

# Cabinet



**SURREY**  
COUNTY COUNCIL

**Date & time**

Tuesday, 18 July  
2017 at 2.00 pm

**Place**

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

**Contact**

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**Chief Executive**

David McNulty



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**Cabinet Members:** Mr David Hodge CBE, Mrs Helyn Clack, Mrs Clare Curran, Mr Mel Few, Mr John Furey, Mr Mike Goodman, Mrs Mary Lewis, Mr Colin Kemp, Mr Tim Oliver and Ms Denise Turner-Stewart

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**This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Vicky Hibbert or Anne Gowing on 020 8541 9229 or 020 8541 9938.**

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## **1 APOLOGIES FOR ABSENCE**

## **2 MINUTES OF PREVIOUS MEETING:**

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

## **3 DECLARATIONS OF INTEREST**

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 PROCEDURAL MATTERS**

### **a Members' Questions**

- (i) The deadline for Member's questions is 12pm four working days before the meeting (*12 July 2017*).

### **b Public Questions**

The deadline for public questions is seven days before the meeting (**11 July 2017**).

### **c Petitions**

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

### **d Representations received on reports to be considered in private**

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

**5 REPORTS FROM SELECT COMMITTEES, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL** (Pages 1 - 4)

Two reports have been received from the Environment and Infrastructure Select Committee regarding Local Highways Funding and Winter Service Cost Savings Proposals.

## **CORPORATE PRIORITIES: 1. WELLBEING**

**6 RECOMMENDATIONS FOR AWARDS OF CONTRACTS AND GRANTS TO PROVIDE SHORT BREAKS IN SURREY** (Pages 5 - 66)

High-quality, locally delivered short breaks make a huge difference to over 2,200 children and young people with special educational needs and/or disabilities (SEND) in Surrey each year. Short breaks enable children and young people to achieve better outcomes by having fun, seeing their friends and trying new activities, whilst also giving families a much needed break from caring. Alongside this, Surrey County Council (SCC) has a range of statutory duties and responsibilities that it needs to fulfil in relation to short breaks provision.

This paper sets out proposed funding awards for a range of short breaks in Surrey, including overnight residential and play and leisure services, and specific grant-funded projects. Acknowledging the vital role played by short breaks, SCC has maintained the budget at £3.1 million, at a time of significant financial challenge.

These proposals are the result of a countywide re-commissioning project, which has aimed to achieve better outcomes for families and better value for money for our residents. To do this we have co-designed and co-commissioned short breaks with families, in partnership with Family Voice Surrey. Families have worked with us to analyse need and review existing services, explore and design new options, and evaluate bids received by providers looking to deliver short breaks.

We know that developments to short breaks services can be unsettling for families and we are committed to working with current and new providers to manage any changes as smoothly as possible. This report summarises the impact of our proposals on families in an Equality Impact Assessment and sets out mitigation of any negative impacts, informed by a recent six-week public engagement with families about the proposals.

Due to the commercial sensitivity involved in the contract award process, the names of the providers are listed in this report; however, all financial details and a summary of evaluation scores have been circulated in a Part 2 report.

N.B. An Annex containing exempt information is contained in Part 2 of the agenda – item 17.

*[The decisions on this item can be called in by the Children and Education Select Committee]*

- 7 SURREY COUNTY COUNCIL'S CABINET ADOPTION OF THE REVISED SURREY APPROVED SYLLABUS FOR RELIGIOUS EDUCATION** (Pages 67 - 82)

The Agreed Syllabus for Religious Education (RE) must be reviewed by the local Standing Advisory Council on Religious Education (SACRE) at least every five years. This has been done and a new syllabus has been approved by the Surrey SACRE, however, before it is recommended to Surrey schools, it must be adopted formally by the County Council.

*[The decisions on this item can be called in by the Children and Education Select Committee]*

- 8 SUNBURY MANOR SECONDARY SCHOOL, SUNBURY ON THAMES** (Pages 83 - 88)

There is a forecast need for additional Secondary Places in Spelthorne by 2020. Many Primary Schools within the vicinity of Sunbury Manor Secondary School have had bulge classes and permanent expansions, consequently the need for additional Secondary School places is emerging.

This paper provides the Business Case for the expansion of Sunbury Manor School, a standalone academy. The school currently operates as an eight Form of Entry (Published Admission number of 240 and a total school capacity of 1200 places) co-educational 11-16 school with a specialist centre for pupils with communication and interaction needs. The school is currently rated 'Good' by Ofsted.

The proposal is to expand the school by one 1 form of entry to 9 forms of entry per year from September 2020. A form of entry is normally 30 students. The school would change its Published Admission Number from 240 to 270 and grow incrementally over a five year period to total school capacity of 1350 places. This will provide in total an additional 150 secondary places in the Sunbury area of Spelthorne.

The expansion will enable Surrey County Council to meet the forecast demand for secondary school places in Spelthorne borough. Any existing surplus places at the school are in upper years, as the larger intake years (year 7 pupils) replace these smaller older year groups these vacant places will be reduced.

N.B. An Annex containing exempt information is contained in Part 2 of the agenda – item 18.

*[The decisions on this item can be called in by the Corporate Services Select Committee and/or the Children and Education Select Committee]*

## **CORPORATE PRIORITIES: 2. ECONOMIC PROSPERITY**

- 9 MONTHLY BUDGET MONITORING REPORT** (Pages 89 - 94)

Surrey County Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's financial position as at 30 June 2017 (month three).

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

*[The decisions on this item can be called in by the Overview and Budget Scrutiny Committee]*

**10 LEADERSHIP RISK REGISTER** (Pages 95 - 106)

The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report presents the Leadership risk register as at 30th June 2017.

*[The decisions on this item can be called in by the Overview and Budget Scrutiny Committee]*

**11 ANNUAL REPORT OF THE SHAREHOLDER BOARD** (Pages 107 - 142)

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council has made investments and created trading companies to deliver income and efficiencies and in doing so has established a Shareholder Board, which reports annually to the Council. The purpose of the Board is to safeguard the council's interest as shareholder and to take decisions in matters that require the approval of the Council as owner of a company.

*[The decisions on this item can be called in by the Overview and Budget Scrutiny Committee]*

**12 INVESTMENT BOARD ANNUAL REPORT** (Pages 143 - 164)

The Investment Strategy agreed by Cabinet in July 2013 was developed in response to the requirement for the Council to enhance its financial resilience in the longer term. In facilitation of this strategy, Cabinet approved the business case for the creation of a property company and associated subsidiaries in May 2014 in order to achieve a balanced property portfolio (across sectors and geographies) to generate an income for the Council. The property company, Halsey Garton Property Ltd, and its subsidiaries are referred to in this report as "the Halsey Garton Property Group" (HGP).

The Investment Board was created in March 2017 to approve property investment acquisitions, property investment management expenditure, property investment disposals and the provision of finance to HGP for the purposes of the strategy. Prior to this an Investment Advisory Board was in place to make recommendations for Cabinet decision. This annual report providing details of the investment property portfolio forms part of these changed governance arrangements.

N.B. An Annex containing exempt information is contained in Part 2 of the agenda – item 19.

*[The decisions on this item can be called in by the Overview and Budget Scrutiny Committee]*

**13 AWARD OF CONTRACT FOR PROPERTY INVESTMENT ADVISORY SERVICES**

(Pages  
165 -  
170)

The Cabinet reviewed the Investment Strategy in March 2017 and confirmed its ambitions to grow the investment portfolio further in order to secure an income stream in support of the council's services. It was recognised that the strategy requires the support of a property investment advisor to provide the necessary skills and level of support required to expand the investment portfolio.

This report seeks approval to award a contract for Surrey County Council under the Homes and Communities Agency (HCA) Framework Agreement for the provision of property investment advisory services to commence on 1 September 2017 as detailed in the recommendations. The role of the Investment Advisor will be to provide resource and necessary skills to undertake strategic property investment advice (Portfolio Management), advice on the acquisition and disposal of assets (Investment Management) and ongoing Asset Management services to support Finance, Property and Legal Services in meeting the objectives set by Cabinet in connection with the revised Investment Strategy.

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.

Due to the commercial sensitivity involved in the contract award process the financial details of the recommended supplier has been circulated as a Part 2 report.

N.B. An Annex containing exempt information is contained in Part 2 of the agenda – item 20.

*[The decisions on this item can be called in by the Corporate Services Select Committee]*

## **CORPORATE PRIORITIES: 3. RESIDENT EXPERIENCE**

**14 WINTER SERVICE COST SAVINGS PROPOSALS**

(Pages  
171 -  
180)

Winter Service is provided by Surrey County Council (SCC) to enable the residents of Surrey to carry out their everyday activities during periods of winter weather. Preventing icy roads and keeping priority roads and footways usable during snowy conditions contributes to the corporate goals by keeping residents safe as they travel about and maintaining the availability of key routes so residents have choices on travel. In addition the impact on the economy of severe weather is minimised.

In the Medium Term Financial Plan (MTFP) a reduction of £340,000 has been made to the Winter Service Budget. This saving could not be realised in 2016/17 and therefore one off compensating savings had to be made by reducing levels of service in other Highways and Transport areas. In 2017/18 there have been further budget reductions against other Highways & Transport activities, which has resulted in reductions to levels of service and significantly reduced the opportunity to continue to find

compensating savings.

Surrey Highways officers and our contractor, Kier, have considered where savings could be made, primarily by changing ways of working, to ensure that as far as possible current levels of service are maintained. We have been able to identify efficiencies that reduce costs whilst still retaining our ability to meet our statutory responsibilities and provide a resilient winter service.

*[The decision on this item may be called in by the Environment and Infrastructure Select Committee]*

- 15 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS/  
INVESTMENT BOARD TAKEN SINCE THE LAST CABINET MEETING** (Pages  
181 -  
186)

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

- 16 EXCLUSION OF THE PUBLIC**

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

## **P A R T T W O - I N P R I V A T E**

- 17 RECOMMENDATIONS FOR AWARDS OF CONTRACTS AND GRANTS  
TO PROVIDE SHORT BREAKS IN SURREY** (Pages  
187 -  
196)

This is the Part 2 annex relating to item 6.

**Exempt: Not for publication under Paragraph 3**

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

- 18 SUNBURY MANOR SECONDARY SCHOOL, SUNBURY ON THAMES** (Pages  
197 -  
204)

This is the Part 2 annex relating to item 8.

**Exempt: Not for publication under Paragraph 3**

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

- 19 INVESTMENT BOARD ANNUAL REPORT** (Pages  
205 -  
218)

This is the Part 2 annex relating to item 12.

**Exempt: Not for publication under Paragraph 3**

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

- 20 AWARD OF CONTRACT FOR PROPERTY INVESTMENT ADVISORY SERVICES** (Pages 219 - 224)

This is the Part 2 annex relating to item 13.

**Exempt: Not for publication under Paragraph 3**

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

- 21 INVESTMENT DISPOSAL** (Pages 225 - 230)

**Exempt: Not for publication under Paragraph 3**

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

*[The decisions on this item can be called in by the Overview and Budget Scrutiny Committee]*

- 22 PUBLICITY FOR PART 2 ITEMS**

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

**David McNulty**  
**Chief Executive**  
Monday, 10 July 2017



## QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

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

**Please note:**

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

## 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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**ENVIRONMENT AND INFRASTRUCTURE SELECT COMMITTEE****Item under consideration: LOCAL HIGHWAY FUNDING 2017/18 [Item 6]****Date Considered: 3 July 2017****Key points raised during the discussion:**

- There was a discussion around the cut to local highways funding and the impact this was having on local decision making. The Select Committee also raised concerns that this reduction to local highways funding was having an impact on the function of Local Committees.
- The Cabinet Member for Highways agreed that although there had been a cut to local highway funding more money was being invested in the highways network.
- It was agreed that the Select Committees concerns regarding local highway funding needed addressing by Cabinet as a matter of urgency.

**Recommendations:**

- a. That the Environment and Infrastructure Select Committee notes with concern the report and background to the reductions in the Highways and Transport budget and asks the Cabinet to review the highways funding of local committees.

**Bob Gardner**

Chairman of the Environment and Infrastructure Select Committee

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## **ENVIRONMENT AND INFRASTRUCTURE SELECT COMMITTEE**

### **Item under consideration: PROPOSED WINTER SERVICE POLICY CHANGES REQUIRED TO REALISE COST SAVINGS [Item 5]**

**Date Considered: 3 July 2017**

#### **Key points raised during the discussion:**

- It was explained by officers that a winter cost savings report was submitted to the Economic Prosperity, Environment and Highways board in 2016 to consider savings totalling £340,000. This saving could not be achieved in 2016 and members of the Select Committee were now being asked to consider the recommendations put before them.
- An in depth discussion of each of the recommendations was undertaken.
- Members raised concerns around Policy Amendment 1 and the possible safety impacts on residents if there was a bad winter. The Cabinet Member for Highways confirmed that the proposal not to survey or fill any non-member grit bins would be for one year only, from 2017-18.
- A Member of the Select Committee proposed an amendment to the wording of Policy Amendment 1 which was agreed by the Select Committee.
- An amendment was also made to Saving Recommendation 3 so it was clear that any discussions around reassessing lengths of network that did not meet the gritting route criteria would be done in consultation with the Local Committees before any final decisions were made.

#### **Recommendations:**

The Environment & Infrastructure Select Committee endorse the report recommendations, subject to the following amendments to Policy Amendment 1 and Saving Recommendation 3,

- a. Policy Amendment 1 to be amended to read: 'Do not survey any non-member funded grit bins',
- b. Saving Recommendation 3 to be amended to read: 'Reassess lengths of network against the criteria in consultation with Local Committees'.

**Bob Gardner**

Chairman of the Environment and Infrastructure Select Committee

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**SURREY COUNTY COUNCIL****CABINET****DATE: 18 JULY 2017**

**REPORT OF: MRS CLARE CURRAN, CABINET MEMBER FOR CHILDREN  
MRS MARY LEWIS, CABINET MEMBER FOR EDUCATION**

**LEAD OFFICER: GARATH SYMONDS, ASSISTANT DIRECTOR COMMISSIONING  
AND PREVENTION, CHILDREN, SCHOOLS AND FAMILIES**

**SUBJECT: RECOMMENDATIONS FOR AWARD OF CONTRACTS AND  
GRANTS TO PROVIDE SHORT BREAKS IN SURREY**

**SUMMARY OF ISSUE:**

High-quality, locally delivered short breaks make a huge difference to over 2,200 children and young people with special educational needs and/or disabilities (SEND) in Surrey each year. Short breaks enable children and young people to achieve better outcomes by having fun, seeing their friends and trying new activities, whilst also giving families a much needed break from caring. Alongside this, Surrey County Council (SCC) has a range of statutory duties and responsibilities that it needs to fulfil in relation to short breaks provision.

This paper sets out proposed funding awards for a range of short breaks in Surrey, including overnight residential and play and leisure services, and specific grant-funded projects. Acknowledging the vital role played by short breaks, SCC has maintained the budget at £3.1 million, at a time of significant financial challenge.

These proposals are the result of a countywide re-commissioning project, which has aimed to achieve better outcomes for families and better value for money for our residents. To do this we have co-designed and co-commissioned short breaks with families, in partnership with Family Voice Surrey. Families have worked with us to analyse need and review existing services, explore and design new options, and evaluate bids received by providers looking to deliver short breaks.

We know that developments to short breaks services can be unsettling for families and we are committed to working with current and new providers to manage any changes as smoothly as possible. This report summarises the impact of our proposals on families in an Equality Impact Assessment and sets out mitigation of any negative impacts, informed by a recent six-week public engagement with families about the proposals.

Due to the commercial sensitivity involved in the contract award process, the names of the providers are listed in this report; however, all financial details and a summary of evaluation scores have been circulated in a Part 2 report.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Approves the proposed contract and grant awards for short breaks in Surrey.

## **REASON FOR RECOMMENDATIONS:**

- i. The new proposals will enable families of children with SEND to achieve better outcomes from their short breaks, because they have been co-designed with families (supported by Family Voice Surrey) in response to what they told us was most important.
- ii. Current contracts for short breaks services are ending on 30 November 2017 and the Council has statutory duties to provide these services, so we have to secure future provision for families.
- iii. As a result of the legally compliant short breaks tender there will be a 4.5% increase in hours of play and leisure short breaks and these services will be provided more locally.
- iv. Awarding block contracts and grants for a minimum of three years and four months will give families certainty about the short breaks offer, whilst also securing high-quality provision and value for money for the Council.

## **DETAILS:**

### **Background**

1. SCC is committed to improving outcomes for all children and young people with SEND by transforming the whole system of support for families, which includes our short breaks offer. We know that this means improving our services and processes by listening to and working with families.
2. Short breaks provide a lifeline for many families in Surrey, supporting better outcomes for children and young people up to the age of 18 and providing early help to families when it is needed. They can be delivered in the day, in the evening, during the night or at weekends, and can be in a child's home, a carer's home, or at a club or specialist setting. Short breaks can range from a few hours a week to overnight breaks for those children and young people with more complex needs. They can also include Direct Payments, allowing parents and young people to manage their own support, and flexible short breaks such as carer's breaks. In 2016/17, 496 families received direct payments, with an average payment of £5,587.
3. As of June 2017, 876 children and young people in Surrey had been formally assessed as children in need as a result of their disability, are supported by the Children with Disabilities Teams and may access specialist short breaks (which could include residential short breaks). In addition, over 2,000 disabled children and their families access a range of subsidised, targeted play and leisure short breaks each year, to which families may have to make a contribution. These services do not require a social care assessment and have an important early help role to play in supporting families.
4. Acknowledging the value of short breaks to families in Surrey, the Council has retained the current level of budget for re-commissioning the new services and has sought to improve on the current offer and enhance service quality, although a budget overspend has had to be addressed.
5. Family Voice Surrey have worked in partnership with SCC throughout the re-commissioning project to help us co-design the offer with families, listening to and engaging them in developing proposals throughout the process. We want to



acknowledge the commitment of both Family Voice Surrey and the many families who have taken the time to work with us during the project for their ideas, input and feedback. Our joint-approach was positively acknowledged in the feedback letter received by SCC following the joint local area SEND inspection in Surrey by Ofsted and the Care Quality Commission (CQC) on 24 October 2016.

6. The short breaks re-commissioning project supports Surrey's wider strategy to improve outcomes for all children and young people with SEND. It also: supports the Council's strategic goal of promoting wellbeing; the Children's Schools and Families Commissioning Plan; and is a priority for the Children and Young People's Partnership.

### **Legal duties**

7. Surrey County Council has a range of statutory duties in relation to the provision of short breaks that Cabinet should take into consideration when reviewing the proposals set out in this report. These are summarised in Annex 1.

### **Project overview and summary of families' views**

8. Preparation for the re-commissioning of short breaks services commenced in early 2016 with an online survey completed by over 220 families and a series of drop-in events attended by over 80 families. The purpose at this stage was to better understand the key issues faced by children and young people with SEND and their families, who access or could access short breaks, and to inform the decision by the Council's Cabinet to re-commission the short breaks offer.
9. Using this information, SCC co-authored a thorough short breaks review and needs assessment with Family Voice Surrey. This highlighted that, whilst the quality of services was generally high, families felt there were gaps in provision, including less choice in some areas of the county and difficulties accessing services for those with complex health needs and/or behaviour that challenges. It also concluded that many families had low awareness of the range of services that are available and were also worried about the transparency of the assessment process for families before accessing some short breaks – contributing to their concerns about the level of unmet need in the county.
10. Informed by this report, on 24 May 2016 SCC's Cabinet decided to commission a new short breaks offer, seeking to develop the market for short breaks and improve the range of services, value for money and focus on outcomes.
11. During July and August 2016, SCC and Family Voice Surrey ran an online survey and held more drop-in sessions to understand the outcomes that families wanted short breaks to enable them to achieve. Some of the key outcomes we heard about were:
  - i. Children and young people develop their independence and prepare for adulthood;
  - ii. Children and young people are more emotionally and physically healthy;
  - iii. Parents and carers are more empowered to meet the needs of their children;
  - iv. Parents and carers are able to support their whole family to achieve good outcomes; and
  - v. Parents and carers are more emotionally and physically healthy.

We used these outcomes to develop a full outcomes framework (Annex 2), which has been central to the design of all services.

12. During September and October 2016 we worked with families and current and potential providers to design our new short breaks commissions, in response to the feedback we had received throughout the process. This culminated in a new Short Breaks Commissioning Strategy (Annex 3), co-produced with Family Voice Surrey, and proposals for three short breaks commissions, as below.
- i. **Play and leisure short breaks:** These provide children and young people with SEND access to a wide range of experiences and opportunities, such as after school clubs, weekend activities and holiday schemes. They are designed to enable children and young people to have fun, socialise, learn new skills and have the same opportunities as their non-disabled peers. Funding for these services has been apportioned to boroughs and districts in line with the number of children and young people with SEND in each area, whilst specific funding has been allocated to countywide projects supporting those with autism and those with complex health needs.
  - ii. **Overnight residential short breaks:** These take place in settings as much like home as possible and often include overnight stays, where this is a part of a child's care plan. This is a countywide service, with referrals in settings accepted from across the county. They provide children and young people with SEND with the opportunity to interact with others as well as develop life, independence and communication skills whilst giving their families a break from caring.
  - iii. **Short breaks innovation grants:** These grants provide a mix of smaller, innovative and specific projects that complement and further enhance the overall short breaks offer. This includes after school clubs and holiday schemes delivered from Surrey Severe Learning Difficulty (SLD) and Autistic Spectrum Disorders (ASD) special schools alongside other projects delivered by the voluntary, community and faith sector (VCFS).
13. Some of the specific ways in which these new specifications responded to what families told us was most important include:
- a. Designing new services to achieve the outcomes that families told us short breaks should enable them to achieve;
  - b. Apportioning funding to local areas for play and leisure short breaks to ensure a fairer spread of provision across the county and that services are tailored to meet local needs, because families told us that access to local services and reduced travel was important;
  - c. Building new requirements on providers to ensure services are more accessible to those with complex health needs and behaviour that challenges, as families highlighted these as areas of unmet need;
  - d. Requiring providers to specify the level of social capital and social value (cash or in-kind) that they will deliver to improve outcomes for families in Surrey, on top of the funding that SCC is offering, to respond to families about how can we do more with the resources we have available; and
  - e. Requiring providers to increase their delivery each year of the commission through improving efficiency and developing more sustainable models, in response to concerns about potential unmet and rising need.
14. On 22 November 2016 SCC's Cabinet approved a longer timeline for re-commissioning short breaks, running until to 30 November 2017. This was to allow for a 6-week period of engagement with the public before grants and contracts are awarded to organisations providing short breaks services.

15. It should be noted that short breaks services are not provided in isolation, with many families also accessing other education, health or care support services, alongside those separately offered in the voluntary sector. Changes to these other services, outside the scope of this project, may therefore have a positive or negative impact on families over time, and could affect future need for SCC funded short breaks. Some examples of particular areas of development include: Surrey's SEND Development Plan; the special school residential review; and work to transform early help for families. It is therefore highlighted that capacity of services to meet need should be kept under review for the duration of this commission.

### **Overview of the procurement process**

16. Having developed our short breaks proposals, the next stage was identifying the best organisations to deliver the new offer in Surrey. Throughout 2016, SCC had engaged current and potential providers to develop the market for short breaks. Two specific provider events were held during September and December 2016, where we shared feedback from families and our future vision for services. Providers were also able to make suggestions and ask questions about the proposed services and process. A launch event was then held on 9 January 2017, supported by Family Voice Surrey, to start the formal tender process.
17. SCC ran a full, open tender process from 9 January to 10 February 2017. This ran under the Light Touch Regime and was compliant with the European Public Contract Regulations 2015 and the Council's Procurement Standing Orders. The process was endorsed by the Council's Sourcing Governance Meeting on 15 December 2016. The contract opportunity was advertised in the Official Journal of the European Union (OJEU) on 9 January 2017. An Innovation Grants bidding process, which ran from 9 January to 21 February was carried out in parallel in order to allocate grants to charitable organisations and special schools. The South East Shared Service e-sourcing portal was used for all bidding and communication with providers to ensure the procurement process was as efficient as possible and transparent for both providers and the council.
18. During the procurement process 12 organisations bid to deliver play and leisure short breaks, six organisations bid to provide overnight short breaks and 35 innovation grant proposals were received from 26 organisations (as well as a further three proposals submitted by internal SCC services).
19. These bids and proposals were evaluated by mixed teams including: Family Voice Surrey; parents of children with SEND; professionals from SCC Children's Services; officers from SCC commissioning, procurement, and finance teams; representative children and young people; and a representative from the Guildford and Waverley Clinical Commissioning Group. Through this process a range of preferred providers has been identified across the three commissions.
20. On 21 April 2017, the Cabinet Member for Children and Families Wellbeing, Councillor Clare Curran, endorsed a six-week period of public engagement in relation to the impact of proposed changes to short breaks services for children and young people with SEND in Surrey. This ran from 8 May to 17 June 2017.
21. During this engagement we shared our new proposals for short breaks with families, and listened to their views about the positive and negative impact of the changes. We also explored what the Council and its partners could do to mitigate any negative impact identified. The findings from this engagement period have informed the Equality Impact Assessment (EIA), which is provided in Annex 4.

## Summary of final proposals for contract and grant award

22. Having completed both the procurement and engagement processes, this report sets out recommendations for contract and grant awards for the provision of short breaks services commencing 1 December 2017. More detail about the proposed funding awards and the bid evaluation process is in Part 2 of this report.

### i) Play and Leisure - All SEND

Borough or district	Provider	% of available funding allocated
Elmbridge	Autism Sussex	50%
	Disability Challengers	50%
Epsom and Ewell	YMCA East Surrey	100%
Guildford	Disability Challengers	100%
Mole Valley	YMCA East Surrey	100%
Reigate and Banstead	YMCA East Surrey	100%
Runnymede	Disability Challengers	50%
	White Lodge Centre	50%
Spelthorne	Disability Challengers	50%
	White Lodge Centre	50%
Surrey Heath	Linkable	50%
	Disability Challengers	50%
Tandridge	Disability Challengers	50%
	YMCA East Surrey	50%
Woking	Linkable	100%
Waverley	Disability Challengers	100%

### ii) Play and Leisure - Autistic Spectrum Disorder (ASD)

Provider	% of available funding allocated
Barnardos	25%
KIDS	25%
National Autistic Society (NAS)	25%
YMCA East Surrey	25%

### iii) Play and Leisure - Complex Health

Provider	% of available funding allocated
Rainbow Trust	25%
Children's Trust	75%

### iv) Residential Short breaks

Provider	Borough or district
Cherry Trees	Countywide (East Clandon)
White Lodge Centre	Countywide (Chertsey)

\*These providers will be in addition to the services provided by Surrey County Council staff at Applewood (Tadworth), Ruth House (Woking) and Surrey Domiciliary Care Service. Spot-purchasing of individual places from alternative providers remains an option for children and young people whose needs cannot be met through these different services.

### v) Innovation Grants – VCFS providers

Provider	Area
Head2Head	Surrey wide
Sight for Surrey	Surrey wide
SPENSOL	Surrey wide

Rainbow Trust	Surrey wide
Wheels for all / Cycling projects	Surrey wide
Barnardos	Surrey wide
Rhythmix	Surrey wide
Linkable Scouts	Surrey Heath/Woking
YMCA DoE	One district/borough TBC
Freewheelers Youth Theatre	Mole Valley
Disability Challengers	Guildford

#### v) Innovation Grants – Surrey Special Schools

School	Borough / District (Quadrant)
Freemantles School	Woking (NW)
Linden Bridge (Interactive)	Epsom & Ewell (NE)
Pond Meadow	Guildford (SW)
Ridgeway	Waverley (SW)
Manor Mead (White Lodge)	Spelthorne (NE)
Woodlands School	Mole Valley (SE)
Portesbery School	Surrey Heath (NE)
Clifton Hill School	Tandridge (SE)
Walton Leigh	Elmbridge (NE)

23. By awarding contracts to the recommended providers for the provision of short breaks, the Council will be acting in accordance with its Procurement Standing Orders and with the Public Contracts Regulations and ensuring the delivery of high quality short breaks services that are delivered more locally, tailored to the individual needs of children and young people with SEND.
24. We absolutely acknowledge that any changes to services, particularly those that are relied upon as much as short breaks, may be unsettling for families affected. We are confident, however, that the proposed awards will provide families with a high-quality short breaks offer. Some of the key benefits arising from these proposals include:
- An overall increase in hours of play and leisure opportunities for short breaks in Surrey, in response to family feedback;
  - A fairer distribution of play and leisure short breaks across the county, so there is a better alignment between where the need is and where the short breaks are located, in response to family feedback;
  - Ensuring that funding for vital residential (overnight) short breaks has been prioritised, with providers required to safely and appropriately address a range of needs including complex health and behaviour that challenges; and
  - Securing quantified commitments from providers to deliver added social value and social capital (totaling around £3 million) to enhance SCC's funded offer and deliver better outcomes for families.
25. A particular change that Cabinet is asked to note is that one of the current providers of residential services, Surrey and Borders Partnership NHS Foundation Trust (SABP), took the decision not to bid for funding from SCC to

provide overnight short breaks in Surrey at Beeches in Reigate. We know that this setting has been really valued by the families using the service.

26. 22 children and young people are currently accessing overnight short breaks at Beeches. Of these, 5 young people will be turning 18 before the end of the current contract and moving to Adult Social Care. This means 17 families will need to access their overnight respite at other settings from 1 December 2017.
27. The families affected by this decision have been offered a number of opportunities to discuss this with SCC officers and are being offered individual support from their Social Workers. In addition Councillors Clare Curran and Mary Lewis met with the affected families to hear their views and concerns first-hand.
28. Based on latest discussions, over half of the families have indicated that they would consider taking up provision at Applewood, which is the closest alternative provider within our current proposals, whilst others remain undecided or are in discussions with Children's Services to explore alternative options. Whilst acknowledging the changes will have an impact on families, we are confident that there is sufficient capacity for overnight residential provision countywide.
29. The Council is aware that this change will be unsettling for families and will mean disruptions to established routines and relationships for a number of children and young people who will find change difficult. We also know that it will mean increased travel distances and times for a number of families. To provide an indication of potential changes for families we have done some initial modelling of these, by comparing journeys from family homes to Beeches in Reigate and Applewood in Tadworth. The average journey to Beeches is estimated to be 6.1 miles and takes an average of 14-19 minutes, whilst the average journey to Applewood is estimated at 9.6 miles and takes an average of 21-31 minutes. The largest increase in journey distance for any family would be 6.6 miles, whilst the largest decrease for any would be 10.0 miles. The shortest journey time to Applewood is estimated to be 5-7 minutes and the longest journey is estimated to be between 30 minutes and 50 minutes, depending on traffic. We do acknowledge that these changes will have an impact on families, but feel that the changes to travel distance will not be unreasonable in the majority of cases.
30. In these and other discussions, families, partners and colleagues have put forward a number of ideas that the Council could consider in relation to providing additional overnight short breaks in the Reigate area, some of which are shorter-term and some which require a longer timeframe. These include: buy or lease Beeches from SABP; lease residential facilities at a local special school; build a new respite unit; run a targeted campaign to increase short breaks foster carers; or implement proposals with additional mitigation in place.
  - **Model 1a – Buy Beeches and commission SCC or a third party to provide overnight short breaks.** Initial indicative modelling suggests an estimated capital investment of between £0.6 million and £1.0 million, with ongoing revenue costs of around £0.5 million. This is not deliverable within the current budget, would create greater capacity than the current identified countywide level of need leading to unfilled capacity at other providers, and is contingent on SABP agreeing to sell the building to SCC (costs are estimates at this point). It is estimated that this would take up to 2 years to implement.
  - **Model 1b – Lease Beeches and commission SCC or a third party to provide overnight short breaks.** Initial indicative modelling suggests an estimated annual revenue cost of around £0.6 million per annum. This is not deliverable within the current budget, would create greater capacity



than the current identified countywide level of need leading to unfilled capacity at other providers, and is contingent on SABP agreeing to lease the building to SCC (costs are estimates at this point). It is estimated that this would take 6 months to a year to implement.

- **Model 2 – Lease residential facilities in a local special school and commission SCC or a third party to provide overnight short breaks.** Initial indicative modelling suggests that there will be an unknown amount of capital investment required, to cover equipment and adaptations to make the building compliant for those with complex needs (cost not yet confirmed) and revenue costs of £0.3 million per annum (not including additional costs for lease, maintenance and utilities). This is not deliverable within the current budget, would create greater capacity than the current identified countywide level of need leading to unfilled capacity at other providers, and is contingent on a local school agreeing to lease the building to SCC. It is estimated that this would take 1 to 2 years to implement.
  - **Model 3 - A new build respite unit ideally in close proximity to an existing special school for children with severe and complex learning disabilities, potentially making use of an SCC site.** Initial indicative modelling suggests that this could require a capital investment of between £1.3 and £1.5 million, with ongoing revenue costs of around £0.5 million per annum. This is not deliverable within the current budget, would create greater capacity than the current identified countywide level of need leading to unfilled capacity at other providers, and would require an appropriate site to be identified. It is estimated that this would take 2-3 years to implement.
  - **Model 4 - A targeted campaign to recruit overnight short break foster carers to provide an alternative overnight provision.** Initial indicative modelling suggests that this could require a capital investment for home adaptations and accessible transport of around £0.1 million (dependent on individual circumstances) and ongoing revenue costs of around £80,000 per annum, plus staffing for local campaigns. It should be noted that it will take time to build a strong foster care offer in the east of the county. Whilst not included in current budget, the level of investment required is less prohibitive and could be considered as part of our approach to mitigating the impact of changes on families and building future capacity. It is estimated that this could be implemented in 6 months, but it is likely to be a further 1-2 years before a significant increase in capacity is realised.
  - **Model 5: Build confidence in proposed offer with additional mitigating action and some spot purchasing where required.** Initial modelling of additional staffing and spot purchasing costs suggests that this could require a revenue investment of around £0.1 to £0.4 million per annum (depending on the options taken forward). The current budget includes £147,000 of unallocated funding, so funding for this option will be tight with a risk of overspend. This would take 3-6 months to implement, which could be achieved during the contract mobilisation period.
31. This analysis has indicated that there will be significant capital and/or revenue costs associated with models 1a-3 that make them unaffordable without additional SCC investment and would create additional capacity beyond that currently identified in Surrey. Whilst models four and five will require SCC investment, the budget required is less and aspects of these should be considered as part of the mitigation of impact of changes on families. This is

considered further below, as part of mitigation to address adverse impact highlighted in the EIA. Cabinet is asked to note that should the level of need for services change in the future, the work done in considering these options could be drawn on for further development in response. It will be important that ongoing market development work is undertaken within the overnight short breaks sector, including further exploration of these options, given the long-time it would take to develop new overnight residential provision.

#### **CONSULTATION:**

32. As set out previously in this report, the short breaks re-commissioning process has been underpinned by extensive engagement with families. We have received approaching 600 responses, the vast majority of which have come from families, across three online surveys run during the process and there have been over 200 attendances at our drop-in and engagement sessions for families and market development sessions with providers.
33. We have also worked in partnership with Family Voice Surrey throughout the process. Given our approach to date, we welcome Family Voice including a statement about the key reflections, considerations and concerns that they would like Cabinet to take account of in reaching a final decision.

#### **Family Voice Statement**

34. Family Voice Surrey welcome some positive outcomes for families resulting from the review and re-procurement of Short Breaks provision in the county, in particular:
- a. The decision to base the service specification (describing the quality standards that successful providers had to meet) directly on feedback from families about what they need from Short Breaks services
  - b. The increase in the number of overall hours of play and leisure opportunities available
  - c. The involvement of parents and carers as partners with an equal voice in evaluating the quality of bids in a fair and transparent process
  - d. The intention to create a more consistent and equitable offer of services and provision across the county
35. We are concerned that, in practice, some changes resulting from the re-procurement process will lead to a better offer in some areas than others. For example, families in some areas will have more options to choose from in future than others. Some families will have services provided closer to home than previously and others will need to travel further to access the services they want to use. These are unintended consequences from running a public procurement process where the weighting given to individual quality criteria is set in advance and cannot be changed part way through the process.
36. Although the retender is run as a competitive process, we want to encourage and support providers to work together in a collaborative way once the council have confirmed the award of contracts and grants:
- a. to make the transition for families moving from a familiar service to a new service as smooth as possible, including use of existing locations and transfers of staff
  - b. to develop the quality of the offer available to families by sharing skills – such as high quality staff-training, ideas for improving services- such as a consistent easy to use booking system



- c. those providers with surplus social capital capacity – such as the ability to draw on large numbers of volunteers or to raise significant amounts through fundraising - to work to keep open services that will no longer be funded by Surrey County Council
37. Increased costs for providing specialist residential services have led to reductions in grants for smaller projects and special schools clubs. The support available to families currently will be reduced in future and will almost certainly mean they will be less resilient in future and may need more costly intervention as a result.
38. In May 2016 cabinet made two recommendations to address risks identified in a review by Family Voice Surrey in collaboration with Surrey CC officers, that there were considerable levels of unmet need for Short Breaks services, particularly for specialist services. Firstly, the risk that eligibility criteria are not well communicated, sufficiently transparent, or necessarily set at the right level and secondly, that the assessment process is difficult to negotiate for families. Family Voice argued strongly that work to properly address these barriers to an accurate identification of need and access to service should happen before, or at least in parallel with, the re-procurement process. Instead the council has gone out to commission new provision in the knowledge that they could not be confident about the level of need they had a duty to meet. This inaction risks undermining families' faith in the council's commitment to respond appropriately to key concerns raised through engagement with families.
39. The closure of Beeches specialist residential provision will mean reduced capacity and choice in the east of the county particularly for children with complex health needs or challenging behaviour. It has not been possible to fully evaluate the possible options to mitigate the negative impact of closing Beeches in the time available. We are not confident that the evidence gathered so far is sufficient for cabinet members to make an informed decision with confidence. Option 4 is unlikely to have much impact as the council has already tried for several years without success to substantially increase the number of foster carers able to meet complex needs. Option 5 does not include the full likely increase in travel costs as a result of children moving to a range of different providers. There has not been time to explore in any depth the potential alternative sources of funding to support model 1 (families' preferred option). The gap in costs between the council's recommended proposal to mitigate for closure of Beeches and parents' preferred option could be very slight, if all these factors were taken into consideration and explored. Our recommendation is that the council should approve a plan to lease the existing Beeches provision for six months to allow time to explore these options fully. Otherwise the council may find itself in a year's time needing to commission additional capacity at greater cost than that of retaining the existing provision, with its key benefits linked to its location next to a Surrey special school and the continuity of the offer valued by current family users.

### **Surrey County Council response**

40. We have valued the strong commitment of Family Voice to work with us through the short breaks re-commissioning project and welcome their feedback on the process and our final proposals, as set out above. Whilst the whole report and EIA address many of the points raised, two key areas highlighted by Family Voice are: the potential level of unmet need in Surrey, resulting from concerns raised by families about Surrey's assessment and a perceived lack of a sufficient SCC response; and the depth of consideration of alternative ideas for Beeches due to time available to complete the work, including full consideration of transport costs incurred as a result of the change and alternative sources of income that could be explored. With regards to potential unmet need, the Service Development Action

Plan highlights that we will routinely monitor changes in level of need during this contract period to ensure there is sufficient capacity, as well as a commitment to work with Family Voice to ensure the assessment process is transparent and clearly communicated to families. With regards to alternative ideas for Beeches, transport costs have been modelled using a high-estimate of the average cost for increased transport, rather than a case-by-case approach. Whilst there are limitations with this, we feel it provides a good approximation of the likely level of cost involved. We welcome the suggestion about exploring alternative sources of income that Family Voice have made and will continue to work with Family Voice to do this. Finally, Cabinet should note and consider the specific recommendation that Family Voice have made that Cabinet agree to seek to lease Beeches from SABP for a period of 6 months, to allow for further exploration of options for use of the site, building on work undertaken to date. Please note that this would require additional investment by SCC, which would need to be identified, and agreement to a short-term lease from SABP secured,

### **Summary of latest engagement with families**

41. SCC recently completed a formal six-week engagement period with families, which ran from 8 May to 17 June 2017. The purpose of this engagement was to share our new proposals for short breaks with families and hear their views about what the positive and negative impact of the changes would be. The findings from this engagement period have underpinned the Equality Impact Assessment (EIA) on our proposals, including a set of actions and mitigations in response. This is a key part of how the Council is fulfilling its duties as set out in Section 149 of the Equalities Act 2010 – to ensure that Cabinet understands the impact (or likely impact) of their decisions on those with protected characteristics.
42. During this latest engagement, we have received 171 responses to the online Surrey Says survey and spoke to 42 individuals who attended our local morning and evening drop-in sessions. Some of the headline messages from families are:
  - different options from new providers in some areas are welcome;
  - it is positive to focus on improvement and growth in the short breaks offer, helping to keep services competitive and providers accountable;
  - changes to current providers, that are valued by families, will be difficult and emotional for children with SEND and families, as they adapt to the new services – in particular we heard that consistency of staff and familiarity of the venue, location and facilities are very important.
  - uncertainty as to whether the proposed new providers are able to deliver particular activities and outings.
  - parental confidence in training levels and standards in new providers and the need to have staff with the right mix of skills are really important.
  - specific concerns in relation to whether: new services will be as inclusive as current provision, leading to children being refused or asked to leave; siblings can be included in provision; and there will be enough levels of 1:1 and 2:1 support for those who need it.
  - uncertainty as to whether children with high medical or care needs will be met in overnight respite services, for example tube feeding, seizures, special diets and medication.
  - new locations may lead to increases in travel time for some (although some families may also see travel time reduce) – as even a short additional journey

can be difficult for some children with additional needs and can reduce the benefit that families get from the short break.

43. Families have also made a range of suggestions to help us ensure we put in place the best offer. The Council is keen to make use of this feedback, alongside other feedback received from families during the project, as there are areas where we know we need to do better, as we seek to continue to improve our offer to families. Some of the suggestions are reflected in the short breaks EIA (Annex 4) but we have also set out a range of actions in a Service Development Action Plan (Annex 5) that will inform developments within Children's Services and our work with our providers and partners to improve the SEND system. Some of key issues addressed, in partnership with Family Voice Surrey, are:

- Planning, communicating, delivering and resourcing of the mobilisation programme, so as to have services fully in place by 1 December 2017;
- Clarity of information and advice about the short breaks offer for families (also identified as an area of focus by Cabinet in May 2016);
- The transparency and accessibility of the short breaks assessment process (also identified as an area of focus by Cabinet in May 2016);
- Completion of a revised Short Break Statement, in consultation with families;
- Involving families in oversight of services and contract management; and
- Improvement of booking systems used by different providers

44. In particular, we want to highlight the lead role that we will be asking our providers to play in realising some of these improvements. We will be looking to the provider networks to work with us, families and one another to develop and grow the short breaks sector over the contract period in response to what families have told us.

45. The feedback received from families during the re-commissioning process will inform our work with providers to set-up and establish new services during the mobilisation period. The Council needs to ensure work with providers in this period is well resourced to achieve the necessary changes for families.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

46. The terms and conditions include relevant termination clauses which will allow the council and the provider to terminate the agreement with six months' notice. In addition, immediate termination is possible if the service provider commits a breach of the terms of contract or the provider at the time of the contract award, has committed an offence under the Public Contract Regulations 2015.

47. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Reputational	Poor quality of service not delivering the required outcomes.	A robust approach to contract management, with regular contract review meetings and clear measures, will allow us to mitigate the risk of poor quality services. We will work with the providers collaboratively to help them improve their performance and involve families in assessing service performance and impact on outcomes.

	Some services currently offered to families will change or cease, being replaced by others, which will have an impact on families.	Whilst services will change in some areas, and this will be unsettling for some families, the Council has been working and will continue to work closely with current and new providers to ensure smooth transitions between services.
	Risk of legal challenge to decisions taken by Cabinet that change current short breaks provision.	The Council has taken a consultative, robust and transparent approach to commissioning short breaks, including a strong focus on co-design with families, including bid evaluation.  A full EIA has been completed and this has been informed by a six week period of engagement with families and providers in relation to the impact of proposals on families.
Financial	Risk of budget overspend on statutory short breaks services, as a result of changes to other services offered to families, unforeseen increases in the level of need or families affected by proposed changes accessing different services to those anticipated	The vast majority of the budget will be allocated to block contracts and grants for fixed sums of money, which will limit the risk of budget overspends.  In response to likely increases in demand the Council has commissioned an increased level of hours of play and leisure short breaks for families.  There will be a robust contract and budget monitoring to ensure that there is no overspend outside the contract.
	Rise in need for short breaks due to demographic trends, legislative changes and developments within other parts of the SEND system to enable more children and young people to be educated closer to home	Bidders have put forward sustainable models of delivery that grow capacity and draw in more social capital over time. To reflect this providers committed to increase their delivery each year of the commission and this will be monitored.  In parallel to this project, SCC is also planning a transformation of its early help offer to families. The needs of children and young people with SEND and their families will be considered in the design of the new offer.

### **Financial and Value for Money Implications**

48. The re-commissioning process has assumed services will be funded in line with the budget set out in the Council's Medium Term Financial Plan (MTFP). This addresses a historic overspend in relation to residential (overnight) short breaks.
49. The detailed financial implications are covered in Part 2 and earlier in this report for the ideas considered relating to Beeches. The financial implications of any TUPE issues have not been determined and therefore considered yet.

### **Section 151 Officer Commentary**

50. The County Council is facing a very serious financial situation, whereby there are still substantial savings to be identified and delivered to achieve a balanced budget in the current year and a sustainable budget plan for future years.
51. The Section 151 Officer can confirm that the costs of the proposed short break contracts are within the budget envelope for these services and has been included within the Medium Term Financial Plan. It is recognised that these contracts and grants provide support to families of children with disabilities and provide important learning and development outcomes for children. The use of such services are key to preventing increasing costs in social care and SEND.
52. In spite of these factors, it is important to recognise that agreeing to this recommendation will reduce the council's options to balance the budget, although if such preventative services are not used, the total costs would probably be higher.

### **Legal Implications – Monitoring Officer**

53. The Council's statutory duties to provide short breaks are set out in Annex 1 in particular Regulation 4 of the Breaks for Carers of Disabled Children Regulations 2011 sets out the detailed requirements.
54. Under Section 3(1) Local Government Act 1999 the Council has a duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This duty applies to commissioning short breaks.
55. The Council has an obligation under the Public Contracts Regulations 2015 to conduct a competitive tendering process before it can award new contracts to service providers when the value of the contracts is over threshold as it is in this case.
56. The public sector equality duty (s.149 of the Equalities Act 2010) applies to the decision that Cabinet is being asked to make. In agreeing to the recommendation, there is a need to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups and eliminate unlawful discrimination. These matters are dealt with in the equalities paragraphs of the report below and the Equalities Impact Assessment (Annex 4) attached. Members will see that negative impacts have been identified and will need to take account of these and the mitigating actions that have been identified.

### **Equalities and Diversity**

57. An Equalities Impact Assessment has been written and sets out the impacts of the recommendation on each of the protected groups who are affected by the decision (Annex 4). Mitigating actions have been identified for any potential negative impacts.
58. Whilst full details of the positive and negative impacts of these proposals and the mitigations have been set out in the EIA, a summary of the key impacts are included below:

Information and	<ul style="list-style-type: none"> <li>Approaching 600 responses to online short breaks surveys since</li> </ul>
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engagement underpinning equalities analysis	<p>January 2016, in partnership with Family Voice Surrey</p> <ul style="list-style-type: none"> <li>• Around 200 attendances at short breaks engagement events by Surrey families and partners since January 2016</li> <li>• Surrey's Joint Strategic Needs Assessment and other SCC needs assessments</li> <li>• Data provided by Surrey Short Breaks Team and Surrey Children's Services</li> <li>• Other local and national research</li> </ul>
Key impacts (positive and/or negative) on people with protected characteristics	<ul style="list-style-type: none"> <li>• Provision will better meet the needs of children, young people and families, as services have been re-designed and re-commissioned to enable them to achieve the outcomes families told us were most important.</li> <li>• Increased hours of play and leisure opportunities for families across Surrey and a more equitable spread of provision between boroughs and districts in response to need.</li> <li>• New requirements of proposed providers of play and leisure and overnight short breaks to ensure services are accessible to children and young people with complex health needs or behaviours that challenge.</li> <li>• Increased commitments from providers to grow use of social capital (cash or in-kind) to realise additional benefits for families, on top of core SCC-funded delivery, and increase their capacity each year of the commission.</li> <li>• Impacts associated with changes to services, including: families finding changes unsettling, leading to additional stress and anxiety; travel times increasing for some families, where service locations change as a result of new providers; and valued relationships with peers or members of staff may be disrupted as a result of changes in provision.</li> <li>• Some parents have communicated a lack of confidence in the ability of some new providers to meet the needs of children and young people with complex health needs and challenging behaviours.</li> <li>• Changes to provision for children and young people with SEND may well be challenging for families affected, as continuity of routine, relationships and venues are particularly important.</li> <li>• Increased stress for the 22 families currently accessing Beeches in Reigate as a result of SABP decision not bid to seek SCC funding to continue to deliver this service. This impact could be increased if the transition is not well managed.</li> </ul>
Changes you have made to the proposal as a result of the EIA	No changes proposed, although mitigation is set out in EIA (Annex 4)
Key mitigating actions planned to address any outstanding	<ul style="list-style-type: none"> <li>• Ensure that providers plan to and deliver the full requirements of the service specification and their bid commitments, including greater focus on complex health and behaviours that challenge, mobilisation of new services, increased social capital commitments and</li> </ul>



negative impacts	<p>implementing new approaches to outcomes monitoring.</p> <ul style="list-style-type: none"> <li>• Work with providers to develop local proposals wherever possible, in response to family feedback, but ensure arrangements for transport support are robust if this is not possible.</li> <li>• Work collaboratively with current and new providers to plan for changes with families affected and deliver successful transfers between providers.</li> <li>• Develop proposals for a joint-funded nurse trainer role, with Health, in response to lack of parental confidence in the ability of provision to meet complex health needs.</li> <li>• Supportive, individual approach to work with families who are affected by changes to the Beeches provision in Reigate.</li> <li>• Support providers to work together collaboratively to develop a comprehensive offer of services across the county.</li> <li>• Implementing aspects of model 5 (identified earlier in this report) that are deliverable within the currently agreed budget (accepting that parental choice about services cannot be pre-empted at this stage).</li> </ul>
Potential negative impacts that cannot be mitigated	<ul style="list-style-type: none"> <li>• Reductions or changes to short breaks services provided at Pond Meadow and Portesbery Special Schools, as a result of reduced grant funding allocations</li> <li>• Reduced choice in overnight provision in Mole Valley, Reigate and Banstead and Tandridge, resulting from the closure of Beeches, which will reduce flexibility for all families as to when overnight short breaks can be taken in other settings</li> </ul>

59. Following SABP's decision not to bid for SCC funding to continue providing overnight short breaks there is the potential of staff currently employed at Beeches being TUPE transferred to SCC. This will depend on decisions by families currently using the service about where they may take up provision of overnight short breaks in the future. There could be positive benefits for families associated with this situation should it arise, as well as financial risks to the Council. This will be kept under review.

#### **Other Implications:**

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

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	Short breaks play an important role in preventing disabled children and young people from becoming looked after and supporting those who are looked after.
Safeguarding responsibilities for vulnerable children and adults	All Surrey County Council short breaks provision complies with the Council's safeguarding policy and officers regularly monitor the implementation of this policy.
Public Health	No significant implications arising from this report
Climate change	No significant implications arising from this report
Carbon emissions	No significant implications arising from this report

### **Corporate Parenting/Looked After Children implications**

61. Short breaks provide support to Looked After Children with disabilities and provide early help and support to enable families to continue to provide excellent care for their disabled children, building their resilience and reducing the risk of children becoming looked after. It is therefore vital that the Council continues to fund and commission a sufficient short breaks offer in Surrey.

### **Safeguarding responsibilities for vulnerable children and adults implications**

62. Short breaks support some of the most vulnerable children and young people in Surrey. It is therefore vitally important that robust safeguarding standards and practice are maintained by all providers and this will be scrutinised as part of a robust approach to contract management.

### **WHAT HAPPENS NEXT:**

63. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award (including 'call in' period)	25/07/2017
Providers notified and 'Alcatel' Standstill Period begins	26/07/2017
Mobilisation period	August-November 2017
Contract Commencement Date	1 December 2017

64. Following the Cabinet decision, Procurement will send out successful award letters to providers.

65. Procurement, Children, Schools and Families Commissioning Team and Children's Services will work closely with the successful providers and if applicable current providers to ensure a successful mobilisation of new grants and contracts and a smooth transition from the current arrangements to the new services for families

66. During the lifetime of the contracts, the Surrey Short Breaks Team will monitor providers to ensure they are meeting KPIs, outcomes and supporting families in developing and improving personal outcomes. We are keen to develop new approaches to working with families as part of this monitoring process. Providers are also required to demonstrate through contract monitoring that they are seeking feedback from families in placement and how this feedback is being used to further improve and develop services to achieve better outcomes for families.

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#### **Consulted:**

Family Voice Surrey, Public engagement  
 Short Break Re-commissioning Steering Group, including representatives from Family Voice Surrey, Surrey Children's Services, Health, Children, Schools and Families Commissioning, SCC's Procurement, Legal and Finance Teams



**Annexes:**

Annex 1 – Summary of key short breaks legal duties for cabinet to consider

Annex 2 – Surrey short breaks outcomes framework

Annex 3 – Surrey

Annex 4 – Equality Impact Assessment

Annex 5 – Service development action plan

**Sources/background papers:**

- Cabinet Report, Short Breaks for Disabled Children, 24 May 2016
- Cabinet Report, Re-commissioning Short Breaks for Disabled Children, 22 November 2016
- Cabinet Member Report, Proposals for Public Engagement on Outcome of Short Breaks Procurement Process, 21 April 2017

## Annex 1 – Summary of key short breaks legal duties

- The Council must provide short breaks to children where it has assessed them as having a statutory need for a short break. The Council also has the power to provide short breaks to those who do not have a statutory need. Section 17 of the Children Act 1989 defines a child in need to include all disabled children. Schedule 2 of this act imposes a duty on Local Authorities (LAs) to give carers of disabled children “breaks from caring”.
- Regulation 4 of the Breaks for Carers of Disabled Children Regulations 2011 sets out the “types of services which must be provided”. The Regulation states a local authority must provide “as far as is reasonably practicable a range of services which is sufficient to assist carers to continue to provide care or to do so more effectively”. Regulation 4(2) sets out that the local authority “in particular” and “as appropriate” must provide “a range of: (a) day-time care in the home or elsewhere, (b) overnight care in the home or elsewhere, (c) educational or leisure activities outside the home and (d) services available to assist carers in the evenings, weekends and during schools holidays”.
- Section 11(2) of the Children Act 2004 imposes a duty to make arrangements for ensuring functions of local authorities are discharged having regard to the need to safeguard and promote the welfare of children.
- Section 27 of the Children and Families Act 2014 imposes a duty on local authorities to keep under review its social care provision for children with disabilities and to consider the extent to which that provision is sufficient to meet their needs.

## Annex 2 – Surrey short breaks outcomes framework

Overall purpose	Sub-outcomes	I statements
Children and young people develop their independence and readiness for adulthood	Children and young people develop skills that enable them to be more independent	I am developing my communication skills I am learning and developing practical life skills I am developing my social skills
	Children and young people develop their self-confidence within and outside their family setting	I have tried new things I am able to succeed and achieve I feel safe and supported I have fun
	Children and young people make informed choices about their short breaks	I have the information I need about different short breaks I know the choices that are available to me
	Children and young people communicate their choices and preferences	I have the support I need to communicate my views I contribute to decision making regarding my care My choices and preferences are listened to My choices and preferences are acted upon
	Children and young people prepare for and achieve successful transitions to the next stage of their development	I am better prepared to start at my new school, college or place of education I am happy in my school, college or place of education I am able to get a job or to access further training and support as an adult I am prepared to live as independently as I am able
Children and young people are more emotionally and physically healthy	Children and young people's health needs are met	I have opportunities to be physically active, with the right support I am confident that I can get the medical help I need I am confident that I can get the mental health help I need I am more able to make choices to keep myself safe
	Children and young people overcome challenges	I know where to go for help when I need it I know I am not on my own and feel supported I feel more prepared to face problems
	Children and young people recognise and manage their feelings and emotions	I understand my feelings better I recognise when my feelings change I am more able to manage my behaviour when my feelings change
	Children and young people form and develop supportive relationships	I mix more with people my own age I am making new friends and developing friendships I feel more comfortable in groups I have opportunities to spend quality time with different members of my family My family relationships are stronger

		I have positive role models in my community
Parents and carers are more empowered to meet the needs of their children	Parents and carers are able to make informed choices to plan the support that is best for their family	<p>I can access information and guidance about my child's needs</p> <p>I can find information about the different short breaks that are available and how to access these</p> <p>I have choice and control in planning support for my family</p> <p>I can access local services that meet my family's needs</p> <p>I can pay for services that meet my family's needs</p> <p>I feel confident that those supporting my children have the skills required to meet their needs</p>
	Parents and carers feel able to ask for help when it is needed	<p>I know where to go for help when I need it and feel able to ask</p> <p>I understand the process (including access criteria) to access the right support to meet my family's needs</p> <p>I feel supported by professionals and not judged</p> <p>I feel confident that the needs of my family will be fairly assessed</p>
Parents and carers are able to support their whole family to achieve good outcomes	Family life is enhanced	<p>I have opportunities to spend quality time with my family as a whole</p> <p>I have opportunities to spend quality time with the different members of my family, including all my children</p> <p>My children who do not have disabilities can access a range of activities that meet their needs</p>
	Parents and carers are able to work or undertake activities not possible without short breaks	<p>I am able to go to work or get the training I need to prepare for work</p> <p>I am able to carry out housekeeping and household activities to support my family</p> <p>I have opportunities to undertake hobbies and activities that are important to me</p>
Parents and carers are more emotionally and physically healthy	Parents and carers form and develop supportive social networks	<p>I have opportunities to talk with parents and carers in similar positions</p> <p>I am able spend time with my friends and wider family</p> <p>I am able to work with other parents and carers locally to develop solutions to the challenges we face</p> <p>I feel less isolated</p>
	Parents and carers are able to look after their own wellbeing	<p>I have opportunities to rest and recuperate</p> <p>I feel less stressed</p> <p>I feel less exhausted</p> <p>I feel more able to face problems when they happen</p>

## Annex 3 – Surrey short breaks commissioning strategy 2017-22

### 1 Introduction

Surrey County Council and Family Voice Surrey want to develop and improve Surrey's offer of short breaks to achieve better outcomes for children and young people with Special Educational Needs and/or Disabilities (SEND) and their families. The purpose of this commissioning strategy is to communicate how we will seek to achieve this between 2017 and 2022.

#### 1.1 Vision and purpose of short breaks

Through accessing short breaks children and young people with SEND will develop their independence, readiness for adulthood and physical and emotional health, by having new experiences, learning, having fun and meeting their friends. Short breaks also support parents and carers to meet the needs of their children, enabling their whole family to achieve good outcomes, have choice and control, and look after their own emotional and physical health, by giving them breaks from caring.

'Confident in our future', Surrey County Council's Corporate Strategy, sets out three key strategic goals – wellbeing, economic prosperity and resident experience. The re-commissioning of short breaks will support three key priorities in relation to our wellbeing goal: helping families thrive; keeping families healthy; and protecting our vulnerable children.

The Surrey Children and Young People's Partnership is developing a new joint-commissioning strategy focussed on tackling inequality in the County. Short breaks have a contributory role to play in reducing inequalities experienced by those with additional needs, including increasing inclusion in their wider community and society as a whole.

#### 1.2 Who are short breaks for?

The core target group for our short breaks are children and young people with SEND aged 0-17 in Surrey. This includes those with a wide range of needs covering: learning disabilities; physical disabilities; sensory impairments; complex health needs; autistic spectrum disorders (ASD); attention deficit hyperactivity disorder (ADHD); and behaviour that challenges - as well as associated mental health needs.

Through providing quality short breaks to children and young people in the target group we will also support their parent carers (this term covers parents, grandparents, foster parents and special guardians) and siblings.

#### 1.3 What do we know about the needs of these groups?

We have sought to ensure our re-commissioning strategy is underpinned by clear data and information about the needs of children and young people in our target group. We have produced a [detailed needs assessment](#) that summarises what we know, which we have published online.

Here is a selection of the key messages from this needs assessment:

- 2,225 Surrey children and young people accessed short breaks in 2015/16
- 5,751 Surrey children and young people with Education, Health and Care Plans (EHCPs) in January 2016
- If current trends continue, the number of children and young people with an EHCP in Surrey is forecast to increase by more than 1,600 by 2026
- The number of children and young people with ASD is forecast to increase by around 30% by 2026

- 9.4% of children and young people in Surrey live in poverty, and those with disabilities are more likely to live in poverty than their peers

#### 1.4 What are short breaks and why are they important?

Short breaks are an essential part of the support available to children and young people with SEND, and their families. They allow children and young people to spend time away from their parents and carers, developing their independence and readiness for adulthood, whilst enabling them to relax and have fun with their friends. They also support parents and carers by giving them a break from their caring responsibilities, allowing them to rest and unwind and spend time with other family members, so they are able to provide better, more sustainable support to their family in the future.

A wide range of activities and opportunities can be short breaks and different things will work best for different children, young people and families. Examples could be attending a youth club or play scheme, being supported to access an opportunity in the local community, an overnight stay in a specialist centre, or activities and support delivered in the home. This list is by no means exhaustive. Short breaks can take place during the day, in the evening, overnight or at weekends, depending on the needs of the child or young person and their family.

## 2 What is our commissioning strategy for short breaks?



### 2.1 Our context

- We know that the number of children and young people with SEND is increasing, including those with the most complex needs
- Surrey County Council and our partners are facing significant budget pressures and growing demand for services across the board
- Alongside this, we know that we have a short breaks offer that is highly valued by many children, young people and families, but we need to continue to raise their aspirations and increase community inclusion. This context means we need to develop our response – building on what works well and refocussing our

resources on the things that children and young people with SEND, and their families have told us are most important

## 2.2 Our strategy

- We will enable and empower more children and young people with SEND to access inclusive opportunities in their local communities – this will require us, our commissioned providers and our wider partners to work together in new and innovative ways.
- In doing so, we will develop children and young people's independence and readiness for adulthood, improving their opportunities later in life, whilst ensuring that those with the greatest need are able to access the essential specialist services they require.
- Alongside this we will work with providers who are committed to developing more sustainable models of delivery over time, strengthening the use of social capital, untapped local assets and peer support, to achieve better outcomes for children, young people and families within our resources.

## 2.3 Our response

We will achieve this strategy through our commissioning intentions, priorities for service development and priorities for strategic influence.

Our **commissioning intentions** for short breaks are:

- 1) Commission services that increase resilience and prevent family breakdown through early help, targeted and specialist support
- 2) Commission inclusive approaches that enable children and young people to access more opportunities in their local communities, whilst delivering the best value for money from our investment in residential provision
- 3) Respond to identified gaps in provision and to the changing needs of children and young people over their life journey
- 4) Commission and develop sustainable models that draw on social capital to achieve better outcomes

Our **priorities for service development** are:

- 1) Improving clarity of and access to information about short breaks
- 2) Improving the transparency of processes to access services
- 3) Enabling children, young people and families to have choice and control over their short breaks

Our **priorities for strategic influence** with our partners, the wider system and communities are:

- 1) Developing more inclusive communities and mainstream services, allowing the fullest possible participation of children and young people with SEND and their families
- 2) Enabling children, young people and parents to support one another through peer relationships and networks

### 2.3.1 What do our commissioning intentions mean?

**1) Commission services that increase resilience and prevent family breakdown through early help, targeted and specialist support** – short breaks have a vital preventative role to play, providing support to families early so that they do not reach



a point of crisis and require significant intervention. This support could range from early help for a child who has recently been diagnosed with an additional need or be part of a package of specialist services to families of children and young people with multiple and complex needs.

#### **How will we achieve this?**

- We will build a formal early help role into our commissioned short break services, to improve joint working to support for families in need of early help.
- We will work with providers and families to enable children and young people with the most complex needs to get timely access to the most appropriate services for them.
- We will strengthen family relationships by developing more whole family opportunities, covering the child or young person, their siblings and their parent carers.

**2) Commission inclusive approaches that enable children and young people to access more opportunities in their local communities, whilst delivering the best value for money from our investment in residential provision** – the Council is currently over spending on overnight residential, whilst there is under-used capacity within existing services. This position is unsustainable. Whilst some children and young people will absolutely continue to need support through overnight short breaks, we will seek to be as efficient as possible in how we make use of this valuable provision, so that we can prioritise funding of our community based services.

#### **How will we achieve this?**

- We will run an open and transparent procurement process to identify the providers that will achieve the best outcomes and value for money, so that we make the best possible use of the available funding to meet the needs of children and young people
- If there is a need to change any current provision, we will consult with families and providers affected and work with them to mitigate the impact of this on children and young people
- We will prioritise funding for our community based services and work with our providers to innovate, develop and enhance these, so capacity within specialist services is available to those in greatest need

**3) Respond to identified gaps in provision and to the changing needs of children and young people over their life journey** - Our analysis has highlighted that there are growing numbers of children and young people with autistic spectrum disorders (ASD), complex health needs and behaviours that challenge. We will look to our providers to offer more opportunities that meet these needs. This will require training by providers to develop the skills that give confidence to parent carers that the needs of their children will be met, and to provide 1-to-1 and 2-to-1 support as appropriate. We will also work to ensure that short breaks provision is as fairly distributed across the county as possible in response to need, and is accessible to a wide range of communities and groups. Finally we want to work with our providers and partners to improve the skills, knowledge and experience of children and young people at key transition points in their lives.

#### **How will we achieve this priority?**

- We will seek to commission more provision that can be accessed by children and young people with ASD, complex health needs and behaviours that challenge.



- We will work with providers and parents to share training, learning and expertise.
- We will commission appropriate levels of 1-to-1 and 2-to-1 care to enable access to services.
- We will share funding for short breaks between areas of the county in response to the level of need.

**4) Commission and develop sustainable models that draw on social capital to achieve better outcomes** – we know that the level of need in the county is forecast to increase, at the same time as the Council is having to re-balance its budgets due to funding cuts and rising pressures. This means we will need to develop new, sustainable models of delivering services that are rich in social capital. We think social capital means: harnessing untapped community assets, like buildings, equipment and natural resources; empowering children, young people and parents through co-production to offer and receive peer support; and drawing in other resources through fundraising, partnership or generating income.

#### **How will we achieve this?**

- We will ask our providers to be innovative in designing their offer and develop more sustainable models of providing short breaks throughout this commissioning period, to grow capacity as need increases – this might mean use of volunteers, working in new partnerships, or fundraising and generating income
- We will ask our providers to make better use of the untapped physical assets in our communities, such as buildings, equipment and Surrey's natural resources
- We will empower children, young people and families to co-produce services in an equal and reciprocal relationship with professionals, through models that promote peer support

### **2.3.2 What do our priorities for service development mean?**

**1) Improving clarity of and access to information about short breaks** – children, young people and families have told us that finding out what short breaks are available can be difficult and this is a barrier to accessing the right services at the right time. We will review our information offer, in partnership with families and other professionals, to ensure that it meets their needs, building on Surrey's Local Offer website. We will also work in partnership with Family Voice Surrey to develop networks of parents and organisations who can share information and advice with one another, to efficiently signpost to the available services.

#### **How will we achieve this priority?**

- We will work with families, through Family Voice Surrey and other parent carer groups, to review our information offer in relation to short breaks to ensure it meets their needs, making better use of social media and building on the Surrey Local Offer website
- We will refresh the statutory Surrey Short Breaks Statement by autumn 2017, in partnership with Family Voice Surrey, clearly setting out details of the services available, and the eligibility criteria and access arrangements for these services
- We will pro-actively strengthen, promote and support existing parent and family networks that provide invaluable support, advice and guidance to families across Surrey, working in partnership with Family Voice Surrey and Action for Carers

**2) Improving the transparency of processes to access services** – we have heard from families that current assessment processes can be difficult to go through, are hard to understand and it can be some time before services are accessed. It must

be acknowledged, however, that it is of vital importance that children and young people are kept safe, access services that provide support appropriate to their needs, and that the most specialist services are fairly allocated to those in greatest need. We will increase the transparency of our eligibility criteria and assessment processes, so that children, young people and families are clear about what to expect, and we will seek to improve where we can. We will press ahead with implementing our Safer Surrey Approach, which will allow us to identify and build on the strengths of families, whilst also managing the risks that children and young people may be facing.

#### **How will we achieve this priority?**

- We will increase the transparency of our Children's Services assessment processes, so that children, young people and families are clear about what to expect and how services can be accessed
- We will work with families to improve our processes, whilst also being clear and open about the things that are required to comply with our statutory requirements
- We will press ahead with implementing our Safer Surrey Approach, which seeks to identify and build on the strengths of families, whilst also managing the risks that children and young people may be facing

**3) Enabling children, young people and families to have choice and control over their short breaks** – we want to increase choice and control for children, young people and families as part of the short breaks offer. This will mean developing the market for short breaks so that more options are available and increasing the role of children, young people and families in decision making about the services that meet their needs. At a provider level, we will be looking for organisations to co-design and co-produce services in an equal and reciprocal relationship with children, young people and families. We will continue to support growth in the use of direct payments for families who are able to access these.

#### **How will we achieve this priority?**

- We will be looking to providers to increase local commissioning of services, through co-design with children, young people and parents
- We will encourage families to pool their resources to buy short breaks that better meet their needs
- We will continue to build on the success of personal budgets in Surrey, increasing choice and control for families to design packages of support and improving the support and advice we offer
- We will ensure that commissioned services are at an affordable level for families

### **2.3.4 What do our priorities for strategic influence mean?**

**1) Developing more inclusive communities and mainstream services, allowing the fullest possible participation of children and young people with SEND and their families** – children and young people with SEND, and their families have told us how they want more opportunities to access their local community – the sorts of opportunities that others might take for granted. By developing more inclusive communities we will help children and young people to develop their independence and readiness for adulthood and provide greater choice to families about the resources they can access.

#### **How will we achieve this?**

- We will work with our partners to develop more opportunities for children and young people with SEND, and their families within their existing services
- We will look to our short breaks providers to forge local links and partnerships with mainstream community groups and clubs, to share their learning and expertise
- We will work with partners to develop and promote inclusive opportunities for children and young people with disabilities in mainstream settings, such as health services, youth services and sports clubs.

**2) Enabling children, young people and parent carers to support one another through peer relationships and networks** – children, young people and families themselves are one of our most vital assets. They have told us they would like more opportunities to support and be supported by one another, as they have experience and learning to share and feel that their peers can better understand their situation.

#### **How will we achieve this?**

- We will look to our different partners and short breaks providers to work together to develop more opportunities for families to network and support each other, building on the many initiatives that already exist - some examples of these might include: coffee mornings; developing local parent carer networks; informal or formal buddying schemes; or opportunities to share their experience and ideas with others.
- We will continue to work with Family Voice Surrey to develop solutions that mean families feel less isolated, that they are listened to and that they can share their experience and expertise

### **3 Outcomes for children, young people and families**

We are taking an outcome-based approach to this commissioning strategy. This means focussing on the outcomes (positive changes in the lives of children, young people and families) that we want to achieve through our short breaks, rather than describing what services we want delivered. During 2016, we have worked with children, young people and families to co-design the outcomes that they would like short breaks to help them to achieve. These are set out in our short breaks outcomes framework, which includes our overall and supporting outcomes, as well as “I” statements that describe what these overall points mean for individual families. This outcomes framework will be at the heart of all our short breaks commissioning and is provided at the end of this document.

### **4 National context**

Under the **Children Act 1989**, disabled children are defined as children ‘in need’. As such, they are eligible for support under the general duty on local authorities established by Section 17(1) of the Act to ‘safeguard and promote the welfare of children in need in their area through providing a wide range of services’. Statutory assessments of disabled children are governed by statutory guidance, Working Together to Safeguard Children 2015.

The **Children and Young Person’s Act 2008** requires local authorities to provide short breaks services that are designed to assist individuals who provide care for disabled children to continue to do so, or to do so more effectively by providing them with breaks from caring.

The **Breaks for Carers of Disabled Children Regulations 2011** (also referred to as the ‘short break duty’) prescribed the manner in which local authorities must make provision for short breaks for carers of disabled children and young people in their

area. The regulations state that local authorities must have regards to the needs of those carers who caring and the needs of those carers who would be unable to continue to provide care unless a break was offered to them.

In performing their duty, the local authority must provide, as appropriate, a range of: daytime care in the homes of disabled children or elsewhere; overnight care in the homes of disabled children or elsewhere; educational or leisure activities for disabled children outside their homes; and services available to assist carers in the evenings, at weekends and during the school holidays.

The **Children and Families Act 2014** made a range of changes to Local Authorities duties in relation to children and young people with special educational needs and disabilities: extending the SEND system from birth to 25; introducing Education, Health and Care Plans, to improve planning between agencies to meet the needs of children and young people; and giving children, young people and their parents greater 'choice and control' in decisions, to ensure their needs are properly met.

The **Care Act 2014** strengthens the rights and recognition of carers in the social care system. Carers and the people they care for have a clear right to an assessment of their needs regardless of their income and finances and level of need.

The council expects providers to keep up to date with future legislative changes which would have an impact on short breaks services for disabled children and young people.

Please note that where children and young people access 75 days of respite a year they become 'looked after', even though they still live in shared arrangements.

## 5 Local context for re-commissioning short breaks

Surrey currently has a well-established short breaks offer, including play and leisure services, specialist residential opportunities, personal care and support services, and also personal budgets for some families. We are looking to build on the strengths of this offer and improve where we can.

SEND 2020 is Surrey County Council's programme to improve the offer to children and young people with SEND and their families. Short breaks are a key part of this programme and we will seek to commission services that support and complement this overall initiative.

## 6 Surrey County Council's budget position

Surrey County Council's Medium Term Financial Plan includes provision for continuing short breaks funding at the current level, although there is a need to address a current budget overspend in relation to current residential respite provision. This funding acknowledges the vital preventative role played by these services in offering early help to families when it is needed. Overall, the council is facing unprecedented financial pressures, due to significant funding reductions from central government and rising demand for services. Considering this financial context, we are particularly interested in working with partners who are developing models that are sustainable, flexible and resilient, drawing increasingly on social capital to improve outcomes, grow capacity and enhance geographic reach, range and quality of short breaks that are available.

# Equality Impact Assessment (EIA)

## 1. Topic of assessment

<b>EIA title</b>	Proposals for new Short Breaks Offer
<b>EIA authors</b>	Sally Allen, Commissioner Chris Tisdall, Principal Commissioning Manager

## 2. Approval

	Name	Date approved
<b>Approved by</b>		

## 3. Quality control

<b>Version number</b>	v.0.9	<b>EIA completed</b>	
<b>Date saved</b>	28.06.2017	<b>EIA published</b>	

## 4. EIA team

Name	Job title	Organisation	Team role
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Sheila Jones	Head of Countywide Services	Surrey County Council	Project Sponsor
Tina Fenwick	Commissioning Officer	Surrey County Council	Project Support
Sandy Thomas	Assistant Head of Countywide Services	Surrey County Council	Service Lead
Jane Stark	Short Breaks Manager	Surrey County Council	Service Lead
Andrea Collings	Co-Chair	Family Voice Surrey	Family Lead
David Izatt	Co-Chair	Family Voice Surrey	Family Lead

## 5. Explaining the matter being assessed

### What policy, function or service is being introduced or reviewed?

The purpose of this Equality Impact Assessment is to review the impact of proposed changes to Surrey County Council (SCC) funded short breaks services for children and young people with Special Educational Needs and/or Disabilities (SEND) and their families. Short breaks are vital in supporting many children and young people with special educational needs and/or disabilities (SEND) in Surrey, and their families, to achieve better outcomes.

Local Authorities have legal duties in relation to short breaks to:

- provide short break services that are designed to assist individuals who provide care for disabled children to continue to do so;
- have regard to the needs of different types of carers when making short breaks provision;
- provide a range of breaks, as appropriate, during the day, night, at weekends and during the school holidays;
- provide parents with a short breaks statement detailing the range of breaks and eligibility criteria; and
- work in partnership across education, health and care to improve outcomes for children and young people with disabilities.

Many of the short breaks services funded by the Council are provided by our partners, through contracts for services or grants. These are legally required to be renewed every 3-5 years, as existing agreements expire. Before awarding new contracts and grants the Council is legally required to undertake a competitive procurement process. Whilst this provides a positive opportunity to listen to families and re-commission services in response to feedback about how we can improve, it can also cause uncertainty for families.

It is important to note that the proposed changes to overnight and play and leisure short breaks are the result of this legal (procurement) process. The proposed changes to grants are a result of a bidding opportunity for funding to organisations to deliver innovative services and projects that extend the range and complement the proposed play and leisure and overnight offer of short break opportunities.

On 21 April 2017 Clare Curran, Cabinet Member for Children, agreed that SCC should run a public engagement on the proposed short breaks offer from 8 May to 17 June 2017. The purpose of this engagement period was to provide families that are directly affected by the changes to the short breaks provision an opportunity to comment on the impact of those changes. The feedback received during this engagement period has been central to this EIA, which accompanies the 18 July 2017 Cabinet report. It will inform Cabinet about the impact of the proposed changes on those with protected characteristics.

On 18 July 2017, SCC's Cabinet will make a final decision about the award of contracts and grants for the provision of new short breaks services from 1 December 2017.



**What proposals are you assessing?**

The proposals being assessed are for funding awards from SCC to organisations that will provide short breaks on behalf of the families of disabled children and young people in Surrey.

These organisation are predominantly voluntary, community and faith sector (VCFS) organisations. They will provide a key part of the Council’s short breaks offers alongside SCC’s in-house provision (Applewood, Ruth House and the Surrey Domiciliary Care Service) and services purchased through direct payments.

The proposed funding awards fall into three categories:

**Overnight short breaks** (contracts) – these countywide services enable children and young people with SEND to develop their independence and readiness for adulthood, learn life skills, form meaningful relationships and socialise with their peers, through a range of overnight breaks in a safe and secure environment for the stay.

**Play and leisure short breaks** (contracts) – these provide children and young people with a range of creative, flexible and fun opportunities in their local communities. Typical activities might include: social experiences; sport and physical activity; activities based around cookery, arts, crafts, design, dance and drama; outdoor pursuits; buddying services; use of technology and gaming; whole family activities; flexible outreach; and programmes to develop life skills.

Over 2,000 disabled children and their families access a range of subsidised, targeted play and leisure short breaks, to which families may have to make a contribution. These services do not require a social care assessment and have an important early help role to play in supporting families.

**Grants** – to organisations who will deliver innovative projects that offer short breaks that extend the range of opportunities for children and young people with SEND across Surrey, to support them to achieve better outcomes.

The specifications for these services were designed in response to the things families told us were most important (**please note** - our approach to engagement is set out in the 18 July Cabinet report rather than repeated here). The proposals for new services have been evaluated and moderated by a team including Surrey County Council staff, Family Voice Surrey, representative children, young people and parents, and key partners. Through this a range of successful bidders have been identified to provide play and leisure and overnight short breaks.

**Out of scope:**

It should be noted that the Councils in-house services (Ruth House, Applewood) , Personal Care and Support, Merlin Pass, Carers Break Grants are not in scope for this EIA project, although developments to these services may form part of the actions undertaken in response to the impact identified.

**Specific proposals:**

The specific proposed changes as a result of the complete tender process include:

Residential (overnight short breaks)		
Area	Current Contracts	Proposed Contracts
Countywide	The Beeches (Reigate)**	Cherry Trees (East Clandon)

<p>*These providers will be in addition to the services provided by Surrey County Council at Applewood (Tadworth), Ruth House (Woking).</p>	<p><b>Cherry Trees (East Clandon)</b> <b>White Lodge Centre (Chertsey)</b></p>	<p><b>White Lodge Centre (Chertsey)</b></p>
<p><i>** Surrey and Borders Partnership has decided to withdraw from providing short breaks services for children and young people and therefore did not bid for a contract to provide residential (overnight) short breaks. SABP has notified staff and parents that from 1 December 17 it will no longer be providing residential short breaks at Beeches Bungalow, Reigate. Surrey County Council's Children with Disabilities Team are currently working with affected families to support and discuss their individual options.</i></p>		
<p><b>Play and Leisure (targeted Autistic Spectrum Disorder)</b></p>		
<p><b>Area</b></p>	<p><b>Current Contracts</b></p>	<p><b>Proposed Contracts</b></p>
<p><b>Countywide</b></p>	<p>1) National Autistic Society (NAS) 2) White Lodge • Twinks and Rockets* 3) YMCA East Surrey</p>	<p>1) Barnardos 2) KIDS 3) NAS 4) YMCA East Surrey *These specialist services will continue with additional funding outside of this this commission.</p>
<p><b>Play and Leisure (targeted - complex health )</b></p>		
<p><b>Area</b></p>	<p><b>Current Contracts</b></p>	<p><b>Proposed Contracts</b></p>
<p><b>Countywide</b></p>	<p>1) Children's Trust</p>	<p>1) Children's Trust 2) Rainbow trust</p>
<p><b>Play and Leisure (All SEND)</b></p>		
<p><b>Area</b></p>	<p><b>Current Contracts</b></p>	<p><b>Proposed Contracts</b></p>
<p><b>North East Surrey</b> <a href="#">Elmbridge</a>  <a href="#">Epsom and Ewell</a>  <a href="#">Spelthorne</a></p>	<p><a href="#">Elmbridge:</a> 1) White Lodge 2) Crossroads Care Surrey (didn't bid)  <a href="#">Epsom and Ewell:</a> 1) Challengers  <a href="#">Spelthorne:</a> 1) White Lodge Centre</p>	<p><a href="#">Elmbridge:</a> 1) Autism Sussex 2) Challengers  <a href="#">Epsom and Ewell:</a> 1) YMCA  <a href="#">Spelthorne:</a> 1) Challengers 2) White Lodge Centre</p>
<p><b>North West Surrey</b> <a href="#">Runnymede</a>  <a href="#">Surrey Heath</a>  <a href="#">Woking</a></p>	<p><a href="#">Runnymede:</a> 1) White Lodge Centre  <a href="#">Surrey Heath</a> 1) Linkable  <a href="#">Woking</a> 1) Linkable</p>	<p><a href="#">Runnymede:</a> 1) Challengers 2) White Lodge Centre  <a href="#">Surrey Heath</a> 1) Linkable 2) Challengers  <a href="#">Woking</a> 1) Linkable</p>
<p><b>South West Surrey</b></p>	<p><a href="#">Guildford:</a></p>	<p><a href="#">Guildford:</a></p>



<a href="#">Guildford</a> <a href="#">Waverley</a>	1) Challengers <a href="#">Waverley</a> 1) Challengers	1) Challengers <a href="#">Waverley</a> 1) Challengers
<b>South East Surrey</b> <a href="#">Tandridge</a>  <a href="#">Reigate and Banstead</a>  <a href="#">Mole Valley</a>	<a href="#">Tandridge</a> 1) Challengers  <a href="#">Reigate and Banstead</a> 1) YMCA East 2) Challengers  <a href="#">Mole Valley</a> 1) YMCA East 2) Challengers	<a href="#">Tandridge</a> 1) Challengers 2) YMCA East  <a href="#">Reigate and Banstead</a> 1) YMCA East  <a href="#">Mole Valley</a> 1) YMCA East
<b>Funding for Innovation Grants to the following Providers:</b>		
<b>Current grants</b>	<b>Proposed grants*</b>	<b>Proposed Area</b>
SPENSOL	SPENSOL (partial award but reduced funding)	Surrey wide
Rainbow Trust	Rainbow Trust	Surrey wide
Wheels for all / Cycling projects	Wheels for all / Cycling projects (partial award but reduced funding)	Surrey wide
Halow (chose not to bid)	Barnardos (New)	Surrey wide
Farnham Town FC	Rhythmix (New)	Surrey wide
Arena Leisure (chose not to bid)	Linkable Scouts (New)	Surrey Heath/Woking
National Autistic Society (Family Support Co-ordinator)	YMCA DoE (New)	One district/borough TBC
Go Club (chose not to bid)	Freewheelers Youth Theatre (New)	Mole Valley
RNIB (chose not to bid)	Challengers (New)	Guildford
	Head2Head (New)	Surrey wide
	Sight for Surrey (New)	Surrey wide
<i>* Please note: where there is a proposal to award to the same provider - this may not be the same amount as previous years.</i>		
<b>Schools</b>		
	Freemantles School (New)	Woking (NW)
Linden Bridge (InterAKtive)	Linden Bridge (InterAKtive)	Epsom & Ewell (NE)

Pond Meadow	Pond Meadow (partial award but reduced funding)	Guildford (SW)
Ridgeway	Ridgeway	Waverley (SW)
Manor Mead (White Lodge)	Manor Mead (White Lodge)	Spelthorne (NE)
Woodlands School	Woodlands School (partial award but reduced funding)	Mole Valley (SE)
Portesbery School	Portesbery School (partial award but reduced funding)	Surrey Heath (NE)
Clifton Hill School	Clifton Hill School (partial award but reduced funding)	Reigate & Banstead (SE)
Walton Leigh	Walton Leigh (partial award but reduced funding)	Elmbridge (NE)

As a result of this process, whilst providers of a number of services will remain the same in some areas of the county, some provision for families will change, which may have both positive and negative impacts on particular families and groups. These are summarised in this EIA.

It should also be noted that these changes are part of the Council's ongoing overall approach to transform its services to improve outcomes for children and young people with SEND and their families. In particular this includes responding to the areas for improvement highlighted in the recent Joint local area SEND inspection by Ofsted and the Care Quality Commission.

**Who is affected by the proposals outlined above?**

The key groups affected by the proposals set out in this EIA are:

- Children and young people with SEND aged 0-17 in Surrey. This includes those with a wide range of needs covering: learning disabilities; physical disabilities; sensory impairments; complex health needs; autistic spectrum disorders (ASD); attention deficit hyperactivity disorder (ADHD); and behaviour that challenges - as well as associated mental health needs.
- Their parent carers (this term covers parents, grandparents, foster parents and special guardians) and siblings.
- Staff from provider organisations

In June 2017 there were 876 children and young people in Surrey had been formally assessed as requiring specialist short breaks support (which could include overnight short breaks) and are open to the Children with Disabilities Team

During 2015-16, 2,225 children and young people accessed short breaks. 158,751 hours of services were delivered (not including residential short breaks)

Short Break	Number of CYP (2015-16)
Play & Leisure*	1657
Residential***	182

Personal Support***	319
Merlin Pass	297
Carer's Break Grants	292
Total**	2225

\* includes grants and SEN school provision.

\*\* Accounts for where individuals have used more than one type

\*\*\* Includes in-house services unlike 2014-15 data

1,255 children and young people attend play and leisure and school provision that is subject to a proposed change in SCC funding as a result of the procurement process and are impacted by the proposed changes. Appendix 1 sets out the detail.

22 children and young people who attend an overnight short breaks provision are directly impacted by a current provider decision not to bid and a lack of suitable alternative providers through the bidding process that would be able to supplement the services already offered by the Councils in-house overnight provision in that area.

The degree to which children and young people are impacted will depend on:

- whether providers bid to deliver services from 1 December 2017
- the extent to which providers rely on SCC funding to run their services
- the range and choice of short break opportunities available for families in their local area.

## 6. Sources of information

### Engagement carried out since May 2016

#### Communication Methods:

A variety of communication methods were used during the re-commissioning project to ensure that information was captured in an easy-to-read format and accessible to a wide range of people.

Examples include:

- Newletters
- Schools Bulletin
- Project webpage
- Face to face meetings
- Online surveys
- Infographics – pictures and symbols to convey statistics and data
- Graphic facilitation - imagery using models, pictures and videos to help capture creative design ideas and record feedback.
- Information sheets and frequently asked questions at various points in the process
- Family Voice Surrey - parent carer network distribution networks.

#### Key Dates

#### Offer Design

18 co-design sessions for parents and carers in different locations across Surrey during June, July and August 2016

Over 200 responses to on-line Survey – June, July, August 2016

2 co-design workshops in July 2016 with current and potential providers (40.no) of short breaks

28 providers and 16 parent carers attended design workshops in September 2016

62 children & young people have told us their views about short breaks

#### Commissioning Intentions

2 further provider engagement events December 16 and January 17

#### Procurement

24 children and young people were supported to give their feedback and to contribute to the selection process of preferred bidders.

3 parent carers were involved in the bid evaluation process

Family Voice Surrey represented parent carers during moderation of the bids

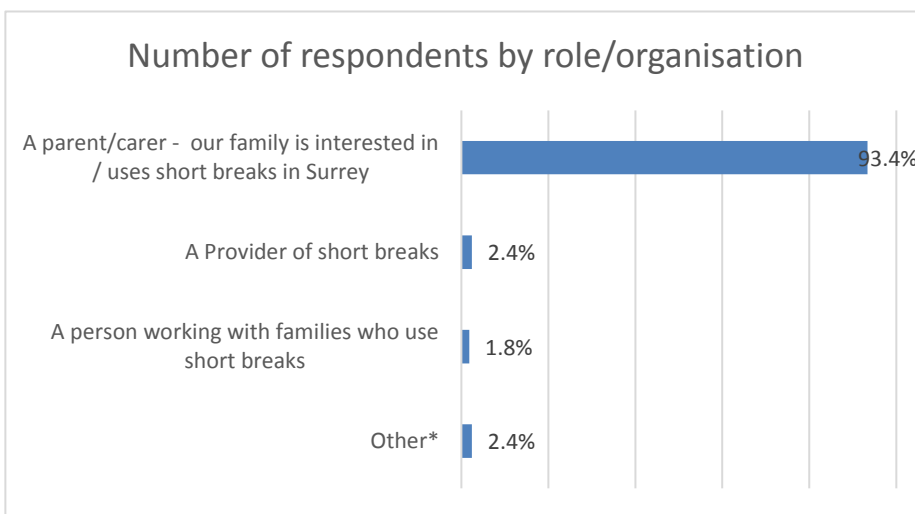
#### Engagement (on the proposed offer) 8 May-17 June 2017

An on-line survey and drop-in sessions followed a set of structured questions to find out:

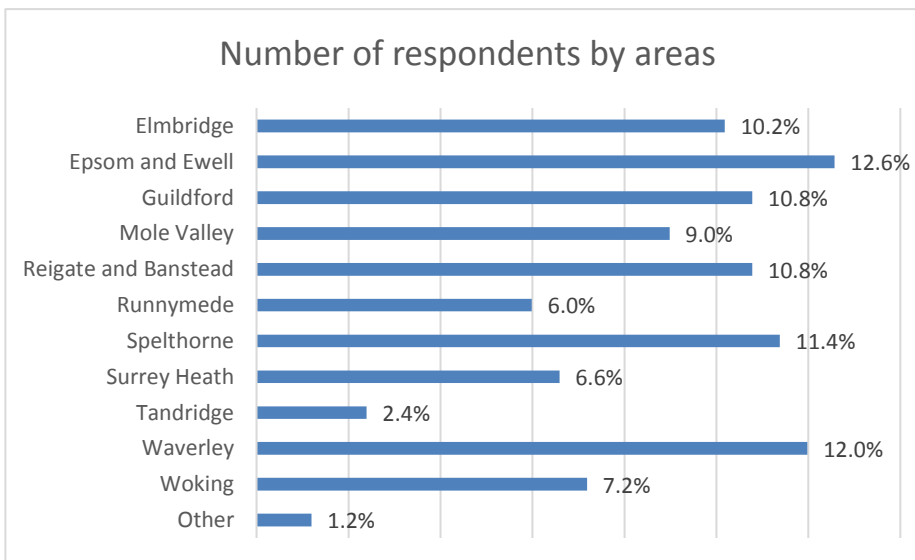
- what the impact of the proposed changes might be on children and young people and their families, so that these can be taken into account and mitigated as new services are set up and established.
- the extent to which the proposed changes to provision impact on children and young people and their families with SEND and how the proposed offer can be strengthened

42 parent carers attended 10 drop-in sessions at different locations across Surrey (Mole Valley, Guildford, Elmbridge, Surrey Heath)

171 people took part in the on-line survey.



### Number and location of respondents



**Data used**

JSNA (2011) Carers chapter  
 JSNA (2017) Children and young people with Special Educational Needs and Disabilities (SEND) chapter  
 JSNA (2011) Ethnicity chapter  
 JSNA (2011) Lesbian, gay, bisexual and transgender chapter  
 JSNA (2013) Religion and Belief chapter  
 JSNA (2011) Young Carers and Young Adult Carers chapter  
 Surrey County Council (2016) Needs analysis of children and young people 0 – 25 years old with SEND  
 Surrey County Council (2013) Needs analysis for Surrey's Gypsy, Roma and Traveller children and young people 2013  
 Surrey County Council (2016) The SEND challenge: growing levels of need: Needs analysis summary  
 Surrey County Council (2016) Short Breaks data pack

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

Surrey currently has a well-established short breaks offer, including play and leisure services, specialist residential opportunities, personal care and support services, and also personal budgets for some families.

In re-commissioning the service we are looking to build on the strengths of this offer and improve where we can by using our purchasing power to promote the public sector equality duty.

### **Outcome of the procurement of Short Breaks in Surrey and the plan to engage.**

The procurement of short breaks ran from 9 January to 10 February (23 February for innovation grants). 12 organisations bid to deliver play and leisure short breaks, 6 organisations bid to provide overnight short breaks and 35 innovation grants proposals were received from 26 organisations (as well as a further three proposals submitted by Surrey County Council Services).

Funding has been prioritised for overnight short breaks from within the available budget to ensure that there is sufficient capacity to meet the needs of children and young people in Surrey, following the approach agreed with Family Voice Surrey to prioritise funding for those in greatest need.

Public engagement was targeted towards those who will be impacted the most by the proposed change.

## 7a.

In the following tables we have brought together our equality analysis and set out how the proposed changes to overnight short breaks, play and leisure, complex health and ASD will affect children with disabilities, their parents and carers, families and staff. Analysis was based on the information gathered from the data and engagement activities listed in section six.

### Impact of the proposals on residents and service users with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 45</p> <p style="text-align: center;"><b>Age</b></p>	<p>A good range of providers have increased their focus on supporting young people with SEND to transition to adulthood, as a result of changes made to the service specification for play and leisure and overnight short breaks. This is further enhanced by some bidders also committing to use ‘social capital’ to increase funding for transition support for young people.</p>	<p>Changes to specific projects that are focussed on young people approaching transition may close, from example: Disability Challengers current service runs up to 19 year using charitable funding, whereas the play and leisure service specification requires a 0-18 services; and Barnardo’s Moving Forward (life skills) course (see Appendix 1).</p>	<p>As children get older their behaviour may cause them to have greater support needs for parents and carers to manage due to increased physical size and challenging behaviour of the young person.</p> <p>The majority of children with statutory plans maintained by Surrey are aged 11 to 15 45% with 39% aged 5 to 10 (Surrey County Council, 2016 – SEND needs analysis).</p> <p>During the formal engagement process (8 May – 17 June 2017), families told us about their concerns in relation to services that support better outcomes for young people approaching transition.</p> <p><i>“Please leave the vital in place or can they be given an additional service as there are many provisions for the playschemes for younger children but nothing in place for ages 14 up. This is a particularly difficult age bracket because of hormones and the fact that they are so much bigger and struggling with puberty, quite apart from all the other problems associated with autism” – Parent</i></p>



**Disability**

More equitable spread of funding for play and leisure short breaks between boroughs and districts, in proportion to the number of children and young people with Education, Health and Care Plans (EHCPs), improving access and reducing travel for some families

Increased hours of play and leisure opportunities for families across Surrey.

Provision will now better meet the needs of children, young people and families, as services have been re-designed and re-commissioned to support them to achieve the outcomes that families have told us were most important.

Increased value for money for Surrey families as a result of an open and competitive tender process.

Increased choice across Surrey, with new providers proposed to deliver in some areas. This may include picking up from providers who have chosen not to bid for SCC funding for short breaks, for example in Elmbridge. New providers have all demonstrated that they can meet the quality standard

Some provider proposals include delivery in neighbouring boroughs and districts, with transport support for families. This may be a barrier for children, young people and families who struggle to travel may be disadvantaged if this is not managed effectively. Examples of this include a provider for Runnymede and Spelthorne, whose delivery will be based in Elmbridge, and a provider for Surrey Heath, who will be delivering their opportunities in Guildford.

Some families may find that their journeys to short breaks services increase, where locations of the proposed offer change due to a new provider working in that area. Increased travel time reduces the time available for parent carers to have a short break.

Families find proposals for changes to services unsettling and this leads to additional stress and anxiety, particularly where the transition is not well managed. Any changes to services can be difficult for families, disrupting established routines and potentially leading to loss of relationships with staff and peers. The particular needs of some individuals will mean they find change particularly difficult. Some services in Elmbridge, Epsom and Ewell, Spelthorne, Runnymede,

Number of children and young people accessing Play and Leisure short breaks in Surrey by disability type:

Disability type*	Total	As % of total CYP*
Learning disabilities	841	52%
Physical disabilities	299	18%
Sensory impairments	341	21%
Complex health needs	304	19%
Autistic spectrum disorders (ASD)	835	51%
Attention deficit hyperactivity disorder (ADHD)	213	13%

\*Only those with disability recorded are shown. Please note that children and young people can have multiple disability types recorded.

During the formal engagement process (8 May – 17 June 2017), some families told us about the importance of providing local short breaks services and other highlighted how they would be prepared to travel further to attend their current service.

Latest data indicates that 196 children and young people currently access overnight short breaks in Surrey. 75 of these attend Surrey Council provision at Applewood or Ruth House. Of the remaining 121, who access provision at provision that SCC funds from its partners, 51 live in the east of the County (Elmbridge, Epsom and Ewell, Spelthorne, Mole Valley, Reigate and Banstead, and Tandridge) and 70 live in the west (Guildford, Runnymede, Surrey Heath, Waverley and Woking).

5,751 children and young people have statutory plans in Surrey (SCC – SEND needs analysis 2016)

In 2016 Surrey County Council identified a number of key considerations in relation to SEND including:

- Increasing population and growing need - statistical evidence suggests that there will be approximately



	<p>required from the new commission.</p> <p>New requirements of proposed providers of play and leisure and overnight short breaks to ensure services are accessible to children and young people with complex health needs or behaviours that challenge.</p> <p>Increased choice for families of ASD-specific play and leisure provision, including a new provider.</p> <p>Increased commitments from providers to increase use of social capital (cash or in-kind) to realise additional benefits for families, on top of core SCC-funded delivery, and increase their capacity each year of the commission.</p>	<p>Surrey Heath and Mole Valley will be changing as a result of these proposals.</p> <p>Uncertainty for families as a result of the period of engagement prior to a final Cabinet decision on 18 July, leading them to defer decisions about future services. In particular this affects families using overnight residential provision who are working with their social workers to explore future options.</p> <p>Reductions or changes to projects funded through grants, as a result of funding being prioritised for overnight short breaks within the fixed budget available for short breaks. The proposals include reduced funding awards for grant funded projects, as a result of prioritising investment in overnight residential provision. This means that some current projects will have to change significantly or close. In particular, the extended day at Pond Meadow school will not be continued, along with the holiday scheme provided at Portesbery School, with alternative arrangements in development.</p> <p>Some parents have communicated a lack of confidence in the ability of some new providers to meet the needs of children and young people with complex health needs and challenging behaviours.</p>	<p>6,500 children with EHCPs by 2025, an increase of around 900 (16%)</p> <ul style="list-style-type: none"> <li>• A particularly high level of educational placements in the non-maintained and independent sector</li> <li>• A need to reduce the gap in key outcomes achieved by children and young people with SEND compared to their peers</li> <li>• Increasing need for learning pathways for young people post-16 and post-19 that support preparation for adulthood</li> </ul> <p>(JSNA Chapter: children and young people who have SEND/ SCC Needs analysis summary)</p> <p>The number of children and young people with statutory plans identified with autistic spectrum disorder (ASD) has increased by around 50% since 2009. (JSNA Chapter: children and young people who have SEND)</p> <p>52% and 51% of young people who accessed short breaks services had learning disabilities and Autistic spectrum disorders (ASD). (Short breaks team, SCC 2016)</p> <p>Children with special educational needs account for 7.7% of hospital admissions in the age group from birth to five years (JSNA Chapter: children and young people who have SEND)</p> <p>Families have highlighted the impact of reductions to grant funding for projects delivered in special schools (for further information see Appendix 1).</p> <p>During the formal engagement process (8 May – 17 June 2017), families told us about their concerns in relation to services that support those with complex health needs and those with ASD.</p> <p><i>“My son has very complex health needs which needs specific training. He has in the past attended two overnight services and neither of these places can now accommodate his needs. In fact there appears to be only one place in Surrey that can</i></p>
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		<p>Changes to provision for children and young people with ASD may well be challenging for families affected, as continuity of routine, relationships and venues are particularly important.</p> <p>The current "Twinks and Rockets" scheme delivered by White Lodge has not been awarded funding through the re-tender process.</p>	<p><i>accommodate him and that service is reducing their offer." – Parent</i></p> <p><i>"Our 14 year old son has complex special needs and we rely on respite so the use of Play and Leisure and overnight respite for ASD is crucial for us to survive as a family. My son attends Portesbery, funding to be reduced, this will impact on the school and could impact on the activities they currently fund. Very disappointing. It would be so important for a lot of families for them to have their contracts renewed" - Parent</i></p>						
<b>Gender reassignment</b>	None identified	None identified	<p>No short breaks specific data is available.</p> <p>Current prevalence of people experiencing gender variance in the UK is estimated at 600 per 100,000 people, with those with gender dysphoria presenting for treatment estimated at 20 per 100,000 people. There is a currently a rapid growth rate of 15% per annum. (GIREs, 2009: 4).</p>						
<b>Pregnancy and maternity</b>	None identified	None identified	No short breaks specific data is available.						
<b>Race</b>	Tailoring of play and leisure services to meet local need, increasing access in some areas for families from a range of ethnic backgrounds. This is a result of the local approach taken to award of funding for play and leisure short breaks in each borough and district.	None identified	<p>The 2011 Census shows that:</p> <ul style="list-style-type: none"> <li>• White British was the largest ethnic group in Surrey with 945,673 (83.5%)</li> <li>• Indian was the next largest single ethnic group with 20,232 people (2.3%) followed by Pakistani (1.0%)</li> <li>• Woking is the most diverse district in Surrey with 16.4% of its population from non-white ethnic groups. Waverley is the least diverse with 90.6% White British. (JSNA Chapter: Ethnicity)</li> </ul> <p>Short breaks users:</p> <ul style="list-style-type: none"> <li>• The majority of Short Breaks users were White British (72.8%)</li> </ul> <table border="1"> <thead> <tr> <th>Ethnicity</th> <th>Grand Total</th> <th>Surrey %</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Ethnicity	Grand Total	Surrey %			
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			<table border="1"> <tr><td>Asian/Asian British: Bangladesh</td><td>7</td><td>0.4%</td></tr> <tr><td>Asian or Asian British: Indian</td><td>37</td><td>2.0%</td></tr> <tr><td>Asian/Asian British: Other Asian</td><td>33</td><td>1.7%</td></tr> <tr><td>Asian/Asian British: Pakistani</td><td>46</td><td>2.4%</td></tr> <tr><td>Black/Black British: Black African</td><td>11</td><td>0.6%</td></tr> <tr><td>Black/Black British: Black Caribbean</td><td>9</td><td>0.5%</td></tr> <tr><td>Black/Black British: Other Black</td><td>10</td><td>0.5%</td></tr> <tr><td>Chinese/Other Ethnic Group: Chinese</td><td>8</td><td>0.4%</td></tr> <tr><td>Chinese/Other Ethnic Group: Other</td><td>8</td><td>0.4%</td></tr> <tr><td>Mixed: Other Mixed</td><td>42</td><td>2.2%</td></tr> <tr><td>Mixed White &amp; Asian</td><td>22</td><td>1.2%</td></tr> <tr><td>Mixed White &amp; Black African</td><td>18</td><td>1.0%</td></tr> <tr><td>Mixed White &amp; Black Caribbean</td><td>16</td><td>0.8%</td></tr> <tr><td>White British</td><td>1373</td><td>72.8%</td></tr> <tr><td>White Irish</td><td>25</td><td>1.3%</td></tr> <tr><td>White Other White</td><td>74</td><td>3.9%</td></tr> <tr><td>Unknown</td><td>144</td><td>7.6%</td></tr> <tr><td>Prefers not provide information</td><td>3</td><td>0.2%</td></tr> </table> <p>(Short breaks service, Surrey County Council, 2016)</p> <p>Children and young people in GRT communities are often expected to assume caring responsibilities for siblings or relatives; 59% of Surrey GRT children have special needs, compared to 19% amongst the whole Surrey school population. (SCC Needs analysis for Surrey’s Gypsy, Roma and Traveller children and young people 2013)</p> <p>Many GRT families experience services themselves are ‘hard to reach’ due to isolated locations with few amenities or transport links, high rates of illiteracy and discrimination. (SCC Needs analysis for Surrey’s Gypsy, Roma and Traveller children and young people 2013)</p>	Asian/Asian British: Bangladesh	7	0.4%	Asian or Asian British: Indian	37	2.0%	Asian/Asian British: Other Asian	33	1.7%	Asian/Asian British: Pakistani	46	2.4%	Black/Black British: Black African	11	0.6%	Black/Black British: Black Caribbean	9	0.5%	Black/Black British: Other Black	10	0.5%	Chinese/Other Ethnic Group: Chinese	8	0.4%	Chinese/Other Ethnic Group: Other	8	0.4%	Mixed: Other Mixed	42	2.2%	Mixed White & Asian	22	1.2%	Mixed White & Black African	18	1.0%	Mixed White & Black Caribbean	16	0.8%	White British	1373	72.8%	White Irish	25	1.3%	White Other White	74	3.9%	Unknown	144	7.6%	Prefers not provide information	3	0.2%
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<b>Religion and belief</b>	None identified	None identified	In the 2011 Census, 62.8% of Surrey’s population identified themselves as Christian. The next largest group																																																						



			was that which reported no religion, at 24.8% of the population. Those reporting all other religions together, other than Christian, formed 5% of the Surrey population, of which the next largest religious group after Christian was Muslim (2.2% of the population). 7.4% of the population did not state their religion. (JSNA Chapter: Religion and Belief)
<b>Sex</b>	None identified	None identified	<p>There are 4,717 students with statutory plans attending Surrey maintained schools. Boys outnumber girls by over two to one with 3,422 boys and 1,295 girls. (SCC Short Breaks Needs Assessment, SCC, 2016)</p> <p>For all types of special educational support (both statutory plans and SEN support) in Surrey schools, boys also outnumbered girls by over two to one with 14,354 boys and 6,903 girls. (SCC SEND Needs Analysis 2016)</p> <p>Boys are over 5 times more likely to have ASD than girls as their primary need. They are also more than 3 times as likely to have SEMH. Despite the higher number of boys with SEND, there are similar numbers of girls to boys with HI (125 vs 159) and PMLD (60 vs 70) and VI (63 vs 99). (SCC SEND Needs Analysis 2016)</p>
<b>Sexual orientation</b>	None identified	None identified	The UK Government estimates that 7% of the population are lesbian, gay, bisexual, transgender or questioning (LGBTQ). Applying this to mid-2009 population estimates for Surrey, there are an estimated 5,700 people aged 11 to 16 in Surrey who are LGBTQ. (JSNA Chapter: Lesbian, gay, bisexual and transgender)
<b>Marriage and civil partnerships</b>	None identified	None identified	
<b>Carers (protected by association)</b>	Increased in commitments by providers to use social capital (cash or in-kind) to develop initiatives that better meet the	Travel time for some carers is increased as a result of proposed changes to short breaks provision.	Carers look after family, partners or friends in need of help because they are ill, frail or have a disability. The care they provide is unpaid. This includes adults looking after other adults, parent carers looking after disabled children and

	<p>needs of carers and enable them to provide support to one another, alongside the core SCC-funded offer of short breaks.</p> <p>Reduced travel time for some carers in transporting their children to access local play and leisure services, as a result of a more equitable spread of funding for services across the county in response to need. Funding for play and leisure short breaks has been allocated to boroughs and districts in proportion to the level of need in each area (based on the number of children and young people with Education, Health and Care Plans (EHCPs)).</p>	<p>Although in some areas choice for carers has increased, in other areas this has reduced. The outcome of the procurement process means that five sixths of the funding for play and leisure provision in Mole Valley, Reigate and Banstead and Tandridge has been secured by one provider, which could reduce choice if not well managed.</p> <p>Increased stress for the 22 families currently accessing Beeches in Reigate as a result of SABP decision not bid to seek SCC funding to continue to deliver this service. This impact could be increased if the transition is not well managed.</p> <p>Uncertainty for carers as a result of the period of engagement prior to a final Cabinet decision on 18 July. Whilst there are clear benefits to engaging with families prior to making decisions, it is acknowledged that this has caused additional uncertainty for some families, particularly in relation to changes to overnight provision.</p> <p>Reduced choice in overnight provision in Mole Valley, Reigate and Banstead and Tandridge, resulting from the closure of Beeches, which will reduce flexibility for all families in that as to when overnight short breaks can be taken in other settings. None of the other</p>	<p>young carers under 18 years of age looking after siblings, parents or other relatives. (JSNA Chapter: Carers)</p> <p>In Surrey, in the first two quarters of 2013/14, there were about 18,700 adult carers getting some form of information advice or support from social care through services commissioned from the voluntary sector. This compares to over 29,000 people caring for more than 20 hours a week of whom over 18,000 are caring for more than 50 hours a week. (JSNA Chapter: Carers)</p> <p>The impact of caring can be detrimental to carers' health, and can be due to a number of factors, including stress related illness or physical injury. (JSNA Chapter: Carers)</p> <p>The Surrey Young Carers Health Survey 2013 identified a range of factors which affect the emotional health and wellbeing of young carers, including eating disorder, harmful coping mechanisms such as self-harm, alcohol misuse or smoking, stress, anger, depression and anxiety. (JSNA Chapter: Young Carers and Young Adult Carers)</p>
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		<p>bids received in those areas were both affordable and able to meet the required range of SEND. Whilst there is sufficient capacity for overnight provision it is likely that carers (particularly those currently using Applewood and Beeches) will have less flexibility about the times they can access residential overnight. Some families will need to travel further as a result of this change.</p> <p>As a result of prioritisation of funding for overnight short breaks, it has not been possible to award funding to continue awarding a grant to the National Autistic Society to provide a family support worker to offer support and advice to parents of children with autism in Surrey.</p>	
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## 7b. Impact of the proposals on staff with protected characteristics

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<b>Age</b>	None identified	None identified	
<b>Disability</b>	None identified	None identified	

<b>Gender reassignment</b>	None identified	None identified	
<b>Pregnancy and maternity</b>	None identified	None identified	
<b>Race</b>	None identified	None identified	
<b>Religion and belief</b>	None identified	None identified	
<b>Sex</b>	None identified	None identified	
<b>Sexual orientation</b>	None identified	None identified	
<b>Marriage and civil partnerships</b>	None identified	None identified	
<b>Carers (protected by association)</b>	None identified	None identified	



## 8. Amendments to the proposals

Change	Reason for change
No changes identified but comprehensive set of mitigations included below	

## 9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
<b>Positive</b> - Provision will now better meet the needs of children, young people and families, as services have been re-designed and re-commissioned to support them to achieve the outcomes that families have told us were most important.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments	1 Dec 2017	Short breaks team
	Develop new role for representative families in the oversight and contract management of short breaks.	31 Oct 2017	Short breaks team
<b>Positive</b> - Increased value for money for Surrey families as a result of an open and competitive tender process.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments	1 Dec 2017	Short breaks team
<b>Positive</b> - Increased hours of play and leisure opportunities for families across Surrey.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments	1 Dec 2017	Short breaks team
<b>Negative</b> – Changes to specific projects that are focussed on young people approaching transition may close.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments	1 Dec 2017	Short breaks team
<b>Positive</b> - More equitable spread of funding for play and leisure short breaks between boroughs and districts, in proportion to the number of children and young people with Education, Health and Care Plans (EHCPs), improving access and reducing travel for some families.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments	1 Dec 2017	Short breaks team
<b>Positive</b> - Increased focus on the outcomes that children and young people with SEND and their families have told short breaks should help them to achieve, leading to improvements even for well-established Surrey providers.	Work with providers to develop and implement a planned new approach to outcomes monitoring during mobilisation	1 Dec 2017	Short breaks team



<p><b>Positive</b> – Increased choice across Surrey, with new providers proposed to deliver in some areas. This may include picking up from providers who have chosen not to bid for SCC funding for short breaks, for example in Elmbridge.</p>	<p>Provide appropriate support and challenge to providers moving into new areas during mobilisation to ensure that projects begin delivery from 1 December 2017</p>	<p>1 Dec 2017</p>	<p>Short breaks team</p>
<p><b>Positive</b> - New requirements of proposed providers of play and leisure and overnight short breaks to ensure services are accessible to children and young people with complex health needs or behaviours that challenge.</p>	<p>Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments</p>	<p>1 Dec 2017</p>	<p>Short breaks team</p>
<p><b>Positive</b> - Increased choice for families of ASD-specific play and leisure provision, including a new provider.</p>	<p>Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments</p>	<p>1 Dec 2017</p>	<p>Short breaks team</p>
<p><b>Positive</b> - Increased commitments from providers to grow use of social capital (cash or in-kind) to realise additional benefits for families, on top of core SCC-funded delivery, and increase their capacity each year of the commission.</p>	<p>Ensure social capital commitments are monitored as part of robust and comprehensive approach to contract management.</p>	<p>1 Dec 2017</p>	<p>Short breaks team</p>
<p><b>Negative</b> - Some provider proposals include delivery in neighbouring boroughs and districts, with transport support for families. This may be a barrier for children, young people and families who struggle to travel may be disadvantaged if this is not managed effectively.</p>	<p>Work with providers to develop local proposals wherever possible, in response to family feedback, but ensure arrangements for transport support are robust if this is not possible.</p>	<p>1 Dec 2017</p>	<p>Short breaks team</p>
<p><b>Negative</b> – Some families may find that their journeys to short breaks services increase, where locations of the proposed offer change due to a new provider working in that area.</p>	<p>Whilst it will not be possible to prevent journey times increasing for all families, SCC will work with providers to develop proposals that are as local and accessible as possible for families</p>	<p>1 Dec 2017</p>	<p>Short breaks team</p>
<p><b>Negative</b> - Families find proposals for changes to services unsettling and this leads to additional stress and anxiety, particularly where the transition is not well managed.</p>	<p>Provide clear communication with families throughout the changes and make sure they know who to contact if they need additional advice. Work collaboratively with current and new providers to plan for changes with families affected.</p>	<p>1 Dec 2017 30 Sept 2017</p>	<p>SCC Comms Team Short breaks team</p>
<p><b>Negative</b> – Some valued relationship between children, young people and families and staff or peers may be</p>	<p>SCC will encourage and support providers to fulfil (where appropriate) their responsibilities in terms of TUPE transfer of</p>	<p>31 Oct 2017</p>	<p>Current and new short breaks providers</p>

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lost or change as a result of a local service provider changing	staff from current to new providers		
<b>Negative</b> - Additional uncertainty for families as a result of the period of engagement prior to a final Cabinet decision on 18 July, in particular for families using overnight residential provision who are working with their social workers to explore future options.	Ensure Children with Disabilities Social workers are provided with updates about the proposals as they develop, so they can offer individual support to affected families.	30 Sept 2017	Short breaks team
<b>Negative</b> - Reductions or changes to projects funded through grants, as a result of funding being prioritised for overnight short breaks within the fixed budget available for short breaks.	Work with providers to flexibly adapt proposals to make best use of the funding available for short breaks innovation grants.	1 Dec 2017	Short breaks team
<b>Negative</b> - Some parents have communicated a lack of confidence in the ability of some new providers to meet the needs of children and young people with complex health needs and challenging behaviours.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments SCC and Health to develop proposals for a nurse trainer role to build parental confidence by providing oversight of health care plans around the needs of children who attend overnight short breaks and delivering training.	1 Dec 2017 30 Sept 2017	Short breaks team Children with Disabilities Team
<b>Negative</b> - Changes to provision for children and young people with ASD may well be challenging for families affected, as continuity of routine, relationships and venues are particularly important.	Ensure that providers plan to and deliver the full requirements of the service specification and fulfil their bid commitments. New providers to work together to develop a comprehensive offer for children and young people with ASD across the county	1 Dec 2017 30 Sept 2017	Short breaks team New providers
<b>Negative</b> - The current “Twinks and Rockets” scheme delivered by White Lodge has not been awarded funding through the re-tender process.	In light of feedback from families, this service will now be funded provided through personal budgets.	1 Dec 2017	Children with Disabilities Team
<b>Positive</b> - Tailoring of play and leisure services to meet local need, increasing access in some areas for families from a range of ethnic backgrounds.	Ensure that providers plan to and deliver the full requirements of the service specification and their bid commitments	1 Dec 2017	Short breaks team
<b>Positive</b> - Increased in commitments by providers to use social capital (cash or in-kind) to develop initiatives that better meet the needs of carers	Ensure social capital commitments are monitored as part of robust and	1 Dec 2017	Short breaks team

and enable them to provide support to one another, alongside the core SCC-funded offer of short breaks.	comprehensive approach to contract management.		
<b>Positive</b> - Reduced travel time for some carers in transporting their children to access local play and leisure services, as a result of a more equitable spread of funding for services across the county in response to need.	Ensure that providers plan to and deliver the full requirements of the service specification and their bid commitments	1 Dec 2017	Short breaks team
<b>Negative</b> - Although in some areas choice for carers has increased, in other areas this has reduced. The outcome of the procurement process means that five sixths of the funding for play and leisure provision in Mole Valley, Reigate and Banstead and Tandridge has been secured by one provider, which could reduce choice if not well managed.	Work with YMCA East Surrey during service mobilisation to ensure that offer to families in Mole Valley, Reigate and Banstead and Tandridge offers range of different choices to families	30 Sept 2017	Short breaks team
<b>Negative</b> – Increased stress for the 22 families currently accessing Beeches in Reigate as a result of SABP decision not bid to seek SCC funding to continue to deliver this service. This impact could be increased if the transition is not well managed.	Ensure that Children with Disability social workers work with families through the process of change to help them explore future choices and put in place well-planned arrangements for transition.	1 Dec 2017	Children with Disability Team
	Work with SABP to continue to provide clear, consistent communication with families during the changes	1 Dec 2017	Short breaks team
<b>Negative</b> - Uncertainty for carers as a result of the period of engagement prior to a final Cabinet decision on 18 July, leading to some families deferring a decision about future options	Provide clear communication with families throughout the changes and make sure they know who to contact if they need additional advice.	1 Dec 2017	SCC Comms Team
<b>Negative</b> - Reduced choice in overnight provision in Mole Valley, Reigate and Banstead and Tandridge, resulting from the closure of Beeches, which will reduce flexibility for all families in that as to when overnight short breaks can be taken in other settings.	Ensure that Children with Disability social workers offer individual support to families through the process of change to help them explore future choices.	1 Dec 2017	Children with Disability Team
	Increase staffing capacity at Applewood to build capacity for particular families to move from Beeches.	1 Dec 2017	Short breaks team
<b>Negative</b> – Decision not to award grant funding to NAS Family Support Worker project will reduce the offer to carers of children with Autism	Commission a new pilot parenting offer for families from April 2018 as part of early help re-commissioning, including a focus on support for parents of	1 Dec 2017	Early Help and Early Years Commissioning Team

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	children and young people with autism.		

## 10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
Reductions or changes to short breaks services provided at Pond Meadow and Portesbery Special Schools, as a result of reduced grant funding allocations – whilst alternative proposals will be developed and put in place this will not fully mitigate the reduction in services available to families in these schools.	Disability
Reduced choice in overnight provision in Mole Valley, Reigate and Banstead and Tandridge and increased transport for some, resulting from the closure of Beeches, which will reduce flexibility for all families in that as to when overnight short breaks can be taken in other settings – whilst we will provide support and advice to families, looking at individual solutions where needed, it is not possible to fully mitigate this impact.	Disability

## 11. Summary of key impacts and actions

**Information and engagement underpinning equalities analysis**

- Approaching 600 responses to online short breaks surveys since January 2016, in partnership with Family Voice Surrey
- Around 200 attendances at short breaks engagement events by Surrey families and partners since January 2016
- Surrey’s Joint Strategic Needs Assessment and other SCC needs assessments
- Data provided by Surrey Short Breaks Team and Surrey Children’s Services
- Other local and national research

**Key impacts (positive and/or negative) on people with protected characteristics**

- Provision will better meet the needs of children, young people and families, as services have been re-designed and re-commissioned to enable them to achieve the outcomes families told us were most important.
- Increased hours of play and leisure opportunities for families across Surrey and a more equitable spread of provision between boroughs and districts in response to need.
- New requirements of proposed providers of play and leisure and overnight short breaks to ensure services are accessible to children and young people with complex health needs or behaviours that challenge.
- Increased commitments from providers to grow use of social capital (cash or in-kind) to realise additional benefits for families, on top of core SCC-funded delivery, and increase their capacity each year of the commission.
- Impacts associated with changes to services, including: families finding changes unsettling, leading to additional stress and anxiety; travel times increasing for some families, where service locations change as a result of new providers; and valued relationships with peers or members of staff may be disrupted as a result of changes in provision.
- Some parents have communicated a lack of confidence in the ability of some new providers to meet the needs of children and young people with complex health needs and challenging behaviours.
- Changes to provision for children and young people with ASD may well be challenging for families affected, as continuity of routine, relationships and venues are particularly important.
- Increased stress for the 22 families currently accessing Beeches in Reigate as a result of SABP decision not bid to seek SCC funding to continue to deliver this service. This impact could be increased if the transition is not well managed

**Changes you have made to the proposal as a result of the EIA**

**Key mitigating actions planned to address any outstanding negative impacts**

- Ensure that providers plan to and deliver the full requirements of the service specification and their bid commitments, including greater focus on complex health and behaviours that challenge, mobilisation of new services, increased social capital commitments and implementing new approaches to outcomes monitoring.
- Work with providers to develop local proposals wherever possible, in response to family feedback, but ensure arrangements for transport support are robust if this is not possible.
- Work collaboratively with current and new providers to plan for changes with families affected.
- Develop proposals for a joint funded nurse trainer role, with Health, in response to lack of parental confidence in the ability of provision to meet complex health needs.
- Supportive, individual approach to work with families who are affected by changes to the Beeches provision in Reigate.
- Support providers to work together to develop a comprehensive offer of services across the county.

**Potential negative impacts that cannot be mitigated**

- Reductions or changes to short breaks services provided at Pond Meadow and Portesbery Special Schools, as a result of reduced grant funding allocations
- Reduced choice in overnight provision in Mole Valley, Reigate and Banstead and Tandridge, resulting from the closure of Beeches, which will reduce flexibility for all families as to when overnight short breaks can be taken in other settings



Appendix 1 – Impact of change on current provision

Service	Area	Needs supported	Number of children / young people (CYP) 2016/17	RAG (mitigation required?)	Impacted by tender process ? Y/N	Service Availability from 1 December 2017	Alternative available?
Crossroads Saturday Club and Outings	Elmbridge	All disabilities	40	Green	N	Provider reports reduced service from 1st December 2017	Funding has been awarded to support families from Elmbridge however specific details about the service are unknown until new contracts are agreed (July 17)
Halow	Guildford	Learning disabilities (16-19 year olds)	23 (only 6 are under 18 yrs old)	Green	N	Support for 16-19 year olds is continuing	Other targeted short breaks are available and proposed in Guildford that include those with learning disabilities
RNIB	Surrey wide	Visually impaired	40	Green	N	continuing	Sight for Surrey's bid was successful subject subject to Council approval in July.
Places for People - Disability Swimming at Arena Leisure Centre	Surrey Heath	All disabilities	19	Green	N	Swimming co-ordinator hopes to continue to offer disability swimming albeit at full cost e.g. in line with mainstream swimming lessons at the leisure centre	Other targeted short breaks are available and proposed that offer swimming activities within their wider offer.
Go! Club Spelthorne	Spelthorne	All disabilities	9	Yellow	N	unknown at this stage	Funding has been awarded to support families from Spelthorne however specific details about the service are unknown until new contracts are agreed (July 17)
Farnham Town Football Club	Waverley	All disabilities	23	Yellow	Y	unknown	There are a number of SEND football teams in Surrey.
NAS Family Support Co-ordinator	Surrey wide	Parent carers	160	Red	Y	continuing but reduced from two to one coordinators	Family Support Coordinator (Health funded) - 1 post.
White Lodge	Elmbridge & Spelthorne	All disabilities	99	Green	Y	continuing	Funding has been awarded to support families from Elmbridge however specific details about the service are unknown until new contracts are agreed (July 17)
Challengers	Epsom and Ewell	All disabilities	90	Green	Y	continuing	Funding has been awarded to support families from Spelthorne however specific details about the service are unknown until new contracts are agreed (July 17)
	Mole Valley		133	Green	Y	continuing	Funding has been awarded to support families from Mole Valley however specific details about the service are unknown until new contracts are agreed (July 17)
	Reigate and Banstead		35 (under 12s)	Green	Y	continuing	Funding has been awarded to support families from Mole Valley however specific details about the service are unknown until new contracts are agreed (July 17)
NAS (P & L)	Surrey wide	ASD	138	Yellow	Y	continuing across a new range of providers	Four providers are proposed to deliver ASD Play and Leisure opportunities. NAS receiving 25% of the ASD Play & Leisure funding. This equates to a large reduction in to their funding.
White Lodge P & L (ASD)	Surrey wide	ASD	21	Red	Y	unlikely to continue	affects Twinks and Rockets - no alternative service available at this time.
Barnardos - Moving Forward Programme + One Voice Forum	Surrey wide	All disabilities	Moving Forward - 45 The forum represents al disabled children	Red	N	unknown	Barnardos did not bid for funding for Moving Forward or the forum - alternatives are currently being investigated for the latter outside of the short breaks commissioning project
Wheels for All	Epsom and Ewell and Woking	All disabilities	214	Yellow	Y	continuing but likely to be a reduced offer	There is no similar service available in Surrey.
Pond Meadow School	Guildford	All disabilities	90	Red	Y	Pond Meadow have notified parents that the after school club will close	Funding has been redistributed more equally across SEND schools. Challengers runs after-school (Play) activities in Guildford.
Portesbery School	Surrey Heath	All disabilities	60	Red	Y	continuing but likely to be a reduced offer	Funding has been redistributed more equally across SEND schools. Portesbery will still continue to offer short breaks but with a reduced offer.
Clifton Hill School	Tandridge	All disabilities	40	Yellow	Y	continuing but likely to be a reduced offer	Funding has been redistributed more equally across SEND schools.

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## Annex 5 - Short Breaks Service Development Action Plan – in response to families feedback – 06/07/17

### We asked, You said, We are planning

Key issue	Action needed to maximise positive impact or mitigate negative impact	By when?
<p><b>Change can be stressful for families</b> – as well as disruption to families' established routines there is the potential for loss of friendships and relationships with staff, as well as having to move to new locations and venues which may be unfamiliar.</p>	<ul style="list-style-type: none"> <li>○ Foster partnerships and collaborative working between providers (especially new providers), in particular where there is change in services provision, so that transfer of provision is successful for families.</li> <li>○ Ensure family feedback is shared with providers and that this is addressed in mobilisation planning</li> <li>○ Ensure new providers produce detailed implementation plans, including how they will communicate with and inform families, and that these are monitored during mobilisation period</li> </ul>	<p>30 Sept 17</p> <p>30 Aug 17</p> <p>30 Aug 17</p>
<p><b>Lack of family confidence in the newly commissioned offer and lack of focus on the areas that families feel are most important</b> – families would like more involvement in the ongoing monitoring of short breaks</p>	<ul style="list-style-type: none"> <li>○ Develop and implement an approach, working with Family Voice Surrey, to give parents a role in oversight of mobilisation of new services</li> <li>○ Develop and implement an approach, working with Family Voice Surrey, to give parents an ongoing role in monitoring of short breaks services</li> <li>○ Develop and implement an approach to routinely monitor and assess changes in need for short breaks and capacity of services to meet this need</li> </ul>	<p>30 Aug 17</p> <p>31 Oct 17</p> <p>30 Apr 18</p>
<p><b>Concerns about ensuring and maintaining quality</b> of the new proposed services (wherever possible)</p>	<ul style="list-style-type: none"> <li>○ Implement a robust and comprehensive approach to contract mobilisation management to ensure that providers implement their services in line with the requirements in service specifications and their bid commitments.</li> <li>○ Implement a robust and comprehensive approach to contract management, involving standard tools and approaches that are consistently applied, that is proportionate to the value of contracts and grants and includes direct observations of practice</li> <li>○ SCC to update its short breaks information in relation to the new offer and ensure that this is communicated with families during mobilisation</li> <li>○ Establish and implement, working with providers, clear approaches to monitoring the impact of services on the outcomes that families have told us are most important</li> <li>○ Ensure there are clear mechanisms in place for families to feedback directly on services as part of the contract management process</li> <li>○ Ensure that all providers comply with the Surrey Safeguarding Children's Board guidance and procedures in relation to safeguarding, with the appropriate policies, procedures and training in place</li> </ul>	<p>30 Sep 17</p> <p>31 Oct 17</p> <p>30 Sep 17</p> <p>30 Nov 17</p> <p>30 Nov 17</p> <p>30 Nov 17</p>

<p><b>Provision for complex health and challenging behaviour is hard to find and some may close</b></p>	<ul style="list-style-type: none"> <li>○ Ensure that new services are mobilised in line with the requirements set out in service specifications to increase access for those with complex health needs or behaviour that challenges. This will need support and challenge from SCC, whilst ensuring practical safeguarding and health and safety considerations are taken into account.</li> <li>○ Maintain current spot purchasing arrangements with specialist providers who can meet the needs of children with the most complex health care needs, where this is required</li> <li>○ Share good practice regarding the management of challenging behaviour and ensure staff attend MAPA training or equivalent</li> <li>○ Develop proposals for a joint funded nurse trainer role with Health to provide support and training to build parental confidence in the ability of services to manage complex health needs. Please note that budget would need to be identified for this.</li> </ul>	<p>30 Nov 17</p> <p>31 Oct 17</p> <p>30 Nov 17</p> <p>30 Sep 17</p>
<p><b>Families have told us that booking systems can be a barrier to accessing the service that is needed</b></p>	<ul style="list-style-type: none"> <li>○ Ensure that feedback from families in relation to booking systems is shared with providers and considered as part of mobilisation planning.</li> <li>○ Look to providers to explore simplifying or standardising booking systems across the play and leisure offer</li> </ul>	<p>31 Oct 17</p> <p>30 Apr 18</p>
<p><b>Travel to and from the short break</b> can impact on the child's experience of the short break. Increased travel time affects wellbeing and can be stressful for children</p>	<ul style="list-style-type: none"> <li>○ Work with providers to ensure families are able to access services locally and transport arrangements are considered, in response to family feedback.</li> <li>○ Work with families affected by Beeches closure on a case by case basis to ensure appropriate support with transport is offered where there is an assessed need for this.</li> </ul>	<p>31 Oct 17</p> <p>31 Oct 17</p>
<p><b>Families have told us that information and advice about short breaks needs to improve</b> - it is unclear and does not reflect the full range that is available in Surrey and there is a lack of awareness and help to access overnight short breaks in particular</p>	<ul style="list-style-type: none"> <li>○ SCC will work with Family Voice Surrey to refresh the Short Breaks Statement</li> <li>○ SCC will update the Short Breaks Directory to reflect provision changes</li> <li>○ Ensure the Local Offer website and Family Information Service are up to date with the latest information</li> <li>○ Work with Family Voice Surrey to engage with families to review and improve the information offer in relation to short breaks</li> <li>○ Hold new short breaks offer launch events for providers and families by November 2017</li> <li>○ Work with Family Voice Surrey to ensure that social care assessment process is transparent and clearly communicated to families</li> </ul>	<p>30 Nov 17</p> <p>30 Aug 17</p> <p>30 Sept 17</p> <p>30 Nov 17</p> <p>30 Nov 17</p> <p>30 April 18</p>
<p><b>Changes within other areas of SEND can affect families</b> and not getting the right support at the right time can increase demand for specialist services.</p>	<ul style="list-style-type: none"> <li>○ Ensure that short breaks work closely with other parts of the SEND system to support the improvements set out in the SEND Development Plan</li> <li>○ Ensure there is a strong focus on SEND with the early help transformation programme</li> <li>○ Surrey County Council work with Family Voice Surrey to work with them to ensure there is a clear pathway within Surrey's new early help system for families of children with SEND. This service aims to support families to get the help they need at the right time.</li> </ul>	<p>Ongoing</p> <p>30 Sept 17</p> <p>30 April 18</p>



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**SURREY COUNTY COUNCIL****CABINET****DATE: 18 JULY 2017****REPORT OF: MRS MARY LEWIS, CABINET MEMBER FOR EDUCATION****LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF CHILDREN'S SERVICES****SUBJECT: SURREY COUNTY COUNCIL'S ADOPTION OF THE REVISED SURREY AGREED SYLLABUS FOR RELIGIOUS EDUCATION****SUMMARY OF ISSUE:**

The Agreed Syllabus for Religious Education (RE) must be reviewed by the local Standing Advisory Council on Religious Education (SACRE) at least every five years. This has been done and a new syllabus has been approved by the Surrey SACRE, however, before it is recommended to Surrey schools, it must be adopted formally by the County Council.

**RECOMMENDATIONS:**

It is recommended that:

The Cabinet formally adopts the 2017 revised Agreed Syllabus for Religious Education in Surrey.

**REASON FOR RECOMMENDATIONS:**

There have been a number of significant changes in curriculum delivery, content and in guidance from the Department of Education since the existing syllabus was adopted, rendering it no longer fit for purpose. There has been a complete review of the content by qualified teachers and the Advisor to the SACRE and the revised syllabus can now be recommended to the Cabinet for adoption by schools in September 2017. The action being proposed will have benefits for the residents of Surrey in as much as teachers will be able to begin a new academic year by teaching a more relevant RE curriculum that complies with national guidance, prepares young people well for examination courses in RE, and more accurately reflects the values and beliefs of citizens in this country.

**DETAILS:****Background/Business Case**

1. The Surrey SACRE resolved to commence a review of the Agreed RE syllabus at its meeting on 23rd March 2016, in readiness for implementation in September 2017. It was required to conduct a review within the next two years and decided that now was the right time.

2. The review was conducted in the autumn and spring terms of the 2016/17 academic year by Babcock 4S and a number of suitably qualified RE teachers from Surrey Primary and Secondary schools. A number of revisions have been made in line with the most recent practice and statutory guidance and the SACRE approved the revised syllabus at its meeting on 22nd March 2017.
3. Babcock 4S, as part of the existing contract, was commissioned by Surrey County Council to promote the revised syllabus in a series of teacher training events, which are running during the second half of the summer term 2017. This will enable schools to begin teaching the new syllabus from the start of the new academic year in September 2017. There is no cost for schools to attend this training; the cost was included in the 2016/16 Output Specification that Surrey County Council commissioned from Babcock 4S.
4. The Cabinet Member for Education has already seen a final draft of the revised RE syllabus.
5. Key changes to the Surrey Agreed Syllabus for RE:
  - A single syllabus document, not separate Primary & Secondary versions
  - parity of appearance across all key stages, with pared back statutory content so that schools are clear about what they must teach, and what can be adapted
  - many non-statutory elements have been removed to separate support materials that will be made available to all schools using the syllabus
  - broad parity of content with the Guildford Diocesan Guidelines for RE used by Voluntary Aided schools, to aid transition into Year 7
  - removal of out-dated educational language
  - all Early Years Foundation Stage units in line with current practice
  - a more defined order to key elements of the curriculum to build progression & help pupils make deeper connections, especially within the Christianity units of work
  - specifically, defined flexibility for Key Stage 3 allowing for different models but adequately covering core content

#### **CONSULTATION:**

6. Consultation with the dioceses and schools has taken place via discussion at the SACRE termly meetings, beginning in March 2016. Drafts of the developing syllabus have been shared with RE teachers throughout the process via Babcock 4S officers. The various faith and non-religious belief groups represented on the SACRE have added their views during the drafting process. The outcome of this consultation has been that SACRE has unanimously approved the finished syllabus and commends this to the council and to Surrey schools.

### **RISK MANAGEMENT AND IMPLICATIONS:**

7. The main risks associated with this decision by Cabinet are that there needs to be an Agreed RE syllabus to comply with education law and the Surrey syllabus had to be reviewed. This revised syllabus now needs to be formally adopted to complete the process. If it is not, then the County is left with a syllabus that is not fit for purpose and the process will have to be repeated during 2017.
8. The previous syllabus was putting teachers and students at a disadvantage as it was not as effective in terms of clarity, progression of learning or content. The revised syllabus has addressed all of these issues and should better prepare pupils for the world in which they live.

### **Financial and Value for Money Implications**

9. Supply cover for the teacher writing group to work on the review of the syllabus and the cost of the teacher training programme has been covered from within the annual service delivery agreement with Babcock 4S. This is paid for by Surrey County Council.
10. Once adopted the syllabus will be put onto the Surrey County Council website for schools to download. Members of SACRE have also received an electronic copy. Limited paper copies will be provided to schools by Babcock 4S as part of the training and for all future RE training sessions which are paid for by schools.

### **Section 151 Officer Commentary**

11. The Section 151 Officer can confirm that the costs to develop the curriculum were part of the 2016/17 existing contract with B4S. The cost of the teacher training programme in the summer term has been paid for by the Council as part of last year's Output Specification to Babcock 4S. There are no ongoing costs for the County Council from implementing the new syllabus.

### **Legal Implications – Monitoring Officer**

12. The public sector equality duty (Section 149 of the Equality Act 2010) applies to the decision to be made by Cabinet in this report. There is a requirement when deciding upon the recommendations to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful discrimination. These matters are dealt with in the equalities paragraphs of the report [and in the attached equalities impact assessment].
13. The requirement for the Local Authority to establish a SACRE is contained in the Education Act 1996. There are no other legal implications arising from this report.

## **Equalities and Diversity**

14. The Agreed RE syllabus should not negatively impact on residents or council staff with Protected Characteristics. As with all curriculum content schools have a general duty to ensure that every student can access the curriculum and this syllabus is designed to enable the content to be differentiated for pupils of all abilities, including those with disabilities.
15. Similarly school staff with protected characteristics will not be negatively affected by the changes made to the content or proposed delivery of the new syllabus.
16. An Equalities Impact Assessment has been carried out and is attached as an appendix to this report.

## **WHAT HAPPENS NEXT:**

17. The professional development opportunities for teachers in Surrey schools have commenced during June 2017. The revised syllabus is already on the Babcock website and will be placed on the County Council website once the syllabus has been adopted by Surrey County Council.
18. Schools should start teaching the new syllabus from September 2017.
19. The revised syllabus will be brought to the attention of all schools and academies through the Schools and Learning weekly bulletin.

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### **Contact Officer:**

Melanie Harris, SCC School Commissioning Officer Tel 020 8541 9556

Gary Anderson, Senior Curriculum Consultant, Babcock 4 S Tel. 0800 0734444  
 Rachel Boxer, RE Consultant Babcock 4 S Tel. 0800 0734444

### **Consulted:**

Surrey SACRE, including the existing SCC Members Keith Taylor and Colin Kemp; Mike Goodman and Mary Lewis Cabinet Member for Education; school representatives for RE teaching

### **Annexes:**

Equality Impact assessment

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

- The Surrey revised Agreed RE Syllabus – available in electronic format
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# Equality Impact Assessment (EIA)

## 1. Topic of assessment

<b>EIA title</b>	The 2017 revised Agreed Syllabus for RE
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<b>EIA author</b>	Melanie Harris
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## 2. Approval

	<b>Name</b>	<b>Date approved</b>
<b>Approved by</b>	Liz Mills	27/06/2017

## 3. Quality control

<b>Version number</b>	2.0	<b>EIA completed</b>	23/06/17
<b>Date saved</b>	27 June 2017	<b>EIA published</b>	

## 4. EIA team

<b>Name</b>	<b>Job title</b>	<b>Organisation</b>	<b>Team role</b>
Melanie Harris	School Commissioning Officer	Schools and Learning division	Commissioner of the SACRE support contract
Rachel Boxer	RE consultant	Babcock 4S	Advisor to the SACRE and co-author of the revised syllabus
Sarah Harris	Vice Chair of SACRE	Representative of the Surrey Jewish community	Consultant on the syllabus content
Peter Ward	Member of SACRE	Representative of the Catholic Diocese of Arundel and Brighton	Consultant on the syllabus content

Lee Herdman	Member of SACRE	Head of Cuddington Primary academy and NAHT representative	Consultant on the syllabus content and implementation by teachers
Adam Whittaker	Policy Manager Strategy and Performance	SCC	Consulted on the EIA document
Liz Mills	AD Schools and Learning	SCC	Accountable Officer

## 5. Explaining the matter being assessed

<b>What policy, function or service is being introduced or reviewed?</b>	<p>The revised Surrey County Council Agreed RE syllabus – This was formally approved by the Surrey Standing Advisory Council for Religious Education (SACRE) at its meeting on 22 March 2017 when the group convened its legally constituted Conference in order to make this decision.</p> <p>The function of the Agreed RE syllabus is to set out the curriculum content for the teaching of RE in all Surrey County Council Maintained Schools. The syllabus is also available to other schools and academies to select as their adopted RE syllabus.</p> <p>There is a statutory requirement on all schools in England to teach RE and facilitate daily collective worship which is mainly (but not exclusively) Christian in nature. (Ref. 1944 Education Act; Section 375 (3) Education Act 1966 and Education Reform Act 1988)</p> <p>The Agreed syllabus has to be reviewed every five years by SACRE (ref. Education Act 1993)</p>
<b>What proposals are you assessing?</b>	<p>A complete revision of the Agreed syllabus content for RE teaching in schools age 5-18 years. NB The syllabus is intended for use by all Surrey Maintained, Foundation and Voluntary Controlled schools but is optional for Voluntary Aided schools and academies/Free Schools who may make other arrangements for the teaching of RE.</p>

<b>Who is affected by the proposals outlined above?</b>	<ul style="list-style-type: none"> <li>• Students receiving RE lessons</li> <li>• Teachers delivering RE lessons</li> <li>• The main religions and faith groups in the UK, as far as they operate within Surrey, and groups of people holding a non-religious world view.</li> </ul> <p>The presentation of the 6 main world religions in terms of their practices and beliefs, and the beliefs of those holding a non-religious world view, form the basis of the content of this curriculum. The syllabus affords an opportunity for students to understand about people who hold different views to their own and gives guidance to teachers about creating opportunities in lessons in which to discuss, in a respectful way, these views and beliefs as being of equal value.</p>
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## 6. Sources of information

<b>Engagement carried out</b>
<p>The RE syllabus has to be reviewed every 5 years to take account of changes in statutory guidance, legal judgements and pedagogic approaches to the subject. The review group consisted of a small working/re-drafting group of primary and secondary RE specialist teachers in Surrey schools, 2 Babcock 4S RE consultants and all members of SACRE representing the major faiths and non – religious beliefs in Surrey had an opportunity to add input.</p>
<b>Data used</b>
<p>Consultation and re-drafting took place between October 2016 and January 2017 Revised Guidance in the form of reports and statutory and non-statutory Guidance from the DfE have been referred to in the review process:</p> <p>RE: The Truth Unmasked All Parliamentary Group report on RE March 2013  RE: Realising the Potential OFSTED Oct 2013  DfE Guidance on promoting Fundamental British Values Nov 2014  A New Settlement: Religion and Belief in Schools-Charles Clarke and Linda Woodhead Westminster Faith Debates June 2015  RE for Real A Dinham and M Shaw Nov 2015  Living with Difference Commission on Religion and Belief in Public Life Dec 2015  Revised OFSTED Framework for School Inspections Sept 2016  Revised GCSE content for RE</p>

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

The main changes to the syllabus are as follows:

- broad parity of content with the Guildford Diocesan Guidelines for RE used by Voluntary Aided schools, to aid transition into Year 7
- removal of out-dated educational language
- all Early Years Foundation Stage units in line with current practice
- a more defined order to key elements of the curriculum to build progression & help pupils make deeper connections, especially within the Christianity units
- specifically, defined flexibility for Key Stage 3 allowing for different models but adequately covering core content

The revised syllabus is seen by the teachers in the review group and members of SACRE as an improvement in terms of its more unified approach (one syllabus for all age groups which allows for progression in learning). It is a more inclusive syllabus in terms of its approach to curriculum content eg it now includes a discrete section on non-religious world views. It also takes into account recent statutory and non-statutory guidance from the Department for Education.

It is felt that the syllabus content is now more relevant and compliant with good practice in RE teaching across England.

The impact of this change in content is intended to inform pupils about religious and non-religious beliefs, it does not promote any single belief system or make value judgements about any faith being more important than others.

The syllabus allows for schools to incorporate British Values teaching into the RE modules at all stages of education. It also promotes the Social, Moral, Spiritual and development of all.

During the redrafting process there was discussion about the impact of the syllabus content on people with Protected Characteristics and their Carers; every attempt has been made to ensure that the new syllabus is non-discriminatory in its content and also in the advice it offers to teachers to ensure that the delivery of RE is made in a non-discriminatory way.

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

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<b>Age</b>	Syllabus content is more relevant to all age groups in schools and facilitates differentiation and entitlement so that children of all ages may access learning in RE	None anticipated	Page 5 'Time for RE' sets out the guidance for taught time across each key stage P7 sets out the statutory entitlement and emphasises breadth and balance P8 sets out areas of learning and scopes what pupils should know and what progress is expected by the end of each Key Stage The syllabus provides a scaffold for learning to progress in an age related way
Page 75 <b>Disability</b>	The syllabus allows for differentiation of learning in the way it is set out. Teachers can easily see what is expected of children from the P scales through to KS4	None anticipated but this will depend on the quality of teaching and classroom management in each school	For pupils or staff with Sight impairment the syllabus content can be made accessible in braille by schools, as required, and large print formats are also available as all schools have access to an electronic copy. There are sections intended for use in special schools and specialist centres
<b>Gender reassignment</b>	The syllabus promotes respectful discussion of ways of life and an understanding of all people irrespective of their gender	None anticipated but this will depend on the quality of teaching and classroom management in each school	Gender re-assignment is not overtly addressed in the RE syllabus as this forms no part of any of the 6 world faiths. All the belief systems included in the syllabus promote respect for other people's beliefs, choices and life styles. Qualities such as understanding, compassion and acceptance of difference and personal freedom and choice are supported by the enquiry based learning approach advocated in the syllabus
<b>Pregnancy and maternity</b>	The syllabus can be accessed by all students and teachers whatever their	None anticipated	



	context		
	<b>Race</b>	There are numerous opportunities for the topic of race and faith to be covered in the syllabus throughout each Key Stage in an age appropriate way	None anticipated but this will depend on the quality of teaching and classroom management in each school
	<b>Religion and belief</b>	Syllabus is more inclusive in that it covers the main world faiths plus non-religious world views. It also promotes learning through respectful discussion and enquiry	None anticipated but this will depend on the quality of teaching and classroom management in each school
Page 76	<b>Sex</b>	The syllabus does not make any distinction between what can be taught to boys and girls	None anticipated
	<b>Sexual orientation</b>	This is not a feature of any of the faiths or belief systems covered in the syllabus	None anticipated but this will depend on the quality of teaching and classroom management in each school
	<b>Marriage and civil partnerships</b>	Marriage is a sacrament of a number of faiths and is covered in the syllabus. It is not presented as the only lifestyle	None anticipated
	<b>Carers (protected by association)</b>	Carers and parents are legally entitled to remove their children from RE lessons by notifying the school	None anticipated
			eg See KS 3 unit Does Religion Really promote Equality? P137
			changes to syllabus reflect the diversity of faith and non- religious belief groups living in Surrey
			The syllabus does not present gender stereotypes
			Opportunities for discussions with older pupils are there and teachers have guidance on how to manage these, should the question arise.
			There are opportunities in the syllabus from Early Years and KS1 units through to the later sections to learn about the belief in marriage and about alternative partnerships and lifestyles.
			Because the breadth of the RE syllabus overlaps with other subject areas such as PSHE, Humanities or English there are many opportunities for addressing potential discrimination against Carers of people with Protected characteristics by children or by staff. This is the role of the Head Teacher and Senior Pastoral staff in every school and is not restricted to the RE

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

Protected characteristic	Potential positive impacts	Potential negative impacts	Evidence
<b>Age</b>	N/A	none	
<b>Disability</b>	Syllabus content can be made accessible in braille and large print formats	none	Reasonable adjustments must be made by the employer to enable staff with disabilities to be able to access everything they need to work
<b>Gender reassignment</b>	N/A	None anticipated	
<b>Pregnancy and maternity</b>	N/A	None anticipated	
<b>Race</b>	Race and religion are topics that inevitably will arise in RE lessons. The syllabus enables these to be addressed using factual information and promotes a respectful approach to the subject. Students are encouraged to ask the 'big questions' and teachers are supported through the	None anticipated	

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	guidance to help them explore a range of views without feeling pressurised to explain their own personal belief system or culture		
Page 78	<b>Religion and belief</b> The content of the revised syllabus deals with religion and belief and creates opportunities for pupils of all ages to discuss this topic. Pupils will understand that although the UK is predominantly a Christian country faith and belief is personal as well as a shared experience. Equality and parity of various belief systems and personal choice in UK society is a fundamental premise of the syllabus	None anticipated	
	<b>Sex</b> N/A	None anticipated	
	<b>Sexual orientation</b> N/A	None anticipated	
	<b>Marriage and civil partnerships</b> N/A	None anticipated	
	<b>Carers (protected by association)</b> N/A	None anticipated	



## 8. Amendments to the proposals

Change	Reason for change
Need to introduce formats for people with sight impairments has been acknowledged by SACRE. This is the responsibility of individual schools	Currently there is no mention of braille or large print formats in the previous syllabus; although schools may already make provision for this if necessary. This EIA establishes that this and all other reasonable adjustments must be made to make the revised syllabus and associated teaching materials accessible to all.

## 9. Action plan

Potential impact (positive or negative)	Action needed to maximise positive impact or mitigate negative impact	By when	Owner
Reasonable adjustments	Note to go out to schools regarding reasonable adjustments required for sight impaired teachers or parents. To go onto websites	B4S site to add asap SCC site to add with document when adopted by SCC	M Harris

## 10. Potential negative impacts that cannot be mitigated

Potential negative impact	Protected characteristic(s) that could be affected
None	

## 11. Summary of key impacts and actions

The key impact of this complete syllabus review is that teachers following this syllabus will be better equipped to effectively deliver RE content in their lessons at all Key Stages of learning. The

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syllabus, and its associated free training for Surrey teachers, also gives helpful guidance on how to encourage students to ask big philosophical questions, enables them to challenge prejudice and discriminatory behaviour in the classroom, and underpins the teaching of British Values across the curriculum. It supports specialists in RE and non-specialist teachers and promotes religious tolerance and understanding to all groups.

The recommended learning and teaching styles, and the revised content, intrinsically promote equality of opportunity and treatment towards all. The Approved Syllabus therefore enables schools to address inequalities and bias towards people and groups, especially those with with Protected Characteristics in law, by establishing opportunities within the curriculum to explore these issues with pupils of all ages and abilities.

<p><b>Information and engagement underpinning equalities analysis</b></p>	<p>The review group consisted of key stakeholders - primary and secondary RE specialist teachers, Babcock 4S RE consultants and all members of SACRE representing the major faiths and non – religious beliefs in Surrey.</p> <p>A wide range of Data was considered including, but not exclusively limited to the texts and documents listed above in paragraph 6</p> <p>Further engagement with schools has occurred in 5 teacher training sessions which, so far, 30% of Surrey schools have attended</p> <p>The syllabus is already available for schools to access on the B4S website. The public will soon be able to access it from the SACRE website hosted on the SCC website.</p>
<p><b>Key impacts (positive and/or negative) on people with protected characteristics</b></p>	<p>The syllabus will be available to both school staff and parents by accessing it either from the Babcock 4 S website or the SCC hosted SACRE website (NB it has not yet been placed on the SCC website until the Cabinet formally adopts the new syllabus). This means that all individuals or groups can see what is being taught in schools within RE lessons.</p>
<p><b>Changes you have made to the proposal as a result of the EIA</b></p>	<p>The SACRE has discussed and considered how copies of the syllabus may be made available to people with sight impairments</p>
<p><b>Key mitigating actions planned to address any outstanding negative impacts</b></p>	<p>Free teacher training sessions have been offered by B4S to facilitate specialist and non-specialists RE teachers to understand the changes in content and approach so that these may be cascaded to other colleagues in schools.</p>
<p><b>Potential negative impacts that cannot be mitigated</b></p>	<p>It is impossible to ensure that no individual teachers will bring their own bias into the delivery of this subject. A big challenge in education at present is the lack of trained RE teachers; this means that in some schools it is delivered by non-specialists. However there are processes and procedures in place in all schools for dealing with complaints, including those related to Equalities Issues.</p>

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**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 18 JULY 2017**



**REPORT OF: MRS MARY LEWIS, CABINET MEMBER FOR EDUCATION  
MR TIM OLIVER, CABINET MEMBER FOR PROPERTY AND  
BUSINESS SERVICES**

**LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER  
LIZ MILLS. ASSISTANT DIRECTOR FOR SCHOOLS AND  
LEARNING**

**SUBJECT: SUNBURY MANOR SECONDARY SCHOOL, SUNBURY ON  
THAMES**

**SUMMARY OF ISSUE:**

There is a forecast need for additional Secondary Places in Spelthorne by 2020. Many Primary Schools within the vicinity of Sunbury Manor Secondary School have had bulge classes and permanent expansions, consequently the need for additional Secondary School places is emerging.

This paper provides the Business Case for the expansion of Sunbury Manor School, a standalone academy. The school currently operates as an eight Form of Entry (Published Admission number of 240 and a total school capacity of 1200 places) co-educational 11-16 school with a specialist centre for pupils with communication and interaction needs. The school is currently rated 'Good' by Ofsted.

The proposal is to expand the school by one 1 form of entry to 9 forms of entry per year from September 2020. A form of entry is normally 30 students. The school would change its Published Admission Number from 240 to 270 and grow incrementally over a five year period to total school capacity of 1350 places. This will provide in total an additional 150 secondary places in the Sunbury area of Spelthorne.

The expansion will enable Surrey County Council to meet the forecast demand for secondary school places in Spelthorne borough. Any existing surplus places at the school are in upper years, as the larger intake years (year 7 pupils) replace these smaller older year groups these vacant places will be reduced.

**RECOMMENDATION:**

It is recommended that, subject to the agreement of the detailed financial information for the expansion as set out in Part 2 of this agenda, the Cabinet approves the business case for the provision of an additional form of entry (30 places per year) providing, in total, 150 secondary places at Sunbury Manor School from September 2020.

<b>REASON FOR RECOMMENDATIONS:</b>
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The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in Spelthorne Borough by providing Year 7 places when and where they are needed.

<b>DETAILS:</b>
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The county council has a statutory responsibility to provide a sufficient number of school places to meet the needs of its residents. The council monitors future demand and decides on appropriate changes to school organisation, where necessary, in order to meet this statutory responsibility. The council plans secondary places on a borough wide basis to ensure that additional capacity is spread across the borough's schools to facilitate local availability.

### **The current position in Spelthorne and in the Sunbury on Thames area**

1. Births in Spelthorne peaked in 2012/13, but fell marginally in 2014. This pattern of fluctuation has been evident since the early 2000s, and is reflected in the demand for primary school places in the borough. There have been a number of temporary primary 'bulge' classes and permanent expansions provided since 2013 to meet these demand patterns.
2. There have been both bulge classes and permanent primary expansions in the Borough. Specifically in Sunbury Springfield Primary School has taken additional pupils in 2011, 2012, 2014, 2015 and is due to permanently expand by 1 FE in September 2017. Hawkedale Infant School is also due to convert to full primary status in September 2017. These additional primary places are in close proximity to Sunbury Manor, with Springfield being just a few yards away on the same road.
3. The larger primary cohorts are now entering the secondary sector. Although there has formerly been surplus capacity in the six secondary academies in the Borough, this is gradually being utilised year on year. By 2018 the forecast numbers for Year 7 admissions are expected to exceed the current combined area Planned Admission Number 1156. The expansion of Sunbury Manor School is part of a suite of proposals to manage this increase in demand. Initially the council is providing two forms of entry at another site (Thomas Knyvett School, 3.5 miles from Sunbury Manor School) in 2018 increasing the Planned Admission Number to 1216. The demand continues to rise with this proposal meeting that demand from 2020.

4. Projections of future demand for school places in the Borough are presented in the below table:

Year	Y7 PAN	Y7 Projection	Surplus/Deficit places
2018/19	1216	1221	-5
2019/20	1216	1178	+38
2020/21	<b>1246</b>	1290	- 44 (2FE)
2021/22	1246	1273	-27 (1FE)
2022/23	1246	1338	- 92(3FE)
2023/24	1246	1337	-91 (3FE)
2024/25	1246	1413	-167 (5.5FE)
2025/26	1246	1359	-113 (4FE)

Note: 1, negative figures indicate a forecast deficit of provision 2, the year 7 PAN figures include the proposed expansion from 2020

5. The forecasts of demand indicate that there may be the need to provide further provision within the planning area from 2024 as year 7 projections are greater than the capacity that will be provided. Officers will continue to monitor the situation and come forward with relevant proposals should this trend persist. Officers are conscious of the need to balance the needs of the current pattern of provision whilst not supplying more permanent places than are necessary within the area.
6. The building programme at Sunbury Manor has been developed in such a way that it does not preclude the provision of further additional places at a later date. It may however be appropriate to manage the demand in 2024-26 with bulge provision or consider other mechanisms for the delivery of places including the Department for Education Free School Programme.
7. Sunbury Manor has a small specialist centre for pupils with Communication and Interaction Needs. There are no plans to expand this provision at present. There is an onsite Leisure centre at the school that operates on a commercial basis, this will be unaffected by the proposed works.
8. Sunbury Manor is an increasingly popular school which delivers high quality education. It was rated as 'Good' by OFSTED at its last inspection (June 2012) and confirmed by an Ofsted monitoring inspection in March 2016. It was under-subscribed in the past, along with other secondary schools in the borough but it is now a school of first choice with many parents. As a result any existing surplus places at the school are in upper years, as the larger intake years (year 7 pupils) replace these smaller older year groups these vacant places will be reduced.
9. The proposal consists of a new two storey teaching block incorporating a new kitchen on the ground floor. There is also some internal alterations and refurbishments to the existing building to create 2 science laboratories

#### **CONSULTATION:**

10. As an academy Sunbury Manor is not required to consult on expansion as long as it has the infrastructure to supply the additional places. The governing body has given its permission for Sunbury Manor to expand subject to Surrey County Council funding a scheme that is agreed by both parties.

11. The proposed construction programme will be managed by Surrey County Council's Property Team operating under a Development Agreement on the academy's site.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

12. There are risks associated with the project and a project risk register has been compiled and is regularly updated. A contingency allowance appropriate to the scheme has been included within the project budget to mitigate for potential risks.

#### **Financial and Value for Money Implications**

13. The project will be subject to robust cost challenge and scrutiny to drive optimum value as it progresses. Further financial details are set out in the report circulated in Part 2 of the agenda. These details have been circulated separately to ensure commercial sensitivity in the interests of securing best value.

#### **Section 151 Officer Commentary**

14. The County Council is facing a very serious financial situation, whereby there are still substantial savings to be identified and delivered to achieve a balanced budget in the current year and a sustainable budget plan for future years.
15. The Section 151 Officer can confirm that an estimated cost for this capital scheme has been included in the current School Basic Need capital programme as part of the Medium Term Financial Plan. A significant part, but not all of the school basic need capital programme, is funded from DfE capital grant.
16. In spite of these factors, it is important to recognise that agreeing to this recommendation will reduce the council's options to achieve a sustainable budget in future years.

#### **Legal Implications – Monitoring Officer**

17. Section 13 of the Education Act 1996 places a duty on a Local Authority (with responsibility for education) to ensure sufficient primary and secondary education provision is available to meet the needs of the population in its area.

#### **Equalities and Diversity**

18. The expansion of the school will not create any issues which would require the production of an Equality Impact Assessment.
19. The new classrooms will comply with Disabilities Discrimination Act (DDA) regulations. The expanded school will provide employment opportunities in the area.
20. The school will be for children in the community served by the school. The Admissions arrangements will give the highest priority to Looked After Children and pupils on the Special Educational Needs (SEN) register and/or those who would benefit from a statement of educational need, thus supporting provision for our most vulnerable children. Children with siblings will receive the next



priority, followed by those children living closest to the school. There is no proposal to amend the admissions criteria which is fully compliant with the Schools Admissions Code.

#### **Other Implications:**

21. 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.

#### **Corporate Parenting/Looked After Children implications**

22. This proposal would provide increased provision for secondary places in the area which would be of benefit to the community served by the school. This means it would therefore also be of benefit to any looked after children who may attend the school.

#### **Safeguarding responsibilities for vulnerable children and adults implications**

23. The council has a duty to promote and improve educational outcomes for all children, particularly those who are vulnerable or disadvantaged. Sunbury Manor is an inclusive school and has robust safeguarding policies and procedures in place.

#### **Climate change/carbon emissions implications**

24. The design philosophy is to create buildings that will support low energy consumption, reduce solar gain and promote natural ventilation. The school will be refurbished in line with this policy and any new building will be to the standards in the local planning authority's adopted core planning strategy.

#### **WHAT HAPPENS NEXT:**

25. If approved, to proceed to detailed design to allow procurement of tenders and subsequent contract award through delegated decision.

#### **Contact Officer:**

Keith Brown, Schools and Programme Manager – tel: 020 8541 8651  
Melanie Harris, School Commissioning Officer – tel: 020 8541 9556

#### **Consulted:**

Mr Tim Evans, Local Member: Lower Sunbury and Halliford - Spelthorne  
Julie Fisher, Deputy Chief Executive and Strategic Director for Children, Schools and Families  
Paula Chowdhury, Strategic Finance Manager – Business Services

#### **Annexes:**

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

**Sources/background papers:**

- The Education Act 1996
  - The School Standards Framework Act 1998
  - The Education Act 2002
  - The Education and Inspections Act 2006
  - Report to Cabinet: Schools Capital Budget Allocations Service update based on latest or most appropriate report year and version
-

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 18 JULY 2017**



**REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL**

**LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE**

**SUBJECT: FINANCE AND BUDGET MONITORING REPORT TO 30 JUNE 2017**

**SUMMARY OF ISSUE:**

Surrey County Council takes a multiyear approach to its budget planning and monitoring, recognising the two are inextricably linked. This report presents the Council's financial position as at 30 June 2017 (month three).

The Section 151 Officer stated in her report of February 2017 to Full Council on the 2017/18 to 2019/20 budget and Medium Term Financial Plan (MTFP) that the financial challenges facing the council have become even more serious in the last year. During 2017/18, the council must deliver already stretching service reduction plans of £104m, including £9m savings it has yet to identify, to balance the 2017/18 budget and move towards a sustainable budget for future years.

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

**RECOMMENDATIONS:**

Recommendations to follow.

**REASON FOR RECOMMENDATIONS:**

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

**DETAILS:**

**Revenue budget overview**

1. Surrey County Council set its gross expenditure budget for the 2017/18 financial year at £1,672m. A key objective of MTFP 2017-20 is to increase the council's overall financial resilience. As part of this, the council's 2017/18 budget requires it to make efficiencies totalling £104m including £9m savings it has yet to identify.
2. The council aims to smooth resource fluctuations over its three year medium term planning period. To support the 2017/18 budget, Cabinet approved use of £11.8m from the Budget Equalisation Reserve and carry forward up to £1.6m to

fund continuing planned service commitments. The council currently has £21.3m in general balances.

3. In January 2017, Cabinet approved the council's Financial Strategy 2017-20. The Financial Strategy aims to:
  - secure the stewardship of public money;
  - ensure financial sustainability
  - enable the transformation of the council's services and
  - build partnerships to achieve better value outcomes.

### **Capital budget overview**

4. Creating public value by improving outcomes for Surrey's residents is a key element of the council's corporate vision and is at the heart of its £387m capital programme in MTFP 2017-20 and £186m budget for 2017/18.

### **Budget monitoring overview**

5. The council's 2017/18 financial year began on 1 April 2017. This budget monitoring report covers the financial position at the end of the third month of 2017/18 (30 June 2017). The report focuses on material and significant issues, especially monitoring MTFP efficiencies. The report emphasises proposed actions to resolve any issues.
6. The council has implemented a risk based approach to budget monitoring across all services. The approach ensures the council focuses effort on monitoring those higher risk budgets due to their value, volatility or reputational impact.
7. A set of criteria categorise all budgets into high, medium and low risk. The criteria cover:
  - the size of a particular budget within the overall council's budget hierarchy (the range is under £2m to over £10m);
  - budget complexity, which relates to the type of activities and data monitored (this includes the proportion of the budget spent on staffing or fixed contracts - the greater the proportion, the lower the complexity);
  - volatility, which is the relative rate that either actual spend or projected spend moves up and down (volatility risk is considered high if either the current year's projected variance exceeds the previous year's outturn variance, or the projected variance has been greater than 10% on four or more occasions during the current year); and
  - political sensitivity, which is about understanding how politically important the budget is and whether it has an impact on the council's reputation locally or nationally (the greater the sensitivity the higher the risk).
8. Managers with high risk budgets monitor their budgets monthly, whereas managers with low risk budgets monitor their budgets quarterly, or more

frequently on an exception basis (if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower).

9. Annex 1 to this report sets out the council's revenue budget forecast year end outturn as at 30 June 2017. The forecast is based upon year to date income and expenditure and financial year end projections using information available as at 30 June 2017.
10. The report provides explanations for significant variations from the revenue budget, with a focus on efficiency targets. As a guide, a forecast year end variance of greater than £1m is material and requires a commentary. For some services £1m may be too large or not reflect the service's political significance, so variances over 2.5% may also be material.
11. Annex 1 to this report also updates Cabinet on the council's capital budget. Appendix 1 provides details of the MTFP efficiencies, revenue and capital budget movements, reserves and balances, debt and treasury management.

#### **CONSULTATION:**

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

#### **RISK MANAGEMENT AND IMPLICATIONS:**

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

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

14. The report considers financial and value for money implications throughout and future budget monitoring reports will continue this focus.

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

15. The Section 151 Officer confirms the financial information presented in this report is consistent with the council's general accounting ledger and forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.
16. During 2017/18, the council must deliver already stretching service reduction plans of £95m, plus it must identify a further £9m of service reductions to balance the 2017/18 budget and move towards a sustainable budget for future years.
17. The council's reserves are already at minimum safe levels and these should be retained to mitigate the risk of non-delivery of significant savings targets.

## **LEGAL IMPLICATIONS – MONITORING OFFICER**

18. The Local Government Finance Act requires the council to take steps to ensure that the council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available. Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget she must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget.

## **EQUALITIES AND DIVERSITY**

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

## **WHAT HAPPENS NEXT:**

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

### **Contact Officer:**

Sheila Little, Director of Finance

020 8541 7012

### **Consulted:**

Cabinet, strategic directors, heads of service.

### **Annexes:**

Annex 1 – Revenue budget, staffing costs, efficiencies, capital programme.

Appendix 1 – Service financial information (revenue and efficiencies), revenue and capital budget movements, balance sheet, earmarked reserves, debt and treasury management.

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

None



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**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 18 JULY 2017**

**REPORT OF: MR TIM OLIVER, CABINET MEMBER FOR PROPERTY AND BUSINESS SERVICES**

**LEAD OFFICER: SHEILA LITTLE, DIRECTOR OF FINANCE**

**SUBJECT: LEADERSHIP RISK REGISTER**



#### **SUMMARY OF ISSUE:**

The Surrey County Council Leadership risk register is presented to Cabinet each quarter and this report presents the Leadership risk register as at 30<sup>th</sup> June 2017.

#### **RECOMMENDATION:**

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

#### **REASON FOR RECOMMENDATIONS:**

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

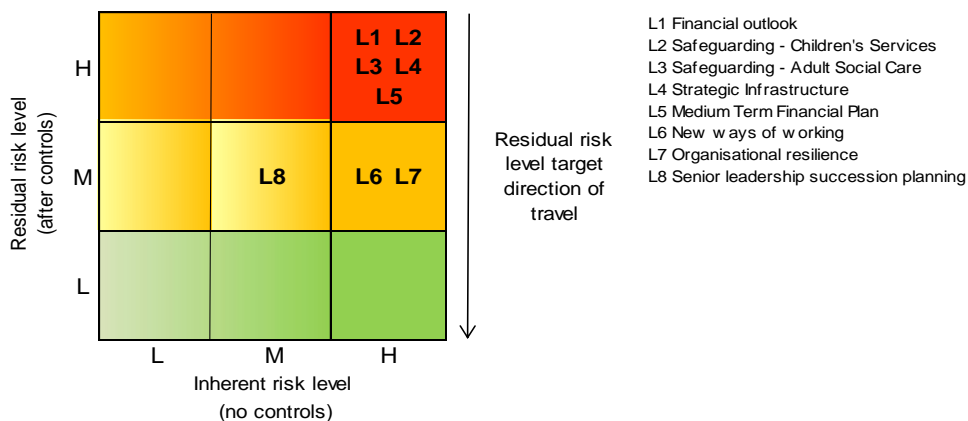
#### **LEADERSHIP RISK REGISTER:**

1. The Surrey County Council Leadership risk register (Annex 1) is owned by the Chief Executive and captures Surrey County Council's key strategic risks. The risk register focuses specifically on the strategic risks that have the potential to significantly destabilise the organisation.
2. The role of the Cabinet is to assure itself that Surrey County Council's strategic risks are captured on the risk register and that appropriate actions are being taken to effectively mitigate the risks to a tolerable level.
3. The Leadership risk register is reviewed monthly by the Statutory Responsibilities Network, bi-monthly by the Strategic Risk Forum and the Audit and Governance Committee at each meeting.
4. Since the Leadership risk register was last presented to Cabinet in April 2017, updates have been made to the following risks:
  - **Financial Outlook (L1)** – risk processes and controls have been updated to further reflect the financial position, with specific reference to the council proactively seeking to engage with Government in relation to future funding policies. A new process has also been added relating to Cabinet and new Members induction;

- **Strategic Infrastructure (L4)** – processes have been updated with reference to 3SC.
- **Medium Term Financial Plan (L5)** – updates to the processes and controls to reflect changes regarding the financial position, with specific reference to Cabinet and new Members induction and income generation.
- **Organisational Resilience (L7)** – risk processes and controls have been updated with reflect the monitoring and review of business continuity and reference to new Members induction.

### Residual risk level

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



### **CONSULTATION:**

- The Surrey County Council Leadership risk register has been reviewed by a number of senior officer groups, including the Statutory Responsibilities Network on 3 July and the Audit and Governance Committee on 12 June.
- Risk management training was given to Members of the Audit and Governance Committee on 6 June 2017 to increase knowledge and understanding and support them in their role of ensuring effective management of risk at Surrey County Council.

### **RISK MANAGEMENT AND IMPLICATIONS:**

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

### **Financial and Value for Money Implications**

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

### **Section 151 Officer Commentary**

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

### **Legal Implications – Monitoring Officer**

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

### **Equalities and Diversity**

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

### **WHAT HAPPENS NEXT:**

14. The Surrey County Council Leadership risk register is presented to the Cabinet on a quarterly basis.

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**Contact Officer:**

Rawdon Phillips, Risk Manager  
Tel: 01273 481593

**Consulted:**

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

**Annexes:**

Annex 1 – Leadership risk register

**Sources/background papers:**

None

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# Leadership risk register as at 30 June 2017 (covers rolling 12 months)

Owner: David McNulty

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

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L1	CSF7 EAI1 FN1 ORB10	<b>Financial outlook</b> Further reductions in funding, due to constraints in the ability to raise local funding and/or distribution of funding, results in significant adverse long term consequences for sustainability and service reductions leading to significant implications for residents.	<b>High</b>	<ul style="list-style-type: none"> <li>Structured approach to ensuring Government understands the council's Council Tax strategy and unsustainable impact of current funding mechanism.</li> <li>Targeted focus with Government to secure a greater share of funding for specific demand led pressures (in particular Adult Social Care).</li> <li>Proactive engagement with Government departments to influence core Government policy direction (specific areas to be developed as Government priorities become clear).</li> <li>Continued horizon scanning of the financial implications of existing and future Government policy changes.</li> <li>Development of alternative / new sources of funding (e.g. bidding for grants).</li> <li>Cabinet Members induction programme to ensure continuity of informed decision making and service delivery.</li> <li>New Members induction programme in place (May to July) to introduce them to the council and thereby facilitate informed decision making.</li> </ul> <p>Notwithstanding actions above, there is a significant risk of Central Government policy changes /austerity measures due to changes in ministerial responsibilities impacting on the council's long term financial sustainability.</p>	<ul style="list-style-type: none"> <li>Members make decisions to stop new spending, reduce spending and or generate alternative sources of funding, where necessary, in a timely manner.</li> <li>Officers unable to recommend MTFP unless a credible sustainable budget is proposed.</li> <li>Members proactively take the opportunities to influence central Government.</li> <li>Officers continue to analyse events and create budget scenarios.</li> <li>The council uses external expertise to confirm the facts relating to its sustainability.</li> <li>The council pro-actively seek to participate in consultations and other opportunities to engage with Government as it develop future funding policies.</li> </ul>	Director of Finance	<b>High</b>

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Key to references:

ASC = Adult Social Care risk  
CSF = Children, Schools and Families risk

C&C = Customers and Communities risk  
EAI = Environment and Infrastructure risk

FN = Finance Service risk  
ORB = Orbis risk

**Leadership risk register as at 30 June 2017 (covers rolling 12 months)**

**Owner: David McNulty**

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L2	CSF3,4,9	<p><b>Safeguarding – Children’s Services</b>                      Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation, leads to serious harm, death or a major impact on well being.</p>	High	<ul style="list-style-type: none"> <li>Working within the frameworks established by the Children's Safeguarding Board and the Social Care Services Board ensures the council's policies and procedures are up to date and based on good practice.</li> <li>The Adult Social Care and Children, Schools and Families Multi-Agency Safeguarding Hub went live on 5 October 2016 facilitating the sharing of good practice.</li> <li>The Children's Services Improvement Plan was refreshed in October 2016 and is being delivered to address the improvement notice dated 26 January 2016 and strengthen service and whole system capability and capacity. Ofsted visit on a quarterly basis to monitor progress.</li> <li>Assistant Director roles and responsibilities have been reshaped to strengthen leadership and governance. Appointees are now all in place.</li> </ul>	<ul style="list-style-type: none"> <li>Timely interventions by well recruited, trained, supervised and managed professionals ensures appropriate actions are taken to safeguard and promote the wellbeing of children in Surrey.</li> <li>Actively respond to feedback from regulators.</li> <li>Robust quality assurance and management systems in place to identify and implement any key areas of learning so safeguarding practice can be improved.</li> <li>The Children's Safeguarding board (chaired by an independent person) comprises senior managers from the County Council and other agencies facilitating prompt decision making and ensuring best practice.</li> <li>An Improvement Board (chaired by the Deputy Leader) oversees progress on the Improvement Plan and agrees areas of action as required.</li> </ul>	Deputy Chief Executive and Strategic Director of Children's Schools and Families	High
L3	ASC6,7,13,14	<p><b>Safeguarding – Adult Social Care</b>                      Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major</p>	High	<ul style="list-style-type: none"> <li>Working within the framework established by the Surrey Safeguarding Adults Board ensures that the council's policies and procedures are up to date and based on good practice.</li> <li>The Adult Social Care and Children, Schools and Families Multi Agency Safeguarding Hub</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work with the Independent Chair of the Surrey Safeguarding Adults Board to ensure feedback and recommendations from case reviews are used to inform</li> </ul>	Strategic Director of Adult Social Care & Public Health	High

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## Leadership risk register as at 30 June 2017 (covers rolling 12 months)

Owner: David McNulty

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
		impact on wellbeing.		<p>went live on 5 October 2016 facilitating the sharing of good practice.</p> <ul style="list-style-type: none"> <li>Established a locality safeguarding advisor to assure quality control.</li> <li>Strong leadership, including close involvement by Associate Cabinet Member for Adult Social Care in safeguarding functions.</li> </ul>	<p>learning and social work practice.</p> <ul style="list-style-type: none"> <li>Actively respond to feedback from regulators.</li> <li>One year on from the implementation of the Care Act, a new strategic plan for safeguarding within ASC will be implemented.</li> </ul>		
L4	Page 101	<b>Strategic Infrastructure</b> Failure to achieve a coherent response to the strategic infrastructure challenges facing the county leaves the council at risk of infrastructure failing to be adequately provided.	<b>High</b>	<ul style="list-style-type: none"> <li>The Council is fully involved in the establishment of a shadow Sub National Transport Body to support the delivery of major strategic transport infrastructure.</li> <li>Programme office and workstream sponsors and leads agreed with roles and responsibilities defined.</li> <li>Regular meetings of local authority Leaders and Chief Executives.</li> <li>Regular engagement with central Government at both political and official level. Negotiation with Government underway – Heads of Terms sent to officials as basis for negotiations.</li> </ul>	<ul style="list-style-type: none"> <li>Keep all processes under active review.</li> <li>Strategic Oversight Group reviewing risk register quarterly.</li> <li>Continue proactive working with 3SC partners and key infrastructure providers, such as LEPs and TfL.</li> </ul>	Chief Executive	<b>High</b>

**Cross cutting risks** – high level risks that can be mitigated more effectively through cross working.

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
L5	ASC1,2,12,16,17 C&C4	<b>Medium Term Financial Plan (MTFP) 2017-20</b> Failure to achieve the	<b>High</b>	<ul style="list-style-type: none"> <li>Monthly reporting to Continuous Improvement and Productivity Network and Cabinet on the forecast outturn position is clear about the</li> </ul>	<ul style="list-style-type: none"> <li>Prompt management action taken by Directors / Leadership Teams to identify</li> </ul>	Director of Finance	<b>High</b>

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**Leadership risk register as at 30 June 2017 (covers rolling 12 months)**

**Owner: David McNulty**

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
Page 102	CSF1,2,7 EAI1,3 FN2 ORB01,10	<p>MTFP, which could be a result of:</p> <ul style="list-style-type: none"> <li>• Not achieving savings</li> <li>• Additional service demand and/or</li> <li>• Over optimistic funding levels.</li> </ul> <p>As a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions.</p>		<p>impacts on future years and enables prompt management action (that will be discussed informally with Cabinet).</p> <ul style="list-style-type: none"> <li>• Weekly review of the in year financial position at Chief Executives Direct Reports meeting and strong focus on development of plans for delivery of the 2017/18 service efficiencies and reductions – to enable early management action as relevant.</li> <li>• Budget planning discussions held with Cabinet and Select Committees.</li> <li>• Early conversations are undertaken with all relevant stakeholders to ensure consultations about service changes are effective and completed in a timely manner (savings tracker developed for use during 2017/18 to identify necessary consultations, milestones, Equality Impact Assessments).</li> <li>• Cross service networking and timely escalation of issues to ensure lawfulness and good governance.</li> <li>• Increased challenge and rigour on cost control.</li> <li>• Chief Executive's Direct Reports meeting agreement to focus capacity on three key priorities – information management in CSF, health and social care integration and assets.</li> <li>• Cabinet Members induction programme to ensure continuity of informed decision making and service delivery.</li> <li>• New Members induction programme in place (May to July) to introduce them to the council and thereby facilitate informed decision making.</li> <li>• Significant focus on income generating activities through an enlarged property</li> </ul>	<p>correcting actions for any in year overspends or failure to deliver service reductions (evidenced by robust action plans).</p> <ul style="list-style-type: none"> <li>- Members (Council, Cabinet, Select Committees) make the necessary decisions to implement action plans in a timely manner.</li> <li>- Members have all the relevant information to make necessary decisions.</li> </ul>		

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## Leadership risk register as at 30 June 2017 (covers rolling 12 months)

Owner: David McNulty

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
				investment programme and the optimisation of the existing property assets.			
L6	ASC2, 16 CSF1,2, 5,6,8 ORB01, 02,07, EMT3, 12, EA13	<b>New ways of working</b> Failure to work effectively as part of a multi-agency system leads to severe service disruption and reputational damage.	<b>High</b>	<ul style="list-style-type: none"> <li>Shared and aligned strategies to ensure no unintended consequences.</li> <li>Robust governance arrangements (eg. Inter Authority Agreements, Health and Social Care Integration Board, Health and Wellbeing Board, financial governance framework) in place with early warning mechanisms.</li> <li>Regular monitoring of progress and risks against transformation programmes within each transformation board.</li> <li>Effective transition arrangements with continuous stakeholder engagement.</li> <li>Continuous focus on building and maintaining strong relationships with partners through regular formal and informal dialogue.</li> <li>Close liaison and communication with customers.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership and managers recognise the importance of building and sustaining good working relationships with key stakeholders and having early discussions if these falter.</li> <li>Work with Clinical Commissioning Groups on models of integrated care.</li> <li>Members continue to endorse approaches to integration across the council.</li> </ul>	Chief Executive	<b>Medium</b>
L7	ASC4, 5,8 CSF5 EA12, 3,4 ORB 02,03, 08 LD6 EMT1, 10,11	<b>Organisational resilience</b> Failure for the organisation as a whole to plan for and/or respond effectively to a significant event and or strains on workforce capacity or resilience, results in severe and prolonged service disruption and loss of trust in the organisation.	<b>High</b>	<ul style="list-style-type: none"> <li>Developing an employment framework that supports flexibility in service delivery and organisational resilience.</li> <li>Robust governance framework (including codes of conduct, IT cyber resilience and information assurance policies, health and safety policies, complaints tracking).</li> <li>Information Governance Board monitors information governance requirements and changes and reviews information governance risks.</li> <li>Review of third party information governance risks.</li> <li>External risks are regularly assessed through the Local Resilience Forum and reviewed by</li> </ul>	<ul style="list-style-type: none"> <li>Statutory Responsibilities Network review business continuity plans at least twice annually.</li> <li>Regular monitoring of effectiveness of processes is in place and improvements continually made and communicated as a result of learning.</li> <li>Robust change management processes.</li> <li>Member induction programme delivered between May and July 2017</li> </ul>	Chief Executive	<b>Medium</b>

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**Leadership risk register as at 30 June 2017 (covers rolling 12 months)**

**Owner: David McNulty**

Ref	Risk ref.	Description of the risk	Inherent risk level (no controls)	Processes in place (ie the 'how' risks are being mitigated)	Controls (i.e. decisions needed)	Lead risk owner	Residual risk level (after existing controls)
Page 104				the Statutory Responsibilities Network. <ul style="list-style-type: none"> <li>Active learning by senior leaders from external experiences / incidents informs continual improvement within the council.</li> <li>Close working between key services and the Emergency Management Team to proactively update and communicate business continuity plans and share learning.</li> <li>High Performance Development Programme in place to increase skills, resilience and effectiveness of leaders.</li> <li>Career conversations built into appraisal process looking forward five years</li> <li>Shaping leaders programme in place.</li> </ul>	to ensure new Members learn quickly about the challenges facing the county and be in a position to make key decisions. <ul style="list-style-type: none"> <li>Senior management annual assurance statement provides assurance that business continuity is well planned and staff are all aware.</li> </ul>		
		<p><b>Senior Leadership Succession Planning</b>                      A significant number of senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.</p>	<b>Medium</b>	<ul style="list-style-type: none"> <li>Enhance distributed leadership by focus on organisational goals and scorecard for organisational performance.</li> <li>Workforce planning linked to business continuity plans.</li> <li>Senior leadership appraisal process incorporates feedback (shaping leaders) and succession planning into appraisal process.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent and effective succession plans.</li> </ul>	Chief Executive	<b>Medium</b>

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## Movement of risks

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

## Risks recently removed from the register

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

### Leadership level risk assessment criteria

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

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

**SURREY COUNTY COUNCIL****CABINET****DATE: 18 JULY 2017****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE****SUBJECT: ANNUAL REPORT OF THE SHAREHOLDER BOARD****SUMMARY OF ISSUE:**

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council has made investments and created trading companies to deliver income and efficiencies and in doing so has established a Shareholder Board, which reports annually to the Council. The purpose of the Board is to safeguard the council's interest as shareholder and to take decisions in matters that require the approval of the Council as owner of a company.

**RECOMMENDATIONS:**

It is recommended that the Annual Report of the Shareholder Board (Annex A) is endorsed and that Cabinet present the report to Council at its meeting in October 2017.

**REASON FOR RECOMMENDATIONS:**

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

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

**DETAILS:**

1. The Shareholder Board was created following the report to Cabinet in March 2013 outlining the Council's strategic approach to innovation and evaluating new models of delivery. It has been established in accordance with best practice governance principles to ensure effective over-sight and alignment with the strategic objectives and values of the Council. The Board's responsibilities and powers include:
  - appointing and removing directors;
  - approval of annual business plans; and
  - reviewing the financial and overall performance of trading companies.
2. The Board safeguards the Council's interest and takes decisions in matters that require the approval of the Council as owner or a shareholder of a company. Shareholder control is exercised over all companies owned by the Council, and in

relation to any shares held whether the purpose is trading, service provision, or investment. Decisions in relation to the day to day operation of companies are taken by the directors of each company.

3. The Shareholder Board comprises of 3 members of the council's Cabinet and the Chief Executive. The board is supported by officers of the Council, including the Section 151 Officer (Director of Finance) and the Monitoring Officer (Director of Legal, Democratic & Cultural Services).
4. The Shareholder Board meets at least quarterly and receives detailed and comprehensive information and briefings to support its decision-making. The extent of this decision-making depends upon the Council's shareholding and the requirements of each company's Articles of Association, or other contractual documents such as a Shareholders Agreement in relation to Joint Venture companies.
5. The Annual Report of the Shareholder Board is attached as Annex A to this report.

#### **CONSULTATION:**

6. A range of stakeholders were consulted on the establishment of the Shareholder Board and the strategies that underpin the establishment of council owned trading companies.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

7. Effective risk management is a vital part of the Council's approach to innovation and establishing new models for service delivery and to generate income. The Shareholder Board provides this strong governance to ensure that risks are effectively managed.

#### **Financial and Value for Money Implications**

8. The Shareholder Board is responsible for monitoring the financial performance of companies in which the council owns shares and also maintains oversight of the Council's group position. The Board and its advisors ensure that the relationship between the Council and its companies are on an "arms-length" basis as required by legislation. This means, for example, that the Council must recover the full cost of any accommodation, goods and services supplied to a trading company. Any financial assistance provided must be for a limited period, provided under a formal agreement and made in the expectation of returns in the future.

#### **Section 151 Officer Commentary**

9. There are no new financial implications arising from this report. The Shareholder Board ensures effective governance over the Council's companies and shareholding interests in order to enhance the financial resilience of the Council over the longer term. The board are supported by officers of the Council, who seek additional specialist technical external advice when required.

**Legal Implications – Monitoring Officer**

10. There are no direct legal implications arising from this report. The legal basis for company ownership and oversight is explained in the body of the report.

**Equalities and Diversity**

There are no direct equalities implications arising from this report.

**WHAT HAPPENS NEXT:**

The annual report of the Shareholder Board will be presented to Council at its October meeting.

**Contact Officer:**

Susan Smyth, Head of Strategic Finance (Business Development & Investment) and Secretary to the Shareholder Board  
Tel: 020 8541 7588

**Annexes:**

Annex A – Annual Report of the Shareholder Board.

**Sources/background papers:**

1. Strengthening the Council's Approach to Innovation: Models of Delivery (Cabinet March 2013)
2. Investment Strategy (Cabinet July 2013)

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# Shareholder Board Annual Report

Financial Year 2016/17

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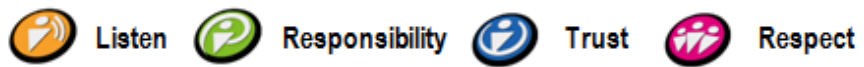
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**The council has created trading companies and made investments to enhance the financial resilience of the council**



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



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

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



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

David Hodge CBE  
Leader of Surrey County Council

## THE SHAREHOLDER BOARD

### Governance

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

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

#### Members

- Leader
- Deputy Leader
- Cabinet Member for Property & Business Services
- Chief Executive

#### Advisors

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

## Purpose

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

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

Surrey Choices was set up in order to safeguard the provision of services to people with learning and physical disabilities. Cabinet approved the creation of a Property Company in order to strengthen the council's ability to invest in a diversified and balanced portfolio of assets in pursuit of the Investment Strategy. The council's investment in FutureGov Ltd enhances the portfolio of assets and supports a company that has a track record of delivering innovative design solutions to local authorities and in social care. The investment in the Municipal Bonds Agency will give the council an alternative source of finance at preferential rates.

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

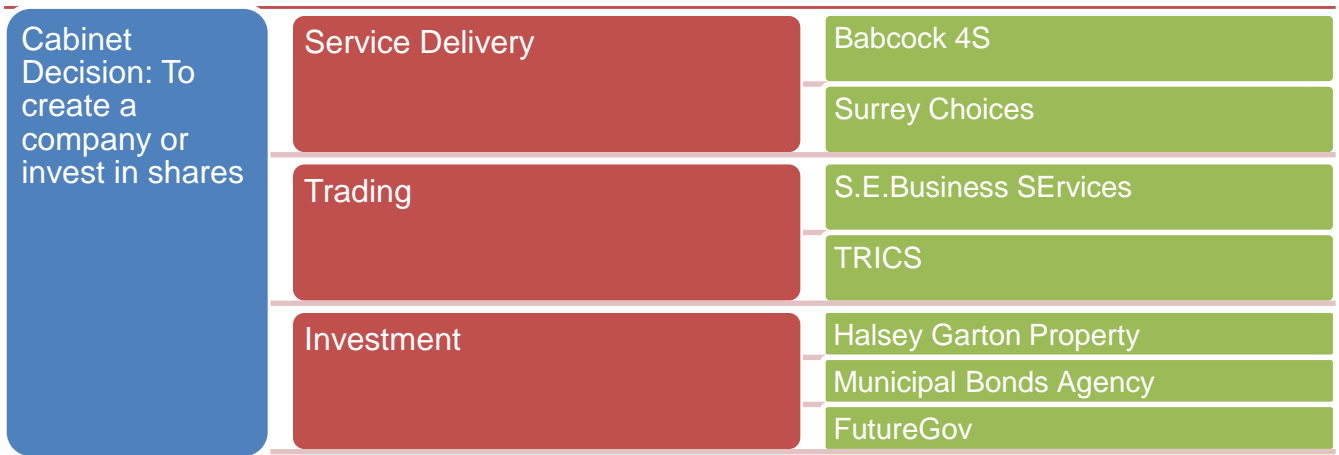
Deliver services, benefiting from efficiencies driven by operating in a commercial environment

Trade & generate income

Invest in assets to deliver an income

## THE COUNCIL'S SHAREHOLDINGS

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



These proposals are made with realistic and prudent expectations regarding the investment required and the length of time it will take to establish a successful company. The council therefore recognises that returns will not necessarily be received in the short-term but will contribute to financial resilience in the longer term.

Company	Ownership
Halsey Garton Property	100%
S.E.Business Services	100%
Surrey Choices	100%

Company	Ownership
Babcock 4S	19.99%
TRICS	16.67%
FutureGov	13.1%

The council's minority shareholding in the Municipal Bonds Agency will depend upon the total equity raised.

## Disposals

The council previously held 24% of the shares in Bandstand Square Developments Limited (BSDL) – a joint venture in partnership with Woking Borough Council (WBC) and a private developer Moyallen Ltd to deliver a significant regeneration of Woking town centre. The council and WBC provided development loans for the first phase of the project on an equal basis and at a margin above the cost of equivalent borrowing. In accordance with the arrangements established at the point of investment SCC was able to consider whether to participate in the second phase of the project – being the development of the Victoria Square – its new retail premise, hotel and residential towers. The Leader at his formal decision making meeting in January 2017 determined that it would not be appropriate to provide further funding and therefore WBC are progressing the project as the sole funder and on the basis of the positive benefit to their existing assets in the town, a benefit not available to SCC. SCC therefore sold its shares in the joint venture to WBC to enable simplicity of decision-making for the company and to cease the financial risks to SCC. The shares were purchased by WBC at cost.

The first phase of the project delivered a new fire station for the council and this transferred to SCC in December 2016 by means of the council's purchase of the shares in a special purpose vehicle company which held the asset (BSDL (Fire Station) Ltd). This arrangement helps to mitigate stamp duty costs. The council will be winding up the company and transferring the asset to its direct ownership shortly.

## Shareholder Board & Decision-Making

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

The Articles of Association for the council's wholly owned companies stipulate that the shareholder, that is the Shareholder Board on behalf of the council, are required to approve or make decisions in relation to the following matters summarised in the table below.

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



## Directors

Each company must have at least one person named as a Director – the council itself cannot act in this capacity. The Shareholder Board is responsible for appointing (and removing) Directors to act on behalf of the council. Directors have specific responsibilities in Company Law and therefore the Shareholder Board will need to ensure that persons with the appropriate skills are selected. The name of the person(s) appointed to each company is noted in the next section of the report. In the case of Joint Ventures the person appointed by the council to act in respect of its shareholding is noted.

Directors appointed by the council receive no additional remuneration and undertake this role as part of their duties as an officer of the council.

## Company Details

The following pages contain information about each company, including a description of activities and purpose, Cabinet approval & date of incorporation and progress made to date. Financial information has been included where this is generally publically available (e.g. from the statutory accounts of each company) or not commercially sensitive however information that is commercially sensitive, such as the future business plans, has been excluded

## HALSEY GARTON PROPERTY LTD

Cabinet Approval	May 2014
Ownership	100%
Date of Incorporation	June 2014
	Commenced trade in November 2015
Council Investment	Share Capital £44.1m Loans of £118.7m (as at 31 <sup>st</sup> March 2017)
Return on Investment	In 2016/17 the company paid a dividend of £750,000 and made interest payments of £3.9m
Directors	John Stebbings & Susan Smyth

Halsey Garton Property Ltd is named after people associated with the history of Surrey County Council.

Halsey was the first Chairman of the council (1893) and Garton was the High Sheriff of Surrey in 1913.

Halsey Garton Property

### Company Profile & Business Case

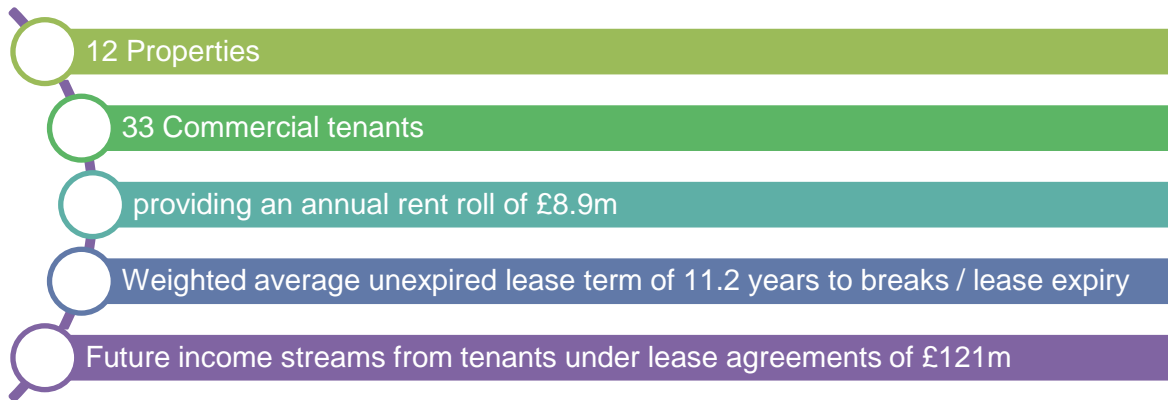
Halsey Garton Property Ltd was incorporated in June 2014 in order to fully implement the recommendations of the Investment Strategy approved by Cabinet in July 2013. The company enables the council to invest in a diversified and balanced portfolio of assets to deliver income and enhance the council’s financial resilience over the longer term.

### Council Investment

The council provided initial share capital of £1,000 and provides further equity and debt financing to enable the company to progress agreed investments. This is provided on an arm’s length basis following the approval of the business case by Cabinet or more recently under the delegated authority of the Investment Board. The council has provided a further £44.1m of equity funds and loans of £118.7m as at 31<sup>st</sup> March 2017 to enable the company to purchase agreed investment assets.

## Progress Report

The company purchased its first asset in November 2015. During 2016/17 a further 11 investment assets were purchased and the company is progressing several purchases which have been approved by the Investment Board.



The company paid its first dividend to the council in 2016/17 of £750,000 and paid the council £3.9m in interest payments. Further information about the company and its investment portfolio is provided by the Investment Board Annual Report. The link between the Shareholder Board and the Investment Board is summarised in the table below.

Investment Board	Shareholder Board
<ul style="list-style-type: none"> <li>• Approves the business case for asset purchase or development by HGP</li> <li>• Approves the provision of finance (equity &amp; debt) to enable HGP to purchase asset</li> <li>• Reviews and considers the performance of the total property investment portfolio - assets held by both SCC and HGP</li> <li>• Considers the financial results of HGP from the point of view of the council - e.g. the interest received from providing loans (debt finance) to the company and the expected annual dividend.</li> </ul>	<ul style="list-style-type: none"> <li>• Receives and considers the year-end financial accounts of HGP and approves the proposed dividend</li> <li>• Approves the annual business plan</li> <li>• Appoints and removes Directors</li> <li>• Approves changes to the Articles of Association</li> <li>• Reviews the financial results of HGP from the point of view of the company - e.g. rents received less expenses including interest payable to the council and administration costs.</li> </ul>



Cabinet Approval	March 2013
Ownership	100%
Date of Incorporation	June 2013. Commenced Trade in December 2013
Council Investment	£100 Share Capital
Return on Investment	The company has provided the following dividends- 2014/15: £400,000 2015/16: £400,000 2016/17: £440,000
Directors	Rachel Crossley, Liz Mills & Steve Ruddy

S.E.Business Services

**Company Profile**

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

**Business Case**

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

## Council Investment

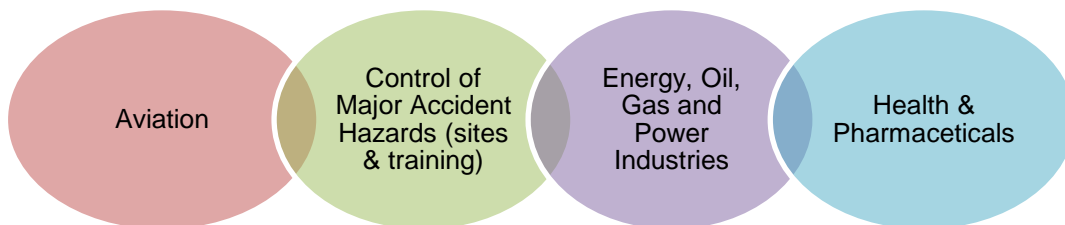
The council provided share capital of £100 and an initial working capital loan to enable the company to commence trade– all lending has been provided on an “arms-length” basis and has been fully repaid.

## Progress Report

The company has delivered profits in excess of those expected in the Business Case and compared to its approved Annual Business Plan. These profits have been delivered as a result of entering the fire aviation contingency market and by securing a strategic contract with Heathrow Airport., together with the expansion of IT services currently being delivered to two private sector organisations operating in the health sector. The company has paid dividends since its first full year of trading.

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

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





Cabinet Approval	December 2013
Ownership	100%
Date of Incorporation	March 2014
	Commenced Trade in August 2014
Council Investment	£100 Share Capital Loans of £2.8m (set up loan of £0.7m and a revolving credit facility of £2.1m)
Directors	Martin Farrow (Managing Director) & Kevin Kilburn

Surrey Choices

### Company Profile

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

### Business Case

The council created the company in order to ensure the sustainability of the services provided and to create a commercial environment in which to deliver efficiencies and continued innovation. Benefits to the council are to be derived from income generated from trading activity from the supply of services to those people with personal budgets and those that privately purchase. The business case demonstrated that the company would make a modest profit within the first five years of operation.

## Council Investment

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

## Progress Report

The company delivers services to the council under a commissioning contract; this is currently a block arrangement meaning that the risk of any volume increase rests with the company rather than with the council. In the first 18 months of operation the council increased the number of new referrals and this led to deteriorating financial situation for the company and losses for the first two years of operation.

In light of this, the Adults Service (ASC) undertook a review of the contract and made appropriate amendments. This review concluded in October 2016 and recognised the importance of ensuring the continuation of the services provided to the residents of Surrey. This has enabled the company to put together a revised business plan which was approved by the Shareholder Board in December 2016. This revised plan, based upon prudent assumptions particularly in terms of non-council business and the delivery of significant cost savings, demonstrates that a break-even position is achievable in 2017/18 with modest profits thereafter.

Changes have been made to the management team following the resignation of the previous Managing Director (MD) in August 2016. An interim MD is currently in post and will manage a smooth handover to the new MD who is expected to start in the summer. The refreshed management team has put in place a number of changes to improve the internal controls and governance environment following concerns expressed in the first formal external audit of the company and these improvements were recognised in the latest report from the external auditor in December 2016. Alongside this the contract management meetings with ASC have been reinvigorated with strategic commissioning meetings taking place regularly with the Strategic Director of ASC and a number of sub-groups established to focus on key areas; including performance reporting and the quality of service outcomes.

## BABCOCK 4S

Cabinet Approval	July 2003
Ownership	19.99%
Date of Incorporation	September 2003
Council Investment	£199.99
Return on Investment	The last dividend received was in 2013/14 of £273,000.
Surrey County Council Director	Jason Russell

Babcock 4S

### Company Profile

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

### Business Case

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

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



## Council Investment

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

## Progress Report

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

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



Cabinet Approval	July 2014
Ownership	16.67%
Date of Incorporation	October 2014
	Commenced trade in January 2015
Council Investment	£37,500 Share Capital
Return on Investment	The company has provided the following dividends- 2015: £81,300 2016: £83,800
Surrey County Council Director	Mike Green

TRICS

## Company Profile

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

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

## Business Case

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

## Council Investment

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

## Progress Report

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

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

# FUTUREGOV

Cabinet Approval	December 2013
Ownership	13.1%
Date of Purchase of Shares	January 2014
Council Investment	£125,000 Share Capital £125,000 Loan Notes
Surrey County Council Director	The council has not appointed a Director since Julie Fisher resigned from the post in March 2016. Susan Smyth attends the board meetings of the company as an observer & advisor.

## Company Profile

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

## Business Case & Council Investment

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

## Progress Report

The company delivered a significant growth in sales revenue since the date of investment however this continues to fall short of delivering fully against its ambitious business plan and profits targets. The products sold well in Australia but had limited success within the UK market.

As a result of this, the company refined their business strategy to focus on consultancy services and digital design and frequently successfully competes against the big consultancy firms for business. The company is recognised as a key player in the digital design and transformation public sector market and as a result has returned to profitability, reporting a profit of £313,000 for the year ending December 2016. The company is creating strategic partnerships to assist its ability to deliver bigger contracts and to broaden the service offer.

## MUNICIPAL BONDS AGENCY

Cabinet Approval	Decision taken under delegated approval September 2015.
Ownership	Minority
Date of Incorporation	September 2014
Council Investment	£450,000 share capital

Municipal Bonds Agency

### Company Profile

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

### Business Case & Council Investment

The council’s equity investment will be long-term in nature as the agency is not expected to break-even until at least 2018 / 2019. The agency will provide access to all local authorities to raise external borrowing provided that they meet the criteria set, however preferential terms will be provided to those councils that are also shareholders in the company. This means that, for example, on a loan of £10m a council that is a shareholder would save £15,000 per annum compared to PWLB, and if it were not a shareholder the saving would be about £5,000.

### Progress Report

The Municipal Bond Agency has distributed a framework agreement which set out the terms upon which local authorities will be able to borrow from them. Authorities will be expected to pass the agency’s own credit checks and agree to a joint and several guarantee that would operate if a local authority defaulted on its borrowing.

This requirement to agree to a joint and severally liable guarantee has created some concerns for local authorities particularly at a time of ongoing financial uncertainty. This together with the continued low interest rate environment and short-term borrowing strategies adopted by a number of local authorities has meant that the first bond issue has not been achieved in accordance with originally anticipated timeframes. The CEO of the Agency confirmed at its AGM in May that the first bond issue is expected in a few months.

The council's expectations for the investment have not so far been met and therefore the Shareholder Board has written to the company and to the LGA to express its concerns on behalf of the council.

## GLOSSARY

### **Articles of Association**

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

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

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

### **Assets**

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

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

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

### **Debt Financing**

Debt financing provides the funds required to run a business. A company may borrow the money required to grow and develop the business.

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

Companies created by the council, such as S.E.Business Services and Surrey Choices have been set-up with limited equity funds. Funding for growth and working capital requirements has been provided by the council under an agreed loan facility. The council provides loans to enable Halsey Garton Property to buy investment assets.



## GLOSSARY

### **Directors Duties**

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

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

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

### **Group Companies**

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

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

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

### **Joint Venture**

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

## GLOSSARY

**LATC (Local Authority Trading Company)**

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

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

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

**Reserved Matters**

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

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

**Share Capital (Equity)**

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

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

## GLOSSARY

### **Shareholders**

The Shareholders (the owners of a company) and directors have different roles in a company. The Shareholders own the company and the directors manage it. The Directors must obtain shareholder approval for decisions where the shareholder has restricted the powers of the Directors – these are called reserved matters. The Shareholder Board has delegated authority to perform these functions on behalf of the council.

### **Shareholders Agreement**

These are agreements between shareholders which are private documents. These agreements set out how the shareholders interact with each other and can define what happens in the event of dispute. A shareholder agreement is only relevant when there is more than one shareholder and is recommended practice for Joint Ventures.

SCC has entered into a shareholder agreement for TRICS Consortium Ltd and in relation to the investment in FutureGov Ltd (in this instance it is called an Investment Agreement but is essentially the same thing).

### **Support Services**

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

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

## GLOSSARY

**TUPE**

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

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

SCC is required to follow the provisions of the TUPE act. This will apply where a service is being transferred to a trading company, as occurred with the award of the commissioning contract for services to Surrey Choices. A LATC will additionally be required to follow TUPE provisions when taking over a service contract from another supplier – for example, as in the case for S.E.Business Services in the provision of IT managed services previously supplied to the customer by another provider.

**Teckal**

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

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

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

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

## GLOSSARY

### **Transfer Pricing / State Aid**

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

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

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



## SHAREHOLDER BOARD

### TERMS OF REFERENCE

#### Overview

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

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

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

#### Membership

- |   |               |
|---|---------------|
| • Leader of the Council (Chairman)                | David Hodge   |
| • Deputy Leader of the Council                    | John Furey    |
| • Cabinet Member for Property & Business Services | Tim Oliver    |
| • Chief Executive                                 | David McNulty |

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

#### Purpose

The Shareholder Board will:

1. Have the power to appoint and remove Company Directors
2. Approve and monitor Company Business Plans
3. Approve the allotment of further shares in a Company (whether to third party shareholders or the Council)
4. Exercise any reserved powers in the Articles of a Company
5. Endorse any amendments to Company Business Plans
6. Periodically evaluate financial performance of a Company
7. Agree significant capital or revenue investments proposed by a Company

8. Determine the distribution of any surplus or the issue of any dividends from a Company
9. Consider any recommendation from Company Directors to cease trading
10. Report to the Council annually on trading activity
11. Review the risks associated with trading activities.

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

## Relationship to scrutiny

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

## Scope

### In respect of Teckal-compliant companies

The Shareholder Board will:

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

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

The Shareholder Board will also:

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

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

The Shareholder Board will:

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

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

The Shareholder Board will:

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

## Operation of the Shareholder Board

1. The Cabinet has delegated to the Shareholder Board the authority to take decisions in respect of 100% of the Council's shareholding in any Company.
2. The Shareholder Board will meet quarterly, or as required.
3. The quorum for a meeting of the Shareholder Board is a minimum of 3 members, one of whom must be the Leader or Deputy Leader, who will chair the meeting.
4. The Shareholder Board may take decisions outside of a Company's general meeting as follows;
  - a. At meetings of its members by consensus of those present, unless any member of the Board requires a vote, in which event a majority decision will be taken with each member of the Shareholder Board present having a single vote. The Chairman of the meeting has a casting vote in the event that there is no clear majority; or
  - b. In cases of urgency, by a decision made by the Leader or Deputy Leader in consultation with the Chief Executive.
5. Any decisions made by the Shareholder Board in accordance with 4a or b above, must be notified to the Company's directors as soon as reasonably practicable following such decision being taken.
6. The Shareholder Board may take decisions at a Company's general meeting in accordance with the principles set out in 4a above.
7. The Chairman approves the agenda for each meeting. The agenda and papers for consideration are circulated at least two working days before the meeting. After each meeting, the Chairman approves the meeting notes and actions and signs any resolutions agreed by the Board.
8. The Shareholder Board will review the Terms of Reference annually.

V8: Last reviewed / updated: 21.06.2017



**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 18 JULY 2017**

**REPORT OF: TIM OLIVER, CABINET MEMBER FOR PROPERTY AND BUSINESS SERVICES**

**LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER**

**SUBJECT: INVESTMENT BOARD ANNUAL REPORT**



**SUMMARY OF ISSUE:**

The Investment Strategy agreed by Cabinet in July 2013 was developed in response to the requirement for the Council to enhance its financial resilience in the longer term. In facilitation of this strategy, Cabinet approved the business case for the creation of a property company and associated subsidiaries in May 2014 in order to achieve a balanced property portfolio (across sectors and geographies) to generate an income for the Council. The property company, Halsey Garton Property Ltd, and its subsidiaries are referred to in this report as “the Halsey Garton Property Group” (HGP).

The Investment Board was created in March 2017 to approve property investment acquisitions, property investment management expenditure, property investment disposals and the provision of finance to HGP for the purposes of the strategy. Prior to this an Investment Advisory Board was in place to make recommendations for Cabinet decision. This annual report providing details of the investment property portfolio forms part of these changed governance arrangements.

**RECOMMENDATIONS:**

It is recommended that the Annual Report of the Investment Board is endorsed.

**REASON FOR RECOMMENDATIONS:**

To inform the Cabinet about the activities of the Investment Board. The Investment Board are responsible for the delivery of the agreed Investment Strategy. The Investment Strategy was created by the council to deliver an ongoing and resilient source of income to provide financial support to the council's front line services. Investments undertaken as a result of the strategy agreed in 2013 are successfully delivering a net income stream to the council.

**DETAILS:**

**Background**

1. The Investment Strategy agreed by Cabinet in July 2013 was developed in response to the requirement for the Council to enhance its financial resilience in the longer term. The main principles of the Investment Strategy are as follows;

- The creation of a diversified and balanced portfolio of investments to facilitate future service provision, manage risk and secure an ongoing annual overall return to the Council
  - Use of the established Revolving Investment and Infrastructure fund (the Investment Fund) to meet the initial revenue costs of funding initiatives that deliver savings and enhance income in the longer term.
  - The Investment Fund is to be used to support investments that generate additional income to support the delivery of the Council's functions and services.
  - To undertake investments that have the potential to support economic growth in the county of Surrey, and,
  - Retaining assets where appropriate and undertaking effective property and asset management, and if necessary associated investment, to enhance income generation.
2. The investment portfolio of the Council is a combination of assets acquired or developed by the Council for future service needs, economic development and those acquired or developed by the property company. Cabinet approved the business case for the creation of the Property Company and associated subsidiaries in May 2014 in order to deliver the Investment Strategy and achieve a balanced property portfolio. The companies making up the Halsey Garton Property Group (HGP) were incorporated between June and July 2014.
  3. The governance for the Investment Strategy is provided by the Investment Board (IB), established following the Cabinet report in March 2017. Previously this role was fulfilled by the Investment Advisory Board.
  4. The Investment Board is comprised of members of the Cabinet and the Chief Executive, supported by officers. The IB is responsible for making investment decisions in accordance with the framework established by the agreed Investment Strategy and for the strategic management of the overall portfolio consistent with the aims of the Investment Strategy. The IB monitors the portfolio to ensure that an appropriately balanced and diversified portfolio is created over time, across the combination of directly Council-owned assets and those owned by HGP. Officers, supported by independent specialist professional advisors, support the IB. These specialist advisors periodically evaluate the recommended portfolio of property investment, taking into account market conditions and achievable returns.
  5. The Annual report of the Investment Board is attached as Annex A to this report. A further report providing more detailed information is provided as a PART TWO confidential Annex (agenda item 19).

#### **CONSULTATION:**

6. The council's Investment Strategy was created following consultation with a number of stakeholders.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

7. The Investment Strategy means that the council is managing different financial risks. Investments will be subject to inherent economic and market risks which requires a balanced portfolio of investments to be built over time. The performance of the portfolio is monitored by the Investment Board. The strategy notes a preference toward assets within Surrey that are of good quality, in good or growth locations, however, in order to create a diversified portfolio a mix of geographical locations is required.
8. Development opportunities by their nature will have a higher risk profile but will also provide the opportunity for a greater rate of return. The strategy gives priority to development opportunities within Surrey where the wider benefits to the county will be taken into consideration, such as the provision of housing, new business premises or town centre regeneration.
9. The governance process put in place is designed to mitigate these risks. All investment expenditure is undertaken on the basis of a robust business case which takes into account due and proper consideration of the balance between risk and reward and an assessment of the underlying security of the investment to comply with the fiduciary duty the council holds.

#### **Financial and Value for Money Implications**

10. The objective of the Investment Strategy is to invest in income generating assets to partially offset the impact of reductions in government grants and to protect service provision. The Council may fund investments through the use of its reserves, capital receipts and prudential borrowing. All borrowing will be undertaken in accordance with the Prudential Code that requires the borrowing to be affordable, sustainable and value for money. All investments will continue to require a robust business case before proceeding and all investments are required to demonstrate a return in excess of the opportunity cost of capital and other associated costs of delivery.
11. The Investment Board is responsible for monitoring the financial performance of the portfolio and monitoring the progress made in respect of achieving an appropriately balanced and diversified portfolio over the longer term.

#### **Section 151 Officer Commentary**

12. There are no new financial implications arising from this report. The Investment Board ensures effective governance over the investment portfolio. The governance arrangements ensure that each investment is supported by a robust business case. In approving a business case, the Investment Board will satisfy itself that the investment is within the council's legal powers, it has properly considered the advice from its specialist advisors (both internal and external) and that its structure provides the best value for money taking into account all financial considerations. Full due and proper consideration is given to the balance between risk and reward and the underlying security of the investments proposed to ensure compliance with the fiduciary duty to ensure that the financial standing of the council is protected.

#### **Legal Implications – Monitoring Officer**

13. There are no direct legal implications arising from this report. The Council's overarching property investment strategy is underpinned by its powers to acquire properties for current or future service use, to dispose of properties

surplus to service requirement and by the “general power of competence” introduced by the Localism Act 2011. Properties acquired for a commercial purpose are purchased by HGP, which is a company within the meaning of s.1(1) Companies Act 2006.

#### **Equalities and Diversity**

14. There are no equalities and diversity implications arising from the annual report.

#### **WHAT HAPPENS NEXT:**

The Investment Board will continue to grow the investment portfolio in accordance with the aims of the agreed strategy.

#### **Contact Officer:**

Susan Smyth, Head of Strategic Finance: Business Development & Investment (Secretary to the Investment Board), Tel 020 8541 7588

#### **Consulted:**

Investment Board

#### **Annexes:**

Annex 1: Investment Board Annual Report (including Terms of Reference)  
Annex 2: Investment Board Annual Report **PART TWO** (Portfolio in detail)

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

Cabinet Report July 2013 – Investment Strategy  
Cabinet Report May 2014 – Establishment of a Property Company  
Cabinet Report March 2017 – Investment Strategy Review

# Investment Board Annual Report

Financial Year 2016/17

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**The council has made investments in property to enhance its financial resilience and safeguard services**



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



Listen



Responsibility



Trust



Respect

The council's strategic framework for innovation and investment is supporting the development of new ideas and approaches to enhance the financial resilience of the council. This increased emphasis on developing income streams has led to the creation of the Investment Board to approve acquisitions that contribute to the achievement of the agreed investment strategy, to monitor the performance of the portfolio and ensure satisfactory performance and effective risk management. The financial returns delivered from investment will help to ensure that we continue to deliver quality services for our residents.

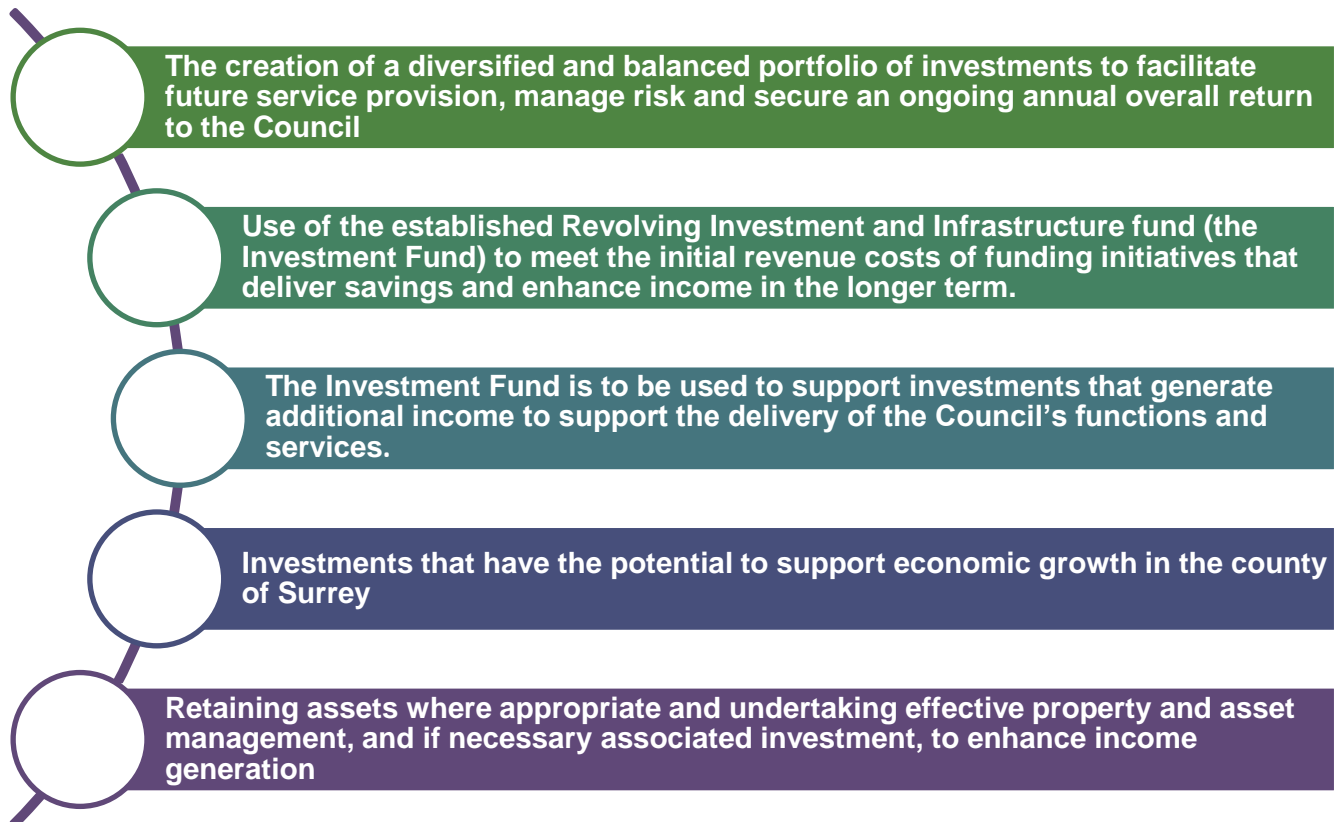
The Annual Report of the Investment Board provides an overview of the progress we have made in developing a property investment portfolio and enhancing the financial resilience of the council.



David Hodge CBE  
Leader of Surrey County Council

## The Investment Strategy

The Investment Strategy was agreed by Cabinet in July 2013 and was developed in response to the requirement for the Council to enhance its financial resilience in the longer term. The main principles of the Investment Strategy are as follows;



The Investment Strategy provides the council with the ability to make investments that have the potential to support economic growth or deliver economic regeneration within the county. This may mean that schemes with lower returns are considered however all investments need to demonstrate a return in excess of the cost of capital in order to be affordable for the council. The council is also able to purchase properties that provide for long-term future service use, whilst delivering an investment return. These assets provide flexibility in the estate whilst delivering an investment return.

Cabinet approved the business case for the creation of the Property Company and its associated subsidiaries in May 2014 in order to enable it to invest in property outside the county and to invest for the commercial income return. The companies making up the Halsey Garton Property Group (HGP) were incorporated between June and July 2014.

The investment portfolio of the Council is therefore a combination of assets acquired or developed by the Council for future service need or economic development and those acquired or developed by HGP.



## Governance

## The Investment Board

- The Investment Board was created in March 2017 following the review of the Investment Strategy by Cabinet and in order to facilitate the further growth of the investment portfolio. Prior to this the Investment Advisory Board was in place to make recommendations for Cabinet approval.
- The Board and its role is noted in the constitution of the council. The Board works in accordance with its Terms of Reference (see Page 14) which are reviewed on an annual basis.

The members of the Investment Board are the Leader, the Deputy Leader, the Chief Executive and three Cabinet Members chosen by the Leader. The board is supported by officers of the council, including the Section 151 Officer (Director of Finance) and the Monitoring Officer (Director of Legal, Democratic & Cultural Services).

### Members

- Leader
- Deputy Leader
- Cabinet Members x 3 [Tim Oliver, Mel Few & Colin Kemp]
- Chief Executive

### Advisors

- Director of Finance (Section 151 Officer)
- Director of Legal, Democratic & Cultural Services (Monitoring Officer)
- Chief Property Officer
- Head of Strategic Finance (Board Secretary)
- Supported by external specialist professional advisors

The board is responsible for –

- Ensuring that investment opportunities are thoroughly evaluated, ensuring that there is an appropriate balance between risk and reward and that the acquisition contributes to the achievement of the aims of the strategy.
- Approving property investment acquisitions, property investment management expenditure, property investment disposals and the provision of finance to enable the council's property company to purchase assets.
- Monitoring the progress made in respect of achieving an appropriately balanced and diversified portfolio of assets and its performance.

## Investment Portfolio

### Property Investment

### Other Investment

The Investment Board is also responsible for evaluating and recommending non-property investments for decision by Cabinet or Cabinet Member depending upon value. The council's non-property investment assets include debt & equity finance provided to FutureGov Ltd and equity investment in the Municipal Bonds Agency.

The Shareholder Board provides oversight for the council's shareholdings – it safeguards the council's interests and takes decisions in matters that require the approval of the council as owner or as a shareholder of a company. The Shareholder Board produces an annual report which provides information about each company and therefore to avoid duplication this report of the Investment Board focusses on the Property Investment Portfolio.

The Shareholder Board is responsible also for the oversight of the property company HGP in the same way that is responsible for the oversight of other trading companies created and owned by the council. The link between the two boards is summarised in the table below.

## Property Investment & Halsey Garton Property Ltd

### Investment Board

- Approves the business case for asset purchase or development by HGP
- Approves the provision of finance (equity & debt) to enable HGP to purchase asset
- Reviews and considers the performance of the total property investment portfolio- assets held by both SCC and HGP
- Considers the financial results of HGP from the point of view of the council - e.g. the interest received from providing loans (debt finance) to the company and the expected annual dividend.

### Shareholder Board

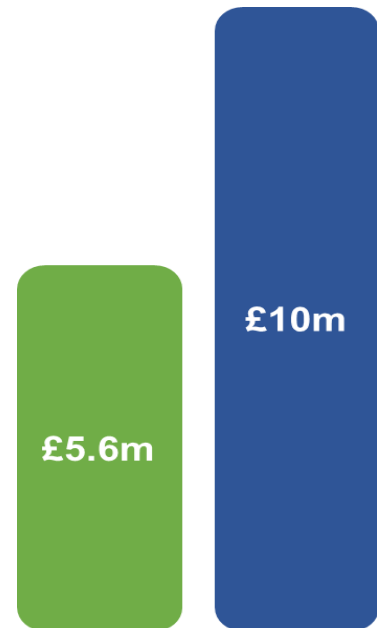
- Receives and considers the year-end financial accounts of HGP and approves the proposed dividend
- Approves the annual business plan
- Appoints and removes Directors
- Approves changes to the Articles of Association
- Reviews the financial results of HGP from the point of view of the company - e.g. rents received less expenses including interest payable to the council and administration costs.

## Property Investment Performance

The council’s property investment portfolio has a value of over £200m, which together with income from agreed acquisitions and developments, will deliver an **income of £5.6m** per annum by 2020/21 and enhance the asset base of the council. This portfolio has already delivered a net income in 2016/17 – which at £1.2m is a part year effect since the portfolio has grown significantly during the year.

These figures are net – after the deduction of all costs incurred including assumed borrowing costs,

The council has ambitions to grow the portfolio further as articulated in the report to Cabinet in March 2017 – to deliver an income of **£10m** per annum by 2020/21.



The current portfolio has been developed over a number of years with the rate of growth increasing more recently. The council has created a good reputation in the market by demonstrating our ability to complete acquisitions to agreed timescales and this means that the council and its property company are increasingly being invited to consider various potential acquisitions, including some that are off-market. Our ability to grow the portfolio further will be dependent upon the right opportunities coming to market. Actions are underway to ensure that we have in place sufficient capacity to deliver the ambition.

This report provides information about the results achieved so far and the expected results from investments and developments to which the council is committed – potential returns from future potential acquisitions are not included. . Due to the confidential nature of individual investments, this report provides high level summary information about the total portfolio. More detailed results, on an investment by investment basis, are provided by the Part Two confidential annex which accompanies this report.

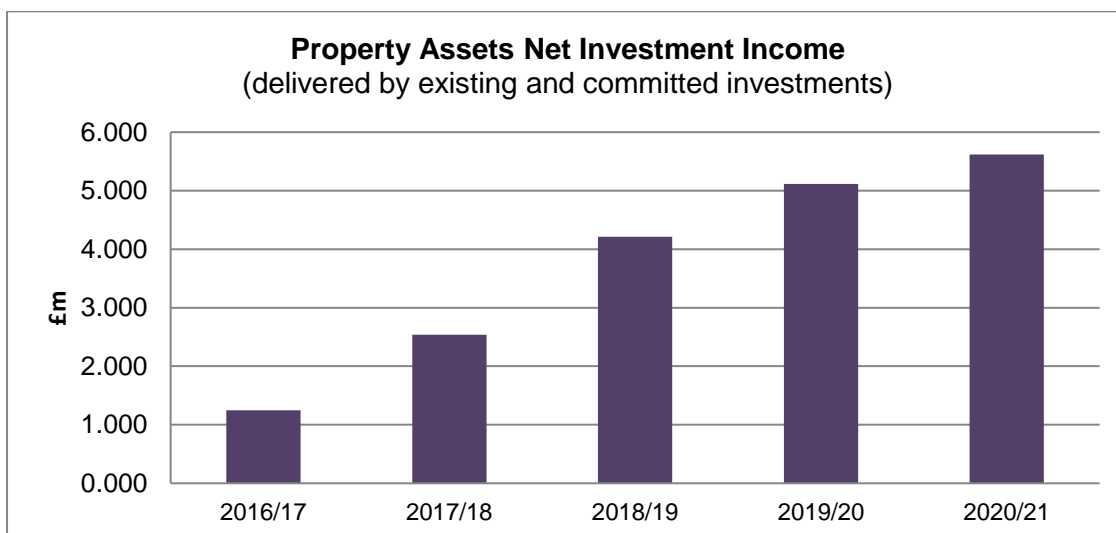
Investment Portfolio Results to March 2017	Capital Expenditure £m	Net (Income) / Expenditure				
		2013/14	2014/15	2015/16	2016/17	Total
		£m	£m	£m	£m	£m
		<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	
Property Acquisitions	213.5	-0.5	-0.8	-0.9	-2.7	-4.9
Property Development	37.2	0.1	0.8	0.9	1.5	3.3
<b>TOTAL / Net (income)/expenditure</b>	<b>250.7</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.1</b>	<b>-1.2</b>	<b>-1.6</b>

The figures in the table above includes the capital cost of providing finance to HGP and the net income achieved from investments from the point of view of the council. The income consists of the net interest margin receivable by the council on the loans provided to the company plus the estimated annual dividend.

Capital expenditure includes all costs associated with each investment acquisition including the costs of purchase – in particular stamp duty. The capital expenditure incurred will therefore be higher than the value of the asset purchased unless the value of the asset increases in time. The purpose of the investment strategy is to deliver an annual income stream in support of the council’s services and in doing so the council is not assuming any gain from the value of the underlying assets. Instead a long term view is being taken since the value of the assets may decrease as well as increase over time. The assets are revalued each year for the year-end financial accounts and further information about this is provided in the part two report.

Assets that are being developed will not produce an immediate income stream and there will be occasions when a tenant triggers their break clause or vacates at the end of the lease resulting in a potential letting void. The council approved the creation of the Revolving Investment and Infrastructure Fund in the budget report approved by the council in February 2013 to meet the initial revenue costs of initiatives. In creating this reserve, the council recognised that it will take some time to build a portfolio that delivers a net income. The reserve is not used to provide for the initial capital expenditure but to provide for the cost of any additional borrowing that is not being offset by income, as is the case for development spend. This has not however been necessary since the net income delivered by acquisitions has offset development spend to date. The council is currently developing its site in Crawley to provide accommodation for South-East Coast Ambulance and other third-party occupiers. Phase 1 is on track for completion very soon and will be delivering rental income in 2017/18. The investment fund will continue to be required to smooth the impact of variations in the annual income due to potential lease expiries and to provide the ability to deliver further developments, including the full development of the Crawley site.

The chart below shows forecast net income returns from the current property investment portfolio and from committed schemes over a five year time horizon.



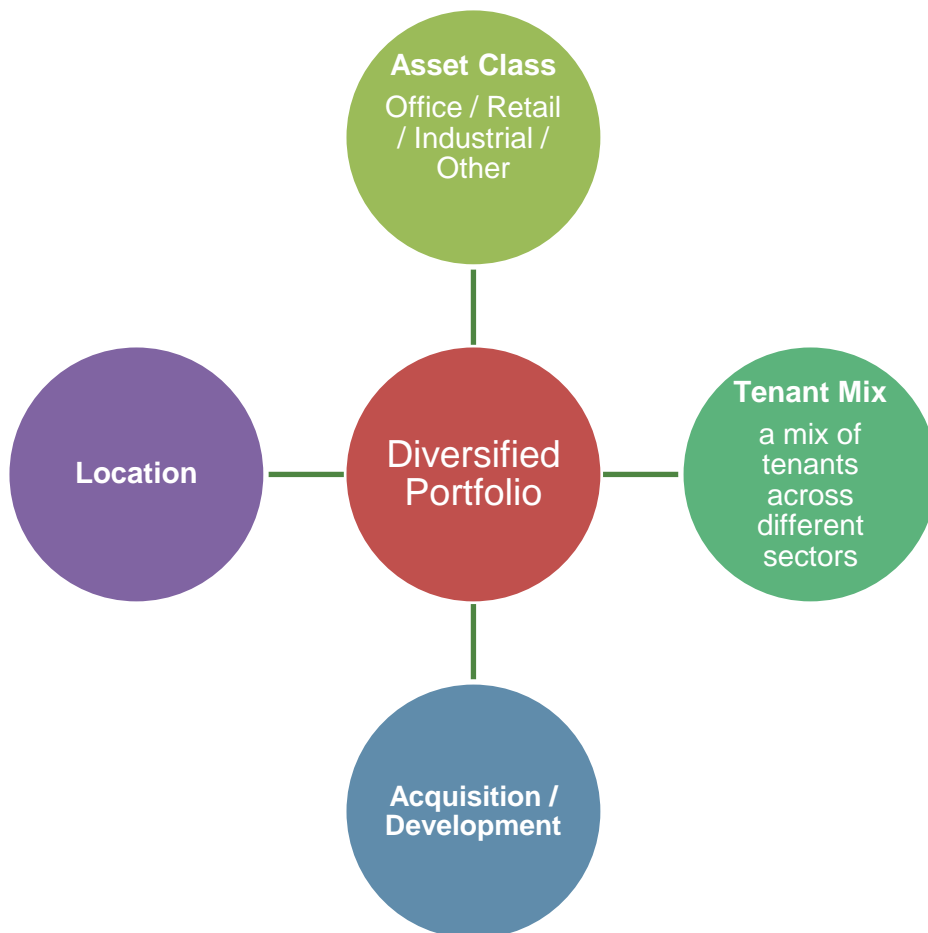
The net income is reported after deducting assumed funding costs and all other costs associated with the investment. The council may fund its capital expenditure through the use of reserves, capital receipts and prudential borrowing. As the council does not hypothecate (match) these funding sources against individual projects or acquisitions, we assume that all the Council's activities in progressing the Investment Strategy will increase the requirement to borrow. The council therefore requires all investments to demonstrate a return in excess of the assumed cost of capital which it calculates based on assumptions in the MTFP which are adjusted if required for market conditions. The council charges the assumed cost of capital to each individual investment (including the cost of finance provided to HGP) in a similar way to an inter-company charge.

As the council has made extensive use of cash resources during 2016/17 rather than borrowing, this results in an underspend on interest payable costs of **£3.9m** in the Central Income & Expenditure account.

## Property Investment Portfolio

The investment strategy means that the council is managing different financial risks. Investments will be subject to inherent economic and market risks, and therefore a balanced portfolio of investments is being created. The Investment Strategy notes a preference toward assets within Surrey that are of good quality, in good or growth locations however in order to create a diversified portfolio a mix of geographical locations will be required.

The IB monitors the portfolio to ensure that an appropriately balanced and diversified portfolio is created over time, across the combination of directly Council-owned assets and those owned by HGP. Officers, supported by independent specialist professional advisors, support the IB. These specialist advisors periodically evaluate the recommended portfolio of property investment, taking into account market conditions and achievable returns. The IB also manage the portfolio in order to avoid over-reliance upon single tenants or types of tenants in terms of their impact as a percentage of the portfolio.

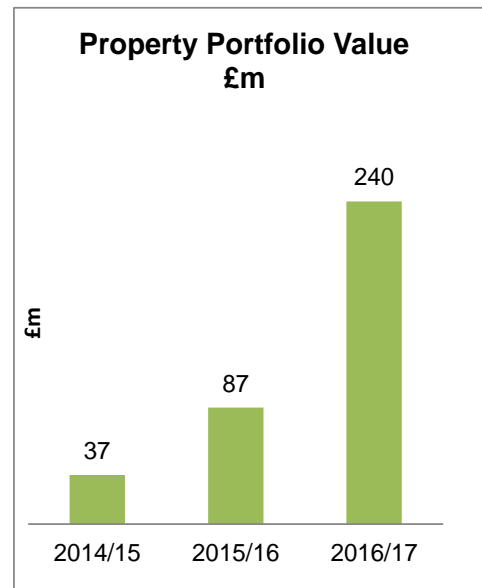


The total asset value of the current property portfolio, based upon the valuation exercise undertaken on 31<sup>st</sup> March 2017 and incorporating assets under construction is £240m. The portfolio incorporates assets held by the council and by HGP.



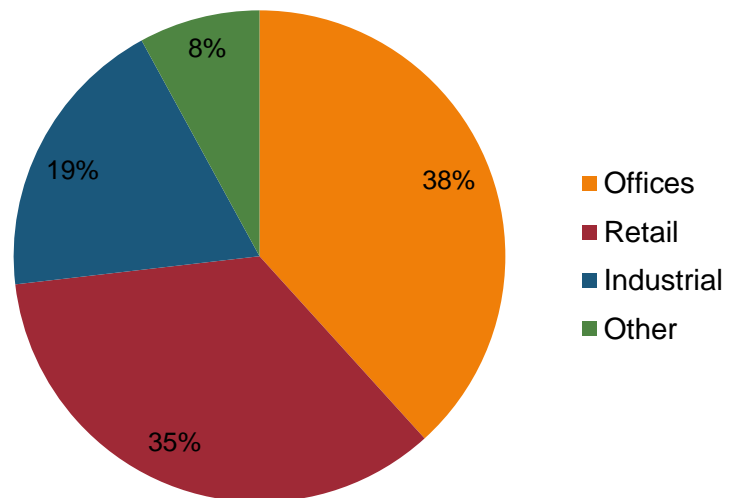
The tables and charts in this section of the report provide further information about the current portfolio - the aspects of the portfolio and its diversification – the asset class, the geography and the tenant mix. The charts do not include acquisitions or developments not yet completed since the information is based upon year-end balance sheet values and current gross rents but where appropriate a commentary is provided about the impact of commitments.

Achieving a fully diversified portfolio will take time and will be dependent upon the opportunities in the market. The growth achieved in the portfolio in the financial year 2016/17 has however significantly improved the diversification – particularly in terms of asset class.



## Asset Class

Property Portfolio as at 31.03.2017	Asset Value £m
Offices	92
Retail	84
Industrial	45
Other	19
<b>Total</b>	<b>240</b>



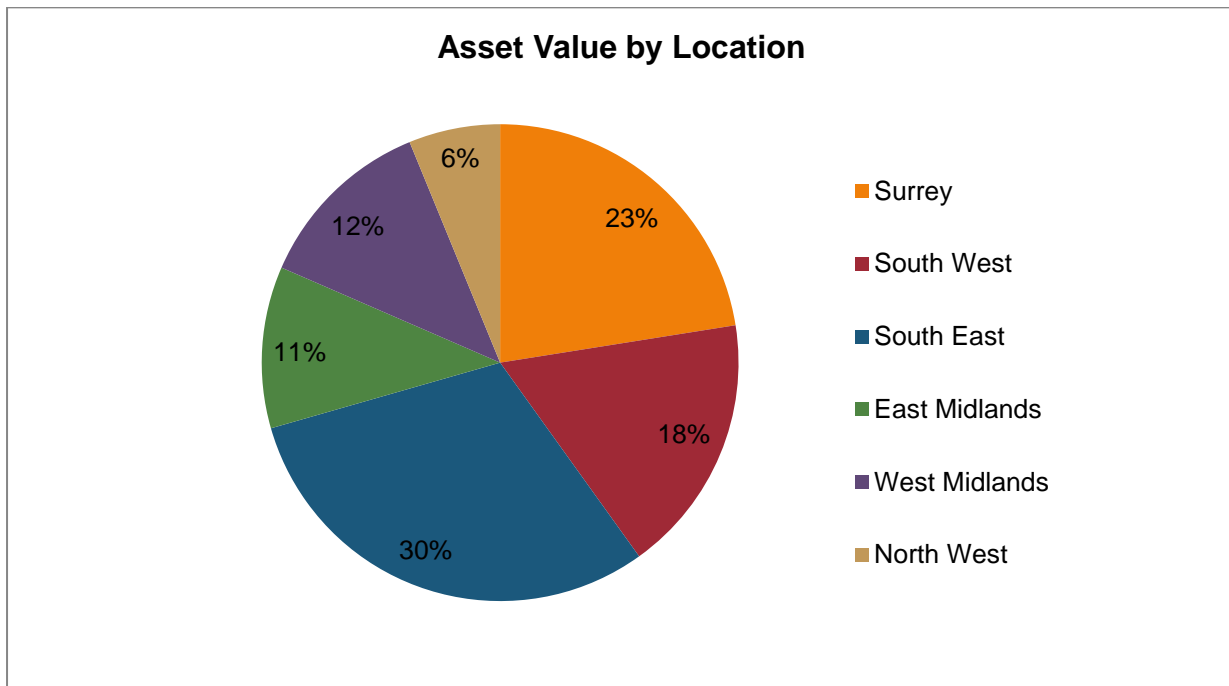
The portfolio is under-weight in the Industrial sector however this will alter with the completion of Phase 2 of Nexus, Crawley and the agreed purchase of a distribution warehouse by HGP. Further industrial purchases are being evaluated by HGP and it is expected that further acquisitions in this sector will be achieved during 2017/18.

Investment decisions that have been made but not yet completed would alter the portfolio. The Farnham Brightwells acquisition would increase the retail holding once the development is completed in 2019. Assuming no further investments in the interim the impact of the Farnham acquisition, the completion of both phases of the planned development of Crawley and the completion of the committed warehouse acquisition will increase the portfolio to an asset value of c.£330m.

Property Portfolio including commitments	Asset Value %
Offices	29%
Retail	38%
Industrial	26%
Other	7%

## Geographic Mix

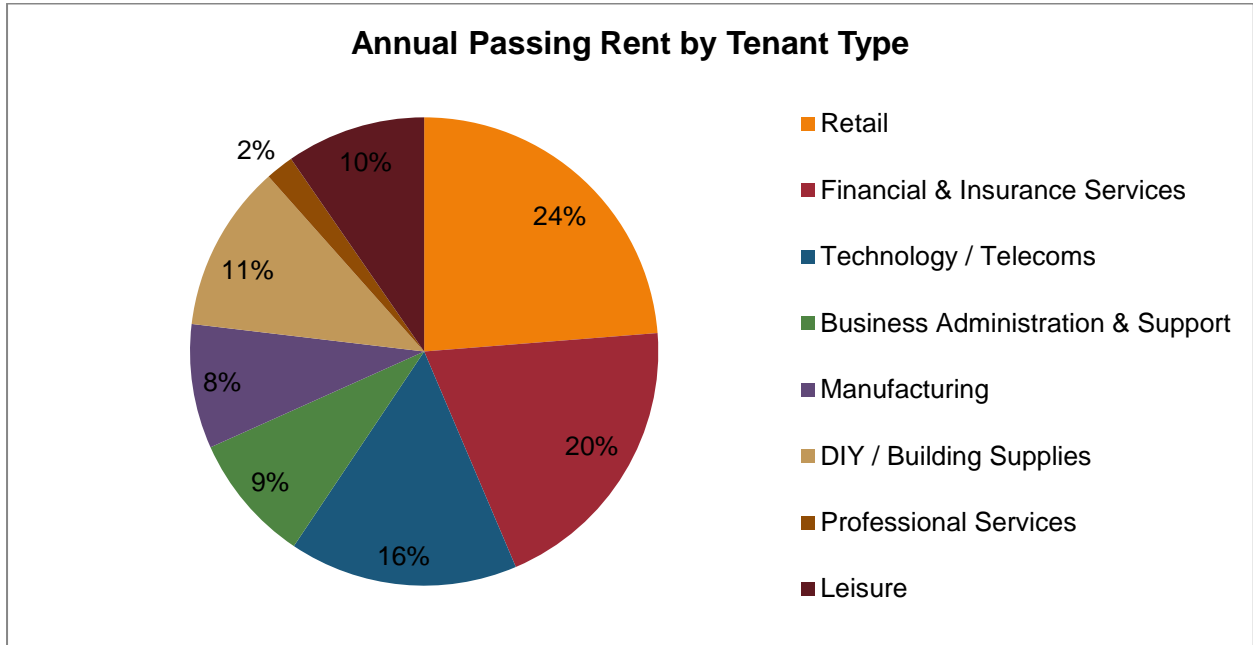
The Investment Strategy notes a preference towards assets within Surrey however a mix of geographic locations is required in order to achieve a diversified portfolio. The total asset value of property held for investment purposes within Surrey is £55m / 23% of the portfolio.



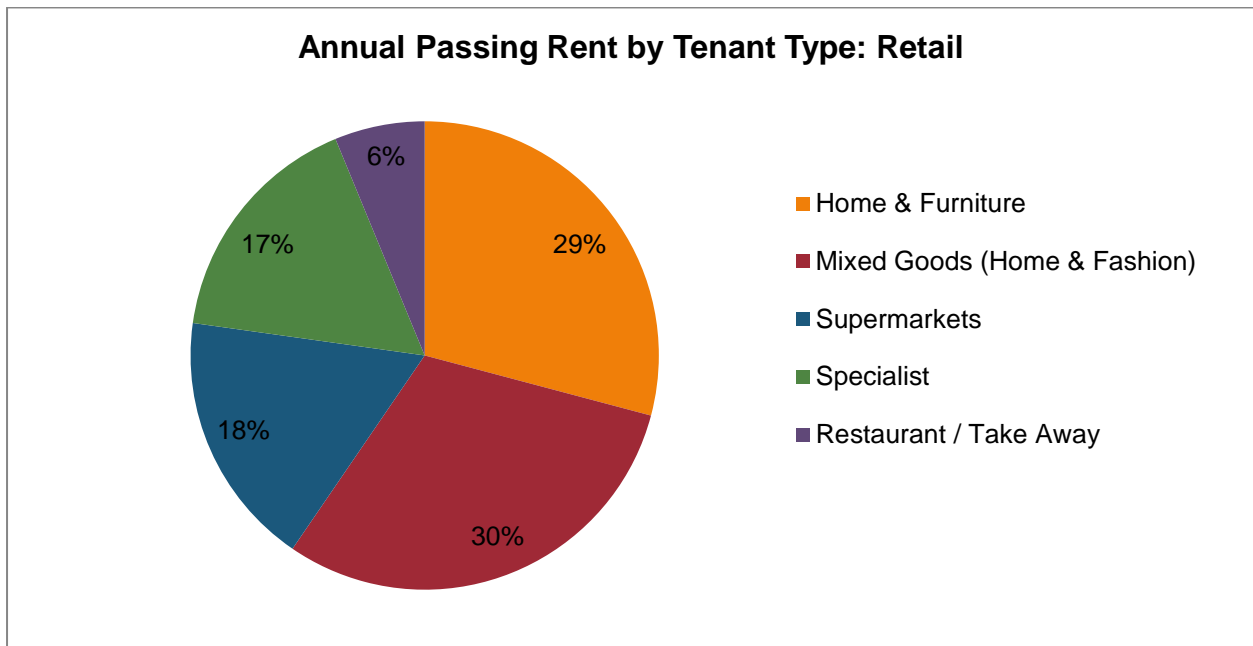


## Tenant Analysis

The following chart provides an analysis of the annual passing rent by type of tenant. The most significant exposure is to retail tenants, followed by tenants in the financial and insurance services industries. The second pie chart provides a further breakdown of the retail tenants.



Retail tenants are 24% of the portfolio when analysed by the annual passing rent – of this, the biggest type of tenant is in the mixed goods sector as this includes Debenhams and B&M. The Home / Furniture sector includes tenants such as Bensons for Beds, Dreams and The Range. Specialist retailers include Halfords and Pets at Home.



## SURREY COUNTY COUNCIL INVESTMENT BOARD



### TERMS OF REFERENCE

#### Overview

The Investment Board will oversee the development and management of the portfolio of investments created in accordance with the Investment Strategy of the council. The board has delegated authority from the Leader to;

- approve property investment acquisitions
- approve property investment development and management expenditure
- approve the provision of finance to the council's wholly owned property company, Halsey Garton Property Ltd, for the purposes of the Investment Strategy
- approve property investment disposals (including those held by Halsey Garton Property Ltd)

The board will recommend non-property investments to Cabinet for approval.

#### Membership

The Investment Board membership will be the Leader of the Council (Chairman), the Deputy Leader, the Chief Executive plus three Cabinet Members appointed by the Leader.

The Investment Board will be supported and advised by the following officers of the council;

- Director of Finance
- Director of Legal, Democratic & Cultural Services
- Chief Property Officer
- Secretary to the Board

The Investment Board will additionally be supported as required by appropriate professional external advisors which will be commissioned by the Investment Board when deemed necessary in relation to specific investment or types of investments.

## Purpose

1. The Investment Board will consider all proposals that contribute to the delivery of the investment strategy and meet the investment criteria. Officers will provide advice on each proposal for consideration. This advice will include how each investment proposal could be taken forward, including a consideration of the risks, structuring and financing required.
2. Each investment considered by the Investment Board will be supported by a business case. In approving a business case, the Board will satisfy itself that the investment is within the council's legal powers, it has properly considered the advice provided and its structure provides value for money taking into account all financial considerations, including taxation. Full due and proper consideration will be given to the balance achieved between risk and reward and the underlying security of the investment proposed to ensure compliance with the fiduciary duty of the council.
3. The Investment Board will be responsible for approving all property investment acquisitions and for approving the provision of finance to the council's wholly owned property company, Halsey Garton Property Ltd, for the purposes of the Investment Strategy.
4. The Board will be responsible for approving all property development expenditure where this results in an asset that will be managed as part of the investment portfolio and will be responsible for approving property management expenditure for the portfolio including projects that deliver additional value to an existing asset. The Board will be responsible for the approval of the provision of finance to Halsey Garton Property Ltd for the same purpose
5. Appropriate non-property investments will be recommended to Cabinet for approval.
6. The Investment Board will be responsible for approving the strategic management of the overall portfolio of investments, ensuring that an appropriately balanced portfolio is maintained over an agreed period and that all risks, including those that are emerging are given due consideration.
7. Unless approval of Full Council is required by law the Board will be responsible for approving the disposal of property investment assets including those held by Halsey Garton Property Ltd.
8. The Investment Board will consider and recommend the use of the Revolving Investment and Infrastructure Fund (the Investment Fund) to meet the initial revenue costs of appropriate initiatives that deliver income in the longer term. The Board will receive reports twice a year regarding the status of the Investment Fund for consideration.
9. The Investment Board will approve the use of the Revolving Investment and Infrastructure Fund to procure external advice, for example property investment advisors, legal and financial specialists, including taxation advice.

## Scrutiny

10. The Investment Board will provide a report on the investment portfolio and its performance to Cabinet annually and provide summary information to each Cabinet meeting as part of the update of decisions taken and the financial monitoring report.
11. The Overview & Budget Scrutiny Committee will be able to call the Investment Board to account for progress in relation to achieving the stated aims of the Investment Strategy.

## Scope

12. The Investment Board will consider all significant investment activity including, but not limited to, the acquisition of property, share capital and provision of financial assistance, for example loan financing.
13. The Investment Board will consider investment in council owned trading companies (LATC) where the proposal includes significant financial investment in excess of £1.0m. Once established, trading companies will be overseen by the Shareholder Board.

## Evaluation Criteria

14. The Investment Board will apply the criteria described in the Investment Strategy approved by Cabinet in July 2013 in evaluating proposed investments. These are;

a) The acquisition or investment is within the powers of the Council and can be undertaken with appropriate regard to tests of reasonableness, fiduciary duty and value for money.

If this is the case, then the following criteria will be evaluated;

b) The amount of investment required is greater than the threshold for investment which has been set for the Investment Strategy (initially more than £10m except for trading opportunities where this threshold will not apply). In establishing the portfolio it may be the case that smaller sized investments will be considered.

c) The period over which a return will be made, ensuring that this is achieving a balance between the short, medium and longer term.

d) Whether the investment aids the achievement of a balanced portfolio in the longer term.

e) That the rate of return is consistent with the level of risk involved (within tolerances) as defined by the Investment Strategy.

## Meetings

15. The Investment Board will have scheduled meetings on a monthly basis with further meetings arranged if necessary in order to respond promptly to opportunities. Meetings will be cancelled if there are no agenda items to be discussed.
16. The quorum for the Board is a minimum of 3 members, with one being the Leader or Deputy Leader.
17. The Chairman approves the agenda for each meeting. The agenda and papers for consideration are circulated at least two working days before the meeting. After each meeting, the Chairman approves the meeting notes and actions agreed. Susan Smyth, (Head of Strategic Finance: Business Development & Investment), will act as secretary to the Board.
18. The Investment Board will review the Terms of Reference annually.

Date of Last Review: 28.03.2017

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**SURREY COUNTY COUNCIL****CABINET****DATE: 18 JULY 2017****REPORT OF: MR TIM OLIVER, CABINET MEMBER FOR PROPERTY AND BUSINESS SERVICES****LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER****SUBJECT: AWARD OF CONTRACT FOR PROPERTY INVESTMENT ADVISORY SERVICES****SUMMARY OF ISSUE:**

The Cabinet reviewed the Investment Strategy in March 2017 and confirmed its ambitions to grow the investment portfolio further in order to secure an income stream in support of the council's services. It was recognised that the strategy requires the support of a property investment advisor to provide the necessary skills and level of support required to expand the investment portfolio.

This report seeks approval to award a contract for Surrey County Council under the Homes and Communities Agency (HCA) Framework Agreement for the provision of property investment advisory services to commence on 1 September 2017 as detailed in the recommendations. The role of the Investment Advisor will be to provide resource and necessary skills to undertake strategic property investment advice (Portfolio Management), advice on the acquisition and disposal of assets (Investment Management) and ongoing Asset Management services to support Finance, Property and Legal Services in meeting the objectives set by Cabinet in connection with the revised Investment Strategy.

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.

Due to the commercial sensitivity involved in the contract award process the financial details of the recommended supplier has been circulated as a Part 2 report.

**RECOMMENDATIONS:**

It is recommended that:

1. A contract is awarded to CBRE under the HCA framework for three years from 1 September 2017 with an option to extend for one year.

The value of the Council's contract will be determined by a schedule of rates based upon and calculated on actual volumes of transactions and the rent receivable from the assets in the portfolio. The cost of the contract will be offset against the income delivered by the growth in the investment portfolio.

## **REASON FOR RECOMMENDATIONS:**

In March 2017 Cabinet set out its ambitions for the further growth of the Investment Portfolio and the procurement of a property investment advisor to provide the necessary skills and level of support required. The proposed procurement will support the Council to grow its portfolio and increase the level of income received from investments thereby enhancing its financial resilience over the longer term.

## **DETAILS:**

### **Business Case**

2. The established HCA framework provides an existing range of providers with specialist resource able to carry out the advisory work.
3. The HCA's Property Framework 2014 – 2018 is used to procure property related professional and technical services including consultancy services, investment and financial services and valuation services.
4. The agreement supports the Council's ability to provide a high quality service with a competitive schedule of rates that represents value for money and clear monitoring measures to ensure this quality is maintained.

### **Procurement Strategy and Options**

5. A mini competition was carried out using the HCA Property Framework and an electronic tendering platform, compliant with Public Contracts Regulations 2015 and the Council's Procurement Standing Orders. Due to the estimated contract value, a mini competition was required.

### **Key Implications**

6. There will be a one month implementation period for the contract which allows for handover between suppliers if appropriate.
7. Appropriate contract management will take place throughout the duration of the call off contract and be reviewed at regular contract meetings. The management responsibility for the Council lies with Orbis Property Services who will maintain a process to ensure the services are monitored in accordance with the conditions of the agreement.
8. The schedule of rates will be fixed for the term of the contract. Any extensions will be subject to agreement by the Council after negotiation with the supplier.

### **Competitive Tendering Process**

9. The contract has been tendered following a mini competitive tendering exercise using the HCA framework, as outlined above.
10. A sifting brief was issued to all 13 suppliers in the framework as the first stage of the tender process on 27 April 2017. Eight responses were received from interested suppliers, from which five were shortlisted after the evaluation of received responses and invited to tender for the contract on 10 May 2017. Suppliers were given 21 days to complete and submit their tender. Four responses were received.



11. Tender submissions were scored against the quality and cost criteria and weightings as shown below.

<b>Tender Award Criteria</b>	<b>Weighting</b>
Quality - experience in the acquisition and evaluation of commercial and retail investment property	15%
Quality - experience in the Portfolio Management, Investment and Asset Management of commercial and retail investment property	15%
Quality - experience of working with public sector clients in the creation of commercial and retail investment portfolios	10%
Quality - ability to provide in house generated or commissioned research into the commercial and retail investment market	10%
Quality - ability to provide appropriate investment analysis and financial modelling necessary to support proposed investment purchases	10%
Price	40%
<b>Total</b>	<b>100%</b>

12. Each Quality question was assessed using a score range from 0 Unacceptable – No response or irrelevant information provided and bid excluded from further consideration, to 5 – Excellent/Exceptional report – response of very high standard, and excellent evidence is provided of continuous improvement and innovative ways of working to deliver best value outcomes. This was then multiplied to give a percentage score as outlined above.
13. Only those that scored 45% or more (out of a possible 60%) for Quality were considered for full evaluation. From the four suppliers who submitted tender responses, two were successful in being considered for full evaluation.
14. The Council reserved the right to hold clarification meetings with tenderers who progressed to full evaluation, prior to final moderation. The two suppliers who reached this stage were asked to submit additional information to clarify their pricing.
15. Price was evaluated based on the scoring methodology below to mark the price response. The lowest price from tenderers was used as a baseline (and awarded 40%) with percentage scores awarded for the difference between each of the remaining tenderers prices and the baseline.

Scoring methodology for evaluation of Price	Baseline = Maximum Score of 40%
A = Lowest Price = Baseline	Rank 1
B = 2nd Lowest Commercial Score $= (A/B) * 40$	Rank 2
C = 3rd Lowest	Rank 3

### **RISK MANAGEMENT AND IMPLICATIONS:**

16. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate them include:
- a) Reputation – high standards need to be maintained in respect of supplier staff continuity, health and safety, flexibility and response, and the overall efficiency of the service. Ongoing performance monitoring will be undertaken by the supplier and the Council to maintain standards.
  - b) Quality of service – poor performance of the supplier affecting relationship between Property Services and sites. Careful selection of Supplier and management of Supplier after contract award.
17. The Council may terminate the Call Off Contract Instruction where the Consultant appears to have failed to perform the Services to an adequate level. Before deciding to terminate on these grounds the Council shall seek information from the Consultant about the amount and level of resource provided, the Consultant's mix of skills, knowledge, and experience in the property investment team working on the Council's business under this Call Off Contract Instruction and the market conditions.
- The Council will have regular meetings with the Consultant and will require the Consultant to provide information about the Consultant's performance and the market conditions at these regular meetings and also on an as required basis. Termination shall take place only after the Council and the Consultant have worked together on seeking an improvement in performance and that improvement has not been achieved. A notice period of three months shall apply to termination.
18. The supplier recommended for contract award was assessed as satisfactory for all financial checks in relation to the value of the proposed award.

### **Financial and Value for Money Implications**

19. Full details of the contract value and financial implications are set out in the Part 2 report.

### **Section 151 Officer Commentary**

20. The County Council is facing a very serious financial situation. A significant increase in the size of the investment portfolio will deliver additional net income to the Council in support of its essential front line services. The cost of the advisor and the resources provided will be recovered against the additional

income that is delivered by the growing portfolio, and as such, is an affordable expenditure.

#### **Legal Implications – Monitoring Officer**

21. The engagement of a property adviser is ancillary to the Council's agreed investment strategy and the means of procurement complies with statutory procurement requirements. Members will wish to consider the financial details of this proposal to ensure that they represent best value for the Surrey taxpayer and assure Cabinet that they are fulfilling their fiduciary duty.
22. The procurement complies with the law as set out in the Public Contracts Regulations 2015.

#### **Equalities and Diversity**

23. There are no equalities and diversity implications arising from the council appointing the proposed property investment advisors.

#### **WHAT HAPPENS NEXT:**

24. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award	18 July 2017
Cabinet call in period	19 to 24 July 2017
Contract Award	27 July 2017
Framework Agreement and Contract Signature	31 July 2017
Contract implementation	August 2017
Framework Agreement and Contract Commencement Date	1 September 2017

#### **Contact Officer:**

Peter Hall, Asset Investment & Disposal Manager. Tel: 020 8541 7670  
 Susan Smyth, Head of Strategic Finance (Business Development & Investment) Tel 020 8541 7588  
 Zoran Kahvo, Procurement Manager Tel: 020 8541 9785

#### **Consulted:**

Investment Board

#### **Background papers:**

Cabinet Report July 2013 – Investment Strategy  
 Cabinet Report March 2017 – Investment Strategy Review  
 Cabinet Report July 2017 – Award of Contract for Property Investment Advisory Services – Part 2 Annex – Commercial Details and Contract Award – item 20

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**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 18 JULY 2017**

**REPORT OF: MR COLIN KEMP, CABINET MEMBER FOR HIGHWAYS**

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

**SUBJECT: WINTER SERVICE COST SAVINGS PROPOSALS**



#### **SUMMARY OF ISSUE:**

Winter Service is provided by Surrey County Council (SCC) to enable the residents of Surrey to carry out their everyday activities during periods of winter weather. Preventing icy roads and keeping priority roads and footways usable during snowy conditions contributes to the corporate goals by keeping residents safe as they travel about and maintaining the availability of key routes so residents have choices on travel. In addition the impact on the economy of severe weather is minimised.

In the Medium Term Financial Plan (MTFP) a reduction of £340,000 has been made to the Winter Service Budget. This saving could not be realised in 2016/17 and therefore one off compensating savings had to be made by reducing levels of service in other Highways and Transport areas. In 2017/18 there have been further budget reductions against other Highways & Transport activities, which has resulted in reductions to levels of service and significantly reduced the opportunity to continue to find compensating savings.

Surrey Highways officers and our contractor, Kier, have considered where savings could be made, primarily by changing ways of working, to ensure that as far as possible current levels of service are maintained. We have been able to identify efficiencies that reduce costs whilst still retaining our ability to meet our statutory responsibilities and provide a resilient winter service.

#### **RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Approves the policy changes, policy amendment and savings recommendation summarised in paragraph 17.
2. Notes the Environment and Infrastructure Select Committee recommendations as detailed within paragraph 14.

#### **REASON FOR RECOMMENDATIONS:**

To enable savings of £340,000 from the Winter Service Budget identified in the Medium Term Financial Plan to be realised.

<b>DETAILS:</b>
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### Background

1. In 2016/17 the Winter Service Budget was reduced by £340,000. Options to make savings were presented to the Economic Prosperity, Environment and Highways Board in September 2016.
2. The savings options presented to EPEH Board included reducing the length of network gritted, not filling grit bins and reducing the number of mini gritters available to salt hard to access areas. None of these options were endorsed by the EPEH board, however the Board were supportive of an option regarding re-optimisation of gritting routes.
3. The Highways and Transport Service took the decision to fund the savings in 2016/17 through one off reductions to the levels of activity in other Highways and Transport areas while working on revised options to make savings to the cost of the Winter Service for implementation in 2017 onwards.
4. This report aims to summarise savings recommendations which are presented as either;
  - a. a policy change
  - b. a short term policy amendment or
  - c. a savings recommendation which does not require a change in policy
5. The recommendations were endorsed by the Environment & Transport Select Committee at their meeting on 3<sup>rd</sup> July 2017. See paragraph 14 for Select Committee recommendation.

### Policy changes that will deliver Winter Service cost savings in 2017/18

6. The policy changes recommended to make annual savings from 2017-18 onwards are a change in approach to winter season length, the reduction of one mini-gritter vehicle from the fleet and a review of the maintenance of farmers snow ploughs.

<b>Policy change</b>	<b>Reduce season length to 26 weeks (from 29 weeks currently)</b>
<b>1:</b>	
Details:	<p>Surrey currently has a salting response on standby for the entire length of the Winter Service season. This means that vehicles are on hire and crews are paid standby for 29 weeks from the first Friday in October until the last Friday in April each year. Flexibility exists in the contract to reduce the vehicle hire period to 26 weeks, while still being able to hire the vehicles earlier if forecast data indicates it is necessary.</p> <p>Where supported by forecast data that indicated colder weather is unlikely, the decision would be made to start the standby operation later, or to end the season earlier. Kier have confirmed that the savings passed on to Surrey would be £46,000 per week (up to a total of 3 weeks or £138,000).</p> <p>A review of winter standby times used by authorities across the country has been carried out which indicates that Surrey have a longer standby</p>

	<p>period than some other highway authorities. Some examples below;</p> <table border="1"> <thead> <tr> <th></th> <th>Start Date</th> <th>End Date</th> <th>Weeks on standby</th> </tr> </thead> <tbody> <tr> <td>Surrey County Council</td> <td>1st wk Oct</td> <td>End April</td> <td>29</td> </tr> <tr> <td>Knowsley Council</td> <td>1st wk Nov</td> <td>End March</td> <td>21</td> </tr> <tr> <td>Herefordshire Council</td> <td>3rd wk Oct</td> <td>3rd wk April</td> <td>26</td> </tr> <tr> <td>Pontypridd Council</td> <td>3rd wk Oct</td> <td>3rd wk April</td> <td>26</td> </tr> <tr> <td>East Sussex</td> <td>1st wk Oct</td> <td>End April</td> <td>29</td> </tr> <tr> <td>Perth &amp; Kinross</td> <td>Mid Nov</td> <td>End March</td> <td>19*</td> </tr> <tr> <td>Norfolk</td> <td>3rd wk Oct</td> <td>3rd wk April</td> <td>26</td> </tr> <tr> <td>West Sussex</td> <td>1st wk Oct</td> <td>End April</td> <td>29**</td> </tr> <tr> <td>Bristol City Council</td> <td>1st wk Nov</td> <td>End March</td> <td>21**</td> </tr> <tr> <td>Hampshire County Council</td> <td>1st wk Oct</td> <td>End April</td> <td>29</td> </tr> </tbody> </table> <p>* Full cover for 19 weeks with partial cover for a further 7 weeks (26 weeks in total)</p> <p>**drivers are on standby from November to March with a call off rota operating in October and April</p> <p>An option that we would look at as part of re-optimising routes for the 2018/19 season (see paragraphs 10 and 11) would be to determine if we could have 'lead in' and 'lead out' periods for the season whereby we cover 'colder routes' for the early part and later part of the season, with full coverage for the main part of the season. This decision would also be supported by forecast data and therefore could change annually as required.</p> <p>This policy change would not provide a definite budget reduction each year but rather a cost variation of £0 to up to £138,000 depending on the climatic conditions.</p> <p>To give an indication of confidence in this saving a review of treatment data from the last 6 seasons has shown that the earliest treatment was 26th October 2012. Otherwise the first treatment has always been in November. This gives high confidence in a late season start being likely most years.</p>		Start Date	End Date	Weeks on standby	Surrey County Council	1st wk Oct	End April	29	Knowsley Council	1st wk Nov	End March	21	Herefordshire Council	3rd wk Oct	3rd wk April	26	Pontypridd Council	3rd wk Oct	3rd wk April	26	East Sussex	1st wk Oct	End April	29	Perth & Kinross	Mid Nov	End March	19*	Norfolk	3rd wk Oct	3rd wk April	26	West Sussex	1st wk Oct	End April	29**	Bristol City Council	1st wk Nov	End March	21**	Hampshire County Council	1st wk Oct	End April	29
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Cost reduction value:	<p>£0 to up to £138,000</p> <p>High confidence in the upper value based on trends from past 6 years.</p>																																												
<b>Policy change 2:</b>	<p><b>Discontinue hire of one mini-gritter vehicle</b></p> <p><i>(Presented to EPEH in 2016 and was not supported)</i></p>																																												
Details:	<p>In 2011 the winter policy was changed to include two mini gritters in the fleet. This was in response to the preceding severe winters and provided smaller vehicles that could help treat roads leading to remote communities and streets with access restrictions.</p> <p>At present only one vehicle is required to enable treatment of routes with access restrictions.</p>																																												
Cost reduction	£16,000																																												

value:	
<b>Policy change 3:</b>	<b>Review of plough maintenance to farmers</b> <i>(Revised recommendation to the one presented to EPEH in 2016 which was not supported)</i>
Details:	52 farmers and contractors provide standby ploughing capabilities throughout the winter on a call off basis. SCC provides some of the farmers with ploughs (currently there are 31 SCC owned ploughs used by 21 farmers), and pay to assess and maintain the ploughs each summer ahead of the winter season.  In the summer of 2016 all farmers with Surrey owned ploughs were visited to have their equipment assessed, however only 9 ploughs required maintenance.  Going forwards, we recommend that all farmers are contacted during the summer and asked whether their ploughs require maintenance. Based on the historic number of ploughs that require annual maintenance we anticipate that we can reduce the spend in this area by approximately 80% without reducing the level of service.
Cost reduction value:	£4,000

### Compensating savings deliverable in 2017/18 (one time only)

7. The policy changes detailed above will not enable us to make the required £340,000 savings in the cost of the Winter Service in 2017/18 therefore the following compensating savings have been identified.

<b>Policy Amendment 1:</b>	<b>Do not survey any non-member funded grit bins</b> <i>(Revised recommendation to the one presented to EPEH in 2016 which was not supported)</i>
Details:	The cost of surveying and automatically re-filling grit bins is approximately £40,000 per annum. It is proposed that the surveying of grit bins does not take place in 2017/18 with the exception of the 111 grit bins which members have funded.  As the winter of 2016/17 was reasonably mild, it is fair to assume that most grit bins will still have a reasonable level of grit in them. The provision of grit bins is considered a discretionary rather than statutory element of Winter Service provision. If the winter of 2017/18 is more severe than average then grit bin filling will be reviewed. In addition, any requests for grit bin repairs or filling that are made via the website, contact centre etc will be reviewed.  This item was presented to EPEH board in 2016 as an option to permanently reduce provision of grit bins. This proposal is to reduce the level of service provided by grit bins for one year only in order to provide compensating savings to the Winter Service budget.



Cost reduction value:	£37,500
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<b>Saving recommendation 1:</b>	<b>Identify other budgets from where the savings can be made for 2017-18 only</b>
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8. Recent mild winters have created an underspend of £110,000 held within the service budget that can be allocated within 2017/18. The additional £34,500 needed (assuming all recommendations identified in this report are approved) will be found by reducing activities in other Highways and Transport functions.

#### **Policy changes that will help deliver Winter Service cost savings in 2018/19**

9. The salting route operation accounts for 72% of the Winter Service budget, with the cost of salt accounting for a further 12% of the budget. The total operating cost of each salting vehicle is approximately £48,000 per year. Surrey currently uses 39 salting vehicles at a total cost of approximately £1,870,000 per year.
10. Reducing the number of salting vehicles required to treat the network would provide a favourable cost reduction opportunity. By increasing the length of network each vehicle is able to treat it would enable a similar level of service to be provided for at a reduced cost.
11. The depot strategy (Cabinet Report title 'Highway winter maintenance depot and salt barn replacement programme' that can be found at; <https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CId=120&MId=4587&Ver=4>) currently being delivered will enable a reduction to the length of "un-treated distance" each salting vehicle covers and a consequent increase in the length of road each vehicle can treat during each run. The reduction in un-treated distance will be achieved by introducing new depots in Beare Green and Chertsey, meaning salting vehicles can be more evenly distributed across the county, reducing necessary travel time before starting to spread salt. Ahead of the 2018-19 winter season the salting routes will be re-optimised for the whole county. Re-optimisation means that all treated roads will be put into the fewest number of routes possible.
12. Policy changes 4 and 5 will enable more efficient routes to be created during the re-optimisation process and will increase the likelihood of fewer vehicles being required. It is vital that a decision is made on these recommendations before the re-optimisation commences to ensure the most efficient routes are created.

<b>Policy change 4:</b>	<b>Increase of treatment time from 2hr 30m to 3 hrs</b>
Details:	Surrey's policy is to treat each route within 2hr 30min from start to completion of last treated section. Benchmarking has identified that a 3 hour treatment window is used by many local authorities. Surrey are currently providing an enhanced service by having a policy of treating the network within 2.5 hours. An increased treatment window would contribute to the aim of reducing the number of salting vehicles required to treat the salting network.  Increasing the length of time a vehicle has to treat a route by 20% will

	mean routes can be around 15% longer. Assuming the same level of route efficiency could be achieved, this means we could carry out salting of the current routes with 3 fewer vehicles.
Cost reduction value:	<p>£144,000</p> <p>The above cost reduction is an estimate based on reducing the number of salting vehicles required from 39 to 36. Each vehicle costs approximately £48,000.</p> <p>The exact number of vehicles that can be reduced may be greater or fewer, which will be clear once the optimisation project is underway – see policy change 5 for detail.</p>

<b>Policy change 5:</b>	<b>Enable the choice of salting treatment used on the network to be determined by the Highways &amp; Transport Service based on national best practice</b>
Details:	<p>The Winter Service policy currently specifies the type of treatment that will be used. This policy change recommendation will enable the Highways &amp; Transport Service to be empowered to use alternative suitable treatments without requiring a policy change. This will allow flexibility to utilise advances in treatment technology and more easily realise their benefits. An example of an alternative treatment (Thawrox+) and its benefits to Surrey is outlined below.</p> <p>The current treatment type used across all routes is pre-wet rock salt. That is rock salt that is pre-wet with a saline or brine solution produced by diluting marine salt with water in saturators at each depot.</p> <p>An alternative treatment is Thawrox+ which has anti-icing and de-icing properties as well as providing environmental benefits for both vehicles and highway infrastructure. Examples of benefits include;</p> <ul style="list-style-type: none"> <li>• reduced corrosiveness of the salt means less corrosion to highway infrastructure such as street lights and road signs</li> <li>• Increased adhesion to the road surface for a longer period of time means the “freeze/thaw” effect which damages roads is reduced.</li> </ul> <p>Thawrox+ is a treated salt which means that it does not have to be pre-wet with saline or brine. This means that it takes up a smaller volume of space in the vehicle to treat the same amount of road, so a longer length of road can be treated by the same size of vehicle. The use of treated salt is supported in Appendix H of the Code of Practice for Highway Maintenance Management.</p> <p>A further benefit of moving away from pre-wet salt is removing the need for saturators at each of the depots to produce the brine. Further to this marine salt would no longer be needed to produce the brine at a cost of about £20,000 per year.</p> <p>Moving to Thawrox+ would cost 7% more in salt usage per year. In 2015-16 this equates to £18,000. While there are cost and maintenance reductions of moving to the treated salt, the key benefit is not a direct</p>

	<p>financial saving, but rather enabling each salting vehicle to treat a longer length of carriageway with each load, maximising their ability to treat for a 3 hr period.</p> <p>The combination of an increased treatment time and increased vehicle capacity (due to decreased spread rate of Thawrox +) would lead to each vehicle being able to treat a longer length of network.</p>
Cost reduction value	<p>£0</p> <p>This policy change would facilitate longer route lengths, and a subsequent reduction of vehicles. However the cost savings are taken into account in the treatment time cost savings in policy 4 above.</p> <p>While there are no direct cost savings in terms of Winter Service, removal of the need for saturators would generate a saving in the winter maintenance depot and salt barn replacement programme. Property colleagues have advised that the cost of refurbishing each of the existing saturators would be in excess of £23,000 with the cost of installing new saturators being considerably more.</p>

#### Non-Policy changes that will help deliver Winter Service cost savings in 2018/19

<b>Saving recommendation 2:</b>	<b>Discontinue Kaarbontech grit bin management software</b>
Details:	Kaarbontech software is used to manage grit bin inventory information and survey. It is anticipated that the Highways Asset Planning Team will be able to deliver an in house solution to replace this system by 2018/19.
Cost reduction value:	£6,000
<b>Saving recommendation 3:</b>	<b>Reassess lengths of network against the criteria in consultation with Local Committees</b>
Details:	Over 200km of our 1900km gritting network does not meet the criteria for gritting routes and this will be reviewed with the area highway managers and local committees with a view to making changes.
Cost reduction value:	£48,000  This is the reduction that could be made if it was agreed approximately 54km should not form part of the gritting network

#### **CONSULTATION:**

13. The recommendations in this report have been developed by Members, Officers and Kier representatives. The Winter Performance Task Group met in 2016 to discuss

recommendations prior to the 8<sup>th</sup> September EPEH Board and discussions were had with the remaining member of the Winter Performance Task Group following the creation of the Environment and Infrastructure Select Committee.

14. The recommendations were reviewed by the Environment and Infrastructure Select Committee on 3 July 2017 and their recommendation to cabinet is;

*“The Environment & Infrastructure Select Committee endorse the report recommendations, subject to the following amendments to Policy Amendment 1 and Saving Recommendation 3,*

*1. Policy Amendment 1 to be amended to read: ‘Do not survey any non- member funded grit bins’,*

*2. Saving Recommendation 3 to be amended to read: ‘Reassess lengths of network against the criteria in consultation with Local Committees’.”*

#### **RISK MANAGEMENT AND IMPLICATIONS:**

15. Risks have been managed through the prioritisation of both roads and footways to provide clear understanding of agreed criteria for each category and the type of response/treatment proposed, taking into account agreed stakeholder views alongside operational requirements which form part of the annual review of the service.
16. Proposals for changes to policy do not result in changes to levels of service other than in the proposal to increase treatment time from 2 hours 30 minutes to 3 hours. This proposal is in line with policy in other authorities.

#### **Financial and Value for Money Implications**

17. Summary of savings in context of requirement to save £340,000:

<b>Summary of savings</b>	<b>Policy change</b>	<b>2017/18 £000</b>	<b>2018/19 and ongoing £000</b>
Reduction in season length	Y	138	138
Discontinue hire of one mini-gritter	Y	16	16
Review maintenance of farmers ploughs	Y	4	4
Increase treatment time from 2hrs 30 to 3 hrs	Y		144
Enable Highways & Transport to determine suitable treatment type	Y		0
Do not survey non member funded grit bins (policy change for one year only)	Y	38	
Discontinue use of Kaarbontech software	N		6
Utilise operational reserves and reduce activities in other H&T areas	N	144	

Reassess lengths of network against the criteria in consultation with Local Committees	N		48
<b>Total</b>		340	356

### **Section 151 Officer Commentary**

18. The County Council is facing a very serious financial situation, whereby there are still substantial actions to be identified and delivered to achieve a balanced budget in the current year and a sustainable budget plan for future years.
19. The Section 151 Officer can confirm that the measures outlined in this report are expected to enable the Council to meet the winter service savings requirement set out in the 2016/17 Medium Term Financial Plan. The exact level of saving will be dependent on a number of factors including the length of the winter season.

### **Legal Implications – Monitoring Officer**

20. Section 41(1A) of the Highways Act 1980 states that a highway authority are under a duty to ensure, so far as reasonably practicable, that safe passage along a highway is not endangered by snow or ice. The words of qualification 'so far as reasonably practicable' mean that this is not an absolute duty, but it is governed by reasonable practicality and is specifically aimed at ensuring safe passage. The proposed measures are designed to meet this statutory duty.

### **Equalities and Diversity**

21. The winter service priority is, as far as is reasonably practicable, to safeguard the movement and well-being of all Highway users, both the residents of Surrey and those passing through the County.
22. The needs of all highway users, including those that are vulnerable are considered when making decisions on service provision however we are not able to treat the entire network at any one time. The impact of the service will be both positive and negative on all groups identified depending on their location in relation to the priority network.
23. To improve access the prioritisation process has been developed with particular reference to facilities such as schools, stations, hospitals, special schools and access to isolated communities. The policy has been further developed, through these enhanced criteria, to allow an increase on the priority salting network.
24. Support and access for vulnerable people is addressed and organised through Emergency Planning and local 4x4 groups etc. The Districts and Boroughs also provide a service to their own care home facilities which is outside the scope of the highway winter service.
25. The recommendations in this report will have no material impact on existing equality policy and therefore a full equalities assessment was not deemed necessary.

### **WHAT HAPPENS NEXT:**

26. Following this report officers will work with Kier to implement the approved recommendations.

27. Local Committees will be consulted during Autumn/Winter 2017/18 to reassess lengths of network against criteria with a view to making any agreed changes to routes prior to the winter of 2018/19.

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**Contact Officer:**

Amanda Richards, Group Manager – Network and Asset Management, 07792681586,

**Consulted:**

Environment and Infrastructure Select Committee  
Jason Russell, Assistant Director Environment & Infrastructure  
Lucy Monie, Head of Highways and Transport Service  
Richard Bolton, Group Manager: Local Highway Services  
Tony Orzieri, Finance Manager  
Nancy El-Shatoury, Principal Lawyer  
Daniel Squibb, Asset Planning Team Manager  
Kristian Fields, Winter Operations Manager, Kier

**Sources/background papers:**

- Well Maintained Highways, 2013: Code of Practice for Highway Maintenance Management
- Cabinet Report “Highway winter maintenance depot and salt barn replacement programme”, 26/04/16
- EPEH Board Report “Winter Cost Saving Recommendations”, 08/09/16
- E&I Select Committee Report “Proposed Winter Service policy changes required to realise cost savings” 03/07/17

**SURREY COUNTY COUNCIL****CABINET****DATE:** 18 JULY 2017**REPORT OF:** N/A**LEAD OFFICER:** ANN CHARLTON, DIRECTOR OF LEGAL, DEMOCRATIC AND CULTURAL SERVICES**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS/  
INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST  
CABINET MEETING**SUMMARY OF ISSUE:**

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

**RECOMMENDATIONS:**

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

**REASON FOR RECOMMENDATIONS:**

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

**DETAILS:**

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members, and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.
2. The Leader has also delegated authority to the Investment Board to approve property investment acquisitions, property investment management expenditure, property investment disposals and the provision of finance to its wholly owned property company, Halsey Garton Property Ltd.
3. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.
4. **Annex 1** lists the details of decisions taken by Cabinet Members / Investment Board since the last Cabinet meeting.

**Contact Officer:**

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

**Annexes:**

Annex 1 – List of Cabinet Member Decisions

**Sources/background papers:** Agenda and decision sheets from the Cabinet Member meetings (available on the Council's website)

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**CABINET MEMBER DECISIONS****July 2017****CABINET MEMBER FOR ADULTS****(I) CONTRACT AWARD FOR DIRECT PAYMENTS SUPPORT SERVICES: 1. PEER SUPPORT AND PERSONAL ASSISTANT SUPPORT SERVICE 2. CARERS ONE OFF DIRECT PAYMENTS SUPPORT****Details of decision**

That the award of a three year contract to Surrey Independent Living Council (SILC) for the provision of two services; Direct Payments Peer Support and Personal Assistant Support Service, and Carers One Off Direct Payments Support; in accordance with the financial details outlined in the Part 2 Report, be approved. The contract will commence on 1 September 2017.

**Reasons for decision:**

The existing contract will expire on 31 August 2017.

The provision of the recommended services will allow the Council to continue to meet its statutory responsibilities in relation to the provision of Direct Payments.

A full tender process in compliance with the requirement of EU Procurement Legislation / 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.

*(Decision taken by the Cabinet Member for Adults – 4 July 2017)*

**CABINET MEMBER ENVIRONMENT AND TRANSPORT****(II) LOCAL TRANSPORT REVIEW 2017/18 YEAR 3 REPORT****Details of decision:**

That the remaining savings identified for the third and final year of the Local Transport Review be approved.

**Reasons for decision:**

These recommendations will deliver the total MTFP saving of £2m across the lifetime of the project and enable the LTR to be formally closed. The LTR has sought to retain the local bus services residents rely upon the most enabling them to access work, education, medical appointments and other key services, whilst also contributing to financial savings and ensuring a sustainable level of service for the future.

*(Decision taken by the Cabinet Member for Environment and Transport – 4 July 2017)*

## **CABINET MEMBER ENVIRONMENT AND TRANSPORT**

### **(III) LICENCING OF THE SURREY HILLS TRADEMARK**

#### **Details of decision:**

1. The Surrey Hills Trademark licence be extended to both Surrey Hills Enterprises (Community Interest Company) and the Surrey Hills Society (charity) at no fee for three years with the intention of it being further extended following a review.
2. The final wording of the Trademark licence be agreed by officers and further signed off by the Cabinet Member for Environment and Transport.

#### **Reasons for decision:**

The Surrey Hills AONB Board and the County Council are keen to see the Surrey Hills Trademark developed into a significant brand for Surrey to support businesses in the County and to encourage visitors. Any surplus income generated will be used to deliver projects in the Surrey Hills area that support the landscape, access and the health and wellbeing of Surrey residents. As both the Surrey Hills Society and Surrey Hills Enterprises are not for private profit and use any surplus funds for public good, it is not proposed to charge a fee for this extension of the Trademark. It is anticipated that the licence will be extended in future years following a review.

*(Decision taken by the Cabinet Member for Environment and Transport – 4 July 2017)*

## **CABINET MEMBER FOR EDUCATION**

### **(IV) PRIMARY AND SECONDARY FAIR ACCESS PROTOCOLS 2017/18**

#### **Details of decision:**

The proposed Primary and Secondary Fair Access Protocols for 2017/18 be approved.

#### **Reasons for decision:**

1. The local authority is required to have a Protocol in place that all schools must participate in.
2. The proposed Protocols meet the requirements of the 2014 Department for Education School Admissions Code.
3. Schools have been involved in the review.
4. The Protocol will ensure that children who are out of school can be placed in school quickly.
5. The Protocol will ensure that no school is expected to admit more than their fair share of children with challenging behaviour or children previously excluded from other schools.

*(Decision taken by the Cabinet Member for Education – 4 July 2017)*

## **CABINET MEMBER FOR EDUCATION**

### **(V) APPROVAL OF SCHOOL DEFICITS**

#### **Details of decision:**

1. The level of balances held by Surrey maintained schools be noted.
2. The one-year licensed deficits for Hale Primary and Chart Wood schools be approved.

#### **Reasons for decision:**

Approval of a licensed deficit will ensure schools are operating within the County's Scheme for Financing Schools and will set the parameters within which a recovery plan can be developed.

*(Decision taken by the Cabinet Member for Education – 4 July 2017)*

## **CABINET MEMBER FOR EDUCATION**

### **(VI) DEPARTMENT FOR EDUCATION (DFE) 30 HOURS CAPITAL FUNDING**

#### **Details of decision:**

That the approval and deployment of £615,103 Department for Education (DfE) 30 hours capital grant to four projects, as detailed in paragraph 24 of the submitted report, be agreed.

#### **Reasons for decision:**

Eligible parents will be requesting 30 hour places to start in September 2017. The providers selected for funding are in areas of need and have expressed a wish to increase capacity. If projects are not completed or underway by September 2017 some eligible parents would not be able to access provision to allow them to take up or increase their working hours.

*(Decision taken by the Cabinet Member for Education – 4 July 2017)*

## **INVESTMENT BOARD**

#### **Details of Decision:**

The Board approved the proposed acquisition, and specifically:

1. Approved the provision of equity investment of a set amount as set out in the submitted report by Surrey County Council to its wholly owned property company, Halsey Garton Property Ltd (HGP).
2. Approved that Legal Services agree the 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. Authorise HGP to acquire the freehold interest in the acquisition 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.

(Decision taken by the Investment Board – 3 July 2017)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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