

**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

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

Question (4) from Mr Jonathan Essex (Redhill East):

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

Question (5) from Mr Jonathan Essex (Redhill East):
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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

Question (6) from Mr Jonathan Essex (Redhill East):
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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 1st 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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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**