

Notice of Meeting

Council Overview Board

**Date & time**

Wednesday, 1
February 2017 at
10.00 am

Place

Ashcombe Suite
County Hall
Penrhyn Road
Kingston upon Thames
KT1 2DN

Contact

Ross Pike or Emma
O'Donnell
Room 122, County Hall
Tel 020 8541 7368

ross.pike@surreycc.gov.uk
emma.odonnell@surreycc.gov.uk

Chief Executive

David McNulty



We're on Twitter:
@SCCdemocracy

If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please either call 020 8541 9122, write to Democratic Services, Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 8914, fax 020 8541 9009, or email democratic.services@surreycc.gov.uk.

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Ross Pike on 020 8541 7368.

Members

Mr Steve Cosser (Chairman), Mr Eber Kington (Vice-Chairman), Mr Mark Brett-Warburton, Mr Bill Chapman, Mr Stephen Cooksey, Mr Bob Gardner Mr Michael Gosling, Dr Zully Grant-Duff, Mr David Harmer, Mr David Ivison, Mr Nick Harrison, Mr Colin Kemp, Mrs Denise Saliagopoulos, Mrs Hazel Watson and Mr Keith Witham

Ex Officio Members:

Mrs Sally Ann B Marks (Chairman of the County Council) and Mr Nick Skellett CBE (Vice-Chairman of the County Council)

TERMS OF REFERENCE

The Board is responsible for the following areas:

Performance, finance and risk monitoring for all Council Services	HR and Organisational Development
Budget strategy/Financial Management	IMT
Improvement Programme, Productivity and Efficiency	Procurement
Equalities and Diversity	Other support functions
Corporate Performance Management	Risk Management
Corporate and Community Planning	Europe
Property	Communications
Contingency Planning	Public Value Review programme and process

PART 1
IN PUBLIC

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

2 MINUTES OF THE PREVIOUS MEETING: 18 JANUARY 2017

(Pages 1
- 4)

To agree the minutes as a true record 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 QUESTIONS AND PETITIONS

To receive any questions or petitions.

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (Thursday 26 January 2017).
2. The deadline for public questions is seven days before the meeting (Wednesday 25 January 2017).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD

The Board's final budget recommendations are to be considered by Cabinet at their meeting on 31st January 2017.

6 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

(Pages 5
- 14)

The Scrutiny Board is asked to monitor progress on the implementation of recommendations from previous meetings, and to review its Forward Work

Programme.

7 EXCLUSION OF THE PUBLIC

Recommendation: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for 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.

8 SURREY CHOICES BUSINESS PLAN

(Pages
15 - 52)

This report is to enable the Board to scrutinise the performance and business plan of Surrey Choices Ltd.

9 INTERNAL AUDIT: PREMISES SECURITY

(Pages
53 - 68)

This report summarises the audit findings and Management Action Plan produced as a result of an internal audit review of the security of council premises.

10 DATE OF NEXT MEETING

The next meeting of the Board will be held at 10:00am on Wednesday 1 March 2017.

David McNulty
Chief Executive

Published: 23 January 2017

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MINUTES of the meeting of the **COUNCIL OVERVIEW BOARD** held at 10.00 am on 18 January 2017 at Members Conference Room, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Wednesday, 1 February 2017.

Elected Members:

* present

- Mr Steve Cosser (Chairman)
- * Mr Eber A Kington (Vice-Chairman)
- * Mr Mark Brett-Warburton
- * Mr Bill Chapman
- * Mr Stephen Cooksey
- Mr Bob Gardner
- * Mr Michael Gosling
- * Dr Zully Grant-Duff
- * Mr David Harmer
- * Mr Nick Harrison
- * Mr David Ivison
- Mr Colin Kemp
- * Mrs Denise Saliagopoulos
- * Mrs Hazel Watson
- * Mr Keith Witham

Members in attendance

Mr Mel Few, Cabinet Member for Adult Social Care, Wellbeing and Independence, Surrey County Council

1/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Steve Cosser, Bob Gardner and Colin Kemp. Eber Kington, as Vice-Chairman, chaired this meeting.

2/17 MINUTES OF THE PREVIOUS MEETING: 14 DECEMBER 2016 [Item 2]

The minutes were agreed as an accurate record of the meeting.

3/17 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

4/17 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions submitted to the Board.

5/17 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD [Item 5]

No issues were referred to the Cabinet by the Board at its last meeting.

6/17 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Key points of discussion:

Recommendations Tracker:

1. Recommendation reference A7/2016. The Board were notified that scrutiny of the Shareholder Board and the Surrey Choices business plan was scheduled for COB's next meeting on 1 February 2017.
2. Recommendation reference A9/2016. The Board were informed that this recommendation was being addressed as part of the ongoing work of the Scrutiny in a New Environment task group.
3. Recommendation reference R12/2016. The Board noted that an item detailing the success of the investment strategy had been requested for COB's meeting on 1 March 2017.

Forward Work Programme:

1. The Board were informed that the planned update from the Scrutiny in a New Environment task group had been deferred. It was explained that the group had met three times so far and were in the process of drafting some conclusions and recommendations. It was evident, however, that the group would benefit from more meetings and were also keen to engage with the Chief Executive and the Leader of the Council post-Budget, therefore it was decided that this report would be scheduled for 1 March 2017 meeting.
2. The Board noted the terms of reference for the Agency Staffing Task Group on pages 19-21 of the agenda, and the Vice-Chairman explained that the task group were due to meet in the coming weeks to investigate the agency staff spend within IT & Digital.
3. The Board were informed that an update on the 3SC devolution bid had been agreed and would be on the agenda for 1 March 2017 meeting.

7/17 FINAL BUDGET RECOMMENDATIONS [Item 7]

Declarations of interest:

None

Witnesses:

Mel Few, Cabinet Member for Adult Social Care, Wellbeing and Independence

Kevin Kilburn, Deputy Chief Finance Officer

David Harmer, Chairman, Economic Prosperity, Environment and Highways Board

Mark Brett-Warburton, Chairman, Education and Skills Board

Bill Chapman, Chairman, Wellbeing and Health Scrutiny Board

Keith Witham, Chairman, Social Care Services Board

Key points raised during the discussions:

1. The Vice-Chairman agreed for the meeting to be taken into Part 2 to discuss this item.

RESOLVED: That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant information under the relevant paragraph 3 of Part 1 of Schedule 12A of the Act.

Denise Saliagopoulos entered the meeting at 10:26am.

Keith Witham and Michael Gosling left the meeting at 12:00pm

Recommendations:**Savings**

- a) That there is a major reduction in paper based public communications issued by the central communications team and individual services including an end to the production of Surrey Matters and annual reports. Documentation should still be available to the public digitally.
- b) That there is a review of the necessity of everything the Communication Service does. Ask the question 'do we need to do this and, if so do we need do this in that way'? with a target cut in head count or % financial savings
- c) That there is a review of the necessity of everything the Policy & Performance Team does. Ask the question 'do we need to do this and, if so do we need do this in that way'? With a target cut in head count or % financial savings
- d) That a continued review of staffing roles and levels and salaries across the council should take place, particularly at senior level
- e) That there is a continued drive to review vacant property with a view to disposal, cost reduction and income generation
- f) That a review be undertaken of the financial and operational benefits of reducing four main council buildings to three
- g) That there is a reduction of the spend on agency staff across all services
- h) That there is a review of Member responsibility allowances

- i) That there is a review of major IT projects, to cover the costs and added value and the use of agency staff to deliver these projects
- j) That there is investment in key-worker housing, as per the motion to Council on 6 December 2016, to facilitate staff retention and a reduced reliance of agency staff

Process

- k) A revision in the way that accounts are reported to enable better monitoring of expenditure through the identification of areas of spend on frontline and back office staff. The Board agreed to this recommendation by a vote carried by eight votes to three.
 - l) That regular Rapid Improvement Events are revived as an instrument for identifying efficiencies
 - m) That the information that details the Council's unit costs is updated
 - n) That a clear message is needed from the Cabinet on the background on any call for an increase to the council tax precept via referendum
- 3 Additionally, the Economic Prosperity, Environment & Highways Board recommended that:
- a) Plans to reduce the funding available to Local Committees should not be progressed
 - b) Analysis is undertaken to optimise the use of winter maintenance services
 - c) Plans are made to recommence the budget scrutiny process earlier in 2017, and from July.

8/17 DATE OF NEXT MEETING [Item 8]

The next meeting of the Board will take place on Wednesday 1 February 2017 at 10:00 am.

Meeting ended at: 12.34 pm

Chairman



Council Overview Board
1 February 2017

RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

1. The Board is asked to review its Recommendation Tracker and Forward Work Programme, which are attached.

Recommendation:

That the Board reviews its work programme and recommendations tracker and makes suggestions for additions or amendments as appropriate.

Next Steps:

The Board will review its work programme and recommendations tracker at each of its meetings.

Report contact: Ross Pike, Scrutiny Manager

Contact details: 020 8541 7368, ross.pike@surreycc.gov.uk

Sources/background papers: None.

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Council Overview Board Forward Work Programme February 2017

1
February
2017

- Surrey Choices
- Internal Audit: Review of Premises Security 2016/17
- Agency Staffing Task Group update

1
March
2017

- Staff Survey Results & HPDP update
- Trust Fund annual progress review (including proposals for Trusts where SCC is not the sole trustee)
- Devolution update
- Investment Strategy Review
- Scrutiny in a New Environment Task Group update

Future items

- Communications Strategy
- Orbis Public Law
- Consultation Task Group

Council Overview Board

ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED 19 January 2017.

The recommendations tracker allows Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each meeting. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting. The next progress check will highlight to members where actions have not been dealt with.

Please note that this tracker includes recommendations from the former Council Overview & Scrutiny Committee.

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
6 July 2016 A9/2016	RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD	a) That the Chairman consider whether any further discussion with the Cabinet was appropriate in the light of the Cabinet's response to the recommendation on the Investment Strategy Property Portfolio.	Council Overview Board Chairman	The Chairman has requested further papers from the Investment Advisory Board to aid his investigation and will report back to the Board at its November meeting. Update: An item has been requested on Investment Strategy for the March 2017 meeting.
21 September 2016 R7/2016	INTERNAL AUDIT: REVIEW OF PROPERTY ASSET MANAGEMENT SYSTEM INCOME MODULE	a) The Board agreed that the service will report its progress against the high priority recommendations to Democratic Services.	Claire Barrett Nigel Jones David John Siva Sanmugarajah	Review early 2017, post go-live.

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
21 September 2016 R8/2016	INTERNAL AUDIT: SURREY YOUTH CENTRES- GOVERNANCE AND BUSINESS MANAGEMENT ARRANGEMENTS	a) The Board agreed that the service would bring an audit update report to the Council Overview Board. Audit would conduct a follow up in 3 months with a fuller review in 6 months	Ben Byrne Jan Smith David John Tasneem Ali	Update due end of March 2017 however Internal Audit have provided an interim update to the Chairman and Vice-Chairman.
3 November 2016 R9/2016	12 MONTH REVIEW OF ORBIS	<p>The Board resolved:</p> <p>The Chairmen of ABVCSSC and COB will coordinate their scrutiny work so that the same topics and reports, with additional authority specific information as requested, are prioritised by agreement between the Chairmen for consideration at each authority's scrutiny body which operate independently.</p> <p>Additionally, COB's Transformation Sub-Group members will meet, at least annually, with East Sussex Audit and Best Value members and a Brighton & Hove City Council observer to review Orbis performance and prioritise scrutiny topics.</p>	<p>COB Chairman</p> <p>Transformation Sub-Group</p>	<p>January 2017</p> <p>Awaiting a response from East Sussex to agree a meeting date in February 2017.</p>

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
3 November 2016 R10/2016	HIGH PERFORMANCE DEVELOPMENT PROGRAMME	a) The Board agreed that a further report on the impact of the High Performance Development Programme incorporating the results of the staff survey and an update on the details of the new programme is brought to this Board in early 2017.	Ken Akers Karen Archer-Burton	Item scheduled for March 2017
14 December 2016 R12/2016	PROPERTY SERVICES: STRATEGIC & OPERATIONAL UPDATE	a) The Board agreed that a further report on the results of, and future plans for the investment strategy is brought to the Board in the new year. b) The Board recommend Property undertakes a programme of engagement with local committees to engage Members' on solutions to vacant property c) The Board agreed to review the Future Planned Approach (FPA) at the July 2017 COB meeting		To review in July 2017
14 December 2016 R13/2016	AGENCY STAFFING UPDATE	a) High % of agency staff in IT & Digital to be investigated by a Task Group with findings reported at the COB February meeting. b) The Board will review agency staffing	Eber Kington, Colin Kemp, Hazel Watson.	Item scheduled for February 2017

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
		data on a six-monthly basis		

COMPLETED ACTIONS - TO BE DELETED

Date of meeting and reference	ITEM	Recommendations/ Actions	To	Response
1 June 2016 A7/2016	ANNUAL REPORT OF THE SHAREHOLDER BOARD	a) That further scrutiny in relation to Surrey Choices be scheduled once the Shareholder Board had completed the review of its business plan.	Scrutiny Manager	<p>Awaiting completion of the business plan review.</p> <p>Update (Sep): Surrey Choices has been given further time to complete a final business plan. This is expected in October. Scrutiny could be scheduled for the December meeting of COB.</p> <p>Update (Dec): the Chairmen of COB, SCSB and Audit & Governance wrote to the Leader and Chief Executive to express their concerns regarding the management and scrutiny of Surrey</p>

				Choices.
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COUNCIL OVERVIEW BOARD

1 FEBRUARY 2017

SURREY CHOICES BUSINESS PLAN

Purpose of the report: Scrutiny of the Shareholder Board.

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 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 Council Overview Board is able to call the Shareholder Board to account for decisions it has taken in relation to any company for which the Council is a shareholder and for any returns it is making.

The Council Overview Board has requested a report to enable it to scrutinise the performance and business plan of Surrey Choices Ltd.

The Shareholder Board

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 authority 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 a shareholder in a company. The shareholder role 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 the responsibility of the directors of each company.

Surrey Choices Ltd

3. 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 services matches carers who provide support in a family environment.
4. 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. The business case demonstrated that the company would make a modest profit with benefits to the council expected in two ways-
 - Income generated from trading activity by supplying services to those people with personal budgets and those that privately purchase services and,
 - A reduction in the cost of services from economies of scale delivered as a result of trading activities and from reducing fixed costs.
5. 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. Over the last 18 months or so the number of new referrals from the council has significantly increased and this lead to a deteriorating financial situation for the company. Examples of the changes in volume since the commencement of the contract are provided in the table below. The Shareholder Board is satisfied that these cases would have created a volume pressure within the council under previous arrangements and therefore supported that the company and the Adults Social Care Service (ASC) undertake a review of the contract and enter negotiations to make appropriate amendments to the block contract.

	2014/15 commencement of contract	2015/16 actual	increase
Volumes			
Day Services: number of sessions *	181,000	224,133	24%
Day Services: number of clients	604	670	11%
Employability: number of clients	823	1,008	22%
Shared Lives: number of placements	28	48	71%

* A session is a half-day of client activity

6. These discussions concluded in October 2016 and recognise the importance of ensuring the continuation of the services provided to the residents of Surrey. The revised contract results in a net budget pressure to ASC of £1.2m which is reported in the financial monitoring report to Cabinet. The contract management meetings with the Adults Service 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 quality of service outcomes.

7. Changes have been made to the management team following the resignation of the Managing Director in August 2016. An interim Managing Director is currently in post whilst the recruitment process for a permanent replacement is underway. Management layers have been reduced across the business and the use of agency staff has reduced.
8. The company has put in place a number of changes to improve the internal controls and governance environment following concerns expressed in last year's audit report and this progress is recognised in the latest report from the external auditor, Grant Thornton.
9. The Shareholder Board approved the new Business Plan of the company in December 2016. This plan is based upon prudent assumptions, particularly in terms of non-council business and demonstrates that a break-even position is achievable in 2017/18 with modest profits thereafter. This is achieved primarily as a result of cost savings and these, together with the overall results will continue to be reviewed by the Shareholder Board on an ongoing basis. The detailed business plan of the company is appended to this report for consideration by the Council Overview Board as a confidential Part Two item since it includes information of a commercially sensitive nature.
10. The Shareholder Board are sufficiently encouraged by the progress being made to continue to support the business to achieve the forecast return to profitability. Within this context the board agreed to the request of the company to provide a further working capital loan of £100,000 since the detailed cash flow forecasts of the company identified some months where an overdraft facility is required. The company fully utilised the loan facility previously provided by the council last financial year.

Recommendations

That the Business Plan of Surrey Choices Ltd is presented to the Council Overview Board for the purpose of scrutiny.

Contact Officer:

Susan Smyth, Strategic Finance Manager (Secretary to the Shareholder Board)
Tel: 020 8541 7588

Annexes:

PART TWO CONFIDENTIAL ANNEX: Surrey Choices Ltd Business Plan
(December 2016)

Sources/background papers:

1. Annual Report of the Shareholder Board: Cabinet 29 July 2015
 2. Annual Report of the Shareholder Board: Cabinet 21 June 2016
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of the Local Government Act 1972.

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Council Overview Board
1 February 2017

Internal Audit - Premises Security 2016/17

Purpose of the report: Scrutiny of Services

To review the summary of audit findings and Management Action Plan produced as a result of an internal audit review of the security of council premises.

Introduction:

1. It has been agreed by the Chairmen of the Council's Scrutiny Boards that any relevant Internal Audit reports that have attracted an audit opinion of either "Major Improvement Needed" or "Unsatisfactory", and/or those with high priority recommendations, will be considered for inclusion on the Board's work programme.

Context:

2. Internal Audit began a review of premises security in June 2016. The report produced as a result of this review attracted an overall audit opinion of Significant Improvement Needed. There were fifteen high priority recommendation made. A summary of the audit findings and recommendations is attached as **Annex A**. The agreed Management Action Plan is attached as **Annex B**. The supporting audit report has been previously circulated to Board members.
3. Officers from the service and Internal Audit will be available at the meeting, and the Scrutiny Board is asked to review the actions being taken to address the audit recommendations made.

Recommendations:

4. That the Board review the audit report and Management Action Plan and makes recommendations as necessary.

Next steps:

The Board will continue to have oversight of any relevant audit report that has attracted an audit opinion of either “Major Improvement Needed” or “Unsatisfactory”, and/or those with high priority recommendations.

Report contact: Sue Lewry-Jones, Chief Internal Auditor

Contact details: 020 8541 9190

Sources/background papers: Premises Security 2016/17

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