

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON 27 APRIL 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:

None

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

**67/17 APOLOGIES FOR ABSENCE [Item 1]**

Apologies were received from Ms Denise Le Gal.

**68/17 MINUTES OF PREVIOUS MEETING: 28 MARCH 2017 [Item 2]**

The minutes were agreed as a true record of the meeting.

**69/17 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**70/17 PROCEDURAL MATTERS [Item 4]**

There were none.

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

There were none.

**b PUBLIC QUESTIONS [Item 4b]**

There were none.

**c PETITIONS [Item 4c]**

There were none.

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

There were none.

**71/17 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]**

No reports were received.

**72/17 FINANCIAL BUDGET OUT TURN 2016/17 [Item 6]**

The report was introduced by the Leader of the Council who highlighted that Surrey County Council (SCC) had achieved an underspend of £6.7 million against forecasted expenditure for the 2016/17 financial year. In September 2016 the Finance Team had projected that SCC's spending for the year would exceed the budget by £22.4 million but the Cabinet had worked with senior officers to identify a series of savings to bring SCC back within budget. Mr Hodge further stated that the Council had achieved £66.4 million of savings against a target of £82.9 million but highlighted that measures taken to bring SCC's finance back into balance for the year had been a combination of genuine efficiencies coupled with one-off measures and spending delays. Attention was drawn to significant demand and cost pressures on Adult Social Care and Children's Services which had culminated in a collective overspend of £25 million for 2016/17 across these two services which had disrupted the savings plan leading to a shortfall of £16 million against the Council's target for the year. This meant that underlying pressures would persist in 2017/18 exerting a continued detrimental impact on the council's medium term financial position which remained unsustainable. The Leader emphasised the importance of Members and officers continuing to identify and implement ways of addressing the ongoing issues affecting the council's financial sustainability for 2017/18 and subsequent years.

Mr Hodge stated that the Council's reserves of £65 million were at the minimum safe level and so it was appropriate to use the underspend from the 2016/17 budget to replenish its reserves in order to mitigate the risk of non-delivery against the Council's savings target for 2017/18. He further advised that the report contained a combined total of £18.6 million in revenue and capital carry forward requests for 2017/18 and that it was necessary for the Cabinet to consider these carefully to ensure that there is sufficient capacity to meet these extra commitments in 2017/18 and to assure itself that the council overall has sufficient financial resources.

Cabinet Members were asked to comment on the financial position of their individual service areas and made the following statements:

- Mr Mel Few expressed his gratitude to the Adult Social Care team for their commitment to delivering high quality services to residents despite increasing budgetary and demand pressures. He highlighted the significant amount of savings that Adult Social Care had made since 2013 despite increasing demand on services both in terms of the

volume of residents entitled to social care and the level of support which they required. Mr Few confirmed that he agreed with the carry forwards requested within the report.

- The Cabinet Member for Schools, Skills and Education Achievement thanked the schools commissioning and admissions teams for the work they had done in creating a substantial number of additional school places over the past four years in order to meet rising demand. There had also been additional pressure on SCC's special educational needs and disabilities (SEND) provision which had led to overspend of £500,000 against the agreed budget. Pressure on SEND provision had, however, largely been managed through the Council's inclusivity strategy which aimed to keep children with SEND requirements in mainstream education. Mrs Kemeny advised that approval had been granted for two new special needs free schools which would enhance SEND provision in Surrey once completed.
- Mrs Clare Curran emphasised that between planned savings targets and implementing the Improvement Plan, it had been a challenging year for Children's Services. The Improvement Plan outlined a series of objectives designed to improve practice, strengthen relationships with partners and transform ways of working. The Cabinet Member advised that Children's Services had overspent its budget for the year by £10.6 million which had occurred as a result of increased demand for specialised care packages, costs associated with caring for asylum seeking children and increased staff costs as a result of employing more social workers. She did, however, stress that Children's Services had succeeded in delivering against its agreed programme of savings for 2016/17 but stated that making planned budget reductions for 2017/18 while continuing to implement the Improvement Plan would be extremely challenging.
- Mr John Furey stated that the Highways and Transport Service had underspent by £1.3 million against its allocated budget for 2016/17 despite challenging circumstances. Attention was drawn to the success of Project Horizon which had improved a significant portion of Surrey's road network. The Cabinet Member acknowledged that work was required to improve the state of the County's pavements but stressed that the ability to do this was contingent on the Council's future financial position due to the fact that improving highways infrastructure was not one of the Council's statutory obligations. Mr Furey further emphasised the valuable partnership that SCC had with the Local Enterprise Partnerships in the region which had helped to secure significant additional capital for SCC to invest in improving Surrey's highways network. The Leader of the Council stressed the importance of highlighting the volume of traffic on Surrey's roads to Government in an effort to secure fairer funding.
- The Cabinet Member for Environment and Planning advised that his portfolio had missed its savings target for the year by £800,000 which was largely due to a shortfall in anticipated savings arising from changes to Community Recycling Centres coupled with a delay in

initiating the process of renegotiating contracts with suppliers. Mr Goodman highlighted that achieving the savings target for 2017/18 would be challenging but indicated that he was encouraged by potential opportunities for collaborating with the district and borough councils as well as possible savings that could be achieved through contract renegotiations with Suez.

- Mr Richard Walsh stated that his portfolio covered a number of different service areas. He reported that Cultural Services had delivered an underspend of £500,000 for the year largely due to the efficiency of the Library service. The Cabinet Member further highlighted that Registration Services had also generated increased revenue during 2016/17.
- The Cabinet Member for Wellbeing and Health drew attention to the work of the Public Health team who were using their ring-fenced budget to alleviate pressure on other Council services by helping to tackle spiralling demand.
- The Deputy Leader advised that he had saved £800,000 from his agreed £1.7 million budget.
- Mrs Kay Hammond paid tribute to the work of Surrey Fire and Rescue Service (SFRS) who came in under budget for the year. She highlighted that SFRS had made a significant contribution to the overall savings achieved by the Council particularly through its emergency services collaboration partnership.
- The Leader of the Council expressed his gratitude to the Chief Executive of the Council for his contribution to balancing SCC's budget. He stressed that the work of the Chief Executive was an excellent advert for how effective collaborating with other public sector organisations could be.

#### **RESOLVED:**

That Cabinet noted the following;

1. The council achieved -£6.7m overall underspend for 2016/17 (Annex 1, paragraph 1). 2016/17 is the seventh successive year, the council has achieved a small underspend or balanced outturn.
2. Against this underspend, the council has made +£1.0m provision for the possible payment of legal costs and claims related to a number of contract compliance issues (Annex 1, paragraph 6). After making this provision, the council has -£5.7m available to transfer to reserves.
3. The underspend includes £1.6m of carry forward requests for spending on planned service commitments that continue beyond 2016/17. If

Cabinet approves the carry forward requests, the remaining underspend is -£4.1m. This is 0.2% of the council's £1,686m full year gross expenditure budget.

4. Services achieved £66.4m efficiencies and savings (Annex 1, paragraph 53) against the planned target of £82.9m.
5. The council invested £257m through its capital programme in 2016/17, comprising £126m service capital programme and £131m long term investments (Annex 1, paragraph 64).
6. The council's year end earmarked reserves and balances, debt analysis and treasury management report (Annex 1, paragraphs App 8 to App 23).

That Cabinet approved the following;

7. £5.7m transfer of remaining revenue underspend to the Budget Equalisation Reserve (Annex 1, paragraph 7).
8. £1.6m revenue carry forward requests to be funded from within the £5.7m transferred to the Budget Equalisation Reserve (Annex 1, paragraph 3 and Annex 2).
9. £3.5m carry forward overspend on services funded from dedicated schools grant (DSG) (Annex 1, paragraph 27).
10. £5.8m increases in the capital budget for: third party contributions and grant allocation increases (£1.5m) and the delegated school funding drawdown (£4.3m) (Annex 1, paragraph 61).
11. £17.0m capital programme reprofiling and carry forward requests (Annex 1, paragraphs 66 and 67 and Annex 2).
12. Cabinet to approve services' draw down of amounts carried forward, as and when they are needed, as part of the monthly budget monitoring process (Annex 1, paragraph 5 for revenue and paragraph 67 for capital).
13. £1.8m transfer of Revolving Infrastructure and Investment Fund net income to the Budget Equalisation Reserve (Annex 1, paragraph 42).
14. £2.9m transfer from the Vehicle Replacement Reserve to the Budget Equalisation Reserve.

### **Reasons for Decisions**

To review and manage the budget outturn for the 2016/17 financial year in the context of a multi-year approach to financial management and to approve final carry forwards to enable essential on-going projects to continue.

#### **73/17 LEADERSHIP RISK REGISTER [Item 7]**

The report was introduced by Mr Mike Goodman who emphasised the importance of the Leadership Risk Register for ensuring that SCC takes the appropriate steps to mitigate potential risks. A total of seven identified risks had been removed from the register over the past few months as a result of the actions which had been taken to address them.

The Cabinet Member for Children and Families Wellbeing drew attention to the financial challenges faced by the Council and highlighted that these were clearly reflected in the Risk Register.

**RESOLVED:** That;

the Cabinet noted the content of the Surrey County Council Leadership risk register as displayed in Annex 1 of the submitted report and endorsed the control actions put in place by the Statutory Responsibilities Network.

### **Reasons for Decision**

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

#### **74/17 PROCUREMENT OF (1) INSPECTION AND (2) MAINTENANCE OF TRAFFIC CONTROL SYSTEMS [Item 8]**

The report was introduced by the Cabinet Member for Highways, Transport and Flooding who advised that the Council was legally required to inspect and maintain Surrey's Traffic Control System. This was a niche service which limited the number of suppliers who were able to bid for the contract. The Council had introduced more robust Key Performance Indicators (KPIs) into the contracts in an effort to ensure effective performance from the supplier while contracts would be awarded on a 3 + 2 years basis to incentivise good performance. The Cabinet was further informed that SCC had sought to collaborate with other local authorities on the procurement of this service but this had not come to fruition due to varying requirements regarding the maintenance and repair of Traffic Control Systems.

Mr Goodman congratulated officers for their work in identifying potential risks arising from the contract and for detailing measures to mitigate these risks clearly in the report.

**RESOLVED:** That;

the Cabinet approved the award of the contracts to Siemens PLC as agreed on the basis set out in the Part 2 report.

### **Reasons for Decisions**

The revised contractual proposals enable Surrey County Council (SCC) to continue to inspect and maintain traffic control systems on its highway network across the county.

Surrey County Council has a general 'Network Management Duty' under the Traffic Management Act 2004 and the County's Traffic Systems Assets play a key role in delivering this Duty,

The Council Manages its Traffic Control Systems assets to the technical specifications set out "*TD24/97 All Purpose Trunk Roads Inspection and Maintenance of Traffic Signals and Associated Equipment*" (Volume 8, Section 1, Part 2 of the Design Manual for Road and Bridges 1997), and in accordance with "*Management of Electronic Traffic Equipment - A Code of Practice Sept. 2011*" (DfT/Roads Liaison Group)

A full tender process for the inspection and maintenance of traffic control systems, 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.

### **75/17 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 9]**

Mr Furey drew attention to the decision made at his Cabinet Member decision meeting on 11 April 2017 which committed £350,000 in funding from SCC to the Godalming Flood Alleviation Scheme. He praised the effectiveness of the Council's partnership with the Local Flooding Forum in Godalming which had secured the necessary funding to establish flood defences in the town.

Mrs Kemeny highlighted the decision made by the Cabinet Member for Business Services and Resident Experience to approve the business cases for Ashford Park School, Loseley Fields School and Oakfield School which would help to expand school provision for children with special educational needs and disabilities in Surrey.

**RESOLVED:** That;

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

### **Reasons for Decision**

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

### **76/17 EXCLUSION OF THE PUBLIC [Item 10]**

**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.

**77/17 PROCUREMENT OF (1) INSPECTION AND (2) MAINTENANCE OF TRAFFIC CONTROL SYSTEMS [Item 11]**

The report was introduced by the Cabinet Member for Highways, Transport and Flooding who reiterated that inspection and maintenance of traffic control systems was a niche service which meant that the pool of suppliers able to bid for the contract was limited. Mr Furey advised that there would be a substantial rise in the cost of the contracts but stated that the Highways and Transport Team would mitigate these increases by generating revenue in other areas. Cabinet Members were further informed that social value had been built into the contract which Siemens would meet by reducing their carbon footprint and establishing an apprenticeship role.

**RESOLVED:**

That the Cabinet award;

1. a fixed price contract, at a value as set out in the submitted report over the five year contract term, for the provision of Lot 1 Inspections, to commence on 1 July 2017; and
2. a call off maintenance contract combining a fixed price revenue cost and an indicative five year capital replacement and refurbishment programme, at a total indicative value as set out in the submitted report over the five year (3+2) contract term, dependent on Capital Budget Allocation, for the provision of Lot 2 Maintenance, to commence on 1 July 2017.

**Reasons for Decisions:**

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. The value of both lots has increased in line with officer expectations based on knowledge of the traffic signals market. This increase will be managed within existing operational budgets and through flexibility of annual programmes for Traffic Systems as required.

**78/17 PUBLICITY FOR PART 2 ITEMS [Item 12]**

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

Meeting closed at 2.56 pm

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**Chairman**