They wanted to ‘tell their story’ once.

Health and social care agencies were independently providing services to residents, often duplicating work as they gathered their own information. It became increasingly important that health and social care needed to work more closely.

### What was the solution?

Although there are several aspects to the health and social care integration process, there are two key areas of focus.

The first is the Single Point of Access (SPA). Based in Camberley Health Centre, the SPA is a one stop referral shop for professionals to use. Duty workers from Adult Social Care, Older Adults Mental Health, Rapid Response, Reablement and Community Nursing are based in the SPA. When a referral is received it is given to the most appropriate duty worker, quickly screened and any relevant information held by each agency is shared. This allows a decision to be made about who is best to respond and the timescale for responding so that we can feed back to the referrer and respond accordingly. Knowledge and skills are shared at the SPA and the unique perspectives of each discipline are pooled together, offering the best outcomes for residents.

The second aspect that has enabled closer working relationships is the weekly multi-disciplinary meeting. At these meetings the SPA group is joined by members of the medicines management team, the voluntary sector, specialist diabetic nurses, dieticians and GPs. We discuss the most complex cases, review risks and actions and make decisions. Previously a long process would be involved, however with the wealth of knowledge and experience of the people contributing to these meetings we have started to see an improved speed and efficiency in resolving complex issues.

### What’s next?

It is a very exciting time to be working in Surrey Heath. Although we are still very early on in the journey to integrate our services we’re continuing to make progress.

Staff have forged closer working relationships and now have a better understanding of each other’s roles and pressures. By working more

“The health and social care integration process is using our different skills and expertise and will help us provide a better and more effective service for residents.”

closely together we can build trust in each other’s assessments and avoid duplication of work.

Where previously services may not have agreed on who was best to meet a specific need, assessments are now joint and decisions are made much more quickly.

The health and social care integration process is using our different skills and expertise and will help us provide a better and more effective service for residents.

**Find out more**

To find out more about health and social care integration in Surrey Heath email [Andrea](#).



Russell Jakubowski’s Contour bench sits at the breathtaking view point at Reynard’s Hill in the Hurtwood.



# Jane Last

## Spelthorne Joint Committee

Jane Last, Community Partnerships & Safety, tells us about bringing together county council and local councils in Spelthorne to make things easier for residents to raise issues.

“Residents experience simpler and speedier local decision making,”

### What was the challenge?

For many residents it can be confusing to know which services are provided by the county council and which are provided by local district and borough councils. When they need help, residents want to get good service from whichever council they approach.

In Spelthorne we wanted to offer a single gateway into both councils, where residents could easily raise the issues that mattered to them with their local councillors and the relevant officers from both councils.

### What was the solution?

Previously there had been a Spelthorne Local Committee that was wholly owned by the county council. Now there's a Spelthorne Joint Committee that is an equal partnership between both councils. All councillors are fully and equally involved in the committee process and the items to be considered by the committee.

The remit of the new committee has been expanded and while it carries out the functions of the previous Spelthorne Local Committee, it also makes decisions about funding for major community infrastructure projects, as well as youth services. It currently also has advisory functions on older people's services and how to make the best use of public property assets in the borough. The committee can also take on any new functions that either authority chooses to delegate to it.

A similar approach has proved successful in Woking, where they've had a joint committee in operation since June 2014, resulting in improved partnership working between the two authorities.

### How have you made a difference?

Residents experience simpler and speedier local decision making, and greater innovation as both authorities work together to identify solutions that will work in the locality.

The Spelthorne Joint Committee is an innovative response that promotes greater empowerment and devolution.

“We hope to see more joint committees formed in the future.”

### What is next?

We are holding more conversations with other Surrey district and borough councils keen to work together for the benefit of their residents, so we hope to see more joint committees formed in the future.

### Find out more

If you would like to know more about the Spelthorne Joint Committee visit the [website](#).



The UP! Orchestra and Mexican Youth Orchestra rehearse for their London performance.

# Part 3

## Awards, recognition and good news stories



SURREY

## Awards and recognition

### Council receives prestigious Gold Award for championing the armed forces

Surrey County Council's support for the armed forces has been recognised with a coveted Gold Award.

It was presented by His Royal Highness The Duke of Cambridge and Defence Secretary Sir Michael Fallon at a ceremony at the Royal Hospital Chelsea, London in October.

Surrey is among the first councils nationally to receive the highest award under the Defence Employer Recognition Scheme. Gateshead was the first council to receive it in 2015 whilst Surrey was one of four further councils to receive it in 2016, with Hampshire being the only other county council. Other award holders are big businesses including BAE Systems, Barclays, Boeing, Bank of America, Kier and Royal Bank of Scotland.

Surrey County Council Chairman Sally Marks accepted the award at the ceremony along with Sarah Goodman, Community Partnership and Committee Officer, and Canon Peter Bruinvels, Surrey County Council's Civilian-Military Liaison Adviser.



***From left to right:*** Sarah Goodman, Community Partnership and Committee Officer, His Royal Highness The Duke of Cambridge, Sally Marks, Chairman, Canon Peter Bruinvels, Surrey County Council's Civilian-Military Liaison Adviser The Right Honourable Sir Michael Fallon MP, Secretary of State for Defence

### Orbis wins culture and public service human resources awards

In November 2016, Orbis won the Organisational Excellence Champion Award for Culture at the Organisational Culture (OC) Excellence awards and the Award for Excellence in Public Service Human Resources at the Personnel Today awards.

Orbis launched in 2015 when Surrey and East Sussex established a joint sector partnership. It covers approximately 1,400 people providing human resources and organisational

development, finance, property, information technology and digital, procurement and business operations for both organisations and many public and third-sector customers.

The judges at the OC Excellence award recognised Orbis' ability to deliver significant cultural change against a backdrop of ongoing austerity and financial challenges in local government, while spanning a complex multi-organisational environment.

At the Personnel Today awards, judges commented on the positive and significant impact that Orbis' approach to cost savings through collaboration, innovation and transformation had for the partnership.



*Public Services People Managers' Association (PPMA) president Sue Evans presents Orbis with the 2016 trophy for Excellence in Public Service HR. **Left to right:** Gabby Roslyn (presenter), Ellie Goddard (Orbis HR&OD), Dawn Tomlyn (Orbis Programme Team), Leatham Green (Orbis Programme Team), Sue Evans (PPMA President) and Rob Moss (Editor, Personnel Today).*

The Payroll team were also awarded Highly Commended for the Public Sector Team of the Year category at the Payroll World Awards. This type of external recognition not only celebrates their hard work, it also helps to build the service's reputation in the market and demonstrates the quality of its services. Well done to everyone involved.

## **Surrey voted number one provider of cycle training**

The National Highways and Transport Network's annual public satisfaction survey 2016 rated Surrey County Council as the number one provider of cycle training out of 105 other local authorities.

A few months earlier, the cycling service also received top marks in the External Quality Assurance undertaken by Department for Transport assessors, being rated as an 'exemplary' scheme.

The team includes 58 bank instructors and 2.4 full-time equivalent office staff. Over the last year they have trained 15,000 young people and adults.

Surrey has fewer trainees per instructor than required by the national standard, which means that each trainee receives more attention and gets more riding time. The council has also

offered more courses to Surrey residents, including courses for adults who would like to both learn to ride and refresh their cycling skills.

Training and development for instructors through continuing professional development has been key to Surrey's success – the instructors have also contributed some of their own ideas for improving delivery. The Council has also introduced a system of mentoring for instructors undertaken by both the cycle training team at Surrey and one of the external instructor training organisations, so they can be confident that their delivery meets national standards. The recruitment process has been refined so that not only are instructors competent bike riders but they can also coach and instruct skilfully, can enthuse young people, relate to all age groups and are capable risk managers.

The council has also set up a partnership with the charity Wheels For All who provide adaptive bikes for our school based cycling courses and accessible cycling opportunities for people of all abilities, enabling more people to participate in Bikeability.

The cycling scheme works on a cost recovery basis as we charge fees and receive a government grant that allows us to subsidise some types of courses. The scheme could not be delivered without the support of colleagues in human resources, who assist with recruitment and employment queries and administration, finance who help to manage the budgets, the communications team who put together a fantastic set of certificates for Bikeability and shared services who helped the team to commission and implement a new online booking system. A huge project for the team, and it has paid off as it has proved to be a much more cost effective and efficient way of handling bookings.

Unfortunately, the government has reduced the subsidy to all local authorities which means that fees to schools and local residents will be increasing. However, the council's first priority is quality of service and that brings cost with it, for example teaching at lower ratios. That is a choice that Surrey has decided to make to ensure that the service continues to go from strength to strength.



**From left to right:** Sue Stevens, Wendy Coombs and Debbie Reid, cycling training supervisors.

## Surrey children's centres receive "Baby Friendly" award

Surrey County Council is only the seventh council in the country to receive the prestigious "Baby Friendly" Award' from Unicef. 21 of Surrey County Council's children's centres went forward for accreditation as part of two wider groups, at the same time as the health visiting services in their areas.

The Baby Friendly initiative was set up by Unicef and the World Health Organisation to support women to initiate and continue to breastfeed. It has been found to be the most effective programme for improving breastfeeding rates and the award is given to organisations who promote it.

Improving breastfeeding rates is a key national driver in child health and has a beneficial effect on childhood obesity. There are health benefits for the mothers too as it lowers the risk of breast and ovarian cancer and can help new mums get back in shape by burning around 500 calories per day.

Whilst there is evidence that more mothers are breastfeeding in the UK than previously, there are parts of Surrey where breastfeeding rates are still much lower than the national average.

A survey by the Baby Friendly initiative showed that mothers want to breastfeed but don't always get the support they need. Mothers who formula-feed wanted to know how to maximise opportunities to bond with their baby to promote healthy development and attachment.

The council pooled resources from the early years and childcare and public health services and ran joint training with the health visiting service to train colleagues in the 21 children's centres, from receptionists to centre managers. There are three levels of training and having everyone trained means that whoever a parent turns to for advice, they know how to offer appropriate support.

The council also worked on services for parents, including baby cafes, antenatal support at the children's centres and home visits, to provide support around breastfeeding, feeding and supporting close and loving relationships with their babies.

Parents and babies have benefited from the increased support and Unicef said "Surrey Children's Centres have met all the criteria relating to Baby Friendly accreditation and the staff are highly commended for their efforts made. It was clear to the assessment team that pregnant women and new mothers receive a very high standard of care. All mothers that were interviewed spoke warmly about the centres and staff."

In the interviews they commented:

"The staff at the children's centre are brilliant - they are so patient."

"The baby cafes are really good, it's very relaxed and you get a chance to practise feeding in public."

"I always feel very welcome - I have stayed long after sessions to feed and have always felt very comfortable".

The council and its partners will continue to work with other groups of children's centres and hopes to support all 58 children's centres in Surrey to achieve the Baby Friendly Award.



## Surrey awarded silver commendation for Takeover Day

On Friday 18<sup>th</sup> November, we hosted our first Takeover Challenge, welcoming 50 young people aged 11-25 to County Hall. The Takeover Challenge is championed by The Children's Commissioner for England, and is an opportunity for children and young people to go to local authorities, organisations and businesses for a day to put their views forward and have a go at decision making. The Children's Commissioner for England awarded Surrey with a silver commendation for this successful event.



You can read about the challenge in our case study on [page ?](#)

## Orbis programme in the running for continuous improvement award

Orbis, Surrey's shared services partnership with East Sussex County Council, is in the running for an Institute for Continuous Improvement in the Public Sector (ICiPS) award for embedding continuous improvement in the public sector through innovation, collaboration and commitment. The awards ceremony will take place on 15 and 16 March 2017.

The purpose of the partnership is to drive value for our councils and residents by fully integrating our back-office services - procurement, finance, human resources, information technology and digital, property and business operations - sharing people, resources and technology. In doing so, we will generate cost efficiencies and allow more funds to be re-directed to where they are needed most, front line service delivery. Although it is still early, the programme Orbis has already generated £4.1m of cost savings to-date, exceeding its initial financial targets.

Today, 1400 East Sussex and Surrey employees work under Orbis, which will increase to 2000 when Brighton and Hove City Council join the partnership in April – making Orbis the largest local government shared service partnership in the UK.

## **Surrey shortlisted for LGC Digital Council of the Year**

Surrey has been shortlisted for Digital Council of the Year at this year's LGC awards which will take place on 8 March 2017.

In Surrey, we place technology at the heart of what we do, embracing smarter ways of working to benefit our customers, leaders and employees. We have embedded a digital approach throughout all of our major transformation programmes including health and social care integration, technology enabled care, devolution, the Orbis shared services partnership with East Sussex County Council, and delivery of our corporate strategy to improve resident wellbeing and enhance the experience of accessing public services. Between 2009 and 2014, our Information Technology and Digital team successfully delivered a number of continuous improvement programmes achieving £279m of cost savings for the Council.

The team also worked closely with external partners to create a new Vulnerable People Reporting System (VPRS), which has revolutionised the way in which reporting on vulnerable people is undertaken. The VPRS shares vital information on vulnerable people with emergency responders so that they can understand their individuals' specific needs and support our most vulnerable residents in an emergency situation. Surrey Fire and Rescue has incorporated this new technology within the cabs of their fire engines, making essential information on vulnerable residents instantly accessible to first responders.

### **Good news stories:**

## **Children's Rights Service celebrates in style at their Christmas Party**

In December 2016, the Children's Rights Service held our annual Christmas party for all care leavers, looked after children, and those that support them. The party is an event where everybody is able to reflect on the past year's events and achievements. For the 2016 party we decided to put on a show, to highlight past events such as Lemn Sissay's poetry workshop.

The Children's Rights Service also worked closely with our young people to put on a performance to showcase their talents. Watching all the young people we work so closely with get up and sing so beautifully or dance or act in front of about 90 strangers was incredible, and the whole team was immensely proud of them.

The Christmas party is also a hugely special event as it provides some Christmas spirit for those who may be spending Christmas alone. It is important to remember that these events may be the only real form of interaction these young people have, in what can sometimes be the loneliest time of year.

Over 100 people attended the party, an increase on the previous year, and included a sit down Christmas dinner. Afterwards they were taken to Santa's grotto and each young person got a gift bag.

A party completed the evening with a DJ, photo booth, candy floss & popcorn machine, face painting and pretend tattoos.

The Christmas party was a fantastic way to demonstrate what the Children's Rights Service does, and what can be provided in terms of social groups and support.

#### Devon Cox, Children's Rights Apprentice



**From left to right:** Christina Ketzer (Supervising Social Worker/Pedagogue), David McNulty (Chief Executive), Sophia Hamilton (Children's Rights Apprentice), Jim Pinchen (Head of Music, Surrey Arts)



**Top left to right:** Sam Reid (Children's Rights Manager, Participation), Jo Lang (Children's Rights Manager, Participation), Sophia Hamilton (Children's Rights Apprentice), Belinda Newth (Head of Quality and Experience), Jessica Brooke (Children's Rights Manager, Complaints), Holly Yorston (Participation Development Officer), Jamie Leigh-Clarke (Children's Rights Assistant, Participation)

**Bottom left to right:** Corinne Evans (Children's Rights Assistant), Verrity Omonuwa (Apprentice), Caroline Phillips (Children's Rights Assistant), Devon Cox (Children's Rights Apprentice)

## Surrey Firefighters receive over 4000 requests to attend medical emergencies

Surrey Firefighters have hit a milestone, having received over 4000 requests to attend certain medical emergencies.

I first covered the ground-breaking 'co-responding' trial in my report January-July 2015. Run by Surrey Fire and Rescue and South East Coast Ambulance Service, this new way of working means that members of the public may initially be assisted by a trained firefighter before an ambulance responds to their 999 call. This includes helping people who are unconscious, fitting, have chest pains, breathing problems or are suffering a cardiac arrest.

Firefighters participating in the scheme carry a medical kit which includes a defibrillator. In the same way community first responders are always backed up, qualified ambulance crews will be assigned at the same time as a fire co-responder and arrive as soon as they are available.

The aim is to provide lifesaving medical support as quickly as possible. With every minute that passes in a cardiac arrest situation, a patient's survivability decreases by around 7-10% without effective CPR and defibrillation. With ambulance services working at nearly full capacity, the provision of extra resources from firefighters to these types of calls aims to improve outcomes for patients.

Over 415 Surrey firefighters have been upskilled in medical response and a number of them have participated in the National Joint Council trial which ran until 28<sup>th</sup> February 2017.

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## OFFICER REPORT TO COUNCIL

### ELECTED MEMBER DEVELOPMENT STRATEGY

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

To approve a revised Elected Member Development Strategy, in accordance with County Council requirements.

#### **BACKGROUND:**

1. In March 2011, the County Council approved an Elected Member Development Strategy. It was agreed that the Strategy would be reviewed every other year, with updates coming to the council in 2013 and 2015. Accordingly, the Member Development Steering Group (MDSG) has recently revised the strategy for the fourth time.

#### **SUMMARY OF CHANGES**

2. There have been minimal changes to the content of the strategy, as the support offer to Members has remained largely unchanged, but the length of the strategy has been reduced to make it a more user-friendly document.
3. Of the changes that have been introduced, the primary change is the introduction of personal development conversations from May 2017 onwards. Within six months of being elected, and annually thereafter, all 81 Members will be offered a personal development conversation with a member of the Democratic Services Senior Management Team. This informal discussion will allow Members to raise any development needs they have, with officers able to signpost to them to suitable training or support interventions.
4. The strategy also refers to the new Members' Portal which will be launched in May 2017 as an online resource of information for Councillors. The portal will be easily accessible via SharePoint (part of the Office 365 e-mail system) and will therefore not require an additional password. As the portal is confidential to Members, it can contain training slides and resources, which can be uploaded following briefing events, thereby improving access to development activities.
5. There have also been some changes to the Member role profiles (Appendix 2). Again, as with the Member Development Strategy, the main changes have been to reduce the length of the role profiles so that they are more user-friendly. Four new role profiles have been introduced, to ensure that all Member roles that attract a Special Responsibility Allowance are included.

<b><u>RECOMMENDATIONS:</u></b>
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It is recommended that the Elected Member Development Strategy be approved.

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**Lead/Contact Officer:** Rachel Basham  
Senior Manager, Leadership and Member Support  
Tel: 020 8541 9133

**Sources/background papers:**  
Elected Member Development Strategy March 2011, March 2013 and March 2015

Agenda and minutes of the Member Development Steering Group meeting - 17  
January 2017

# **SURREY COUNTY COUNCIL:**

## **ELECTED MEMBER DEVELOPMENT STRATEGY**

### **1 INTRODUCTION**

- 1.1 Elected Members have a vital role in establishing and maintaining the strategic direction of Surrey County Council. They support the Council, by acting as Community Leaders, to achieve our corporate priorities.
- 1.2 The purpose of this document is to set out the County Council's approach to Member development and how the approach is to be achieved.
- 1.3 The aim of this elected Member Development Strategy is to provide Members with an outline of development activities open to them, which will support them in their role as a County Councillor throughout their term of office.

### **2 MEMBER DEVELOPMENT STEERING GROUP**

- 2.1 The Member Development Steering Group (MDSG) is Member led, and includes Members from a cross-section of political groups. It is supported by the Senior Manager, Leadership and Member Support in Democratic Services, who can provide guidance on learning and development. While the officers are responsible for the administration of member development, the Steering Group ensures that the proposed programme of activities meets Members' needs and that events are scheduled and commissioned appropriately and effectively.
- 2.2 The terms of reference of the Steering Group are as follows:
  1. To be champions for, and promote the development of, Members.
  2. To keep the Members' Development Strategy relevant and up to date.
  3. To take a leading role in helping the authority to maintain the Elected Member Development Charter status and to achieve Charter Plus status.
  4. To review and consider training and development needs with a view to producing comprehensive induction and ongoing training and development programmes.
  5. To monitor the expenditure of the dedicated Member Development budget.

### **3 IDENTIFYING MEMBER DEVELOPMENT NEEDS**

- 3.1 As of May 2017, every Member will be offered a Personal Development conversation on an annual basis, with the first to take place within 6 months of joining the Council. The purpose of this meeting will be for the Member to identify any training, development or support needs that they would like to address. The meeting will take place with a member of the Democratic Services Senior Management team who will be able to signpost the Member to suitable training and development opportunities.

- 3.2 Members who wish to sit on certain committees (such as Planning and Regulatory Committee) must have undertaken the relevant training beforehand to ensure they are compliant with the legislation.
- 3.3 Democratic Services keep a record of all the learning and development activities attended by each Member.

## 4 LEARNING AND DEVELOPMENT PLAN

- 4.1 The MDSG have agreed a Learning and Development plan for each year of the four year Council term. The plan sets out what type of training and development a Member might expect to undertake in each year of the Council term.
- 4.2 At least one day a month is specified as a 'Member Development Day' and these dates are published in advance in the online calendar. Wherever possible, these dates will be used for training and development events and efforts will be made to avoid scheduling other Member meetings at the same time.
- 4.3 Administrative support for member development will be provided by Democratic Services.
- 4.4 The agreed Learning and Development Programme for the four-year term of the council is attached at **Appendix 1**. There are some training activities that all elected Members are expected to undertake, which are:
- Member induction
  - Code of Conduct training
  - Committee relevant training e.g. planning legislation, induction sessions
  - Role-specific training prior to commencing certain roles, e.g. chairing skills
  - Scrutiny
  - Corporate Parenting.

## 5 MEETING MEMBER DEVELOPMENT NEEDS

- 5.1 Currently, a variety of approaches is taken to meeting Members' collective and individual development needs.
- 5.2 These include:
- Role specific training:** In addition to a generic role description for a Surrey County Councillor, the County Council has agreed role descriptions for all posts that receive a special responsibility allowance. These are attached as **Appendix 2**.
- 5.3 Role specific skills and knowledge are delivered through a variety of methods. For example, training sessions are offered to Committee Chairman in Chairing skills whilst Cabinet Members are offered the opportunity to attend LGA Leadership Academy events.
- 5.4 **Training on corporate initiatives and strategies:** Keeping Members informed and up to date is one of the essential outcomes for Member development. A programme of seminars is organised throughout the year to brief and engage Members on key issues. The subject of each seminar is determined either by Member request or by a service identifying a need due to changes in corporate initiatives. The MDSG

considers the seminar programme at each of its meetings. The dates for these seminars are set at the start of the council year to ensure Members are able to plan to attend.

- 5.5 **Generic skills development:** Generic skills development and awareness training and drop in sessions are offered to Members on subjects such as IT, finance etc throughout the year. IT skills are particularly important in order to ensure that Members are able to play a full role in modern organisations. Officers will look for themes from Personal Development conversations to help identify where generic skills training may be useful.
- 5.6 **Induction:** It is essential that new Members are provided with the opportunity to take on board knowledge and skills that they need for their roles within the council as soon as possible after their election. Member induction covers key corporate themes, initiatives and departmental overviews and introductions. In 2017, there will also be a focus on preparing Councillors to operate effectively in their divisions.
- 5.7 In addition, pre-election events will be held aimed at informing prospective councillors about the role of a Member and the County Council's current challenges and priorities, as well as information about the support that can be offered by officers and established political groups once elected.
- 5.8 Members who are elected at by-elections will be offered a tailored induction plan, as those Members do not have the benefit of the full programme that follows the scheduled County Council elections.
- 5.9 At any time during their term of office, when newly appointed as a member of a particular board, committee or to the Cabinet, Democratic Services will make arrangements to enable all county councillors to receive an induction that sets out the information they need in order to perform the role.
- 5.10 **Personal development:** It is up to each individual Councillor to take responsibility for their own individual development. Where skills or knowledge gaps are identified through a Personal Development conversation, Officers can advise on possible training activities which could meet the development need.
- 5.11 Members are encouraged to consider different approaches to their development, including: requesting a one to one with an appropriate officer, undertaking site visits, discussing a matter with a more experienced Member, carrying out some personal research or attending an external event.
- 5.12 **Individual support:** Where appropriate and where business needs allow, individual needs may be met on a 1:1 basis, for example, with computer skills or for Members with specific learning requirements.
- 5.13 All Members who are standing down at a scheduled election will be invited to complete an exit interview questionnaire in order to share their reflections on their term of office. An analysis of the responses to the exit interviews is shared with the Member Development Steering Group, to agree any corrective actions and suggestions.
- 5.14 When planning events, consideration will be given to the need to accommodate the other commitments that Members have as far as possible. Alternative timings will be provided if possible and training materials will be made available online.

- 5.15 Where possible, the council will seek to offer training and development opportunities with other local authorities and partner organisations and provide joint training activities where appropriate.

## **6 EXTERNAL DEVELOPMENT ACTIVITIES**

- 6.1 Information about events organised by accredited training organisations will be advertised via the monthly Learning and Development update which is circulated to Members electronically. Members can apply to attend external training courses by completing an application form.
- 6.2 Attendance on any external learning and development event is subject to the prior agreement of the Director for Legal, Democratic and Cultural Services in consultation with the Chairman of the MDSG. Members are expected to share their learning from these events and training materials will be circulated where appropriate.

## **7 OTHER SUPPORT**

- 7.1 From May 2017, Members will have their own dedicated SharePoint site which will be used as a way of sharing, and signposting to, useful information to support them in their role. Presentations and other training materials shared at briefings will be posted on the site, for those Members who are unable to attend events in person. The site also links to Surrey-i, where Members can access corporate and community information about the county, including specific information for each division.

## **8 BUDGET FOR MEMBER LEARNING AND DEVELOPMENT**

- 8.1 An allocated budget is set aside each year for Member Development from the overall Democratic Services budget. This is intended to meet the cost of the annual learning and development programme. The budget is managed by the Democratic Services Lead Manager but monitored by the MDSG at each meeting.
- 8.2 The MDSG has agreed a protocol for Members' attendance at learning and development events attached at **Appendix 3**.

## **9 EVALUATING MEMBER LEARNING AND DEVELOPMENT**

- 9.1 Attenders at learning and development activities held in-house are requested to complete an online evaluation form to establish the effectiveness of the activity and to ensure that it is fit for purpose. Members attending external learning and development events are also asked to complete an online evaluation form, to inform decisions about future attendance by other Members.
- 9.2 The views of Members will also be sought regularly through Personal Development conversations. A mid-term Member survey will take place in 2019, the results of which will be reported to the Member Development Steering Group.

## **10 SOUTH EAST EMPLOYERS ELECTED MEMBER DEVELOPMENT CHARTER**

- 10.1 The authority was awarded Charter status in October 2011, and this was renewed in April 2015. The MDSG has committed to achieving Charter Plus status after the May 2017 elections.

## **11 STRATEGY REVIEW**

- 11.1 This Strategy will also be reviewed every other year. The MDSG will take the lead on reviewing the strategy and will recommend any proposed changes it considers necessary. The Strategy will be submitted to Council for approval.

**Denise Le Gal**  
**Cabinet Member for Business Services**

March 2017

Next review due: March 2019 and every other year thereafter

Appendices:

Appendix 1: Four year learning and development programme

Appendix 2: Member role profiles including required skills/development

Appendix 3: Protocol for Elected Member Attendance at External Courses and Conferences, and application form

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## Surrey County Council Members' Development Framework

Year One – Induction and familiarisation	Year Two – Bedding in and drilling down	Year Three – Consolidation and forward planning	Year Four – Setting the scene for the next Council
<p>Thorough Induction Programme for new and returning members to enable them to become effective county councillors (and to update returning members) to run from May to December, including:</p> <ul style="list-style-type: none"> <li>• Introduction to the Council's priorities, policies, services and structures</li> <li>• Understanding how the Council works, including committee processes</li> <li>• Meeting key officers</li> <li>• Code of Conduct and key organisational issues</li> <li>• Charing Skills</li> <li>• Local Government Finance</li> <li>• Overview and Scrutiny principles</li> <li>• Introduction to Equality &amp; Diversity issues</li> <li>• Corporate Parenting</li> <li>• Meet key local staff, including from Highways, Libraries, Children's Service, Adult Services</li> <li>• Visits to key Council services, eg Contact Centre, Merrow.</li> </ul>	<p>Further skills training and information to enable councillors to remain effective members. Priority topics identified for the year through personal development conversations may include:</p> <ul style="list-style-type: none"> <li>• Personal skills</li> <li>• Media skills</li> <li>• Effective meetings</li> <li>• Scrutiny skills</li> <li>• Chairmanship</li> <li>• Speed Reading</li> <li>• Successful networking</li> <li>• Community leadership</li> </ul> <p>Courses, refresher sessions and briefings will be offered on topics such as Finance, committee chairing, Corporate Parenting and Equalities &amp; Diversity.</p>	<p>Advanced skills training and information to enable councillors to remain effective members. Priority topics identified for the year through personal development conversations may include:</p> <ul style="list-style-type: none"> <li>• Personal skills</li> <li>• Media skills</li> <li>• Effective meetings</li> <li>• Scrutiny skills</li> <li>• Chairmanship</li> <li>• Speed Reading</li> <li>• Successful networking</li> <li>• Community leadership</li> </ul> <p>Courses, refresher sessions and briefings will be offered on topics such as Finance, committee chairing, Corporate Parenting and Equalities &amp; Diversity.</p>	<p>Advanced skills training and information to enable councillors to remain effective members. Priority topics identified for the year through personal development conversations may include:</p> <ul style="list-style-type: none"> <li>• Personal skills</li> <li>• Media skills</li> <li>• Effective meetings</li> <li>• Scrutiny skills</li> <li>• Chairmanship</li> <li>• Speed Reading</li> <li>• Successful networking</li> <li>• Community leadership</li> </ul> <p>Courses, refresher sessions and briefings will be offered on topics such as Finance, committee chairing, Corporate Parenting and Equalities &amp; Diversity.</p>

<ul style="list-style-type: none"> <li>Overview of work and remit of each committee, followed by more detailed subject briefings for Committee members to enable them to undertake their duties</li> </ul>	Briefings for Committee members to enable them to undertake their duties	Briefings for Committee members to enable them to undertake their duties	Briefings for Committee members to enable them to undertake their duties
Chairing skills for new and returning Committee Chairmen, including specific course for Select Committee chairmen and vice-chairmen	Chairing skills for Committee Chairmen and Vice-Chairmen (for new Chairmen)	Chairing skills for Committee Chairmen and Vice-Chairmen (refresher for all Chairmen)	Chairing skills for Committee Chairmen and Vice-Chairmen (for new Chairmen)
Seminars on current issues, for example: <ul style="list-style-type: none"> <li>Changes to service provision</li> <li>Major planning issues</li> <li>Inspections</li> <li>Business and budget planning</li> <li>Briefings from key partners</li> </ul>	Seminars on current issues, eg <ul style="list-style-type: none"> <li>Changes to service provision</li> <li>Major planning issues</li> <li>Inspections</li> <li>Finance and statement of accounts</li> <li>Briefings from key partners</li> </ul>	Seminars on current issues, eg <ul style="list-style-type: none"> <li>Changes to service provision</li> <li>Major planning issues</li> <li>Inspections</li> <li>Finance and statement of accounts</li> <li>Briefings from key partners</li> </ul>	Seminars on current issues, eg <ul style="list-style-type: none"> <li>Changes to service provision</li> <li>Major planning issues</li> <li>Inspections</li> <li>Finance and statement of accounts</li> <li>Briefings from key partners</li> </ul>
Members' Basic Skills IT training: <ul style="list-style-type: none"> <li>Office 365 – email and calendar</li> <li>S-Net and internet</li> <li>Members IT drop in sessions</li> </ul>	Members IT drop in sessions	Members' IT drop in sessions	Members' IT drop in sessions
Access to seminar presentations and handouts on Sharepoint	Access to seminar presentations and handouts on Sharepoint	Access to seminar presentations and handouts on Sharepoint	Access to seminar presentations and handouts on Sharepoint
			Exit Survey for members who are standing down
			'How to Become a Councillor' information available

## **MEMBER ROLE PROFILES**

### **The Surrey County Councillor**

#### **Purpose:**

- To represent the needs and interests of the division for which the Councillor was elected.
- To engage with the people of Surrey, particularly those in under-represented groups, and ensure their views are heard by the Council.
- To participate in a range of Member level boards and committees, to assist the Council in reaching informed and balanced decisions.

#### **Key Duties and Responsibilities:**

1. To assist with enquiries on behalf of constituents, representing their interests whilst supporting them to be self-reliant where possible.
2. To help ensure that the needs of local communities are understood by the Council, and that actions are taken to support them.
3. To participate fully in Council, Local/Joint Committees and any other board or committees which the Councillor is appointed to.
4. To represent the Council on outside bodies to which they are appointed.
5. To gain a good working knowledge of the Council's strategic priorities and service areas, and to work effectively with Officers to support the successful delivery of these priorities.
6. To fulfil the responsibilities as 'corporate parent' of Looked After Children, accepting responsibility for children in the Council's care.
7. To take responsibility for their own personal development, attending training and development opportunities where appropriate.
8. To promote and uphold the council's policy regarding equalities and diversity.

#### **Key Personal Attributes, Skills and knowledge:**

- All councillors should demonstrate the seven principles of public life, also known as the 'Nolan Principles'. They are: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- The ability to engage and work with a wide range of people, and as part of a team.
- The ability to communicate with a wide range of people, to listen and be empathetic.
- The ability to use IT to carry out their role.
- The ability to speak confidently in public and present reasoned arguments.
- A good knowledge of their own local area and issues, as well as of Countywide priorities and services.

## **The Leader**

**(This role profile identifies responsibilities for the Leader of the Council that are in addition to those of a County Councillor and Cabinet Member)**

### **Purpose:**

- To provide effective political leadership and strategic direction for the Council.
- To ensure effective corporate governance.
- To act as the political spokesperson for the Council.

### **Key Duties and Responsibilities**

1. To provide leadership to the Council and its political administration.
2. To appoint a Deputy Leader and up to eight other Cabinet Members, and designate appropriate portfolios.
3. To retain or delegate executive functions to Cabinet, Cabinet Members, committees, individual local Members and officers.
4. To lead an effective Cabinet, taking responsibility for its forward work programme and chairing meetings in line with the Constitution.
5. To lead the development of local, regional and national partnerships, including Central Government.
6. To have overall responsibility for the fiscal and financial management of the Council.
7. To liaise regularly with the Chief Executive and senior officers on all issues relating to the operation of the Council.
8. To ensure effective corporate governance, including working with opposition groups to seek to achieve, where possible, cross-party co-operation.
9. To champion, and engage in, Member development.

### **Key Personal Attributes, Skills and knowledge:**

- Effective leadership skills.
- The ability to chair meetings and facilitate open discussion.
- A good understanding of the public sector and how different tiers of government can work effectively together.
- Political knowledge and awareness.
- A clear understanding of the operation of the Council.
- Business and financial acumen, including the ability to understand and manage the Council's budget.
- The ability to work effectively with Council officers, the public, the media and outside organisations.

## **The Deputy Leader**

**(This role profile identifies responsibilities for the Leader of the Council that are in addition to those of a county councillor and Cabinet Member)**

### **Purpose:**

- To fulfil the duties of the Leader in his or her absence.
- To assist the Leader in specific duties as required.

**Key Duties and Responsibilities** – see those of the Leader.

**Key Personal Attributes, Skills and Knowledge** – see those of the Leader.

## **Chairman of the Council**

**(This role profile identifies responsibilities for the Chairman of the Council that are in addition to those of a county councillor)**

### **Purpose:**

- To provide effective civic and ceremonial leadership to the Council.
- To chair County Council meetings and ensure its business is carried out efficiently and in line with the Constitution.
- To promote and maintain high standards of conduct from Members.

### **Key Duties and Responsibilities**

1. To act as an ambassador for the Council and Surrey itself.
2. To attend and represent Surrey at civic and ceremonial occasions, acting on behalf of the whole Council in a non-partisan manner.
3. To uphold and promote the Council's Constitution, working with Officers to ensure that it is regularly reviewed and continues to meet its purpose.
4. To preside over meetings of the Council, acting impartially to ensure that its business is carried out efficiently and in line with the Constitution.
5. To promote community engagement and encourage active citizenship within Surrey.
6. To perform official openings or presentations throughout the county.
7. To host diplomatic visits to the Council.
8. To chair the Member Conduct Panel, handling complaints against Members in line with the constitution.
9. To chair the Surrey Civilian-Military Partnership Board, fostering closer relationships with the armed forces.

### **Key Personal Attributes, Skills and Knowledge**

- A clear understanding of the operation of the Council, including an understanding of the Constitution, in particular Standing Orders.
- To promote and uphold the seven principles of public life – acting as a role model to other Councillors.
- A good knowledge of, and interest in, the whole of the county.
- The ability to chair meetings and facilitate open discussion.
- The ability to work effectively with Council officers, the public, the media and outside organisations.
- The ability to engage effectively with a variety of different groups and people.

## **Vice-Chairman of the Council**

**(This role profile identifies responsibilities for the Chairman of the Council that are in addition to those of a county councillor)**

### **Purpose:**

- To support the Chairman of the Council in providing effective civic and ceremonial leadership to the Council.
- To chair County Council meetings in the Chairman's absence and ensure its business is carried out efficiently and in line with the Constitution.
- To promote and maintain high standards of conduct from Members

**Key Duties and Responsibilities** – see those of the Chairman of the Council.

**Key Personal Attributes, Skills and Knowledge** – see those of the Chairman of the Council.

## **Cabinet Member**

**(This role profile identifies responsibilities for a Cabinet Member that are in addition to those of a county councillor)**

### **Purpose:**

- To provide collective and individual leadership as part of the Cabinet.
- To undertake lead responsibility and be accountable for allocated portfolios.

### **Key Duties and Responsibilities**

1. To exercise delegated powers in accordance with the Constitution.
2. To attend Cabinet meetings and take collective responsibility for decisions taken.
3. To act as a lead Member for a particular portfolio as delegated by the Leader, working closely with the relevant Strategic Directors to ensure that the portfolio supports the delivery of the Council's strategic priorities.
4. To monitor performance and budgets within the portfolio, working closely with the relevant Strategic Directors to ensure targets are met.
5. To positively promote the portfolio, acting as a spokesperson in the media as required.
6. To keep Members updated on significant developments within their portfolio, and contribute to the Council's scrutiny process by attending meetings on request.
7. To participate in regional and national networks relevant to the portfolio.

### **Key Personal Attributes, Skills and Knowledge**

- Leadership skills.
- The ability to work as part of an effective team.
- A good understanding of the Council, and the ability to develop an excellent understanding of their relevant portfolio.
- An understanding of the Council budget, particularly that of the relevant portfolio.
- Political knowledge and awareness.
- The ability to work effectively with Council officers, the public, the media and outside organisations.

## **Cabinet Associate**

**(This role profile identifies responsibilities for a Cabinet Associate that are in addition to those of a county councillor)**

### **Purpose:**

- To provide support and assistance to the Cabinet.
- To contribute effectively towards the strategic direction of the Council.
- To assist Cabinet Members with the effective leadership of their portfolios.

### **Key Duties and Responsibilities**

1. To assist, support and advise the relevant Cabinet Member(s) in the exercise of his or her responsibilities.
2. To lead on specific policy areas at the request of the relevant Cabinet Member and/or Leader.
3. To carry out tasks as agreed on behalf of the relevant Cabinet Member.
4. In the absence of the Cabinet Member, to answer questions and speak at meetings of the Council on matters relating to the allocated portfolio area(s).
5. To substitute for Cabinet Members at meetings, briefings and events as appropriate.
6. To handle media interviews and enquiries on behalf of the Cabinet Member(s) in his/her absence.

### **Key Personal Attributes, Skills and Knowledge**

- Leadership skills.
- The ability to work as part of an effective team.
- A good understanding of the Council, and the ability to develop an excellent understanding of their relevant portfolio.
- An understanding of the Council budget, particularly that of the relevant portfolio.
- Political knowledge and awareness.
- The ability to work effectively with Council officers, the public, the media and outside organisations.

## **Scrutiny Chairman**

**(This role profile identifies responsibilities for Scrutiny Chairmen that are in addition to those of a county councillor)**

### **Purpose:**

- To support the continuous improvement of the Council, by leading the work of a Scrutiny Board/Committee.
- To chair meetings of the Scrutiny Board/Committee in line with the Council's Constitution.

### **Key Duties and Responsibilities**

1. To chair meetings of the Scrutiny Board/Committee in compliance with the Council's Constitution and in line with its terms of reference.
2. To lead the Scrutiny Board/Committee in developing an effective forward work programme.
3. To engage with relevant service users and stakeholder groups, ensuring that the Scrutiny Board/Committee reviews issues of public interest within its terms of reference.
4. To engage all Members in the work of the Scrutiny Board/Committee, allowing for robust debate that leads to constructive recommendations.
5. To encourage Members to undertake relevant training and development where appropriate, so that they are able to fulfil the scrutiny role effectively.
6. To develop constructive relationships with the relevant Cabinet Portfolio holders and Strategic Directors in the area that the Board/Committee scrutinises.
7. To co-ordinate the Board's/Committee's work with the Chairmen of other Scrutiny Boards/Committees, avoiding duplication and taking a flexible approach to cross-cutting issues.

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to work as part of an effective team.
- A good understanding of the Council, and the ability to develop an excellent understanding of the area that the Board/Committee is responsible for scrutinising.
- An understanding of the council budget.

## **Scrutiny Vice-Chairman**

**(This role profile identifies responsibilities for a Scrutiny Vice-Chairman that are in addition to those of a county councillor)**

### **Purpose:**

- To support the Chairman in providing direction and leadership to the Scrutiny Board/Committee, ensuring that it fulfils its terms of reference.
- To support the Chairman in chairing effective meetings of the Scrutiny Board/Committee.
- To fulfil the responsibilities of the Chairman in his or her absence.

**Key Duties and Responsibilities** – see those of the Chairman of the Scrutiny Board/Committee.

**Key Personal Attributes, Skills and Knowledge** – see those of the Chairman of the Council.

## **Chairman of Planning and Regulatory Committee**

**(This role profile identifies responsibilities for a Chairman of Planning and Regulatory Committee that are in addition to those of a county councillor)**

### **Purpose**

- To provide leadership and direction to the work of the committee, and to ensure compliance with the Surrey Code of Best Practice in Planning Procedures.
- To chair committee meetings in line with the Constitution, and to ensure that the committee fulfils its terms of reference.
- To demonstrate to the public, applicants and objectors, fair and open decision-making on behalf of the committee.

### **Key Duties and Responsibilities**

1. To lead the committee, in consultation with officers, in prioritising its work and setting meeting agendas.
2. To chair meetings in accordance with the Constitution, ensuring that the committee fulfils its terms of reference.
3. To ensure that Members appointed to the committee fully understand the committee's work and receive training in planning procedures as specified by the Council.
4. To engage all members of the committee, ensuring that it takes clear and unambiguous decisions based on sound planning considerations.
5. To facilitate participation in meetings by the public and their representatives in accordance with Standing Orders.
6. To represent the committee at public inquiries held into appeals against decisions made by the committee.

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- A good understanding of planning legislation and procedures.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to work as part of an effective team.

## **Vice-Chairman of the Planning and Regulatory Committee**

**(This role profile identifies responsibilities for a Vice-Chairman of Planning and Regulatory Committee that are in addition to those of a county councillor)**

### **Purpose**

- To work with the Chairman to provide leadership and direction to the work of the Committee, and to help ensure compliance with the Surrey Code of Best Practice in Planning Procedures.
- To support the Chairman in chairing committee meetings and ensure the committee fulfils its terms of reference.
- To fulfil the duties of the Chairman in his or her absence.

**Key Duties and Responsibilities** – see those of the Chairman of the Planning and Regulatory Committee.

**Key Personal Attributes, Skills and Knowledge** – see those of the Chairman of the Planning and Regulatory Committee.

## **Chairman of the Audit and Governance Committee**

### **Purpose**

- To provide leadership and direction to the work of the committee, contributing to the continuous improvement of the Council's services through the full range of its work.
- To chair committee meetings and ensure the committee fulfils its terms of reference.

### **Key Duties and Responsibilities**

1. To lead the Audit and Governance Committee in setting an effective forward work programme.
2. To chair meetings in accordance with the Constitution, ensuring that the committee fulfils its terms of reference and meets the standards of best practice set out in the CIPFA Guidance for Audit Committees.
3. To engage all Members in the work of the committee, allowing for robust debate that leads to constructive recommendations.
4. To encourage Members to undertake relevant training and development where appropriate, so that they are able to fulfil their committee role effectively.
5. To develop constructive relationships with the Leader, Chief Executive and other Cabinet Members and officers regarding the management of the committee's business.

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to work as part of an effective team.
- A good understanding of the Council, and the ability to develop an excellent understanding of the area for which the committee is responsible for.
- A good understanding of the council budget.

## **Vice-Chairman of the Audit and Governance Committee**

### **Purpose**

- To work with the Chairman to provide leadership and direction to the work of the Committee.
- To support the Chairman in chairing committee meetings and ensure the committee fulfils its terms of reference.
- To fulfil the duties of the Chairman in his or her absence.

**Key Duties and Responsibilities** – see those of the Chairman of the Planning and Regulatory Committee.

**Key Personal Attributes, Skills and Knowledge** – see those of the Chairman of the Planning and Regulatory Committee.

## **Local/Joint Committee Chairman**

### **Purpose**

- To provide leadership, direction to the work and ensure a positive resident experience of the committee,
- To contribute to the continuous improvement of the Council's services in the area which it serves.
- To chair committee meetings and ensure the committee achieves its terms of reference, representing the committee with wider SCC teams and members
- To act as a community leader and encourage partnership working.

### **Key Duties and Responsibilities**

1. To lead the Local/Joint Committee in working as a team and setting an effective forward work programme.
2. To chair meetings in accordance with the Constitution, and where applicable the Local/Joint Committee's, ensuring that the committee fulfils its terms of reference.
3. To engage all Members in the work of the committee, allowing for robust debate that leads to constructive recommendations and decisions.
4. To encourage Members to undertake relevant training and development where appropriate, so that they are able to fulfil their committee role effectively.
5. To develop constructive relationships with the Leader, Chief Executive, and other officers, local committee chairmen and Cabinet Members regarding the management of the committee's business, advocating for the committee as appropriate.
6. To encourage public participation in Committee meetings, hearing questions and petitions as appropriate.
7. To be consulted by the Community Partnerships Team in respect of the approval of grants from Members' revenue allocations and in accordance with any conditions or criteria imposed by the Council or the relevant Local/Joint Committee.
8. To share best practice across the county in relation to the work to the local/joint committee

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- Commitment to improving the resident experience of the committee / council
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to build and work as part of an effective team.
- A good understanding of the Council and the local area which the committee serves.
- An understanding of the budget.

## **Local/Joint Committee Vice-Chairman**

### **Purpose**

- To work with the Chairman to provide leadership, direction to the work and ensure a positive resident experience of the committee.
- To support the Chairman in chairing committee meetings and ensure the committee achieves its terms of reference, representing the committee with wider council teams and members  
To support the Chairman in encouraging local committee members in their community leadership roles
- To fulfil the duties of the Chairman in his or her absence.

**Key Duties and Responsibilities** – see those of the Local/Joint Committee Chairman.

**Key Personal Attributes, Skills and Knowledge** – see those of the Local/Joint Committee Chairman.

## **Chairman of the Pension Fund Committee**

### **Purpose**

- To provide leadership and direction to the work of the committee.
- To chair committee meetings in line with the Constitution, and to ensure that the committee fulfils its terms of reference.

### **Key Duties and Responsibilities**

1. To lead the Pension Fund Committee in setting an effective forward work programme.
2. To chair meetings in accordance with the Constitution, ensuring that the committee fulfils its terms of reference.
3. To engage all Members in the work of the committee, allowing for robust debate that leads to constructive decision making.
4. To encourage Members to undertake relevant training and development where appropriate, so that they are able to fulfil their committee role effectively.
5. To develop constructive relationships with the Surrey Local Pension Fund Board and Surrey Local Firefighters' Pension Fund Board, the Leader, Chief Executive and other Cabinet Members and officers regarding the management of the committee's business.

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- The ability to understand complex financial information, and to develop a good understanding of pensions management.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to work as part of an effective team.
- A good understanding of the Council and its budget.

## **Vice-Chairman of the Pension Fund Committee**

### **Purpose**

- To work with the Chairman to provide leadership and direction to the work of the Committee.
- To support the Chairman in chairing committee meetings and ensure the committee fulfils its terms of reference.
- To fulfil the duties of the Chairman in his or her absence.

**Key Duties and Responsibilities** – see those of the Pension Fund Committee Chairman.

**Key Personal Attributes, Skills and Knowledge** – see those of the Pension Fund Committee Chairman.

## **Chairman of the Surrey Local Pension Fund Board and Surrey Local Firefighters' Pension Board**

### **Purpose**

- To provide leadership and direction to the work of these Boards.
- To chair board meetings in line with the Constitution, and to ensure that the committee fulfils its terms of reference.

### **Key Duties and Responsibilities**

1. To lead the Surrey Local Pension Fund Board and Surrey Firefighters' Pension Board in setting an effective forward work programme.
2. To chair meetings in accordance with the Constitution, ensuring that the committee fulfils its terms of reference.
3. To engage all Members in the work of these Boards, allowing for robust debate that leads to constructive decision making.
4. To encourage Members to undertake relevant training and development where appropriate, so that they are able to fulfil their committee role effectively.
5. To develop constructive relationships with the Pension Fund Committee, the Leader, Chief Executive and other Cabinet Members and officers regarding the management of the boards' business.

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- The ability to understand complex financial information, and to develop a good understanding of pensions management.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to work as part of an effective team.
- A good understanding of the Council and its budget.

## **Vice-Chairman of the Surrey Local Pension Fund Board and Surrey Local Firefighters' Pension Board**

### **Purpose**

- To work with the Chairman to provide leadership and direction to the work of these Boards.
- To support the Chairman in chairing board meetings and ensure the committee achieves its terms of reference.
- To fulfil the duties of the Chairman in his or her absence.

**Key Duties and Responsibilities** – see those of the Surrey Local Pension Fund Board and Surrey Local Firefighters' Pension Board Chairman.

**Key Personal Attributes, Skills and Knowledge** – see those of the Surrey Local Pension Fund Board and Surrey Local Firefighters' Pension Board Chairman.

## **Lead Member for Scrutiny of the Police and Crime Commissioner**

### **Purpose**

- To provide leadership and direction to the work of the Surrey Police and Crime Panel.
- To chair committee meetings in line with the panel's constitution, and to ensure that the committee fulfils its terms of reference.

### **Key Duties and Responsibilities**

1. To lead the Surrey Police and Crime Panel in setting an effective forward work programme.
2. To chair meetings as appropriate in accordance with the panel's constitution, ensuring it fulfils its terms of reference.
3. To engage all members of the panel, allowing for robust debate that leads to constructive recommendations.
4. To encourage Members to undertake relevant training and development where appropriate, so that they are able to fulfil their committee role effectively.
5. To develop constructive relationships with the Police and Crime Commissioner, their office and the Chief Constable.

### **Key Personal Attributes, Skills and Knowledge**

- Good chairing and leadership skills.
- The ability to analyse and grasp complex issues.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- The ability to work as part of an effective team.
- A good understanding of policing and community safety issues.

## **Opposition Group Leader**

**(This role profile identifies responsibilities for an Opposition Group Leader that are in addition to those of a county councillor)**

### **Purpose**

- To be the principal spokesperson for members of their own political group.
- To ensure efficient sharing of information within the group
- To ensure effective and constructive opposition to the Council's majority group, in line with the Council's Constitution.

### **Key Duties and Responsibilities**

1. To establish and represent the views of the group on policy issues.
2. To act as principal spokesperson for the group.
3. To nominate members of his/her group to serve on committees, scrutiny boards and outside bodies.
4. To foster effective communication with the other political groups.
5. To champion and participate in Member development activities.

### **Key Personal Attributes, Skills and Knowledge**

- Leadership skills.
- The ability to work as part of an effective team.
- The ability to analyse and grasp complex issues.
- The ability to influence and work constructively with Members, officers, members of the public and outside organisations.
- A good understanding of the Council.
- Political knowledge and awareness.
- The ability to work effectively with Council officers, the public, the media and outside organisations

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**APPENDIX 3****PROTOCOL FOR ELECTED MEMBER ATTENDANCE AT EXTERNAL COURSES AND CONFERENCES****Application for external course or conference**

- Any Member wishing to attend an external conference or course must complete an application form and return it to the Business Support Team in Democratic Services. The application must detail the reasons for attending the course or conference and how it will help them in their role as an elected member.
- All applications for external courses or conferences must be agreed by the Director for Legal, Democratic and Cultural Services, in consultation with the Chairman of the Member Development Steering Group.
- The course/conference must have been identified within a Member's Personal Development conversation or as a learning and development need for the position they hold at the county council.
- The event must be of reasonable cost according to the budget set aside for training and development for members and should be clearly linked to the county council's corporate objectives.
- The event must be offered by an accredited training body, such as the Local Government Association and should not be organised by any political group. Any exceptions to this principle will be agreed on a case-by-case basis at the discretion of the Director for Legal, Democratic and Cultural Services in consultation with the Chairman of the Member Development Steering Group.
- A maximum of two places should be offered on any course unless specifically authorised by the Director for Legal, Democratic and Cultural Services following consultation with the Chairman of the Member Development Steering Group. If any external event attracts more than two applications for attendance, places are likely to be prioritised in order of relevance to the role of the applicant, date of submitting the application and the number of previous courses attended.
- Members will be asked to cascade any learning or training materials to other Members where possible. Following the event, members must complete a feedback form and return it to Legal and Democratic Services.

**Travel to external course of conference**

- Members may claim travel expenses for journeys undertaken in relation to any of the approved duties. Members should, where possible, use a means of transport that is of the lowest cost to the council.
- For further information on entitlement to Travelling and Subsistence Allowances, please refer to the current Members' Allowances Scheme.

## Democratic Services Member Training & Development Application Form



Name:	
Event Title:	
Date:	
Venue:	
Cost:	

Have you been to this event before?	YES/NO <i>please delete as appropriate</i>
<p>This event is relevant to my role as a Member and my personal development in the following way(s):</p>          	
<p>Attending this event will contribute to the achievement of the county council's corporate objectives as follows:</p>	

<p>I undertake to attend this event.          I understand that if I am unable to attend I must inform the Business Support Team, Legal and Democratic Services, Room 122.          I undertake to provide feedback to Legal and Democratic Services about the event within 14 days of the end of the event.</p> <p>Signed.....</p> <p>Date.....</p>
--

**Please return this form to the Business Support Team, Democratic Services,  
Room 122, County Hall.**

County Council Meeting – 21 March 2017

## REPORT OF THE PEOPLE, PERFORMANCE AND DEVELOPMENT COMMITTEE

- \* Mr David Hodge (Chairman)
- \* Mr Peter Martin (Vice-Chairman)
- \* Ms Denise Le Gal
- \* Mr Ken Gulati
- \* Mr Nick Harrison
- \* Mrs Hazel Watson

\* = Present

### CHANGES TO OFFICER CODE OF CONDUCT POLICY

1. On 17 February 2017, the People, Performance and Development Committee considered changes to the Officer Code of Conduct Policy proposed by the HR & OD Team. The amendments to the Officer Code of Conduct make more explicit mention of the ethical behaviours expected of staff as well as strengthening references to the Council's value statements. Following a robust discussion the Committee confirmed that it was satisfied with the proposed revisions to the Officer Code of Conduct Policy attached as Annex A to this report.
2. The People, Performance and Development Committee **COMMEND** the revised Officer Code of Conduct Policy for approval and endorsement by Council for inclusion in the Constitution.

**David Hodge**

**Chairman of the People, Performance and Development Committee**  
**February 2017**

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## **OFFICER REPORT TO COUNCIL**

### **OFFICER CODE OF CONDUCT**

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

The approval of an amended officer code of conduct policy.

#### **BACKGROUND:**

1. An internal audit report recommended that the Code of Conduct refer to ethical behaviour more explicitly. Consultation with the Reward Board and service managers identified further amendments which are included in the proposals.
2. The amended Code was shared with Surrey County Council Trade Unions Officers at a meeting with the Human Resources Leadership Team on 25 January 2017, and their feedback has been included.
3. A copy of the proposed Code of Conduct is attached as Annex 1 for reference.

#### **4. Governance**

The People, Performance and Development Committee (PPDC) determines the policy on the terms and conditions of all staff according to the Scheme of Delegation. The Code of Conduct is part of the Constitution of the Council and any changes therefore need to be approved by full Council. PPDC agreed with the amendments to the Code on 17 February 2017 and for it to go forward for approval to full Council.

#### **RECENT DEVELOPMENTS**

##### **Key amendments**

5. Changes to the Code of Conduct Policy introduce the concept of ethics and strengthen references to the Council's value statements which reflect the importance of the principles of public life.

## **Section 1 Welcome to the Code of Conduct Policy**

6. A paragraph has been added to make employees aware that behaviour outside work which may jeopardise the Council's reputation or position will be dealt with through the disciplinary procedure.

## **Section 2 Organisational Ethics and Personal Conduct**

7. To address the internal audit recommendation that the Code of Conduct refer to ethical behaviour more explicitly than in the current policy, it was agreed with the auditor that updating the statement of personal conduct in section 2 would be sufficient to address the concern raised.

8. The wording agreed with the auditor is:

“The Council expects all employees to behave ethically and maintain high standards of personal conduct to sustain the good reputation of the Council and its services.”

9. The summary of the seven principles of public life together with the explicit links to values and behaviours make clear the corporate standards of behaviour required from staff.

## **Section 4 Health, safety and wellbeing**

10. The word “Wellbeing” has been added to the title of this section to broaden the scope of matters covered in this section.
11. Statements have been added about the Council's expectations on employees to report to work in a fit and safe state to carry out their duties, and its commitment to provide a smoke free environment. Links to the Drug and Alcohol workplace policy and the smoke free workplace policy have been made.

## **Section 5 Governance**

12. The title of this section has been changed from Treatment of Information to Governance to broaden its scope.
13. A section has been added on Fraud and Corruption to highlight the importance of employees understanding their responsibilities and duties in this area, with a link to the Council's Strategy against Fraud and Corruption.

## **Section 8 Gifts, Hospitality, Sponsorship or Endorsements**

14. This section refers to the key expectations of employees in this area, with a link to the Gifts and hospitality policy and guidance. Currently the main policy requirements are described in the Code with further details and guidance in separate documents.
15. Referring to the Council's expectations and linking to the separate policy and guidance follows the practice in the rest of the policy and reduces the

risk of inconsistencies occurring between what is said in the Code and any separate documents.

## **Conclusions**

16. The proposed changes to the Officer Code of Conduct make explicit the requirement to behave ethically and will link with the new behaviours framework. Explicit links are also made to key policies relevant to the high standards of conduct expected of the Council's staff.

## **Next steps**

17. Once approved by full Council, the Code of Conduct will be published on Snet and Surrey County Council's external website.

<b>RECOMMENDATION:</b>
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That Council agree the Officer Code of Conduct.

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## **Lead / Contact Officer:**

Ken Akers, Head of HR & Organisational Development.  
Tel: 020 8541 8614

## **Sources / Background papers:**

## **Annex 1**

### **Officer Code of Conduct**

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## 1 Welcome to the Code of Conduct Policy

The purpose of this Code is to help employees support the County Council's aim to provide high quality services fairly and efficiently in line with its values of listening, responsibility, trust and respect. Members have their own Code of Conduct and there is also protocol which outlines how members and officers work together.

The Code of Conduct applies to all employees of the County Council, agency workers, contractors and their staff whilst working for, or on behalf of, the Authority.

Employees are expected to apply the Code of Conduct and other Council policies to the performance of their duties, including to their use of work related social media. Where an employee identifies themselves or can be identified as a Surrey County Council employee, the same rules that apply to actions in general apply to conduct online, including on personal social media sites – see [Personal use of social media](#) (*link*) for further information.

Employees should be aware of the standards of behaviour outlined in the Code of Conduct in relation to their conduct outside of work. Any unlawful, anti-social or other **conduct** by employees that takes place outside of work which may jeopardise the Council's reputation or position will be dealt with through the disciplinary procedure.

Any breach of the Code of Conduct will be regarded as a disciplinary offence. The code may be taken into account in performance appraisal.

## 2 Organisational Ethics and Personal Conduct

The Council needs to ensure its decisions and operations are open, accountable and in line with recognised ethical standards. Officers of the Council are therefore required to be aware of and act in accordance with [The Seven Principles of Public Life](#), which are:

**Selflessness** - Officers and members should act solely in terms of the public interest;

**Integrity** - Officers and members should avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work;

**Objectivity** - Actions and decisions should be taken impartially, fairly and on merit using the best evidence and without discrimination;

**Accountability** - Officers and members are accountable to the public and submit themselves to the scrutiny necessary to ensure this;

**Openness** - Actions and decisions should be taken in an open and transparent manner and information should not be withheld from the public unless there are clear and lawful reasons for so doing;

**Honesty** - Officers and members should be truthful; and

**Leadership** - Officers and members should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

This code is based, and builds, on these seven principles published by [the Committee on Standards in Public Life](#).

The Council expects all employees to behave ethically and maintain high standards of personal conduct to sustain the good reputation of the Council and its services. In doing so employees are expected to be aware of and act in accordance with the Council's [values and behaviours](#) (*link*). Values and behaviours are very much linked. The Surrey County Council values sit at the heart of everything we do. The behaviours are what people see, and express what we value. The values are brought to life in each of the behaviour clusters.

### **3 Compliance with County Council Instructions**

The Council expects all employees to comply with lawful written and oral instructions.

This will ensure that we take a consistent approach across the County Council in relation to how we procure services and goods, carry out people management activities and how we approach financial management.

The relevant procedures and instructions are published on snet – see [related information](#).

### **4 Health, Safety and Wellbeing**

The Council has a legal duty of care for the health, safety and wellbeing of its employees. In addition, all employees must take reasonable steps to protect their own health and safety and that of other people who may be affected by their work. Some employees, particularly managers, have specific responsibilities and these are detailed in the Council's safety policies and procedures. The Council's [Health and Safety Policy and Manual](#) (*link*) is published on the website.

Employees are expected to report for work in a fit and safe state to carry out their duties. They must not drink alcohol or take drugs at any time whilst at work, including during rest or meal breaks spent at or away from council premises. Incidents outside working hours that involve intoxicating substances may be considered a disciplinary offence if the incident breaches the code of conduct. For further detail about the council's expectations regarding drugs and alcohol employees should refer to the [Drug and alcohol workplace policy](#) (*link*).

The Council is committed to providing a smoke free environment for staff and employees are expected to comply with the Council's [Smoke free workplace policy](#) (*link*).

## 5 Governance

### 5.1 Handling and Treatment of Information relating to the County Council

It is generally accepted that open government is best. All employees should be aware as to what information should be made available to Members, auditors, government departments, service users and the public, and **which information should remain confidential**. Any information made available should be provided in a clear and concise way.

Employees should **not use any information** gained in the course of their employment for **personal gain**, or pass it on to others who might use it in such a way. Information concerning a service user, resident, employee's or Member's personal affairs **should not** be divulged without prior approval, except where that disclosure is required or sanctioned by law. It is important that employees take all relevant steps to comply with data protection requirements and ensure that confidential information is kept secure. For further information you should read the [Information governance](#) (*link*) guidance.

### 5.2 Declaring Personal Interests and Outside Commitments

All employees **must declare**:

- i. Any non-financial or financial interest which might conflict with the authority
- ii. Membership of any organisation that is **not open to the public** without formal membership and commitment of allegiance and which has secrecy about rules, membership, or conduct
- iii. Membership of **other groups, clubs and societies**, that an employee believes could be relevant to declare in particular circumstances.

Declarations should be made to Heads of Service who should ensure that a written record is made on the employee's personnel file. Declarations must extend to acknowledging the involvement of a relative or partner of an employee in an organisation in which the County does or seeks to do business, particularly if they are directors, partners or hold senior managerial positions in those organisations.

Employees should be aware of any **contractual restrictions** on taking outside employment. In any case, outside employment should not be taken which conflicts with the council's interests.

For further guidance see [Conflict of interest](#) (*link*).

Where employees are in any doubt about whether any personal relationships, interests, or outside commitments should be declared in particular circumstances, they should either declare the information in any case, or else seek further advice from their manager or HR by phone on 0208 541 9000 or e-mail [myhelpdesk@surreycc.gov.uk](mailto:myhelpdesk@surreycc.gov.uk).

### **5.3 Declaring Related Party Transactions**

The County Council is obliged to fulfil a disclosure requirement in respect of related party transactions. This reporting requirement aims to provide assurance to readers of financial statements that any material transactions entered into between the organisation and those in a position of power to influence its decisions are disclosed and above board.

Senior Managers Levels 1 – 4, must **declare**:

- I. Positions of influence they hold within partnerships, companies, trusts or any entities providing services to the County Council
- II. Positions of influence they hold (in a personal capacity) within organisations receiving grant funding from the County Council

Declarations must extend to a relative or partner of the employee if they have an interest in any such organisation. Senior Managers Level 1 – 4 will be required to declare this and complete an annual return.

### **5.4 Whistleblowing**

The Council is committed to the highest possible standards of honesty, openness, probity and accountability. We seek to conduct our affairs in a responsible manner, ensure that our activities are openly and effectively managed, and maintain our integrity and principles of public interest disclosure.

In line with this commitment, where an employee becomes aware of activities which that employee believes to be illegal, improper, unethical or otherwise inconsistent with the code of conduct for employees, the employee is encouraged to report the matter in line with the council's confidential reporting procedure – see [Whistleblowing \(link\)](#).

Employees who raise matters of concern in this way have specific protections afforded them under the Public Interest Disclosure Act 1998.

### **5.5 Fraud and Corruption**

The Council maintains a zero tolerance approach to fraud and corruption. All employees need to understand their responsibilities and duties in regard to the prevention and reporting of suspected fraud and corruption as outlined in the Council's [Strategy Against Fraud and Corruption \(link\)](#).

## **6 Working Relationships**

Internal and external relationships with colleagues, service users and contractors should be conducted in a professional, courteous and respectful manner. Employees are expected to treat others with fairness and dignity at all times and to work to resolve differences where these exist.

## 6.1 Working with Members

**Mutual respect** between employees and members is **essential** to good local government. **Close personal familiarity** between employees and individual members can damage the relationship and should therefore be **avoided**.

For further information about working relationships between officers and members please see the [Members/Officers protocol](#) (*link*).

## 6.2 Working with Colleagues

Employees must ensure compliance with all the County Council's employment policies. Employees should not be involved in an appointment, or be involved in any decision relating to discipline, promotion or any pay adjustments or conditions of another employee, or prospective employee to whom they are related or have a close personal relationship.

## 6.3 Working with the Local Community & Service Users

Employees should ensure professional, courteous, efficient and impartial service delivery to all. Employees should be especially sensitive in dealing with vulnerable children and adults.

## 6.4 Political Neutrality

- i. Members are elected to direct the policies and activities of Surrey County Council. **Employees** should ensure they **serve all members**, not just those of the controlling group, and respect their individual rights.
- ii. Employees should ensure that their own **personal or political opinions should not interfere** with any policy of the authority. Where employees advise political groups, **political neutrality must be retained**.

(Political assistants appointed on fixed term contracts in accordance with the Local Government and Housing Act 1989 are exempt from political neutrality).

Certain posts are designated as politically restricted by the Local Government and Housing Act 1989. Your contract of employment will tell you whether you hold one of these posts and, if you do, you will be required by law to observe certain restrictions regarding your out of work activities. For further information see the [Politically restricted posts](#) protocol.

## 6.5 Equality Issues

- i. Employees must ensure compliance with the County Council's **Equalities Statement** and other employment policies in relation to

equality issues to comply with high standards of employment practice.

- ii. Employees are expected to be aware of and act in accordance with the Council's [Ending harassment, bullying, victimisation and discrimination](#) (*link*) policy. The Council will not tolerate any form of harassment, bullying, victimisation or discrimination against colleagues, other employees or job applicants. All members of the local community have a right to be treated with **fairness and equality**.

## 7 Contractors and Competitive Tendering

Contractors may include individuals who are temporarily working alongside County Council employees, or employees of an external firm that has been awarded a contract to provide services on behalf of the County Council. All Contractors should be treated with courtesy and respect.

### 7.1 Contractors

Any orders and contracts must be awarded by **fair and open competition** against other tenders. No special favour should be shown to businesses with particular connections to employees.

Employees should **declare any relationship** with a particular contractor, or any potential contractors, to the Head of Service and should not participate in any buying activity where these Conflicts of Interest could arise. See the [Procurement standing orders](#) (*link*) for further information.

### 7.2 Separation of Roles during Competitive Tendering

- i. Employees should be clear on the separation of **client and contractor roles**. Senior employees who have both a client/contractor responsibility must be aware of the need for accountability and openness.
- ii. Employees privy to **confidential information** on tenders of costs relating to contractors should not disclose the information to any unauthorised party or organisation.
- iii. Employees should ensure no special favour is shown to **current or recent former employees**, or associates, in awarding contracts.

## 8 Gifts, Hospitality, Sponsorship or Endorsements

County Council employees should exercise caution concerning the **acceptance of gifts or hospitality** in relation to their role in the Council; and any

**involvement in sponsorship events, or endorsement of a product or service**, where there may be a **conflict of interest**.

All gifts and hospitality should be properly recorded and employees are expected to be aware of and act in accordance with the Gifts and hospitality policy. For further detail and information about what needs to be recorded [see Gifts and hospitality](#) policy and guidance (*link*).

## **9 Use of the County Council's Materials or Resources**

Employees should not make personal use of any County Council property, facilities, materials, or resources unless properly authorised to do so.

### **9.1 Property and Resources**

County Council property and resources should be used solely in respect of its work. No improper use should be made of any facility such as vehicles, equipment, stationery or secretarial services which the County Council provides for its own business.

The Authority recognises that there are times when calls must be made during working hours, for emergencies or to utility companies, for example. Reasonable usage of the telephone in these cases is permissible, but employees are expected to keep the length of call to the minimum possible.

### **9.2 Intellectual Property**

Employees should follow County rules on the ownership of intellectual property or copyright created during their employment. Any invention, improvement or design made or conceived by you while you are engaged to work for the County Council which is in the existing, or contemplated, scope of the business of Surrey County Council shall become and remain the exclusive property of Surrey County Council.

## **Related information**

<a href="#">Values and behaviours</a>	<a href="#">Members/Officers protocol</a>	
<a href="#">Equalities information</a>	<a href="#">Conflict of interest</a>	<a href="#">Gifts and hospitality</a>
<a href="#">Politically restricted posts</a>	<a href="#">Disclosing information</a>	<a href="#">Health &amp; Safety</a>
<a href="#">IMT policies</a>	<a href="#">Whistleblowing</a>	<a href="#">Financial governance</a>
<a href="#">Information governance</a>	<a href="#">Procurement guidelines</a>	
<a href="#">Strategy against Fraud and Corruption</a>		
<a href="#">Ending harassment, bullying, victimisation and discrimination</a>		

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*County Council Meeting – 21 March 2017***REPORT OF THE SURREY PENSION FUND COMMITTEE**

- \* Mrs Denise Le Gal (Chairman)
- Mr Alan Young (Vice-Chairman)
- Mr W D Barker OBE
- \* Mr Tim Evans
- \* Mr Stuart Selleck
- \* Mrs Hazel Watson
- \* Mr Tony Elias – co-opted
- \* Mr Peter Stanyard – co-opted
- \* Mr Philip Walker – co-opted

\* = Present

**ASSET POOLING: BORDER TO COAST PENSIONS POOL**

1. The recently published Local Government Pension Scheme (LGPS) asset pooling consultation has set out a vision for each administering authority of the LGPS to commit to a national pool. The Surrey Pension Fund was instrumental in setting up the Border to Coast Pensions Partnership (BCCP) and submitted a proposal to Government on 15 July 2016, proposing a countrywide pooling arrangement and consisting of 12 administering authorities. The proposal received written approval from the Government on 12 December 2016.
2. On 10 February 2017, the Committee considered a report that made the case for Surrey County Council to officially endorse the Border to Coast pool and create a Joint Committee and Shareholder Board for the purpose of delegating authority for the running of the pool to the Joint Committee and the Shareholder Board, and set out the administrative issues that needed to be considered.

The Committee **COMMEND** to full Council to:

1. Approve the BCPP as its pooling option to provide compliance with the legislation that mandates pooling.
2. Approve the acquisition by the Council, as Administering Authority of the Surrey Pension Fund, of one share in the Border to Coast Pensions Partnership Limited and nominate the Chairman of the Pension Fund Committee (or Vice Chairman in their absence) to attend any meetings of the BCPP Shareholder Board on behalf of the Council;
3. Approve the creation of the BCPP Joint Committee and nominate the Chairman of the Pension Fund Committee (or Vice Chairman in their absence) to attend on behalf of the Council.
4. Delegate authority to the Director of Finance and the Monitoring Officer in consultation with the Chairman of the Pension Fund Committee to update the Council's Constitution

to reflect the above approvals and to approve for execution by the Council the final versions of any documents necessary to put these decisions into effect.

5. Approve the revised Pension Fund Committee Terms of Reference functions as set out within the Constitution with the following addition: "Receive minutes and consider recommendations from and ensure the effective performance of the Joint Committee of the Border to Coast Pensions Pool and any other relevant bodies."

**Denise Le Gal**  
**Chairman of the Surrey Pension Fund Committee**  
**February 2017**



## OFFICER REPORT TO COUNCIL

### **SURREY PENSION FUND LOCAL GOVERNMENT PENSION SCHEME ASSET POOLING**

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

The recently published Local Government Pension Scheme (LGPS) asset pooling consultation has set out a vision for each administering authority of the LGPS to commit to a national pool. The Surrey Pension Fund was instrumental in setting up the Border to Coast Pensions Partnership (BCCP) and submitted a proposal to Government on 15 July 2016, proposing a countrywide pooling arrangement and consisting of 12 administering authorities. This report makes the case for Surrey County Council to officially endorse the Border to Coast pool and create a Joint Committee and Shareholder Board for the purpose of delegating authority for the running of the pool to the Joint Committee and the Shareholder Board, and setting out the administrative issues that need to be considered.

#### **BACKGROUND:**

##### **Introduction**

- 1 The Surrey LGPS provides a pension service for 91,500 members across over 200 separate employers. The Fund is financed by employee and employer contributions and holds assets valued at over £3.6bn (current valuation) that fund the current and future liabilities of pension payments for members.
- 2 The Government has mandated that the 89 separate LGPS Funds in England and Wales should combine their assets into a small number of investment pools. The Surrey Pension Fund is proposing to join the Border to Coast Pensions Partnership (BCPP) with 12 other Pension Funds with assets at 31 March 2015 totaling £35.9 billion.
- 3 It is proposed that Surrey County Council will take a 1/12<sup>th</sup> ownership in BCPP (Asset Management Company) and have equal shareholder voting rights with the other administering authorities in the pool. It should be noted that the South Yorkshire Passenger Transport Pension Fund will have no shareholding or voting rights in the new company.<sup>1</sup>

<sup>1</sup> South Yorkshire LGPS Pension Fund will manage and represent the interests of South Yorkshire Passenger Transport Pension Fund within the pool. SYPTPF will not have any voting rights or other control mechanisms available to them

- 4 The pooling of Local Government Pension Fund assets will have no impact on the pension entitlement of members of the fund (current employees, previous employees who are yet to draw their pension, or pensioners).

#### **Requirement to Pool Assets**

- 5 Following three years of consultation, in October 2015, the former Chancellor of the Exchequer set out the final stages of the plans to legislate that all assets of the 89 Local Government Pension Funds in England and Wales be pooled into a small number of larger asset pools. In response to this, on 15 July 2016, eight separate investment pools submitted proposals to Government with the Surrey Fund being included within the submission for the Border to Coast Pensions Pool (BCCP).
- 6 The BCCP is proposed to be formed of 13 Local Government Pension Funds with combined assets of £35.9 billion (at 31 March 2015) as set out in the table below.

Table 1. Local Government Pension Funds within the Border to Coast Pensions Pool

<b>BCCP Partners:</b>	<b>Fund Value at 31 March 2015 (£bn)</b>
Bedfordshire Pension Fund	1.7
Cumbria Pension Fund	2.0
Durham Pension Fund	2.3
East Riding Pension Fund	3.7
Lincolnshire Pension Fund	1.8
North Yorkshire Pension Fund	2.4
Northumberland Pension Fund	1.1
South Yorkshire Pension Fund	6.3
South Yorkshire Passenger Transport Pension Fund	0.2
Surrey Pension Fund	3.2
Teesside Pension Fund	3.2
Tyne and Wear Pension Fund	6.4
Warwickshire Pension Fund	1.7
<b>BCCP TOTAL</b>	<b>35.9</b>

- 7 The legislation (LGPS Investment Regulations 2016) that mandates pooling came into effect on 1 November 2016. Following this, on 12 December 2016, Government gave its support to the governance structures and operating principles as proposed in the 15 July 2016 submission for the creation of the BCCP. The Minister's confirmation letter is attached at Annex 1.
- 8 BCCP is now poised to advance with these proposals and create a separate regulated asset management company, appoint staff (including TUPE transfer where appropriate) and develop the corporate and governance structures that will enable the pooling of the partners' assets by the deadline date of 1 April 2018.

- 9 Whilst fund assets will be transitioned into BCPP, the Surrey Fund, through delegated responsibilities to the Pension Fund Committee, will retain sovereign responsibility for setting the investment strategy and asset allocation of the pension fund. A summary of the BCPP Pool Governance prepared by law firm Eversheds is attached at Annex 2.
- 10 The Pension Fund Committee at its meeting on 10 February 2017 received and endorsed an earlier draft of this report for presentation to full council. Committee members discussed at that meeting as to why Surrey was not entering a local regional pool, with officers explaining that the Fund had engaged with similarly governed, like-minded funds within the Border to Coast Pool. The Government's vision and ambition with regard to the future direction of the LGPS investment process had been set out very clearly and the Border to Coast project has fully grasped the pooling concept.

### **Creation of the BCCP Company**

- 11 It is anticipated that from 1 April 2018 BCPP will be responsible for managing investments in line with the investment strategy and asset allocation as instructed by each of the participant Pension Funds.
- 12 BCPP's objectives are to:
- reduce investment costs by taking the opportunities of economies of scale;
  - improve professionalism and personnel resilience through engagement of a larger team at the pool level than is present in individual administering authority funds;
  - provide opportunities for Funds to access the benefits of using its partners' internal investment teams;
  - provide opportunities for funds to access more complex asset classes;
  - improve risk control and performance monitoring by investing through regulatory structures.
- 13 In developing the BCPP proposal in response to the Government's pooling requirements, separate legal and cost/benefit studies were commissioned and both advisors concluded that the most appropriate model, given the constituent makeup of the partner Funds of BCPP, was for a wholly owned and controlled Teckal<sup>2</sup> company, operating a fully regulated structure under the Financial Conduct Authority (FCA). Where the above conditions are fulfilled, a contracting authority may directly award a contract to the company without needing to put it out to competitive tender.

### **Shareholder Board and Shareholder Agreement**

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<sup>2</sup> Teckal company: where the local authorities control all of the shares in the company and exercise effective control over its affairs, the same as the relationship between an authority and one of its internal directorates

- 14 Shareholder meetings will be convened in order to deal with the shareholder rights of the twelve administering authorities as individual shareholders in Border to Coast Pensions Pool Limited. This is distinct from the company's Board of Directors and also from the BCPP Joint Committee. Subject to approval from the respective 12 administering authorities' full Councils, the company would be owned by the 12 local authorities within the investment pool, with each local authority having equal shares and voting rights.
- 15 The Shareholder Agreement (shown as Annex 3) identifies shareholder reserved matters which can only be decided with the approval of either all of the shareholders (unanimous reserved matters) or a majority of nine of the 12 shareholders (shareholder majority reserved matters). This means that different priorities from simple to majority to unanimity can be attached to different types of decision. The reserved matters are listed in Schedule 1 of the Shareholder Agreement and include:
- Appointment and removal of Directors, including non-executive directors of BCPP;
  - Approval of the Annual Business plan;
  - Approval of budgets, fee models and the overall cost base and cost apportionment;
  - Approval of the remuneration policy;
  - Approval of capital requirements;
  - Approval of significant transactions, e.g., mergers and acquisitions;
  - Approval of any new entrants to BCPP and the terms of entry;
  - Determination of exit terms, including notice period and exit treatment;
  - Approval of Conflict of Interest policy;
  - Review of risk register;
  - Appointment of Auditor.
- 16 Other key provisions of the Shareholders Agreement are:
- the Agreement will be governed by a number of shared objectives that are described in Schedule 2 of the Shareholder Agreement. These include that the Administering Authorities will pool their assets through BCPP Ltd to meet the Administering Authorities' pooling obligations;
  - any Administering Authority may withdraw on giving not less than 12 months' notice to expire on 31 March in any year. On withdrawal, the exiting shareholder must pay outstanding sums owed to the company;
  - on withdrawal (i.e., full withdrawal from the Pool and not withdrawal of part funds under management), the company will buy back the shares

of an exiting shareholder (subject to having the necessary capital) and the remaining shareholders will be required to adjust the regulatory capital caused by the withdrawal;

- profits of BCPP Ltd lawfully available for distribution (after prudent consideration of the amounts required to be retained by the company) will first be used to reduce the Operating Fee and then will be available for distribution to the shareholders unless the shareholders agree otherwise – further details are currently being worked on.
- shareholders will use best endeavours to resolve disputes between themselves. If not resolved, they will be escalated with provision, ultimately, for binding arbitration;
- if a shareholder is in material breach of the Shareholders Agreement and the breach is not remedied, the shareholder in breach is required to sell its A share back to the company and the B shares will be bought by the company (subject to having the necessary capital)
- the Shareholders Agreement may be terminated if all shareholders agree in writing, the company is wound up, such number of shareholders withdraw that the remaining shareholders inform BCPP Ltd that they are unable or unwilling to maintain the company's regulatory capital requirements, or the Board determine that the business of BCPP Ltd can no longer be carried on lawfully;
- the company will provide information to the shareholders including quarterly financial and performance reports, annual accounts and an annual report of progress against the Strategic Plan.

- 17 It is recommended that the Chairman of the Pension Fund Committee (or Vice Chair in their absence) has the delegated authority to vote on behalf of the Council's shareholding at BCPP (Asset Management Company) Shareholder Board meetings.

### **Articles of Association**

- 18 The exercise of shareholder rights will be governed by the constitution of the company and private company law. In addition to the Shareholder Agreement, the other main document governing the constitution of BCPP Limited will be the Articles of Association (shown as Annex 4). It is proposed that the Board of Directors will comprise of three Executive Directors and three Non-Executive Directors, one of which will be the Chairman. Each of these directors are required to be noted on the Financial Conduct Authority (FCA) application with some required to be designated with approved person status.

- 19 Subject to approval from the respective Administering Authorities, BCPP

Limited will be owned by the 12 local authorities as Administering Authorities within the investment pool. Each authority will have one Class A voting share with equal voting rights. It should be noted that South Yorkshire Passenger Transport Pension Fund will have no shareholding or voting rights in the new company. Currently operational control is delegated to South Yorkshire Pension Fund. In additional Class B shares will form the regulatory capital of the company. No shareholder may transfer its shares (Class A or Class B) to any other person, except back to the company as part of a redemption of shares (for example, on a withdrawal from the company by that shareholder).

- 20 The statutory duties and responsibilities of a shareholder mean that each partner fund has protection as it will have limited liability (subject to regulatory capital requirements). The shareholder representative will be exercising the Council's rights in accordance with instructions rather than have any delegated authority. Appropriate support will be provided to ensure any matters of process, governance or conflict are appropriately addressed.

### **Management of the Company**

- 21 BCPP (Asset Management Company) will be required to operate under local authority Regulations, the Financial Services Act (FCA compliance) and the Corporate Governance Code. Border to Coast Pensions Pool Limited is a private company limited by shares. The company has been formed to act as an alternative investment fund manager (AIFM) to run and operate one or more collective investment vehicles (CIV), including an Authorised Contractual Scheme (ACS), to allow the administering authorities to pool their respective investments. In due course, the company will become authorised by the FCA. Unlike the company, the ACS itself is not a separate legal entity but is a contractual arrangement.
- 22 The company will be run by a Board of Directors which will comprise of a non-executive chair and two other non-executive directors, and three executive directors. Directors are appointed (and can be removed) by the authorities as members of the Shareholder Board.
- 23 The company will have twelve shareholders who are the administering authorities for the funds: Bedford Borough Council (Bedfordshire Pension Fund), Cumbria County Council, Durham County Council, East Riding of Yorkshire Council, Lincolnshire County Council, Middlesbrough Borough Council (Teesside Pension Fund), Northumberland County Council, North Yorkshire County Council, South Tyneside Council, South Yorkshire Pensions Authority, (acting on behalf of itself and the Sheffield City Region Combined Authority), Surrey County Council and Warwickshire County Council.

### **Joint Committee**

- 24 The BCPP Joint Committee established under the Local Government Act 1972 will be the forum for discussing common investor/customer issues relating to Border to Coast Pensions Pool Limited and the ACS. Each administering authority will be an individual investor in the ACS and any other pooled vehicles managed by BCPP and therefore each authority will have investor rights. These investor rights are embedded in key documents and cover matters including the right to withdraw from the pooled vehicle, investor reporting, and investor voting rights.

- 25 The focus of the Joint Committee will be on ‘investor’ issues of the Partner Funds (as distinct from shareholder issues). Investor rights relate to the investment in BCPP Ltd as governed by legal documents for each investment e.g. constitutive deed, application form, key investor information, prospectus and FCA handbook of rules and guidance. Investor rights cover such matters as the right to withdraw from the investments, investor reporting (including frequency and content) and investor voting rights.
- 26 The Joint Committee will formally be established by all of the Partner Funds signing the Inter Authority Agreement, shown as Annex 5. This Agreement sets out the role, Terms of Reference and Constitution of the Joint Committee. It also establishes an Officer Operations Group drawn from officers of administering authorities of the Pool to support the working of the Joint Committee with technical advice, as well as a secretariat to provide administrative support.
- 27 The Inter Authority Agreement also provides for one of the partner funds to act as host authority. In particular, the Authority that acts as host authority will be responsible for entering into contracts on behalf of the Joint Committee. This is necessary because the Joint Committee has no separate legal identity. In recognition of the fact that the host authority will take on liabilities and risk on behalf of all the partner funds, the Inter Authority Agreement contains indemnity clauses so that this liability and risk is shared. There is no expectation that the Joint Committee will enter into contracts to any significant extent but it may, for example, need to commission specialist advice on occasions.
- 28 Each authority will be represented on the BCPP Joint Committee by one of its elected members. In accordance with local government law principles, members cannot be mandated how to vote and therefore must use their own judgement when considering Joint Committee business. However, the views of the member’s authority will be a factor in any decision.
- 29 To reflect the creation of the Joint Committee, it is recommended that the Pension Fund Committee Terms of Reference functions as set out within the Constitution be amended such that the following section is added: *“Receive minutes and consider recommendations from and ensure the effective performance of the Joint Committee of the Border to Coast Pensions Pool and any other relevant bodies.”*

### **Completion of Contracts and Governance Documentation**

- 30 Following the government’s approval on 12 December 2016 to proceed with creation and implementation of the BCPP, each of the 12 Local Authorities within the pool are reviewing their respective governance arrangements. Following this, further work is required to set up BCPP (Asset Management Company) and ensure its FCA registration. This will include finalising contract terms between BCPP and the respective administering authorities. It is recommended that finalisation of these contract terms is delegated to the Council’s Section 151 Officer and Monitoring Officer, in agreement with the Chairman of the Pension Fund Committee.

## **Financial and Value for Money Implications**

- 31 The Surrey Pension Fund has assets with a value of over £3.6bn as at 30 November 2016. Government has mandated the pooling of Local Authority Pension Funds and it is proposed that the Surrey Pension Fund join the Border to Coast Pensions Partnership.
- 32 The pooling of assets is scheduled to commence from 1 April 2018. However, some assets will take longer to transfer to ensure that this is managed in a timely and cost efficient manner. To transfer the assets to the pool, the current arrangements with fund managers will have to be terminated by the Pension Fund Committee.
- 33 It is forecast that by 2030, as a result of the pooling of assets, reduced costs across the fund of between £2.1m and £4.2m per annum will be generated for the benefit of the Surrey Pension Fund.
- 34 The Local Government Pension Scheme is a defined benefits scheme. This means that the pension payable to a member of the scheme is based on the total service of the member up to 31 March 2014 and final salary at date of leaving and then, from 1 April 2014, the career average revalued earnings whilst in the scheme. Changes to the Pension Fund investment process from the pooling of assets will have no impact on the pension received by existing pensioners, current employees or former employees who are yet to draw their pension.

## **Equalities implications**

- 35 The creation of a joint committee will not require an equality analysis, as the initiative is not a major policy, project or function being created or changed.

## **Risk management implications**

- 36 There are various risks to be considered which are outlined below:
- 37 Funds choosing to withdraw from BCCP: In the event, that funds choose to withdraw from the pool, it is intended that the legal documentation will contain provisions that twelve months' notice will be required and the withdrawing fund will be required to be responsible for all associated costs. The current commitment to BCCP is considered to be strong with regard to all twelve administering authorities.
- 38 Project resource capacity will not be at the required scale: An internal project resource is currently in place with officers and members aligned to the various work streams and external resource tendering is currently being undertaken. The project is being managed by a qualified project manager with monitoring and adherence to deadlines being managed.
- 39 Procurement delays: Early activity is ongoing to procure legal advisory services by a tender process. Specifications for operator and tax/accounting services have been commenced. The internal project team has experienced staff in place.

- 40 Delay or rejection of FCA authorisation application: BCPP will be using experienced specialist advisors to advise on the entire FCA application process.
- 41 Delay in recruitment with key positions not filled: The internal sub-group leads are now filled with existing BCCP officers. Junior roles within the operator can be filled on an interim basis if necessary. A fall- back position would be to recruit locums, but on the understanding that this would increase costs. Recruitment of executive/senior position is one of the initial project tasks.
- 42 Company premises and ICT not established in timelines: The project plans contain detailed provisions to deliver the required infrastructure within the required timeframe.
- 43 Savings are not delivered: Detailed work on the investment structure has been completed to ensure that the project has a clear focus on the achievement of the required savings. Effective monitoring and performance measures are due to be developed as part of the project plan. An effective delivery team and comprehensive programme management are in place.
- 44 Unexpected costs: Project officers are primed to ensure that value for money is achieved from every third party contract. Contingency has been created within the budget for unexpected costs arising from the project implementation.

### **Consultation**

- 45 The Pension Fund Committee has given its support to the recommendations contained in this report.

### **Section 151 Officer Commentary**

- 46 The Section 151 Officer (Director of Finance) is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed and that the paper's recommendations for the creation of a Joint Committee and Shareholder Board will place the management of the Surrey Pension Fund's assets in a good position to meet current regulations and ensure robust governance of the investment function of the pension fund.

### **Monitoring Officer Commentary**

- 47 As a non-executive function, the power to make decisions affecting the governance arrangements of the Surrey Pension Fund rests with full council.
- 48 The work to develop the BCPP pooling proposal has been supported by two sets of external lawyers. Eversheds has been appointed to advise the to-be-constituted company BCPP Ltd and to support with its set up. Squire Patton Boggs has been appointed to advise the 13 funds on the contractual and governance arrangements being put in place.
- 49 In their advice to the funds, Squire Patton Boggs conclude:

"Based on the draft documentation which we have seen, we are satisfied that the proposal to participate in the BCPP Pool and to subscribe for shares in BCPP Limited is in compliance with the statutory obligations which fall upon

the Authorities, and there are no obstacles to the structure which has been proposed.”

- 50 The full advice from Squire Patton Boggs, including their assessment of the Council’s powers to enter into the proposed arrangements, is attached to this report at Annex 6.
- 51 Various amendments to the Council’s constitution will be required to reflect the extended supervisory remit of the Pension Fund Committee, the creation of the BCPP Ltd’s Shareholder Board and the BCPP Joint Committee.
- 52 Full council should note that while withdrawal from the BCPP is possible, subject to any significant change in Government policy, if it did so the Surrey Pension Fund would be required to find an alternative pool in which to participate. The costs associated with any unilateral withdrawal could also be prohibitive.

### **Summary**

- 53 The Surrey Pension Fund is mandated to participate in the national pooling of LGPS assets. This requirement will commence from 1 April 2018.
- 54 The Surrey Pension Fund considers the Border to Coast Pensions Pool represents the most optimum opportunity to achieve this objective.
- 55 In order to create a Joint Committee to manage BCPP, the Council’s constitution will need to be amended to ensure that the Council is appropriately represented on the Joint Committee of the BCPP in order to represent the Surrey Pension Fund’s views.
- 56 The pooling of Local Government Pension Fund assets will have no impact on the pension entitlement of members of the fund (current employees, previous employees who are yet to draw their pension or pensioners).

<b>RECOMMENDATIONS:</b>
-------------------------

It is recommended that Council:

- 1. Approve BCPP as its pooling option to provide compliance with the legislation that mandates pooling.
- 2. Approve the acquisition by the Council (as Administering Authority of the Surrey Pension Fund) of one Class A share in Border to Coast Pensions Partnership Limited and nominate the Chairman of the Pension Fund Committee (or Vice Chairman in their absence) to attend any meetings of the BCPP Shareholder Board on behalf of the Council;
- 3. Approve the creation of the BCPP Joint Committee and nominate the Chairman of the Pension Fund Committee (or Vice Chairman in their absence) to attend on behalf of the Council.

4. Delegate authority to the Director of Finance and the Monitoring Officer in consultation with the Chairman of the Pension Fund Committee to update the Council's Constitution to reflect the above approvals and to approve for execution by the Council the final versions of any documents necessary to put these decisions into effect.
5. Approve the revised Pension Fund Committee Terms of Reference functions as set out within the Constitution with the following addition: "Receive minutes and consider recommendations from and ensure the effective performance of the Joint Committee of the Border to Coast Pensions Pool and any other relevant bodies."

#### **REASONS FOR RECOMMENDATIONS:**

1. To comply with legislation.
2. To conform with best local authority pensions practice.

#### **WHAT HAPPENS NEXT:**

1. Implementation of the recommendation with a deadline of 1 April 2018 for the new framework to be in place and the newly formed Joint Committee in place by 1 April 2017.
2. Progress monitoring will take place and, if necessary, matters will be discussed at future Pension Fund Committee meetings.
3. The draft documents will be finalised and entered into by the 13 administering authorities, enabling the creation of BCPP Ltd and progress with its FCA registration.

---

#### **Contact Officer:**

Phil Triggs, Strategic Finance Manager, Pension Fund and Treasury  
Telephone: 020 8541 9894

#### **Annexes:**

Annex 1: Ministerial Letter  
Annex 2: Eversheds' BCCP Pool Governance Summary  
Annex 3: Articles of Association to be adopted by BCPP Ltd  
Annex 4: Shareholder Agreement  
Annex 5: Inter Authority Agreement, which includes the Terms of Reference for the BCPP Joint Committee  
Annex 6: Squire Patton Boggs legal advice

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

Border to Coast Pensions Partnership Submission to Government (dated 15 July 2016)

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## **Annex 1: Ministerial Letter**

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Department for  
Communities and  
Local Government

**Marcus Jones MP**  
*Minister for Local Government*

**Department for Communities and Local  
Government**

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[www.gov.uk/dclg](http://www.gov.uk/dclg)

Cllr Denise Le Gal, Surrey  
Cllr Sue Ellis, South Yorkshire  
Cllr Doug McMurdo, Bedfordshire

*On behalf of the participating funds listed at end*

12 DEC 2016

*Dear Councillors,*

**BORDER TO COAST PENSION PARTNERSHIP (BCPP): FINAL PROPOSAL**

I would like to thank you and all the authorities involved in the proposed BCPP pool for your final proposal, which we discussed at our meeting on 24 November. I was glad to note your commitment to work together to secure benefits for all participating funds, building on your existing internal expertise. I appreciate the hard work and commitment from elected members and officers which the proposal represents, and welcome your determination to deliver on time.

It is now coming up to a year since we set the framework for reform of the investment function of the local government pension scheme, through the guidance and criteria for pooling published in November 2015. I am pleased that authorities across the scheme have responded to the challenge and come together to form partnerships of their own choosing based on a shared view of investment strategy. We do not underestimate the scale of the changes required, but the Government remains committed to pooling in order to deliver reduced costs while maintaining performance as well as to develop capacity and capability for greater investment in infrastructure.

I appreciate that overall costs are likely to rise in the early years, and that salaries are likely to be high for key senior roles within pool operators. But I consider that this is a price worth paying in order to achieve substantial savings, already estimated by the pools at £1-2 billion by 2033 or up to £200 million pa in the medium term. I am confident that as the reform beds in, there are further savings to be achieved.

I therefore expect every administering authority in England and Wales to participate in a pool. I also expect authorities to place all assets in their chosen pool, unless there is a strong value for money case for delay, taking into account the potential benefits across the pool, and to delegate investment manager selection to the pool. In addition my officials will be consulting with all pools on the potential to work with the Local Pensions Partnership to help ensure it delivers the full benefits of scale.

I must also underline that all bodies effectively undertaking collective investments will need to be authorised at the appropriate level by the Financial Conduct Authority (FCA). I appreciate the significant costs and effort required to secure authorisation. However, given the scale and complexity of the pools, and the substantial public funds involved, scheme members and the local taxpayers who underpin the scheme have a right to expect the high level of assurance which is provided by FCA authorisation. Individual funds will continue to be responsible for their investment strategies and asset allocation and will continue to require high standards of governance.<sup>5</sup>

On the basis set out above I am pleased to confirm that I am content for you to proceed as set out in your final proposal. I hope you will continue to work closely with my officials, including on the concerns you raised relating to the Markets in Financial Instruments Directive II (MiFIDII).

Turning to the future, I appreciate there has been some delay this autumn, but I have no plans to extend the deadline for pools to become operational in April 2018. I will be reviewing progress of all the pools in spring and autumn 2017 and will expect to see a core team in place in spring 2017 and an application for Financial Conduct Authority authorisation, where not already in place, in autumn 2017. I look forward to seeing more detailed plans for delivering savings, and increasing your infrastructure investment in line with your stated ambition. I will also expect detailed plans for reporting, including on fees and net performance in each listed asset class against an index, standardised across the sector.

*Yours Sincerely,*



**MARCUS JONES MP**

**Participating funds:**

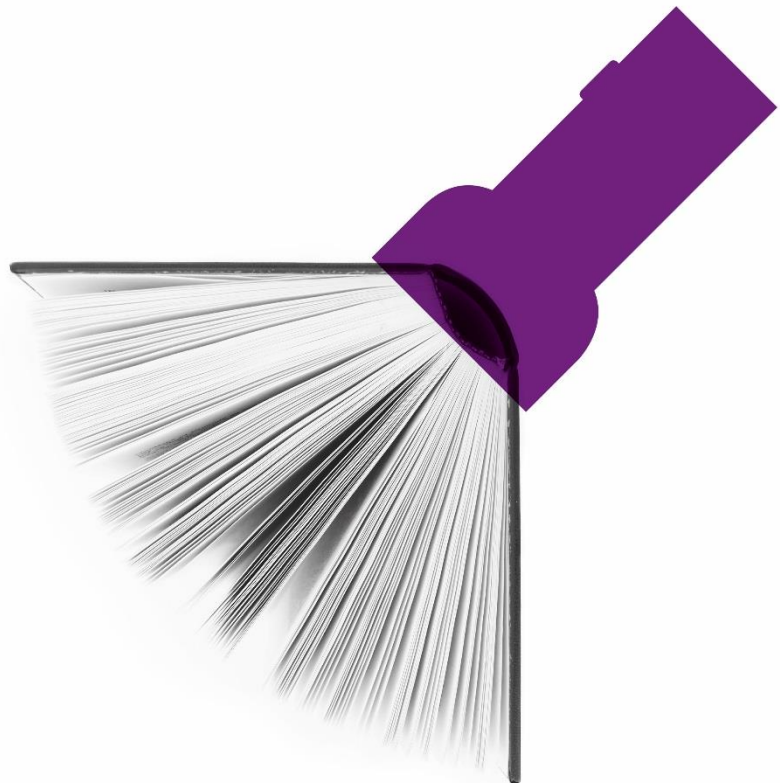
Bedfordshire  
Cumbria  
Durham  
East Riding  
Lincolnshire  
North Yorkshire  
Northumberland  
South Yorkshire  
South Yorkshire Integrated Transport Authority  
Surrey Teesside  
Tyne and Wear  
Warwickshire

## **Annex 2: Eversheds' BCCP Pool Governance Summary**

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**Border to Coast Pensions Partnership**  
Summary of Pool Governance Structure

25 JANUARY 2017



# Border to Coast Pensions Partnership

## Summary of Pool Governance Structure

This note has been prepared solely for the administering authorities participating in the Border to Coast Pensions Partnership Pool ("**BCPP Pool**") to provide a summary explanation of the structure of the BCPP Pool governance arrangements and may be circulated by authorities when seeking approval for the structure. We do not accept liability to any other person other than the authorities in respect of this advice note.

The BCPP Pool is the collective term for the range of collective investment vehicles (including an Authorised Contractual Scheme ("**ACS**") that may eventually be used to allow the administering authorities to pool their respective investments. The BCPP Pool will be run and operated by Border to Coast Pensions Partnership Limited ("**the Company**").

This note is intended to be a summary of the BCPP Pool governance structure and the detailed and definitive provisions of the governance structure can be found in the following core documents:

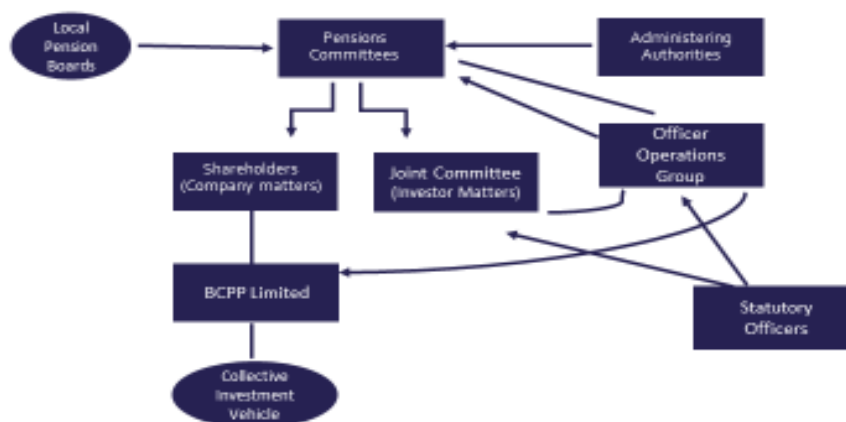
- the Company's Articles of Association,
- the Shareholders' Agreement; and
- the Inter Authority Agreement (containing the BCPP Joint Committee's Terms of Reference and Constitution and the Terms of Reference for the Officer Operations Group).

### 1. Background

- 1.1 We have been asked to provide a high level summary of the BCPP Pool governance structure, in particular setting out the roles of the structure's key bodies, including the Company, the Shareholder Representatives, the BCPP Joint Committee, the Officer Operations Group and the Statutory Officers.
- 1.2 Please note that each administering authority still retains its core duties and responsibilities as an LGPS administering authority in respect of its own fund. Administering authorities may need to review their current pension committee structures to see if they will need changing once the BCPP Pool is established and/or to deal with the transition period whilst assets are being moved over to the Pool.

In broad terms the governance structure is summarised in the following diagram:

### BCPP Pool Governance Structure



# Border to Coast Pensions Partnership

## Summary of Pool Governance Structure

### **Border to Coast Pensions Partnership Limited**

- 1.3 The Company will be a private company limited by shares. The Company will be incorporated in England and Wales under the Companies Act 2006 and will have a registered office.
- 1.4 The Company's constitution is contained in its Articles of Association which defines the responsibilities of the directors, the kind of business to be undertaken, and the means, along with the Shareholders' Agreement, by which the shareholders exert control over the Company and its board of directors.
- 1.5 The Company will have twelve shareholders being, Bedford Borough Council, Cumbria County Council, Durham County Council, The East Riding of Yorkshire Council, Lincolnshire County Council, Middlesbrough Borough Council, Northumberland County Council, North Yorkshire County Council, The Council of the Borough of South Tyneside, South Yorkshire Pensions Authority (acting on behalf of itself and the Sheffield City Region Combined Authority), Surrey County Council and Warwickshire County Council. As such it will be a "controlled company" within the meaning of the Local Authorities (Companies) Order 1995.
- 1.6 The Company has been formed to act as an alternative investment fund manager to run and operate one or more collective investment vehicles (including an ACS) to allow the administering authorities to pool their respective investments. In due course the Company will become authorised by the Financial Conduct Authority. Unlike the Company, the ACS itself is not a separate legal entity but is a contractual arrangement.
- 1.7 The Company will be run by a board of directors which will comprise of a non-executive chair and two other non-executive directors and up to three executive directors. The directors are appointed (and can be removed) by the agreement of the administering authorities as shareholders.
- 1.8 The board of directors will meet at least four times a year. The directors have to produce an annual business plan including an annual budget for approval by all of the shareholders.

### **2. Shareholder Representatives**

- 2.1 Company shareholder meetings will be the forum for dealing with the shareholder rights of the twelve administering authorities as individual shareholders in the Company. This is distinct from the Company's board of directors and also from the BCPP Joint Committee (see below).
- 2.2 At Company shareholder meetings each administering authority as shareholder exercises one vote. Certain major decisions (e.g. changes to the Articles of Association, rights in shares, buy-back of shares etc) which would have an effect on the shareholders' rights are usually required, through the Companies Act 2006, to be approved by the shareholders at a general meeting called by the directors of the Company.
- 2.3 The Shareholders' Agreement records the terms of the administering authorities' relationship with each other as shareholders and regulates certain aspects of the affairs and their dealings with the Company. The Agreement provides the framework for the administering authorities to act in a collaborative and coordinated way. To the extent that the Shareholders' Agreement conflicts with the terms of the Articles of Association then the Shareholders' Agreement prevails and the Articles may need to be amended accordingly.
- 2.4 In addition, the Shareholders' Agreement specifies the voting levels for various shareholder decisions. From a procurement perspective, it is important to retain sufficient control over the Company to address 'Teckal' issues.
- 2.5 In particular, the Shareholders' Agreement provides that certain key strategic shareholder decisions require either 100% or 75% approval of all the shareholders (as appropriate) before they can be approved at a shareholders' meeting. These are known as 'reserved matters' and are set out in the Shareholders' Agreement.

## Border to Coast Pensions Partnership

### Summary of Pool Governance Structure

- 2.6 It is intended that shareholders' meetings will be held at least annually (which is the minimum legal requirement) but may occur more often as required. Quorum for a shareholders' meeting will be nine unless a matter requires 100% approval (see below) when all shareholders will need to attend.
- 2.7 Decisions requiring 100% approval include (without limitation):
- 2.7.1 approving the Company's annual business plan including its annual budget;
  - 2.7.2 initial appointment of directors of the Company (with subsequent removal and appointments requiring 75% approval);
  - 2.7.3 admitting any new LGPS administering authority as a new shareholder of the Company or as a new investor in the BCPP Pool;
  - 2.7.4 extending the activities of the Company outside the scope of its business;
  - 2.7.5 closing down any operation of the Company's business;
  - 2.7.6 altering any of the provisions of the Articles of Association or any of the rights attaching to the shares;
  - 2.7.7 allotting, reducing or cancelling any of the Company's share capital; and
  - 2.7.8 passing a resolution to wind up the Company.
- 2.8 Company shareholder meetings are subject to the requirements of the Company's Articles of Association, the terms of the Shareholders' Agreement and general company law. They are therefore subject to different rules to a BCPP Joint Committee meeting (for example in relation to areas such as access to information and voting rules) and for this reason Company shareholder meetings need to be kept separate from BCPP Joint Committee meetings.
- 2.9 Because an administering authority cannot physically appear at a Company shareholders' meeting, it needs to appoint a person to attend the meetings on its behalf and to cast its vote or state its view. Such a person is representing the authority and acting on instructions from the authority. It does not therefore matter legally whether that person is a member or an officer since no delegated powers are being exercised.
- 2.10 Any individual attending in this role needs to be briefed and instructed before attendance and to report back after each Company shareholder meeting. In practice, if something occurs at the meeting itself which requires a shareholder decision or view then the representative, whether a member or an officer, may be required to exercise some degree of discretion. That exercise of discretion should, so far as possible, reflect the known views of the authority.
- 2.11 The representative, if an elected member, may be the same individual that represents the administering authority on the BCPP Joint Committee. Ordinarily the interests of each authority as a shareholder in the Company ought to be aligned with the interests of the authority in its capacity as an investor/customer in the BCPP Pool, so conflicts of interest are unlikely to arise. However, if they do arise, having different individuals to represent the authority at the Company shareholders' meetings and on the BCPP Joint Committee may help to reduce the potential for conflicts of interest between views as a shareholder and views as an investor/customer and may assist in retaining clarity of the governance functions being carried out. However, this is a matter for each administering authority to decide and should common appointments be made then an appropriate conflicts policy will be required.

## Border to Coast Pensions Partnership

### Summary of Pool Governance Structure

#### 3. **BCPP Joint Committee**

- 3.1 The BCPP Joint Committee established under the Local Government Act 1972 will be the forum for discussing common investor/customer issues relating to the Company and the ACS.
- 3.2 Each administering authority, in addition to being a shareholder in the Company, will be an individual investor in the ACS (and any other pooled vehicles managed by the Company) and therefore each authority will have investor rights afforded by its contractual agreement(s) with the Company.
- 3.3 For example, in the case of the ACS, the contractual relationship between an administering authority and the Company is contained in a suite of key investor documents. This is made up of the constitutional deed, application form, key investor information, prospectus and FCA handbook of rules and guidance. The administering authority's investor rights are embedded in those documents and cover matters including the right to withdraw from the pooled vehicle, investor reporting (including frequency and content), obligations of the ACS manager to the investors and investor voting rights (for example, on proposed changes to the pooled vehicle).
- 3.4 There may be other arrangements creating other contractual relationships between an administering authority and the Company, for example equivalent documentation relating to other collective investment vehicles that the Company may operate and/or asset management agreements where the Company is managing assets that remain under the direct ownership of an administering authority.
- 3.5 The administering authorities are not delegating their key strategic asset allocation or other investment decision making powers or investor rights to the BCPP Joint Committee. Instead these will be retained for exercise by the individual administering authorities through their pension committees in the normal way, subject to consideration of any recommendations the BCPP Joint Committee may make.
- 3.6 The Terms of Reference and Constitution of the BCPP Joint Committee are set out in the Inter Authority Agreement. It is expected the BCPP Joint Committee will meet at least once a year (with support from the Officer Operations Group) to undertake the activities set out in its Terms of Reference. The activities differ during the set-up phase of the BCPP Pool and when the Pool becomes operational.
- 3.7 The BCPP Joint Committee would not normally make binding decisions on matters covered in its Terms of Reference but would make recommendations to each administering authority for each authority to decide. However the Constitution of the Joint Committee does allow for it to make decisions on matters delegated to it by the administering authorities should they wish to do so.
- 3.8 Where any issues do need to be resolved by the BCPP Joint Committee, these will be decided by a majority vote of those members present. Each administering authority represented on the Joint Committee exercises one vote.
- 3.9 Each authority will be represented on the BCPP Joint Committee by one of its elected members. In accordance with local government law principles, members cannot be mandated how to vote and therefore must use their own judgement when considering Joint Committee business. However, the views of the member's authority will be a factor in any decision.
- 3.10 Given the restricted the role of the BCPP Joint Committee, alternative and less formal arrangements to a joint committee structure could have been considered. However, a joint committee structure established under the Local Government Act 1972 provides a tried and tested structure that delivers a clear and transparent separation of shareholder matters and investor/customer matters.

# Border to Coast Pensions Partnership

## Summary of Pool Governance Structure

### 4. **Officer Operations Group**

- 4.1 The Group will be made up of an officer from each administering authority (such as a pension fund officer). The Group is not a legal entity but a working group of officers. The Terms of Reference for the Group are set out in the Inter Authority Agreement confirming how the Group will be comprised, operate and be resourced and funded.
- 4.2 As this is a working group of officers, no statutory functions can be delegated to the Group. The role of the Group is to:
  - 4.2.1 work with the BCPP Joint Committee to support the functions of the BCPP Joint Committee as set out in the BCPP Joint Committee's Terms of Reference;
  - 4.2.2 provide a central resource for advice, assistance, guidance and support for the BCPP Joint Committee (and also if requested for the administering authorities as a collective group of investors in the BCPP Pool);
  - 4.2.3 provide technical support at meetings of the BCPP Joint Committee, for example by proving and delivering performance management reports for the Joint Committee on all aspects relating to the provision of services by the Company; and
  - 4.2.4 act as a conduit for the BCPP Joint Committee to communicate back to the respective authorities and/or direct to the Company as appropriate.

### 5. **Statutory Officers**

- 5.1 In addition to the Officer Operations Group, Statutory Officers e.g. the section 151 officer and monitoring officer from each administering authority will individually and collectively support the administering authorities as shareholders, the BCPP Joint Committee and the Officer Operations Group.
- 5.2 It is not intended that there be a formal Statutory Officers Group but the relevant officers will exercise their statutory functions individually and/or collectively as the need arises.

**Eversheds LLP**

**25 January 2017**

Privileged and confidential

*For more information, please contact:*

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**EVS Draft (18/01/17)****SPB Draft 18.01.2017**

Eversheds and SBP amendments 24/01/2017

[Draft to be circulated to Councils]

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**Dated: 2017**

- (1) BEDFORD BOROUGH COUNCIL
- (2) CUMBRIA COUNTY COUNCIL
- (3) DURHAM COUNTY COUNCIL
- (4) THE EAST RIDING OF YORKSHIRE COUNCIL
- (5) LINCOLNSHIRE COUNTY COUNCIL
- (6) MIDDLESBROUGH BOROUGH COUNCIL
- (7) NORTHUMBERLAND COUNTY COUNCIL
- (8) NORTH YORKSHIRE COUNTY COUNCIL
- (9) THE COUNCIL OF THE BOROUGH OF SOUTH TYNESIDE
- (10) SOUTH YORKSHIRE PENSIONS AUTHORITY
- (11) SURREY COUNTY COUNCIL
- (12) WARWICKSHIRE COUNTY COUNCIL
- (13) BORDER TO COAST PENSIONS PARTNERSHIP LIMITED

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**Shareholders' Agreement****[Draft subject to final review and finalising items in square brackets]**

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**Agreed form documents:**

Articles of Association

Written Resolutions

DRAFT BCPP SHAREHOLDERS AGREEMENT

**BETWEEN**

- (1) **Bedford Borough Council**, of Borough Hall, Cauldwell Street, Bedford, MK42 9AP;
- (2) **Cumbria County Council**, of The Courts, Carlisle, Cumbria, CA3 8NA;
- (3) **Durham County Council**, of County Hall, Durham, DH1 5UE;
- (4) **The East Riding Of Yorkshire Council**, of County Hall, Beverley HU17 9BA;
- (5) **Lincolnshire County Council**, of County Offices, Newland, Lincoln, LN1 1YL;
- (6) **Middlesbrough Borough Council**, of PO Box 340, Middlesbrough, TS1 2XP;
- (7) **Northumberland County Council**, of County Hall, Morpeth, Northumberland, NE61 2EF;
- (8) **North Yorkshire County Council**, of County Hall, Northallerton, North Yorkshire, DL7 8AL;
- (9) **The Council of the Borough of South Tyneside**, of Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL;
- (10) **South Yorkshire Pensions Authority**, of 18 Regent Street, Barnsley, S70 2HG (acting on behalf of itself and Sheffield City Region Combined Authority);
- (11) **Surrey County Council**, of County Hall, Penrhyn Road, Kingston upon Thames, KT1 2DN; and
- (12) **Warwickshire County Council**, of PO Box 3, Shire Hall, Warwick, CV34 4RL  
(together, the "**Shareholders**"); and
- (13) **Border to Coast Pensions Partnership Limited**, a company incorporated in England and Wales (registered number [•]) whose registered office is at [ADDRESS] ("**BCPP**" or "**the Company**").

**BACKGROUND**

- (A) The Shareholders together are each administering authorities within the LGPS and within the meaning of the Local Government Pension Scheme Regulations 2013. They each administer, maintain and invest their own respective funds within the LGPS in accordance with those Regulations and the Investment Regulations.
- (B) BCPP has been formed as an entity to act as an alternative investment fund manager to run and operate one or more collective investment vehicles to allow the administering authorities to pool some or all of their respective LGPS investments and any other authorised investment activities of the pool.
- (C) The Shareholders are the sole shareholders in BCPP and have agreed to enter into this Agreement to record the terms of their relationship with each other in relation to BCPP and to regulate certain aspects of their affairs and dealings with BCPP.
- (D) BCPP has agreed with the Shareholders that it will comply with the terms and conditions of this Agreement insofar as they relate to BCPP and insofar as it lawfully can do so.
- (E) BCPP and the Shareholders have agreed that they will comply with the Local Authorities (Companies) Order 1995 (and any supplemental or replacement legislation related thereto) in so far as it relates to BCPP.

## 1. DEFINITIONS AND INTERPRETATION

In this Agreement:

1.1 the following words and expressions have the following meanings unless the context otherwise requires:

<b>"2006 Act"</b>	the Companies Act 2006 (as amended from time to time)
<b>"A List Reserved Matter"</b>	the reserved matters set out in <b>Part A</b> of <b>Schedule 1</b> (being unanimous reserved matters)
<b>"A Shares"</b>	the A ordinary shares of £1.00 each in the capital of BCPP having the rights set out in the Articles
<b>"ACS"</b>	an Authorised Contractual Scheme which is a collective investment scheme authorised and regulated by the Financial Conduct Authority
<b>"ACS Funds"</b>	sub-funds of the ACS
<b>"Adequate Procedures"</b>	in respect of the relevant party, adequate procedures designed to prevent persons associated with it from undertaking conduct causing it to be guilty of an offence under section 7 Bribery Act and which comply with the guidance published under section 9 Bribery Act  (a)
<b>"Annual Budget"</b>	a budget in a form to be prepared and adopted pursuant to <b>clause 6</b> in respect of BCPP for each year, such budget for the first year being included in the Initial Strategic Plan
<b>"Annual Operating Charge"</b>	the meaning given to it in <b>clause 4.1</b>
<b>"Anti-Bribery Laws"</b>	any and all statutes, statutory instruments, bye-laws, orders, directives, treaties, decrees and laws, any common law, judgment, demand, order or decision of any court, regulator or tribunal which relate to anti-bribery and/or anti-corruption including the Bribery Act
<b>"Anti-Corruption Policy"</b>	an anti-corruption policy of BCPP requiring BCPP and its officers, employees, agents and any other person who performs services for or on its behalf to comply with the Anti-Bribery Laws
<b>"Articles"</b>	the Articles of Association of BCPP to be adopted at Completion, being those in the agreed form as amended from time to time in accordance with the terms of this Agreement
<b>"B List Reserved Matter"</b>	the reserved matters set out in <b>Part 2</b> of <b>Schedule 1</b> (being Shareholder Majority reserved matters)
<b>"B Share Dividend"</b>	has the meaning given in the Articles

<b>"B Shares"</b>	the B ordinary shares of £1.00 each in the capital of BCPP having the rights set out in the Articles
<b>"Board"</b>	the board of directors of BCPP from time to time
<b>"Bribery Act"</b>	the Bribery Act 2010
<b>"Business"</b>	the meaning given to it in <b>clause 2.1</b>
<b>"Business Day"</b>	a day that is not a Saturday, Sunday or public or bank holiday in England and/or Wales
<b>"Chief Executive"</b>	the office of (or person appointed to the office of as the context requires) chief executive of BCPP
<b>"Completion"</b>	the performance by the parties of their respective obligations under <b>clause 3</b>
<b>"Confidential Information"</b>	the meaning given to it in <b>clause 13.4</b>
<b>"Control"</b>	in relation to a person, the power (whether direct or indirect) to direct or cause the direction of its affairs, whether by means of holding shares, possessing voting power, exercising contractual powers or otherwise and <b>"Controls"</b> and <b>"Controlled"</b> will be construed accordingly
<b>"Costs"</b>	all costs (on a full indemnity basis) including legal and other professional costs and costs of enforcement
<b>"Deadlock Date"</b>	the date of service of a Deadlock Notice by any Shareholder on BCPP and the other Shareholder(s)
<b>"Deadlock Notice"</b>	a written notice confirming that a Deadlock Situation has arisen
<b>"Deadlock Situation"</b>	the meaning given to it in <b>clause 10.1</b>
<b>"Discloser"</b>	the meaning given to it in <b>clause 13.4.1</b>
<b>"Dispute Notice"</b>	a written notice confirming that a Shareholder believes that a dispute has arisen in accordance with <b>clause 11</b>
<b>"EIR"</b>	the Environmental Information Regulations 2004 and any subordinate legislation made under it, any amendment or re-enactment of any of them, all as amended, supplemented and/or replaced from time to time
<b>"Encumbrance"</b>	any mortgage, charge, pledge, lien, assignment, option, restriction, claim, right of pre-emption, right of first refusal, third party right or interest, other encumbrance or security interest of any kind or other type of preferential arrangement (including a title transfer or retention arrangement) having

	similar effect
<b>"Exiting Shareholder"</b>	the meaning given to it in <b>clause 14.6</b>
<b>"Fair Market Value"</b>	the fair market value of any Share agreed between the Board and any Shareholder or, in the event of any dispute, as determined by the auditors of BCPP (or if they are unwilling to act, by an independent accountant nominated by the Board and the relevant Shareholder(s) (or, in default of which, by the President of the Institute of Chartered Accountants in England and Wales))
<b>"Financial Year"</b>	the period starting on Completion and ending on 31 March and each successive accounting reference period of BCPP as determined by section 391 of the Companies Act 2006
<b>"FOIA"</b>	the Freedom of Information Act 2000, all regulations made under it and any subordinate legislation made under them, any amendment or re-enactment of any of them, all as amended, supplemented and/or replaced from time to time
<b>"FOIA Legislation"</b>	the FOIA and/or the EIR (as applicable)
<b>"Group Companies"</b>	in respect of a person, any persons that Control, are Controlled by or are under common Control with that person from time to time
<b>"Initial Strategic Plan"</b>	the Strategic Plan for BCPP for the period starting on or around the date of Completion and being in the agreed form
<b>"Inter Authority Agreement"</b>	the agreement between the Shareholders to cooperate in the pooling of LGPS investments dated [• ]
<b>Investment Regulations</b>	The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
<b>"LGPS"</b>	the Local Government Pension Scheme in England and Wales
<b>"Payment Date"</b>	the meaning given to it in <b>clause 4.3</b>
<b>"Permitted Transferee"</b>	another LGPS administering authority admitted as a new Shareholder in accordance with <b>clause 18</b>
<b>"Procurement Legislation"</b>	Directive 2014/24/EU of the European Parliament and of the Council and any legislation implementing this Directive in the UK (as amended from time to time) which at the date of this Agreement shall be the Public Contracts Regulations 2015;
<b>"Purpose" or "Purposes"</b>	the meaning given to them in <b>clause 13.5.2</b>
<b>"Recipient"</b>	the meaning given to it in <b>clause 13.4.1</b>
<b>"Regulatory Capital</b>	the requirements under Article 9 of the Alternative Investment Fund Managers Directive 2001/61/EU

<b>Requirements"</b>	as amplified or implemented EU Regulation 231/2013 and any relevant other European Union or United Kingdom instrument
<b>"Regulatory Capital Statement"</b>	the statement issued by BCPP to determine whether BCPP satisfies Regulatory Capital Requirements
<b>"Related Agreements"</b>	the following documents: <ul style="list-style-type: none"> <li>(a) Articles</li> <li>(b) Inter Authority Agreement</li> </ul> and any other agreements entered into between BCPP and all of the Shareholders before the date of this Agreement
<b>"Representatives"</b>	in respect of a party, that party's Group Companies and its and their officers, directors, employees, consultants and professional advisers; and <b>"Representative"</b> means any of them
<b>"Request for Information"</b>	a request for information to which the FOIA Legislation applies, where the information requested consists of or includes Confidential Information of a party to this Agreement
<b>"Request Recipient"</b>	a party that receives a Request for Information
<b>"Section 151 Officer"</b>	the officer designated by a local authority as the person responsible for the proper administration of its financial affairs, as required by section 151 of the Local Government Act 1972
<b>"Shared Objectives"</b>	the objectives set out in <b>Schedule 2</b>
<b>"Shareholder Majority"</b>	the holders of 75% or more of the A Shares from time to time
<b>"Shareholder Reserved Matters"</b>	the A List Reserved Matters and the B List Reserved Matters
<b>"Shareholders"</b>	any holder of Shares and <b>"Shareholder"</b> will mean any of them
<b>"Shares"</b>	shares in the capital of BCPP and <b>"Share"</b> will be construed accordingly
<b>"Statutes"</b>	the Companies Acts as defined in section 2 of the Companies Act 2006 and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company
<b>"Strategic Plan"</b>	the annual business plan (including the Annual Budget) for BCPP prepared and approved in accordance with <b>clause 6</b> as varied from time to time in accordance with the terms of this Agreement
<b>"Subsequent Strategic Plan"</b>	the Strategic Plan for any Financial Year other than

the first Financial Year

**"Subsidiary/ies"**

has the meaning given to it by section 1159 of the Companies Act 2006 and for the purposes of section 1159(1) a company (the first company) shall be treated as a member of another company if:

- (a) any of its subsidiaries is a member of that other company; or
- (b) any shares in that other company are held by a person acting on behalf of the first company or any of its subsidiaries; or
- (c) any shares in that other company are registered in the name of a person (or its nominee) by way of security or in connection with the granting of security over those shares by the first company

**"Termination Date"**

the date of termination of this Agreement under **clause 16**

**"Withdrawal Date"**

the meaning given to it in **clause 14.5**

- 1.2 references to the background section, clauses and Schedules are to the background section and clauses of and schedules to this Agreement and references to paragraphs are to paragraphs of the relevant Schedule;
- 1.3 the Schedules form part of this Agreement and will have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement will include the Schedules;
- 1.4 the background section and all headings are for ease of reference only and will not affect the construction or interpretation of this Agreement;
- 1.5 unless the context otherwise requires:
  - 1.5.1 references to the singular include the plural and vice versa and references to any gender include every gender; and
  - 1.5.2 references to a "person" include any individual, body corporate, association, partnership, firm, trust, organisation, joint venture, government, local or municipal authority, governmental or supra-governmental agency or department, state or agency of state or any other entity (in each case whether or not having separate legal personality);
- 1.6 references to any statute or statutory provision will include any subordinate legislation made under it and will be construed as references to such statute, statutory provision and/or subordinate legislation as modified, amended extended, consolidated, re-enacted and/or replaced and in force from time to time;
- 1.7 any words following the words "include", "includes", "including", "in particular" or any similar words or expressions will be construed without limitation and accordingly will not limit the meaning of the words preceding them;
- 1.8 the rule known as the ejusdem generis rule will not apply and accordingly the meaning of general words introduced by the word "other" or a similar word or expression will not be restricted by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;

- 1.9 references to "in writing" or "written" are to communication effected by post and email or any other means of reproducing words in a legible and non-transitory form (but not fax);
- 1.10 any reference to a document being in the "agreed form" will mean that document in the form and content agreed by the parties and, for the purposes of identification, initialled by or on behalf of each party;
- 1.11 an obligation on a party to procure or ensure the performance or standing of another person will be construed as a primary obligation of that party; and
- 1.12 unless expressly stated otherwise, all obligations, representations and warranties on the part of two or more persons are (unless stated otherwise) entered into, given or made by such persons severally.

## 2. **BUSINESS OF BCPP**

- 2.1 The parties agree that the business of BCPP shall be (unless and until otherwise determined in accordance with this Agreement) acting as an alternative investment fund manager to run and operate one or more collective investment vehicles or supervise and provide advice in relation to such investments in order to provide a collaborative platform through which the Shareholders can aggregate their LGPS investments (the "**Business**").
- 2.2 the Business and BCPP will conduct the Business in accordance with:
- 2.2.1 the then current Strategic Plan;
- 2.2.2 the Shared Objectives; and
- 2.2.3 applicable law.

## 3. **COMPLETION**

- 3.1 After the signing of this Agreement, the parties shall procure that:
- 3.1.1 the written resolutions in the agreed form are passed to among other things:
- 3.1.1.1 adopt the Articles; and
- 3.1.1.2 authorise the BCPP directors to allot the share subscriptions and redesignate the existing issued shares[s] in the capital of BCPP as referred to in **clause 3.1.2** ;
- 3.1.2 each of the Shareholders will subscribe in cash at par for the following number and class of Shares respectively in accordance with FCA requirements, and will waive any rights of pre-emption which any of them may have in respect of such subscriptions:

Name	Number of Shares	Class of Share	Aggregate Subscription Sum (£)
[•]	[TBC]	B Share	[TBC]
[•]	[TBC]	B Share	[TBC]

- 3.1.3 a meeting or meetings of the Board shall be held at which (i) the shares specified in **clause 3.1.2** will be allotted and issued to the Shareholders respectively and registered

in their names and (ii) each existing ordinary share that has been allotted to each of the Shareholders shall be redesignated as an A Share<sup>1</sup>;

3.1.4 the following directors shall be appointed:

Name	Title
[•]	Chairman
[•]	Director
[•]	Director
[•]	Director
[•]	[Non-Executive Director]
[•]	[Non-Executive Director]

#### Subsequent administrative matters

3.2 After completion of the matters referred to in **clause 3.1** each of the Shareholders will procure that each of the Shareholders shall enter into those of the Related Agreements to which they are a party.

3.3 BCPP warrants and represents to each of the Shareholders that, at the date of this Agreement, BCPP has not carried on any business, has no assets or liabilities, has no employees and is not a party to any contracts except as necessary to comply with **clause 3.1** and **3.2**

#### 4. FINANCE AND REGULATORY CAPITAL

4.1 Each Shareholder shall pay an annual operating charge to BCPP in the amount specified in the Annual Budget in relation to services provided by BCPP as specified in the Annual Budget ("**Annual Operating Charge**").

4.2 Each Shareholder shall be required to make a contribution to BCPP's Regulatory Capital Requirements by way of a subscription for B Shares:

4.2.1 in accordance with **clause 3** and thereafter in accordance with the Regulatory Capital Statement which will be issued annually by BCPP and approved in writing by all of the Shareholders;

4.2.2 at such other times as the directors reasonably determine that additional regulatory capital is required by BCPP and notify each of the Shareholders in writing accordingly (including, without limitation, at such times as the Shareholders unanimously approve any new investor into the BCPP pool) (such notice being an "**Additional Regulatory Capital Statement**"); and

4.2.3 after such time as any Shareholder (an "**Exiting Shareholder**") ceases to hold any A Shares (at which time any B Shares held by that Shareholder may, at the discretion of the Board, be redeemed by BCPP in accordance with and subject to the Articles and the Statutes). In this regard, upon a Shareholder giving notice to BCPP pursuant to the Articles (at least twelve (12) months prior to any proposed withdrawal to expire on 31 March next following) that it wishes to withdraw as a Shareholder, the directors shall thereafter issue a notice in writing to each remaining Shareholder not less than six (6) months prior to the Withdrawal Date in respect of the Exiting Shareholder, notifying the

<sup>1</sup> Note this has been drafted on the basis that each shareholder will take a subscriber share at incorporation of BCPP.

remaining Shareholders that the Exiting Shareholder intends to withdraw as a Shareholder and confirming the amount of replacement regulatory capital (if any) and/or such other amount as may be required to be contributed by the remaining Shareholders in order to maintain the regulatory capital required by BCPP upon the redemption held by the Exiting Shareholders of the B Shares (such other amount shall also be deemed to be regulatory capital for the purpose of this **clause 4** (such notice being a "**Replacement Regulatory Capital Statement**").

- 4.3 Each Shareholder shall be liable to make an equal contribution (such equal amount payable by each Shareholder being that Shareholder's "**Relevant Share**" of such capital requirement) in respect of any Regulatory Capital Requirement which is specified in a Regulatory Capital Statement, Additional Regulatory Capital Statement or Replacement Regulatory Capital Statement (as the case may be) (each such statement being a "**Statement**" for the purposes of this **clause 4**), which contribution shall be satisfied by way of a subscription by such Shareholder for such number of B Shares, at par value, as is equal to that Shareholder's Relevant Share. Each Statement shall specify the date (the "**Payment Date**") by which the subscription monies must be paid to BCPP by the Shareholders.
- 4.4 Following receipt of a Statement, each Shareholder shall advance to BCPP its Relevant Share of the Regulatory Capital Requirement specified therein, on or before the specified Payment Date. Upon receipt of payment, BCPP shall issue the requisite number of B Shares to each such Shareholder.
- 4.5 If any of the Shareholders (for this purpose, a "**Failing Shareholder**") fails to pay its Relevant Share of any Regulatory Capital Requirement on or before the relevant Payment Date (and without prejudice to any right to bring proceedings against the Failing Shareholder in relation to such failure) then, without prejudice to **clause 15 (consequences of breach)**:
- 4.5.1 BCPP shall notify the other Shareholders (each, a "**Non-Failing Shareholder**") in writing as soon as practicable and the Non-Failing Shareholders shall be bound to advance the Failing Shareholder's Relevant Share, in equal shares, by way of subscriptions for further B Shares in accordance with this **clause 4**, within seven days of receipt of such notice from BCPP.
- 4.5.2 If the Failing Shareholder within 20 days of a notice in writing from the directors of non-payment contributes its Relevant Share of the Regulatory Capital Requirement (its "**Repayment Amount**") BCPP shall (if the other Shareholders (or any of them) have previously satisfied the Failing Shareholder's contribution pursuant to **clause 4.5.1**) promptly redeem the Non-Failing Shareholders' B Shares subscribed for pursuant to this **clause 4.5.2** in accordance with **Article 27** of the Articles and reimburse such Non-Failing Shareholder(s) for subscriptions paid under **clause 4.5.1** promptly (and for this purpose each Shareholder shall be deemed to have given its prior written consent to such redemption by virtue of entering into this Agreement).
- 4.5.3 Any Failing Shareholder's voting rights in relation to its A Shares shall be immediately suspended (except in relation to resolutions to either amend the Articles or any rights attaching to the class of Shares held by the Failing Shareholder or any of the A List Reserved Matters), and the vote of the Failing Shareholder shall not be required in relation to the approval of any A List Reserved Matter or B List Reserved Matter, until such time as the Failing Shareholder has subscribed for its B Shares in BCPP and paid its Relevant Share of the Regulatory Capital Requirement, at which time the restrictions set out in this **clause 4.5.3** shall cease to apply.
- 4.5.4 All dividends and distributions to which the Failing Shareholder would otherwise have been entitled under this Agreement or the Articles (up to a maximum aggregate amount equal to the Repayment Amount) shall be applied in redeeming the B Shares subscribed for by the Non-Failing Shareholders pursuant to **clause 4.5.1** (pro rata to their contribution to the Repayment Amount).

- 4.5.5 For the avoidance of doubt, if a Failing Shareholder contributes its Repayment Amount in accordance with **clause 4.5.2**, the provisions of **clauses 4.5.3** and **4.5.4** shall not apply.
- 4.6 If BCPP requires additional funds or financial support from the Shareholders other than as explicitly provided for in this **clause 4**, no Shareholder shall seek to agree terms with BCPP in relation to such matter which differ from those on which any other Shareholder is providing equivalent finance or support.
- 4.7 The Shareholders agree that, subject to **clauses 4.8** and **4.9**, the aggregate amount of any actual liability incurred by any or all of them pursuant to any guarantee or indemnity given by any or all of them to any third party in respect of any liabilities or obligations of BCPP, or pursuant to any sole or several guarantee or indemnity given in respect of such obligations or liabilities by any of them with the consent in writing of the others, shall be borne by them in equal proportions and each shall indemnify and keep indemnified the others accordingly. Subject to **clause 4.8**, no Shareholder shall be obliged to provide any guarantee in respect of any liabilities or obligations of BCPP unless the Shareholders have given their unanimous approval to the Shareholders providing such guarantees on the terms of this **clause 4.7**. For the avoidance of doubt, this **clause 4.7** shall not apply to any obligations related to BCPP's Regulatory Capital Requirements.
- 4.8 Where any Shareholders combine and sell any Shares back to BCPP pursuant to [**clause 14.3**], any such newly combined entity shall assume any and all of the aggregate liabilities of its original component separate entities in relation to this Agreement.
- 4.9 Save as set out in **clauses 4.1 to 4.5** there shall be no obligation upon the Shareholders to subscribe for Shares in BCPP or to provide, or procure to be provided, to BCPP loans or loan facilities.
- 4.10 The Shareholders agree that BCPP, acting by the directors, shall have the power to seek funding by way of borrowings on behalf of BCPP from any third party commercial lender, provided that:
- 4.10.1 the directors seek to obtain any such funding on the most favourable terms reasonably available as to interest, repayment and security;
- 4.10.2 no prospective lender shall be allowed a right to participate in the equity share capital of BCPP as a condition of any such loan; and
- 4.10.3 no prospective lender shall be allowed to take any Encumbrance over any of the Shares; and
- 4.10.4 any third party loan(s) in excess of £5,000,000 shall require prior approval from all of the Shareholders.

## 5. **DIVIDEND POLICY**

### **Reduction of Annual Operating Charge**

- 5.1 The Shareholders acknowledge that the Company will pay the B Share Dividend on the B Shares in accordance with the Articles.
- 5.2 Subject to **clauses 5.1, 5.4, 5.6** and **5.7**, the Shareholders intend that BCPP will use any profits lawfully available for distribution for that Financial Year first towards the reduction (or elimination) of the Annual Operating Charge for the next Financial Year.
- 5.3 Subject to **clauses 4.5, 5.1, 5.2, 5.4, 5.6** and **5.7**, the Shareholders intend that BCPP will either distribute to the Shareholders by way of cash dividend in respect of each Financial Year all of its profits lawfully available for distribution for that Financial Year or, in the sole discretion of the Board, make available these distributable profits to facilitate a buyback of Shares by BCPP under **clause 14.7** in the event of an Exiting Shareholder.

- 5.4 Subject to **clause 5.1**, the Shareholders may unanimously agree in writing for any Financial Year not to make any distribution by way of cash dividend or to make a distribution of a different amount of available profits to that set out in **clause 5.3**.
- 5.5 Any distribution for a Financial Year will be made within six months of the end of that Financial Year.

#### **Prior repayment of third party indebtedness**

- 5.6 **Subject to clause 5.1**, no distribution by way of dividend or otherwise will be made until BCPP has repaid all third party financing unless otherwise agreed by a Shareholder Majority.

#### **Retentions**

- 5.7 The amount of any distribution that would otherwise be made by BCPP under **clause 5.3** will be reduced by an amount equal to the aggregate of:
- 5.7.1 any amount necessary to ensure that BCPP would not otherwise be in breach or likely to be in breach of any covenant or undertaking given by BCPP to any lender in the relevant financial year following the distribution;
  - 5.7.2 any amount necessary to ensure that BCPP would not otherwise be in breach or likely to be in breach of any applicable Regulatory Capital Requirements following the distribution; and
  - 5.7.3 any amount resolved by the Board and resolved unanimously by the Shareholders as prudent to retain having regard to:
    - 5.7.3.1 the cashflow and working capital requirements of BCPP;
    - 5.7.3.2 the need to make reasonable provisions and transfers to reserves;
    - 5.7.3.3 the interests of BCPP in respect of the implementation of its Strategic Plan or its business prospects; and
    - 5.7.3.4 the future outlook and performance of the business of BCPP, including the scope to reduce the Annual Budget for future years.

#### **6. THE STRATEGIC PLAN, ANNUAL BUDGET, ADMINISTRATIVE AND ACCOUNTING MATTERS**

- 6.1 The Strategic Plan which is first agreed by all Shareholders and which starts from or around the date of Completion will be the Initial Strategic Plan.
- 6.2 BCPP will prepare an Annual Budget which will be included within the Strategic Plan for each Financial Year in accordance with **clause 6.4**.
- 6.3 Each Annual Budget will include the following:
- 6.3.1 an estimate of the working capital requirements of BCPP incorporated within a cashflow forecast;
  - 6.3.2 a projected profit and loss account;
  - 6.3.3 an operating budget (including estimated capital expenditure requirements) and balance sheet forecast;
  - 6.3.4 a review of projected business;

- 6.3.5 a summary of business objectives; and
- 6.3.6 a financial report which includes an analysis of the results of BCPP and the established collective investment vehicles for the previous Financial Year compared with the Strategic Plan for that Financial Year, identifying variations in sales, revenues, costs and other material items.
- 6.4 Each Subsequent Strategic Plan will be substantially in the form of and contain a comparable level of detail to the Initial Strategic Plan and will be prepared by the Board in accordance with the Shared Objectives and thereafter presented to the Shareholders for comment and approval according to a timetable approved by the Board after due consultation with the Shareholders, provided that such Subsequent Strategic Plan shall in any event be submitted for approval by (i) the Board not later than 60 days before the commencement of the Financial Year to which it relates and (ii) the Shareholders not later than 30 days before the commencement of the Financial Year to which it relates. The Subsequent Strategic Plan will be updated when approved in accordance with **clause 9.7.**
- 6.5 If any Subsequent Strategic Plan is not approved in accordance with **clause 6.4** before the end of the preceding Financial Year then until it is approved the business of BCPP will continue to be run in accordance with the Strategic Plan for that preceding Financial Year and the Annual Budget in respect of the immediately preceding Financial Year shall apply, increased by the Retail Price Index as published by the United Kingdom Office for National Statistics in September of the previous Financial Year (the "**RPI**"). In the event that the RPI is negative there shall be no increase and the Annual Budget will remain the same as for the previous Financial Year.
- 6.6 All Strategic Plans once approved by the Board and the Shareholders may only be amended with the approval of all of the Shareholders as set out in **clause 9** and **Schedule 1.**

#### **Appointment of Auditors**

- 6.7 [•] will be the auditors of BCPP unless removed from office and replaced in accordance with **clause 9.**

#### **Basis of preparation of Accounts**

- 6.8 The annual accounts of BCPP will be prepared in accordance with the laws applicable in, and the accounting standards, principles and practices generally accepted in, the United Kingdom.

#### **Financial Year**

- 6.9 The accounting reference date of BCPP will be 31 March unless changed in accordance with **clause 9.**
- 6.10 [•] will be the bankers to BCPP unless changed in accordance with **clause 9.**

#### **Record keeping**

- 6.11 The Shareholders will use all their powers in relation to BCPP to assist the Board to ensure that BCPP will maintain accurate and complete accounting and other financial records in accordance with the requirements of all applicable laws and generally accepted accounting practices applicable in the United Kingdom.

#### **Conflicts policy**

- 6.12 The Board will produce a written conflicts policy which shall be approved by a Shareholder Majority prior to being adopted. Any changes to this policy will similarly require approval from a Shareholder Majority.

## 7. DIRECTORS AND MANAGEMENT

### Composition of the Board and subsequent Board appointments

- 7.1 The initial Board shall be the directors appointed on or after Completion in **clause 3.1 in accordance with Part A of Schedule 1**. Any subsequent or additional directors shall be appointed by the Board (or a committee of the Board) subject always to the prior approval of all of the Shareholders in accordance with **Part B of Schedule 1**. The Company Secretary (if any) shall be appointed by the Board.

### Role and responsibilities

- 7.2 The Board will be responsible (within the parameters of the Strategic Plan) for the overall direction, supervision and management of BCPP, including the day to day management of BCPP and authority and responsibility for implementing the Strategic Plan.
- 7.3 The management of BCPP shall be vested in the Board provided that the day to day management of BCPP will be the responsibility of the directors. Without prejudice to the generality of the foregoing and subject to the express provisions of this Agreement, the Board will determine the general policy of BCPP and the manner in which that is to be carried out in light of the Strategic Plan as adopted by the Shareholders and will reserve to itself all matters involving major or unusual decisions and will procure that BCPP and its Subsidiaries will:
- 7.3.1 transact the Business on arm's length terms; and
- 7.3.2 without prejudice to the terms of any Related Agreements, maintain, with a well-established and reputable insurer, adequate insurance against all risks usually insured against by companies carrying on the same or a similar business including, but not limited to, employers liability insurance, public liability insurance, professional indemnity insurance and director's and officer's insurance, in each case (without prejudice to the generality of the foregoing) for the appropriate value determined by the Board; and
- 7.3.3 comply with the provisions of **clause 8**.
- 7.4 The specific responsibilities of the Chief Executive will be determined by the Board from time to time.
- 7.5 The Board shall implement any decision reached pursuant to the Shareholder Reserved Matters, subject to obtaining the requisite approval under **clause 9**.

### Appointment and removal of Chief Executive

- 7.6 [•] will be appointed as Chief Executive on Completion. No Chief Executive will be appointed to office (or removed from office) unless approved in accordance with **clause 9**.

### Annual approval or ratification of Directors

- 7.7 All of the Shareholders shall be required to approve the continuing appointment of all directors at each annual general meeting of BCPP.
- 7.8 In the event that any director appointment is not approved by all of the Shareholders then the Shareholders agree to take any necessary action (including the passing of any resolution) required by the Shareholders and/or the Board to remove such director at such time.

## 8. BOARD MEETINGS AND RESOLUTIONS

### Frequency

- 8.1 The Board will meet at least four times a year.

## Notice

- 8.2 Any director may call a meeting of the Board by giving not less than 5 Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the other directors.
- 8.3 Notice of any Board meeting must indicate:
- 8.3.1 its proposed date and time;
  - 8.3.2 where it is to take place;
  - 8.3.3 the proposed agenda of items; and
  - 8.3.4 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should simultaneously communicate with each other during the meeting.
- 8.4 Subject to Article 9.3, notice of any Board meeting must be given to each director but need not be in writing.

## Participation

- 8.5 Directors will be treated as participating in a directors' meeting or part of a directors' meeting when:
- 8.5.1 the meeting has been called and takes place in accordance with this Agreement; and
  - 8.5.2 they can each simultaneously communicate with and to the others participating in the meeting any information or opinions they have on any particular item of the business of the meeting.
- 8.6 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or, provided **clause 8.5.2** is complied with, how they communicate with each other.
- 8.7 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## Quorum

- 8.8 The quorum for the transaction of business at any Board meeting shall be four directors participating in the meeting, provided at least two of whom shall non-executive directors.
- 8.9 If there is no quorum participating in any meeting of the Board within 30 minutes after the time fixed for the meeting or, if during the meeting a quorum ceases to be participating, the meeting will be adjourned to such time (not being earlier than 5 Business Days after the date of the original meeting unless otherwise agreed by all the directors) as the director or directors participating in the meeting determine. All directors will be notified of the adjournment.

## Voting

- 8.10 Subject to **clauses 8.12** and **9** any resolution proposed to the Board will be approved if more votes are cast for it than against it.

## Written Resolutions

- 8.11 The Board may pass any resolution by way of a written resolution signed by a majority of the directors or to which a majority of eligible directors has otherwise indicated agreement in writing.

## **Chairman**

- 8.12 [The first Chairman shall be [●]]. Thereafter, the position of Chairman of the Board will be filled by one of the independent non-executive directors of the Board and will be appointed by a Shareholder Majority. If the Chairman is not present at any Board meeting, the directors present may appoint any one of their number to act as Chairman for the purpose of the meeting. The Chairman of the Board will have a casting vote on any tied decision.

## **Alternates**

- 8.13 Each Director will only be entitled to appoint as an alternate (i) any other director; or (ii) any other person in respect of which prior approval has been obtained from all of the Shareholders.
- 8.14 The rights and responsibilities of an alternate and the procedure for terminating his/her appointment are set out in the Articles.

## **Observers**

- 8.15 Each of the Shareholders may each invite one person to attend any meetings of the Board and if so invited they may attend and speak (but not vote).

## **Board Committees**

- 8.16 The Board will determine from time to time if it is appropriate to establish any committees of the Board and shall determine the scope, authority and any terms of reference for any such committees at the time of such creation.

## **Subsidiary Boards**

- 8.17 Subject always to receiving the approval of all of the Shareholders, the Board will determine the composition, governance arrangements and limits of authority of any and all subsidiaries of BCPP and each of the Shareholders agrees to exercise all of their powers as a Shareholder to seek to ensure that all of the constitutional documents of any subsidiary reflect at all times the agreed position determined by the Board (including, but not limited to, any agreed scope and limits of authority and any restrictions imposed by the Financial Conduct Authority on BCPP or any subsidiary of BCPP).
- 8.18 Each Shareholder shall nominate a representative from time to time to be its representative at shareholder meetings and shall notify the Company accordingly. A Shareholder may notify the Board at any time in writing of a change in representative.

## **SHAREHOLDER MEETINGS**

- 8.19 General meetings of the Shareholders will take place in accordance with the Companies Act 2006 and the Articles including that:
- 8.19.1 for as long as there are a minimum of twelve (12) Shareholders, the meeting will be quorate once at least nine Shareholders are represented at the meeting (either in person or by proxy) and, for the avoidance of doubt, any matter that requires a Shareholder Majority or unanimous shareholder consent under this Agreement will not have the threshold for such consent reduced by virtue of not all of the Shareholders being present at a meeting;
- 8.19.2 the notice of meeting will set out an agenda identifying in reasonable detail the matters to be discussed (unless the Shareholders otherwise agree);
- 8.19.3 the Chairman (who shall be the Chairman of the Board subject to **clause 9.4**) of the meeting will not have a casting vote.

- 8.20 Each of the Shareholders may each invite one person to attend any general meetings of the Shareholders and if so invited they may attend and speak (but not vote).

## 9. CONDUCT OF BCPP'S BUSINESS AND RESERVED MATTERS

- 9.1 Each of the Shareholders covenants with each other that so long as this Agreement remains in full force and effect it will:

9.1.1 act in good faith towards the other Shareholders to discharge its statutory obligations under Regulation 7(2)(d) of the Investment Regulations (to include its approach to pooling investments within its investment strategy statement) [primarily/exclusively] via the Business;

9.1.2 promptly notify the others of any matters of which it becomes aware which may affect BCPP or the Business;

9.1.3 generally do all things necessary to give effect to the terms of this Agreement (including, so far as it is legally able, exercising all voting rights and powers (direct or indirect) available to it in relation to BCPP in a manner consistent with the terms of this Agreement);

9.1.4 use all reasonable endeavours to promote and develop the business of BCPP and any Subsidiaries to the best advantage in accordance with good business practice and the highest ethical standards and will not do or say anything which is intended to damage the goodwill or reputation of the Company or the ACS or any other investment vehicles operated by BCPP;

9.1.5 appoint a representative to act on behalf of that Shareholder at general meetings;

9.1.6 take all steps available to it to ensure that any meeting of the Board or any committee of the Board or any general meeting has the necessary quorum throughout;

9.1.7 exercise all voting and other rights and powers of control as are from time to time respectively available to it under this Agreement and the Articles and otherwise in relation to BCPP and its beneficial holdings in it and will execute and deliver such waivers and shall take or refrain from taking all other appropriate action within its power so as to procure that the provisions of this Agreement binding on it are duly observed and complied with and given full force and effect and all actions required by it are carried out promptly;

9.1.8 exercise all voting and other rights and powers respectively available to it to procure the alteration of the Articles to the extent necessary to permit the affairs of BCPP to be so operated (if it shall not be possible to secure the operation of this Agreement as set out in **clauses 9.1.1 to 9.1.7** by reason of any contrary provision of the Articles);

9.1.9 subject to the preceding provisions of this **clause 9.1**, observe the provisions of the Articles.

9.2 The undertakings of each Shareholder under this **clause 9** shall in each case be several so that each Shareholder shall only be liable for its own actions or failures to act in accordance with them, and none of them shall be liable for a failure to procure anything required by this **clause 9** where such failure is attributable to any action or failure to act by another Shareholder, but without prejudice to the liability of such other Shareholder.

9.3 Notwithstanding any other provision of this Agreement, should any Shareholder or any other person connected with it be in dispute with or have a conflict of interest with BCPP or any of its Subsidiaries, such Shareholder shall not do or omit to do anything which would or would be likely to prevent BCPP or any of its Subsidiaries from exercising or from deciding whether or not to exercise such rights as it may have against the Shareholder in dispute with it, or in respect of the matter in relation to which the conflict of interest arises. This **clause 9** is without prejudice to the provisions of **clause 26**.

- 9.4 If the Chairman of the Board is unable to attend any General Meeting of BCPP, another person shall be selected by a Shareholder Majority to chair such General Meeting in accordance with the Articles. The Chairman shall not have a casting vote at any general meeting of BCPP.
- 9.5 BCPP and the Shareholders agree to procure that an Annual General Meeting is held once each year with a view to approving the Annual Budget and any other resolutions to be proposed.

#### **Structural Review**

- 9.6 Each of the Shareholders agree that eighteen months from the date of this Agreement and thereafter on the anniversary of that date, they will procure that the Board will formally review and report on the corporate structure of BCPP and any of its Group Companies and the operation of their respective boards of directors and board committees so that each of the Shareholders can each consider any whether more efficient governance, any reduction of costs and/or improvement of performance is possible (and in the event that the Board resolves that changes are necessary and/or appropriate in its opinion at such time it will provide full details of the Board's recommendations to each of the Shareholders for due Shareholder consideration and approval before effecting any such changes).

#### **Reserved Matters**

- 9.7 It is agreed by the parties set out in this **clause 9.7** below that BCPP will not, and will procure that any subsidiary of BCPP will not and the Shareholders will exercise their powers in relation to BCPP to procure that (save as contemplated in this Agreement) BCPP will not, and will use best endeavours to procure that any subsidiary of BCPP will not:
- 9.7.1 carry out any of the A List Reserved Matters without the prior written approval of all of the Shareholders;
- 9.7.2 or carry out any of the B List Reserved Matters without the prior approval of a Shareholder Majority.

#### **10. DEADLOCK**

- 10.1 For the purpose of this **clause 10** a "**Deadlock Situation**" means:
- 10.1.1 any of the Shareholder Reserved Matters set out in **clause 9.7** not being approved by the requisite unanimity or majority and no resolution being reached following referral by any of the Shareholders for dispute resolution in accordance with the procedure set out in **clause 11**;
- 10.1.2 any other matter notified to the Board in a Deadlock Notice to be a "Deadlock Situation" between any of the Shareholders; or
- 10.1.3 any dispute between any of the Shareholders as to either:
- 10.1.3.1 the amount of profit lawfully available for distribution in accordance with **clause 5.3**; or
- 10.1.3.2 the amount by which any distribution will be reduced in accordance with **clause 5.7**; or
- 10.1.4 any dispute between the Shareholders which cannot be resolved in accordance with **clause 11** (Dispute Resolution Procedure).

### **Deadlock Notice**

- 10.2 Any Shareholder may serve a Deadlock Notice on BCPP and the other Shareholder(s) if a Deadlock Situation has arisen. The Deadlock Notice will contain reasonable details of the Deadlock Situation.

### **Business during a Deadlock Situation**

- 10.3 If any Deadlock Situation arises and for so long as it continues, each Shareholder will use its best endeavours (in so far as it is able by the exercise of its rights and powers in relation to BCPP) to procure that, notwithstanding the fact that there is a Deadlock Situation, BCPP can continue to carry on the Business in the ordinary course.

### **Deadlock resolution**

- 10.4 If a Deadlock Notice has been served by any Shareholder confirming that a Deadlock Situation has arisen then each of the Shareholders concerned will use their best endeavours to resolve the Deadlock Situation within 10 Business Days after the Deadlock Date.

### **Referral to Shareholders**

- 10.5 If a Deadlock Situation has arisen and it has not been resolved within 10 Business Days after the Deadlock Date then each Shareholder hereby agrees to refer the Deadlock Situation to the Section 151 Officer of each authority, as set out in **Schedule 4**.
- 10.6 The Section 151 Officer of each authority will have 30 days (or such other timeframe as is agreed between the Shareholders) to meet and resolve the Deadlock Situation as they determine appropriate.
- 10.7 If the Section 151 Officer of each of the relevant Shareholders do not resolve the Deadlock Situation within 30 days after the Deadlock Date:
- 10.7.1 the provisions of **clauses 10.8 to 10.12** shall apply; and
- 10.7.2 no decision relating to the Deadlock Situation can be taken or imposed on BCPP or any Shareholder until such later time (if any) as the Deadlock Situation has been resolved.

### **Referral to mediation process**

- 10.8 Where the relevant Section 151 Officer referred to in **clause 10.5** of each authorities in dispute are unable to resolve such dispute, or where in the opinion of the Board such dispute would be more effectively resolved in another forum, the Board may refer such dispute to a mediator appointed by the relevant Shareholders until such dispute is resolved.
- 10.9 The Shareholders shall each bear their own costs incurred in relation to the mediation.

### **Referral to arbitration process**

- 10.10 If the dispute is not resolved within 40 days of referral of the dispute to mediation any Shareholder involved in such dispute may (by service of a written notice on the other Shareholders and BCPP) refer the dispute to an arbitrator who shall be of not less than 10 years standing or qualification.
- 10.11 If the Shareholders cannot agree on an arbitrator within 15 days of service of the written notice on the other Shareholders and BCPP, the Board shall appoint an arbitrator nominated by the President for the time being of the Chartered Institute of Arbitrators in England and Wales.
- 10.12 The arbitrator's decision shall be final and binding on the Shareholders and BCPP. The costs of the arbitration shall be paid as directed by the arbitrator.

## 11. **DISPUTE RESOLUTION PROCEDURE**

11.1 The parties agree that in the event of any dispute between any of the Shareholders regarding any of the provisions of this Agreement, other than the matters set out in **clause 10** the Shareholders shall seek to resolve such dispute as follows:

11.1.1 any Shareholder may serve a Dispute Notice on BCPP and the other Shareholder(s) if that Shareholder believes that a dispute has arisen;

11.1.2 the Dispute Notice shall contain reasonable details of the dispute and the reasons why that Shareholder believes that a dispute has arisen; and

11.1.3 the Shareholders shall thereafter use best endeavours to resolve the dispute within 15 days of service of the Dispute Notice.

11.2 Where a dispute has not been resolved within 10 Business Days of service of the Dispute Notice in accordance with **clause 11.1** then any Shareholder shall be entitled to serve a Deadlock Notice on the BCPP and the provisions of **clause 10** (Deadlock) shall apply provided that **clause 10.4** shall not apply and for the purposes of **clause 10.5** it shall be assumed that the Deadlock Situation has not been resolved within 10 Business Days after the Deadlock Date.

## 12. **ANTI-BRIBERY AND CORRUPTION**

### **Compliance by BCPP**

12.1 BCPP will, and the Shareholders will exercise all their powers in relation to BCPP to procure that BCPP will:

12.1.1 not do or omit to do any act or thing which constitutes or may constitute a breach of and/or an offence under Anti-Bribery Laws or would cause any Shareholder to be liable for an offence under any such laws;

12.1.2 within 60 days of Completion prepare and implement an appropriate Anti-Corruption Policy and have in place Adequate Procedures; and

12.1.3 comply with the Adequate Procedures and the Anti-Corruption Policy as amended from time to time.

### **Compliance by the Shareholders**

12.2 Each Shareholder will not do or omit to do any act or thing which constitutes or may constitute a breach of and/or an offence under Anti-Bribery Laws and would cause the other Shareholder or BCPP to be liable for any offence under any such laws.

## 13. **INFORMATION TO SHAREHOLDERS AND CONFIDENTIALITY**

### **Provision of information to Shareholders**

13.1 BCPP will, and the Shareholders will procure that BCPP will, supply the Shareholders with such financial information as is necessary to keep each Shareholder informed about how the business of BCPP is performing (including any other information relating to operational or risk matters) as determined by each Shareholder.

13.2 In particular BCPP will supply each Shareholder with:

13.2.1 quarterly management accounts and reports of BCPP containing such information (including as to whether the structure and operation of BCPP and any of its Group Companies and their respective boards of directors and board committees are operating effectively) as the Shareholders reasonably require from time to time, within 30 days of the end of the quarter to which they relate;

- 13.2.2 unaudited annual accounts of BCPP prepared in accordance with **clause 6.8**, within 30 days of the end of the Financial Year to which they relate;
- 13.2.3 a copy of the annual accounts after they have been audited and signed by the auditors within 6 months of the end of the Financial Year to which they relate;
- 13.2.4 the outcome of a structural review into the efficiency of the governance structure noted under **clause 9.6**; and
- 13.2.5 a report setting out the progress of the Company in relation to the objectives and/or milestones set out in the Strategic Plan and/or the Additional Strategic Plan.
- 13.3 BCPP will:
  - 13.3.1 allow each Shareholder and their respective authorised Representatives access at all reasonable times to examine the books and records of BCPP and to discuss its affairs with the directors and senior management; and
  - 13.3.2 provide, in accordance with the Local Authorities (Companies) Order 1995, each Shareholder and their respective authorised Representatives with such other information relating to the operations and management of BCPP as they may reasonably request to discharge such Representatives' duties. In determining the reasonableness of such requests, regard shall be had to the Shared Objectives set out in **Schedule 2** and the duties and responsibilities of the Shareholders.

## Confidentiality

- 13.4 In this Agreement "**Confidential Information**" means, subject to **clause 13.10**:
  - 13.4.1 any information (whether written, oral, in electronic form or in any other media) that is disclosed in connection with this Agreement and/or any Related Agreement by or on behalf of a party (the "**Discloser**") to another party (the "**Recipient**") or any of the Recipient's Representatives whether before, on or after the date of this Agreement and which relates (in whole or in part) to a party or its business and such information is of a material and commercially sensitive nature;
  - 13.4.2 the terms of or subject matter of this Agreement or any Related Agreement or any discussions or documents in relation to them and in respect of such information each party will be deemed to be a Recipient where such information is of a material and commercially sensitive nature;
  - 13.4.3 any information (whether written, oral, in electronic form or in any other media) about BCPP (including its customers, businesses, assets or affairs) which a Shareholder may have or acquire by virtue of the Shareholder's shareholding in BCPP and/or its right to appoint directors to the Board (in each case the Shareholder will be treated as a "**Recipient**").
- 13.5 Subject to **clauses 13.13 to 13.15**, the Recipient agrees with the Discloser that it will, and will procure that each of its Representatives will, subject to **clauses 13.6** and **13.10** and **clause 18**:
  - 13.5.1 keep that Confidential Information secret and only disclose it in the manner and to the extent expressly permitted by this Agreement;
  - 13.5.2 use that Confidential Information solely for the purpose of exercising or performing its rights and obligations under this Agreement or any Related Agreement and (where the Recipient is a Shareholder and the Confidential Information relates to BCPP) for the purpose of monitoring that Shareholder's investment in BCPP and compiling its own accounts and tax returns and complying with relevant regulatory requirements (each a "**Purpose**" and together the "**Purposes**");

- 13.5.3 only make such copies, summaries, extracts, transcripts, notes, reports, analyses and recordings (in any form of media) that use, contain or are based on or derived from Confidential Information as are reasonably necessary to fulfil each Purpose; and
- 13.5.4 keep that Confidential Information safe and secure and apply to it documentary and electronic security measures that match or exceed those the Recipient operates in relation to its own confidential information and will never exercise less than reasonable care.
- 13.6 The Recipient may disclose that Confidential Information to those of the Recipient's Representatives who need access to that Confidential Information to fulfil the Purposes provided that before any such disclosure:
- 13.6.1 the Recipient must make that Representative aware of the fact that the Confidential Information is confidential and the obligations of confidentiality contained in this Agreement; and
- 13.6.2 (unless the Representative is an employee, officer or elected Member of the Recipient) such Representative will enter into a confidentiality agreement with the Recipient on terms substantially equivalent to those contained in this Agreement.
- 13.7 If a Recipient makes any disclosure to one of its Representatives under **clause 13.6** the Recipient will:
- 13.7.1 take reasonable steps to procure that its Representative will not do or omit to do anything which if done or omitted to be done by the Recipient would constitute a breach of **clause 13** of this Agreement; and
- 13.7.2 be liable for the acts and omissions of its Representatives in respect of the relevant Confidential Information as if they were acts or omissions of the Recipient.
- 13.8 The Recipient of any Confidential Information may disclose that Confidential Information to the extent required by law or a court of competent jurisdiction or the rules of any applicable listing authority, securities exchange or governmental or regulatory body provided that the Recipient will where reasonably practicable and lawful:
- 13.8.1 notify the Discloser of that Confidential Information in writing in advance of such disclosure;
- 13.8.2 consult with the Discloser as to the content, purpose and means of disclosure; and
- 13.8.3 seek to make such disclosure subject to obligations of confidence consistent, so far as reasonably possible, with the terms of this Agreement.
- 13.9 No licence or right to use any patent, copyright, registered design, unregistered design, trademark, trade name or similar right or any right to use any Confidential Information or trade secrets is granted by any party to another party save as set out expressly in this Agreement.
- 13.10 **Clauses 13.4 to 13.9** will not extend to Confidential Information which:
- 13.10.1 at the time of disclosure was in the public domain or subsequently enters into the public domain other than as the direct or indirect result of a breach of this Agreement by the Recipient of that Confidential Information or any Recipient's Representative; or
- 13.10.2 the Recipient can prove to the reasonable satisfaction of the Discloser of that Confidential Information from written records or other substantive evidence:
- 13.10.2.1 has been received by the Recipient (or one of its Representatives) at any time from a third party who did not acquire it in confidence and who is free to make it available to the Recipient (or the relevant Representative); or

- 13.10.2.2 was independently developed by the Recipient (or one of the Recipient's Representatives) without any breach of this Agreement;
- 13.10.3 may need to be disclosed or released into the public domain by Shareholders or their representatives, given that such persons are or work for public and local authorities pursuant to relevant local authority legislation, rules and regulations.
- 13.11 **Clause 13.10.2** will not apply to the Confidential Information referred to in **clause 13.4.2**.
- 13.12 All obligations in **clauses 13.4** to **13.11** will survive termination of this Agreement without limit in time.

### Freedom of Information

- 13.13 The parties each acknowledge and agree that:
- 13.13.1 each party may be regarded as a public authority for purposes of the FOIA Legislation and is therefore subject to the requirements of the FOIA Legislation, and may receive Requests for Information;
- 13.13.2 each Request Recipient shall be responsible for determining at its absolute discretion whether:
- 13.13.2.1 the information requested in the Request for Information is relevant to and in connection with the Agreement;
- 13.13.2.2 a Request for Information in connection with this Agreement is valid under the FOIA Legislation, as well as all other considerations relevant in the assessment of an information request under the FOIA Legislation, such as any considerations (as may be applicable) regarding the cost of complying with a request or any charges for responding to a request, whether the request is repeated, vexatious or manifestly unreasonable and any other relevant considerations;
- 13.13.3 any information sought (including Confidential Information) is subject to any exemption and/or exception from disclosure and/or publication in accordance with the relevant provisions of the FOIA Legislation or is to be disclosed in response to a Request for Information, and nothing in this Agreement shall remove or in any way limit that discretion of the Request Recipient; and
- 13.13.4 in some circumstances, consistent with the spirit of the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under Part I of the Freedom of Information Act 2000, it may not be possible or reasonable for the Request Recipient to provide notice of any Request for Information or consider the comments of the other parties in relation to it, prior to responding to such a request. Reasonable steps should, where appropriate, be taken to give other parties advance notice, or failing that, to draw it to such parties' attention afterwards.
- 13.14 The other parties agree to reasonably assist and cooperate with the Request Recipient (without charge), bearing in mind always the time limits imposed under the FOIA Legislation, as notified to them by the Request Recipient, to enable the Request Recipient to comply with its obligations under the FOIA Legislation.
- 13.15 Subject to **clauses 13.13.2** and **13.13.4**, where the Request Recipient receives a Request for Information:
- 13.15.1 the Request Recipient will notify the party whose Confidential Information is the subject of the Request for Information (the "**Affected Party**") as soon as reasonably possible,

confirming what Confidential Information is being requested and disclosing the Request for Information to each Affected Party; and

- 13.15.2 the Request Recipient agrees to discuss in good faith with the Affected Party as to whether a relevant exemption/exception to the requirement to disclose the relevant Confidential Information under the FOIA Legislation might be applicable, provided that the Affected Party makes itself available for such discussions within a reasonable time (and in any event within five Business Days of being notified of the Request for Information) so that the Request Recipient has a reasonable opportunity to consider the Affected Party's comments prior to the deadline for the Request Recipient to respond to the Request for Information.
- 13.16 Where a party receives a Request for Information and another party holds information or records on behalf of that party, upon request, such other party agrees to provide the first party with a copy of all such information related to the request for information, in the form that the first party reasonably requires within five Business Days (or such other period as the first party may reasonably specify) of the first party's request.

#### 14. **TRANSFER OF SHARES**

##### **Restrictions on transfer**

- 14.1 Save as set out in this **clause 14**, no Shareholder may transfer any Shares other than pursuant to a purchase by BCPP of such Shares in accordance with the Articles, this Agreement and the Companies Act 2006, as appropriate.
- 14.2 Save as contemplated in this Agreement, each of the Shareholders undertakes that it will not create or permit to exist any Encumbrance over or in respect of all or any part of its Shares nor assign or otherwise purport to deal with its beneficial ownership in, or any right relating to, its Shares separate from the legal ownership of such Shares.
- 14.3 In the event that two or more Shareholders combine, such combined entity may only hold one (1) A Share following such combination and any other A Shares held by such combined entity or its separate, component predecessor Shareholders shall be purchased by BCPP at par value, subject to and in accordance with the Companies Act 2006, and such combined entity shall co-operate with BCPP to effect such purchase.
- 14.4 In the event that BCPP is incapable of implementing a purchase of its own Shares as anticipated by either **clause 14.3** or **clause 15.3**, any Shareholder that would otherwise be required to sell its Share(s) back to BCPP agrees that (if required to do so by all of the other Shareholders) it shall not exercise any rights to vote, accept any dividend [that has not been declared] nor exercise any other rights attached to such Share(s) until such time as BCPP is able to and does implement the proposed purchase of the relevant Share(s).

##### **Exiting Shareholders**

- 14.5 In the event that a Shareholder wishes to cease to be a Shareholder in the Company, a Shareholder shall be required to serve a written notice on the Board of BCPP at least 12 months prior to the proposed exit date, which must be 31 March in any year unless such other date is approved by the Board and all of the other Shareholders (the "**Withdrawal Date**").
- 14.6 In the event of a Shareholder ceasing to be a Shareholder (an "**Exiting Shareholder**"), the Exiting Shareholder shall pay to BCPP, in addition to any monies owing by the Exiting Shareholder to BCPP as at the Withdrawal Date, such sum as represents the contribution to the capitalised value of that proportion of the continuing and outstanding liabilities of BCPP which have been incurred before the Withdrawal Date and which is properly attributable to the Exiting Shareholder's share membership of BCPP.
- 14.7 Thereafter, save where any defaulting Shareholder is required to cease being a Shareholder pursuant to **clause 15** (in which event the provisions of **clause 15.3** shall apply), on the Withdrawal Date:

14.7.1 **A Shares:** the A Shares held by the Exiting Shareholder shall be either (as agreed by the Exiting Shareholder and BCPP):

14.7.1.1 purchased by BCPP at Fair Market Value in accordance with and subject always to Part 18 of the 2006 Act; or

14.7.1.2 (without prejudice to the provisions of **clause 9.7 (Reserved Matters)** and **Schedule 1**) transferred to a new Shareholder at Fair Market Value,

within 3 months of the Withdrawal Date, the proceeds of such sale or transfer shall be paid to the Existing Shareholder (subject to the Company having sufficient reserves to do so and if it does not, at such date when it next has sufficient distributable reserves).

For the avoidance of doubt, if BCPP is unable to purchase the A Shares (as a result of insufficient distributable reserves and/or any other legal restriction in Part 18 of the 2006 Act) then BCPP shall not be under any obligation to purchase any such A Shares until such later time as the Board determines that BCPP is in a position to complete the proposed share buyback.

14.7.2 **B Shares:** the rights attached to B Shares in the event of a shareholder withdrawing are set out in **clause 4** above and **Article 27** of the Articles. Subject to those provisions, the proceeds of such sale or transfer shall be paid to the Exiting Shareholder within 3 months of the Withdrawal Date (subject to the Company having sufficient reserves to do so and if it does not, at such date when it next has sufficient distributable reserves).

#### Deed of Adherence

14.8 If a Shareholder transfers its Shares in accordance with this Agreement to any person other than any Exiting Shareholder (including to any Permitted Transferee) it will procure that the transferee (including any Permitted Transferee) enters into a deed of adherence substantially in the form set out in **Schedule 3**.

#### Registration of Transfers

14.9 The directors may refuse to register the transfer of any Share unless it is made in compliance with this **clause 14** and may request such evidence as the directors may reasonably think fit regarding any matter which they consider relevant to establish whether such transfer is permitted. If the evidence is not provided to the reasonable satisfaction of the directors within a reasonable time after it has been requested, or if in the reasonable opinion of the directors the information or evidence is false in any material respect, the directors may refuse to register the relevant transfer.

#### 15. CONSEQUENCES OF BREACH

15.1 (Without prejudice always to the right of any Shareholder to make a claim against any other Shareholder for breach of the terms of this Agreement), a Shareholder shall be deemed to have committed an act of default (in this **clause 15** called a "**Default**") if:

15.1.1 it commits a material breach of its obligations under this Agreement which cannot effectively be remedied or which the Shareholder fails effectively to remedy within 15 Business Days of receipt of a notice in writing from a majority of the Shareholders or BCPP specifying the breach and requiring remedy; or

15.1.2 it fails to participate in two consecutive duly convened general meetings (without good reason); or

15.1.3 any of the events contained in **Article 35** (*Deemed transfers to BCPP*) occur in respect of such Shareholder.

15.2 For the purposes of **clause 15.1.1** the expression “**material breach**” means a breach of any of the terms of this Agreement which is serious in the widest sense of having a serious effect on the benefit which any other Shareholder would otherwise derive from this Agreement. In deciding whether any breach is material no regard shall be had to whether it occurs by some accident, mishap, mistake or misunderstanding.

15.3 if a Shareholder (in this **clause 15** called a “**Defaulting Shareholder**”) is deemed to have committed a Default, a majority of each of the other Shareholders (having considered all relevant factors including, without limitation, any FCA requirements, regulatory capital requirements and all Procurement Legislation) may at any time within 30 Business Days of becoming aware of the Default serve notice in writing (a “**Default Notice**”) on the Defaulting Shareholder in which event the Defaulting Shareholder shall be required to sell its A Share back to BCPP at par value. **Clause 14.7.2** shall then apply to the redemption of the Defaulting Shareholder’s B Shares. In the event of any failure by the Defaulting Shareholder to co-operate with BCPP to effect such purchase, the Defaulting Shareholder hereby irrevocably and unconditionally appoints BCPP as its attorney for the purposes of executing such documents as are necessary to effect such purchase.

## 16. **TERMINATION**

16.1 This Agreement shall terminate (the “**Termination Date**”) when either:

16.1.1 all the Shareholders agree in writing to its termination; or

16.1.2 BCPP passes a resolution for its winding up, is subject to an order or notice issued by a court or other authority of competent jurisdiction for its winding up or striking off or has an administrator appointed in respect of it; or

16.1.3 such number of Shareholders decide to withdraw from BCPP that a majority of the remaining Shareholders (after any such withdrawals) inform BCPP in writing (including in electronic form) that they are no longer able or willing to maintain BCPP’s Regulatory Capital Requirements; or

16.1.4 the Board determines, acting reasonably, that the business of BCPP may not lawfully be continued.

## 17. **CONSEQUENCES OF TERMINATION**

### **Rights and Obligations**

17.1 Following the Termination Date:

17.1.1 the following will continue in force: **clauses 13.4** to **13.12**, together with any other terms of this Agreement which expressly or impliedly continue to have effect after expiry or termination of this Agreement; and

17.1.2 all other rights and obligations will immediately cease but without prejudice to any rights, obligations, claims (including without claims for damages for breach) and liabilities which have accrued before the Termination Date.

17.2 As soon as practicable after the Termination Date and in any event within 20 Business Days of the Termination Date, each Shareholder will, subject to the exception set out in **clause 17.3**,

17.2.1 return to the other Shareholders all Confidential Information of the other Shareholders (including all copies and extracts) in its possession or control;

17.2.2 return to BCPP all Confidential Information of BCPP (including all copies and extracts) in its possession or control;

17.2.3 destroy or permanently erase (if technically feasible) all documents and all records (in any media) created by it or on its behalf that use, concern or are based on any Confidential Information of the other Shareholder or BCPP ("**Records**"); and

17.2.4 cease to use the Confidential Information of the other Shareholder or BCPP.

17.3 Each Shareholder may retain any Confidential Information of the other Shareholder and/or BCPP and/or Records which it has to keep to comply with any legal or regulatory requirement or which it is required to retain for insurance, accounting or taxation purposes. The provisions of **clause 13** will continue to apply to retained Confidential Information and Records, which may only be used for the purposes for which they have been retained.

17.4 Each Shareholder will, upon request, confirm to the other Shareholders and BCPP in writing that it has complied with **clauses 17.2 and 17.3**.

## 18. **NEW SHAREHOLDERS**

In the event that the Board or any of the Shareholders proposes that an additional third party shareholder (which shall be another LGPS administering authority) should subscribe for new shares in BCPP, all of the parties hereby agree and undertake to each other that no such person shall be admitted as a new Shareholder of BCPP without the prior written consent of all of the Shareholders.

## 19. **FURTHER ASSURANCE**

Each Shareholder will at its own cost execute all such documents and do all such acts and things as any of the other Shareholders may reasonably request from time to time to give each of the Shareholders full effect to the terms of this Agreement (including the rights given under it) and the transactions contemplated by it.

## 20. **INADEQUACY OF DAMAGES**

Each Shareholder acknowledges and agrees that damages alone would not be an adequate remedy for breach of the provisions of this Agreement. Accordingly, it agrees that any of the other Shareholders and/or BCPP will be entitled, without having to prove special damages, to equitable relief (including injunction and specific performance) for any breach or threatened breach of such clauses by it.

## 21. **NO PARTNERSHIP OR AGENCY**

Nothing in this Agreement and no action taken by the parties in connection with it will create a partnership between the parties or give any party authority to act as the agent of or in the name of or on behalf of another party or to bind another party or to hold itself out as being entitled to do so.

## 22. **INDEPENDENT CONTRACTORS**

Each party agrees that it is an independent contractor and is entering into this Agreement as principal and not as agent for or for the benefit of any other person.

## 23. **WAIVER**

A delay in exercising or failure to exercise a right or remedy under or in connection with this Agreement will not constitute a waiver of, or prevent or restrict future exercise of, that or any other right or remedy, nor will the single or partial exercise of a right or remedy prevent or restrict the further exercise of that or any other right or remedy. A waiver of any right, remedy, breach or default will only be valid if it is in writing and signed by the party giving it and only in the circumstances and for the purpose for which it was given and will not constitute a waiver of any other right, remedy, breach or default.

24. **VARIATION/AMENDMENT**

No variation or amendment to this Agreement will be effective unless it is in writing and signed by a duly authorised representative on behalf of all of the parties provided that no variation or amendment will or may invalidate the continued application to BCPP of the "Teckal exemption" codified under Regulation 12 of the Public Contracts Regulations 2015.

25. **CONFLICT WITH ARTICLES**

Where the Articles conflict with this Agreement, the Shareholders agree that this Agreement will prevail, to the intent that they will if necessary procure the amendment of the Articles to the extent required to enable BCPP and its affairs to be administered in accordance with this Agreement.

26. **CLAIMS BY OR AGAINST SHAREHOLDERS**

26.1 Where any of the Shareholders asserts any claim against BCPP (the "**Claiming Shareholder**"), the other Shareholders shall be entitled to defend such claim in the name and at the expense of BCPP.

26.2 Where any other provision of this Agreement or of the Articles conflicts with the provisions of this clause, this clause shall prevail.

27. **NOTICE**

27.1 Any notice or other communication given under or in connection with this Agreement will be in writing, marked for the attention of the specified representative of the party to be given the notice or communication and:

27.1.1 sent to that party's address by pre-paid first class post or mail delivery service providing guaranteed next working day delivery; or

27.1.2 delivered to or left at that party's address (but not, in either case, by one of the methods set out in **clause 27.1.1**).

27.2 The address and representative for each party are set out below and may be changed by that party giving at least 10 Business Days' notice in accordance with this **clause 27**.

**Bedford Borough Council**

Borough Hall, Cauldwell Street, Bedford, MK42 9AP

For the attention of: [●]

**Cumbria County Council**

The Courts, Carlisle, Cumbria, CA3 8NA

For the attention of: [●]

**Durham County Council**

County Hall, Durham, DH1 5UE

For the attention of: [●]

**The East Riding of Yorkshire Council**

County Hall, Beverley HU17 9BA

For the attention of: [Director of Corporate Resources]

**Lincolnshire County Council**

County Offices, Newland, Lincoln, LN1 1YL

For the attention of: [●]

**Middlesbrough Borough Council**

PO Box 340, Middlesbrough, TS1 2XP

For the attention of: [●]

**Northumberland County Council**

County Hall, Morpeth, Northumberland, NE61 2EF

For the attention of: [●]

**North Yorkshire County Council**

County Hall, Northallerton, North Yorkshire, DL7 8AL

For the attention of: [●]

**The Council of the Borough of South Tyneside**

Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

For the attention of: [●]

**South Yorkshire Pensions Authority**

18 Regent Street, Barnsley, S70 2HG

For the attention of: [●]

**Surrey County Council**

County Hall, Penrhyn Road, Kingston upon Thames, KT1 2DN

For the attention of: [●]

**Warwickshire County Council**

PO Box 3, Shire Hall, Warwick, CV34 4RL

For the attention of: [●]

**Border to Coast Pensions Pool Limited**

INSERT

For the attention of: [●]

27.3 Any notice or communication given in accordance with **clause 27.1** will be deemed to have been served:

27.3.1 if given as set out in **clause 27.1.1**, at 9.00am on the 2<sup>nd</sup> Business Day after the date of posting; and

27.3.2 if given as set out in **clause 27.1.2**, at the time the notice or communication is delivered to or left at that party's address,

provided that if a notice or communication is deemed to be served before 9.00am on a Business Day it will be deemed to be served at 9.00am on that Business Day and if it is deemed to be served on a day which is not a Business Day or after 5.00pm on a Business Day it will be deemed to be served at 9.00am on the immediately following Business Day.

27.4 For the purposes only of this **clause 27**, references to time of day are to the time of day at the address of the recipient parties referred to in **clause 27.2**.

27.5 To prove service of a notice or communication it will be sufficient to prove that the provisions of **clause 27.1** were complied with.

27.6 This **clause 27** is subject to the provisions of the Companies Act 2006, the Articles and this Agreement regulating the giving of notices in relation to meetings of the directors or general meetings of the Shareholders.

## 28. **UNLAWFUL FETTER ON THE SHAREHOLDERS' STATUTORY POWERS**

Notwithstanding any other provision contained in this Agreement the Shareholders and BCPP shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter on any statutory power of any of the Shareholders, but any such provision shall remain valid and binding as regards all other parties to which it is expressed to apply.

## 29. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which will constitute an original but which will together constitute one agreement.

## 30. **COSTS AND EXPENSES**

Each party will bear its own costs and expenses incurred in connection with or arising out of the negotiation, preparation and execution of this Agreement.

## 31. **SEVERANCE**

If any term of this Agreement is found by any court or body or authority of competent jurisdiction to be illegal, unlawful, void or unenforceable, such term will be deemed to be severed from this Agreement and this will not affect the remainder of this Agreement which will continue in full force and effect. In this event the parties will agree a valid and enforceable term to replace the severed term which, to the maximum extent possible, achieves the parties' original commercial intention and has the same economic effect as the severed term.

## 32. **ENTIRE AGREEMENT**

32.1 This Agreement and the Related Agreements constitute the entire agreement between the parties and supersede any prior agreement or arrangement in respect of their subject matter and:

32.1.1 no party has entered into this Agreement in reliance upon, and it will have no remedy in respect of, any misrepresentation, representation or statement (whether made by the other party or any other person and whether made to the first party or any other person) which is not expressly set out in this Agreement;

32.1.2 no party has entered into the Related Agreements in reliance upon, and it will have no remedy in respect of, any misrepresentation, representation or statement (whether made by the other party or any other person and whether made to the first party or any other person) which is not expressly set out in those Related Agreements; and

32.1.3 nothing in this **clause 32** will be interpreted or construed as limiting or excluding the liability of any person for fraud or fraudulent misrepresentation.

## 33. **ASSIGNMENT**

Save as provided for by this Agreement or by the Articles, no Shareholder nor BCPP will be entitled to assign, transfer, charge, hold on trust for any person or deal in any other manner with any of its rights under this Agreement.

34. **RIGHTS OF THIRD PARTIES**

The parties do not intend that any term of this Agreement will be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person.

35. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it will be governed by the law of England and Wales.

36. **JURISDICTION**

Each party agrees that the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement (including in relation to any non-contractual obligations).

This document is executed as a **deed** and **delivered** on the date stated at the beginning of this Agreement.

DRAFT BCPP SHAREHOLDERS AGREEMENT

## SCHEDULE 1

### Reserved Matters

#### PART A – Matters for approval by all of the Shareholders (unanimous consent required)

1. subject to FCA rules, extend the activities of the Company outside the scope of the Business or close down any operation of the Business;
2. subject to FCA rules, give any guarantee or indemnity outside the ordinary course of the Business to secure the liabilities of any person or assume the obligations of any person (other than a wholly owned subsidiary) (e.g. guaranteeing a lease that does not relate to the Business of the Company);
3. subject to FCA rules, enter into or vary any contracts or arrangements with any of the Shareholders or directors (other than service agreements and letters of appointment as directors) or any person with whom any shareholder or director is connected (whether as director, consultant, shareholder or otherwise) (e.g. any contract which could give preferential rights to a specific shareholder);
4. enter into any agreement not in the ordinary course of the Business and/or which is not on an arm's length basis;
5. enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, the Company being managed otherwise than by its directors;
6. change the name of the Company;
7. pass a resolution or present a petition to wind up the Company or apply for an administration order or any order having similar effect in a different jurisdiction in relation to the Company unless in any case the Company is at the relevant time unable to pay its debts within the meaning of section 123 Insolvency Act 1986;
8. reduce or cancel any share capital of the Company, purchase its own shares, hold any shares in treasury, allot or agree to allot, whether actually or contingently, any of the share capital of the Company or any security of the Company convertible into share capital, grant any options or other rights to subscribe for or to convert any security into shares of the Company or alter the classification of any part of the share capital of the Company (in each case other than as expressly permitted by this Agreement and/or the Articles where no prior consent shall be required including, without limitation, pursuant to either **clause 4 (Finance & Regulatory Capital)** and/or **clause 15 (Consequences of Breach)** and/or **Article 26** of the Articles (*Issue of Shares and Pre-Emption Rights*));
9. other than as expressly permitted by this Agreement and/or the Articles, redeem or buy any existing Shares or otherwise reorganise the share capital of the Company;
10. admit any person as a member of the Company or an investor in the BCPP pool;
11. enter into any partnership, joint venture or profit sharing arrangement with any person (excluding entering into any investment or investment vehicle);
12. alter any of the provisions of the Articles or any of the rights attaching to the Shares;
13. amalgamate or merge with any other company or business undertaking;
14. sell, lease (as lessor), license (as licensor), transfer or otherwise dispose of any of its material assets otherwise than in the ordinary course of the Business;
15. the initial appointment of any director of the Company in accordance with the Companies Act 2006 including, for the avoidance of doubt, the Chairman;

16. commence, settle or defend any claim, proceedings or other litigation brought by or against BCPP, except (i) in relation to debt collection (not exceeding £500,000) in the ordinary course of the Business and (ii) in relation to any investment related claims or proceedings relevant to the ACS or other collective investment vehicles;
17. take out any third party loan(s) in respect of BCPP which (in aggregate) exceed the sum of £5,000,000;
18. form any subsidiary of BCPP, or acquire any shares in any other company, whether through subscription or transfer, such that the company concerned becomes a subsidiary of BCPP;
19. determine the composition, governance arrangements and limits of authority of any and all subsidiaries of BCPP;
20. approving and adopting a Subsequent Strategic Plan (including the Annual Budget) and/or amending any such Plan; and
21. make any capitalisation, repayment or other distribution of any amount standing to the credit of any reserve of the Company or pay or declare any dividend or other distribution to the Shareholders save that no consent will be required to pay the B Share Dividend.

## **PART B – Matters for approval by a Shareholder Majority only**

1. enter into or materially vary any licence or other similar agreement relating to intellectual property to be licensed to or by the Company which is otherwise than in the ordinary course of the Business;
2. appoint or remove the auditors of the Company;
3. alter the Company's accounting reference date;
4. make any significant change to any of the Company's accounting or reporting practices other than conforming with any changes made to the accounting standards adopted by the Company;
5. approve the annual accounts of the Company;
6. determine the amount of, or any increase in, remuneration payable to any directors from time to time;
7. establish or amend any pension scheme (i.e. for employees of the Company);
8. subject to FCA rules, enter into any agency, distribution or similar agreement which confers or is expressed to confer any element of exclusivity as regards any goods or services the subject of such agreement or as to the area of the agreement or vary such an agreement to include any such exclusivity;
9. incur in any financial year any item or series of items of capital expenditure including finance leases (but excluding operating leases) of more than £5,000,000 (unless provided for in the Initial Strategic Plan or any Subsequent Strategic Plan);
10. enter into or vary any operating lease either as lessor or lessee, of any plant, property or equipment of a duration exceeding 5 years or involving aggregate premium and annual rental payments in excess of £100,000 (unless provided for in the Initial Strategic Plan or any Subsequent Strategic Plan);
11. adoption of (and any amendment of) any written conflicts policy;
12. approval of any conflict or potential conflict of interest any director may have which would preclude him or her from being included in the quorum of any meeting of the directors;
13. appointment of any subsequent director, any alternate director (who is not at the time a director of the Company) and including, for the avoidance of doubt any subsequent Chairman in accordance with the Companies Act 2006 or otherwise; and
14. removal of any director and, for the avoidance of doubt, the Chairman in accordance with the Companies Act 2006 or otherwise.

## **SCHEDULE 2**

### **Shared Objectives**

1. To provide the administering authorities a compliant and effective means of meeting the government's requirement for the pooling of LGPS funds and thereby to achieve scale, improved governance, enhanced capability and capacity to deliver infrastructure investment and fees savings and to comply with all governance requirements placed on the investment function of LGPS administering authorities.
2. To operate with a common or like-minded responsible investor/Shareholder voting policy which focuses on securing high levels of corporate governance by the companies invested in.
3. To share legal ownership, control and decisive influence over BCPP and to allocate the associated costs of operating BCPP between the administering authorities in an equitable manner.

## SCHEDULE 3

### Deed of Adherence

This Agreement is made on

20[●●]

#### BETWEEN

- (1) **BCPP Limited**, a company incorporated in England and Wales (registered number [NUMBER] whose registered office is at [ADDRESS] ("**the Company**");
- (2) The persons whose names and addresses are set out in the Schedule to this Agreement ("**the Existing Shareholders**"); and
- (3) [NAME OF NEW SHAREHOLDER] whose registered office is at [ADDRESS] ("**the New Shareholder**").

#### BACKGROUND

This Agreement is supplemental to a shareholders' agreement dated [DATE] and entered into by [DETAILS] ("**the Shareholders' Agreement**").

The New Shareholder wishes to [subscribe for] [acquire] [A Ordinary Shares] [and] [B Ordinary Shares].

#### OPERATIVE PROVISIONS

1. The definitions contained in the Shareholders' Agreement will have the same meanings in this Agreement save where the context otherwise requires.
2. The New Shareholder confirms (subject to paragraph 3 below) that it has been given and read a copy of the Shareholders' Agreement and covenants with each person named in the Schedule to this Agreement to perform and be bound with effect from the date of this Agreement by all the terms of the Shareholders' Agreement as if the New Shareholder was a party to the Shareholders' Agreement as a Shareholder. By executing this Agreement all parties confirm that it is the intention that the New Shareholder shall be bound by and entitled to the benefit of the provisions of the Shareholders' Agreement as if it was a party to the Shareholders' Agreement and named in the Shareholders' Agreement as a Shareholder.
3. This Agreement may be executed in any number of counterparts, each of which when executed will be an original but together will constitute one and the same agreement.
4. This Agreement will be governed by and construed in accordance with the laws of England and Wales.
5. This document is executed as a deed and delivered on the date stated at the beginning of this Deed.

## **SCHEDULE**

The [Existing] Shareholders

## **SCHEDULE 4**

### **Conflicts**

***[David Hayward to list the relevant 151 Officer (i.e. title of person) for each authority to deal with disputes in accordance with clause 10.5.]***

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**BEDFORD BOROUGH COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**CUMBRIA COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**THE COUNTY COUNCIL OF DURHAM**

in the presence of:

**Authorised Sealing Officer**

**(A permanent Officer of the County Council)**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**THE EAST RIDING OF YORKSHIRE COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)  
by affixing the Common Seal of:  
**LINCOLNSHIRE COUNTY COUNCIL**  
in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)  
by affixing the Common Seal of:  
**MIDDLESBROUGH BOROUGH COUNCIL**  
in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)  
by affixing the Common Seal of:  
**NORTHUMBERLAND COUNTY COUNCIL**  
in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)  
by affixing the Common Seal of:  
**NORTH YORKSHIRE COUNTY COUNCIL**  
in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**THE COUNCIL OF THE BOROUGH OF SOUTH TYNESIDE**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**SOUTH YORKSHIRE PENSIONS AUTHORITY**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**SURREY COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**WARWICKSHIRE COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED** as a deed (but not delivered until  
dated) by **BORDER TO COAST PENSIONS  
PARTNERSHIP LIMITED** acting by a director

**Director signature:** .....

**Name:** .....

in the presence of:

**Witness signature:** .....

**Name:** .....

**Address:** .....

.....

**Occupation:** .....

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EVS Draft 18/01/2017  
SBP Draft 18/01/2017  
Eversheds and SBP amendments 24/01/2017  
[Draft to be circulated to Councils]

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**Company No. [●]**

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**Articles of Association of Border to Coast Pensions Partnership Limited**

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Incorporated [●] 2017  
Adopted by written resolution passed on [●] 2017

**[Draft subject to final review and finalising items in square brackets]**

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**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**[BORDER TO COAST PENSIONS PARTNERSHIP] LIMITED**

Adopted by written resolution passed on \_\_\_\_\_ 2017

**1. INTERPRETATION**

1.1 In these Articles the following expressions have the following meanings unless inconsistent with the context:

<b>"2006 Act"</b>	the Companies Act 2006 (as amended from time to time)
<b>"A Shares"</b>	the ordinary shares of £1.00 each in the capital of the Company having the rights set out in these Articles in respect of Shares of that class
<b>"these Articles"</b>	these articles of association as amended from time to time
<b>"B Share Dividend"</b>	has the meaning given in Article 37.5
<b>"B Shares"</b>	the non-voting redeemable shares of £1.00 each in the capital of the Company having the rights set out in these Articles in respect of Shares of that class
<b>"bankruptcy"</b>	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy
<b>"Business Day"</b>	any day (other than a Saturday or Sunday or a bank or public holiday in England)
<b>"CRR"</b>	the European Union Credit Requirements Regulation 575/2013 and such law, regulation or other enactment which may replace it or give effect to it in the United Kingdom upon an exit of the United Kingdom from the European Union.
<b>"chairman of the meeting"</b>	the Directors' Chairman in his capacity as chairman of general meetings of the Shareholders or any other person selected to chair general meetings of the Shareholders by a Shareholder Majority
<b>"Companies Acts"</b>	the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Company
<b>"director"</b>	a director of the Company, and includes any person occupying the position of director, by whatever

	name called
<b>"Directors' Chairman"</b>	the default chairman of meetings of directors as chosen by the shareholders pursuant to <b>Article 12</b>
<b>"distribution recipient"</b>	has the meaning given in <b>Article 38.2</b>
<b>"document"</b>	includes, unless otherwise specified, any document sent or supplied in electronic form
<b>"electronic form"</b>	has the meaning given in section 1168 of the Companies Act 2006 but does not, for the avoidance of doubt, include communication via a website
<b>"eligible directors"</b>	has the meaning given in <b>Article 8.3</b>
<b>"Encumbrance"</b>	includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option, right of pre-emption or right of conversion) or any mortgage, charge, pledge, lien or assignment or any other encumbrance, priority or security interest or arrangement of whatsoever nature over or in the relevant property
<b>"Fair Market Value"</b>	the fair market value of any Share agreed between the Board and any Shareholder or, in the event of any dispute, as determined by the auditors of the Company (or if they are unwilling to act, by an independent accountant nominated by the Board and the relevant Shareholder(s) (or, in default of which, by the President of the Institute of Chartered Accountants in England and Wales))
<b>"fully paid"</b>	in relation to a Share, means that the nominal value and any premium to be paid to the Company in respect of that Share have been paid to the Company
<b>"FCA"</b>	the Financial Conduct Authority and any successor body
<b>"FCA Rules"</b>	the Handbook of Rules and Guidance of the FCA, as amended, supplemented and replaced from time to time
<b>"hard copy form"</b>	has the meaning given in section 1168 of the Companies Act 2006
<b>"holder"</b>	in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares
<b>"instrument"</b>	means a document in hard copy form
<b>"Local Authorities Order"</b>	means the Local Authorities (Companies) Order 1995
<b>"ordinary resolution"</b>	has the meaning given in section 282 of the Companies Act 2006

<b>"paid"</b>	paid or credited as paid
<b>"participate"</b>	in relation to a directors' meeting, has the meaning given in <b>Article 10.1</b>
<b>"proxy notice"</b>	has the meaning given in <b>Article 51.1</b>
<b>"Shareholder"</b>	a person who is the holder of a Share
<b>"Shareholder Majority"</b>	has the meaning given in the Shareholders' Agreement
<b>"Shareholders' Agreement"</b>	means the shareholders' agreement entered into on the date of the adoption of these Articles in respect of the Company (as may be amended from time to time)
<b>"Shares"</b>	A Shares and B Shares and any other shares in the capital of the Company from time to time
<b>"special resolution"</b>	has the meaning given in section 283 of the Companies Act 2006
<b>"the Statutes"</b>	the Companies Acts as defined in section 2 of the Companies Act 2006 and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company
<b>"Strategic Plan"</b>	The annual business plan for the Company prepared and approved by the Shareholder, as varied from time to time
<b>"subsidiary"</b>	has the meaning given in section 1159 of the Companies Act 2006
<b>"Tier 1 Capital"</b>	Capital which complies with Article 28 of the CRR
<b>"United Kingdom"</b>	Great Britain and Northern Ireland
<b>"Withdrawal Date"</b>	in respect of a Shareholder, has the meaning given in <b>Article 34.1</b>
<b>"in writing"</b>	hard copy form or, to the extent agreed (or deemed to be agreed by virtue of a provision of the Statutes) electronic form (but not to include by means of a website)

1.2 Unless the context otherwise requires, words or expressions contained in these Articles bear the same meaning as in the Companies Acts and every other statute, order, regulation or other subordinate legislation in force from time to time relating to companies and affecting the Company but excluding any statutory modification of the same not in force when these Articles become binding on the Company.

1.3 References to any statute or statutory provision include, unless the context otherwise requires, a reference to that statute or statutory provision as modified, replaced, re-enacted or consolidated and in force from time to time and any subordinate legislation made under the relevant statute or statutory provision.

2. **LIABILITY OF MEMBERS**

The liability of the members is limited to the amount, if any, unpaid on the Shares held by them.

**DIRECTORS' POWERS AND RESPONSIBILITIES**

3. **DIRECTORS' GENERAL AUTHORITY**

Subject to these Articles, the directors are responsible for the management of the Company's business and the implementing of the Strategic Plan, for which purpose they may exercise all the powers of the Company.

4. **SHAREHOLDERS' RESERVE POWER**

4.1 The Shareholders may, by Shareholder Majority or unanimous consent, direct the directors to take, or refrain from taking, specified action and the directors shall not undertake any action requiring Shareholder approval as required by the Shareholders' Agreement.

4.2 No such resolution invalidates anything which the directors have done before the passing of the resolution.

5. **DIRECTORS MAY DELEGATE**

5.1 Subject to these Articles, the directors may delegate any of the powers which are conferred on them under these Articles:

- 5.1.1 to such person or committee;
- 5.1.2 by such means (including by power of attorney);
- 5.1.3 to such an extent;
- 5.1.4 in relation to such matters or territories; and
- 5.1.5 on such terms and conditions,

as they think fit.

5.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

5.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

5.4 Notwithstanding any provision in this **Article 5**, a director will remain responsible for any power which is delegated in accordance with this **Article 5**.

6. **COMMITTEES**

6.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by directors.

6.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these Articles if they are not consistent with them.

7. **DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with **Article 8**.

8. **WRITTEN RESOLUTIONS OF DIRECTORS**

8.1 A decision of the directors is taken in accordance with this **Article 8** when a majority of the eligible directors indicate to each other by any means that they share a common view on a matter.

8.2 Such a decision may take the form of a resolution in writing, where a majority of eligible directors has signed one or more copies of it, or to which a majority of eligible directors has otherwise indicated agreement in writing.

8.3 References in this **Article 8** to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

8.4 A decision may not be taken in accordance with this **Article 8** if the eligible directors would not have formed a quorum at such a meeting.

9. **CALLING A DIRECTORS' MEETING**

9.1 Any director may call a directors' meeting by giving not less than five Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary to give such notice.

9.2 Notice of any directors' meeting must indicate:

9.2.1 its proposed date and time;

9.2.2 where it is to take place; and

9.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should simultaneously communicate with each other during the meeting.

9.3 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

10. **PARTICIPATION IN DIRECTORS' MEETINGS**

10.1 Subject to these Articles, directors participate in a directors' meeting, or part of a directors' meeting, when:

10.1.1 the meeting has been called and takes place in accordance with these Articles; and

10.1.2 they can each simultaneously communicate with and to the others participating in the meeting any information or opinions they have on any particular item of the business of the meeting.

10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or, subject to **Article 10.1.2**, how they communicate with each other.

- 10.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## 11. **QUORUM FOR DIRECTORS' MEETINGS**

- 11.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 11.2 Subject to this **Article 11**, the quorum for directors' meetings shall throughout each meeting be four directors, at least two of whom shall be non-executive directors.
- 11.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- 11.3.1 to appoint further directors, or
  - 11.3.2 to call a general meeting so as to enable the Shareholders to appoint further directors.
- 11.4 If there is no quorum participating in any meeting of the directors within 30 minutes after the time fixed for the meeting, the meeting shall be adjourned to such time (not being earlier than 5 Business Days after the date of the original meeting, unless otherwise agreed by all the directors) as the director or directors participating in the meeting shall determine, or, in the absence of any directors participating, to such time as the chairman of the preceding directors' meeting shall determine. All directors will be notified of the adjournment. If there is no quorum participating within one hour after the time fixed for the adjourned meeting, the meeting shall be further adjourned as aforesaid. If there is no quorum participating within one hour after the time fixed for the further adjourned meeting any two directors participating shall constitute a quorum (one of whom shall be a non-executive director).
- 11.5 If, as a consequence of section 175(6) of the 2006 Act, a director cannot vote or be counted in the quorum at a directors' meeting then the following shall apply:
- 11.5.1 if the eligible directors participating in the meeting do not constitute a quorum then the quorum for the purposes of the meeting shall be reduced by one for each director who cannot vote or be counted in the quorum; and
  - 11.5.2 if despite **Article 11.5.1** the eligible directors participating in the meeting still do not constitute a quorum or there are no eligible directors then the meeting must be adjourned to enable the Shareholders to authorise any situation in which a director has a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

## 12. **CHAIRING OF DIRECTORS' MEETINGS**

- 12.1 The Shareholders shall appoint a Directors' Chairman, who shall be a non-executive director, to chair their meetings. The directors may terminate the Directors' Chairman's appointment at any time.
- 12.2 If the Directors' Chairman is not participating in a directors' meeting within 30 minutes of the time at which it was to start, the participating directors must appoint one of the non-executive directors to chair it.

## 13. **CASTING VOTE**

If the numbers of votes for and against a proposal are equal at a meeting of the directors, the Directors' Chairman or other director chairing the meeting shall have a casting vote.

14. **DIRECTORS' INTERESTS**

- 14.1 Subject to these Articles, the 2006 Act and any requirements of the FCA, and provided that he has disclosed to the other directors the nature and extent of any interest of his, a director:
- 14.1.1 may hold any other office or employment with the Company (other than the office of auditor); and
  - 14.1.2 may, or any firm or company of which he is a member or director may, act in a professional capacity for the Company or any body corporate in which the Company is in any way interested (other than as auditor).
- 14.2 The Shareholders (by a Shareholder Majority) may authorise any conflict of interest which an interested director may have. Except for a vote under section 175(4) of the 2006 Act authorising any conflict of interest which a director or any other interested director may have, or where the terms of authorisation of such conflict provide that a director may not vote in situations prescribed by the directors when granting such authorisation, and subject in each case to any restrictions imposed by the FCA with respect thereto, a director will be entitled to participate in the decision making process for voting and quorum purposes on any of the matters referred to in **14.1.1 to 14.1.2** and in any of the circumstances set out in **Article 14.3**.
- 14.3 The circumstances referred to in **Article 14.2** are:
- 14.3.1 the Company by special resolution disapplies any provision of these Articles which would otherwise prevent a director from being counted as participating in the decision-making process; or
  - 14.3.2 the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest.
- 14.4 For the purposes of these Articles references to decision making processes include any directors' meeting or part of a directors' meeting.
- 14.5 For the purposes of **Article 14.1**:
- 14.5.1 a general notice given in accordance with the 2006 Act is to be treated as a sufficient declaration of interest;
  - 14.5.2 a director is not required to declare an interest either where he is not aware of such interest or is not aware of the transaction or arrangement in question; and
  - 14.5.3 an interest of a director who appoints an alternate director shall be treated as an interest of the alternate director.
- 14.6 Subject to **Article 14.7**, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Directors' Chairman or other director chairing the meeting whose ruling in relation to any director other than the Directors' Chairman or other director chairing the meeting is to be final and conclusive.
- 14.7 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Directors' Chairman or other director chairing the meeting, the question is to be decided by a decision of the directors at that meeting, for which purpose the Directors' Chairman or other director chairing the meeting is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

15. **RECORDS OF DECISIONS TO BE KEPT**

The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

16. **DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

Subject to these Articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

17. **MINIMUM AND MAXIMUM NUMBER OF DIRECTORS**

The number of directors shall not be less than four (at least two of which must be non-executive directors) and shall not exceed six.

18. **APPOINTMENT AND REMOVAL OF DIRECTORS AND COMPANY SECRETARY**

18.1 Any person who is willing to act as a director, and is permitted by law to do so and has obtained the necessary approval from the FCA to act as such, may be appointed a director by a decision of the Shareholders in accordance with the Shareholders' Agreement.

18.2 A person ceases to be a director as soon as:

18.2.1 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

18.2.2 a bankruptcy order is made against that person;

18.2.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;

18.2.4 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

18.2.5 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms; or

18.2.6 receipt by the Company of a written notice signed by 75% or more of the Shareholders of Class A voting rights removing a director from office.

18.3 The directors shall appoint a company secretary of the Company.

19. **DIRECTORS' REMUNERATION**

19.1 Subject to these Articles, a director's remuneration may:

19.1.1 take any form, and

19.1.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

19.2 Unless Shareholders (acting with a Shareholder Majority) decide otherwise, directors' remuneration accrues from day to day.

- 19.3 Unless Shareholders (acting with a Shareholder Majority) decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

20. **DIRECTORS' EXPENSES**

The Company may pay any reasonable expenses which the directors properly incur in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company in accordance with any expenses policy of the Company as is approved by the directors from time to time.

21. **DIRECTORS' POWERS**

The directors may procure that the Company borrow and raise money by way of borrowings on behalf of the Company but shall only do so if:

- 21.1 such borrowing shall not allow any prospective lender a right to participate in the share capital of the Company as a condition of any such borrowing or to take any Encumbrance over any of the Shares; and
- 21.2 they have obtained prior written consent of the Shareholders if the aggregate amount of any such borrowings shall exceed £5,000,000.

22. **ALTERNATE DIRECTORS**

22.1 **Appointment and removal of alternates**

- 22.1.1 Any director may appoint as an alternate any other director of the Company or any director may, with prior approval of 75% or more of the Shareholder, appoint as an alternate any person willing to be so appointed (each director being an "appointor") to:

22.1.1.1 exercise that director's powers; and

22.1.1.2 carry out that director's responsibilities,

in relation to participation in directors' meetings and the taking of decisions by the directors in the absence of the alternate's appointor.

- 22.1.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

- 22.1.3 The notice must:

22.1.3.1 identify the proposed alternate; and

22.1.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

22.2 **Rights and responsibilities of alternate directors**

- 22.2.1 An alternate director has the same rights, in relation to participation in directors' meetings and the taking of decisions by the directors and in relation to directors' written resolutions, as the alternate's appointor.

- 22.2.2 An alternate director may act as an alternate director for more than one appointor.

- 22.2.3 Except as these Articles specify otherwise, alternate directors:

- 22.2.3.1 are liable for their own acts and omissions;
- 22.2.3.2 are subject to the same restrictions as their appointors; and
- 22.2.3.3 are not deemed to be agents of or for their appointors.

and, each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

- 22.2.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.
- 22.2.5 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

### 22.3 **Termination of alternate directorship**

- 22.3.1 An alternate director's appointment as alternate terminates:
  - 22.3.1.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - 22.3.1.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - 22.3.1.3 on the death of the alternate's appointor; or
  - 22.3.1.4 when the alternate's appointor's appointment as a director terminates.

### 23. **ALTERNATE DIRECTORS' EXPENSES**

**Article 20** shall apply in relation to alternate directors.

## **SHARES AND DISTRIBUTIONS**

### 24. **ALL SHARES TO BE FULLY PAID UP**

No Share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

### 25. **POWER TO ISSUE DIFFERENT CLASSES OF SHARES**

- 25.1 Subject to these Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by the prior approval of all of the Shareholders.
- 25.2 Subject to these Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company and the directors may determine the terms, conditions and manner of redemption of any such Shares.

26. **ISSUES OF SHARES AND PRE-EMPTION= RIGHTS**

26.1 Subject to the prior unanimous approval of the Shareholders, for the purposes of section 551 of the 2006 Act, the directors are generally and unconditionally authorised to allot:

26.1.1 A Shares in the Company or to grant rights to subscribe for, or to convert any security into, A Shares up to a maximum nominal value of £[•]; and

26.1.2 B Shares in the Company or to grant rights to subscribe for, or to convert any security into, B Shares up to a maximum nominal value of £[•],

provided that this authority shall expire five (5) years after the adoption of these Articles, unless previously renewed, revoked or varied except that the Company may, before such expiry, make an offer or agreement which will or may require the allotment of Shares or the grant of rights to subscribe for, or convert any security into, shares in the Company, after such expiry.

27. **RIGHTS ATTACHING TO THE SHARES**

27.1 Save as otherwise provided in these Articles, the A Shares and the B Shares shall be treated as if they constituted one class of Share.

27.2 Subject to Articles 37.5 the B Shares shall not entitle any holder thereof to the payment of any dividend or other distribution of income or, subject to **Article 43.1**, capital, or otherwise. The A Share shall not entitle any holder thereof to any payment of the B Share Dividend.

27.3 The B Shares shall not entitle any holder thereof to receive notice of, or to attend or vote at, general meetings of the Company.

27.4 Subject to the provisions of the Statutes, the B Shares held by any Shareholder may, at the discretion of the Board, be redeemed by the Company on the Withdrawal Date with respect to that Shareholder at par value. For the purposes of this Article, the Board shall exercise its discretion in favour of any such redemption if, as at the relevant Withdrawal Date, provided that the FCA has granted permission pursuant to Article 77 of the CRR and either (i) the Company would still hold sufficient Tier 1 Capital to satisfy its regulatory capital obligations, notwithstanding the redemption of such B Shares; or (ii) prior to such redemption, the Company obtains replacement Tier 1 Capital equal to the par value of such B Shares (or such lesser amount as may be required by the FCA) (whether such replacement regulatory capital is obtained by way of a further allotment of B Shares pursuant to any agreement between the Company and its Shareholders or by such other means as may be permitted by the FCA);

27.5 Subject to the provisions of the Statutes, the Company may with the prior written consent of all of the holders of the A Shares redeem all or some of the B Shares in advance of the due date for redemption as specified in **Article 27.4** at par value.

27.6 Subject to **Article 27.4**, on the date fixed for any redemption the Company shall, subject to the Statutes, pay to each Shareholder whose B Shares are to be so redeemed an amount equal to the par value of the B Shares to be redeemed and upon receipt of that amount each such Shareholder shall surrender to the Company the certificate(s) for the B Shares to be redeemed. If any certificate surrendered is for more B Shares than are to be redeemed at that time the Company shall issue to the holder free of charge a new certificate for the balance of the Shares not redeemed.

27.7 Subject to **Article 27.4**, where the Company is precluded by the Statutes or otherwise by law from redeeming any B Shares on the due date for redemption, then:

27.7.1 the Company shall redeem, on that date, as many of the B Shares which can then, consistently with the Statutes, be redeemed by the Company; and

- 27.7.2 as soon as the Company is no longer precluded from doing so, the Company shall in respect of the B Shares not redeemed, redeem the maximum number of B Shares which can, consistently with the Statutes, properly be paid by the Company at that time.
- 27.8 The special rights conferred by the B Shares shall be deemed not to be modified or abrogated by the creation or issue of further Shares ranking pari passu or in priority to or subordinate to the B Shares.
28. **PURCHASE OF OWN SHARES**
- 28.1 Following any purchase by the Company of its own Shares in accordance with the provisions of the 2006 Act, and/or in accordance with the requirements of these Articles, all the purchased Shares shall be immediately cancelled.
- 28.2 Subject to the 2006 Act, but without prejudice to any other provision of these Articles, the Company may purchase or redeem its own Shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:
- 28.2.1 £15,000; and
- 28.2.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.
29. **COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**
- Except as required by law, no person is to be recognised by the Company as holding any Share upon any trust, and except as otherwise required by law or these Articles, the Company is not in any way to be bound by or recognise any interest in a Share other than the holder's absolute ownership of it and all the rights attaching to it.
30. **SHARE CERTIFICATES**
- 30.1 The Company must issue each Shareholder, free of charge, with one or more certificates in respect of the Shares which that Shareholder holds.
- 30.2 Every certificate must specify:
- 30.2.1 in respect of how many Shares, of what class, it is issued;
- 30.2.2 the nominal value of those Shares;
- 30.2.3 that the Shares are fully paid; and
- 30.2.4 any distinguishing numbers assigned to them.
- 30.3 No certificate may be issued in respect of Shares of more than one class.
- 30.4 If more than one person holds a Share, only one certificate may be issued in respect of it.
- 30.5 Certificates must:
- 30.5.1 have affixed to them the Company's common seal, or
- 30.5.2 be otherwise executed in accordance with the Companies Acts.
31. **REPLACEMENT SHARE CERTIFICATES**
- 31.1 If a certificate issued in respect of a Shareholder's Shares is:

31.1.1 damaged or defaced, or

31.1.2 said to be lost, stolen or destroyed,

that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.

31.2 A Shareholder exercising the right to be issued with such a replacement certificate:

31.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

31.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

31.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

## 32. **RESTRICTIONS ON TRANSFER**

In these Articles, references to a transfer of a Share include the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.

## 33. **TRANSFERS NULL AND VOID**

Except for a purchase by the Company of its own Shares, or a redemption by the Company of the B Shares, in each case in accordance with the provisions of the 2006 Act and these Articles, any transfer or purported transfer of a Share shall be null and void and of no effect.

## 34. **EXITING SHAREHOLDER**

34.1 In the event that a Shareholder wishes to cease to be a Shareholder in the Company, a Shareholder shall be required to serve a written notice on the Board of the Company at least 12 months prior to the proposed exit date, which must be 31 March in any year unless such other date is approved by the Board and all of the other Shareholders (the "**Withdrawal Date**").

34.2 In the event of a Shareholder ceasing to be a Shareholder (an "**Exiting Shareholder**"), the Exiting Shareholder shall pay to the Company, in addition to any monies owing by the Exiting Shareholder to the Company as at the Withdrawal Date, such sum as represents the contribution to the capitalised value of that proportion of the continuing and outstanding liabilities of the Company have been incurred before the Withdrawal Date and which is properly attributable to the Exiting Shareholder's share membership of the Company in accordance with clause 14.7 of the Shareholders' Agreement.

34.3 Thereafter (save where any defaulting Shareholder is required to cease being a Shareholder pursuant to the terms of any shareholders agreement in which event those default provisions shall apply), on the Withdrawal Date:

34.3.1 **A Shares:** the A Shares held by the Exiting Shareholder shall be either (as agreed by the Exiting Shareholder and the Company):

34.3.1.1 purchased by the Company at Fair Market Value in accordance with and subject always to Part 18 of the 2006 Act; or

34.3.1.2 transferred to a new Shareholder at Fair Market Value.

For the avoidance of doubt, if the Company is unable to purchase the A Shares (as a result of insufficient distributable reserves and/or any other legal restriction in Part 18 of the 2006 Act) then the Company shall not be under

any obligation to purchase any such A Shares until such later time as the Board determines that the Company is in a position to complete the proposed share buyback.

- 34.3.2 **B Shares:** the rights attached to B Shares in the event of an Exiting Shareholder are set out in **Article 27** above. Subject to those provisions, the proceeds of such sale, transfer or redemption shall be paid to the Existing Shareholder within [3] months of the Withdrawal Date.

## 35. **DEEMED TRANSFERS TO THE COMPANY**

- 35.1 If a Shareholder, or other person entitled to transfer a Share (otherwise than in accordance with these Articles), at any time attempts to transfer, deal with or dispose of a Share or any legal or beneficial interest in such Share otherwise than in accordance with **Article 27** (*Rights attaching to Shares*) (in relation to the redemption of B Shares) or **Article 34** (*Exiting Shareholder*), or if any of the events specified in **Article 35.3** or **Article 35.4** occurs in respect of a Shareholder, the provisions of **Article 35.2** shall apply.
- 35.2 Where **Article 35.1** applies to any Shareholder, such Shareholder shall be deemed to have given a transfer notice on the occurrence of such attempt or event in favour of the Company and to have specified in such transfer notice as the price per Share, the par value of each Share and the Company shall implement such transfer by way of purchase or redemption of such Shares in accordance with the 2006 Act.
- 35.3 **Article 35.2** shall apply on the occurrence of any of the following events:
- 35.3.1 any direction (by way of renunciation, nomination or otherwise) by a Shareholder entitled to an allotment or transfer of Shares to the effect that such Shares or any of them be allotted or issued or transferred to some person other than himself; or
- 35.3.2 any sale, dealing with or other disposition of any beneficial interest in a Share (whether or not for consideration or otherwise) by whomsoever made and whether or not effected by an instrument in writing except where the disposition is by service of a transfer notice in accordance with these Articles.
- 35.4 For the purpose of ensuring that no circumstances have arisen whereby a transfer notice is deemed to be given or is required to be served, the directors may from time to time require any Shareholder or past shareholder to furnish to them such information and evidence as the directors may reasonably think fit regarding any matter which they consider relevant to establish whether any circumstances have arisen whereby a transfer notice is required to be served. Failing such information being furnished to the reasonable satisfaction of the directors within a reasonable time after it has been requested, or if in the reasonable opinion of the directors any such information or evidence is false in any material respect, the directors may declare by notice in writing to the relevant Shareholder that a transfer notice shall be deemed to have been given in respect of any relevant Shares and **Article 35.2** shall apply in respect of any Shares held by such Shareholder.
- 35.5 For the purpose of **Articles 35.1 to 35.4** inclusive, the word "Shareholder" includes any former shareholder.

## 36. **REGISTRATION OF TRANSFERS**

The Directors may refuse to register any transfer of a Share in accordance with clause 14.9 of the Shareholders' Agreement.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

37. **PROCEDURE FOR DECLARING DIVIDENDS**

- 37.1 The Company may declare dividends and interim dividends in accordance with the Shareholders' Agreement and **Article 37.5**.
- 37.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 37.3 No dividend may be declared or paid unless it is in accordance with Shareholders' respective rights.
- 37.4 Unless the Shareholders' resolution to declare or director's decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each Shareholders' holding of Shares on the date of the resolution or decision to declare or pay it.
- 37.5 The Company shall without resolution of the Board or the Company in general meeting and before (i) payment of any other dividend or distribution; and (ii) application of any profits or for any other purpose, pay in respect of each B Share, a dividend ("**B Share Dividend**") which shall be declared within [one month or at a later date as agreed] ("**Dividend Declaration Date**") of the end of the financial year to which it relates, and paid within [one month or at a later date as agreed] ("**Dividend Paid Date**") of the end of the financial year to which it relates to the person registered as the holder of such B shares on the **Dividend Declaration Date**. The amount of the B Share dividend in any one financial year will be the equivalent of the return actually received by the Company in respect of its investment of the B Share capital (in investments in which such regulatory capital is permitted to be held), subject to:
- 37.5.1 not reducing the level of the B Share capital below the minimum level required under CRR and any law or regulation in force from time to time and governing the minimum amount of regulatory capital which the Company is required to maintain; and
- 37.5.2 the Company has the profits available for distribution.
- 37.6 Where the Company is precluded by the 2006 Act or otherwise by law from paying in full any B Share Dividend on any date specified in **Article 37.5**, then in respect of any such dividend which would otherwise require to be paid pursuant to these Articles on that date:
- 37.6.1 the Company shall pay, on that date, to the holders of the B Shares on account of the B Share Dividend the maximum sum (if any) which can then, consistent with the 2006 Act, be paid by the Company; and
- 37.6.2 as soon as the Company is no longer precluded from doing so, the Company shall pay in respect of the B Shares pay on account of the balance of the B Share Dividend for the time being remaining outstanding, and until all arrears, accruals and deficiencies of the B Share Dividend have been paid in full, the maximum amount of B Share Dividend which can, consistent with the 2006 Act, properly be paid by the Company at that time.

38.

**PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS**

- 38.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:
- 38.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
- 38.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address;

- 38.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- 38.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- 38.2 In these Articles, "the distribution recipient" means, in respect of a Share in respect of which a dividend or other sum is payable:
- 38.2.1 the holder of the Share; or
- 38.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members.
39. **NO INTEREST ON DISTRIBUTIONS**
- 39.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:
- 39.1.1 the terms on which the Share was issued, or
- 39.1.2 the provisions of another agreement between the holder of that Share and the Company.
40. **UNCLAIMED DISTRIBUTIONS**
- 40.1 All dividends or other sums which are:
- 40.1.1 payable in respect of Shares, and
- 40.1.2 unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.
- 40.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.
- 40.3 If:
- 40.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment, and
- 40.3.2 the distribution recipient has not claimed it,
- the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.
41. **DISTRIBUTIONS**
- 41.1 Subject to the terms of issue of the Share in question, the Company may, subject to the terms of the Shareholders' Agreement, on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a Share (excluding the B Share Dividend) by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any company).
- 41.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- 41.2.1 fixing the value of any assets;
- 41.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- 41.2.3 vesting any assets in trustees.

## 42. **WAIVER OF DISTRIBUTIONS**

42.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

- 42.1.1 the Share has more than one holder, or
- 42.1.2 more than one person is entitled to the Share,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the Share.

## **CAPITALISATION OF PROFITS**

### 43. **AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

43.1 Subject to these Articles, the directors may, subject to the terms of the Shareholders' Agreement:

- 43.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- 43.1.2 appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

43.2 Capitalised sums must be applied:

- 43.2.1 on behalf of the persons entitled; and
- 43.2.2 in the same proportions as a dividend would have been distributed to them.

43.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new [debentures] of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

43.5 Subject to these Articles the directors may:

- 43.5.1 apply capitalised sums in accordance with **Articles 43.3** and **43.4** partly in one way and partly in another;
- 43.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this **Article 43** (including the issuing of fractional certificates or the making of cash payments); and
- 43.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this **Article 43**.

#### 44. **RETURN OF CAPITAL RIGHTS**

44.1 The rights as regards return of capital attaching to each class of Shares shall be as set out in this **Article 44**. On a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company remaining after the payment of its liabilities (including for the avoidance of doubt any debts arising from non-payment of cumulative dividends) shall be applied in the following order of priority:

- 44.1.1 all unpaid arrears and accruals of the B Share Dividend on the B Shares to the holders of the B Shares, calculated up to and including the date the return of capital is made (such arrears and accruals being payable irrespective of whether the relevant dividend has become due and payable in accordance with the Articles) and, subject thereto;
- 44.1.2 second, in paying to each holder of A Shares and B Shares in respect of each A Share and B Share of which it is the holder, a sum equal to the par value thereof; and
- 44.1.3 the balance of such assets (if any) shall be distributed amongst the holders of the A Shares according to the amount paid up or credited as paid up on each such A Share.

#### **ORGANISATION OF GENERAL MEETINGS**

#### 45. **NOTICE OF GENERAL MEETINGS**

Every notice convening a general meeting shall:

- 45.1 include an agenda of the meeting;
- 45.2 comply with section 325(1) of the 2006 Act as to giving information to Shareholders relating to their right to appoint proxies; and
- 45.3 be given in accordance with section 308 of the 2006 Act but shall not be given by means of a website.

#### 46. **ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

46.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

46.2 A person is able to exercise the right to vote at a general meeting when:

- 46.2.1 that person (being an authorised representative of a Shareholders or a proxy of the Shareholders) is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- 46.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

46.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

46.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

46.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

47. **ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS**

47.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.

47.2 The chairman of the meeting may permit other persons who are not:

47.2.1 Shareholders of the Company, or

47.2.2 otherwise entitled to exercise the rights of Shareholders in relation to general meetings,

to attend and speak at a general meeting.

48. **QUORUM AT GENERAL MEETINGS**

48.1 No resolution shall be voted on and no other business shall be transacted at any general meeting of the Company unless a quorum is present when such vote is taken or other business is transacted and no resolution or transaction shall be effective unless a quorum is so present.

48.2 A quorum shall consist of nine in number of the Shareholders of the Company for the time being present by proxy or by representative.

48.3 If a quorum is not present within half an hour from the time appointed for a general meeting or if, during any general meeting, a quorum ceases to be present, the general meeting shall stand adjourned until such other day and at such other place as the chairman of the meeting may determine (or, if the chairman does not so determine any outstanding business to be discussed at the meeting shall be adjourned to the next general meeting) and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed for the same such adjourned general meeting, the general meeting shall be dissolved.

**VOTES OF SHAREHOLDERS**

49. **VOTING: GENERAL**

A resolution put to the vote of a general meeting must be decided on a show of hands (or equivalent open voting methodology). No resolution shall be decided on a poll.

50. **ERRORS AND DISPUTES**

50.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

50.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

51. **CONTENT OF PROXY NOTICES**

51.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

51.1.1 states the name and address of the Shareholder appointing the proxy;

51.1.2 identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;

51.1.3 is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

- 51.1.4 is delivered to the Company in accordance with these Articles and any instructions contained in the notice of the general meeting to which they relate.
- 51.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 51.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 51.4 Unless a proxy notice indicates otherwise, it must be treated as:
- 51.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- 51.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
- 52. DELIVERY OF PROXY NOTICES**
- 52.1 A person who is entitled to attend, speak or vote at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.
- 52.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 52.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 52.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.
- 53. AMENDMENTS TO RESOLUTIONS**
- 53.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- 53.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
- 53.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 53.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 53.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- 53.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 53.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

54. **WRITTEN RESOLUTIONS**

54.1 A written resolution, proposed in accordance with section 288(3) of the Companies Act 2006, will lapse if it is not passed before the end of the period of 40 days beginning with the circulation date.

54.2 For the purposes of this **Article 54** "circulation date" is the date on which copies of the written resolution are sent or submitted to Shareholders or, if copies are sent or submitted on different dates, to the first of those dates.

55. **NUMBER OF VOTES**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, on a written resolution every holder of A Shares has one vote in respect of each A Share held by him and on a show of hands at a general meeting every holder of A Shares entitled to vote and who is present by a representative has one vote.

56. **COMPLIANCE WITH THE LOCAL AUTHORITIES ORDER**

56.1 The Company is a "controlled company" within the meaning of Article 4(1) of the Local Authorities Order because its Shareholders are the following local authorities (each an "Authority", together the "Authorities"):

- 56.1.1. Bedford Borough Council;
- 56.1.2. Cumbria County Council;
- 56.1.3. Durham County Council;
- 56.1.4. The East Riding of Yorkshire Council;
- 56.1.5. Lincolnshire County Council;
- 56.1.6. Middlesbrough Borough Council;
- 56.1.7. Northumberland County Council;
- 56.1.8. North Yorkshire County Council;
- 56.1.9. The Council of the Borough of South Tyneside;
- 56.1.10. South Yorkshire Pensions Authority;
- 56.1.11. Surrey County Council; and
- 56.1.12. Warwickshire County Council.

56.2 The Company shall comply with the requirements of the Local Authorities Order in so far as it relates to the Company.

**ADMINISTRATIVE ARRANGEMENTS**

57. **COMPANY COMMUNICATION PROVISIONS**

57.1 Where:

57.1.1 a document or information is sent by post (whether in hard copy or electronic form) to an address in the United Kingdom; and

57.1.2 the Company is able to show that it was properly addressed, prepaid and posted,

it is deemed to have been received by the intended recipient 48 hours after it was posted (unless the Company can demonstrate that such properly addressed (to an address in the United Kingdom) and posted document or information was prepaid by first class post in which case it shall be deemed to have been received by the intended recipient 24 hours after it was posted).

57.2 Where:

57.2.1 a document or information is sent or supplied in electronic form; and

57.2.2 the Company is able to show that it was properly addressed,

it is deemed to have been received by the intended recipient immediately after it was sent.

57.3 Pursuant to section 1147(6) of the 2006 Act, subsections (2), (3) and (4) of that section shall be deemed modified by **Articles 56.1 and 56.2.**

57.4 Subject to any requirements of the 2006 Act, documents and notices may be sent to the Company in electronic form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

## 58. **COMPANY SEALS**

58.1 Any common seal may only be used by the authority of the directors.

58.2 The directors may decide by what means and in what form any common seal is to be used.

58.3 Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

58.4 For the purposes of this **Article 58**, an authorised person is:

58.4.1 any director of the Company;

58.4.2 the company secretary (if any); or

58.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

## 59. **PUBLIC ACCESS TO MINUTES OF MEETINGS AND RIGHTS TO INSPECT ACCOUNTS AND OTHER RECORDS**

In accordance with the requirements of the Local Authorities Order, the minutes of any general meeting shall be made available for public inspection for a period of 4 years from the date of such a meeting.

## 60. **DIRECTORS' INDEMNITY AND INSURANCE**

60.1 Subject to, and so far as may be permitted by, the 2006 Act and the FCA Rules and without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every director, former director, alternate director, secretary or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, including any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, former director, alternate director, secretary or other officer of the Company or of any such associated company and against any such liability incurred by him in connection with the Company's activities as trustee of an occupational pension scheme as defined in section 235(b) of the 2006 Act.

60.2 Subject to the 2006 Act the directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every director, former director, alternate director, secretary or other officer of the Company or of any associated company (as defined in section 256 of the 2006 Act) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or

omitted to be done or alleged to have been done or omitted to be done by him as a director, former director, alternate director, secretary or other officer of the Company or associated company.

61. **REGISTERED OFFICE**

The Company's registered office is to be situated in England and Wales.

62. **LIMITED LIABILITY**

The liability of the members is limited.

DRAFT BCPP ARTICLES OF ASSOCIATION 05/12/16

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Dated: 2017

- (1) BEDFORD BOROUGH COUNCIL
- (2) CUMBRIA COUNTY COUNCIL
- (3) DURHAM COUNTY COUNCIL
- (4) THE EAST RIDING OF YORKSHIRE COUNCIL
- (5) LINCOLNSHIRE COUNTY COUNCIL
- (6) MIDDLESBROUGH BOROUGH COUNCIL
- (7) NORTHUMBERLAND COUNTY COUNCIL
- (8) NORTH YORKSHIRE COUNTY COUNCIL
- (9) THE COUNCIL OF THE BOROUGH OF SOUTH TYNESIDE
- (10) SOUTH YORKSHIRE PENSIONS AUTHORITY
- (11) SURREY COUNTY COUNCIL
- (12) WARWICKSHIRE COUNTY COUNCIL

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**Agreement to cooperate in the pooling of  
Local Government Pension Scheme investments**

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**BETWEEN**

- (1) **Bedford Borough Council**, of Borough Hall, Cauldwell Street, Bedford, MK42 9AP;
- (2) **Cumbria County Council**, of The Courts, Carlisle, Cumbria, CA3 8NA;
- (3) **Durham County Council**, of County Hall, Durham, DH1 5UE;
- (4) **The East Riding Of Yorkshire Council**, of County Hall, Beverley HU17 9BA;
- (5) **Lincolnshire County Council**, of County Offices, Newland, Lincoln, LN1 1YL;
- (6) **Middlesbrough Borough Council**, of PO Box 340, Middlesbrough, TS1 2XP;
- (7) **Northumberland County Council**, of County Hall, Morpeth, Northumberland, NE61 2EF;
- (8) **North Yorkshire County Council**, of County Hall, Northallerton, North Yorkshire, DL7 8AL;
- (9) **The Council of the Borough of South Tyneside**, of Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL;
- (10) **South Yorkshire Pensions Authority**, of 18 Regent Street, Barnsley, S70 2HG (acting on behalf of itself and Sheffield City Region Combined Authority);
- (11) **Surrey County Council**, of County Hall, Penrhyn Road, Kingston upon Thames, KT1 2DN; and
- (12) **Warwickshire County Council**, of PO Box 3, Shire Hall, Warwick, CV34 4RL

together called "the Authorities"

**BACKGROUND**

**WHEREAS**

- (A) The Authorities are each administering authorities within the Local Government Pension Scheme and within the meaning of the Local Government Pension Scheme Regulations 2013. They each administer, maintain and invest their own respective funds within the LGPS in accordance with those Regulations and the LGPS Investment Regulations.
- (B) The Authorities are the sole shareholders in Border to Coast Pensions Partnership Limited a controlled company within the meaning of the Companies Order. They have separately entered into the Shareholders Agreement to record the terms of their relationship with each other as shareholders in relation to Border to Coast Pensions Partnership Limited and to regulate certain aspects of the affairs and their dealings with Border to Coast Pensions Partnership Limited.
- (C) The Authorities have decided to enter into this Agreement in order to establish governance arrangements relating to the establishment of Border to Coast Pensions Partnership Limited as an entity to act as an alternative investment fund manager to run and operate one or more collective investment vehicles to allow the administering authorities to pool their respective investments.
- (D) The Authorities are local authorities within the meaning of the Local Government Act 1972 and have agreed to establish and participate in a Joint Committee known as the Border to Coast Pensions Partnership Joint Committee which will be responsible for considering and advising the Authorities on the delivery of the BCPP Pool operation.

- (E) The Authorities have entered into this Agreement in reliance on the rights given to local authorities to undertake administrative arrangements of this nature in sections 101, 102, 103, 112 and 113 of the Local Government Act 1972 and the Regulations made under these Acts; together with the general power within section 2 of the Localism Act 2011 and the supporting provisions within section 111 Local Government Act 1972.

## **OPERATIVE PROVISIONS**

### **IT IS HEREBY AGREED AS FOLLOWS**

#### **1. DEFINITIONS AND INTERPRETATION**

In this Agreement:

- 1.1 the following expressions have the following meanings unless inconsistent with the context:

<b>"ACS"</b>	an authorised contractual scheme within the meaning of section 235A of the Financial Services and Markets Act 2000
<b>"Agreement"</b>	this Agreement
<b>"Agreement Personal Data"</b>	the Personal Data which is processed by the Authorities pursuant to this Agreement
<b>"Authorities"</b>	(1) at the Commencement Date and until such time as an Authority withdraws from this Agreement the authorities who are parties to this Agreement and (2) after the withdrawal of an Authority from this Agreement those authorities who remain parties to this Agreement and (3) from such time as another authority becomes party to this Agreement that authority and the other authorities who are parties to this Agreement
<b>"BCPP"</b>	and each an "Authority" Border to Coast Pensions Partnership Limited a company incorporated in England and Wales (registered number [●]) and wholly owned by the Authorities
<b>"BCPP Pool"</b>	the collective term for the one or more collective investment vehicles run and operated by BCPP to allow the administering authorities to pool their respective investments
<b>"Business Days"</b>	a day that is not a Saturday, Sunday or public or bank holiday in England or Wales
<b>"Commencement Date"</b>	the date of this Agreement
<b>"Companies Order"</b>	The Local Authorities (Companies) Order 1995
<b>"Constitution"</b>	the Constitution of the Joint Committee set out at <b>Schedule 2</b>
<b>"Data Protection Authority"</b>	means any organisation with is responsible for the supervision, promotion and enforcement of the Data Protection Legislation, including the Information Commissioners Office (or any joint, like, replacement or successor organisation from time to

	time)
<b>"Data Controller"</b>	has the same meaning as given to it under the Data Protection Legislation
<b>"Data Processor"</b>	has the same meaning as given to it under the Data Protection Legislation
<b>"Data Protection Legislation"</b>	means all privacy laws applicable to the personal data which is Processed under or in connection with this Agreement, including the DPA and where applicable, EU Directive 95/46/EC, 2002/58/EC, and the GDPR (amongst others) as implemented by the applicable local laws, including the DPA, or as directly applicable, and all regulations made pursuant to and in relation to such legislation together with all codes of practice and other guidance on the foregoing issued by any relevant Data Protection Authority, all as amended, updated and/or replaced from time to time
<b>"DPA"</b>	Data Protection Act 1998, as amended, updated and/or replaced from time to time.
<b>"Exempt Information"</b>	<p>any information relating to this Agreement which may be:</p> <ul style="list-style-type: none"> <li>- exempt from disclosure under the Freedom of Information Act 2000 (as updated, amended, or replaced from time to time); or</li> <li>- excepted from disclosure under the Environmental Information Regulations 2004 (as updated amended, or replaced from time to time)</li> <li>- or otherwise does not fall to be disclosed because it is vexatious or compliance with the Information Request would exceed an applicable time and costs limit specified within the FOI Legislation</li> <li>- exempt from disclosure under section 100I and Schedule 12A of the Local Government Act 1972.</li> </ul>
<b>"FOI Legislation"</b>	the Freedom of Information Act 2000 and subordinate legislation made under this, or the Environmental Information Regulations 2004 together with all codes of practice and other guidance on the foregoing issued by the Information Commissioner's Office or relevant government departments, all as amended, updated and/or replaced from time to time
<b>"GDPR"</b>	means the General Data Protection Regulation as set out in Regulation (EC) 2016/679 which comes into force in the UK on 25 May 2018 and as may (in

	respect of the UK) be replaced, amended and or updated from time to time
<b>"Host Authority"</b>	the Authority referred to in Clause 7 hereof
<b>"Information Request"</b>	a request for information under FOI Legislation
<b>"Joint Committee"</b>	the statutory Joint Committee of elected members from the Authorities established by this Agreement which will be called the Border to Coast Pension Partnership Joint Committee
<b>"LGPS"</b>	the Local Government Pension Scheme in England and Wales
<b>"LGPS Investment Regulations"</b>	The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
<b>"Officer Operations Group"</b>	a group of officers employed by the Authorities who will undertake the tasks described in Schedule 3
<b>"Personal Data"</b>	as defined in the Data Protection Legislation
<b>"Process" and other derivations such as "Processed" and "Processing"</b>	means any use of Personal Data. For the avoidance of doubt, this includes, without limitation, storing, accessing, reading, using, copying, printing, revising, deleting, disclosing, transferring or otherwise using Personal Data;
<b>"Secretary to the Joint Committee"</b>	the officer appointed in accordance with Clause 7 hereof
<b>"Section 151 Officer"</b>	the officer designated by a local authority as the person responsible for the proper administration of its financial affairs, as required by section 151 of the Local Government Act 1972
<b>"Shared Objectives"</b>	the objectives set out in Schedule 4
<b>"Shareholders Agreement"</b>	the agreement between the Authorities which records the terms of their relationship with each other as shareholders in relation to the BCPP Pool and which regulates certain aspects of the affairs and their dealings with BCPP
<b>"Terms of Reference"</b>	the Terms of Reference of the Joint Committee set out at <b>Schedule 1</b>
<b>"Withdrawing Authority"</b>	an Authority which has given notice in accordance with clause 11 of this Agreement

- 1.2 references to the background section, clauses and Schedules are to the background section and clauses of and schedules to this Agreement and references to paragraphs are to paragraphs of the relevant Schedule;

- 1.3 the Schedules form part of this Agreement and will have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement will include the Schedules;
- 1.4 the background section and all headings are for ease of reference only and will not affect the construction or interpretation of this Agreement;
- 1.5 unless the context otherwise requires:
- 1.5.1 references to the singular include the plural and vice versa and references to any gender include every gender; and
  - 1.5.2 references to a "person" include any individual, body corporate, association, partnership, firm, trust, organisation, joint venture, government, local or municipal authority, governmental or supra-governmental agency or department, state or agency of state or any other entity (in each case whether or not having separate legal personality);
- 1.6 references to any statute or statutory provision will include any subordinate legislation made under it and will be construed as references to such statute, statutory provision and/or subordinate legislation as modified, amended extended, consolidated, re-enacted and/or replaced and in force from time to time;
- 1.7 any words following the words "include", "includes", "including", "in particular" or any similar words or expressions will be construed without limitation and accordingly will not limit the meaning of the words preceding them;
- 1.8 the rule known as the ejusdem generis rule will not apply and accordingly the meaning of general words introduced by the word "other" or a similar word or expression will not be restricted by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
- 1.9 references to "in writing" or "written" are to communication effected by post and email or any other means of reproducing words in a legible and non-transitory form (but not fax);
- 1.10 an obligation on a party to procure or ensure the performance or standing of another person will be construed as a primary obligation of that party; and
- 1.11 unless expressly stated otherwise, all obligations, representations and warranties on the part of two or more persons are (unless stated otherwise) entered into, given or made by such persons severally.
2. **TERM**
- 2.1 This Agreement shall come into force on the Commencement Date and shall continue from year to year subject to the right of the Authorities to terminate this Agreement in accordance with its provisions.
3. **SHARED OBJECTIVES**
- 3.1 The Authorities agree so far as reasonably possible to pursue the Shared Objectives.
4. **GOVERNING PRINCIPLES**
- 4.1 Each of the Authorities agrees that they will:
- 4.1.1 Ensure they are properly represented on the committees, working parties and other bodies provided for by this Agreement.
  - 4.1.2 Commit to provide agreed resources within agreed timescales; and

- 4.1.3 Involve and inform the other Authorities of developments they are pursuing elsewhere which are relevant to BCPP and will share the learning and benefits thereof.

**5. ESTABLISHMENT OF A JOINT COMMITTEE**

- 5.1 In exercise of their powers under sections 101(4) and 102(4) of the Local Government Act 1972, the Authorities hereby create a Joint Committee to be known as the BCPP Joint Committee with effect from the Commencement Date.
- 5.2 The purpose of the Joint Committee shall be to undertake the activities set out in the Terms of Reference.
- 5.3 The Joint Committee shall operate and conduct its business in accordance with the terms of this Agreement including the Constitution and the Terms of Reference and may create sub-committees and working groups to support its role including an Officer Operations Group.

**6. GOVERNANCE**

- 6.1 Each of the Authorities shall each ensure that it makes any changes to its own constitution as are necessary to facilitate the operation of this Agreement.

**7. HOST AUTHORITY AND OFFICER GROUPS**

- 7.1 The Joint Committee will from time to time designate one of the Authorities to act as Host Authority on behalf of the Joint Committee for the purposes of entering into contracts and any other BCPP Pool related activity where a legal persona is required to act.
- 7.2 The Host Authority will propose a budget for the operation of the Joint Committee for approval by the Joint Committee.
- 7.3 The Authorities will together and equally indemnify the Host Authority in respect of any claims, liabilities and costs incurred by virtue of its role as Host authority when acting on behalf of the Authorities together.
- 7.4 In accordance with Schedule 2 the Joint Committee will designate an officer employed by one of the Authorities to be the Secretary to the Joint Committee.
- 7.5 The Officer Operations Group will provide support to the Joint Committee in accordance with the Group's Terms of Reference making arrangements and engaging on behalf of the Joint Committee with BCPP.

**8. COST SHARING**

- 8.1 Subject to clause 8.2 costs incurred in the operation of the Joint Committee (including the costs of officers providing support to the Joint Committee through the Officer Operations Group in accordance with this Agreement) will be borne by the Authority incurring them.
- 8.2 Costs incurred by the Host Authority in providing secretariat services to the Joint Committee and any other costs incurred by the Host Authority on behalf of the Joint Committee in its capacity as lead authority will be shared equally between the Authorities.

**9. TERMS OF REFERENCE**

- 9.1 The Joint Committee will meet from time to time (with support from the officers ) to discuss and form a common view on the matters within the Terms of Reference.
- 9.2 The Joint Committee shall not make binding decisions on these issues but may make recommendations to each Authority to individually determine.

## 10. **VARIATION OF AGREEMENT**

- 10.1 Any of the Authorities may request a variation to this Agreement by making such a request in writing to the Secretary to the Joint Committee or his or her nominee.
- 10.2 The Secretary to the Joint Committee or his or her nominee shall circulate the request to each of the Authorities within 10 Business Days of receipt of the request for consideration and approval by the Authorities.
- 10.3 If the Authorities approve the variation then the Secretary to the Joint Committee or his or her nominee shall arrange for the preparation of an appropriate deed of variation to this Agreement to be prepared for execution by all Authorities and such change shall only take effect upon completion of that deed and the costs associated with the preparation of such deed of variation shall be shared equally between the Authorities.
- 10.4 If one of the Authorities does not approve the variation then the variation to this Agreement shall not occur.

## 11. **WITHDRAWAL FROM THIS AGREEMENT**

- 11.1 An Authority may withdraw from this Agreement in accordance with the following procedure:
- 11.1.1 Any Authority which wishes to withdraw from this Agreement shall give not less than twelve months written notice to expire on 31<sup>st</sup> March next following to the Secretary to the Joint Committee of its intention to do so. The Secretary to the Joint Committee or his or her nominee shall consult the Authorities upon which such notice has been served giving due consideration to:
- 11.1.1.1 any loss of funding arising from such withdrawal and including any non-payment, clawback or repayment of such funding; and
- 11.1.1.2 any other loss, liability, damage, claim or expense;
- which would be incurred by the Authorities upon which notice has been served by reason of such withdrawal from this Agreement.
- 11.2 Should a Authority cease to be a shareholder in or to be contractually bound to BCPP then it shall be treated as having given notice of withdrawal under the provisions of Clause 11.1 hereof save that such notice shall have immediate effect.
- 11.3 An Authority wishing to withdraw from this Agreement undertakes as a condition of such withdrawal to make, prior to withdrawal, such reasonable payment or payments which fairly reflect the actual losses caused by or anticipated as a result of the withdrawal as shall be determined by the other Authorities and no notice under this **clause 11** shall take effect unless and until such payment has been agreed.
- 11.4 Each Authority reserves the right to recover from any Withdrawing Authority the costs of any claims, costs, expenses, losses or liabilities of any nature or which have been caused by any act or omission of the Withdrawing Authority in connection with this Agreement and which are discovered after the withdrawal from this Agreement.
- ## 12. **TERMINATION OF THIS AGREEMENT**
- 12.1 The Authorities agree that this Agreement may be terminated upon terms agreed by all Authorities.
- 12.2 Upon termination of this Agreement the Authorities agree that the Joint Committee shall cease to exist.

- 12.3 Notwithstanding the termination of this Agreement the Authorities each agree to do all such acts and things and execute all such documents as each of them reasonably requires.

### 13. **DISPUTE RESOLUTION**

- 13.1 The Authorities undertake and agree to pursue a positive approach towards dispute resolution which seeks (in the context of this joint working arrangement) to identify a solution at the lowest operational level that is appropriate to the subject of the dispute and which avoids legal proceedings and maintains a strong working relationship between the Authorities.
- 13.2 In the event of any dispute or disagreement arising out of or in connection with this Agreement or any breach thereof ("a Dispute") an Authority may serve notice upon the other setting out brief details of the Dispute that has arisen ("Notice of Dispute") and the Notice of Dispute shall in the first instance be considered by the Section 151 Officers of the relevant Authorities or such other person as the section 151 officer may direct, which shall, acting in good faith, attempt to resolve such dispute.
- 13.3 Where the Section 151 Officers are unable to resolve such dispute within a period of 28 days or where in the opinion of the Section 151 Officers such dispute would be more effectively resolved in another forum the Section 151 Officers may refer such dispute to a suitably qualified and independent person as may be recommended by the section 151 Officers and to be agreed by the Authorities which are in dispute or in the event of failure within a period of 28 days to agree on such appointment a person nominated by the President of the Law Society who shall act as an expert.
- 13.4 Where a dispute is referred to a person appointed under clause 13.3 hereof that person shall determine the procedure and timetable for resolution of the said dispute at his or her absolute discretion and the decision of that person shall be binding on the Authorities.
- 13.5 For the avoidance of doubt, this **clause 13** applies only to disputes between the Authorities and does not apply to any dispute between the Authorities and BCPP.

### 14. **NOTICES**

- 14.1 Any notice or other communication given under or in connection with this Agreement will be in writing, marked for the attention of the specified representative of the party to be given the notice or communication and:
- 14.1.1 sent to that party's address by pre-paid first class post or mail delivery service providing guaranteed next working day delivery; or
- 14.1.2 delivered to or left at that party's address (but not, in either case, by one of the methods set out in **clause 14.1**).
- 14.2 The address and representative for each Authority are set out below and may be changed by that party giving at least 10 Business Days' notice in accordance with this **clause 14**.

**Bedford Borough Council**

Borough Hall, Cauldwell Street, Bedford, MK42 9AP

For the attention of: [•]

**Cumbria County Council**

The Courts, Carlisle, Cumbria, CA3 8NA

For the attention of: [•]

**Durham County Council**

County Hall, Durham, DH1 5UE

For the attention of: [•]

**The East Riding of Yorkshire Council**

County Hall, Beverley HU17 9BA

For the attention of: Director of Corporate Resources

**Lincolnshire County Council**

County Offices, Newland, Lincoln, LN1 1YL

For the attention of: [•]

**Middlesbrough Borough Council**

PO Box 340, Middlesbrough, TS1 2XP

For the attention of: [•]

**Northumberland County Council**

County Hall, Morpeth, Northumberland, NE61 2EF

For the attention of: [•]

**North Yorkshire County Council**

County Hall, Northallerton, North Yorkshire, DL7 8AL

For the attention of: [•]

**The Council of the Borough of South Tyneside**

Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

For the attention of: [•]

**South Yorkshire Pensions Authority**

18 Regent Street, Barnsley, S70 2HG

For the attention of: [•]

**Surrey County Council**

County Hall, Penrhyn Road, Kingston upon Thames, KT1 2DN

For the attention of: [•]

**Warwickshire County Council**

PO Box 3, Shire Hall, Warwick, CV34 4RL

For the attention of: [•]

- 14.3 Any notice or communication given in accordance with **clause 14.1** will be deemed to have been served:
- 14.3.1 if given as set out in **clause 14.1**, at 9.00am on the 2<sup>nd</sup> Business Day after the date of posting; and
- 14.3.2 if given as set out in **clause 14.1.1**, at the time the notice or communication is delivered to or left at that party's address,
- provided that if a notice or communication is deemed to be served before 9.00am on a Business Day it will be deemed to be served at 9.00am on that Business Day and if it is deemed to be served on a day which is not a Business Day or after 5.00pm on a Business Day it will be deemed to be served at 9.00am on the immediately following Business Day.
- 14.4 For the purposes only of this **clause 14**, references to time of day are to the time of day at the address of the recipient parties referred to in **clause 14.1**.
- 14.5 To prove service of a notice or communication it will be sufficient to prove that the provisions of **clause 14.1** were complied with.
15. **INFORMATION AND CONFIDENTIALITY**
- 15.1 Whilst acknowledging that meetings of the Joint Committee will ordinarily be open to the public, and that the Authorities intend to comply with their obligations under the FOI Legislation, the Authorities shall otherwise keep confidential all matters relating to this Agreement and shall use all reasonable endeavours to prevent their employees and agents from making any disclosure to any person of any matter relating to the Agreement.
- 15.2 **Clause 15.1** shall not apply to:
- 15.2.1 Any disclosure of information that is reasonably required by persons engaged in the performance of their obligations under this Agreement;
- 15.2.2 Any matter which an Authority can demonstrate is already generally available and in the public domain otherwise than as a result of a breach of this clause;
- 15.2.3 Any disclosure to enable a determination to be made under **clause 13** (Dispute Resolution);
- 15.2.4 Any disclosure which is required by any law (including any order of a court of competent jurisdiction, in compliance with the Data Protection Legislation, and/or the FOI Legislation), any Parliamentary obligation or the rules of any stock exchange or governmental or regulatory authority having the force of law;
- 15.2.5 Any disclosure of information which is already lawfully in the possession of the receiving Authority in its own capacity and available for its unconditional use, prior to its disclosure by the disclosing Authority;
- 15.2.6 Any disclosure by an Authority to a department, office or agency of the Government; and
- 15.2.7 Any disclosure to appropriate firms or audit bodies for the purpose of the examination and certification of an Authority's accounts.
- 15.3 Save for in relation to disclosures made under the FOI Legislation which cannot be made subject to imposed conditions, where disclosure is permitted under **clause 14.2**, the recipient of the information shall be placed under the same obligation of confidentiality as that contained in this Agreement by the disclosing Authority.

16. **DATA PROTECTION**

- 16.1 The Authorities shall be Data Controllers of the limited Personal Data which may be Agreement Personal Data. As such, the Authorities shall each comply with their obligations under the Data Protection Legislation. In doing so the Authorities shall:
- 16.1.1 to the extent required, maintain a valid and up to date registration or notification and/or maintain up to date documentation covering any Processing of Agreement Personal Data to be performed pursuant to this Agreement;
  - 16.1.2 only undertake Processing of Agreement Personal Data reasonably required in connection with the operation of this Agreement and only as may be lawful under the Data Protection Legislation;
  - 16.1.3 not transfer any Agreement Personal Data to any country or territory outside the European Economic Area, notwithstanding their ability to do so under the Data Protection Legislation, save for any export of Agreement Personal Data which is compliant with the Data Protection Legislation and which is necessary for the use of core IT services and systems operated by the Authorities;
  - 16.1.4 implement appropriate technical and organisational measures to prevent unauthorised or unlawful Processing of Agreement Personal Data and against the accidental loss, or destruction of, or damage to Agreement Personal Data;
  - 16.1.5 promptly notify the other Authorities if they become aware of any actual or suspected, threatened or 'near miss' incident of accidental or unlawful destruction or accidental loss, alteration, unauthorised or accidental disclosure of or access to the Agreement Personal Data Processed which is reasonably likely to result in risks to the rights and freedoms of natural persons, pursuant to this Agreement;
  - 16.1.6 use their best endeavours to restore or retrieve any personal data which is unlawfully or accidentally lost, destroyed, damaged, corrupted or made unusable;
  - 16.1.7 keep full, up-to-date and accurate records of any processing of Personal Data carried out pursuant to this Agreement;
  - 16.1.8 promptly respond to any request from one of the other Authorities to amend, delete to the extent technically practicable or otherwise Process Personal Data in response to any request from a data subject; and
  - 16.1.9 not do anything (whether by act or omission) which would cause the other Authorities to be in breach of their obligations as Data Controllers of the Agreement Personal Data under the Data Protection Legislation.
- 16.2 The Authorities shall not disclose Personal Data to any third parties other than in compliance with the Data Protection Legislation, particularly:
- 16.2.1 in response to a data subject access request;
  - 16.2.2 to employees and contractors to whom such disclosure is necessary in order to comply with their obligations under this Agreement; or
  - 16.2.3 to the extent required to comply with a legal obligation.
- 16.3 To the extent that any Authority acts as a Data Processor for and on behalf of the other Authorities in relation to the Agreement Personal Data Processed pursuant to this Agreement, the Data Processor shall:
- 16.3.1 only Process that Agreement Personal Data on the instructions of the Data Controller(s);

- 16.3.2 Process that Agreement Personal Data in accordance with their obligations under the Data Protection Legislation (to the extent applicable);
  - 16.3.3 implement appropriate technical and organisational measures to prevent unauthorised or unlawful Processing of that Agreement Personal Data and against the accidental loss, or destruction of, or damage to that Agreement Personal Data;
  - 16.3.4 notify the Data Controller(s) as soon as possible in the event of any actual or suspected loss, alteration or disclosure of that Agreement Personal Data in breach of this Agreement, or the Data Protection Legislation;
  - 16.3.5 provide such reasonable assistance to the Data Controller(s) in the event of any:
    - 16.3.5.1 request from individuals in relation to their Agreement Personal Data (including a data subject access request, a request to correct or stop processing any Personal Data);
    - 16.3.5.2 request from the Information Commissioner's Office in relation to any Processing of that Agreement Personal Data including in relation to any complaint, data subject access request and/or , data security incident;
  - 16.3.6 subject to the Data Controller entering into appropriate non-disclosure agreements and on reasonable request and notice, provide the Data Controller with access to their premises during regular business hours in order to inspect whether the Data Processor is complying with its obligations pursuant to this Agreement. Additionally, the Data Processor shall, at no cost to the Data Controller, take such further steps as may be reasonably necessary in the opinion of the Data Controller to permit the Data Controller to obtain an accurate and complete assessment of the Data Processor's compliance with its obligations under this Agreement and, in particular, this clause 16;
  - 16.3.7 not transfer any Agreement Personal Data outside the European Economic Area, unless this is done with the express written agreement of the Data Controller, or where it is necessary for the use of core IT services and systems operated by the Authorities, this is notified to the Data Controller and is undertaken in compliance with Data Protection Legislation; and
  - 16.3.8 on withdrawal from or termination of this Agreement, return all the Agreement Personal Data to the Data Controller(s) and securely delete to the extent technically practicable and/or destroy any copies of the Agreement Personal Data which is Processed by the Data Processor pursuant to this Agreement unless applicable laws permit retention of the Agreement Personal Data, in which case the relevant Authority(s) agree(s) it (or they) shall retain the Agreement Personal Data securely and only for as long as strictly necessary in its capacity as a Data Controller.
- 16.4 The Authorities acknowledge that the Data Protection Legislation will include the GDPR from its entry in to force on 25 May 2018. In order to address those upcoming changes:
- 16.4.1 the Authorities shall during the first twelve (12) months of this Agreement, develop, draft and agree a protocol which will document and provide further detail regarding the manner in which the Agreement Personal Data will be Processed in order to meet the requirements of the GDPR, including in particular when a party acts as a Data Controller or Data Processor; and
  - 16.4.2 the Authorities note that the provisions of this Agreement do not necessarily comply with the GDPR requirements. As such, the Authorities agree to review and (to the extent necessary) revise the terms of this Agreement as may be appropriate in the six (6) months preceding the start date of the GDPR.

17. **FREEDOM OF INFORMATION**

- 17.1 The Authorities recognise that each Authority is a public authority as defined by FOI Legislation and therefore recognise that information relating to this Agreement may be the subject of an Information Request which shall be considered in accordance with this Clause 17.
- 17.2 The Authorities shall assist each other in complying with their obligations under FOI Legislation, as they relate to Information Requests made in relation to this Agreement, including but not limited to assistance without charge in gathering information to respond to an Information Request relating to this Agreement. For the avoidance of doubt, nothing in this clause 17.2, shall require an Authority to provide information, if the relevant information has not been held on behalf of the Authority that received the Information Request.
- 17.3 Where an Authority receives an Information Request in relation to this Agreement and another Authority holds information or records on behalf of that Authority, upon request, such other Authority agrees to provide the first Authority with a copy of all such information related to the Information Request, in the form that the first Authority reasonably requires within five business days (or such other period as the first Authority may reasonably specify) of the first Authority's request.
- 17.4 Each Authority, as a separate public authority, shall in its absolute and sole discretion, decide:
- 17.4.1 whether the Information Request is valid under the FOI Legislation, as well as all other considerations relevant in the assessment of an Information Request under the FOI Legislation, such as any considerations (as may be applicable) regarding the cost of complying with a request or any charges for responding to a request, whether the request is repeated, vexatious or manifestly unreasonable and any other relevant considerations;
  - 17.4.2 whether the information requested in an Information Request is relevant to the Agreement;
  - 17.4.3 whether, if the Information Request does relate to the Agreement, whether the information is Exempt Information;
  - 17.4.4 where appropriate, whether or not in all circumstances of the case the public interest in maintaining any exemption outweighs the public interest in disclosing the requested information ; and
  - 17.4.5 whether the information requested in the Information Request is to be disclosed or not, or proactively disclosed regardless of whether an Information Request has been received or not.
- 17.5 Where an Authority receives an Information Request for information about the Agreement which may be Exempt Information and which refers to one or more of the Authorities, then where reasonably practicable take reasonable steps prior to disclosure of such information to:
- 17.5.1 circulate the Information Request to the other Authorities and invite the other Authorities to make representations to the Authority which received the Information Request as to whether or not the information is Exempt Information as soon as reasonably possible, ensuring that such submissions are made in good time so as to enable the Authority which received the Information Request to comply with their obligations under the FOI Legislation; and
  - 17.5.2 in good faith, consider any representations raised by the other Authorities when deciding whether to disclose Exempt Information, but the Authority

which receives the Information Request shall not be obliged to accept or agree to the representations which are made by the other Authorities.

- 17.6 The Authorities acknowledges that (notwithstanding the provisions of this **clause 17**) the Authority which received the Information Request may, under the FOI Legislation or acting in accordance with the Department of Constitutional Affairs' Code of Practice on the Discharge of Functions of Public Authorities under Part I of the Freedom of Information Act 2000 (the "Code"), be obliged under the FOI Legislation to disclose information concerning this Agreement or the other Authorities:

17.6.1 in certain circumstances without consulting with the other Authorities; or

17.6.2 following consultation with the other Authorities and having taken their views into account,

provided always that where clause 17.5.1 above applies the Authority which receives the Information Request, take reasonable steps wherever practicable to draw this to the attention of the other Authorities prior to any disclosure.

- 17.7 The Authorities acknowledge and agree that an Authority will not be liable to the other Authority for any loss, damage, harm or detrimental effect arising from or in connection with the disclosure of information in response to an Information Request.

## 18. **EQUAL OPPORTUNITIES**

- 18.1 Each of the Authorities is subject to public law duties under equalities legislation and agree to operate the Agreement in such a way as to promote equality of opportunity, good race relations and to prevent unlawful discrimination on the grounds of race, disability, gender, age, religion or belief, and sexual orientation.

## 19. **RELATIONSHIP OF AUTHORITIES**

- 19.1 Each of the Authorities is an independent local authority and nothing contained in this Agreement shall be construed to imply that there is any relationship between the Authorities of partnership or principal/agent or of employer/employee. No Authority shall have any right or authority to act on behalf of any other Authority nor to bind another Authority by contract or otherwise except to the extent expressly permitted by the terms of this Agreement or the Shareholders Agreement.

## 20. **COUNTERPARTS**

- 20.1 This Agreement may be executed in any number of counterparts, each of which will constitute an original but which will together constitute one agreement.

## 21. **SEVERANCE**

- 21.1 If any term of this Agreement is found by any court or body or authority of competent jurisdiction to be illegal, unlawful, void or unenforceable, such term will be deemed to be severed from this Agreement and this will not affect the remainder of this Agreement which will continue in full force and effect. In this event the parties will agree a valid and enforceable term to replace the severed term which, to the maximum extent possible, achieves the parties' original commercial intention and has the same economic effect as the severed term.

## 22. **RIGHTS OF THIRD PARTIES**

- 22.1 The Authorities do not intend that any term of this Agreement will be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person.

## 23. **GOVERNING LAW**

23.1 This Agreement and any non-contractual obligations arising out of or in connection with it will be governed by the law of England and Wales.

24. **JURISDICTION**

24.1 Each party agrees that the courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement (including in relation to any non-contractual obligations).

This document is executed as a **deed** and **delivered** on the date stated at the beginning of this Agreement.

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**BEDFORD BOROUGH COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**CUMBRIA COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**THE COUNTY COUNCIL OF DURHAM**

in the presence of:

**Authorised Sealing Officer  
(A permanent Officer of Durham)**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**THE EAST RIDING OF YORKSHIRE COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**LINCOLNSHIRE COUNTY AUTHORITY**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**MIDDLESBROUGH BOROUGH COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**NORTHUMBERLAND COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**NORTH YORKSHIRE COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**THE COUNCIL OF THE BOROUGH  
OF SOUTH TYNESIDE**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**SOUTH YORKSHIRE PENSIONS AUTHORITY**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**SURREY COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

**EXECUTED AS A DEED**

(but not delivered until the date hereof)

by affixing the Common Seal of:

**WARWICKSHIRE COUNTY COUNCIL**

in the presence of:

**Authorised Officer**

# SCHEDULE 1

## Terms of Reference of the Joint Committee

1. The primary purpose of the Joint Committee is to exercise oversight over the investment performance of the collective investment vehicles comprised in the BCPP Pool.
2. The Joint Committee will provide effective engagement with the Authorities as the BCPP Pool vehicles are established and ultimately operated. It will encourage best practice, operate on the basis that all partners have an equal say and promote transparency and accountability to each Authority.
- 1.4 The remit of the Joint Committee is:
  - 2.1 **First Phase – Period to April 2018 or operational commencement of the BCPP Pool (whichever is the later)**
    - 2.1.1 To provide support and guidance to the work being undertaken by the Officer Operations Group to give effect to the pooling arrangements.
    - 2.1.2 To consider issues and provide feedback on relevant proposals as they are developed, ensuring effective engagement with the Authorities To scrutinise and monitor project management arrangements and proposals for the appointment of advisers by the Authorities.
    - 2.1.3 To oversee costs to deliver the BCPP Pool, obtaining approval from individual Authorities where necessary.
    - 2.1.4 To monitor and scrutinise responsibilities for delivery of the project and relevant support arrangements.
    - 2.1.5 To oversee and provide feedback on positions and conclusions deriving from work streams adopted by the Officer Operations Group.
    - 2.1.6 To formulate processes and policies for appointment and termination of membership to the Joint Committee.
    - 2.1.7 To propose and confirm contracts and policies required by the Authorities to commence transition to the BCPP Pool arrangements.
    - 2.1.8 To provide support and guidance to the work being undertaken by the Officer Operations Group to do all things necessary to implement the final proposal, including preparatory work for asset transition.
    - 2.1.9 To consider the initial range of sub-funds to be provided by the ACS and to make recommendations to the BCPP Board for the creation of those sub funds
    - 2.1.10 To review and comment on the draft ACS prospectus and supporting documents on behalf of the Authorities prior to the Financial Conduct Authority approval.
  - 2.2 **Phase 2 – Post Establishment and Commencement of Operations**
    - 2.2.1 To facilitate the adoption by the Authorities of relevant contracts and policies.
    - 2.2.2 To consider requests for the creation of additional ACS sub funds (or new collective investment vehicles) and to make recommendations to the BCPP Board as to the creation of additional sub funds (or new collective investment vehicles).

- 2.2.3 To consider from time to time the range of sub funds offered and to make recommendations as to winding up and transfer of sub funds to the BCPP Board
- 2.2.4 To review and comment on the draft application form for each additional individual ACS sub fund on behalf of the Authorities prior to the Financial Conduct Authority approval (or the draft contractual documents for any new collective investment vehicle).
- 2.2.5 To formulate and propose any common voting policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.
- 2.2.6 To formulate and propose any common ESG/RI policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.
- 2.2.7 To formulate and propose any common conflicts policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.
- 2.2.8 To agree on behalf of the Authorities high level transition plans on behalf of the Authorities for approval by the Authorities for the transfer of BCPP Pool assets.
- 2.2.9 To oversee performance of the BCPP Pool as a whole and of individual sub funds by receiving reports from the BCPP Board and taking advice from the Officer Operations Group on those reports along with any external investment advice that it deems necessary.
- 2.2.10 To employ, through a host authority, any professional advisor that the Joint Committee deems necessary to secure the proper performance of their duties.

1.

## **SCHEDULE 2**

### **Constitution of the Joint Committee**

2. The Joint Committee shall consist of one elected member appointed by each Authority. The member so appointed must at all times during the appointment, be a member of the committee or sub-committee of that Authority which discharges the functions of that Authority with respect to pensions.
3. Each Authority may appoint a named substitute. Any named substitute must meet the eligibility requirements in paragraph 1. The substitute may attend any meeting of the Joint Committee or any of its sub-committees in place of that authority's principal member if prior written notice that the substitute will attend is given to the Secretary of the Joint Committee by the Authority concerned.
4. Where a substitution notice is in effect with respect to a particular member at a particular meeting, the substitute shall be a full member of the Joint Committee for the duration of the meeting in place of the principal member.
5. Each Authority may remove its appointed member and appoint a different member by giving written notice to the Secretary to the Joint Committee.
6. Each appointed member shall be entitled to remain on the Joint Committee for so long as the Authority appointing them so wishes, but shall cease to be a member if he or she ceases to be a member of the appointing Authority or if that Authority removes the appointed member.
7. Any casual vacancies will be filled as soon as reasonably practicable by the Authority from which such vacancy arises by giving written notice to the Secretary to the Joint Committee or his or her nominee.
8. Each member of the Joint Committee shall comply with any relevant code of conduct of his or her Authority when acting as a member of the Joint Committee.

### **Proceedings**

#### **9. Time and Place of Meetings**

The Joint Committee will meet at least once each year and further as may be required. All meetings of the Joint Committee will take place at a suitable venue and at a time to be agreed by the Joint Committee.

#### **10. Notice of and Summons to Meetings**

The Secretary to the Joint Committee will give notice to the public of the time and place of any meeting in accordance with Part VA of the Local Government Act 1972. At least five clear days before a meeting, the Secretary to the Joint Committee will send a summons by post or email to every Member or make arrangements for it to be left at his or her usual office. The summons will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such reports as are available.

#### **11. Chair, Vice Chair and Secretary of Joint Committee**

- 11.1 The Chair of the Joint Committee will be appointed from time to time by the members of the Joint Committee. The Chair of the Joint Committee shall be selected annually by election by the Joint Committee but the Chair may be re-elected for a further term.
- 11.2 The Vice Chair of the Joint Committee will be appointed from time to time by the members of the Joint Committee. The Vice Chair of the Joint Committee shall be selected

annually by election by the Joint Committee but the Chair may be re-elected for a further term.

11.3 If there is a quorum of members present but neither the Chair nor the Vice-Chair is present at a meeting of the Joint Committee, the other members of the Joint Committee shall choose one of the members of the Joint Committee to preside at the meeting.

11.4 The Authority represented by the Chair shall appoint one of its officers to act as Secretary to the Joint Committee in accordance with clause 7 of this Agreement.

11.5 The Secretary shall provide legal and secretariat services to the Joint Committee.

## 12. **Quorum**

The quorum of a meeting will be at least 8 members who are entitled to attend and vote.

## 13. **Voting**

### 13.1 **Majority**

Each member of the Joint Committee shall have one vote. Any matter will be decided by a simple majority of those members of the Joint committee present in the room at the time the question is put.

### 13.2 **By Substitutes**

Any person appointed as a substitute shall have the same voting rights as the member of the Joint Committee for whom he or she is substituting. Where notice of substitution has been given for a particular meeting the principal member may not vote unless the notice of substitution is withdrawn in writing before the start of the meeting.

### 13.3 **Show of hands**

The Chair will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting.

## 14. **Minutes**

The Secretary to the Joint Committee or his or her nominee shall arrange for written minutes to be taken at each meeting of the Joint Committee and shall present them to the Joint Committee at its next meeting for approval as a correct record. At the next meeting of the Joint Committee, the Chair shall move that the minutes of the previous meeting be signed as a correct record. If this is agreed, the Chair of the Joint Committee shall sign the minutes. The only part of the minutes that can be discussed is their accuracy.

## 15. **Public Access**

Meetings of the Joint Committee shall be open for members of the public to attend unless the Joint Committee determines that it is necessary to exclude members of the public in accordance with Part VA of the Local Government Act 1972 or the Joint Committee determines that it is necessary to close the meeting to the public because of a disturbance. Copies of the agenda for meetings of the Joint Committee and any reports for its meetings shall be open to inspection by members of the public at the offices of the Authorities with the exception of any report which the Secretary to the Joint Committee determines relates to items which in his or her opinion are likely to be considered at a time when the meeting is not to be open to the public.

### 15.1 **Disturbance by member of the public**

If a member of the public interrupts proceedings, the Chair will warn the person concerned. If that person continues to interrupt, the Chair will arrange for their removal

from the meeting room and will suspend the meeting until the member of the public has left or been removed.

**15.2 Clearance of part of meeting room**

If there is a general disturbance in any part of the meeting room open to the public, the Chair may call for that part to be cleared.

**16. Overview and Scrutiny**

The Joint Committee and the Host Authority will co-operate with reasonable requests for information from any of the Authorities' overview and scrutiny committees.

**17. Regulation of Business**

17.1 Any ruling given by the Chair as to the interpretation of this constitution with respect to the regulation of proceedings at meeting shall be final.

17.2 Subject to the law, the provisions of this Constitution and the terms of any contract, the Joint Committee may decide how it discharges its business.

## SCHEDULE 3

### Terms of Reference for the Officer Operations Group

1. The Officer Operations Group is a working group of officers appointed by the Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee (and also if requested for the Authorities as a collective group of investors in the BCPP Pool).
2. The Officer Operations Group shall work with the Joint Committee to support the functions of the Joint Committee as set out in the Joint Committee's Terms of Reference.
3. The Officer Operations Group shall provide technical support at meetings of the Joint Committee, for example by approving and delivering performance management reports for the Joint Committee on all aspects relating to the provision of services by BCPP.
4. The Officer Operations Group shall act as a conduit for the BCPP Joint Committee to communicate back to the respective Authorities and/or direct to BCPP as appropriate.
5. The Officer Operations Group shall operate in accordance with the shared objectives of the Authorities as set out at **Schedule 4** and within any budget set by the Authorities.

## **SCHEDULE 4**

### **Shared objectives**

1. To provide to the authorities a compliant and effective means of meeting the Government's requirement for the pooling of LGPS funds and thereby to achieve scale, improve governance, enhance capability and capacity to deliver infrastructure investment and fees savings and to comply with any current and future governance requirements placed on the investment function of LGPS administering authorities.
2. To operate with a common or like-minded responsible investor/shareholder voting policy which focuses on securing high levels of corporate governance by the companies invested in.
3. To share legal ownership, control and decisive influence over BCPP and to allocate the associated costs of operating BCPP between the pool members in an equitable manner.
4. Following the transition of assets to the BCPP Pool, the Authorities shall primarily but not exclusively invest their LGPS pension fund assets either through the collective investment vehicle(s) operated by the BCPP Pool, as the primary and exclusive collective investment vehicle(s) for all eligible fund assets, or by appointing the BCPP Pool to manage any non-eligible pension assets outside of such vehicle(s).

## **Annex 6: Squire Patton Boggs legal advice**

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## **Borders to Coast Pension Partnership Limited: Legal Opinion**

### **1. Background**

In our capacity as legal advisers to the participant funds in the pooling arrangement known as Borders to Coast Pensions Partnership (the “**BCPP Pool**”), we have been asked to provide a legal opinion to each of the administering Authorities who have agreed to participate in that arrangement to support that participation (the “**Authorities**”).

We have reviewed and commented, on behalf of the Funds, on the following documentation:

- a summary of the governance arrangements prepared by Eversheds;
- a draft Shareholders' Agreement to be entered into by each of the participating funds in their capacities as Administering Authorities of those funds and Borders to Coast Pensions Partnership Limited (“**BCPP Limited**”);
- a draft Inter-Authority Agreement (“**IAA**”) between the Authorities; and
- a draft set of Articles of Association for BCPP Limited.

We have also seen copies of three advice notes dealing with the following subjects:

- Eversheds' advice on the basis of LGPS participation and liability in case of default dated 20 December 2016;
- Eversheds' advice on Regulatory Capital dated 12 January 2017, and
- Deloitte's draft advice Regulatory Capital dated 23 December 2016.

### **2. Compliance with relevant legislation: Corporate Structure**

The participation in the BCPP Pool involves the subscription for separate classes of shares in BCPP Limited on an equal basis by each of the Authorities.<sup>1</sup>

The creation of two classes of shares, one of which will be voting (“**A Shares**”) and one non-voting (“**B Shares**”), enables simplification of the treatment of voting and regulatory capital which is necessary for the purposes of BCPP Limited gaining appropriate authorisation from the

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<sup>1</sup> South Yorkshire Pensions Authority will be acting on its own behalf and that of the Sheffield City Region Combined Authority, which is the administering authority for the South Yorkshire Passenger Transport Pension Fund (the “**SYPTPF**”) which, it has been decided for economic reasons, will not become a shareholder in its own right.

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Financial Conduct Authority (the “**FCA**”) in order to conduct its business i.e. as an alternative investment fund manager.

In subscribing for the shares in BCPP Limited, each of the Authorities will be using their statutory powers under the Localism Act 2011 (in particular Sections 1 and 4(2)), respectively the general power of competence and the requirement on local authorities to use a company where it does something for a commercial purpose).<sup>2</sup> The other relevant statutory powers are contained in the Local Government Pension Scheme Regulations 2013 which designate (in schedule 3) the Authorities which are required to maintain and administer pension funds.

Because the purpose of participation in the BCPP Pool is to enable the Authorities to discharge their statutory investment powers (in respect of pooling of investments) by their pension funds, it is appropriate for both the voting A shares and the regulatory capital represented by B Shares to be held as investments of the Pension Funds.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“2016 Regulations”) effectively ring-fence Pension Fund money from other assets of the Authorities under Regulation 4. This applies of course to benefit payments, which must be paid from the Pension Fund (Regulation 4(4)), but also to all income and capital gains arising in respect of investments held by the fund (Regulation 4(1) (c) and (d). Regulation 4(5) goes on to state that “any costs, charges and expenses incurred [in] administering a pension fund may be paid from it”, except for costs relating to pension sharing orders (ie relating to divorce cases). From a legal perspective we see no reason why the costs of investing in (including the future operation of) BCPP Limited cannot be charged to the Pension Fund, in the same way as other investment expenses, since these are incidental to the investment made.<sup>3</sup>

By investing in BCPP Limited and consequently the BCPP Pool, the Authorities will be complying with their other obligations under the 2016 Regulations.). Since the repeal of the previous regulations (the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009), there are no quantitative limits on the way in which each administering authority must invest its pension fund, other than a prohibition on investing more than 5% of the total value of that fund in entities which are connected with the relevant authority within the meaning of Section 212 of the Local Government and Public Involvement in Health

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<sup>2</sup> As far as the SYTPF is concerned, the relevant references are to the Transport Act 1968, Sections 10A and 10B(6).

<sup>3</sup> This is a legal, not an accounting, interpretation of Regulation 4. Please see Schedule 1 re the scope of our advice.

## DRAFT

Act 2007 or more generally by reference to the restriction on employment related investments under section 40 of the Pensions Act 1995. As explained in Eversheds' note on Regulatory Capital, those tests will only apply to the Authority in whose pension fund BCPP Limited participates as an employer. Those restrictions will not be breached on mathematical grounds by that Authority (one twelfth of the regulatory capital requirement of EUR10 million being significantly less than the value of any of the Authorities' pension fund assets).

Separately, there are obligations on each of the Authorities to formulate an investment strategy in accordance with Regulation 7 (the "**Investment Strategy Statement**") and to comply with any directions by the Secretary of State under Regulation 8. Each Authority's Investment Strategy Statement therefore must confirm that its participation in the BCPP Pool will discharge the statutory obligation under Regulation 7(2)(d), (i.e. to state the Authority's approach to pooling of investments, including the use of collective investment vehicles and shared services).

A further consequence of the corporate structure which is required for FCA purposes is that, because each of the Authorities will have a controlling influence over BCPP Limited, it will be a "controlled company" for the purposes of the Local Authorities (Companies) Order 1995. This (and the disclosure obligations flowing from that status) are reflected in the Shareholders' Agreement.

### 3. Fiduciary duties of the Authorities

DCLG's consultation paper on the 2016 Regulations (in their draft form) made it clear that the Government accepted that Administering Authorities, when exercising their statutory investment powers, did so under a fiduciary duty (to members and employers). There is nothing in the pooling arrangement that would conflict with that duty.

### 4. Procurement compliance

BCPP Limited is to be established as a company which is compliant with Regulation 12 of the Public Contracts Regulations 2015 (the ("**Regulations**")<sup>4</sup>. This allows the Authorities to enter into contracts with BCPP Limited without observing the standard requirements of the Regulations, including most importantly the requirement for an open and competitive tender. This exception applies because: (i) each of the Authorities will exercise control over BCPP

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<sup>4</sup> The test is commonly referred to by reference to the leading case in this area, Teckal Srl v Comune de Viano and Azienda Gas-Acqua Consorziale di Reggio-Emilia [1999], whose principles have now been codified into Regulation 12.

## **DRAFT**

Limited jointly: (ii) its activities will be carried out solely in the performance of tasks entrusted to it by the Authorities; and (iii) there will be no private capital participation in BCPP Limited.

The essential element of joint control is evidenced through the list of reserved matters which is set out in Part A of Schedule 1 to the Shareholders' Agreement. In addition, the Shareholders' Agreement specifies that the business of BCPP Limited will be to act as an alternative investment fund manager for the Shareholders (clause 2), and there will be no private investment in the company. We are accordingly satisfied that the engagement of BCPP Limited by each of the Authorities will not require the procurement of those services to be provided by BCPP Limited to be competitively tendered.

It should be noted that compliance with the conditions set out above is an ongoing requirement in order to ensure that the Authorities continue to benefit from the exception in the Regulations. Any future changes to the nature of the Authorities' control over BCPP Limited, the scope of its activities or the entry of any private capital may therefore alter this analysis. For that reason we have drafted into the amendment clause in the Shareholders' Agreement a further protection that no amendment will be permitted that would have the effect of undermining the compliance of BCPP Limited with the Regulations.

### **5. State Aid**

Each of the Authorities will pay BCPP Limited a fee, referred to as the operating charge, which we understand is intended to cover BCPP Limited's operating costs. The method of calculating the operating charge and its likely amount have yet to be determined. From a State aid compliance perspective, on the assumption that the charge represents a commercial charge in consideration for services that BCPP Limited provides to the Authorities, at market value, and thus is a cost that a private investor in a similar position to the Authorities would expect to pay, it will not constitute State aid. In addition, if BCPP Limited will only act for the Authorities and not for any third parties (either public or private) – i.e., it will not be active on the market – any payment it receives from the Authorities is therefore not capable of distorting competition. It therefore would not constitute State aid. Since BCPP Limited will not, we understand, be tendering for business from other LGPS authorities or other investors, we do not consider that it would be active in this way.

### **6. Governance Model: Local Government Law Compliance**

## **DRAFT**

The Inter-Authority Agreement documents the terms on which each of the Authorities will participate in a joint committee under Sections 101 and 102 of the Local Government Act 1972. The statutory framework under the above sections contains no restrictions which have been breached by the proposals set out in the Inter-Authority Agreement and the terms of reference for the joint committee are therefore in keeping with the requirements of legislation (and with good governance).

### **7. Other statutory compliance**

Both the Shareholders' Agreement and the Inter-Authority Agreement contain requirements on the Authorities and BCPP Limited (under the Shareholders' Agreement) to comply with other legislation which is applicable to local authorities in general terms. That includes the Equality Act 2010, the Freedom of Information Act 2000, the Environmental Information Regulations 2004, anti-bribery legislation and data protection legislation. Schedule 2 of the Inter-Authority Agreement, which sets out the constitution of the Joint Committee, also makes provision for the meetings of the Joint Committee to be open to members of the public unless it is necessary to exclude the public in accordance with Part VA of the Local Government Act 1972.

### **8. Conclusion**

Based on the draft documentation which we have seen, we are satisfied that the proposal to participate in the BCPP Pool and to subscribe for shares in BCPP Limited is in compliance with the statutory obligations which fall upon the Authorities, and there are no obstacles to the structure which has been proposed.

**Squire Patton Boggs (UK) LLP**  
**[20] January 2017**

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### APPENDIX 1: Scope of Advice

- 1 The advice in this report is provided only to the administering authorities participating funds (the “**Authorities**”) in Border to Coast Pension Partnership Limited (“**BCPP**”). It was prepared solely for the purpose of assisting the Authorities in accordance with the scope of our appointment to advise them on participating in BCPP. It is not advice to any other connected or stakeholder parties, auditors or other advisers, or other third parties (“**Third Parties**”). No part of this advice may be passed on to Third Parties without our written agreement but, if it is so passed, we accept no responsibility, and will have no liability in contract, tort or otherwise, to those Third Parties in relation to this advice.
- 2 This advice only considers the legal issues in relation to the proposed investment in BCPP by the Authorities. We have reached our conclusions based on an understanding of the law as at the date of this report. Accordingly, it is possible that this report will need to be updated if the law changes. However, we will only do so if we are specifically instructed to do so. We have not considered or advised on the tax efficiency of the matter or its commercial or accounting implications where we understand the Authorities have taken separate advice from Deloitte.
- 3 The documents on which this advice has been based are as set out in paragraph 1 of the report above. In accepting instructions from the Authorities we have not undertaken to review, nor are we responsible for reviewing, all or any elements of any other documentation (unless specifically agreed in writing) which may be relevant to specific Authorities. In particular, it is not within the scope of our appointment to review the constitutional documents of any of the Authorities. Accordingly, we do not accept liability should our advice be based on erroneous assumptions or documents or information with which we have not been provided.



## OFFICER REPORT TO COUNCIL

### AMENDMENTS TO THE CONSTITUTION – SCHEME OF DELEGATION – PUBLIC CONSULTATION

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

The Council is required by the Local Government Act 2000 and Regulations made under it to indicate how it has arranged for its functions to be carried out. The Scheme of Delegation ('the Scheme') sets out details of who is responsible for which functions in the Authority and the extent to which any functions have been delegated.

The Leader exercises the executive functions of the Council, and is also able to delegate these functions to the Cabinet, to individual cabinet member or to officers.

Decisions to consult the public on modifications to public services were previously taken by the Cabinet. The Leader has now delegated this function to senior officers.

The Scheme of Delegation forms part of the Council's Constitution and any changes are reported to Council for information.

#### **BACKGROUND:**

1. The Leader is responsible for maintaining a list in Part 3 of the Constitution setting out who will exercise executive functions. Any changes to this list are required to be reported to the next appropriate meeting of the County Council. Such changes, which by the time of this Council meeting will have already been agreed by the Leader, are set out in paragraphs 4 and 5 of this report.

## FUNCTIONS FOR REPORT TO COUNCIL

### **Delegation of Executive Functions to Senior Officers**

2. The Director of Finance reported to Council at its February meeting that the financial and economic context facing the council remains challenging. A continuation of austerity, significant reduction in central Government funding at the same time as increasing demographic pressures for core

council services, adult and children's social care in particular, must be addressed. The Council has made over £450m of savings and service reductions since 2010. In order to achieve sustainable services in future years, whilst delivering the savings required by the MTFP and addressing an additional £30million pressure in 2017/18, significant service efficiencies and transformations must be delivered at pace.

3. Significant modifications to service provision frequently require prior public consultation to inform the proposal. Before taking a decision on a proposal to modify services the decision maker (at Surrey County Council this is usually Cabinet) will give due regard to those consultation findings. Currently, any such proposal requires at least two Cabinet decisions. The first of these decisions is at the point that the service intends to go out to public consultation and is simply a decision to start public consultation on that proposal. The more significant decision, which is whether or not to implement the service change and/or to include modifications to the original proposal, comes after the consultation is finished, when Cabinet is able to take the consultation responses into account in making that decision.
4. By delegating to the Chief Executive, Strategic Directors and Directors authority to commence public consultation on proposed modifications to public services, planned savings contained in the Medium Term Financial Plan can be progressed whilst allowing Cabinet to consider matters of more direct impact on Surrey residents. The amendment to the Scheme incorporates two key safeguards: The first is that senior officers must consult the relevant portfolio holder before taking a decision to commence consultation, the second is that no proposal to modify public services can be implemented without an appropriate Member decision.
5. The Leader is due to authorise the Chief Executive, Deputy Chief Executive, Strategic Directors and Directors to commence public consultation on proposed modifications to public service, in consultation with the relevant Cabinet Portfolio Holders at his decision making meeting on 14 March 2017.
6. The Council is required by law to set out and publish a Scheme of Delegation detailing the responsibility for functions. This scheme forms part of the Constitution of Surrey County Council. The Scheme has been reviewed and a revision to include a delegation to senior officers regarding decisions on public consultation has been added to take account of the Leaders decision. The proposed revised Scheme of Delegation Section 3 – Part 1: The Overall Scheme of Delegation, How the Scheme Works can be found attached at **Annex 1**.

<b><u>RECOMMENDATION:</u></b>
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It is recommended that the amendments to the Scheme of Delegation agreed by the Leader be noted.

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**Lead/Contact Officer:**

Vicky Hibbert

Cabinet Business Manager

Tel: 020 8541 9229

**Sources/background papers:**

Leader decision – 14 March 2017

The Council's Constitution

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**Section 3**  
**Scheme of Delegation to Officers**

This Scheme of delegation comprises four parts

**Part 1** – The overall Scheme of delegation to Officers

**Part 2** – General delegations to the Strategic Directors and Heads of Service

**Part 3** – Specific delegations to Officers

**Part 4** – Proper Officer functions

<p><b>Part 1: The Overall Scheme of Delegation</b> <b>How the Scheme Works</b></p>
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**1 General Delegation**

1.1 The Council and the Leader delegate to the officers identified in Part 2 (the Chief Executive, Deputy Chief Executive, Strategic Directors, Directors, Assistant Directors and Head of Service) and authorise them, subject to the limitations and reservations (set out in paragraph 9) of this scheme to:

- a) exercise the County Council's functions (both executive and non-executive) which relate to their area of responsibility described in Part 2; and
- b) exercise functions specifically delegated to them by either the Leader (under Section 15 of the Local Government Act 2000) or by the Council, a committee or sub-committee (under Section 101 of the Local Government Act 1972).

1.2 Where any officer listed in Part 2 is absent for any period, the Chief Executive, Deputy Chief Executive or the relevant Strategic Director, may nominate in writing another officer to act in his or her place during their absence and shall make a record of all such nominations.

**2 Specific Delegations**

2.1 The Council and the Leader also delegate to the officers identified in column 2 of Part 3 the specific functions (executive and non-executive) allocated to them in column 3 of Part 3 subject to the limitations and reservations (set out in paragraphs 5 to 10) of this Scheme.

- 2.2 The officers identified in Part 2 are also authorised to exercise the functions described in Part 3 and which are within their area of responsibility, with the following exceptions:
- a) a statutory officer post remains the function of the post holder unless another officer is nominated to act in his place in accordance with paragraph 1.2 or 2.3
  - b) The determination of planning applications and town and country planning functions of the Council cannot be exercised above the level of Planning and Development Group Manager
- 2.3 Where any officer listed in Part 3 is absent for any period the appropriate Strategic Director, Director, Assistant Director or Head of Service with management responsibility for that officer may nominate in writing another officer to act in his or her place and shall make a record of all such nominations.

### **3 Powers Delegated to Officers**

Without prejudice to the generality of paragraph 1, and to any specific delegation set out in Part 3, the Officers listed in Part 2 have authority to exercise the following functions of the Council and the Leader which relate to their area of responsibility: -

#### **3.1 Legal Powers**

To institute, appear in, prosecute and defend on behalf of the County Council proceedings before a Magistrates Court or similar Tribunal of first instance but not (unless specifically authorised by Part 3 of this Scheme) any other legal proceedings (which are delegated to the Director of Legal, Democratic and Cultural Services).

#### **3.2 Human Resources**

The Chief Executive, Deputy Chief Executive, Strategic Directors, Directors, Heads of Service and other managers with line management responsibility, as nominees of the Chief Executive are authorised subject to Part 5 of Standing Orders to appoint, discipline and dismiss employees within their Directorate or Service. In addition the Chief Executive may, subject to Part 5 of Standing Orders, nominate a Strategic Director to discipline and dismiss employees within any other Directorate or Service.

#### **3.3 Service Plans**

The Chief Executive, Deputy Chief Executive and Strategic Directors and Directors, in consultation with the relevant Cabinet Member, are authorised to approve Service Plans.

### **3.4 Emergencies or Disasters**

The Chief Executive, Deputy Chief Executive and the Strategic Directors and Directors are authorised to exercise the powers of the County Council under section 138 of the Local Government Act 1972 in the event of an emergency or disaster.

### **3.5 Certification of Contracts**

The Chief Executive, Deputy Chief Executive and Strategic Directors and Directors are authorised to sign Certificates under the Local Government (Contracts) Act 1997.

### **3.6 Covert Surveillance and the Use of Covert Human Intelligence sources**

The Trading Standards Community Protection Manager and Policy and Operations Manager are required to authorise directed surveillance, the use of covert human intelligence sources and communications data checks and to keep the Council's central record of such authorisations in accordance with the Regulation of Investigatory Powers Act 2000.

### **3.7 Public Consultation**

The Chief Executive, Deputy Chief Executive, Strategic Directors and Directors are authorised to commence public consultation on proposed modifications to public service in consultation with the relevant Cabinet Portfolio Holder.

#### **3.7.3.8 Proper Officers**

The Council appoints the Proper Officers specified in Part 4 and delegates to the Chief Executive the function of making Proper Officer appointments in cases of urgency.

## **4 Other Requirements**

The exercise of functions delegated to officers under this Scheme must comply with: -

- 4.1 any legal requirements or restrictions;
- 4.2 the Council's Constitution;
- 4.3 the Council's policy framework and any other plans and strategies approved by the Cabinet;
- 4.4 the in-year budget;

- 4.5 the Members Code of Conduct;
- 4.6 the Code of Conduct for Staff, the Fairness & Dignity At Work Procedure, the Equalities Policy Statement, the Health & Safety Policy and any other Code issued by the County Council from time to time;
- 4.7 any Employee Code issued under the Local Government Act 2000;
- 4.8 the County Council's Human Resources (HR) policies and procedures including those relating to employment;
- 4.9 the Code of Recommended Practice on Local Authority Publicity;
- 4.10 the requirements to achieve Best Value;
- 4.11 Procurement Standing Orders, Financial Regulations and Financial Instructions;
- 4.12 the adopted development plan policies and any guidance issued by the Planning and Regulatory Committee.

## **5 Scrutiny**

The exercise of delegated functions by officers is subject to the right of a Select Committee to review and scrutinise decisions in respect of both executive and non-executive functions.

## **6 Reservations**

This scheme does not delegate any function to an officer which

- 6.1 is reserved by law or this Constitution to the full Council or any committee of the Council or the Cabinet; or
- 6.2 may not by law be delegated to an officer; or
- 6.3 is an executive function which the Leader has reserved to himself or the Cabinet for a decision.

## **7 Limitations**

Officers in the exercise of functions delegated by this Scheme may not:

- 7.1 make key decisions (as defined in Article 6 of the Constitution);
- 7.2 change or contravene policies or strategies approved by the Council or the Cabinet;
- 7.3 create or approve new policies and strategies;

- 7.4 take decisions to withdraw public services;
- 7.5 take decisions to significantly modify public services without consultation with the appropriate Cabinet Member before exercising the delegated power;
- 7.6 take decisions on significant new powers or duties arising from new legislation before the new powers or duties have been reported to the Council or the Cabinet as appropriate, (except in cases of urgency and in consultation with the appropriate Cabinet Member or Committee Chairman);
- 7.7 provide formal responses to any Government White Paper or Green Paper or other consultation likely to lead to policy changes or have significant impact upon services (except in cases of urgency and in consultation with the appropriate Cabinet Member or Committee Chairman);
- 7.8 declare land or property surplus to requirements;
- 7.9 agree grant criteria or approve fees and charges (except where specific delegations to officers have been made in Part 3 of the Scheme of Delegation, or as a matter of urgency, in consultation with the appropriate Cabinet member or committee chairman, provided the decision is within Council policy and budget).

## **8 Consultation**

- 8.1 Where an officer takes a decision under delegated authority on a matter which has significant policy, service or operational implications or is known to be politically sensitive, the officer shall first consult with appropriate Cabinet Member(s) or Committee Chairman before exercising the delegated powers.
- 8.2 An officer may at his/her discretion consult the appropriate Cabinet Member, or the Cabinet, or the appropriate Committee, or its Chairman before exercising delegated powers, or not exercise delegated powers but refer the matter to the Cabinet or a committee for a decision.
- 8.3 In exercising delegated powers, officers will, in line with the Member/Officer Protocol, keep local members informed of matters affecting their divisions.

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## **Wellbeing and Health Scrutiny Board: Report to Council – 21 March 2017**

### **Purpose of Report**

To review briefly the changes to the environment in which the Wellbeing and Health Scrutiny Board (WHSB) has worked during the four year lifetime of this Council; and to sketch out the likely future priorities for its successor.

### **Background**

1. The WHSB has operated under legislation providing for a health overview and scrutiny committee to report to Surrey County Council<sup>1</sup>.
2. The health service, which is largely provided by the NHS in Surrey, and adult social care services, which are provided by Surrey County Council, are moving closer to integrating over the next few years. This is reflected in the later section of this report which looks towards the challenges which will face these combined services in the years ahead.

### **Changes to health services since 2013**

3. During the four year life of this Council there has occurred the most fundamental re-orientation of the NHS since its creation in 1947. The creation of Clinical Commissioning Groups (CCGs), of which there are six in Surrey, has given GPs and other clinicians the leading role in determining how services will be provided in their local area.
4. This last year has seen these reforms go further with the creation of Sustainability and Transformation Plans (STPs). Members will be aware that Surrey is covered by three of these plans: Surrey Heartlands; Frimley; Sussex and East Surrey. The STPs are based on the catchment areas of acute hospitals, and will seek to address some of the fundamental challenges faced by the NHS, including the integration of health and wellbeing services. Collaboration between health and adult social services existed before the

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<sup>1</sup> 'Local Authority Health Scrutiny: Guidance to support Local Authorities and their partners to deliver effective scrutiny'.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/324965/Local\\_authority\\_health\\_scrutiny.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324965/Local_authority_health_scrutiny.pdf) (accessed 24 February 2017)

creation of the STPs, though the STPs will provide opportunities for closer integration.

5. Initially, the organisations within each STP will work to their own budgets, though there is an intention is to achieve a common budget within the 5 year life of the STP. In the case of Surrey Heartlands STP, which serves approximately 85% of Surrey residents, proposals are being explored to pool health and adult social care budgets in shadow form for 2017/18.
6. Alongside the changes to the management structure of the NHS, the independent inspection and improvement functions have been strengthened significantly. The Care Quality Commission (CQC) inspects health services in much the same way as Ofsted does for Children's Services, and exercises similar regulatory powers in order to improve services.
7. The Board has a major role to play in ensuring health services are locally accountable, and is pleased to report that we work closely with residents, advocacy organisations, NHS trust governors and senior managers to assure ourselves in this regard. There is an expectation, set nationally by the Department of Health, that the STPs will continue to engage in this spirit, and our experience to date has been positive in this respect.

### **Challenges for Surrey's health and social services**

8. It is impossible to anticipate all the possible challenges that face the Surrey health and social services during the next four years. Some challenges, however, are immediately apparent:
  - The current financial crisis facing this Council threatens the preventative work of our Public Health function, and the ability of our social services to facilitate the exit of patients from hospital. Both these aspects of the Council's work have a significant influence on the pressures the NHS faces. It is imperative that the financial crises is alleviated by central Government so the health and social care system can produce the best outcomes for residents.
  - Over the last four decades average life expectancy at birth has increased by approximately two years per decade, creating increased demand on services, a fact of which this Council is well aware. The general improvement in life expectancy is expected to continue, but for the individual to be able to enjoy that improvement will depend to some extent on their individual lifestyle choices in smoking, healthy eating, exercise, and alcohol consumption. Helping residents to make healthy lifestyle choices will continue to be a major component of the work of clinicians,

both by providing direct advice and exhortation, and by commissioning services to support residents in making healthy choices.

- Unacceptable health inequalities persist in Surrey. In Old Dean Ward, in my Camberley division, life expectancy is 9 years less for men and 12 years less for women, compared to other wards in Surrey Heath.
  - Integration of digital systems will continue to be a substantial challenge. The current quite poor level of integration impacts on patients through the lack of readily accessible patient records in both emergency situations and in more controllable consultancy visits.
9. Whatever the collective challenges facing both the Council and the NHS, we will have to work within the constraints of the funding envelope set by England-wide political and economic constraints.
10. Advances in medical science will continue to make new treatments available and demographic changes will continue to increase basic demand. Clinicians will continue to bear the responsibility for making sometimes very difficult and unpopular decisions.
11. In deciding how best to allocate limited resources, clinicians will seek to obtain the biggest improvement in health outcomes, resource allocation and reduction of inequalities. NHS Right-Care will provide data, evidence and tools to assist in this. The WHSB will expect to see this sort of evidence, alongside the views of local residents, employed in making these decisions.
12. There will continue to be occasions where major reconfiguration of some services will be judged by clinicians to be in the best interest of patients. A current example of this is in the pathway for treating strokes, from emergency treatment through to recovery, where major change is recommended. In such cases the WHSB has the responsibility to understand how these changes impact our residents, and seek assurances where required.

## **Thanks**

13. It is a pleasure to thank the excellent county officers who have supported the work of the WHSB over the past four years. I would also like to recognise my fellow Board Members, particularly those who have involved themselves in our special interest Member Reference Groups. The Vice-Chairman Ben Carasco has provided a fine balance of support and challenge, and I am grateful for his insight.

14. Finally, thanks are due to the health care managers and clinicians with whom we have worked over the past four years and who have appeared as guests and witnesses at our Board meetings. Their enthusiasm, evidence and candour has helped the Board navigate this complex and compelling time for our health services, and I hope we will continue to work together for the benefit of all Surrey residents in the future.

**Bill Chapman,**  
**Chairman of Wellbeing and Health Scrutiny Board**



## REPORT TO COUNCIL

### REVIEW OF STANDING ORDERS REPORT OF THE CONSTITUTION REVIEW GROUP

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

To agree amendments to Standing Orders following a review by the Constitution Review Group.

#### **BACKGROUND:**

- 1 The Council agreed amendments to Standing Orders in October 2014 and May 2015 following reports from the Constitution Review Group. The Group, comprising Nick Skellett (Chairman), Liz Bowes, Steve Cosser, Nick Harrison and Hazel Watson, has monitored how the agreed changes have worked in practice and has continued to review the existing Standing Orders with the aim of ensuring that they are up-to-date, consistent and easy to follow. A progress update was shared at a Members' Seminar in June 2016, and the Review Group has now completed this element of its work.
- 2 The changes to Standing Orders proposed by the Constitution Review Group are set out in the attached annex using track changes in order to allow comparison with the existing wording. As well as ensuring that the document is up-to-date and consistent, the Review Group has sought to simplify the document where possible to ensure that it is easier to follow. The exception to this is Part 4, relating to the Budget and Policy Framework, as the wording of this section is subject to statutory requirements.
- 3 The Council is asked to agree the suggested amendments for implementation with effect from the AGM in May 2017.

#### **RECOMMENDATIONS:**

That the amendments to Standing Orders, as set out in the attached annex, be approved for implementation from May 2017

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

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

None

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## STANDING ORDERS

### INTRODUCTION

1. This edition of Standing Orders, as revised, was adopted by the County Council at its meeting held on 19 May 2015.
2. Standing Orders do not attempt to duplicate or restate the provisions of the Local Government Act 1972 (as amended) relating to local authority procedures.
3. Application of Standing Orders:

Part 1 of Standing Orders applies to meetings of the County Council.

Parts 2, 3 and 4 of Standing Orders apply to the Cabinet.

Parts 2 and 3 of Standing Orders apply to ~~select committee~~ Scrutiny Boards.

Parts 2, 3 and 5 of Standing Orders apply to other Council committees as appropriate.

### DEFINITIONS

“**Constitution**” shall be taken to mean the ~~e~~C~~onstitution~~ including ~~s~~S~~tanding~~ ~~e~~O~~rders~~ and other rules and protocols approved by the Council as such from time to time.

“**Council**” shall be taken to mean the Surrey County Council.

“**Chairman**” shall be taken to mean the ~~C~~h~~airman~~ of the Council or ~~C~~c~~ommittee~~/~~B~~b~~oard~~, or the presiding ~~C~~h~~airman~~ in his/her absence.

“**Leader of the Council**” shall be taken to mean the person appointed as such by the Council for a term of office of four years from the first annual meeting of the Council following the County Council elections~~s~~, in accordance with the Local Government Act 2000 and Article 5.

“**Deputy Leader of the Council**” shall be taken to mean the person appointed as such by the Leader for such term of office as he/she shall decide.

“**Cabinet**” shall be taken to mean the Cabinet appointed by the Leader in accordance with the Local Government Act 2000.

“**Committee**” shall be taken to mean a committee of the Council listed in Part 2 of Standing Orders~~4~~.

“**Cabinet Member**” shall be taken to mean an elected Member appointed to the Cabinet by the Leader.

“**Cabinet Associate**” shall be taken to mean ~~the~~ a Cabinet Associate appointed to the Cabinet by the Leader to support a Cabinet Member with their portfolio.

“**Group Leader**” shall be taken to mean the person nominated by each political group to act as its leader in accordance with the Local Government (Committees and Political Groups) Regulations 1990.

“**Portfolio**” shall be taken to mean a function or collection of functions of the Council allocated by the Leader to each member of the Cabinet.

“**Board**” shall be taken to mean any of the ~~s~~Scrutiny ~~b~~Boards listed in Part 2 of Standing Orders appointed by the Council under Section 21 of the Local Government Act 2000, unless otherwise specified.

“**Local Committee**” shall be taken to mean any of the ~~11-9~~ 11 ~~l~~Local ~~e~~Committees appointed by the Council for each district/borough area of the County.

“**Joint Committee**” shall be taken to mean a committee set up with another council or councils for a purpose for which they are jointly interested.

“**Member**” shall be taken to mean a Surrey County Councillor.

~~“**Member Champion**” shall be taken to mean a Member with cross service responsibility for championing an agreed interest or issue within the Council and the community.~~

All references to “Member” in Parts 2 and 3 of these Standing Orders shall also apply, where appropriate, to ~~appointed Borough/District Council Members of local committees~~ others appointed to committees and boards listed in Part 2 of Standing Orders.

## PART 1 OF STANDING ORDERS COUNTY COUNCIL MEETINGS AND PROCEDURES

### MEETINGS

- 1.1 Meetings of the County Council will normally be held at County Hall, Kingston upon Thames in February; (the Budget Meeting), May (the Annual Meeting); unless otherwise required, and at other times as and when required, but no less than quarterly.
- 1.2 Meetings of the Council will normally begin at 10am but the Chairman may fix an alternative starting time.

### Summons and agenda

- 2.1 The Summons and agenda papers for Council meetings will be sent to all Members at least 5 clear working days before the meeting.
- 2.2 Only the business on the agenda will be discussed at a Council meeting, except for urgent matters that the Chairman rules may be considered.

### Adjournment

- 3.1 The Council may adjourn at any time if it votes to do so under Standing Order 2427. Any business which is adjourned will be dealt with at the next meeting unless at the time of the adjournment the Council decides to call an extra meeting to consider the adjourned business.
- 3.2 The Chairman will adjourn a meeting if there is not a quorum of Members present and may determine the period of time for which the adjournment will apply.
- 3.3 The Chairman may temporarily adjourn the meeting at any time in order to help manage the business of the meeting.

### Quorum

4. The Qquorum will be one quarter of the total number of Members (21 Members).

### Interruptions and disorderly conduct

- 5.1 (a) If a member of the public interrupts the proceedings at a meeting the Chairman may ask him/her not to interrupt.
- (b) If the interruption continues the Chairman may order his/her removal from the Council Chamber.
- (c) If there is a general disturbance in all or part of the gallery the Chairman may order that part to be cleared.
- 5.2 (a) If a Member behaves in a disorderly or disruptive manner, any Member may move, with the consent of the Chairman, "That the named Member be not further heard". If this motion is seconded it will be put to the vote and determined without discussion. The Chairman may determine the period of time for which this motion will apply.
- (b) If the motion is carried and the misconduct continues the Chairman may
- (i) adjourn or suspend the sitting of the Council for as long as he/she considers appropriate, or
- (ii) order his/her removal from the Council Chamber.

## ORDER OF BUSINESS

- 6.1.4 Unless changed by the application of Standing Order 6.23, the Chairman, following consultation with ~~Group Leaders and~~ the Monitoring Officer, will determine the order of business at Council meetings, although there will be an expectation that items requiring a decision by Council will usually be taken earlier in the agenda.

### Extraordinary meetings

- 6.1.2 Those listed below may request ~~the proper officer to call~~ Council meetings in addition to ordinary meetings:
- (a) the Council by resolution;
- (b) the Chairman of the Council;
- (c) the Chief Executive; and
- (d) any five Members of the Council if they have signed a requisition presented to the Chairman of the Council and he/she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

### Election of Chairman and Vice-Chairman

- 6.23 The first business at the Annual Meeting will be the election of the Chairman and Vice-Chairman of the Council. Where more than one

Member is proposed for either office, election will be by show of hands, or by a recorded vote if required.

- 6.34 A Member proposing to nominate another Member as Chairman or Vice-Chairman of the Council must notify the Chief Executive of his/her nomination before the meeting at which the election is to be held. The Chief Executive will report any nominations received at the meeting.

### **Election of the Leader of the Council**

- 6.45 The Leader of the Council will be elected by the County Council at its first Annual Meeting following the County Council elections.
- 6.56 Where more than one Member is proposed, election will be by show of hands, or by a recorded vote if requested.
- 6.67 A Member proposing to nominate another Member as Leader must notify the Chief Executive of his/her nomination before the meeting at which the election is to be held. The Chief Executive will report any nominations received at the meeting.
- 6.78 A Member nominating another Member will be permitted to speak for 6 minutes in support of the nomination, and their seconder for 3 minutes. A representative from each political group, other than those of the proposer, will also be allowed 3 minutes to speak on each nomination.

### **Appointment of the Deputy Leader and members of the Cabinet**

- 6.89 The Deputy Leader and other members of the Cabinet will be appointed by the Leader of the Council and reported to the Council at the AGM or at the next appropriate meeting of the Council.

### **Election of committee/board chairmen and vice-chairmen**

- 6.910 The chairmen and, where appropriate, vice-chairmen of all of the standing committees/boards of the Council listed in Part 2 of Standing Orders will be elected by the County Council, generally at its Annual Meeting, unless specified otherwise in their terms of reference.
- 6.4011 Where more than one Member is proposed, election will be by show of hands, or by a recorded vote if requested.
- 6.4412 A Member proposing to nominate another Member as chairman must notify the Chief Executive of his/her nomination before the meeting at which the election is to be held. The Chief Executive will report any nominations received at the meeting.

### **MINUTES**

- 7.1 The Chairman will move the formal motion “That the minutes of the last meeting be confirmed and signed by the Chairman” and there may only be discussion if there is disagreement about their factual accuracy which will be resolved by a vote in the normal way.
- 7.2 The minutes of the last meeting will be approved at the next ordinary meeting of the Council.
- 7.3 ~~Where in relation to any meeting, the next meeting for the purpose of signing the minutes is will be the next ordinary meeting, not a meeting called under paragraph 3 of schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purpose of signing of minutes.~~

### **REPORTS OF THE CABINET AND COMMITTEES/BOARDS**

- 8.1 The reports and recommendations of the Cabinet and those committees/boards reporting to a meeting will, except in cases of urgency, be ~~printed in the County Council agenda and~~ circulated with the summons and agenda for the meeting.
- 8.2 The Cabinet’s report to Council will be agreed by or on behalf of the Leader of the Council. It will include the following:
- (a) Recommendations for decision by the Council under Article 4 of the Constitution;
  - (b) Decisions by the Cabinet on reports and recommendations made to it by scrutiny boards under Article 7 of the Constitution, as appropriate;
  - (c) Matters on which the Cabinet would welcome a County Council view before taking a decision;
  - ~~(d) Decisions taken by the Cabinet which it wishes to draw to the Council’s attention because of their particular importance or significance;~~
  - (ed) Decisions taken by the Cabinet/Cabinet Members as a matter of urgency, together with the reasons for urgency (to be reported quarterly); and
  - (fe) Updates on important developments regionally and nationally.
- 8.3 The Council’s agenda will include the formal minutes of meetings of the Cabinet held during the previous cycle. Any matters within the minutes of the Cabinet’s meetings, and not otherwise brought to the Council’s attention in the Cabinet’s report, may be the subject of questions and statements by Members under SO8.8 upon notice being given to the

Democratic Services Lead Manager by 12.00 noon on the working day before the meeting of the Council.

- 8.4 The Leader of the Council and committee/board chairmen will move the reception of their reports and may make a statement in introducing either the report as a whole or any particular part of it.
- 8.5 Motions for the reception and adoption of a report need not be seconded. The recommendations of a report will be put ~~from by~~ the Chair~~man~~ without needing to be formally moved and seconded and the Leader of the Council or the chairman of the committee/board, as appropriate, will be treated as the proposer of the motion contained in the recommendation.
- 8.6 Amendments to the motion for the reception of the report will not be allowed except as provided in Standing Order 8.14 (b) (ii).
- 8.7 After a report has been received the Chairman will call each lettered paragraph and its associated recommendation(s) for debate.
- 8.8 When a paragraph is called a Member may do any or all of the following:
- (a) without notice ask questions to obtain explanation of or information about the subject matter of the report;
  - (b) move the reference back of the paragraph for further consideration;
  - (c) move an amendment to a recommendation;
  - (d) make a relevant statement for not more than 3 minutes to which the Leader, Deputy Leader or another member of the Cabinet or committee/board chairman may reply if he/she wishes.

If action has already been taken after being authorised by the Cabinet or a committee, the reference back of the report, if agreed by the Council, will not invalidate the action already taken.

- 8.9 The Leader of the Council, ~~or the~~ Deputy Leader or appropriate Member of the Cabinet or ~~C~~committee/board ~~C~~chairman may make a statement on any matter within the responsibilities of the Cabinet or any ~~C~~committee/board.
- 8.10 Once the Leader, ~~or the~~ Deputy Leader or another member of the Cabinet ~~or or, if appropriate, the~~ committee/board chairman has replied to the statements or questions under Standing Order 8.8, there will be no further comment on the paragraph under discussion unless the Chairman of the Council decides it would be appropriate.

- 8.11 During the debate the Leader, or the Deputy Leader, or the appropriate member of the Cabinet, or if appropriate, the committee/board chairman, will be entitled to speak before the mover of the amendment replies to the debate.
- 8.12 In the absence of the appropriate member of the Cabinet, another Cabinet Member or the relevant Cabinet Associate will be entitled to speak.
- 8.13 When discussion of the report of the Cabinet or committee/board is concluded, the Chairman will move “That the report be adopted” or “That the report as amended be adopted” and, except for the next Standing Order, no amendment to the motion will be allowed.
- 8.14 Upon the motion in Standing Order 8.13 being put:
- (a) the Leader, Deputy Leader or appropriate Member of the Cabinet or committee/board chairman may make a statement on any matter within the responsibilities of the Cabinet or committee/board as appropriate.
  - (b) (i) any Member may ask ~~a question about~~why any matter which had been considered at the previous meeting of the Cabinet or committee/board ~~but had~~ not been included in the report to Council; and
  - (ii) if the Chairman decides the matter is both urgent and important the Member may move a motion to amend the motion for the adoption of the report to express disapproval of the failure to include the matter in the report.

## MEMBER STATEMENTS

- 9.1 Any Member may make a statement at a meeting of the Council on a local issue of current or future concern, subject to:
- (a) all such statements being relevant to some matter on which the Council has powers or duties, or which affects the ~~e~~C~~o~~unty;
  - (b) notice of every statement being given in writing to the Democratic Services Lead Manager by 12.00 noon on the working day before the meeting of the Council;
  - (c) all statements being time-limited to 2 minutes in each case; and
  - (d) every statement being put without discussion or reply.
- 9.2 The Leader’s Statement will be included as a standard item on the agenda for each Council meeting (excluding the budget meeting).

Members will be given the opportunity to ask questions and/or make comments on the Leader's ~~e~~Statement.

- 9.3 Cabinet Members are encouraged, prior to the commencement of any ordinary meeting of Council, to submit to the Council a short written briefing of current events and issues relating to their portfolio. Members will be given the opportunity to ask questions and/or make comments on the Cabinet Member briefing.

- 9.4 ~~Member Champions may make a statement on their area of responsibility at a meeting of the Council, and will provide a written report at the Annual Meeting of the Council. Member Champions will also meet formally with the Cabinet and Corporate Leadership Team once a year.~~

## QUESTIONS

- 10.1 At a meeting of the Council, Members may ask the Leader of the Council, the Deputy Leader or the appropriate member of the Cabinet, or the chairman of a committee/board, any question on any matter in respect of which the Council has powers and duties or which affects the ~~e~~County.
- 10.2 In addition, Members may ask any Cabinet Member questions about a ~~current~~ Cabinet Member briefing paper submitted in accordance with Standing Order 9.3 above.
- 10.3 Notice of questions on matters which are not included in a report to the Council or Cabinet Member briefing must be given in writing to the Democratic Services Lead Manager by 12 noon four working days before the Council meeting, i.e. normally a Wednesday. ~~If the period in question includes a Bank Holiday then notice of questions should be received by 12 noon on the previous day, i.e. Tuesday.~~
- 10.4 Questions may be asked without notice if the Chairman decides that the matter is urgent.
- 10.5 Questions under Standing Order 8.8 do not require prior notice.
- 10.6 Where a Member has given notice of a question and is absent from the meeting another Member may ask it on his/her behalf.
- 10.7 Every question will be put and answered without discussion.
- 10.8 Written ~~C~~opies of all questions and answers will be circulated to Members by e-mail during the working day before the Council meeting. If the day before the Council meeting is a Bank Holiday, answers will be circulated on the previous Friday.

- 10.9 The Leader may arrange for a question to be answered by the Deputy Leader or appropriate member of the Cabinet, and in their absence the relevant Cabinet Associate will be entitled to speak.
- 10.10 Questions will normally be answered in writing, but may be answered orally or in writing by exception and then confirmed in writing as soon as practicable after the meeting.
- 10.11 If the Leader, Deputy Leader or member of the Cabinet (or Cabinet Associate in the absence of the Cabinet Member) or committee/board chairman is unable to answer any question at the meeting, he/she ~~may~~ will send a written answer to the Member who asked the question and to any other Members upon request.
- 10.12 Questions submitted under SO10 will be managed as follows:
- All first questions submitted by Members will be taken first. Second questions will follow, then third questions and so on.
  - Question time will be limited to 45 minutes.
  - In addition, questions on Cabinet Member briefings will be limited to 15 minutes.
  - Following the initial reply by the Leader, Deputy Leader, Member of the Cabinet or committee/board chairman, the Chairman will allow, at his/her discretion, a period of up to 5 minutes per question in which Members of the Council may ask supplementary questions.
- 10.13 A record of all questions and answers will be included in the minutes of the meeting.

## ORIGINAL MOTIONS

### Notice of an original motion

- 11.1 Any Member may give notice of one original motion for consideration at any meeting of the Council.
- 11.2 All original motions must be relevant to some matter on which the Council has powers or duties, or which affects the eC~~e~~County.
- 11.3 Notice of every motion (other than ~~a motion~~one under Standing Orders 11.6 and 273) must be given in writing to the Democratic Services Lead Manager at least 14 days before a meeting of the Council.
- 11.4 If notice is given of any original motion which, in the opinion of the Chief Executive, is:
- out of order;
  - illegal;
  - irregular; or
  - improper

it will not be accepted or placed on the agenda. If an original motion is not accepted, the Democratic Services Lead Manager will inform the Member giving notice in writing.

11.5 In the event that a large number of original motions are submitted or the number of original motions received from one political group could prohibit the balance of debate across the Council, the Chairman has the discretion to determine the order in which they are debated, following consultation with group leaders and others as appropriate.

11.6 There is a presumption against having original motions at the statutory Annual General Meeting and the Annual Budget Council meeting. Original motions may be accepted at the Chairman's discretion, ~~however, discussions must be contained within an indicative~~ but a total time limit of 45 minutes ~~in total~~ will be applied.

11.7 The Democratic Services Lead Manager will record the details of every notice of an original motion in a register. The register will be open to the inspection of Members.

11.8 An original motion may be considered without notice if the Chairman decides that the matter is urgent.

#### **Moving the original motion**

12.1 An original motion may only be moved by the Member who gave the notice, or by a Member authorised by him/her.

12.2 Where notice of an original motion has been given for any meeting, and that motion is not moved, the notice will lapse. The motion may not be moved without further notice being given.

12.3 ~~In each case where the Council is not required by statute to receive a Cabinet or committee report~~ Unless the matter has to be dealt with by the Council, before any Member speaks to the original motion, the Council will be invited to decide whether to debate ~~an original motion~~ immediately, or to refer it to the Cabinet or the appropriate committee/board either for debate and report to the Council or determination by the Cabinet or ~~C~~committee/~~B~~board. Before the Council takes the vote, the proposer of the original motion shall have the right to make a statement of up to two minutes in length as to why it should not be so referred and either the Leader or the Cabinet Member for the function(s) concerned or the chairman of the appropriate committee/board shall have the right to respond for up to two minutes. The question of referral shall then be put to the vote.

12.4 Any questions as to which committee(s)/board(s) an original motion is to be referred will be decided by the Council.

- 12.5 When an original motion is referred to the Cabinet or appropriate committee/board under Standing Order 12.3, the Member of the Council who has moved the original motion and his/her seconder shall be notified of the meeting at which the Cabinet or committee/board will consider ~~the motion~~it. They shall have the right to attend the meeting and speak to the motion.
- 12.6 Where an original motion is referred to the Cabinet or a committee/board, it will report upon the motion to the following ordinary meeting of the Council and Standing Order 8.8(b) ~~and 8.8(c)~~ shall not apply to such report.
- 12.7 The Cabinet or committee/board may recommend exceptionally that consideration of an original motion should be deferred, in which case the appropriate member of the Cabinet or the committee/board chairman may explain the reasons for the recommendation. The mover and seconder of the original motion may also speak. The recommendation will then be put to the Council without further debate.
- 12.8 If a notice of an original motion relates to a matter which, under legislation or the County Council's Constitution, is the responsibility of the Cabinet, the ~~M~~motion may only call on the Council to request the Cabinet to consider a particular course of action, and may not bind the Cabinet.

#### **Debating the original motion**

- 13.1 There is no cap on the number of original motions that are set down for debate at ordinary Council meetings but a time limit of one and a half hours for the total debate on original motions will apply, subject to the Chairman's discretion to waive the time limit if it is deemed the matter is of particular importance.
- 13.2 When an original motion comes before the Council with any report of the Cabinet or the appropriate committee(s)/board(s), the following order of speeches will apply (subject to Standing Order 16.2):
- (a) The mover of the motion.
  - (b) The seconder of the motion.
  - (c) The Leader, Deputy Leader or the appropriate member of the Cabinet or chairman of the committee(s)/board(s).
  - (d) At the conclusion of the debate on the motion, the mover of the motion may reply.

#### **MOTIONS TO RESCIND OR AMEND RESOLUTIONS**

- 14.1 A Member cannot move a motion to rescind or amend any resolution which has been passed by the County Council in the previous six months. Nor may a Member move a motion or amendment to the same effect as one rejected within the previous six months.
- 14.2 An exception will be allowed in either case where notice has been given and placed on the agenda. The notice must have the support of ten Members (including the proposer).
- 14.3 This Standing Order will not apply to any recommendation of the Cabinet or a committee/board to rescind a decision taken within the previous six months.

## **RULES OF DEBATE**

- 15.1 When speaking, Members will stand and address the Chairman. Members will be called to speak by the Chairman. A Member who is speaking will immediately sit down if the Chairman rises, or if another Member raises a point of order.
- 15.2 Every motion or amendment must be moved and seconded and, if the Chairman requires, must be submitted in writing ~~to the Chief Executive~~ and read aloud or a written copy distributed to every Member before it is put to the meeting.

## **RIGHT TO SPEAK**

- 16.1 A Member may ~~only~~ speak once during the debate and once in relation to any ~~on a~~ motion or amendment, except:
- (a) the mover may reply to the debate, but in doing so, may only answer statements or arguments made in the course of the debate. He/she may not introduce any new matter;
  - (b) the mover of a motion may speak during the debate on any amendment to the motion;
  - (c) a Member who has already spoken may speak on a point of order or may, at the Chairman's discretion, explain any statement made by him/her which he/she believes has been misunderstood, or to rebut a personal allegation;
  - (d) the Leader, or the Deputy Leader or a member of the Cabinet or the appropriate committee/board chairman may speak before the mover of the motion or amendment replies to the debate.
- 16.2 A Member seconding any motion or amendment will be deemed to have spoken on it unless he/she speaks immediately or reserves his/her right to speak later in the debate.

## Relevance

- 16.3 Every Member who speaks must direct his/her speech strictly to the motion or matter under discussion, or to a motion or amendment which he/she moves, or to a point of order.

## POINTS OF ORDER

17. Any Member wishing to raise a point of order must say at the outset the Standing Order or rule of debate which he/she believes has been infringed. Every point of order will be decided immediately by the Chairman whose decision will be final.

## LENGTH OF SPEECHES

18. Except with the consent of the Chairman, the following time limits will apply to speeches:

### ORIGINAL MOTIONS

- (a) The mover of a motion or an amendment

(6 minutes)

(A Member may not speak for more than three minutes unless he/she has a seconder).

- (b) The Leader, ~~or the~~ Deputy Leader, ~~and the~~ appropriate ~~member of the~~ Cabinet Member or ~~the~~ chairman of a committee/board speaking to the debate on a motion or amendment.

(6 minutes)

- (c) the Leader, Deputy Leader, ~~or member of the~~ Cabinet Member or committee/board chairman speaking before the mover of the motion or amendment replies to the debate.

(3 minutes)

- (d) The mover of a motion either speaking to an amendment or replying to the debate.

(3 minutes)

- (e) The mover of an amendment replying to the debate on the amendment.

(3 minutes)

- (f) The seconder of a motion or an amendment.

(3 minutes)

- (g) A Member speaking in the debate on a motion or an amendment.

(3 minutes)

## OTHER BUSINESS

- (h) A Member speaking on a paragraph of a Cabinet report or of a Committee report or on the Leader's Statement or in a debate.  
(3 minutes)
- i) The Leader or the Deputy Leader ~~and or~~ appropriate ~~member of the~~ Cabinet Member or a committee/board chairman either making a statement on the introduction of a report or any particular paragraph, or replying to the debate on a paragraph of a report.  
(5 minutes)
- (j) The Leader of the Council making the Leader's Statement.  
(No time limit)
- (k) The Leader of the Council in moving the reception of the Budget, or in replying to that debate.  
(No time limit)
- (l) Group Leaders speaking in the debate on the Budget.  
(10 minutes)

## AFTER REPLY DEBATE IS CLOSED

- 19. After the reply is made, the motion or amendment under discussion will be put ~~from by~~ the Chairman.

## PROCEDURE FOR MOTIONS AND AMENDMENTS

- 20.1 A Member may not move or second more than one amendment on any motion.
- 20.2 Once moved and seconded, a motion or amendment may not be withdrawn without the consent of the Council.
- 20.3 With the consent of the Council, a Member may:
  - (a) alter a motion of which he/she has given notice; or
  - (b) with the consent of his/her seconder, alter a motion which he/she has moved.

(In either case, the alteration must be one which could be made as an amendment under Standing Order 21.1)
- 20.4 Motions or amendments relating to the annual consideration of the Budget should be submitted in a standard format to be set down by the Director of Finance.

## AMENDMENTS

- 21.1 Every amendment must be relevant to the motion under discussion and either:
- (a) ~~move the reference back~~refer the matter to an appropriate body or individual for consideration or reconsideration
  - (b) leave out words
  - (c) add words, or
  - (d) leave out words and add others.
- 21.2 An amendment which forms the negative of the motion will not be allowed.
- 21.3 Whenever an amendment has been moved and seconded, no subsequent amendment may be moved until the first has been dealt with, unless the Chairman decides otherwise.
- 21.4 The mover of the motion should be asked whether they accept the amendment. If the amendment is accepted it will become the new substantive motion, and debate will continue in accordance with Standing Orders 13, 15, 16 and 18.
- 21.~~45~~ If an amendment is lost, other amendments may be moved on the motion.
- 21.~~56~~ If an amendment is carried, the motion as amended will become the substantive motion, on which further amendments may be moved.

## MOTIONS RELATING TO PERSONAL NOMINATIONS

- 22.1 When considering a recommendation for the appointment or nomination of representatives to serve in any personal or representative capacity, additional names may be proposed and seconded by way of amendment. All the nominations will be placed in alphabetical order and votes in favour of each name will be taken separately.
- 22.2 Each Member may vote for as many persons as are to be nominated, and the Member receiving the highest number of votes will be declared to be appointed or nominated.

## PROCEDURAL MOTIONS

~~“That the question be now put”~~

~~23.1 Any Member may, at the close of the speech of another Member, move  
“That the question be now put”.~~

~~23.2 If he/she considers that there has been adequate debate, the Chairman  
may put the motion “That the question be now put” without debate. If  
the motion is carried with 20 or more Members voting in favour:~~

~~—— (i) the Leader, Deputy Leader or appropriate member of the Cabinet  
or committee/board chairman may speak to the motion or  
amendment under debate, if he/she has not already spoken; and~~

~~—— (ii) the mover of the motion or amendment may reply.~~

~~—— The motion or amendment will then be put.~~

~~—— **“That the Council do now adjourn”**~~

~~24.1 Any Member may, at the close of speech of another Member, move  
“That the Council do now adjourn”.~~

~~24.2 The motion for the adjournment must have the support of ten Members  
(including the mover and seconder), who will show their support by  
standing. If fewer than ten Members stand, the motion will be  
considered as withdrawn.~~

~~24.3 If the motion is supported, the Chairman will invite the mover to speak  
for not more than five minutes. The motion will then be put to the vote.~~

~~24.4 If the motion is carried, the motion or amendment under debate will  
stand adjourned to the next meeting.~~

~~24.5 The Chairman will then call over the remaining business, and any  
business which is opposed (by any Member so indicating) will stand  
adjourned. During the “calling-over” procedure each report will be  
formally moved by the Leader, Deputy Leader or appropriate member  
of the Cabinet or committee/board chairman and each paragraph and  
recommendation will be called by the Chairman in the usual way. No  
statements, comments, motions or questions will be permitted.~~

~~—— **“That the debate be now adjourned”**~~

~~25.1 Any Member may, at the close of the speech of another Member, move  
“That the debate be now adjourned”.~~

~~25.2 The motion for the adjournment must have the support of ten Members,  
(including the mover and seconder), who will show their support by  
standing. If fewer than ten Members stand, the motion will be  
considered as withdrawn.~~

~~25.3 If the motion is supported, the Chairman will invite the mover to speak for not more than five minutes. The motion will then be put to the vote.~~

~~25.4 If the motion is lost it may not be moved again for half an hour, except by the Chairman.~~

~~25.5 If the motion is carried, the debate will continue at the next meeting of the Council. The Member who moved the adjournment will then be entitled to speak first.~~

~~25.6 The Council will then proceed to the next item of business.~~

~~—————**“That the Council do now proceed to the next business”**~~

~~26.1 Any Member may, at the close of the speech of another Member move “That the Council do now proceed to the next business”.~~

~~26.2 The motion must have the support of ten Members, (including the mover and seconder), who will show their support by standing. If fewer than ten Members stand, the motion will be considered as withdrawn.~~

~~26.3 If the motion is supported, the Chairman will allow the mover to speak for not more than five minutes. The Leader, Deputy Leader or appropriate member of the Cabinet or the committee/board chairman may then speak if he/she has not already done so. Finally if there has been an “original” motion or amendment under discussion the mover of that may reply.~~

~~26.4 The motion “to proceed to the next business” will then be put. If lost, it may not be moved again for half an hour, except by the Chairman. The debate on the “original” motion or amendment will then be resumed.~~

~~26.5 If the motion “to proceed to the next business” is carried, then the matter under debate will be considered terminated or lost.~~

~~26.6 If, by operation of this Standing Order, an amendment to a motion is lost, the debate on the motion itself will be resumed.~~

23.1 Any Member may, at the close of the speech of another Member, move one of the following procedural motions:

—————(a) “That the question be now put”

—————(b) “That the Council do now proceed to the next business”

—————(c) “That the debate be now adjourned”

—————(d) “That the Council do now adjourn”

23.2 If the procedural motion is seconded and the Chairman thinks the motion is appropriate and, for procedural motions (a), (b) and (c), there has been sufficient debate, he/she will ask if the motion has the support of ten Members (including the mover and seconder), who will show their support by standing. If fewer than ten Members stand, the procedural motion will be considered as withdrawn.

24.1 If the procedural motion “**That the question be now put**” is supported in accordance with Standing Order 23.2, that motion is put to the vote. If carried,

(i) the Leader or the Deputy Leader or appropriate member of the Cabinet or committee/board chairman may speak to the motion or amendment under debate for not more than three minutes; and

(ii) the mover of the motion or amendment may speak for not more than three minutes.

24.2 The motion or amendment under debate will then be put.

25.1 If the procedural motion “**That the Council do now proceed to the next business**” is supported supported in accordance with Standing Order 23.2,

(i) the Leader or Deputy Leader or appropriate Cabinet member or the committee/board chairman may then speak for not more than three minutes.

(ii) if there has been an “original” motion or amendment under discussion the mover of that may speak for not more than three minutes.

25.2 The procedural motion will then be put. If lost, it may not be moved again for half an hour, except by the Chairman. The debate on the “original” motion or amendment will then be resumed.

25.3 If the procedural motion is carried, then the matter under debate will be considered terminated or lost. If, by operation of this Standing Order, an amendment to a motion is lost, the debate on the motion itself will be resumed.

26.1 If the procedural motion “**That the debate be now adjourned**” is supported in accordance with Standing Order 23.2, the Chairman will invite

(i) the mover to speak for not more than three minutes.

(ii) the Leader or Deputy Leader or appropriate Cabinet member or the committee/board chairman may then speak for not more than three minutes.

(iii) if there has been an “original” motion or amendment under discussion the mover of that may speak for not more than three minutes.

The procedural motion will then be put to the vote.

26.2 If the procedural motion is lost it may not be moved again for half an hour, except by the Chairman.

26.3 If the procedural motion is carried, the debate will continue at the next meeting of the Council. The Member who moved the adjournment will then be entitled to speak first.

26.4 The Council will then proceed to the next item of business.

27.1 If the procedural motion “**That the Council do now adjourn**” is supported in accordance with Standing Order 23.2, the Chairman will invite

(i) the mover to speak for not more than three minutes.

(ii) the Leader or Deputy Leader or appropriate Cabinet member or the committee/board chairman may then speak for not more than three minutes.

(iii) if there has been an “original” motion or amendment under discussion the mover of that may speak for not more than three minutes.

The procedural motion will then be put to the vote.

27.2 If the motion is carried, the motion or amendment under debate will stand adjourned to the next meeting.

27.3 The Chairman will then call over the remaining business, and any business which is opposed (by any Member so indicating) will stand adjourned. During the “calling-over” procedure each report will be formally moved by the Leader, Deputy Leader or appropriate member of the Cabinet or committee/board chairman and each paragraph and recommendation will be called by the Chairman in the usual way. No statements, comments, motions or questions will be permitted.

## **SUSPENSION OF STANDING ORDERS**

~~27.1 It is open to the County Council to suspend Standing Orders applying to meetings of the Council in whole or in part wherever that will assist it in carrying out its business in new and different forms. Suspension will only be for the duration of the meeting.~~

~~27.2 Any Standing Order may be suspended at any meeting upon:~~

- ~~— (a) a recommendation by the Cabinet or a committee/board, or the Chief Executive; or~~
- ~~— (b) a motion, notice of which has been given in writing by a Member to the Chief Executive by 12 noon on the working day before the meeting of the Council; or~~
- ~~— (c) a direction by the Chairman in any case of urgency.~~

## **VOTING**

28.1 Voting will be by show of hands and/or electronically unless, by standing, ten Members demand a recorded vote. Where a recorded vote is called, the names of those voting for or against the motion or amendment (or abstaining) will be recorded and entered in the minutes. ~~A recorded vote must be undertaken for setting the Council's annual budget.~~

~~28.2 Where a demand for a recorded vote is not supported, any Member may require his/her vote for or against a motion to be recorded in the minutes.~~

~~28.32~~ A recorded vote must be undertaken for setting the Council's annual budget.

28.4 On a formal motion put from the Chairman (e.g. "That the report be received"), the question may be decided by the voice of the Members, unless any Member demands a show of hands.

28.6 The person presiding at the meeting will have a second or casting vote in the event of a tied vote.

28.47 If immediately after a vote is taken any Member so requires, the way in which he/she voted (or abstained) will be recorded in the minutes of that meeting.

~~28.5 The person presiding at the meeting will have a second or casting vote.~~

## **INTERESTS OF MEMBERS**

29.1 Where a Member attends a meeting which is considering a matter relating to a disclosable pecuniary or personal or prejudicial interest

they have, or any relevant gifts and/or hospitality they have received, the provisions of the Code of Conduct, set out in Part 6 of the Constitution, will apply and which is not listed on their register, they must disclose the interest to the meeting and, within the next 28 days, notify the Monitoring Officer of the interest for inclusion in the register.

~~29.2 SO 62 in Part 3 of Standing Orders shall apply to participation by a Member in relation to disclosable pecuniary interests.~~

## ATTENDANCE OF MEMBERS

30. Members will sign a register of attendance.

## PETITIONS

31.1 At the start of any ordinary meeting of the County Council, any member of the public who is an elector of the Surrey County Council area may present a petition, containing 10,000 or more signatures. The ~~e~~County ~~c~~Council will debate it unless it is a petition asking for a senior council officer to give evidence at a public meeting. The County Council will endeavour to consider the matter at its next meeting following the submission of a paper petition or the end date of an electronic petition, although on some occasions this may not be possible and consideration will then take place at the following meeting. The presentation of a petition on the following business will not be allowed:

- (a) matters which are “confidential” or “exempt” under the Local Government Access to Information Act 1985; and
- (b) planning applications.

31.52 The presentation of a petition on the same or similar topic as one presented in the last six months will not be allowed.

31.23 The petition organiser will be given five minutes to present the petition at the meeting. The relevant Cabinet Member or another Cabinet Member will then be given five minutes for a right of reply before Members have an opportunity to debate the petition for no more than 30 minutes in total, with each Member allowed to speak for a maximum of 3 minutes.

31.34 Notice of paper petitions must be given in writing to the Chief Executive at least 14 days before the meeting.

31.45 The County Council will decide how to respond to the petition at its meeting. It may, for example, decide to take the action the petition requests, not to take the action requested for reasons put forward in the debate, or to commission further investigation into the matter, for example by a relevant committee/board. Where the issue is one on which the Cabinet or an individual Cabinet Member is required to make

the final decision, the eCounty eCouncil will decide whether to make recommendations to inform that decision. The petition organiser will receive written confirmation of this decision within five working days of the meeting. This confirmation will also be published on the Council's website.

~~31.5 The presentation of a petition on the same or similar topic as one presented in the last six months will not be allowed~~

### **SUSPENSION OF STANDING ORDERS**

32.1 It is open to the County Council to agree, by a vote, to suspend Standing Orders applying to meetings of the Council in whole or in part wherever that will assist it in carrying out its business in new and different forms. Suspension will only be for the duration of the meeting or part of the meeting as agreed.

32.2 Any Standing Order may be suspended at any meeting upon:

- (a) a recommendation by the Cabinet or a committee/board, or the Chief Executive; or
  - (b) a motion, notice of which has been given in writing by a Member to the Chief Executive by 12 noon on the working day before the meeting of the Council; or
  - (c) a motion seconded at the meeting and supported by ten Members who indicate their support by standing; or
  - (d) a direction by the Chairman as appropriate,
- subject to being agreed by a vote at the meeting.

## PART 2 OF STANDING ORDERS CONSTITUTION AND APPOINTMENT OF CABINET AND COMMITTEES/BOARDS

### CONSTITUTION OF CABINET

- 3433.** The Cabinet will comprise the Leader of the Council, who will be its Chairman, the Deputy Leader and such other Members (up to a maximum of 8) as the Leader agrees. The Deputy Leader, as Vice-Chairman of the Cabinet, will preside if the Chairman is absent.

### CONSTITUTION OF COMMITTEES

- 3234.** The constitution of the committees of the Council is as follows:

<b>Name of Committee</b>	<b>Members of the Council</b>	<b>Ex-officio Members</b>	<b>Other Members</b>	<b>Total</b>
Cabinet	Leader, Deputy Leader + up to 8	-	-	up to 10
Council Overview Board	15	2	-	17
Economic Prosperity, Environment & Highways Board	15	2	-	17
Education and Skills Board	12	2	2	16
Resident Experience Board	12	2	-	14
Social Care Services Board	15	2	-	17
Wellbeing and Health Scrutiny Board	12	2	3	17
Audit and Governance Committee	6	4	-	10
Planning & Regulatory Committee	12	4	-	16

People, Performance and Development Committee	6	2		8
<u>Member Conduct Panel</u>	<u>10</u>	-	-	<u>10</u>
Local Committees: One for each district/borough area <u>(except Spelthorne and Woking)</u>	Between 5 and 10	-	Between 5 and 10	Between 10 and 20
Spelthorne Joint Committee	7	-	7	14
Woking Joint Committee	7	-	7	14
Surrey Pension Fund Committee	6	2	4	12
Surrey Local Pension Board	2	-	6	8
Surrey Local Firefighters' Pension Board	2	-	2	4
Orbis Joint Committee	1	-	1	2
Buckinghamshire County Council and Surrey County Council Joint Trading Standards Service Committee	2	-	2	4

## CO-OPTED MEMBERS

335.1 Co-opted members of committees/boards have no voting rights except for:

- (a) Church and Parent Governor representatives appointed to ~~select committees~~scrutiny boards related to education matters;
- (b) Borough/district councillors appointed to ~~Local e~~Committees with voting rights in relation to all matters, with the exception of Education, Youth and Member's' Allocations.
- (c) Borough/district councillors appointed to ~~the Health S~~scrutiny Committeeboards; and
- (d) Representatives appointed to the Surrey Pension Fund ~~BoardCommittee~~; Surrey Local Pension Board, and Surrey Local Firefighters' Pension Board.

335.2 Subject to subsequent report to the Council, committees/boards may co-opt members in addition to those required under statutory schemes related to education matters.

## EX-OFFICIO ATTENDANCE

346.1 The Chairman and Vice-Chairman of the Council may attend and speak (but not vote) at meetings of all committees/boards except ~~Local e~~Committees, Spelthorne Joint Committee, Woking Joint Committee, Surrey Pension Fund Committee, Surrey Local Pension Board, Surrey Local Firefighters' Pension Board, Orbis Joint Committee, and Buckinghamshire County Council and Surrey County Council Joint Trading Standards Service Committee.

346.2 The Leader ~~and~~/or Deputy Leader of the Council may attend and speak (but not vote) at any meetings of the Planning & Regulatory and Audit & Governance Committees and the Surrey Pension Fund ~~Board~~Committee.

346.3 Ex-officio Members may not move or second motions or amendments.

## CABINET MEMBERS

357.1 The individual portfolios to be allocated to Cabinet Members will be determined by the Leader of the Council. Their responsibilities are set out in the *“Member/Officer Protocol”*.

357.2 The Chairman and Vice-Chairman of the Council may not be members of the Cabinet.

~~375~~.3 Members of the Cabinet or Cabinet Associates may not be members of a ~~s~~Scrutiny ~~b~~Board.

## APPOINTMENT OF COMMITTEES

~~386~~.1 The Council will:

- (a) review the proportional political allocation of places on all appropriate committees/boards both annually and at other times as required; and
- (b) at its Annual Meeting, on receipt of a report from the Chief Executive, appoint Members to serve on committees in accordance with the expressed wishes of political groups.

## MEMBERSHIP OF COMMITTEES/BOARDS

~~397~~.1 Every person appointed to be a member of any committee/board as a Member of the Council will cease to be a member of that committee/board once he/she ceases to be a ~~e~~County ~~e~~Councillor unless he/she has been re-elected as such and comes into office before the date of his/her retirement. This will apply similarly to district/borough ~~C~~council members of County committees/boards.

~~397~~.2 Committees/boards may include persons who are not Members of the Council, provided that at least two-thirds of the members of a committee/board are ~~e~~County ~~e~~Councillors (with the exception of ~~L~~ocal ~~C~~committees, Spelthorne Joint Committee, Woking Joint Committee, Surrey Pension Fund Committee, Surrey Local Pension Board, Surrey Local Firefighters' Pension Board, Orbis Joint Committee, and Buckinghamshire County Council and Surrey County Council Joint Trading Standards Service Committee, ~~where paragraph 7.1 of Section 2 of the Scheme of Delegation applies~~).

## COMMITTEE CHAIRMEN AND VICE-CHAIRMEN

~~3840~~.1 Chairmen and vice-chairmen of committees/boards will be elected by the County Council ~~under SO 6.8. Unless otherwise specified in their terms of reference, – A~~any other committees/boards will elect a chairman, and if necessary also a ~~V~~vice-~~C~~chairman, at the first meeting after their appointment each year. The person presiding at the meeting may exercise any power or duty of the chairman.

~~3840~~.2 Where more than one Member is proposed election will be by show of hands, or if requested by a recorded vote.

~~3840~~.3 During the interval between the appointment and first meeting of a

committee/board, if a chairman and vice-chairman have not been elected by the Council the retiring chairman and vice-chairman may continue to act as such if still members of the committee/board ~~if a chairman and vice-chairman have not been elected by the Council~~.

3840.4 A member of a committee/board proposing to nominate another Member as chairman or vice-chairman must notify the Chief Executive of his/her nomination before the meeting at which the election is to be held. The Chief Executive will report any nominations received at the meeting.

3840.5 Where the constitution of committees/boards includes persons who are not ~~e~~Councilors, their chairman must be elected from among the appointed Council Members of the committee/board unless otherwise specified in their terms of reference.

3840.6 The Chairman of the Council may not be appointed as chairman of any committee/board with the exception of a Member Conduct Panel.

#### **COMMITTEES'/BOARDS' TERMS OF OFFICE FOR MEMBERS OF COMMITTEES/BOARDS**

3941.1 All committees/boards will hold office until the first meeting of their successors, except in the year of a County Council election when, ~~(subject to Standing Order 37.1),~~ they and their respective chairmen may continue to act until their successors are appointed.

3941.2 In the year of a County Council election, retiring Members of the Council serving as such on other bodies may continue to act until their successors are appointed. However, this will not ~~however~~ apply where the constitution of the body concerned requires the appointment of serving ~~e~~Councilors.

#### **SUBSTITUTES**

4042. The following procedure will apply to the appointment of substitutes:

- (a) A substitute Member will only attend if the appointed Member cannot do so;
- (b) Political groups are permitted substitutes on each committee/board ~~(except for local committees)~~ in the ratio: Conservative Group 3; ~~Liberal Democrat Group~~ Surrey Opposition Forum 1; Residents' Association & Independent Group 1; UK

Independence Party Group 1, subject to paragraphs s (g), (h), (i), (j) (k) and Standing Order 43 below;

- (c) Substitute Members may attend meetings in that capacity only:
  - (i) to take the place of the ordinary Member for whom they are the designated substitute;
  - (ii) where the ordinary Member will be absent for the whole of the meeting; and
  - (iii) after notifying the proper officer as set out in paragraph (d) below.
- (d) Attendance of a substitute at a forthcoming meeting will be notified in writing to the Democratic Services Lead Manager as soon as possible and by no later than half an hour before the start of the meeting. Either the absent Member or a group representative can notify; the substituting Member cannot give the notice. The committee manager will notify the chairman of any substitutes at the start of the meeting.
- (e) The principle of substitute membership will apply to appointed ~~e~~C~~o~~unty ~~e~~C~~o~~uncil Members and not to ex officio Members or co-opted members, except for those representing the Church or parent governors.
- (f) No substitutes are permitted for district/borough council co-opted members of local committees, unless a local committee agrees otherwise at its first meeting following the Council's annual meeting and in relation to all meetings in the following year. Named substitutes will be appointed to the ~~L~~ocal ~~E~~c~~c~~ommittee on the nomination of the relevant district/borough council.
- (g) Substitutes are not permitted on the Spelthorne and Woking Joint Committees, the Local Pension Board and the Surrey Local Firefighterd' Pension Board.
- (gh) In the event of the long-term illness, death or resignation of a ~~e~~C~~o~~unty ~~e~~C~~o~~uncillor, in addition, an additional substitute may be allocated to each appropriate committee/board, without affecting the rules in the preceding sub-paragraphs; ~~but until a by-election has taken place no~~ permanent appointment may not be made to fill the vacancy until a by-election has taken place.
- (hi) The Council will appoint named substitutes to serve on the Planning and Regulatory Committee, comprising up to seven Members each from the Conservative, ~~Liberal Democrat~~Surrey Opposition Forum and Residents' Association & Independent Party Groups and up to two Members from the UK Independence

Party Group, subject to no more than four Conservative, one ~~Surrey Opposition Forum~~Liberal Democrat, one Residents' Association & Independent and one UK Independence Party Group Member being substituted at any one time.

- (ii) The Council will appoint named substitutes to serve on the People, Performance and Development Committee and its Appointments Sub-Committee, comprising up to seven Cabinet Members and up to seven Members each from the ~~Surrey Opposition Forum~~Liberal Democrat and Residents' Association & Independent Groups, subject to no more than 50% of the membership of the committee/sub-committee being substituted on any one occasion.
- (ik) The Council will appoint named substitutes for the Wellbeing and Health Scrutiny Board, comprising up to seven Members each from the Conservative, ~~Surrey Opposition Forum~~Liberal Democrat and Residents' Association & Independent Group and up to two Members from the UK Independence Party Group, subject to no more than four members of the board being substituted on any one occasion.

~~413. The substitution rules will not apply to Cabinet Members attending meetings of the~~Substitutes are not permitted at Cabinet meetings.

## APPOINTMENT OF POLITICAL ASSISTANTS

~~424.~~ No appointment to a post established under Section 9 of the Local Government and Housing Act 1989 (Assistants for Political Groups) may be made until the Council has allocated a post to each of the groups which qualify for one under the Act:

- (a) no political assistant post may be allocated to a political group which does not qualify for one under the 1989 Act;
- (b) no political group may be allocated more than one political assistant post;
- (c) subject to these Standing Orders, all political assistant posts must be filled in accordance with the wishes of the political group to which the post has been allocated.

(Note: it is open to a political group not to have such a post even though it is entitled to one).

## ~~MEMBER CHAMPIONS~~

~~43. The Council will agree at its annual meeting which interests or issues should be “championed” during the next Council year and the Leader will appoint Member Champions for such interests or issues following~~

~~consultation with Group Leaders. Appointment of Member Champions shall be on an annual basis but appointments may be renewed.~~

## **PART 3 OF STANDING ORDERS CABINET AND COMMITTEES/BOARDS: MEETINGS AND PROCEDURE**

### **NOTICE OF MEETING**

- 445.1 The date, time and place of the fixed meetings of the Cabinet and every committee/board and Cabinet Member decision meetings will be on the Council's website. The notice, agenda, reports and other documents prepared for the Cabinet, Cabinet Members and committees/boards will be sent to Members as long beforehand as is reasonably practicable. In the case of the Cabinet and Cabinet Members and committees/boards exercising delegated powers this will not be less than five clear working days before the date of the meeting.
- 454.2 Only the business on the agenda will be discussed at a meeting of the Cabinet, of a Cabinet Member or of a committee/board except for urgent matters raised in accordance with the provisions in the Constitution or Section 100B(4)(b) of the Local Government Act 1972 (Article 6).

### **SPECIAL MEETINGS**

- 456.1 A special meeting of the Cabinet or any committee/board will be convened to consider specific matters within its terms of reference if either:
- (a) the Chairman of the Cabinet or that committee/board or one quarter of their members direct the Chief Executive; or
  - (b) the Chief Executive is of the opinion that a special meeting of the Cabinet or a committee/board should be convened as a matter of urgency.
- 456.2 At least five clear working days' notice of a special meeting must be given.

### **CONFIDENTIALITY**

#### **Committee/Board Papers, etc**

- 467.1. All Members must respect the confidentiality of any papers made available to them whether for the purpose of meetings of the Cabinet, of Cabinet Members or of committees/boards or otherwise, for so long as those papers remain confidential.

## Failure to observe

- ~~467.2. Any or all of the rights conferred on a Member of the Council under the Constitution may be withdrawn by the Council if it is satisfied that he/she has not failure to observed the requirements of Standing Order 4647.1 in relation to any of its papers may be regarded as a breach of the Member Code of Conduct.~~

## QUESTIONS TO THE CABINET MEMBERS AND COMMITTEES/BOARDS

- | 478.1 Any Member of the Council may, with the chairman's consent, ask one or more questions on matters within the terms of reference of the Cabinet or any committee/board. (This Standing Order shall also apply to borough/district council members of local committees).
- | 478.2 Notice of questions must be given in writing to the Democratic Services Lead Manager (or relevant Community Partnership and Committee Officer in the case of Local Committees) by 12 noon four working days before the meeting. If the day in question is a Bank Holiday then notice of questions should be received by 12 noon on the previous working day.
- | 478.3 Questions may be asked without notice if the chairman decides that the matter is urgent.
- | 478.4 Where a Member has given notice of a question and is absent from the meeting another Member may ask it on his/her behalf.
- | 478.5 Every question will be ~~put~~ asked and answered without discussion.
- | 478.6 Copies of all questions will be circulated to Members before the start of the meeting.
- | 478.7 Questions will normally be answered in writing, but may be answered orally by exception and then confirmed in writing as soon as practicable after the meeting. ~~Questions may be answered orally or in writing.~~
- | 478.8 If the Leader, Deputy Leader or member of the Cabinet or committee/board chairman is unable to answer any question at the meeting, he/she may send a written answer to the Member asking the question.
- | 478.9 At the discretion of the chairman, a Member who has given notice of a question may ask one supplementary question relevant to the subject of the original.
- | 478.10 A record of all  
questions and answers will be included in the minutes of the meeting.

## QUORUM

~~489.1~~ The quorum will be one quarter of the total number of voting members of the Cabinet or committee/board. A quorum may not be fewer than three voting Members. ~~The chairman will adjourn the meeting if there is not a quorum present.~~

~~489.2~~ The chairman will adjourn the meeting if there is not a quorum present. ~~The quorum will be one quarter of the total number of voting members of the Cabinet or committee/board. A quorum may not be fewer than three voting Members.~~

## RIGHT TO SPEAK

~~4950.1~~ A Member  
may only speak once during the debate and once in relation to ~~on a~~ any motion or amendment, except:

- (a) the mover may reply to the debate but, in doing so, may only answer statements or arguments made in the course of the debate. He/she may not introduce any new matter;
- (b) the mover of a motion may speak during the debate on any amendment to the motion;
- (c) a Member who has already spoken may speak on a point of order or may, at the chairman's discretion, explain any statement made by him/her which he/she believes has been misunderstood, or to rebut a personal allegation;
- (d) the chairman may speak before the mover of the motion or amendment replies to the debate.

~~4950.2~~ A Member  
seconding any motion or amendment will be deemed to have spoken on it unless he/she speaks immediately ~~and~~ or reserves his/her right to speak later.

## RELEVANCE

~~501.~~ Every Member who speaks must direct his/her speech strictly to the motion or matter under discussion, or to a motion or amendment which he/she moves, or to a point of order.

## POINTS OF ORDER

~~512.~~ Any Member wishing to raise a point of order must say at the outset the Standing Order or rule of debate which he/she believes has been infringed. Every point of order will be decided immediately by the chairman whose decision will be final.

## LENGTH OF SPEECHES

523. Except with the consent of the chairman, the following time limits will apply to speeches:
- (a) The mover of a motion or an amendment.  
(10 minutes)  
(A Member may not speak for more than five minutes unless he/she has a seconder).
  - (b) The Leader or the Deputy Leader ~~and or~~ the appropriate member of the Cabinet or committee/board chairman speaking to the debate on a motion or amendment.  
(10 minutes)
  - (c) The mover of a motion either speaking to an amendment or replying to the debate.  
(5 minutes)
  - (d) The mover of an amendment replying to the debate on the amendment.  
(5 minutes)
  - (e) The seconder of a motion or an amendment.  
(5 minutes)
  - (f) A Member speaking on a report or in a debate.  
(3 minutes)
  - (g) The Leader of the Council speaking on a report or in a debate.  
(5 minutes)

## AFTER REPLY DEBATE IS CLOSED

534. After the reply is made, the motion or amendment under discussion will be put ~~from by~~ the ~~C~~chairman.

## PROCEDURE FOR MOTIONS AND AMENDMENTS

- 545.1 Every motion or amendment must be moved and seconded and, if the chairman requires, must be submitted in writing to the Chief Executive and read aloud before it is put to the meeting.
- 545.2 A Member may not move or second more than one amendment on any motion.
- 545.3 Once moved and seconded, a motion or amendment may not be withdrawn without the consent of the Cabinet or committee/board.

545.4 With the consent of the Cabinet or committee/board a Member may:

- (a) alter a motion of which he/she has given notice; or
- (b) with the consent of his/her seconder, alter a motion which he/she has moved.

(In either case, the alteration must be one which could be made as an amendment under Standing Order 5556.1).

## AMENDMENTS

556.1 Every amendment must be relevant to the motion under discussion and will either:

- (a) ~~move the reference back~~refer the matter to an appropriate body or individual for consideration or reconsideration
- (b) leave out words
- (c) add words, or
- (d) leave out words and add others.

556.2 An amendment which forms the negative of the motion will not be allowed.

556.3 Whenever an amendment has been moved and seconded, no subsequent amendment may be moved until the first has been dealt with, unless the chairman decides otherwise.

56.4 The mover of the motion should be asked whether they accept the amendment. If the amendment is accepted it will become the new substantive motion.

556.45 If an amendment is lost, other amendments may be moved on the motion.

556.56 If an amendment is carried, the motion as amended will become the substantive motion, on which further amendments may be moved.

## MOTIONS RELATING TO PERSONAL NOMINATIONS

567.1 When considering a nomination for the appointment or nomination of representatives to serve in any personal or representative capacity, additional names may be proposed and seconded by way of amendment. All the nominations will be placed in alphabetical order and votes in favour of each name will be taken separately.

- 567.2 Each Member may vote for as many persons as are to be nominated, and the number person(s) receiving the highest number of votes will be declared to be nominated.

## PROCEDURAL MOTION

### “That the question be now put”

- 578.1 Any Member may, at the close of the speech of another Member, move “That the question be now put”.
- 578.2 If he/she considers that there has been adequate debate, the chairman may put the motion “That the question be now put” without debate. If the motion is carried:
- (a) the chairman may speak to the motion or amendment under debate, if he/she has not already spoken; and
  - (b) the mover of the motion or amendment may reply.
- 578.3 The motion or amendment will then be put.

## INTERRUPTIONS AND DISORDERLY CONDUCT

589. (a) If a Member of the public interrupts the proceedings at a meeting the chairman may ask him/her not to interrupt.
- (b) If the interruption continues the chairman may order his/her removal from the room.
- (c) If there is general disturbance in all or part of the public gallery the chairman may order that part to be cleared.
5960. (a) If a Member behaves in a disorderly or disruptive manner, any Member may move, with the consent of the chairman, “That the named Member be not further heard”. If this motion is seconded it will be put to the vote and determined without discussion.
- (b) If the motion is carried and the misconduct continues the chairman may
- (i) adjourn or suspend the sitting of the Council meeting for as long as he/she considers appropriate, or
  - (ii) order his/her removal from the meeting room.

## VOTING

- 601.1 Voting will be by show of hands unless one or more Member(s) demands a recorded vote. Where a recorded vote is called, the names

- of those voting for, ~~or against~~ or abstaining ~~the motion or amendment~~ will be recorded and entered in the minutes.
- 601.2 Where a demand for a recorded vote is not supported, any Member may require his/her vote for or against the motion to be recorded in the minutes.
- 601.3 On a formal motion put from the Chair (e.g. "That the report be received"), the question may be decided by the voice of the Members, unless any Member demands a show of hands.
- 601.4 If immediately after a vote is taken any Member so requires, the way in which he/she voted (or abstained) will be recorded in the minutes of that meeting.
- 601.5 The person presiding at the meeting will have a second or casting vote.

## INTERESTS OF MEMBERS

- ~~612~~ Where a Member or co-opted member attends a meeting which is considering a matter relating to a disclosable pecuniary, personal or prejudicial interest they have, or any relevant gifts and/or hospitality they have received, the provisions of the Code of Conduct, set out in Part 6 of the Constitution, will apply. ~~At any meeting where a Member becomes aware that a matter under consideration relates to:~~
- ~~(a) — one of their disclosable pecuniary interests, not entered on the Council's register and/or~~
  - ~~(b) — the donor of any gift and/or hospitality they have accepted and not yet entered on the Council's register~~
  - ~~— The Member must disclose the interest to the meeting and, within 28 days, notify the Monitoring Officer of it for inclusion in the register.~~
  - ~~— Participation in relation to disclosable pecuniary interests~~
- ~~62~~ ~~A Member with a disclosable pecuniary interest in any matter must:~~
- ~~(a) — not participate in any discussion or vote relating to the matter;~~
  - ~~(b) — withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting;~~
  - ~~(c) — not exercise executive functions in relation to that matter; and~~

- (d) ~~not take any steps in relation to the matter (except for the purposes of enabling the matter to be dealt with otherwise than by them)~~

~~unless he/she has obtained a dispensation from the Audit and Governance Committee.~~

## ATTENDANCE OF MEMBERS

63. ~~Members will sign a register of attendance~~The attendance of Members will be recorded in the Minutes of the meeting.

## MINUTES

- 64.1 The chairman will move the formal motion “That the minutes of the last meeting be confirmed and signed by the chairman” and there may only be discussion if there is disagreement about their factual accuracy which will be resolved by a vote in the normal way.
- 64.2 The next meeting for the purpose of signing the minutes will be the next ordinary meeting, not a meeting called under paragraph 3 of schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting).~~Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of signing of minutes.~~

## PUBLIC PARTICIPATION IN CABINET/OR COMMITTEE/BOARD BUSINESS (-EXCLUDING LOCAL COMMITTEES)

### Petitions

- 65.1 At the start of any ordinary ~~meeting of the~~ Cabinet, ~~a~~ Cabinet Member or ~~a~~ committee/board meeting, any member of the public who is an elector of the Surrey County Council area may present a petition, containing 100 or more signatures, relating to a matter within the terms of reference of the Cabinet, the Cabinet Member or the committee/board as appropriate. In addition, a local business may present a petition to an ordinary meeting of a ~~Local~~ Committee. The presentation of a petition on the following business will not be allowed:
- (a) matters which are “confidential” or “exempt” under the Local Government Access to Information Act 1985; and
  - (b) planning applications.

- 65.2 A spokesman for the petitioners may address the Cabinet, Cabinet Member or the committee/board on the petition for no more than 3 minutes, but thereafter may not speak further. The petition may be referred without discussion to the next appropriate meeting of the Cabinet, Cabinet Member or committee/board at the discretion of the chairman.
- 65.3 Notice must be given in writing to the Chief Executive at least 14 days before the meeting.
- 65.4 No more than three petitions may be presented at any one meeting of the Cabinet, Cabinet Member or a committee/board.
- 65.5 The Chief Executive may amalgamate within the first three received petitions ~~other petitions of like effect~~ on the same subject which seek similar outcomes.
- 65.6 The presentation of a petition on the same or similar topic as one presented in the last six months will not be allowed.

#### **Public question time**

- 66.1 At the start of any ordinary meeting of the Cabinet or any committee/board, any member of the public who is an elector of the Surrey County Council area may ask one question relating to a matter within the Cabinet's or committee's/board's terms of reference. In addition, a local business may ask one question at an ordinary meeting of a ~~Local~~ Committee. Questions will not be allowed on matters which are "confidential" or "exempt" under the Local Government Access to Information Act 1985 or on planning applications. Questions should relate to general policy and not to detail.
- 66.2 Notice must be given in writing or by e-mail to the Chief Executive at least 7 days before the meeting.
- 66.3 The Chief Executive may, having consulted the questioner, reword any question received to bring it into proper form and to secure reasonable brevity. Copies will be circulated to members of the Cabinet or the committee/board as appropriate.
- 66.4 Questions will be taken in the order in which they are received by the Chief Executive and directed to the Leader, Deputy Leader or appropriate Cabinet Member, or committee/board chairman. Questions will be asked and answered without discussion. Any Member may decline to answer a question, provide a written reply or nominate another Member to answer it on his/her behalf.
- 66.5 Following the initial reply by the Leader, Deputy Leader or Cabinet Member or committee/board chairman, one supplementary question may be asked by the questioner. The Leader, Deputy Leader or

Cabinet Member or committee/board chairman may decline to answer a supplementary question.

- 66.6 The number of questions which may be asked at any one meeting may not exceed six and the chairman may exercise his/her discretion to regard a single question which has been divided into a number of sub-questions as several different questions within the ~~allowable total~~ number which ~~may be asked to~~ be asked at the meeting. The chairman may also disallow questions which are repetitious.
- 66.7 Questions which are received after the first six ~~to be received~~ will be held over to the following meeting, or dealt with in writing at the chairman's discretion.

**Public speaking at meetings of the Planning and Regulatory Committee and in relation to Public Rights of Way items at Local Committees**

- 67.1 Members of the public and their representatives may address the Planning and Regulatory Committee on any planning applications and all applications relating to public rights of way (PROW) being considered by that ~~e~~Committee. This Standing Order (67) also applies to applications relating to public rights of way being considered by ~~l~~Local ~~e~~Committees.
- 67.2 Speakers must first register their wish to speak by telephone or in writing to the committee manager by 12 noon one working day before a meeting, stating on which item(s) they wish to speak.
- 67.3 Only those people who have previously made written representations in response to a planning application will be entitled to speak.
- 67.4 Speakers must declare any financial or personal interest they may have in the application.
- 67.5 Registration of speakers will be on a first come first served basis and speakers will be taken in the order in which they are registered, with the first five registered being entitled to speak. Where more than one person has registered an interest to speak, the subsequent speakers will be entitled to speak first if the first named speaker is not in attendance five minutes before the start of the meeting. Representations can be combined if necessary. A reserve list will also be maintained if necessary.
- 67.6 The time allowed for public speaking will be limited to 15 minutes for objectors and 15 minutes for supporters per item, and to 3 minutes per speaker.
- 67.7 Only if a member of the public or their representative speaks objecting will the applicant/agent be allowed to speak and then only to respond to

the points raised by the objectors, and will be limited to 3 minutes for each objector who has spoken.

- 67.8 No additional information may be circulated by speakers at the meeting and they will have no right to speak or question Members or officers once they have made their submission.
- 67.9 Speeches will precede the ~~e~~CCommittee's formal discussion on each application requiring the ~~e~~CCommittee's attention.
- 67.10 The right to speak will only be exercised at the first meeting at which the application is considered and will not normally be the subject of further presentations at any subsequent meeting unless significant changes have taken place after a deferral by the ~~e~~CCommittee.

### **PUBLIC PARTICIPATION IN LOCAL COMMITTEE BUSINESS**

*(Excluding matters in relation to consideration of a ~~PROW~~public right of way under to which standing order 67 applies).*

#### **Petitions**

- 68.1 Any member of the public who lives, works or studies in the Surrey County Council area may present a petition, containing 30 or more signatures ~~or at the Chairman's discretion~~, relating to a matter within the terms of reference of the ~~L~~ocal ~~C~~committee. The chairman also has discretion to accept a petition with fewer signatures. The presentation of a petition on the following business will not be allowed:
- (a) matters which are "confidential" or "exempt" under the Local Government Access to Information Act 1985;
  - (b) planning applications; and
  - (c) matters in relation to a public rights of way under consideration by the ~~L~~ocal ~~e~~CCommittee.
- 68.2 A spokesman for the petitioners may address the Local Committee on the petition for up to 3 minutes or longer if agreed by the ~~C~~chairman. Discussion of a petition at the meeting is at the ~~C~~chairman's discretion. The petition may be referred to the next appropriate meeting of the Cabinet, Cabinet Member or committee/board at the discretion of the Chairman.
- 68.3 Notice must be given in writing to the Community Partnership and Committee Officer on behalf of the Chief Executive at least 14 days before the meeting. Alternatively, the petition can be submitted on-line through Surrey County Council's e-petitions website as long as the required number of signatures has been reached 14 days before the meeting.

- 68.4 No more than three petitions may be presented at any one meeting of the committee unless agreed otherwise by the Chairman.
- 68.5 The Community Partnership and Committee Officer may amalgamate within the first three received petitions other petitions on the same subject which seek similar outcomes.~~may amalgamate within the first received petition other petitions of like effect on the same subject.~~
- 68.6 The presentation of a petition on the same or similar topic as one presented in the last six months may only be permitted at the Chairman's discretion.

### Public questions and statements

- 69.1 At the start of any ordinary meeting of ~~the a~~ Local Committee, any member of the public who lives, works or studies in the Surrey County Council area may ask one question or make a statement relating to a matter within the Local Committee's terms of reference. The Chairman may alternatively permit the question to be asked or statement to be made at the start of an item on the agenda if it relates to that item.
- 69.2 Questions or statements will not be allowed on matters which are "confidential" or "exempt" under the Local Government Access to Information Act 1985 or on planning applications or public rights of way matters under consideration.
- 69.3 Notice of questions or statements must be given in writing or by e-mail to the relevant Community Partnership and Committee Officer with details of the question or statement, by 12 noon four working days before the meeting. If the day in question is a Bank Holiday then notice of questions should be received by 12 noon on the previous working day.
- ~~69.4 Written questions or statements must be submitted by the deadline set out in section 69.3. The Chairman may alternatively permit questions or statements to be made under relevant agenda items as they consider appropriate during the formal meeting.~~
- 69.~~54~~ The Community Partnership and Committee Officer may, having consulted a questioner, reword any question or statement received to bring it into proper form and to secure reasonable brevity. Copies will be tabled and made available in the meeting room for members of the ~~L~~ocal ~~C~~ommittee and any member of the public in attendance.
- 69.~~65~~ Questions and statements will be taken in the order in which they are received by the Community Partnership and Committee Officer. The provision of answers to questions being asked, any response to statements, and any discussion of the question or statement will be at the discretion of the Chairman.

- | 69.~~76~~ Following any initial reply to a question, one or more supplementary question/s in relation to the response provided may be asked by the questioner at the discretion of the Chairman. The provision of answers to supplementary questions being asked and any discussion of these questions will be at the discretion of the Chairman.
- | 69.~~87~~ The total number of questions which may be asked or statements made at any one meeting will be at the discretion of the Chairman. The Chairman may decide that questions or statements can be held over to the following meeting, or dealt with in writing and may disallow questions or statements which are repetitious.
- | 69.910 When dealing with any item in which public participation has occurred, the Chairman shall clarify the point at which ~~such~~ public participation has concluded and the ~~C~~committee's formal discussion and decision-making ~~of the item is taking place~~has commenced.

**PART 4 OF STANDING ORDERS**  
**PROCEEDINGS AND BUSINESS BUDGET AND**  
**POLICY FRAMEWORK**

70. Where the Leader of the Council/Cabinet has submitted a draft plan or strategy to the Council for its consideration and, following consideration of that draft plan or strategy, the Council has any objections to it, the Council must take the action set out in paragraph 71.
71. Before the Council:-
- (a) amends the draft plan or strategy;
  - (b) approves, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his/her approval, any plan or strategy (whether or not in the form of a draft) of which any part is required to be so submitted; or
  - (c) adopts (with or without modification) the plan or strategy,
- it must inform the Leader of any objections which it has to the draft plan or strategy and must give to him/her instructions requiring the Leader/Cabinet to reconsider, in the light of those objections, the draft plan or strategy submitted to it.
72. Where the Council gives instructions in accordance with paragraph 71, it must specify a period of at least five working days beginning on the day after the date on which the Leader receives the instructions within which the Leader may –
- (a) submit a revision of the draft plan or strategy as amended by the Leader/Cabinet (the “revised draft plan or strategy”) with the [Leader](#)/Cabinet’s reasons for any amendments made to the draft plan or strategy, to the Council for the Council’s consideration; or
  - (b) inform the Council of any disagreement that he/she/the Cabinet has with any of the Council’s objections and the reasons for any such disagreement.
73. When the period specified by the Council, referred to in paragraph 72, has expired, the Council must, when
- (a) amending the draft plan or strategy or, if there is one, the revised draft plan or strategy;

- (b) approving, for the purpose of its submission to the Secretary of State or any Minister of the Crown for his/her approval, any plan or strategy (whether or not in the form of a draft or revised draft) of which any part is required to be so submitted; or
- (c) adopting (with or without modification) the plan or strategy,

take into account any amendments made to the draft plan or strategy that are included in any revised draft plan or strategy, the Leader/Cabinet's reasons for those amendments, any disagreement that the Leader/Cabinet has with any of the Council's objections and the Leader/Cabinet's reasons for that disagreement, which the Leader submitted to the Council, or informed the Council of, within the period specified.

74. Subject to paragraph 78 where, before 8 February in any financial year, the Council's Cabinet submits to the Council for its consideration in relation to the following financial year –

- (a) estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with ~~any of sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ32 to 37 or 43 to 49 of~~ the Local Government Finance Act 1992;
- (b) estimates of other amounts to be used for the purposes of such a calculation;
- (c) estimates of such a calculation; or
- (d) amounts required to be stated in a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992,

and following consideration of those estimates or amounts the Council has any objections to them, it must take the action set out in paragraph 75.

75. Before the Council makes a calculation (whether originally or by way of substitute) ~~as referred to in accordance with any of the sections referred to in~~ paragraph ~~574~~(a), or issues a precept under Chapter IV ~~or of~~ Part 1 of the Local Government Finance Act 1992, it must inform the Leader of any objections which it has to the Leader's/Cabinet's estimates or amounts and must give to him instructions requiring the Leader/Cabinet to reconsider, in the light of those objections, those estimates and amounts in accordance with the Council's requirements.

76. Where the Council gives instructions in accordance with paragraph ~~75~~4 it must specify a period of at least five working days beginning on the day after the date on which the Leader receives the instructions within which the Leader may –

- (a) submit a revision of the estimates or amounts as amended by the Leader/Cabinet (“revised estimates or amounts”) which have been reconsidered in accordance with the Council’s requirements, with the reasons for any amendments made to the estimates or amounts, to the Council for the Council’s consideration; or
- (b) inform the Council of any disagreement that he/she/the Cabinet has with any of the Council’s objections and the reasons for any such disagreement.

77. When the period specified by the Council, referred to in paragraph 76, has expired, the Council must, when making calculations (whether originally or by way of substitute) in accordance with the sections referred to in paragraph [74\(a\) 5\(a\)](#), or issuing a precept under Chapter IV of Part 1 of the Local Government Finance Act 1992, take into account:-

- (a) any amendments to the estimates or amounts that are included in any revised estimates or amounts;
- (b) the [Leader’s/Cabinet’s](#) reasons for those amendments;
- (c) any disagreement that the Leader/Cabinet has with any of the Council’s objections; and
- (d) the Leader’s/Cabinet’s reasons for that disagreement,

which the Leader submitted to the Council, or informed the Council of, within the period specified.

~~78. Paragraphs 74 to 77 shall not apply in relation to:~~

- ~~(a) calculations or substitute calculations which an authority is required to make in accordance with section 52I, 52J, 52T or 52U of the Local Government Finance Act 1992; and~~
- ~~(b) amounts stated in a precept issued to give effect to calculations or substitute calculations made in accordance with section 52J or 52U of that Act.~~

~~78. Immediately after any vote is taken at a budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.~~

~~79. In paragraph 78—~~

- ~~(a) “budget decision” means a meeting of the Council at which it—~~

(i) makes a calculation of Council Tax Requirements (whether originally or by way of substitute) in accordance with ~~any of sections 31A, 31B, 34 to 36A, 42A, 42B, 45 to 49, 52ZF, 52ZJ of the Local Government Finance Act 1992;~~ or

(ii) issues a precept under Chapter 4 of Part 1 of that Act, and includes a meeting where making the calculation or issuing the precept as the case may be was included as an item of business on the agenda for that meeting;

(b) references to a vote are references to a vote on any decision related to the making of the calculation or the issuing of the precept as the case may be.

8079. In this Part of Standing Orders

“Leader/Cabinet” and “Leader” have the same meaning as “Executive” and “Executive Leader” respectively in Part 1A of the Local Government Act 2000; and

“plan or strategy” and “working day” have the same meaning as in the Local Authorities (Standing Orders) (England) Regulations 2001.

**PART 5 OF STANDING ORDERS**  
**APPOINTMENT AND DISMISSAL OF STAFF**

**801.** Where the authority proposes to appoint a chief officer and it is not proposed that the appointment be made exclusively from among their existing officers, it shall—

- (a) draw up a statement specifying—
  - (i) the duties of the officer concerned, and
  - (ii) any qualifications or qualities to be sought in the person to be appointed;
- (b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
- (c) make arrangements for a copy of the statement mentioned in paragraph (a) to be sent to any person on request.

**812.** Where a post has been advertised as provided in paragraph **8081(b)**, the authority shall—

- (a) interview all qualified applicants for the post, or
- (b) select a short list of such qualified applicants and interview those included on the short list.

Where no qualified person has applied, the authority shall make further arrangements for advertisement in accordance with paragraph 80(b).

**823.** Subject to paragraphs **83-84** and **87-88** below, the function of appointment and dismissal of, and taking disciplinary action against, a member of staff of the Council must be discharged by the Head of Paid Service or by an officer nominated by him or her.

**834.** Paragraph 82 shall not apply to the appointment or dismissal of, or disciplinary action against –

- (a) the officer designated as the Head of the Council's Paid Service;
- (b) a statutory chief officer within the meaning of section 2(6) of the Local Government & Housing Act 1989 (politically restricted posts);
- (c) a non-statutory chief officer within the meaning of section 2(7) of the 1989 Act;

- (d) a deputy chief officer within the meaning of Section 2(8) of the 1989 Act; or
- (e) a person appointed in pursuance of Section 9 of the 1989 Act (Assistants to Political Groups).

**845.1** Where a committee, sub-committee or officer is discharging, on behalf of the Council, the function of the appointment or dismissal of an officer designated as the Head of the Council's Paid Service, the Council must approve that appointment before an offer of appointment is made to him or her or, as the case may be, must approve that dismissal before notice of dismissal is given to him or her.

**845.2** Where a committee or sub-committee of the Council is discharging, on behalf of the Council, the function of the appointment or dismissal of any officer referred to in subparagraph (a), (b), (c) or (d) of paragraph ~~83-84~~ above, at least one member of the Cabinet must be a member of that committee or sub-committee.

**856.1** In this paragraph "appointer" means, in relation to the appointment of a person as an officer of the Council, the Council or, where a committee, or sub-committee or officer is discharging the function of appointment on behalf of the Council, that committee, sub-committee or officer, as the case may be.

**856.2** An offer of an appointment as an officer referred to in subparagraph (a), (b), (c) or (d) of paragraph ~~83-84~~ above must not be made by the appointer until –

- (a) the appointer has notified the proper officer of the name of the person to whom the appointer wishes to make the offer and any other particulars which the appointer considers are relevant to the appointment;
- (b) the proper officer has notified every member of the Cabinet of the Council of –
  - (i) the name of the person to whom the appointer wishes to make the offer;
  - (ii) any other particulars relevant to the appointment which the appointer has notified to the proper officer; and
  - (iii) the period within which any objection to the making of the offer is to be made by the Leader on behalf of the Cabinet to the proper officer; and
- (c) either –

- (i) the Leader has, within the period specified in the notice under sub-paragraph (b)(iii), notified the appointer that neither he nor any other member of the Cabinet has any objection to the making of the offer;
- (ii) the proper officer has notified the appointer that no objection was received by him within that period from the Leader; or
- (iii) the appointer is satisfied that any objection received from the Leader within that period is not material or is not well-founded.

| 867.1

In this paragraph, “dismitter” means, in relation to the dismissal of an officer of the Council, the Council or, where a committee, sub-committee or another officer is discharging the function of dismissal on behalf of the Council, that committee, sub-committee or other officer, as the case may be.

| 867.2

Notice of the dismissal of an officer referred to in sub-paragraph (a), (b), (c) or (d) of paragraph ~~83~~ 84 above must not be given by the dismitter until –

- (a) the dismitter has notified the proper officer of the name of the person who the dismitter wishes to dismiss and any other particulars which the dismitter considers are relevant to the dismissal;
- (b) the proper officer has notified every member of the Cabinet of the Council of –
  - (i) the name of the person who the dismitter wishes to dismiss;
  - (ii) any other particulars relevant to the dismissal which the dismitter has notified to the proper officer; and
  - (iii) the period within which any objection to the dismissal is to be made by the Leader on behalf of the Cabinet to the proper officer; and
- (c) either –
  - (i) the Leader has, within the period specified in the notice under sub paragraph (b)(iii), notified the dismitter that neither he/she nor any other member of the Cabinet has any objection to the dismissal;

- (ii) the proper officer has notified the dismitter that no objection was received by him within that period from the Leader; or
  - (iii) the dismitter is satisfied that any objection received from the Leader within that period is not material or is not well-founded.
- | ~~878~~. Nothing in paragraph ~~82-83~~ shall prevent a person from serving as a member of any committee or sub-committee established by the Council to consider an appeal by –
  - (a) another person against any decision relating to the appointment of that person as a member of staff of the Council; or
  - (b) a member of staff of the Council against any decision relating to the dismissal of, or taking disciplinary action against, that member of staff.
- | ~~889~~. In this paragraph ~~889~~
  - (a) “disciplinary action”, “Chief Finance Officer”, “Head of Paid Service” and “Monitoring Officer”, have the same meaning as in regulation 2 of the Local Authorities (Standing Orders) (England) Regulations 2001 and each of the aforementioned officers is a “relevant officer”
  - (b) “Independent Person” means a person appointed under section 28(7) of the Localism Act 2011
  - (c) “local government elector” means a person registered as a local government elector in the Council’s area in accordance with the Representation of the People Acts
  - | (d) “-Panel” means a committee appointed by the Council under section 102(4) of the Local Government Act 1972(d) for the purposes of advising the Council on matters relating to the dismissal of relevant officers of the Council
  - | (e) “~~“relevant Independent Person”~~” means any Independent Person who has been appointed by the Council or, where there are fewer than two such persons, such Independent Persons as have been appointed by another authority or authorities as the Council considers appropriate
  - (f) “relevant meeting” means a meeting of the Council to consider whether or not to approve a proposal to dismiss a relevant officer
- | ~~898~~.1. A relevant officer may not be dismissed by the Council unless the procedure set out below is complied with.

- 889.2 The Council must invite relevant Independent Persons to be considered for appointment to a Panel, with a view to appointing at least two such persons to the Panel.
- 889.3 Subject to paragraph 889.4, the Council must appoint to the Panel such relevant Independent Person(s) who have accepted an invitation issued in accordance with paragraph 889.2 –in ~~accordance with~~ the following priority order:~
- (a) a relevant Independent Person who has been appointed by the Council and who is a Local Government Elector;
  - (b) any other relevant Independent Person who has been appointed by the Council;
  - (c) a relevant Independent Person who has been appointed by another authority or authorities.
- 889.4 The Council is not required to appoint more than two relevant Independent Persons in accordance with paragraph 889.3, but may do so.
- 889.5 The Council must appoint any Panel at least 20 working days before the relevant meeting.
- 889.6 Before the taking of a vote at the relevant meeting on whether or not to approve such a dismissal, the Council must take into account, in particular
- (a) any advice, views or recommendations of the Panel;
  - (b) the conclusions of any investigation into the proposed dismissal, and
  - (c) any representations from the relevant officer.
- 889.7 Any remuneration, allowances or fees paid by the Council to an Independent Person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that Independent Person in respect of that person's role as independent person under the Localism Act 2011.

## **PART 6 OF STANDING ORDERS AUTHENTICATION OF DOCUMENTS**

901. The Council's common seal shall be kept by the Director of Legal, ~~and~~ Democratic and Cultural Services in a secure place at County Hall.
921. All documents which require to be sealed by the Council shall be witnessed by the Director of Legal, ~~and~~ Democratic and Cultural Services or such of his/her senior officers as he/she shall formally nominate for the purposes of this Standing Order. Any document sealed and so witnessed shall be deemed to have been duly and validly executed on behalf of the Council.
932. All documents so executed and witnessed shall give effect to decisions of the Council, the Cabinet, individual Member or other committee or officer of the Council acting under delegated powers and shall be recorded in a register which shall be available for inspection by Members.
943. The Director of Legal, ~~and~~ Democratic and Cultural Services (generally) and all Chief Officers (within their specific delegated authority) are authorised to act as the Proper Officer for the purposes of Section 234 of the Local Government Act 1972 for the signature of any notice, order or document which the Council is authorised or required to give, make or issue.

## MINUTES OF THE MEETINGS OF CABINET HELD ON 31 JANUARY AND 28 FEBRUARY 2017

Any matters within the minutes of these Cabinet meetings may be the subject of questions and statements by Members upon notice being given to the Democratic Services Lead Manager by 12 noon on Monday 20 March 2017.

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**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 31 JANUARY 2017 AT 2.00 PM  
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,  
SURREY KT1 2DN.**

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

Members:

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

Cabinet Associates:

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

\* = Present

Members in attendance:

Mr Steve Cossar	Mrs Hazel Watson
Mr David Harmer	Mr Jonathan Essex

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

**1/17 APOLOGIES FOR ABSENCE [Item 1]**

An apology for absence was received from Mr Tim Evans and an apology for lateness from Mrs Denise Le Gal who arrived at 3.08pm during Item 8 on the agenda.

**2/17 MINUTES OF PREVIOUS MEETING: 13 DECEMBER 2016 [Item 2]**

The minutes of the meeting held on 13 December 2016 were confirmed and signed by the Chairman.

**3/17 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**4/17 PROCEDURAL MATTERS [Item 4]**

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

There were six Members' questions, three from Mrs Hazel Watson and three from Mr Jonathan Essex. Responses are attached as appendix A.

Mrs Watson asked two supplementary questions:

Whether residents should have the list of services to be cut whether or not the referendum was won or lost? The Leader stated that the details would be provided to Cabinet at its meeting on 28 March 2017.

Could she have a list of the 103 Council assets list. The Leader responded that the response to the question was on the table and to provide a full list was not an efficient use of time.

**5/17 PUBLIC QUESTIONS [Item 4b]**

One question was received from Mr John Oliver. This and the response are attached as Appendix B.

**6/17 PETITIONS [Item 4c]**

No petitions were received.

**7/17 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

No representations were received.

**8/17 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

(i) Social Care Services Board

A response to the report from the Social Care Services Board is attached as Appendix 3.

(ii) Council Overview Board

A response to the report from the Council Overview Board is attached as Appendix 4. The recommendations made by the Council Overview Board were considered with item 8 on the agenda.

**9/17 ADMISSION ARRANGEMENTS FOR SURREY'S COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS AND THE COORDINATED SCHEMES FOR SEPTEMBER 2018 [Item 6]**

The Cabinet Member for Schools, Skills and Educational Achievement began by explaining huge amount of work and the importance of the report that covered the admission arrangements Surrey's community and voluntary controller schools and the co-ordinated admission schemes that would apply to all of Surrey's state maintained schools for September 2018.

She informed Members that last September admissions were made to over 300 schools with 29,000 students; 2,000 of which were from outside of Surrey. She explained that this was a statutory report that had to be considered every year before the admissions arrangements were published in September for the following year, September 2018. She highlighted the 3 proposed changes within the recommendations which included:

- A sibling link be introduced for Stoughton Infant School with Northmead Junior School for September 2018.
- That the published admissions number for St Andrew's CofE Infant School in Farnham is decreased from 40 to 30 for the September 2018.

- That the published admissions number for Walsh CofE Junior School is decreased from 75 to 64 in September 2018.

Surrey County Council is responsible for setting the admission arrangements for its community and voluntary controlled schools and the coordinated admissions scheme. Academies, foundation, trust and voluntary aided schools are responsible for setting their own admission arrangements and as such are not covered in this report.

An error in paragraph 30 of the report was highlighted and should read:  
*'For September 2018 it is proposed to decrease the PAN for Walsh CofE Junior School from 75 to 64.'*

Following statutory consultation on Surrey's admission arrangements for September 2018, Cabinet is asked to consider the responses set out in Enclosure 5 and make recommendations to the County Council on admission arrangements for Surrey's community and voluntary controlled infant, junior, primary and secondary schools, the coordinated schemes that will apply to all schools for September 2018 and Surrey's Relevant Area.

This report covers the following areas in relation to school admissions:

- Stoughton Infant School, Guildford – Recommendation 1
- St Andrew's CofE Infant School, Farnham – Recommendation 2
- Walsh CofE Junior School, Ash – Recommendation 3
- Surrey's Relevant Area – Recommendation 4
- Admission arrangements for which no change is proposed – Recommendation 5
- Primary and secondary coordinated admission schemes that will apply to all schools for 2018 – Recommendation 6

## **RESOLVED TO RECOMMEND TO COUNCIL:**

### **Recommendation 1**

That a sibling link is introduced for Stoughton Infant School with Northmead Junior School for September 2018.

#### **Reasons for Recommendation**

- There was overall support for this change
- It would support families with more than one child as families with a sibling at Northmead Junior School would benefit from sibling priority at Stoughton Infant School
- This proposal is in line with a separate proposal by Northmead Junior School to introduce a reciprocal sibling link with Stoughton Infant School. This was agreed by the Governing Body of Northmead Junior School on 18 January 2017.
- It would provide continuity and a clearer transition for parents, children and schools and would reduce anxiety for parents
- It would maximise the opportunity for families to keep children together or at schools with agreed links
- It is supported by Governors at Northmead Junior School and by the Headteacher and Chair of Governors of Stoughton Infant School

### **Recommendation 2**

That the published admissions number for St Andrew's CofE Infant School in Farnham is decreased from 40 to 30 for September 2018

#### **Reasons for Recommendation**

- It is supported by the Headteacher and Governing Body of the school
- There will still be sufficient infant places for local children if the PAN is decreased
- It will help support other local schools in maintaining pupil numbers
- It will alleviate funding and staffing issues in the school
- It will have no impact on children who are currently on roll at the school

#### **Recommendation 3**

That the published admissions number for Walsh CofE Junior School is decreased from 75 to 64 in September 2018

#### **Reasons for Recommendation**

- It is supported by the Headteacher and Governing Body of the school
- There will still be sufficient junior places for local children if the PAN is decreased
- It will help support other local schools in maintaining pupil numbers
- It will alleviate funding, accommodation and staffing issues in the school
- It will have no impact on children who are currently on roll at the school

#### **Recommendation 4**

That Surrey's Relevant Area is agreed as set out in Enclosure 3 to the report.

#### **Reasons for Recommendation**

- The local authority is required by law to define the Relevant Area for admissions
- The Relevant Area must be consulted upon and agreed every two years even if no changes are proposed
- Setting a Relevant Area ensures that any schools who might be affected by changes to the admission arrangements for other local schools will be made aware of those changes
- No change has been made to Surrey's Relevant Area since it was last determined in March 2015

#### **Recommendation 5**

That the aspects of Surrey's admission arrangements for community and voluntary controlled schools for September 2018, for which no change is proposed, are agreed as set out in Enclosure 1 to the report and its Appendices.

#### **Reasons for Recommendation**

- This will ensure stability and consistency for the majority of Surrey's parents, pupils and schools
- The arrangements enable parents to have some historical benchmark by which to make informed decisions about their school preferences
- The existing arrangements are working well
- The arrangements enable the majority of pupils to attend their nearest schools and in doing so reduces travel and supports Surrey's sustainability policies
- Changes highlighted in bold in sections 11, 19 and 21 of Enclosure 1 which have not otherwise been referenced in this report, have been made to add clarity to the admission arrangements but do not constitute a policy change

- Changes to PAN that are highlighted in bold in Appendix 1 of Enclosure 1 are referenced in Recommendations 2 and 3

#### **Recommendation 6**

That the primary and secondary coordinated admission schemes that will apply to all schools for 2018 are agreed as set out in Enclosure 2 to the report.

#### **Reasons for Recommendation**

- The coordinated schemes for 2018 are essentially the same as 2017 with dates updated
- Paragraph 50 of the primary and secondary schemes and paragraph 2 of the secondary scheme have been updated to provide clarity to the schemes
- The coordinated schemes will enable the County Council to meet its statutory duties regarding school admissions
- The coordinated schemes are working well

### **10/17 APPROVAL TO AWARD CONTRACTS FOR THE PROVISION OF MENTAL HEALTH SERVICES IN SURREY - COMMUNITY CONNECTIONS [Item 7]**

The Cabinet Member for Adult Social Care, Wellbeing and Independence introduced this report which sought approval to award five contracts for the provision of Community Connections Services in Surrey to commence on 1 April 2017 as the current arrangements end on 31 March 2017.

These contracts will enable Surrey County Council to fulfil its statutory duties under the Care Act 2014 to prevent, reduce and delay the care and support needs of those with mental health needs. Mental health services are significantly underfunded compared with physical health services. By commissioning these services, we will ultimately decrease the demand on, and cost of, the more complex mental health services. The Cabinet Member explained that there were 4,500 service users and that under the current contract the average cost per user was £118 as opposed to a typical cost of £11,300 for an acute psychiatric in-patient admission.

The report provided details of the procurement process, including the results of the tender evaluation, engagement and consultation. Parts 1 and 2 of this report demonstrate why the recommended contract awards deliver best value for money and contribute to the strategic goals of Wellbeing and Resident Experience.

Due to the commercial sensitivity involved in the contract award process, the detailed evaluation report and financial details of successful providers have been circulated as a Part 2 report.

#### **RESOLVED:**

1. That the background information set out in this report be noted.
2. That the award of five localised contracts for three years from 1 April 2017, with an option to extend for two periods of one year each for Community Connections services in Surrey was approved. (Details of the awards and the contract values are in the Part 2 report.)

## **11/17 REVENUE AND CAPITAL BUDGET 2017/18 TO 2019/20, AND TREASURY MANAGEMENT STRATEGY [Item 8]**

The Chairman of the Council Overview Board (COB) introduced the COB recommendations to Cabinet and made the following points:

- He welcomed the scrutiny contributions to the budget process
- Arrangements put in place this year had helped the budget position
- He thanked key officers and the Cabinet Member for Business Services and Resident Experience as well as the Vice Chair of COB for their attendance at meetings and their input.
- COB made no recommendation to reduce spending on social care and most of the savings were focussed on back office/support functions rather than front line services.
- He hoped that all proposals put forward by COB would be given serious consideration and looked forward to awaiting the proposals for the alternative budget.

The Chairman of the Economic Prosperity, Environment and Highways Board (EPEH) supported the proposals and welcomed the referendum. He explained the underestimation of the budget shortfall in Learning Disabilities services due to increasing numbers of users. He went on to explain the importance of the Surrey countryside for economic prosperity for the county and asked that it not be used as an easy target for cuts.

The Leader of the Council highlighted the changes made to the recommendations which had been tabled. He opened the debate by making the following points:

- There was a lack of fairness in the amount of money it gave to Government and the level of cuts
- Cabinet Members had met many times over the last five months to discuss how to deal with the funding issue and made several representations to Government and MPs
- He explained that it was a councillor's first duty to look after the residents who did not deserve what was happening with the funding issues. That there was still £30m worth of savings to be found in the proposed budget and £93m of cuts proposed to services.
- It was irresponsible to use the last of the reserves as they were considered to be too low. Last year the reserves had been used to cover costs of widespread flooding which was not fully funded by Government.
- He highlighted the S151 Officer's and Legal Officer's annexes to the report.
- The people of Surrey must decide to protect services or for the council to implement the substitute budget.
- The substitute budget would not provide sustainability to the Council and £50m of borrowing for capital items would not be possible if substitute budget was implemented.
- There was much sadness from Members that these decisions needed to be taken.

Members raised the following points during the debate:

- The proposals were counter-intuitive as Conservative members

- If the Government were to provide more funding this would be discussed with the Chief Executive and S151 Officer and if necessary call an emergency meeting of full Council
- All councillors had signed up to work under the 7 Nolan Principles which were at the forefront of decisions and discussions.
- The Conservative Group were 100% behind the Leader and it must be stressed to residents that the extra Council Tax proposed would go into social care.
- 65p in every £1 goes to social care, children's and learning disabilities services.
- The Government payout per child in comparison with London boroughs, just over the Surrey border, could be between £500 and £1,000 less per child. The ESG grant was also being cut and there was an enormous cost to Surrey in providing extra school places.
- It was pointed out that the Adult Social Care precept would stop in two years and the Better Care Fund drastically reduced as well.
- The extra 15% Council Tax would mean an extra £3.66 for a band D property. It is necessary for residents to understand the outcome of any vote.
- That non statutory services would suffer if the referendum was lost.
- Members questioned why the 11 MPs in the county were not more supportive in fighting for extra funding.
- Reserves had been used as much as they could be to lighten the load and CIPFA had confirmed that the reserves were too low.
- Project Horizon was cited a few times as one that would suffer going forward and the work it had done to improve roads was greatly appreciated by the residents.

A list of amended recommendations was tabled at the meeting (attached as annex 1). It was agreed that the following recommendations be made to the Full County Council on 7 February 2017:

**To note the following important features of the revenue and capital budget**

1. The Director of Finance has produced two statutory conclusions as follows.
  - a. For the proposed budget: that the council's budget is balanced and sustainable over the long term, although still requiring significant service transformation and efficiencies.
  - b. For the substitute budget: that the budget can only be balanced and become sustainable through the identification of substantial and permanent further service reductions for implementation in 2017/18 and subsequent years.
2. The requirement for the council to approve a substitute budget, with a council tax rise of 4.99% that will be implemented if the proposed budget is not supported in a referendum.
3. The findings of the Financial Resilience Review completed in November 2016.

## **Proposed budget: Cabinet recommendations to Full County Council on the revenue and capital**

4. Increase the level of the general council tax by 1.99% and an additional 10% (35p per day) as a result mainly of social care pressures, making a total general council tax increase of 11.99%.
5. Increase council tax by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services.
6. Set the County Council precept for band D council tax at £1,458.45 which represents a 14.99% up-lift.
7. Agree to maintain the council tax rate set above after the Final Local Government Financial Settlement.
8. Delegate powers to the Leader and the Director of Finance to finalise budget proposals and recommendations to Full County Council updated to take into account new information.
9. Require the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions.
10. Approve the County Council's £1,696m gross revenue expenditure budget for 2017/18 for the proposed budget.
11. Note that the existing revenue costs of funding past capital spending decisions is £30m for 2017/18.
12. Agree up to a total of £408m funding for capital schemes that funds essential schemes over the next three year period (schools and non-schools), including ring-fenced grants and a borrowing requirement of £94m over the three years.
13. Note that the detailed programme of schemes will be agreed at the March 2017 Cabinet as part of the Medium Term Financial Plan.
14. Require a robust business case to be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
  - all revenue 'invest to save' proposals, and
  - capital schemes.

## **Substitute budget: Cabinet recommendations to Full County Council on the revenue and capital**

Increase the level of the general council tax by 1.99%.

Increase council tax by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services.

Set the County Council precept for band D council tax at £1,331.55 which represents a 4.99% up-lift.

Approve the County Council's £1,666m gross revenue expenditure budget for 2017/18 for the substitute budget.

Require the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions.

20. Agree to support only capital schemes which are funded without requiring borrowing, unless a sustainable basis for funding borrowing costs is identified and a compelling business case developed that demonstrates best value in progressing a particular scheme.
21. Note that the detailed programme of schemes will be agreed ahead of implementation of the substitute budget (if necessary).
22. Require a robust business case to be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
  - all revenue 'invest to save' proposals, and
  - capital schemes.

## **Treasury management and borrowing: Cabinet recommendations to Full County Council**

23. Approve, with immediate effect, the Treasury Management Strategy for 2017/18, which includes:
  - the investment strategy for short term cash balances;
  - the borrowing strategy for funding the capital programme;
  - the treasury management policy (Appendix 8);
  - the prudential indicators (Appendix 9);
  - the schedule of delegation (Appendix 11);
  - the minimum revenue provision policy (Appendix 12).

### **The following decisions have been approved:**

24. Note that services will develop detailed budgets and savings ahead of approval by Cabinet on 28 March 2017 when the final MTFP 2017-20 will be presented.
25. Approve the draft MTFP for the financial years 2017-20, which includes:
  - to approve the Total Schools Budget of £545.2m (paragraphs 66 to 71);
  - to approve overall cash limits for individual services for the proposed budget and the substitute budget.
26. A) Agree to establish a Sustainability Review Board comprising of three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance.

B) Require this board to bring back an initial report to the Cabinet meeting on 28 March 2017 on progress towards identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18.

**Reason for decision:**

Full County Council will meet on 7 February 2017 to agree a budget and set the council tax precept for 2017/18. Cabinet's role is to recommend a budget to Full County Council. Council must also agree substitute calculations in the event that its proposed budget would result in a council tax increase above that set out in principles laid down by the Secretary of State. The published draft principles for 2017/2018 indicate that the council tax increase proposed by Cabinet would exceed that set by Government and substitute calculations are therefore also put forward to Council.

**12/17 LEADERSHIP RISK REGISTER [Item 9]**

The Cabinet Member for Business Services and Resident Experience introduced the report by highlighting the changes as contained in paragraph 5 of the submitted report and explaining the amount of work undertaken by officers/services in producing the risk register.

**RESOLVED:**

That the Surrey County Council Leadership risk register (Annex 1 to the report) was noted and the control actions put in place by the Statutory Responsibilities Network endorsed.

**13/17 FINANCE AND BUDGET MONITORING REPORT TO 31 DECEMBER 2016 [Item 10]**

The Leader of the Council introduced the report by stating that in September, several significant financial risks crystallised resulting in an unprecedented forecast outturn of +£22.4m overspend for this year. By the end of December, actions to bring this year's budget back into balance had brought the forecast outturn position down to +£1.1m overspend. Whilst this was better the budget had still not quite balanced and many of the measures used to reduce the 2016/17 overspend were spending delays and one off savings.

He explained that the council's financial position was under continuous pressure and there remained an £18m shortfall against planned efficiencies and the underlying overspend will continue into 2017/18, which was reflected in the Budget Report being considered.

He went on to say that the Council still had some way to go before it achieved a sustainable medium term financial plan. There were many reasons why the council needed to keep working to restore the financial position and highlighted the Section 151 Officer's and the Monitoring Officer's commentaries to the report which included the requirement of the Local Government Finance Act to ensure council spending does not exceed resources.

He said that cost, demand and funding pressures have meant overspends in Adult Social Care and Children's Services amounting to £27m. Many of these pressures were preventing the implementation of savings plans and contributing to the £18m shortfall against our £83m savings target for 2016/17. These pressures continued to have a substantial and detrimental impact on the council's medium term financial position, which was not yet sustainable.

He went on to explain that the Chief Executive and Director of Finance had agreed with service directors to review all spending plans and consider all options for managing service demand more effectively have improved the 2016/17 financial position and needed to continue.

Furthermore, wherever sensible, Cabinet would continue not to agree further spending commitments until they were assured of a balanced budget and had made progress towards a sustainable Medium Term Financial Plan. Given the gravity of the financial situation, it was vital members and officers continue their actions to identify and implement ways to reduce the overspend in 2016/17 and address the ongoing issues affecting the council's financial sustainability for 2017/18 and subsequent years.

He concluded that Cabinet and other leading members must continue to bring the Council's budget issues to the attention and understanding of Surrey's MPs.

Other Cabinet Members were invited to highlight the key points and issues from their portfolios, as set out in the Annex to the report.

#### **RESOLVED:**

That the report be noted, including the following:

1. That the forecast revenue budget outturn for 2016/17 was +£1.1m overspend, down from +£6.1m last month (Annex, paragraph 1 of the submitted report).
2. That forecast efficiencies and service reductions for 2016/17 were £65.1m, up from £62.9m last month (Annex, paragraph 48 of the submitted report).
3. That the quarter end positions for: balance sheet, earmarked reserves, debt and treasury management be noted (Annex, paragraphs App 7 to App 21 of the submitted report).
4. That the Section 151 Officer's commentary and the Monitoring Officer's Legal Implications commentary be noted (paragraphs 16 to 20 of the submitted report).
5. That a reduction in the 2016/17 capital budget by £10.7m related to local growth deal programme consolidation be noted (Annex, paragraph 59 and 60 of the submitted report).
6. That £1.4m highways capital funding and expenditure relating to maintenance and flood risk management between 2016/17 and 2017/18 be re-profiled (Annex, paragraph 61 of the submitted report).

7. That the 2016/17 capital budget by £0.8m related to re-evaluation of the scheme for a new fire station in Spelthorne be reduced (Annex, paragraph 62 of the submitted report).
8. Reprofile £1.4m highways capital funding and expenditure relating to maintenance and flood risk management between 2016/17 and 2017/18 (Annex, paragraph 61).

Reduce the 2016/17 capital budget by £0.8m related to re-evaluation of the scheme for a new fire station in Spelthorne (Annex, paragraph 62).

Reasons for decisions:

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

**14/17 APPROVAL TO USE A RANGE OF FRAMEWORK AGREEMENTS FOR ASSETS AND INFRASTRUCTURE CONTRACTS AND APPROVAL OF SCHEME OF DELEGATION FOR AWARDED CONSTRUCTION CONTRACTS [Item 11]**

In order to meet the timescales for delivering assets and infrastructure projects including those which form part of Schools Expansion Programme approval to use a range of framework agreements and to delegate authority to award contracts over £500,000 was requested.

Cabinet would exercise control over commitment of expenditure via a forward plan tracker, member updates and by the continuing need for Cabinet approval for the Business Case of projects before they were formally tendered.

**RESOLVED:**

1. The use of a range of existing framework agreements to deliver Surrey County Council's (SCC) construction projects be approved.
2. In order to reduce timescales for awarding these contracts that authority to award contracts above £500,000 in value, either where a competitive tender procedure has been followed under a Framework Agreement compliant with the Public Contracts Regulations 2015, or where a local procedure has been followed in accordance with Procurement Standing Orders for contracts below the Regulations Thresholds be delegated to the Chief Property Officer in consultation with the Leader of the Council, Cabinet Portfolio Holder as appropriate, Assistant Director of Procurement and Section 151 Officer.

Reasons for decisions:

Property Services are responsible for delivery of construction projects including the Schools Basic Needs Programme which together are estimated to be £200m over the next 4 years.

In order to deliver this Programme Property and Procurement Services are developing a Delivery Model for Orbis which will involve the use of a suite of complementary procurement arrangements. These include existing regional construction frameworks and other frameworks for construction works and services which are used by the Council, as listed in paragraph 4 of the submitted report.

The Delivery Model will be supplemented with a new Orbis Construction Framework and Orbis Professional and Technical Services Framework which are being procured concurrently. The recommendation to award/use these two Orbis Construction Frameworks will be presented to Cabinet for approval in June 2017.

In order to reduce timescales for awarding contracts above £500,000 in value Cabinet is requested to delegate authority to award contracts. This proposed scheme builds on the principles established under previous delegations for contracts over £500,000 in value approved by Cabinet on 25 September 2012 and on 4 February 2014.

**15/17 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 12]**

The Cabinet received the delegated decisions taken by Cabinet Members since the last meeting of the Cabinet.

**RESOLVED:**

To note the decisions taken by Cabinet Members since the last meeting as set out in Annex 1 of the submitted report.

**16/17 EXCLUSION OF THE PUBLIC [Item 13]**

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

**PART TWO – IN PRIVATE**

**THE FOLLOWING ITEMS OF BUSINESS WERE CONSIDERED IN PRIVATE BY THE CABINET AND SET OUT BELOW IS A PUBLIC SUMMARY OF THE DECISIONS TAKEN.**

**17/17 APPROVAL TO AWARD CONTRACTS FOR THE PROVISION OF MENTAL HEALTH SERVICES IN SURREY - COMMUNITY CONNECTIONS [Item 14]**

The Cabinet Member for Adult Social Care, Wellbeing and independence said that this report contained the confidential financial and value for money information relating to item 7.

**RESOLVED:**

That in conjunction with the recommendations made in the Part 1 Cabinet report five Community Connections Services localised contracts be awarded

for three years from 1 April 2017, with an option to extend for two periods of one year each, as detailed in the submitted Part 2 report.

The funding allocation between Surrey County Council, the CCGs and the Better Care Fund is detailed in paragraph 12 of the submitted report.

**Reasons for decisions:**

The current contracts will expire on 31 March 2017. A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders, has been completed and the recommendations provide best value for money for the Council following a thorough evaluation process.

**18/17 PUBLICITY FOR PART 2 ITEMS [Item 15]**

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

Meeting closed at 3.50 pm

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**Chairman**

**CABINET – 31 JANUARY 2017**

**PROCEDURAL MATTERS**

**Member Question**

**Question (1) from Mrs Hazel Watson (Dorking Hills):**

The penultimate paragraph of p108 of the Revenue and Capital Budget report 2017/18 to 19/20, Item 8 of today's Cabinet agenda, states "The council is planning to make significant additional savings of £93m in 2017/18". These savings are included in the budget plans for 2017/18 in both the proposed budget with a 15% council tax increase and the substitute budget with a 4.99% increase, to be approved at the Cabinet meeting today. Please provide a detailed breakdown of the £93m savings and the services that will be reduced as a result?

**Reply:**

As I have said in my report, this council has a strong record of identifying and delivering savings over the last six years. This has totalled £450m. The £170m cut in government grant funding is making it even more difficult to achieve a balanced budget. However, this administration takes its responsibilities to the residents of Surrey seriously and the proposals to Cabinet today seek to balance the need for savings and greater funding to achieve a balanced and sustainable financial position, not just for next year, but for the future. That is why the cabinet has shared the savings proposals with the scrutiny boards over the last few months.

Appendix 4 of the report provides a high level analysis of the savings by each service area and as in previous years a full list will be published with the MTFP in March.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

**Question (2) from Mrs Hazel Watson (Dorking Hills):**

Can you please provide a list of the names and addresses of the 103 council-owned properties that are vacant within the county, the reason for vacancy, and the length of time for which they have been vacant, for each property?

**Reply:**

The county council holds 103 assets not in operational use, not 103 properties. This difference is important. These assets range from grass verges to common land to occupied estate that are managed by the property function.

Assets held under this list are for a variety of priorities ranging from service and council strategies, sites being developed, assets being prepared for disposal or revenue income generation, or in long term vacant management.

Part of the management of these assets sees property services look to identify lettings for these assets whilst they are held, although it depends on the condition and investment required by the county council to find interim users of the assets, as well as the markets desire to take on such leases, for what can be short periods of time due to future council requirements, which makes these opportunities challenging to let.

Assets being held to be developed to deliver better services to our residents and long term revenue efficiencies for Surrey, such as the Supported Living Accommodation at Alford requires the property to be held whilst planning consent is acquired and development work is carried out on the site.

In total there are only six identified assets that are in long term vacant management and not held and being processed through service need or to generate income, all of which have restrictions and minimal value on their own in isolation.

These are:

Strip of Land, Grosvenor Road, Epsom Downs.	Margin of land retained following disposal in Jan 2005 , held as future ransom and periodically land is licensed out for income
Land adjacent to Oak Tree Close, Guildford	Land acquired by Highways March 1994. As part of Highway scheme, no potential opportunities to dispose or create income at present.
Sheep Walk Pool End, Shepperton	Pond reverted back to SCC from Surrey Wildlife Trust in quarter three of 2016 Fishing Licences are being explored as an income generator
Manorial Waste, Green, Chobham	Predominately road verge, four areas are licensed out the remaining area is being reviewed for license opportunity. Land is unable to be disposed of due to legal restrictions.
Manorial Waste, Pennypot, Chobham	Predominately road verge, three small areas of land and licenses out. Land is unable to be disposed of due to legal restrictions.
Land adjacent to Bury Close, Horsell	Land acquired by Highways 2013. Clearance work completed and letting options being undertaken

**Denise Le Gal**  
**Cabinet Member for Business Services and Resident Experience**  
**31 January 2017**

**Question (3) from Mrs Hazel Watson (Dorking Hills):**

What is the gross investment return from rental income (both monetary amount and as a percentage of the amount invested) that would be earned from properties purchased outside Surrey and what are the direct and indirect costs (including management and property agents' fees) that will be incurred in managing the portfolio?

**Reply:**

The Investment Strategy was agreed by Cabinet in July 2013 as one of a series of responses to improve the financial resilience of the Council in the longer term. The council is developing a mixed and diversified portfolio to deliver income and in order to manage the inherent economic and market risks. The council has provided its subsidiary company, Halsey Garton Property Ltd, with equity and debt financing to facilitate the purchase of assets for their investment return and these assets complement the portfolio held directly by the council which is predominantly Surrey based. Income generated from these investments supports the delivery of the council's front-line services.

The Investment Portfolio is managed by a small team of staff who are supplemented by external specialist advisors when required. The council makes an appropriate charge to the property company for the professional services provided, to ensure that the full cost of the activity is recovered and that there is no subsidy. Managing agents are employed to undertake day to day asset management activities, such as collecting rent, however these costs are in the majority recoverable from tenants as part of their service charges.

The table below provides information about the non-Surrey based investment returns as requested and these are provided as a forecast for the current and next financial year and assuming no further acquisitions. Note that the returns for the current year are a part-year result since the investments have been purchased at different times throughout the year. The yield excludes any potential capital appreciation of the assets and is therefore based upon rental income only.

	2016/17 £'000	2017/18 £'000
Rental income	5,308	8,595
Management & administration costs	(329)	(553)
Net Rental income	4,979	8,043
Capital investment (£'000)		146,840
Investment return (simple yield)		5.5%

The overall investment returns are reported each month net of assumed funding costs and taxation as part of the Finance & Budget Monitoring report provided to Cabinet.

**Denise Le Gal**  
**Cabinet Member for Business Services and Resident Experience**  
**31 January 2017**

<b>Question (4) from Mr Jonathan Essex (Redhill East):</b>
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Please provide a copy of the letter sent by Cllr David Hodge to all 11 MPs in Surrey, which he stated was sent "on our behalf" at the Council meeting dated 6 December 2016. Please also confirm what responses he has received on our behalf.

**Reply:**

This is a request for information which engages the provisions of the Freedom of Information Act and therefore it will be treated as such. The material you have requested will be supplied in accordance with those provisions.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

<b>Question (5) from Mr Jonathan Essex (Redhill East):</b>
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I understand from the budget briefing which I have received from the Council's financial team that of the £83m proposed savings/cuts set out in the 2016-2021 Medium Term Financial Plan (MTFP) document, that around £37m of these proposed savings/cuts are no longer expected to be deliverable.

Therefore:

- a) Please confirm whether this is indeed the case and provide full details (in the same level detail as in the current 2016-2021 MTFP document), clearly identifying which of the previously proposed £37m savings/cuts are no longer planned for the 2017/18 budget.
- b) I understand that the above means that to achieve the £93m planned savings/cuts for 2017/18 financial year, as required in both the proposed and substitute budgets included in these cabinet papers, there remains around £47m of savings/cuts unidentified to date. Please confirm whether this is a correct understanding and provide details of these additional savings/cuts proposed for this next year, broken down by directorate.
- c) Table 4 in agenda item 8 sets out a total of £61.5m demand pressures and £33.6m of market and service delivery pressures for the 2017/18 budget. Appendix 4 breaks this down by directorate but provides no detail as to how these numbers were arrived at. Please provide details of what these numbers include and are made up of by directorate to allow scrutiny of this £95.1m part of next year's budget.

**Reply:**

As I have said in my report, this council has a strong record of identifying and delivering savings over the last six years. This has totalled £450m. The £170m cut in government grant funding is making it even more difficult to achieve a balanced budget. However, this administration takes its responsibilities to the residents of Surrey seriously and the proposals today seek to balance the need for savings and greater funding to achieve a balanced and sustainable financial position, not just for next year, but for the future. That is why the cabinet has shared the savings proposals with the scrutiny boards over the last few months.

The purpose of this budget report is to set the overall envelope for the budget and agree the level of council tax, rather than the details of service budgets. Appendix 4 of the report provides a high level analysis of the savings and pressures by each service area and as in previous years a full list will be published with the MTFP in March.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

<b>Question (6) from Mr Jonathan Essex (Redhill East):</b>
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The petition <https://petitions.surreycc.gov.uk/SWTfunding/> on Surrey County Council's website sets out plans for staffing reductions relating to how Surrey Wildlife Trust manage land on Surrey County Council's behalf, as well as other nature reserves in Surrey.

- a) From the 1 March Surrey Wildlife Trust plans to replace the current 16 rangers who each manage particular sites across Surrey with just 8 positions: operating from one central depot with far fewer public-facing roles. How will this new staffing structure sustain and increase the level of volunteer engagement, and the quality and extent of sites managed?
- b) Please set out how this proposed reduction was/is agreed by Surrey County Council and how will the public will have a say before the final decision is made which could affect the standards to which our countryside is managed.

**Reply:**

- a) Surrey Wildlife Trust are undertaking a restructure of their countryside management staff to ensure that they have the capacity to continue to manage the County Council's Countryside Estate. There are 16 roles within the current structure which are at risk and they are creating 10 new positions. The new structure has six fewer posts, although there are some other potential opportunities for redeployment elsewhere in the Trust. The final number of redundancies will depend on how many existing staff want to apply for and are appointed to the new, different roles. The structure, which is currently out for consultation with the staff, comprises three teams, One will focus on the management on the ground of the sites, one will focus on public engagement and the third will focus on working with volunteers alongside the Trusts existing volunteer coordinators. The teams will be located centrally to give the service the flexibility of being able to send any of the staff wherever they are needed.

The aim is to have this new structure in place by 1<sup>st</sup> May 2017 and to continue to manage the sites to meet their contractual conservation obligations. The team as proposed will be set up in such a way that they will expect to continue to deliver the requirements of SCC as well as those required by habitat management grants.

- b) The Agreement with Surrey County Council is for the provision of a service on the Countryside Estate and as such the way that services are delivered is for Surrey Wildlife Trust to determine. The proposals were shared with the County Council and the new way of working agreed. It is a more efficient way of working in the current financial climate focusing on public engagement and ensuring that legal requirements are complied with. A consultation is currently underway with the staff affected and their views will be taken into account when the final structure is confirmed. The County Council has been assured that the standards of management will be maintained and will continue to monitor the delivery of the Agreement.

**Mr Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**31 January 2017**

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## Appendix 2

## CABINET – 31 JANUARY 2017

## PROCEDURAL MATTERS

**Public Question****Question from Mr John Oliver:**

Given the Council's announced budget constraints, why is it continued Council policy to provide secretariat services to non-statutory bodies (for example, as it does to the unaccountable Surrey Countryside and Rural Enterprise Forum) and could you please list, by Cabinet Member responsibility area, the non-statutory bodies the Council supports in this way and the criteria they must meet to receive such support.

**Reply:**

SCREF was set up about 3 years ago as a group of organisations interested in delivering projects in the Countryside, these include the District and Borough Councils, the County Council, a representative from the Surrey Countryside Access Forum, the National Trust, the CLA, the NFU, the Forestry Commission, the RSPB, Natural England, Surrey Community Action, Surrey Hills AONB, Surrey Agricultural Society, Surrey Nature Partnership, CPRE, Lantern, LEADER, the two Local Enterprise Partnerships and Surrey Wildlife Trust. It is an open group and welcomes any other organisations with interests in the Countryside. SCC facilitated the Group working with the Members of the Surrey Rural Partnership. SCC continues to play a role in facilitating the Group and take notes at the Forum meetings, now once a year and organises the annual Conference. The conference is funded by the fees charged to delegates. All the Task Groups are facilitated and run by other partners on SCREF.

Venues used for meetings are usually free, either SCC venues or those offered by the partners on the forum, the executive of the Forum meets at the Surrey Hills Enterprise Offices in Bramley, for example. The aim of SCREF is to facilitate dialogue among the members and help to develop partnerships that will deliver projects. Projects so far include Newlands Corner and the VisitSurrey website and the review of the Surrey Rural Strategy. The new Surrey Rural Statement, (which replaces the Rural Strategy) was launched last year at the second Rural Conference and will underpin the future work of the Forum as well as provide the strategic document to support funding bids. Partnership working and collaboration are part of the way the Countryside Service works and this helps us to achieve things on the ground and to facilitate projects for others.

**Mr Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**31 January 2017**

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## Appendix 3

**CABINET RESPONSE TO SOCIAL CARE SERVICES BOARD**

**REVIEW OF ACCOMMODATION WITH CARE AND SUPPORT STRATEGY  
IMPLEMENTATION AND OLDER PEOPLE'S HOMES PROJECT  
RECOMMENDATION  
(Considered by Social Care Services Board on 9 December 2016.)**

**COMMITTEE RECOMMENDATIONS:**

That the Cabinet ensure that the strategy is prioritised by Property Services and appropriate resource allocated to its delivery.

That the Cabinet Member and service explore internal or external opportunities around invest to save funding to support the strategy, including when the Council is intending to dispose of land.

**RESPONSE:**

Property Services is an active member of the Accommodation with Care and Support team, at both a Board and project level, ensuring the Council takes a one team approach to delivering the programme and supporting the initial work to recommend the business case for Extra Care to the Cabinet in particular.

This approach has worked positively and given the pressures and conflicting demands on time, it has been recognised that the ongoing requirements of the programme need to be clear to help corporates services (such as finance, legal, property and procurement) plan ahead and allocate resources accordingly.

To support this and address the specific pressures in property, the project team has been actively working across all the workstreams within the Accommodation with Care and Support Programme (as well as any wider Adult Social Care work) to identify the priority work areas going forward. This is enabling Property Services to prioritise this work and allocate resource in line with the recommendation of the Social Care Services Board.

In terms of identifying investment opportunities, asset management mechanisms are already in place to ensure that the strategic needs for Accommodation with Care & Support are considered and analysed first in respect of appropriate property opportunities before they are considered for general disposal (this includes the former in-house homes for older people).

External opportunities will also be explored to support the work of the Accommodation with Care & Support Programme with boroughs, districts and other public sector organisations. Property Services will continue to work closely with the Board in this respect as part of the phased approach to delivery.

**Mr Mel Few**

**Cabinet Member for Adult Social Care, Wellbeing and Independence**

**31 January 2017**

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**CABINET RESPONSE TO COUNCIL OVERVIEW BOARD****FINAL BUDGET RECOMMENDATIONS****(Considered by the Council Overview Board on 18 January 2017)****COMMITTEE RECOMMENDATIONS:****Savings**

- a) That there is a major reduction in paper based public communications issued by the central communications team and individual services including an end to the production of Surrey Matters and annual reports. Documentation should still be available to the public digitally.
- b) That there is a review of the necessity of everything the Communication Service does. Ask the question 'do we need to do this and, if so do we need do this in that way'? With a target cut in head count or % financial savings.
- c) That there is a review of the necessity of everything the Policy & Performance Team does. Ask the question 'do we need to do this and, if so do we need do this in that way'? With a target cut in head count or % financial savings.
- d) That a continued review of staffing roles and levels and salaries across the council should take place, particularly at senior level.
- e) That there is a continued drive to review vacant property with a view to disposal, cost reduction and income generation.
- f) That a review be undertaken of the financial and operational benefits of reducing four main council buildings to three.
- g) That there is a reduction of the spend on agency staff across all services.
- h) That there is a review of Member responsibility allowances.
- i) That there is a review of major IT projects, to cover the costs and added value and the use of agency staff to deliver these projects.
- j) That there is investment in key-worker housing, as per the motion to Council on 6 December 2016, to facilitate staff retention and a reduced reliance of agency staff.

**Process**

- k) A revision in the way that accounts are reported to enable better monitoring of expenditure through the identification of areas of spend on frontline and back office staff.
- l) That regular Rapid Improvement Events are revived as an instrument for identifying efficiencies.
- m) That the information that details the Council's unit costs is updated.

- n) That a clear message is needed from the Cabinet on the background on any call for an increase to the council tax precept via referendum.
- 3     Additionally, the Economic Prosperity, Environment and Highways Board recommended that:
- a) Plans to reduce the funding available to Local Committees should not be progressed.
  - b) Analysis is undertaken to optimise the use of winter maintenance services.
  - c) Plans are made to recommence the budget scrutiny process earlier in 2017, and from July.

**RESPONSE:**

The cabinet would like to thank COB for their recommendations on the budget, and for their work and all the scrutiny boards in reviewing the savings for the financial year.

As you are aware, this council has a strong record of identifying and delivering savings over the last six years. This has totalled £450m. In addition, as you will see from the December Budget Monitoring Report, which is also on today's agenda, in the current year we are managing to turn around a significant forecast overspending in September to close to a balanced budget. This has been through delaying expenditure where possible and sensible and bringing forward savings from next year. However, the cabinet are fully aware that there is a constant need to find further savings, and therefore welcome the COB's suggestions. As stated in the Budget Report there will be a member led process to identify further savings, and where these suggestions are not already planned, will be reviewed.

As a part of this member-led process the cabinet recognise that the council may have to do things differently. This includes reviewing budgeting, reporting and increasing efficiencies. However, to make changes will be a significant exercise and the cabinet needs to be certain that these changes will deliver substantial benefits.

**Mr David Hodge CBE**  
**Leader of the Council**  
**31 January 2017**

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 28 FEBRUARY 2017 AT 2.00 PM  
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,  
SURREY KT1 2DN.**

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

Members:

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

Cabinet Associates:

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

\* = Present

Members in attendance:

Mrs Hazel Watson  
Mr Jonathan Essex

**PART ONE  
IN PUBLIC**

**19/17 APOLOGIES FOR ABSENCE [Item 1]**

Apologies have been received from Mrs Curran and Mrs Hammond.

**20/17 MINUTES OF PREVIOUS MEETING: [Item 2]**

The minutes of the meeting held on 31 January 2017 were confirmed and signed by the Chairman.

**21/17 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**22/17 PROCEDURAL MATTERS [Item 4]**

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

Five questions were received. The questions and the responses were attached as Appendix 1.

Supplementary questions

**Q1 Mrs Watson** considered that the 465 bus service was of critical importance to Mole Valley residents and asked the Leader of the Council for assurance that the funding for this bus service would not be reduced. He informed her that discussions with the Mayor of London's office and Transport

for London (TfL) were ongoing and he would endeavour to obtain the best deal for Surrey residents.

**Q3 Mrs Watson** asked the Leader of the Council when the written report from CIPFA would be available. He referred her to the last sentence of his written response and reiterated that the report would be made available to all Members when it has been received by the County Council.

**Q4 Mr Essex** asked the Cabinet Member for Environment and Planning for details of the County Council's proposed procedures for collecting kerbside recyclable waste with effect from 8 January 2018. The Cabinet Member said that he had written to all Boroughs and Districts in January, a copy of this letter was attached to his written response to the question. He would be holding meetings with all Boroughs and Districts over the next two months to listen to their views and then formulate a solution. He considered that the changes would result in reduced costs for the Surrey council tax payer.

**Q5 Mr Essex** referred to the Nolan principles of transparency and asked for details in relation to the proposed £93m savings and £30m 'cuts'. He asked the Leader of the Council if the meetings of the Sustainability Review Board would be open to all councillors to attend. The Leader confirmed that he would be listening to the views of all Members and that any Member could attend a private meeting of this Council.

#### **23/17 PUBLIC QUESTIONS [Item 4b]**

No questions were received from members of the public.

#### **24/17 PETITIONS [Item 4c]**

No petitions were received.

#### **25/17 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]**

Representation was received from Mrs Watson that information in item 20 (the provision of the selection and supply of library stock) should be considered in public. It has been agreed with the Monitoring Officer that three paragraphs from this part 2 report could be included within the part 1 report and a revised item 13 was tabled at the meeting (Appendix 2).

#### **26/17 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

There were none.

#### **27/17 ST. BEDE'S SECONDARY SCHOOL, REDHILL [Item 6]**

The Cabinet Member for Schools, Skills and Educational Achievement informed Members that this was the first of three school expansion projects that she was bringing to Cabinet today, resulting in an additional 540 school places in Surrey.

She presented the first report, which requested approval of the business case for the expansion of St. Bede's School from a 9 Form of Entry secondary

(1,350 places, plus Sixth Form) to an 11 Form of Entry secondary (1,650 places, plus Sixth Form), thereby creating 300 additional places, to help meet the basic need requirements in the Reigate and Redhill area from September 2017.

She also drew attention to the projected demand for secondary school places in this area, as set out in paragraph 3 of the report and said that the immediate pressure of managing demand in the area had resulted in a 'bulge' class at this school.

She said that the latest published Ofsted report had rated the school as 'Good' and highlighted the consultation process which would be undertaken as part of the pre-planning application process.

**RESOLVED:**

That, subject to the agreement of the detailed financial information for the expansion set out in Part 2 of this agenda, the business case for the provision of an additional 300 secondary places be approved.

**Reasons for Decisions:**

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

**28/17 EWELL GROVE INFANT AND NURSERY SCHOOL, WEST EWELL  
INFANT AND NURSERY SCHOOL AND DANETREE JUNIOR SCHOOL  
[Item 7]**

Introducing this report, the Cabinet Member for Schools, Skills and Educational Achievement said that this proposal was part of the Ewell primary school re-organisation which would create another 200 infant and 480 junior places in total to help meet the basic need requirements in the Ewell area from September 2017 and that Ewell Grove Infant School was the final one of three school expansions in this area.

She said that approval was for the business case for the conversion of Ewell Grove Infant and Nursery School which was currently a 2 Form of Entry infant school (180 places) with 26 full time equivalent (fte) nursery places, to a 2 Form of Entry Primary (420 primary places with 26 fte nursery places) and as the school expanded incrementally this would create 240 new junior places overall.

She drew attention to the significant capital works required at the school, due to the restricted site, and that it was also in a conservation area with poor vehicular access. She also confirmed that there had been strong public support for the proposal.

Members were pleased to support this school expansion and expected that the whole project would enhance residents' experience in this area.

## **RESOLVED:**

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

### **Reasons for Decisions:**

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

## **29/17 CHART WOOD SCHOOL DORKING, PROPOSED RATIONALISATION ONTO ONE SITE - FORMER STARHURST SCHOOL, DORKING AND FORMER ST NICHOLAS SCHOOL, REDHILL [Item 8]**

The Cabinet Member for Schools, Skills and Educational Achievement informed Cabinet that this report set out the business case for the rebuilding of Chart Wood School on its Dorking site, which would enable the release of the school's Merstham site for alternative use as a location for a new mainstream 6FE secondary free school and 2FE primary free school.

Forecasts of pupil demand in the Reigate and Redhill area were set out in the report and have indicated that this provision was necessary. Without this site (and the free schools that the Education Funding Agency will build and fund), the County Council would be liable to provide these places from its own capital budget. This would be estimated to cost the Council £26 million, which was far in excess of the cost of the proposed amalgamation scheme.

The Cabinet Member informed Members that the Ofsted report for the St Nicholas special school had been 'Good' and that the school's headteacher was an exceptional leader. She also confirmed that the headteacher and school governors had been fully consulted on the amalgamation proposal, as set out in the 'Consultation' section of the report.

## **RESOLVED:**

That, subject to the agreement of the detailed financial information for the expansion set out in Part 2 of this agenda, the business case for rebuilding of this school be approved.

### **Reasons for Decisions:**

This proposal will streamline Social, Emotional and Mental Health (SEMH) provision in the south east of Surrey. It will allow for the more effective use of the available Special Educational Needs and Disabilities (SEND) resources. The aim is to develop outstanding provision with a larger and more sustainable single special school for SEMH in the east quadrant of Surrey.

## **30/17 RE-COMMISSIONING OF THE ADULT SOCIAL CARE HOME BASED CARE SERVICE [Item 9]**

Provision of a Home Based Care (HBC) service to vulnerable adults in Surrey was a statutory requirement of the Council under the Care Act 2014. HBC

services enabled and supported people to remain independent and living in their own homes for longer.

The Cabinet Member for Adult Social Care, Wellbeing and Independence stressed the importance of having a HBC service but said that the service was under extreme pressure in terms of an increase in demand due to an aging population with complex health and social care needs, and set against challenging financial circumstances, such as a general lack of capacity within the HBC market plus inability to recruit and retain care staff.

As a consequence of these issues Adult Social Care (ASC) was proposing to change the current practice by which HBC providers were awarded HBC work with SCC through inviting Expressions of Interest against which suitably qualified agencies would be Awarded Provider Status (APS). New and evolving providers could join or expand their services over time. This APS list would increase and widen the range of providers with which ASC were able to commission against pre-agreed terms and would, through working in partnership with these providers, enable a more flexible response to changes in demographics and the care market.

The Cabinet Member said that the Council currently delivered HBC services to 6304 people, currently amounting to 3,410,000 hours per annum. He also referred to the Equality Impact Assessment, attached to the submitted report, and was pleased to report that there would be no negative impacts as a result of changes to the practice for commissioning HBC services. He said that the Council was fully aware of the importance of safeguarding vulnerable adults.

Other Members made the following points:

- The scale of the provision delivered by the Council
- Re-assured that quality assurance was in place to enable the service to be delivered well
- That a significant number of Surrey residents required help through the Adult Social Care Service
- The difficulty of providing a HBC service to some of Surrey's rural areas and that the travelling distances and times between clients could be an issue
- That these changes to the practice of commissioning HBC services would improve delivery.

**RESOLVED:**

1. That approval be given to change the practice of commissioning HBC services to "Awarded Provider Status".
2. That a report be taken to Cabinet for approval of any additional non-budgeted expenditure resulting from the planned implementation of the new framework, including proposals for any harmonisation of legacy rates.

**Reasons for Decisions:**

The existing HBC provision agreements expire on 30 September 2017 and given the above factors set out in the summary ASC in conjunction with

Procurement made the decision to plan to re-commission the service. By taking this opportunity ASC can update the service specification and agreements to offer residents an improved service and be able to respond more flexibly and quickly to a fluid HBC market.

### **31/17 SOUTH CENTRAL INDEPENDENT FOSTERING AGENCY FRAMEWORK [Item 10]**

In the absence of the Cabinet Member for Children and Families Wellbeing, the Cabinet Member for Schools, Skills and Educational Achievement presented this report to Cabinet.

She said that in Surrey, the Council believed that for most children and young people the best place to live was with their family of origin and where necessary parents and/or the extended family would be supported to provide an environment in which their child can grow and thrive. Unfortunately, in some circumstances the safest and most appropriate option was for the child to be taken into care.

From 2015, the Surrey Corporate Parenting Board Strategy prioritised work on developing 'Placement Choice and Stability' to ensure that the requirements of the Council's Sufficiency Duty are met. Wherever appropriate, looked after children are placed with local foster carers. However, sometimes in-house placements cannot be used due to matching considerations, the particular and often complex needs of the child, the carers' circumstances or limited availability of carers. In these circumstances a placement with an Independent Fostering Agency (IFA) is considered. Out of the 895 looked after children in Surrey, 648 are currently placed in foster care provision. 433 were placed with in-house carers, and 215 were placed with IFAs (as at 31 January 2017).

The Cabinet Member made Members aware that the ongoing management of the South Central Framework would be led by Bournemouth Borough Council and would be funded from each partner local authority – Surrey's contribution would be approximately £20,000 per annum. Also, she said that the detailed financial information was in a part 2 report, to be considered later in the agenda.

The Cabinet Associate for Children, Schools and Families Wellbeing referred to the four options considered as part of the completion of the Strategic Procurement Plan:

- Option 1 – do nothing
- Option 2 – take an active role in the retender process of the South Central IFA Framework
- Option 3 - more block contracts instead of a framework
- Option 4 – Surrey to tender for their own framework

She said that after carefully considering all options, it had been agreed to recommend to Cabinet, option 2, which she also considered was the best value for money option.

At a time of rising demand for Surrey County Council services, together with the upward trend of Unaccompanied Asylum Seeking Children being looked after in Surrey (the third highest in the country), Cabinet Members strongly supported this report and endorsed the recommendations.

**RESOLVED:**

1. Following consideration of the available options, the results of the procurement process, and commercially sensitive information provided in the Part 2 report later in the agenda, approval be given for the Council to enter into a Partnership Agreement for the South Central Independent Fostering Agency (IFA) Framework for the provision of Foster Care placements for the period 1 April 2017 – 31 March 2021.
2. Approval be given to award subsequent call off contracts to providers named on the Framework.
3. That delegated approval be given to the Deputy Chief Executive, in consultation with the Leader of the Council and the Cabinet Member for Children and Families Wellbeing, to award new framework agreements and subsequent call off contracts during the life of the framework.

**Reasons for Decisions:**

The existing Framework will expire on 31 March 2017. In 2016 a total of 14 local authorities came together with Southampton City Council as the lead authority and a full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Order has been carried out.

A decision is needed regarding whether or not Surrey County Council continues to be named as a purchaser on the new Framework.

If the Council does not participate in a Framework, it will only be able to spot purchase IFA provision or enter into Block Contracts from 1 April 2017 which potentially places the Council in breach of current procurement law (Public Contract Regulations 2015).

The forecasted spend for foster care placements with IFAs for 2016/17 is approximately £11.5m. A decision to spot purchase could see an increase in the weekly placement cost conservatively estimated at 5% (significantly more for emergency placements) and additional Council staff may need to be recruited to undertake the increase in workload associated with negotiating individual contracts and monitoring the performance of a large number of providers.

There is the potential for further reducing or avoiding costs under the new arrangements, through the use of Lot 4 (Alternative to Residential) placements and block contracts, as outlined in the Part 2 report.

### **32/17 PROPOSED CONSULTATION ON EXTERNALLY COMMISSIONED YOUNG PEOPLE'S EARLY HELP SERVICES [Item 11]**

Surrey County Council is transforming its early help offer for children, young people and families, increasing integration to provide holistic support to the whole family, securing the best possible value for money for residents and realising lasting improvements in outcomes for the most vulnerable. This change is being delivered at a time when unprecedented financial pressures are being faced, stemming from decreasing funding from central government and underlying growth in demand for Council services. It is therefore vital to continue investing in early help services that realise not only the best outcomes but also offer the best value for money.

The Cabinet Member for Schools, Skills and Educational Achievement said that in light of this approach, this report sought agreement to launch a public consultation exercise about proposals to change Surrey County Council's externally commissioned young people's early help services. These changes would need to achieve a saving of £0.25 million during 2017/18 and at least a further £0.2 million in 2018/19. A report, setting out the consultation response, would be brought back to Cabinet on 30 May 2017 for a final decision.

She informed Members that there were five options set out within the report, including preferred option 1 and the reasons for the preferred option, namely, that it had the least degree of detrimental impact on both outcomes for the most vulnerable young people and the Council's approach to transforming early help in Surrey.

She confirmed that there had been a typo in the 'What happens next' section of the report and that it was an eight (not six) week consultation period, as stated in the recommendation of the report.

#### **RESOLVED:**

That an immediate eight-week public consultation, involving young people who use services, families, providers and partners, about proposals to change Surrey's externally commissioned young people's early help services be approved.

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

This is recommended so that:

- i. The Council fulfils its duty to consult about proposed changes to services, through a proportionate eight-week consultation period now, given the urgent need to realise savings during 2017/18 and allowing three-months of notice to current providers about any changes to services;
- ii. Young people, families, providers and partners who are affected by proposed changes have an opportunity to share their views about the proposed options and possible alternatives;
- iii. Appropriate action can be taken, as far as is reasonably possible, to mitigate the impact of any changes on providers, young people, families and communities; and

- iv. Cabinet is supported to make a fully informed decision about proposed changes to current grants and contracts.

### **33/17 FINANCE AND BUDGET MONITORING REPORT TO 31 JANUARY 2017 [Item 12]**

The Leader of the Council presented the budget monitoring report covering the period up to 31 January 2017.

He began by saying that in September, several significant financial risks crystallised resulting in an unprecedented forecast outturn of a £22.4m overspend for this financial year and that Cabinet had required officers to take effective measures to bring the 2016/17 budget back into balance. He confirmed that the measures taken over the past four months by the Chief Executive and the Director of Finance, with the support of Strategic Directors, and by Cabinet in avoiding further spending commitments, wherever possible, had resulted in such improvement as to bring the Council's forecast outturn position to a £3.5m underspend.

However, the measures to bring 2016/17 back into balance included one-off measures and spending delays and did not address the fundamental issue of service overspends, especially in social care. These service overspends were driven by more people needing services for more complex needs and at increased cost. This, plus the scale of savings the Council had already achieved, plus the continuing loss of Government funding made the Council's long term financial resilience a serious challenge.

He said that progress had been made, but there was still some way to go before a sustainable Medium Term Financial Plan was achieved. He referred to the Section 151 Officer's and the Monitoring Officer's commentaries to this budget monitoring report, which stated that it was a requirement of the Local Government Finance Act to ensure that Council spending did not exceed its resources.

He informed Members that cost, demand and funding pressures meant that overspends in Adult Social Care and Children's Services amounted to £26m and that many of these pressures were preventing the Council from implementing its savings plans and contributed to the £17m shortfall against the £83m savings target for 2016/17. He said that this underlying overspend would continue into 2017/18 and these service pressures would continue to have a detrimental impact on the Council's medium term financial position, which was not yet sustainable.

Finally, he said that given the gravity of the situation, it was vital members and officers continued their actions to identify and implement ways to reduce the overspend in 2016/17 and to address the ongoing issues affecting the council's financial sustainability for 2017/18 and subsequent years. He reiterated that Cabinet and other leading Members should continue to bring the Council's budget issues to the attention and understanding of Surrey's MPs.

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

## **RESOLVED:**

That the report be noted, including the following:

1. That the forecast revenue budget outturn for 2016/17 was a £3.5m underspend, an improvement from £1.1m overspend last month, as set out in paragraph 1 of the Annex to the submitted report.
2. That forecast efficiencies and service reductions for 2016/17 were £66.3m, up from £65.1m last month as set out in paragraph 51 of the Annex to the submitted report.
3. The Section 151 Officer's commentary and the Monitoring Officer's legal implications commentary, as detailed in paragraphs 16 to 23 of the covering report.
4. That the 2016/17 capital budget be reduced by £0.3m in relation to superfast broadband, as set out in paragraph 62 of the Annex to the submitted report.

## **Reasons for Decisions:**

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

### **34/17 PROVISION OF THE SELECTION AND SUPPLY OF LIBRARY STOCK [Item 13]**

Following the representation by Mrs Watson that some information contained in the part 2 report could be considered in public, a revised report was tabled at the meeting, which included three additional paragraphs in the 'Background and Options Considered' section.

The Cabinet Member for Localities and Community Wellbeing began his introduction of the report by quoting the numbers of current members that Surrey libraries had across its 52 libraries. He said that after a full and detailed options analysis, it was decided to award a call off contract under the Central Buying Consortium (CBC). He also informed Members that the library supply market was now limited to just three book suppliers and two audio visual suppliers.

He also highlighted the risk management and implications section of the report, which stated that the contract could be terminated, without penalties after 30 days.

Finally, he was pleased to report that an Equality Impact Assessment had been undertaken and drew attention to key points within it, including the 12 recommendations at the end of this assessment.

Other Members made the following points:

- The library service was 'much loved' by Surrey residents
- That an impressive amount of work had been undertaken in the service to contain and reduce costs

- That Surrey libraries were the hub of the community and much more than a 'book borrowing' place. They were the place to go for information and connectivity
- Equality Impact Assessment and the reference to the work done to meet the requirements of the Public Libraries and Museum Act 1964 – this was a good reminder of the duties of every library authority
- The large number of Surrey residents that used libraries
- The need to continue to maximise the use of all library premises.

**RESOLVED:**

That a call off contract for the provision and supply of library resources be awarded to Askews and Holts Library Services Ltd. This call off contract would be under the CBC Framework for the provision of Library Books and Audio Visual Materials.

**Reasons for Decisions:**

The existing contract will expire on 31 March 2017. Access to an existing framework, in compliance with the requirement of Public Contract Regulations and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

**35/17 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 14]**

This Annex set out the decisions taken by individual Cabinet Members since the last meeting of the Cabinet. Members were given the opportunity to comment on them.

**RESOLVED:**

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

**Reasons for Decisions:**

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

**36/17 EXCLUSION OF THE PUBLIC [Item 15]**

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

**37/17 ST BEDE'S SECONDARY SCHOOL - REDHILL [Item 16]**

The Cabinet Member for Schools, Skills and Educational Achievement said that this report contained the confidential, financial and value for money information relating to item 6. She said that the re-building project was

included in the Medium Term Financial Plan 2016 – 2021. However, the funding allocation was originally based on a smaller expansion but that a larger expansion was now required to meet the demand for secondary school places in the Redhill area.

**RESOLVED:**

1. That the business case for the expansion of St. Bede's School at a total cost, as set out in the part 2 report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Deputy Chief Executive and Strategic Director for Children, Schools and Families, in consultation with the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Business Services and Resident Experience and the Leader of the Council, be approved.

**Reason for Decisions:**

The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Reigate and Redhill area by providing Year 7 places when and where they are needed.

**38/17 EWELL GROVE INFANT AND NURSERY SCHOOL, WEST EWELL INFANT AND NURSERY SCHOOL AND DANETREE JUNIOR SCHOOL  
[Item 17]**

The Cabinet Member for Schools, Skills and Educational Achievement said that this report contained the confidential, financial and value for money information relating to item 7 and that the expansion of Ewell Grove Infant School was the last of three interdependent expansion projects in the area. She said that it had proved challenging in terms of access, ground levels and drainage and was also in a planning conservation area.

**RESOLVED:**

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

**Reasons for Decisions:**

The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Epsom and Ewell area by providing 240 junior places when and where they are needed.

**39/17 CHART WOOD SCHOOL DORKING, PROPOSED RATIONALISATION ONTO ONE SITE - FORMER STARHURST SCHOOL, DORKING AND FORMER ST NICHOLAS SCHOOL, REDHILL [Item 18]**

The Cabinet Member for Schools, Skills and Educational Achievement said that this report contained the confidential, financial and value for money information relating to item 8. She confirmed that re-locating St Nicholas school on the Dorking site and merging with Starhurst school to form a new special school, Chartwood would enable the St Nicholas site to be released for the building of a new primary and secondary school, that would be funded by the Education Funding Agency.

**RESOLVED:**

1. That the business case to rebuild Chart Wood School on its Dorking site (ex Starhurst) at a total cost, as set out in the Part 2 report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Deputy Chief Executive and Strategic Director for Children, Schools and Families, in consultation with the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Business Services and Resident Experience and the Leader of the Council be approved.

**Reasons for Decisions:**

This proposal will streamline SEMH provision in the south east of Surrey. It will allow for the more effective use of the available Special Educational Needs and Disabilities (SEND) resources. The aim is to develop outstanding provision with a larger and more sustainable single special school for SEMH in the east quadrant of Surrey.

**40/17 SOUTH CENTRAL INDEPENDENT FOSTERING AGENCY FRAMEWORK [Item 19]**

In the absence of the Cabinet Member for Children and Families Wellbeing, the Cabinet Member for Schools, Skills and Educational Achievement presented the report, which set out the financial and value for money information for the South Central Independent Fostering Agency Framework. She was pleased to report that the new framework would enable children who had complex needs to be placed with families rather than in residential care.

**RESOLVED:**

That the commercially sensitive information set out in this report be noted alongside the background information and recommendations made in the Part 1 report.

**Reasons for Decisions:**

As set out in the Part 1 report.

#### **41/17 PROVISION OF THE SELECTION AND SUPPLY OF LIBRARY STOCK [Item 20]**

The Cabinet Member for Localities and Community Wellbeing introduced the report and informed Cabinet that this report contained the financial and value for money information relating to item 13.

He also confirmed that this call off contract would be under the CBC Framework for which West Sussex County Council is the Lead Authority.

#### **RESOLVED:**

That a call off contract for the provision of the selection and supply of library resources be awarded to Askews and Holts Library Services Ltd to commence on 1 April 2017, for a maximum four years, for the total value as set out in the part 2 report. This call off contract would be under the CBC Framework for which West Sussex County Council is Lead Authority.

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

The existing contract will expire on 31 March 2017. Access to an existing framework, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

#### **42/17 PROPERTY TRANSACTIONS - ACQUISITION 1 [Item 21]**

The Cabinet Member for Business Services and Resident Experience commended this acquisition, which had been through the Investment Advisory Board, to Cabinet.

#### **RESOLVED:**

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

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

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

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

#### **43/17 PROPERTY TRANSACTION - ACQUISITION 2 [Item 22]**

The Cabinet Member for Business Services and Resident Experience also commended this second acquisition, which had been through the Investment Advisory Board, to Cabinet.

##### **RESOLVED:**

1. That Surrey County Council provides equity investment and a long-term loan, both as detailed in the submitted report, to its wholly owned property company, Halsey Garton Property Ltd, as outlined in paragraphs 15 to 18 of the submitted report.
2. That Legal Services be authorised to agree appropriate contractual arrangements for the provision of financing on behalf of the Council with funds to be released in accordance with the agreed payment structure and upon the completion of appropriate due-diligence in relation to the forward funding agreement and property acquisition.
3. That Halsey Garton Property Group be authorised to acquire the long leasehold interest in the property detailed in the submitted report and to enter into a forward funding agreement with the developer.

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

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

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

#### **44/17 PUBLICITY FOR PART 2 ITEMS [Item 23]**

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

[Meeting closed at 3.35pm]

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**Chairman**

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**Appendix 1****CABINET – 28 FEBRUARY 2017****PROCEDURAL MATTERS****Member Questions****Question (1) from Mrs Hazel Watson (Dorking Hills):**

It has been reported that representatives of the County Council have recently met with representatives of the Mayor of London and Transport for London to discuss cross border train services between Surrey and London, and took the opportunity to raise the issue of cross border bus services and, in particular, the 465 bus service at the meeting.

Can the Leader please set out the background to the discussions with regard to the 465 bus service and, in particular, confirm whether the County Council or Transport for London has raised the issue of a possible reduction in the subsidy provided to the 465 service or whether one or other authority has requested to reduce their share of the subsidy following a retendering process with the result that the service could terminate at Leatherhead (i.e. be withdrawn between Leatherhead and Dorking). Please also provide figures for the amount of subsidy that SCC has paid to TfL each year since 2010 for the 465 bus route.

Furthermore, can the Leader confirm whether he will maintain the 465 service at its current level and also maintain the subsidy both in monetary amount and the percentage share of the total subsidy if an increase in subsidy is required following the retendering of the service, and will he seek to ensure that the Mayor of London and Transport for London will do the same?

**Reply:**

Discussions with the Mayor of London's Office and Transport for London (TfL) have taken place which considered a range of issues of common interest, including cross border bus services.

These discussion are on-going.

We are committed within our budget to protecting the important bus services in Surrey. The 465 is an important and valued route used by our many residents. Officers have been asked to find a solution, and this review continues.

The financial agreement with TfL encompasses nine cross boundary routes, with a contribution of £250k made by this council to TfL in 2016/17.

**Mr David Hodge CBE**  
**Leader of the Council**  
**28 February 2017**

**Question (2) from Mr Will Forster (Woking South):**

Will the Council confirm the value of the Highways Contract Management (Lot 5) Contract? I understand that my local Highways team, North West Surrey, has taken the lead on managing and reviewing the Lot 5 Contract.

Could the Council confirm how much in time and resources from this local team has been spent on the Lot 5 Contract and highway flooding issues since they have taken the lead on this matter?

**Reply:**

The Lot 5 contract for drainage maintenance has been running since 2010 and has recently undergone a contract extension and re-tendering process.

In June 2015 responsibility for management of this contract was transferred to the Local Highways Services Group within Surrey Highways, along with responsibility for a number of other county-wide contracts including grass cutting.

There are a number of elements to the Lot 5 contract, and so the overall value of the contract is dependent on what aspects of cyclic maintenance and reactive maintenance are included in the calculation of this. The overall drainage maintenance budget linked to Lot 5 is £3.149m.

It is difficult to estimate the amount of time spent on managing this contract by the NW area team and other staff within Local Highways Services. At the time of taking on management of these county-wide functions, additional Principle Engineer posts were created in the organisational structure to cope with the administrative workload, and these posts have been fully employed to that end. The principle engineer in the NW team is fully dedicated to managing the Lot 5 contract, the Area Highways Manager spends approximately a third of his time on the management of this contract and others are involved on an ad hoc basis assisting with auditing of the contract. Highway flooding issues are dealt with as part of the overall budget. Business as usual activities of the area teams are dealt with as they arise.

**Mr John Furey**  
**Cabinet Member for Highways, Transport and Flooding**  
**28 February 2017**

<b>Question (3) from Mrs Hazel Watson (Dorking Hills):</b>
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Paragraph 14 (page 24) of the Budget report to Council on 7 February 2017 referred to a financial resilience review by the Chartered Institute of Public Finance & Accountancy, which was carried out in November 2016 at the request of the Director of Finance, supported by the Chief Executive and Leader in recognition of the seriousness of the financial challenges facing the Council. Please could you publish a full copy of the review and the amount which Surrey County Council was charged by CIPFA for carrying out this review?

**Reply:**

All of local government is facing acute challenges with funding as demand for services, especially social care grow, while funding from central government falls. However, a number of factors have led to Surrey County Council being hit particularly badly with a drastic cut and elimination of Revenue Support Grant from 2016 to 2019, as well as the impact of supporting the largest number of people with leading difficulties in the country.

This administration is determined to continue to provide services to our residents with best value. Therefore, in conjunction with the Director of Finance, I asked the Chartered Institute of Public Finance and Accountancy (CIPFA) to come to Surrey County Council and review our finances. CIPFA are the country's leading experts on local authority finance and this work cost £24,500

During November and December, CIPFA researched the Council's finances; examined its books; conducted interviews with Cabinet Members and senior managers, and provided a detailed oral report to the Cabinet. As I said in the council report on the budget, they found that our figures were correct and that the challenges we faced were real.

CIPFA will be providing a written report in due course and this will be made available to all Members as is usual.

**Mr David Hodge CBE**  
**Leader of the Council**  
**28 February 2017**

<b>Question (4) from Mr Jonathan Essex (Redhill East):</b>
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In relation to the "Developing A Single Waste Approach" plan agreed by the Cabinet in December 2016, we understand that Surrey County Council have technically notified all Surrey boroughs and districts that they are intending to direct all of these 'recycling collection authorities' from around 6 January 2018.

Could you please explain what this means and how it will affect what our districts and boroughs do, and how much money they receive (and/or charges imposed on them by Surrey County Council) for the recycling achieved (including in the form of recycling credits) and any incentives proposed for waste not to be landfilled or burnt. Please can you share the correspondence that relates to this?

**Reply:**

In January 2017, I wrote to all District and Borough Council Leaders regarding the financial arrangements in 2017/18 for waste management (see Annex 1 for letter template). This letter included notice of the County Council's intention to manage kerbside collected recyclables from 8 January 2018 or as current contracts come to an end, whichever was sooner. I invited Leaders to contact me if they had any concerns about the length of the notice period. Several have done so to date and we are discussing their concerns with them to try and find a solution.

The County Council is the Waste Disposal Authority in Surrey and as such has a statutory duty to arrange for the disposal of all material collected by District and Borough Councils in their role as Surrey's Waste Collection Authorities. These statutory duties remain unchanged. Managing kerbside collected materials centrally will enable Surrey authorities to collectively engage with the market more effectively whilst developing a longer term materials management strategy. This is an important part of creating a single waste approach, which will create efficiencies and other significant cost benefits for the Surrey tax payer that can be shared across all authorities.

In 2016/17, the County Council made a range of payments to District and Borough Councils associated with recycling, totalling around £10m. This system no longer incentivises improvements and has led to a net transfer of cost from the Districts and Boroughs to the county.

The need to make changes to the current financial transfer arrangements has been discussed within the Surrey Waste Partnership and by Surrey Chief Executives since the beginning of 2015. The arrangements for 2017/18 are being changed and further changes

will be necessary for 2018/19. We will be meeting with Leaders and Chief Executives of all District and Borough Councils over the coming weeks to start discussions about what these new financial arrangements will look like, with the intention of agreeing a new mechanism by the autumn of this year, which will more effectively incentivise increases in recycling.

**Mike Goodman**  
**Cabinet Member for Environment and Planning**  
**28 February 2017**

<b>Question (5) from Mr Jonathan Essex (Redhill East):</b>
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In light of the Sustainability Review Board established at the Budget meeting of 7 Feb 2017, please can you confirm the £93m, for which we understand savings have already been defined, be shared at this Cabinet meeting to enable councillors and residents to understand the implications of the budget as agreed, such that we may take up the Leader's offer of engaging with officers to consider what alternatives there may be to an additional £30m of "cuts" well in advance of the next Cabinet meeting on 28 March 2017 at which we understand the full budget proposals will be brought forward.

**Reply:**

The Council faces significant financial challenges in 2017/18 and beyond, particularly due to the rising demand and cost of social care. This administration is doing its utmost to raise these issues nationally and keep them in the public and government's focus. However, the council, unlike other parts of the public sector, have to set a balanced and sustained budget, and that is why faced with a fall in the Council's core Revenue Support Grant funding for 2017/18 of nearly £40m, and demand and cost pressures of £120m, the Council approved a budget including savings of £93m at its meeting in February. The proposals for how these savings could be delivered have been shared with the relevant Scrutiny Boards.

As you know, there are still further savings required in 2017/18 to deliver a balanced budget. The Cabinet therefore agreed to set up the Sustainability Review Board to consider this and report back to Cabinet on 28 March with a progress report on the process to identify these further savings. The Board includes both Members and officers and is not a decision-making board but is focussed on reviewing the current financial position and consulting with colleagues across the organisation to put forward options for the Cabinet to consider in setting the budget at the end of March. This includes private sessions with each Scrutiny Board over the next two weeks and I would encourage all Members to actively engage in this process to ensure the views of the Scrutiny Boards are reflected in the work of the Sustainability Review Board.

**Mr David Hodge CBE**  
**Leader of the Council**  
**28 February 2017**

**Template letter to district and borough council Leaders**

January 2017

Dear [*Council Leader*]

**Financial arrangements for waste management in 2017/18**

Following extensive discussions at the Surrey Waste Partnership, Surrey Leaders and at SCC's Cabinet, the county council has made a number of amendments to its proposal regarding waste financial arrangements in 2017/18. I am writing to you to confirm our position on this and set out a proposed way forward.

Firstly, and most importantly, SCC reaffirms its strong commitment to delivering a single waste approach in order to reduce the cost base of managing waste, whilst improving services. Whilst we recognise that the starting point of each organisation will mean that levels of savings will vary, the £2.5m per year saving for four district and borough councils from jointly procuring a collection service provides early evidence of the potential of a joint approach.

The cost of waste disposal has increased significantly over the past five years due to the increase in energy from waste prices, the plateauing of recycling rates and demographic changes. To offset this, SCC is making savings from its waste budget in the short term from our disposal contract, changes at Community Recycling Centres and changes to the financial transfers between the county council and district and borough councils in 2017/18.

The need to make changes to the current financial transfer arrangements has been discussed within the Surrey Waste Partnership and by Surrey Chief Executives since the beginning of 2015 as the current system is no longer working to improve recycling and has led to a net cost transfer to the county council. In order to move this work forward, SCC will be writing to each of you to give formal notice of our intention to take on the management of kerbside collected recyclables via an arrangement we have made with our contractor Suez. This removes the statutory requirement to pay recycling credits for material collected for recycling, and will enable us to collectively develop new financial arrangements from 2018/19 onwards that consider the full cost of waste management, share these costs more equitably across all authorities and effectively incentivise performance improvement.

In order to provide a reasonable period of notice, SCC's intention is to take over the management of kerbside collected recyclables from 8 January 2018 or as current contracts come to an end, whichever is sooner. We recognise that there are existing contractual commitments and are happy to discuss any concerns you may have about the length of this notice period.

In light of these upcoming changes, the proposed financial transfers for 2017/18 represent a bridging arrangement prior to more fundamental change in subsequent years.

The proposal considered by Surrey Leaders included changes to four financial mechanisms; food waste, green waste, recycling credits and performance reward. SCC acknowledges the concern about making changes to the statutory recycling credit arrangement prior to agreeing a longer term replacement, therefore the recycling credit value will remain at its current level. The changes to the other discretionary and non-statutory financial mechanisms will be as set out in the proposal and the net financial effect is unchanged.

Payments in 2017/18 from SCC to [*borough name*] will therefore be as follows:

- £16 per tonne of food waste delivered to SCC nominated sites
- £*[price dependent on destination]* per tonne of green waste delivered to an agreed SCC Transfer Station
- £59.46 per tonne of recyclables in the form of a statutory recycling credit. At the point that SCC takes control of reprocessing this material, the payment will equate to the difference between the reprocessing cost and the recycling credit value.
- A reduction in the total monies transferred in the amount of *[£dependent on current payment for recycling]*, which equates to a 10% reduction in the value of a recycling credit.

In addition, SCC will pay £200,000 to reward high recycling performance, which will be shared by authorities who recycle over 54% of their material in 2017/18.

We believe delivering a single waste approach will yield significant savings from our collective waste management cost base and SCC is committed to working with district and borough councils on new longer term financial arrangements to underpin this system. We would welcome the opportunity to meet with you in early 2017 alongside colleagues from the Surrey Waste Partnership to discuss how we move towards this new approach and how we develop new financial mechanisms from 2018/19 onwards. I have arranged for my office to contact you in the coming weeks accordingly.

Yours sincerely

**Mike Goodman**  
**Cabinet Member for Environment and Planning**

**Appendix 2**  
**Item 13 - revised**

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 28 FEBRUARY 2017**



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

**MR RICHARD WALSH, CABINET MEMBER FOR LOCALITIES AND COMMUNITY WELLBEING**

**LEAD OFFICER: LAURA FORZANI - HEAD OF PROCUREMENT & COMMISSIONING**

**PETER MILTON – HEAD OF CULTURAL SERVICES**

**SUBJECT: PROVISION OF THE SELECTION AND SUPPLY OF LIBRARY RESOURCES**

**SUMMARY OF ISSUE:**

To award a call off contract to Askews and Holts Library Services Ltd for the provision of the selection and supply of library resources to commence on 1 April 2017. 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.

**RECOMMENDATIONS:**

It is recommended that a call off contract for the provision and supply of Library resources be awarded to Askews and Holts Library Services Ltd. This call off contract would be under the CBC Framework for the provision of Library Books and Audio Visual Materials.

**REASON FOR RECOMMENDATIONS:**

The existing contract will expire on 31 March 2017. Access to an existing framework, in compliance with the requirement of Public Contract Regulations and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

**DETAILS:**

**Business Case**

1. This report recommends that a call off contract for the provision of the selection and supply of library resources to commence on 1 April 2017 is awarded to Askews and Holts Library Services Ltd. The detail in Part 2 of this report demonstrates why the recommended contract award delivers best value for money for Surrey County Council.

## Background and options considered

2. The library service provides 52 libraries across Surrey, an award winning Performance Arts library and three Community Link libraries. Ten of these libraries are community partnered libraries managed by local volunteer groups. The three community links are also run by volunteers. The library service aims to provide the library needs of everyone who lives, works and studies in Surrey. Surrey libraries have 319,000 current members with book borrowing still the most popular with over five million issues a year and over three million physical visits. There has been an increase in children's borrowing by over 500,000 in ten years and over 1 million children's books issued last year. Customer satisfaction rates across the board are 97%.
3. Books remain the lifeblood of the service and one of the highest valued and most used services. As part of budget reductions in the last three years, along with staffing reductions of over £600,000, the library service has made required resources budget reductions of £577,000 on its book fund. Vigorous tendering for suppliers, driving down prices and driving up discounts has helped maintain as good a stock level as possible for Surrey residents with these reductions.
4. The largest libraries (Group A) hold a wide depth and range of stock covering all subject areas. With high levels of use they receive a very wide range of bestseller and new titles to cope with customer demand. In addition they receive an excellent range of new non-fiction titles each year.
5. The medium sized libraries (Group B) receive a wide range of stock covering all areas of reader interest. 85% of the workload of issues and visits in the library service is delivered by the Group A and B libraries together.
6. The small local libraries (Group C) have a core offer of stock that will appeal to all ages by providing them with a range of popular leisure reading, both fiction and non-fiction, that is in line with current reading interests and trends. This stock is changed on a regular basis.
7. Libraries need an effective procurement system to ensure the regular supply of suitable new resources including books, music CDs & DVD films for both adults and children. This stock is promoted in the libraries and through regular e-newsletters to library members. The stock needs to be kept refreshed on a regular basis in order to attract more people into the libraries. The 1964 Public Libraries and Museums Act require library authorities to *"provide a comprehensive and efficient library service"*. New stock is central to this.
8. The existing contract for the provision of the selection and supply of library resources will expire on 31 March 2017.
9. The previous Contract provided supplier self-selection for junior resources only. Under the new contract, supplier self-selection across all genres will be further utilised, helping the stock team manage the stock more efficiently on already reduced staffing.
10. Should the Council decide to further utilise supplier selection of goods, whereby the supplier chooses which titles to provide, rather than the library service placing orders, Surrey will be able to explore savings in employee

time resulting in operational efficiencies within the stock team. Supplier selection is undertaken by dedicated Askews & Holts librarians, working to a detailed specification provided by the library service. They monitor the use of our stock to ensure they buy the books our users want to read. Titles are ordered three months ahead of publication to ensure libraries have stock in the library on the actual day of publication, satisfying demand.

11. The library service has also taken a number of steps, with the reduction in purchasing budget and the number of new books available, to encourage people to manage their book borrowing in a way that returns books promptly. The number of times books can be renewed has been reduced to improve the stock turn of all books so that the resident experience is not adversely affected by the reduction in volume of new books coming into the service. The book fund reduction is part of a number of changes which will be introduced to reduce the cost of the library service and make it more sustainable in the future
12. The total library resources budget for 2016/17 is £1,594,313. The total resources budget has a proposed reduction of £246,000 in 2017/18 and a further £100,000 in 2018/19, which will reduce the total resources budget to £1,248,313 (excluding any small inflationary increases). These budget figures are provisional and could still significantly change. Future library resources spend will be in line with budgetary reductions.

### **Procurement Strategy**

13. Several options were considered when completing the Strategic Sourcing Plan (SSP) prior to commencing the procurement activity. These options included carrying out an EU tender process or utilising an existing framework.
14. After a full and detailed options analysis it was decided to award a call-off contract under the Central Buying Consortium (CBC) Framework as this demonstrated that average discounts are comparable with those that we are currently receiving, meaning minimal cost increase to SCC and surety of cost which would not be certain if a tender process was carried out.
15. This was demonstrated through analysis which showed the library supply market is now limited to just three book suppliers & two audio visual suppliers. Two library book stock suppliers have extended their offering to include Audio visual material and e-books. Although Surrey would incur management fees, engagement with incumbent suppliers suggests that Surrey is unlikely to realise the same level of discounting as achieved when last procured through a tender process four years ago. Not carrying out a full tender process also saves officer time and has reduced the overall procurement timetable.
16. A joint Procurement and project team was set up including representatives from Library Service, SCC Legal and SCC Finance.

### **Key Implications**

17. By awarding a contract to the supplier recommended for the provision of selection and supply of library resources to commence on 1 April 2017, the Council will be meeting its duties and ensuring Cultural Services is able to fulfil its aims outlined in the Background section to this report above.

18. The management responsibility for the contract lies with the library service and will be managed in line with the Contract Management Strategy and plan as laid out in the contract documentation which also provides for review of performance and costs.
19. The contract is performance managed through a series of Key Quarterly Performance Indicators. Where the supplier fails to meet targets the contract provides differing levels of response. This ranges from a requirement to put in place approved correction plans, up to termination of some or all orders placed, including possible supplier suspension from the Framework Agreement. Coupled with the contracts non-exclusivity and termination clauses, this provides a comprehensive set of tools to remedy any poor performance.

#### **CONSULTATION:**

20. Members of the Library Service, SCC Legal and Finance have been consulted with at all stages of the commissioning and procurement process, including the chosen procurement strategy and agreeing the contract award.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

21. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Available budget is reduced or withdrawn	The Framework Agreement includes a 'No Guarantee' clause which states no guarantee that any Request (or resulting Order) will be issued to the Contractor. This clause also states non-exclusivity. This means there is no contractually committed minimum level of expenditure.
	A significant change in service provision is required	The contract can be terminated with notice of 30 days.
	The supplier ceases business	Ongoing monitoring of supplier performance and continued market awareness. The framework supplier has passed comprehensive financial checks.
Reputational	Failure to purchase the correct items leads to a reduction in the number of items borrowed.	Monitoring of supplier management information and issues figures will ensure that items suitable for loan in Surrey's libraries are purchased.

### **Financial and Value for Money Implications**

22. Full details of the contract value and financial implications are set out in the Part 2 report.
23. The procurement activity has delivered a solution within budget.
24. Accessing the CBC Framework will provide better discount rates than an individual tender for these goods, due to economies of scale. Although Surrey's previous tender provided better discount rates than the CBC Framework, engagement with incumbent suppliers suggests that Surrey is unlikely to realise the same level of discounting. This is due to a reduction in the number of suppliers in the market and reduced levels of funding for libraries across the Public Sector.
25. Benchmarking information regionally and nationally indicates that the discounts under the CBC Framework are better than those of alternative available frameworks.

### **Section 151 Officer Commentary**

26. This contract enables the library service to meet its requirements for the efficient, economic and effective acquisition of Library resources, whilst providing the flexibility to control future provision and costs should service or budgetary changes require.

### **Legal Implications – Monitoring Officer**

27. As set out in this report access to the CBC Framework Agreement is in compliance with the EU compliant procedures and has also complied with the Council's Procurement Standing Orders.
28. Responsibility for the provision of the goods is in line with the statutory requirements. The provision of a "*comprehensive and efficient library service*" is a legal requirement under the 1964 Public Libraries and Museums Act.

### **Equalities and Diversity**

29. An equalities impact assessment has been written and is available as a background paper. This is attached in Annex 1. Resource provision is well placed to improve the service to equality groups with a number of reviews and projects being proposed. We will ensure that we work closely with other library service teams, County Council departments and our customers, or potential customers, to enable delivery of these (see "Recommendations" section of the EIA).

**Other Implications:**

30. 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:
Carbon emissions	Direct delivery of library stock from the supplier to the library, reducing the carbon emissions footprint.

**WHAT HAPPENS NEXT:**

31. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	28 February 2017
'Alcatel' Standstill Period	10 March 2017
Contract Signature	11 March 2017
Contract Commencement Date	1 April 2017

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

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**Consulted:**

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**Annexes:**

Part 2 Annex

Annex 1 EIA Library Resources, updated 2016

**Sources/background papers:**

Strategic Sourcing Plan

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