

MINUTES of the meeting of the **COUNCIL OVERVIEW BOARD** held at 10.30 am on 1 March 2017 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Monday, 27 March 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

Substitute Members:

- * Ms Denise Turner-Stewart

19/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Mark Brett-Warburton and Denise Saliagopoulos. Denise Turner-Stewart substituted for Mark Brett-Warburton.

20/17 MINUTES OF THE PREVIOUS MEETING: 1 FEBRUARY 2017 [Item 2]

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

21/17 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

22/17 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions submitted to the Board.

23/17 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD [Item 5]

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

24/17 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Recommendations Tracker

1. Recommendation reference R9/2016. The Chairman informed the Board that the joint meeting between the Transformation Sub-group and Members of the Audit, Best Value and Community Services Scrutiny Committee in East Sussex had recently been held. Members from both organisations were in agreement that no Orbis related matters had been of real concern to date, however both felt that they were not fully able to understand the amount of added value that the partnership provided. The group agreed on some potential scrutiny items for 2017/18, including a report on the financial and governance impacts of Brighton and Hove City Council joining the partnership and scrutiny of the revised Orbis business plan.

Forward Work Programme

1. The Chairman drew the Board's attention to two items on the Cabinet Forward Plan that were due to be considered without any scrutiny board consultation- the Investment Strategy and the revised Medium Term Financial Plan (MTFP).
2. The Investment Strategy paper asks the Cabinet to approve a delegation of power to the Investment Advisory Board to make decisions relating to individual investments.
3. The MTFP will outline how the £93m worth of savings will be made following the decision to abandon the 15% council tax rise proposal. The plans will have had no prior scrutiny.
4. The Chairman explained that whilst there may be an opportunity to convene a meeting prior to Cabinet taking these decisions, there was a risk that data could be delayed or amendments made on the day, and therefore he felt it would be pertinent to scrutinise the decisions after Cabinet through the call-in procedure. The Chairman informed the Board that the call-in period for these decisions would end on 4 April 2017 and that COB would need to convene a meeting between 4-18 April. Members were asked to keep 6 April and 13 April free and advised that the date would be confirmed in due course.

25/17 TRUST FUNDS ANNUAL PROGRESS UPDATE [Item 7]

Declarations of Interest:

None

Witnesses:

Rachel Crossley, Chief of Staff and New Models of Delivery Lead
Wendy Varcoe, Chief Executive, Community Foundation Surrey

Key points raised during the discussion:

1. Members questioned why the Yarrow Trust had remained as a separate trust fund and had not been included in the Surrey Educational Fund as per the Cabinet decision. It was explained the Yarrow Trust Fund had been set up as a separate fund outside of the Surrey Educational Fund (SEF) as discussions had been ongoing with the Schools Commissioning Team regarding potential use of the funds to expand a school. The Yarrow Trust Fund is however now transferring to the CFS. The officer explained that this had been signed off by the Director of Legal, Democratic and Cultural Services and that it was in line with the original Cabinet decision.
2. The Chief Executive of the CFS explained that there was a robust process in place, ensuring governing documents were in line with the requirements of the Charity Commission. She assured Members that whilst the Yarrow Trust Fund was currently separate from the SEF, they could be treated as though they were together, with the same decision-making panel, because they both supported local communities in benefitting from the provision of general skills, education and training.
3. Members acknowledged that the Henry Blanchett Trust, worth £175,107.55 was originally allocated to be used by just three divisions; and that this had now been transferred to the CFS and the funds were available for the whole of Surrey.
4. Members noted that the decision panels for the trust funds required Members as representatives from the local area, with local insight and potentially experience of charitable trusts. The officer explained that nominations for the panel would be built into the “outside bodies process” and that nominations would be accepted soon after the elections in May. The Scrutiny Board supported the proposal that the panel should include a Member from the Epsom and Ewell area given the sum transferred from Henry Blanchett Trust. The Board also suggested that the Cabinet Member did not necessarily have to be a member of the panel but that it could be the Cabinet Member, Chairman of the relevant Scrutiny Board or member on the Scrutiny Board with responsibility for Education.

Actions/ Further information to be provided

- A note to the Chairman further explaining the reasons for the Yarrow Trust Fund transferring to CFS as a separate fund rather than as part of the Surrey Educational Fund.

Recommendations

- That the Board receive a further update on the progress of the Trust Funds in 12 months time.

26/17 AGENCY STAFF TASK GROUP UPDATE [Item 9]

Declarations of Interest:

None

Witnesses:

Eber Kington, Task Group Chairman

Colin Kemp, Task Group Member

Key points raised during the discussion:

1. The Chairman agreed that this item was taken next on the agenda due to the previous item running ahead of schedule.
2. The Task Group Chairman explained to the Board that the main finding of the Task Group was that the use of agency staffing within IT & Digital, compared with other services, was not as distorted as originally reported to COB in December. During the first Task Group meeting, it was discovered that the data was erroneous as the Orbis staffing spend had not been factored in, therefore giving a disproportionate percentage.
3. Members noted that both the introduction of a “short term resourcing needs” policy document and the reinforced waiver process had been successful in helping to reduce the agency staff spend. Furthermore, earlier involvement by HR in workforce planning and monthly and quarterly monitoring meetings between HR and contract leads meant the Task Group were satisfied that agency staff spend and tenure was being managed.
4. Task Group Members explained that they had sought further detail from IT & Digital as to the processes involved in identifying the need for agency staff. As a result, at a third Task Group meeting, this information was provided and the Task Group was satisfied that sufficient processes were in place to justify the need, and that officers understood the financial situation of the organisation.
5. Members were informed that regular scrutiny by COB had made a difference to agency spend figures. HR also felt more enabled and more confident in the management of the agency spend within the new processes.
6. The Task Group Members stated that the one area that potentially required further investigation related to the business cases of IT projects, and how these were determined.
7. Members enquired whether the usage of agency staff within other services, for example, social care, have similar involvement by HR and are working to lower agency spend and directly employ staff instead. The Task Group Chairman explained that he was of the view that the principles of HR involvement in IT & Digital had been implemented across the council but that social care was outside of the remit of the investigation.

8. The Task Group Members explained that they had tried to ascertain whether staff in the council's redeployment pool were currently considered when resourcing for non-specialist roles such as administration. There was some uncertainty amongst officers as to whether this happened or not, and therefore it was suggested that this be clarified as one of the next steps.

Recommendations:

- That the Chief Information Officer be asked to review the priority level of certain IT projects and if a project is considered to be non-urgent reduce the need for some agency roles going forward.
- That the Council Overview Board receive an update on the use of agency staff in 2017/18.

27/17 STAFF SURVEY RESULTS AND HIGH PERFORMANCE DEVELOPMENT PROGRAMME UPDATE [Item 8]

Declarations of interest:

None

Witnesses:

Rachel Crossley, Chief of Staff and New Models of Delivery Lead
Lavern Dinah, Strategic OPD Manager
Amy Bailey, Employee Engagement Lead

Key points raised during the discussion:

1. Members probed the difference between leader and manager, given that "my manager" was one of the highest scoring factors and "leadership" was one of the lowest.. The Chief of Staff explained that throughout the survey, "leadership" was considered to be the Chief Executive and the Extended Leadership Team, whilst "my manager" referred to line management level.
2. The Chief of Staff explained that scores relating to values and behaviours had improved slightly, however there was an ambition to improve these further.
3. Members noted that the visibility of the leadership team was important to the staff, and that an over-reliance on digital communication had potentially meant that staff do not often see senior leaders face to face. The Chief of Staff acknowledged this point, and stated that work had been done to achieve a balance between digital communications and face to face interaction between leaders and staff.
4. Members noted the significant improvements in response rates within the Adult Social Care and Children, Schools and Families directorates

and the Chief of Staff explained that in both of these areas, the leadership teams had invested time in visiting the teams to listen to their views.

5. Members stated that there appeared to be a disconnect between senior leaders and staff members, and that staff needed to feel engaged. The Chief of Staff explained that work had been done to develop the appraisal process in order to help with engagement. The officer stated that the appraisal form had been improved along with the behaviours framework to allow for a meaningful discussion. It also enabled a clearer link to be made between personal objectives and those relating to the objectives of their service. It was thought that this led to a different conversation to ensure that individuals felt proud to be contributing to the objectives of the service.
6. Members enquired on the impact of the High Performance Development Programme (HPDP) on the staff survey results. The Chief of Staff informed Members that the HPDP was a training programme for leaders and senior managers and that approximately 700 officers had been on the programme. The purpose of the programme was to develop managers behaviours and their engagement skills to ensure they engaged with their teams. There was evidence of this in the scores relating to open and honest conversations which had remained high and the scores for listening had also increased.
7. The Chief of Staff explained that once the HPDP training had been delivered, the expectation was that the principles were then implemented. There were action learning and coaching sets in place to ensure managers were able to continue working on their personal development. Members were informed that the management training offer was due to be reviewed.
8. Members enquired whether the data from the staff survey allowed for comparison with similar organisations. The Employee Engagement Lead explained that many of organisations using the Best Companies survey were private or not-for-profit charities and housing associations, not local authorities. There were however, five other councils to benchmark against. The officer indicated that although the other councils were smaller than this council, the benchmark would still be relevant and allow for comparisons to be drawn.
9. Members enquired as to whether there were any talent programmes in place to develop leaders of the future. The Chief of Staff explained that there was a Shaping Leaders programme in operation that currently had two cohorts of candidates, 20 in total, who were identified for the programme based on their performance within their service with the use of 360 degree feedback tools. Members were informed that the programme provides the opportunity to develop new skills in different areas at assistant director or head of service level. Members also noted that there were two talent programmes in operation within Orbis, and that there was an opportunity for the council to scale up their programme.

10. Members noted the total cost of the three year programme of Best Companies staff surveys was £71,304. The Chief of Staff explained that there were options for additional reports and data that could be added on for additional cost.
11. Members noted the comparison data for “My Team” provided in annex 2 was worse in all but one directorate in comparison to last year. The Employee Engagement Lead explained that this was due to the introduction of a new question, “power struggles in my team have a negative impact”, which seemed to pull all the scores in the category down as a result.

Recommendations:

- That the Scrutiny Boards should consider reviewing service specific staff survey results relevant to their Board.
- That the Council Overview Board requests a report following the next results of the 2017 staff survey.

28/17 SCRUTINY IN A NEW ENVIRONMENT TASK GROUP UPDATE [Item 11]

Declarations of Interest:

None

Witnesses:

Zully Grant-Duff, Task Group Chairman
Stephen Cooksey, Task Group Member
David Harmer, Task Group Member
Nick Harrison, Task Group Member

Key points raised during the discussion:

1. The Chairman agreed to take this item earlier on the agenda due to the meeting running ahead of time and officers were not present for the scheduled item.
2. The Task Group Chairman began by explaining to the Board that the main objective of the Task Group was to discern whether the Council Overview Board was able to conduct effective scrutiny of new and emerging local government structures within current governance arrangements or whether revisions needed to be made.
3. Members noted that they were able to access information that was required in the context of a piece of programmed overview and scrutiny work; and that part two papers were available to all Members upon request. However, the Task Group Chairman explained that this did not necessarily reflect the past experiences of the COB Chairman.
4. The Task Group Chairman explained that the group had interviewed the COB Chairman, the Director of Legal and Cultural Services, the Leader of the Council and the Chief Executive and devised five

recommendations based on their findings. The proposed recommendations were tabled and are attached to these minutes at annex 1.

5. Members commented that as investments involved public money, it was important to ensure they were value for money and therefore key performance indicators needed to be in place to ensure performance of investments and LATCs was tracked against the original business plan.
6. Members noted that the Investment Strategy paper going to Cabinet on 28 March 2017 would potentially change the role of the Investment Advisory Board to a decision-making board, and the details of the proposed scrutiny and governance arrangements surrounding this proposed change were currently unknown.
7. Members suggested a change to the wording to recommendation (iv) to include “companies for which SCC has a controlling interest” in addition to wholly owned LATCs.
8. The Task Group Chairman explained that the Task Group felt that service scrutiny boards should be able to request directors and chief executives of wholly owned LATCs attend as witnesses to agenda items in relation to their service provision and performance. The Chairman of the Social Care Services Board explained that sometimes however, service provision and performance are linked to the finances of a company and therefore scrutiny boards other than COB may also require the financial detail in order to set context. It was agreed that the recommendation should be rewritten accordingly.

Final Recommendations:

That Cabinet review:

- a) the terms of reference for the Shareholder Board and consider the inclusion of a mechanism for tracking the performance of individual investments, and specifically the Property Investment Portfolio.
- b) the terms of reference for the Shareholder Board and consider the requirement that it report regularly, at least annually, to Cabinet on the performance of individual investments - and specifically the Property Investment Portfolio held by the Council - including with reference to each original business case and the Investment Strategy stated aims.

Future scrutiny role and Constitution changes

- c) Annual reviews of the Shareholder Board (including a review of each LATC's performance) in the context of the Investment Strategy should be undertaken by the Council Overview Board in line with the constitution.
- d) Following this report the Constitution of Surrey County Council should be explicit in permitting the Council Overview Board to require Directors and Chief Executives of wholly owned LATCs (or trading companies where the Council has a controlling interest) to attend as witnesses to programmed agenda items to allow COB to fulfil its

existing constitutional role to “review the performance of and hold to account any trading companies established by the Council.”

- e) The Council Overview Board recommends that Scrutiny Boards consider conducting enquiries on proposals to commission services from wholly owned LATCs, at the initial stage when the business case is formulated. Long-term, once contracts are awarded, the boards should consider incorporating in their programme of work regular overview and scrutiny of service delivery.
- f) To carry out this work Scrutiny Boards should also be given the role to review the performance of trading companies that deliver relevant services under their remit. As above, the Constitution should be explicit in permitting Scrutiny Boards to access company financial information as part of their enquiries and to require Directors and Chief Executives of wholly owned LATCs (or trading companies where the Council has a controlling interest) to attend as witnesses to programmed agenda items.

Hazel Watson and Stephen Cooksey left the meeting at 12:24pm.

29/17 DEVOLUTION UPDATE [Item 10]

Declarations of Interest:

Steve Cosser declared that he was a Director of the Surrey Association of Local Councils

Witnesses:

David McNulty, Chief Executive

Key points raised during the discussion:

1. The Chief Executive began by explaining that there had been little progress with the Three Southern Counties (3SC) devolution bid in recent months and that a decision would be taken in May as to whether the strategy should be resumed.
2. Members recalled that when the Leadership Risk Register came before the Board in April 2016, it was suggested that failure to achieve a 3SC devolution deal was a high risk to the council. Members questioned whether there was still a significant risk to the county as a result of the deal not materialising. The Chief Executive explained that the council faced significant challenges with regards to infrastructure, and that these deficits in infrastructure were a major concern. Devolution was considered the only credible option in order to achieve the levels of investment required.
3. The Chief Executive informed the Board that the Risk Register had been reviewed this week, and that a Sub National Transport Body (SNTB) for the south east was being considered as an alternative

route to infrastructure investment as a mitigation to the risk for the county of the devolution bid not progressing.

4. The Chief Executive explained that there was more than one level to consider with regards to Double Devolution, and that town and parish councils had a key role to play. He indicated that workshops were being arranged across districts and boroughs to explain the approaches and benefits to joint working. Members commented that they had not encountered any engagement to date within their town council roles.
5. The Chief Executive explained that the 3SC devolution proposals were discussed between the authorities and central Government, whilst the Surrey Joint Working proposals were not dependent on government negotiations and could continue without waiting for the regional devolution deal.
6. Members enquired what the key challenges were the 3SC deal needed to address. The Chief Executive stated that infrastructure was a key issue. He explained that billions of pounds needed to be invested in infrastructure across the 3SC network and that the deficits in this area put pressure on housing requirements, business development, congestion on the transport network and services becoming unreliable. He stated that digital infrastructure in rural areas of the 3SC area was also lacking. Furthermore, the Chief Executive explained that there was a key challenge around recruiting a workforce with the right level of skills required.
7. Members enquired if there had been any discussions relating to the consideration of the Mayoral Combined Authority models. The Chief Executive explained that some districts and boroughs had indicated that they would not consider an elected mayoral model, whilst others had indicated that they would wait and see what was on offer before they considered making the decision. The Chief Executive informed the Board that whilst he was not advocating the mayoral model, it was worth noting that cities that had decided upon a mayoral model had been able to secure significant investment funding. A Member reminded the Board that the mayoral referendum in Guildford was not successful, with four out of five voters voting against the proposal.
8. The Chief Executive assured the Board that the work previously done towards the 3SC Devolution deal was still fundamental to the work required for the SNTB approach to be successful. The work on infrastructure and transport systems in particular was considered to be valuable to the SNTB.
9. Members noted some positive examples of successful joint working across the county. All 11 boroughs and districts had been involved in the Surrey Family Support programme, identifying common ways of working in partnership with the County Council. The Surrey Waste Partnership Waste Together programme was also highlighted as a success.
10. Members noted that devolution had not been on the forefront of central government's agenda recently, and that government's focus on the

Industrial Strategy and Housing White Paper may instead be the way forward. The Chief Executive explained that there could still be an opportunity for transport, housing and skills to be improved within the 3SC network.

30/17 DATE OF NEXT MEETING [Item 12]

The Board noted that its next meeting would be held on Wednesday 31 May at 10:00am.

Meeting ended at: 1.05 pm

Chairman

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Recommendations	Annex 1
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The Task Group recommends that:

- i. Cabinet review the terms of reference for the Shareholder Board and consider the inclusion of a mechanism for tracking the performance of individual investments, and specifically the Property Investment Portfolio¹.
- ii. Cabinet review the terms of reference for the Shareholder Board and consider the requirement that it report regularly, at least annually, to Cabinet on the performance of individual investments - and specifically the Property Investment Portfolio held by the Council - including with reference to each original business case and the Investment Strategy stated aims.
- iii. Annual reviews of the Shareholder Board (including a review of each LATC's performance) in the context of the Investment Strategy should be undertaken by the Council Overview Board in line with the constitution.
- iv. Following this report the Constitution of Surrey County Council should be explicit in permitting the Council Overview Board to require Directors and Chief Executives of wholly owned LATCs to attend as witnesses to programmed agenda items to allow COB to fulfil its constitutional role to "review the performance of and hold to account any trading companies established by the Council."²
- v. The Council Overview Board recommends that Scrutiny Boards consider conducting enquiries on proposals to commission services from partially or wholly owned LATCs, at the initial stage when the business case is formulated. Long-term, once contracts are awarded, the boards should consider incorporating in their programme of work regular overview and scrutiny of service delivery.

Next steps

- Council Overview Board to plan a forward work programme for 2017/18 in line with the report recommendations
- Council Overview Board to consider scrutiny of Local Enterprise Partnerships at such time as the 3SC devolution bid progresses
- Learn from other Councils that operate primarily as commissioning authorities how scrutiny contributes to positive outcomes for residents

Report authors: Zully Grant-Duff (Chairman), Stephen Cooksey, David Harmer, Nick Harrison

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Sources/background papers:

Constitution of Surrey County Council

Annex 1 – Scrutiny Task Group Scoping Document

Annex 2 – Scrutiny Arrangements 2016

Annex 3 – Investment Advisory Board Terms of Reference

Annex 4 – Property Investment Flow Chart

¹ Surrey County Council Cabinet, *Investment Strategy*, (23 July 2013).

² Surrey County Council Constitution, Part 2, Article 7.02 (available at: <https://mycouncil.surreycc.gov.uk/documents/s34519/Part%20%20-%20a07%20Scrutiny%20Boards.pdf>)

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