

Notice of Meeting

Council Overview Board



Date & time
Wednesday, 1
March 2017 at
10.30 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
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Chief Executive
David McNulty



We're on Twitter:
@SCCdemocracy

NB: There will be a private meeting for COB members at 9:30am

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: 1 FEBRUARY 2017

(Pages 1
- 8)

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 23 February 2017).
2. The deadline for public questions is seven days before the meeting (Wednesday 22 February 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

There are no responses to report.

6 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME

(Pages 9
- 16)

The Board is asked to monitor progress on the implementation of recommendations from previous meetings. This meeting is the last Council Overview Board meeting of the council year. Following the

election, the Board will agree a Forward Work Programme for 2017/18.

7 TRUST FUNDS ANNUAL PROGRESS UPDATE (Pages 17 - 22)

This report provides the Board with an update on the progress of transferring inactive Trust Funds the County Council is responsible for to the Community Foundation Surrey (CFS) to bring back into use for Surrey residents.

8 STAFF SURVEY RESULTS AND HIGH PERFORMANCE DEVELOPMENT PROGRAMME UPDATE (Pages 23 - 36)

This report provides an update on the results of the Staff Survey and useful comparison data against last year.

9 AGENCY STAFF TASK GROUP UPDATE (Pages 37 - 44)

This report contains the findings and recommendations of the Council Overview Board Task Group that investigated the use of agency staff at the council and in particular in the IT & Digital Service.

10 DEVOLUTION UPDATE (Pages 45 - 94)

This report invites the Board to note the current position on the Three Southern Counties (3SC) devolution proposals and progress on Surrey Joint Working (previously known as "Double Devolution")

11 SCRUTINY IN A NEW ENVIRONMENT TASK GROUP UPDATE (Pages 95 - 120)

This report provides an overview of the work undertaken by the Task Group to date.

12 DATE OF NEXT MEETING

The next meeting of the Board will be held at 10:00am on Wednesday, 31 May 2017.

David McNulty
Chief Executive

Published: Tuesday 21 February 2017

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.

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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

MINUTES of the meeting of the **COUNCIL OVERVIEW BOARD** held at 10.00 am on 1 February 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 Wednesday, 1 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:

- * Mr Jonathan Essex

Members in attendance

- * Mr Peter Martin, Deputy Leader of the Council
- * Ms Denise Le Gal, Cabinet Member for Business Services and Resident Experience.

9/17 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Bill Chapman, Bob Gardner, Mark Brett-Warburton, Denise Saliagopoulos and Hazel Watson. Jonathan Essex substituted for Hazel Watson.

10/17 MINUTES OF THE PREVIOUS MEETING: 18 JANUARY 2017 [Item 2]

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

11/17 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

12/17 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions submitted to the Board.

13/17 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD [Item 5]

Zully Grant-Duff entered the meeting at 10:12am

1. A Cabinet Response to Council Overview Board was tabled at the meeting and is annexed to these minutes.
2. The Chairman explained that when addressing Cabinet, he had stated that he hoped for the scrutiny function to be able to have input into the proposals that were being considered as part of the substitute budget.
3. The Chairman informed the Board that a recommendation to provide a transparent member led process to identify savings required for the alternative budget was removed by Cabinet and substituted by the following two recommendations:
 - A. Agree to establish a Sustainability Review Board comprising of three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance.
 - B. Require this Board to bring back an initial report to the Cabinet meeting on 28 March 2017 on progress toward identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18
4. Members indicated that the aforementioned permanent service reductions would require scrutiny at Board level, and that a cross-party group of three Members would not allow for a transparent process.
5. Members acknowledged that they had the right to call in any decision taken by the Cabinet on 28 March 2017, however this could significantly delay the council's ability to publicise, prior to any referendum, information on service reductions.
6. It was the view of the Board that there should be a role for scrutiny in formulating the substitute budget prior to decisions being taken at Cabinet on 28 March 2017.

Resolved

It was agreed that the Chairman of the Council Overview Board contacts the Leader to discuss the need for a scrutiny process to underpin the work of the Sustainability Review Board and agree a timetable for scrutiny of the existing MTFP savings plans and the proposals developed by the Sustainability Review Board ahead of the Cabinet meeting of 28 March 2017.

**14/17 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME
[Item 6]**

Forward Work Programme

1. The Chairman explained that the Investment Strategy item scheduled for the March meeting had been deferred until the new Council year, to allow for a meaningful report with the required information.

Recommendations Tracker

1. Recommendation reference R9/2016. The Chairman informed the Board that a meeting had been arranged for 21 February 2017, for the Members of the Transformation sub-group to meet with Members of East Sussex County Council to discuss performance and prioritise scrutiny related to Orbis.
2. Recommendation reference R13/2016. The Vice-Chairman reported to the Board on the work carried out so far by the Agency Staffing task group. Due to officer and Member availability, the task group met as a group of two, namely Eber Kington and Colin Kemp. The group heard that the usage of agency staffing had been significantly reduced, and that the introduction of a short term resourcing needs policy, an improved waiver process which now included a HR sign-off role and COB scrutiny had helped achieve this reduction. COB noted at its December meeting, that the usage of agency staff within Business Services was 33.9% of their budgeted spend. This figure was found to be inaccurate following the task group meeting. It was understood that usage had reduced to 7.5% and that the current level of agency staff usage was 3.7%. A further meeting of the task group will be arranged, with a final report expected to come to COB in March.
3. Members agreed that it would be useful for an item to be brought to the COB March meeting detailing a breakdown of the already identified £93m savings that have been identified in the Medium Term Financial Plan, in order to assist Members' understanding before they can have further input into where another £30m of savings could be found.

15/17 EXCLUSION OF THE PUBLIC [Item 7]

Resolved: 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.

PART TWO – IN PRIVATE

16/17 SURREY CHOICES BUSINESS PLAN [Item 8]

Declarations of interest:

None

Witnesses:

Susan Smyth, Strategic Finance Manager and Secretary of the Shareholder Board

Peter Martin, Deputy Leader and Member of the Shareholder Board

Denise Le Gal, Cabinet Member for Resident Experience and Business Services and Member of the Shareholder Board

Key points raised during the discussions:

1. The Board noted that the Scrutiny in a New Environment Task Group were looking into the governance arrangements of Local Authority Trading Companies (LATCs) following the joint letter sent to the Leader and Chief Executive from the Chairmen of COB, SCSB and A&G.
2. The Chairman informed the Board that confirmation had been received from the Director of Legal, Democratic and Cultural Services that LATCs fall under the same rules as a regulated company, meaning LATCs should provide to a member of a relevant authority such information about the affairs of the company as the member reasonably requires for the proper discharge of his duties.
3. Members noted that the Chairman had requested for the Interim Managing Director of Surrey Choices to attend this meeting, however this request was not deemed appropriate.
4. Members questioned whether the Shareholder Board were still satisfied that Surrey Choices Ltd was the right vehicle for providing disability and learning difficulty support services to the residents of Surrey. The Deputy Leader stated that the reason for forming the LATC in this instance was to provide better services to residents at a lower cost. The service was utilised by a large number of residents and it was paramount that service provision was of a good standard. The Shareholder Board were satisfied that Surrey Choices was given a Care Quality Commission (CQC) rating of good, and that experience surveys completed by service users were also very positive.
5. The Chairman agreed for the meeting to go into Part 2.

Resolved

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 this meeting can now go into Part 2 as the following information to be discussed falls into the category of information relating to the financial or business affairs of any particular persons (including the authority holding that information).

Actions/Further information to be provided:

Deputy Leader to take feedback from service users provided by COB on the quality of activities to Surrey Choices management for comment.

Recommendations:

- a) The Board notes the financial and managerial difficulties experienced by Surrey Choices since its creation and has considered evidence from the Shareholder Board on a new business plan for the company; and
- b) Agrees that future scrutiny of Surrey Choices and Council owned LATCs by the Council Overview Board in 2017/18 should be further considered in the light of any recommendations made by the *Scrutiny in a New Environment* Task Group on access to officers and information.

Agreed by 5 votes to 4.

17/17 INTERNAL AUDIT: PREMISES SECURITY [Item 9]

Declarations of interest:

None

Witnesses:

Ken Akers, Head of HR & OD
Claire Barrett, Deputy Chief Property Officer
Simon White, Audit Performance Manager
Tasneem Ali, Internal Auditor

Key points raised during the discussions:

1. The Board noted the overall audit opinion of Significant Improvement Required and acknowledged that some progress had been made in addressing some of the high priority recommendations.
2. The Deputy Chief Property Officer explained that the outcome of the audit was taken very seriously and that there were four overarching points to make.
 - i. Progress against all recommendations was ongoing, with continual review, and that the recommendations were not simply addressed as a tick box exercise.
 - ii. The recommendations do not have one specific owner; the actions involved input from various services, and that everyone had a part to play in maintaining general security of council premises.
 - iii. There was a need to establish what was required in order to deliver a good level of security whilst maintaining the day to day operation of the organisation.
 - iv. Some of the recommendations relate to a culture of practise and that there was a requirement to change behaviours in order to achieve these.
3. The Chairman agreed to take the meeting into Part 2

Resolved

By virtue of paragraph(s) 3 of Part 1 of the Schedule 12A of the Local Government Act 1972 this meeting can now go into part 2 as the

following information to be discussed falls into the category of information relating to any action taken or to be taken in connection with the prevention of crime.

Recommendations:

That Internal Audit provide an update to the Chairman and Vice-Chairman in April 2017, detailing progress towards achieving the high priority recommendations following their six-monthly follow-up visit.

18/17 DATE OF NEXT MEETING [Item 10]

The Board noted that its next meeting would be held on Wednesday 1 March 2017 at 10:00am

Meeting ended at: 12.05 pm

Chairman

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CABINET RESPONSE TO COUNCIL OVERVIEW BOARD

FINAL BUDGET RECOMMENDATIONS

(Considered by the Council Overview Board on 18 January 2017)

COMMITTEE RECOMMENDATIONS:

Savings

- a) That there is a major reduction in paper based public communications issued by the central communications team and individual services including an end to the production of Surrey Matters and annual reports. Documentation should still be available to the public digitally.
- b) That there is a review of the necessity of everything the Communication Service does. Ask the question 'do we need to do this and, if so do we need do this in that way'? With a target cut in head count or % financial savings.
- c) That there is a review of the necessity of everything the Policy & Performance Team does. Ask the question 'do we need to do this and, if so do we need do this in that way'? With a target cut in head count or % financial savings.
- d) That a continued review of staffing roles and levels and salaries across the council should take place, particularly at senior level.
- e) That there is a continued drive to review vacant property with a view to disposal, cost reduction and income generation.
- f) That a review be undertaken of the financial and operational benefits of reducing four main council buildings to three.
- g) That there is a reduction of the spend on agency staff across all services.
- h) That there is a review of Member responsibility allowances.
- i) That there is a review of major IT projects, to cover the costs and added value and the use of agency staff to deliver these projects.
- j) That there is investment in key-worker housing, as per the motion to Council on 6 December 2016, to facilitate staff retention and a reduced reliance of agency staff.

Process

- k) A revision in the way that accounts are reported to enable better monitoring of expenditure through the identification of areas of spend on frontline and back office staff.
- l) That regular Rapid Improvement Events are revived as an instrument for identifying efficiencies.

- m) That the information that details the Council's unit costs is updated.
 - n) That a clear message is needed from the Cabinet on the background on any call for an increase to the council tax precept via referendum.
- 3 Additionally, the Economic Prosperity, Environment and Highways Board recommended that:
- a) Plans to reduce the funding available to Local Committees should not be progressed.
 - b) Analysis is undertaken to optimise the use of winter maintenance services.
 - c) Plans are made to recommence the budget scrutiny process earlier in 2017, and from July.

RESPONSE:

The cabinet would like to thank COB for their recommendations on the budget, and for their work and all the scrutiny boards in reviewing the savings for the financial year.

As you are aware, this council has a strong record of identifying and delivering savings over the last six years. This has totalled £450m. In addition, as you will see from the December Budget Monitoring Report, which is also on today's agenda, in the current year we are managing to turn around a significant forecast overspending in September to close to a balanced budget. This has been through delaying expenditure where possible and sensible and bringing forward savings from next year. However, the cabinet are fully aware that there is a constant need to find further savings, and therefore welcome the COB's suggestions. As stated in the Budget Report there will be a member led process to identify further savings, and where these suggestions are not already planned, will be reviewed.

As a part of this member-led process the cabinet recognise that the council may have to do things differently. This includes reviewing budgeting, reporting and increasing efficiencies. However, to make changes will be a significant exercise and the cabinet needs to be certain that these changes will deliver substantial benefits.

**Mr David Hodge CBE
Leader of the Council
31 January 2017**



Council Overview Board
1 March 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

ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED 20 February 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 recommendations for future scrutiny items will be reviewed by the Board post-election.

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: The Investment Strategy item was requested for March 2017 but has been deferred until the new Council year to allow for a meaningful report with the required information.
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>Meeting arranged for 21 February 2017.</p>

Date of meeting and reference	Item	Recommendations/ Actions	To	Response
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 data on a six-monthly basis	Eber Kington & Colin Kemp.	Final report to the Board in March 2017.
1 February 2017 R2/2017	SURREY CHOICES BUSINESS PLAN	a) The Board agrees that future scrutiny of Surrey Choices and Council owned LATCs by the Council Overview Board in 2017/18 should be further considered in the light of any recommendations made by the <i>Scrutiny in a New Environment</i> Task Group on access to officers and information.		Scrutiny in a new Environment task group are due to meet on 27 February (TBC) to finalise recommendations.

Date of meeting and reference	Item	Recommendations/ Actions	To	Response

COMPLETED ACTIONS - TO BE DELETED

Date of meeting and reference	ITEM	Recommendations/ Actions	To	Response
1 February 2017 R1/2017	RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD	a) That the Chairman of the Council Overview Board contacts the Leader to discuss the need for a scrutiny process to underpin the work of the Sustainability Review Board and agree a timetable for scrutiny of the existing MTFP savings plans and the proposals developed by the Sustainability Review Board ahead of the Cabinet meeting of 28 March 2017.	COB chairman	The Review Board has contacted all Scrutiny Board Chairman to organise sessions with Members in March to gain their views on proposals for the savings gap.

<p>3 November 2016 R10/2016</p>	<p>HIGH PERFORMANCE DEVELOPMENT PROGRAMME</p>	<p>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.</p>	<p>Ken Akers Karen Archer-Burton</p>	<p>Item scheduled for March 2017</p>
<p>1 June 2016 A7/2016</p>	<p>ANNUAL REPORT OF THE SHAREHOLDER BOARD</p>	<p>a) That further scrutiny in relation to Surrey Choices be scheduled once the Shareholder Board had completed the review of its business plan.</p>	<p>Scrutiny Manager</p>	<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 Choices.</p>

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Council Overview Board
1 March 2017

**Transfer of Inactive Trust Funds to the Community
Foundation Surrey**

Purpose of the report: To update the Council Overview Board on the progress of transferring inactive Trust Funds the County Council is responsible for to the Community Foundation Surrey (CFS) to bring back into use for Surrey residents.

Background:

1. In April 2016, the Council Overview Board set up a Trust Fund Task Group to review bringing a number of inactive Trusts back into use for the residents of Surrey. These were Trusts that had been bequeathed a long time ago, their objectives had become obsolete and the funds dormant over time.
2. The task group reported the findings of its review to Cabinet on 21 June 2016. The Cabinet agreed that the Trusts for which the Council had sole Trustee responsibility would be transferred to the Community Foundation for Surrey (CFS). This would exclude the Looked After Children Fund, Lingfield Guest House, the Henrietta Parker Trust Fund and the Tulk Fund, however the Henrietta Parker and Tulk funds would be reviewed in two years' time.
3. It was also agreed that work should be carried out to review Trusts Funds for which the Council is not the sole Trustee, with a report back to the Council Overview Board following discussions with other Trustees.
4. The main reasons for transferring the funds to the CFS were:
 - the original trust criteria could be met as closely as possible whilst creating a viable fund that can be brought back into community benefit;
 - the organisation had the expertise and was best placed to deliver the original requirements of the funds in a sustainable way;
 - it ensured legal and financial compliance with Charity Law;
 - it considered the individual needs of the trust and would consult interested stakeholders in the transfer of funds and ongoing decision making for future distribution of the funds and
 - other local authorities had transferred to their local Community Foundations and this was supported fully and encouraged by the Charity Commission.

Update:

5. Following the Cabinet decision, officers have been working with the CFS to undertake the necessary work to enable the transfer. This included:
 - identifying and contacting any existing stakeholders that needed to give permission, have first refusal or needed to be consulted;

- reviewing the governing documents for each of the Trusts highlighting any specific requirements;
 - finalising and agreeing the final list of trusts that would be included in the transfer (as shown in **Annex A**);
 - submitting the proposal and the documents to the Charity Commission to seek an 'in principle' agreement, to close, amalgamate and transfer the funds;
 - preparing the detailed papers to seek formal approval from the Charity Commission to enable the legal transfer of the funds to enable a viable community fund to be created and
 - gaining formal approval from Legal Services that the Trust Transfer Declarations and Funding Agreements are appropriate and acceptable to be signed by the Council.
6. Given the broad range of Trusts identified, it was agreed to phase the work. The first phase focused on transferring the agreed funds for which the Council had sole responsibility. Phase two will focus on the Trusts for which the Council has shared responsibility.

Process:

7. Following the above work in paragraph 5, it was agreed to categorise the funds to ensure the original objectives were best maintained and in a way that creates a viable fund to benefit local communities. This is also in line with the Cabinet recommendation to ensure the relevant Trusts are transferred to CFS at the earliest possible date.
8. As the majority of the funds had objectives relating to education, CFS suggested that the best approach would be to create a Surrey Educational Fund (SEF). The Surrey Educational Fund will bring long term benefits to the residents of Surrey who require additional support with a wider criteria including education, training, employment, arts, music and sport, to improve their wellbeing and life chances.
9. Each and every individual Trust deed and governing document was reviewed to check for any special considerations or stakeholders that needed to be consulted. This was done in conjunction with the Charity Commission, CFS and County Council officers. Of the two larger trusts, Yarrow and Henry Blanchett, finance officers requested Yarrow Trust was set up as a separate fund outside of the SEF which was enabled. Finance highlighted there had been some proposals by the Schools Commissioning team around the potential use of funds thus asking for a separate fund. This will be considered when making decisions about awarding grants relating to this Trust. The Charity Commission recommended the Henry Blanchett Trust was transferred as part of the SEF and there were a number of reasons for this:
- Without a larger sum like one linked to the Henry Blanchett Trust (HBT) the Surrey Educational Fund would not be a viable and functional unit;
 - The objectives of the HBT were very narrow and by broadening this through SEF, it increased the opportunity for the residents of Epsom and Ewell to use grants in a more useful and effective way;
 - This would not disadvantage Epsom and Ewell residents as the decision making panel would be made aware of the proportion of funding coming from HBT and the panel could set a criteria to prioritise grant applications from this area;

10. In total, four Declarations and two Funding agreements were drawn up and signed to enable the transfer to CFS. This was in line with the decision taken by the Cabinet on 21 June and was agreed with the Charity Commission. This is summarised as follows:
- An individual Declaration to transfer assets from the Yarrow Trust Fund and an individual Funding Agreement to enable this. These will be placed in a newly established Yarrow Fund, for the benefits of residents Haslemere, in the parishes of Grayshott and Frensham who require additional support for education, wellbeing or to improve their life chances.
 - An individual Declaration to close down the charity and transfer the funds was signed for the Henry Blanchett Trust. These assets will be moved to the Surrey Educational Fund and transferred through the Funding Agreement for SEF.
 - A combined Declaration to close down and transfer 12 Trusts where permanent endowment existed. These will be moved to the SEF through the SEF Funding Agreement.
 - A combined Declaration to close down and transfer 17 Trusts where no permanent endowment existed. These will be moved to the SEF through the SEF Funding Agreement.

Current Status:

11. The four Trust Transfer Declarations and two Funding Agreements have been signed by the council and CFS as needed. These were sent back to the Charity Commission who have given their final, formal approval to enable the transfer on 30 January 2017.
12. Once the funds are transferred to CFS, an on-line form which will close all the Trusts will be formally filed with the Charity Commission. This will then remove the Council from any liability, administrative and financial obligation relating to the Trusts named in Annex A. The CFS will invest the funds to generate ongoing income to award as grants in line with the fund criteria approved by the Charity Commission.
13. Parallel work is ongoing in identifying and setting up a decision making panel that will be responsible for ongoing decisions on grant distributions. This panel will include any members agreed by the County Council. Given the education based objectives of the fund, it is recommended that the Cabinet Member with responsibility for education should be on the panel but the Council may wish to include additional representation. Other members of the panel would consist of CFS and community representatives. Community representatives will be selected based on relevant knowledge and expertise linked to the fund criteria. Transferring the funds together in to a viable unit and widening the fund criteria will enable the funds to be reactivated and brought back into public benefit.
14. A second phase of work looking at Trusts for which the Council has shared responsibility will begin now that the first phase of work is near to completion. This phase of work will need more intensive consultation with local stakeholders, including Members, the relevant borough or district council, parish or others as needed.

Recommendations

The Council Overview Board notes the progress made, supports commencement of the second phase of work and recommends a second report relating to this is presented to the Board.

Next steps

- Officers from the Council to close the investments and finalise the amounts to be transferred at the latest market value - by end March 2017.
- Officers to liaise with the Cabinet Member for Schools, Skills and Educational Achievement and CFS to agree the composition of the Decision Making Panel – by end of February 2017.
- Officers to begin the second phase of work and begin discussions with other Trustees where the Council is not the sole Trustee – February 2017

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Annex A: List of funds agreed to be transferred following review of governing documents

Sources/background papers:

Declarations, funding agreements and formal Charity Commission approval (can be made available if needed)

Annex A: Trust Funds to be transferred to Community Foundation Surrey

Trust name:	Balance sheet total:
A I Stevens History Prize	1,489.02
Beaverbrook-Bennett Fund for Empire Knowledge	5,369.00
Brian Gale Memorial Trust	559.57
Captain Brown's	137.92
Charles Goffin Memorial Trust	723.58
Cromwell Edwards	303.46
Dyson Memorial Trust	281.22
Edgar Dailley Girl Guides Trust Fund	409.05
Eric Thomas Scholarship Fund	12,976.00
Frederick Robinson Memorial Trust	1,470.30
Henrietta Frances Le Personne	2,936.97
Henry Blanchett	175,107.55
Jean Whiting Prize Trust Fund	334.55
J McClaren Bequest Trust	227.17
Kinton Old Pupil's Fund	6,181.92
Lane Prize Trust Fund	927.01
Le Personne Trust	7,316.00
M A Cannon Bequest Fund	117.57
Mary Tate Memorial Trust	1,176.74
Muriel Fry Trust	5,556.97
P N Blackaby Trust	2,224.99
R A Buer Prize Trust Fund	1,070.49
Robert Beloe Trust Fund	2,041.00
Roberts Memorial Trust	2,861.77
Stedmen-Methuen Trust Fund	7,432.87
Unwin Award	995.14
Wheeler Street, Witley Trust Fund	465.40
Whyteleaf City Girls Prize Trust Fund	150.98
Winter Prize Trust Fund	252.32
Woolmer Hill Education Trust Fund	3,479.52
Yarrow Trust Fund	121,526.38

TOTAL: £366,102.43

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Council Overview Board

1 March 2017

Staff Survey Results

Purpose of the report:

This report provides an update to members of the Council Overview Board on the results of the Staff Survey. This is the second SCC Staff Survey undertaken by Best Companies and provides useful comparison data against last year.

Executive Summary:

1. In 2015, Best Companies was appointed by Surrey County Council (SCC) to administer a three year programme of annual employee surveys. Best Companies are recognised as being associated with 'The Sunday Times Best Companies' report and providing expertise in the areas of employee engagement and advocacy which was felt to fit well with the organisation's values and culture. The first survey was undertaken in October 2015 with the second survey a year later. This report summarises the key findings from this most recent survey.
2. 49% of employees responded to the survey in 2016, which is above the average response rate for a similarly sized not-for-profit organisation and provides the best evidence we have of how staff are feeling. In analysing the survey, Best Companies provide an overall score which translates to one of their five rankings – unclassified, ones to watch, 1-star, 2-star and 3-star. Best Companies have again allocated Surrey County Council to their "Ones to Watch" category. This means that the Council has achieved an accredited status and a rating of "good" by Best Companies standards.
3. The survey was made up of 70 questions or statements which employees were asked to rate on a scale from strongly agree to strongly disagree. These were then given a score and categorised against one of the eight factors of engagement (Leadership, My Company, My Manager, Personal Growth, My Team, Well Being, Fair Deal, Giving Something Back). Of these factors, the Council scored highest against My Team, My Company and My Manager and lowest against Leadership and Fair Deal. This profile is consistent with last year's results.

4. Looking at the questions that scored most highly, it is evident that employees believe that they can make a valuable contribution to the success of this organisation. They also feel that people in their team go out of their way to help and care for each other. Again, this is consistent with last year's survey.
5. The areas of focus in 2015 were:
 - a. Fair Deal, in particular issues around pay and benefits
 - b. Coping better with pressures of work
 - c. Continuing to build our leadership culture, with a particular focus on listening.

Looking at the results, these remain the key focus although there is evidence that things are improving. In terms of Leadership, there are increasing scores across all job levels around having confidence in the leadership skills of the senior management team, senior managers truly living the values and senior managers doing more listening. On Fair Deal, the pay and reward review seems to have had an impact, with an increase in the scores for most areas, particularly senior managers, managers and team leaders but a need to continue to focus on this at a team member level. In relation to the pressures of work, there is less evidence of an improvement and given the current financial pressures and challenges, there is a risk that this may continue to decline.

6. The Council's two largest directorates - Adult Social Care & Public Health (ASC&PH) and Children, Schools and Families (CSF) – have shown strong improvements in their scores. CSF results show an overall increase in 4 of the 8 factors (My Company, My Manager, Fair Deal and Personal Growth) and ASC & PH show an increase in 6 of the 8 factors. This is a strong result for the council's front line teams.
7. Members are asked to review the key findings in the report and the areas identified for further focus.

Recommendations:

The Council Overview Board is asked to note the results of the 2016 Surrey County Council Staff Survey.

Introduction:

1. In 2015, Best Companies was appointed by Surrey County Council to administer a programme of annual employee surveys. Best Companies have recognised expertise in the areas of employee engagement and advocacy and the Council has commissioned a three year programme of annual surveys with a total cost of £71,304. This cost includes all the administration for approximately 11,000 employees, use of an online workplace insight tool and full support from the Best Companies Team in interpreting the survey data (including benchmarking data from other organisations.)
2. The survey went live on 12 October 2016 and closed on 15 November. During the period of the survey being open, reminders were sent to all staff who had not completed their email survey and the Extended Leadership Team took an active role in encouraging their teams to complete the survey through team meeting discussions, newsletters and email cascades.

3. The survey was made up of 70 questions or statements. The majority of these are categorised against one of the eight areas detailed below, with each area having between 4 – 12 questions or statements assigned to it. The remaining questions look at general feedback and don't contribute to our overall engagement score. In addition, all surveys include the option of providing free text to the following two questions: *what makes this a great workplace?* and *what would make this a better workplace?*
4. All surveys included a unique code which identified the specified employee and allowed results to then be grouped according to the relevant details of the employee, such as team, job grade, contracted hours and length of service. The organisation is not able to identify individuals from the results but can analyse the data based on different demographics to identify trends.
5. The survey results are grouped into eight areas as follows:
 - i. **Leadership** – measures how staff feel about the head of their organisation, the senior management team and organisational values.
 - ii. **My Company** – focuses on how much employees value their organisation, how proud they are to work there and whether they make a difference.
 - iii. **My Manager** – measures whether staff feel supported, trusted and cared for by their immediate manager.
 - iv. **Personal Growth** – examines whether employees feel challenged by their job, whether their skills are being utilised and there are perceived opportunities for advancement.
 - v. **My Team** – includes encouraging team spirit, having fun and feelings of belonging within a group of direct colleagues.
 - vi. **Well Being** – measures stress, pressure, the balance between work and home life as well as the impact of these factors on personal health and performance.
 - vii. **Fair Deal** – includes how well employees feel they are treated and how their pay and benefits compare to similar organisations.
 - viii. **Giving Something Back** – explores to what extent staff think their organisation is socially responsible and whether they believe this effort is driven by appropriate motives.

2016 Staff Survey Results:

Response rate

6. The overall response rate for the Council was 48.94%, a significant increase on last year's rate of 34.46%. According to the Best Companies, large (3,500+ employees) not-for-profit organisations have an average response rate of 40.44% and large private sector organisations, 49.49%.
7. Given the concerns raised last year at the low response rate, this was a key priority for the leadership team and it is encouraging to see that this has had an impact. This year's response rate is broadly in line with the average achieved by large private sector

organisations and given our complex staff base covering a large geographic area with large numbers of bank employees or local staff without access to email, this is a great achievement and one we hope to build on in the third year.

8. The response rate can also be broken down by Directorate, as summarised in the following table, and by service (**Annex 1**).

Directorate	Headcount	Responses	Response Percentage
Adult Social Care & Public Health	1942	1067	54.94%
Business Services	184	151	82.07%
Children, Schools and Families	4213	1452	34.46%
Customer & Communities	145	101	69.66%
Environment & Infrastructure	1268	711	56.07%
Legal, Democratic and Cultural Services	1346	586	43.54%
Orbis*	1383	1004	72.60%
SCC Total	10363	5072	48.94%

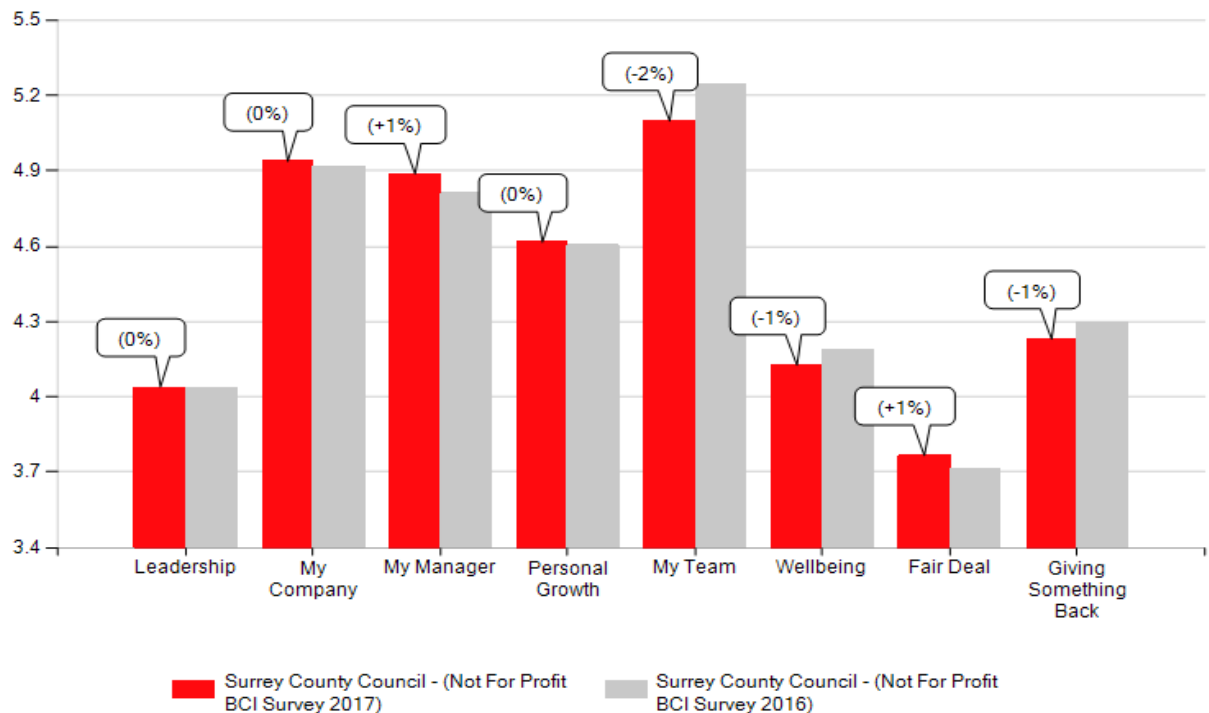
* Orbis includes staff from both Surrey and East Sussex County Councils

Findings

9. In answering the questions in the survey, staff were asked to rate each question on a scale from strongly disagree to strongly agree. These are then given a score by Best Companies on the following scale:

Strongly disagree	Disagree	Slightly disagree	Neither agree not disagree	Slightly agree	Agree	Strongly agree
1	2	3	4	5	6	7

10. Each of the eight factors then receives an 'average' score based on all responses to the questions or statements that relate to that factor. Graph 1 shows the distribution of scores against all factors, along with the comparison to 2016.



Graph 1 – distribution of average scores against all eight factor areas for Surrey County Council

11. My Team, My Company and My Manager scored highest, with the three highest scoring questions within the organisation falling within these factors:

- i. I believe I can make a valuable contribution to the success of this organisation (5.62 – My Company)
- ii. People in my team go out of their way to help me (5.54 – My Team)
- iii. My work is an important part of my life (5.47 – My Company)

12. Fair Deal, Leadership and Well-being scored lower on average and the following questions scored the lowest overall within the organisation:

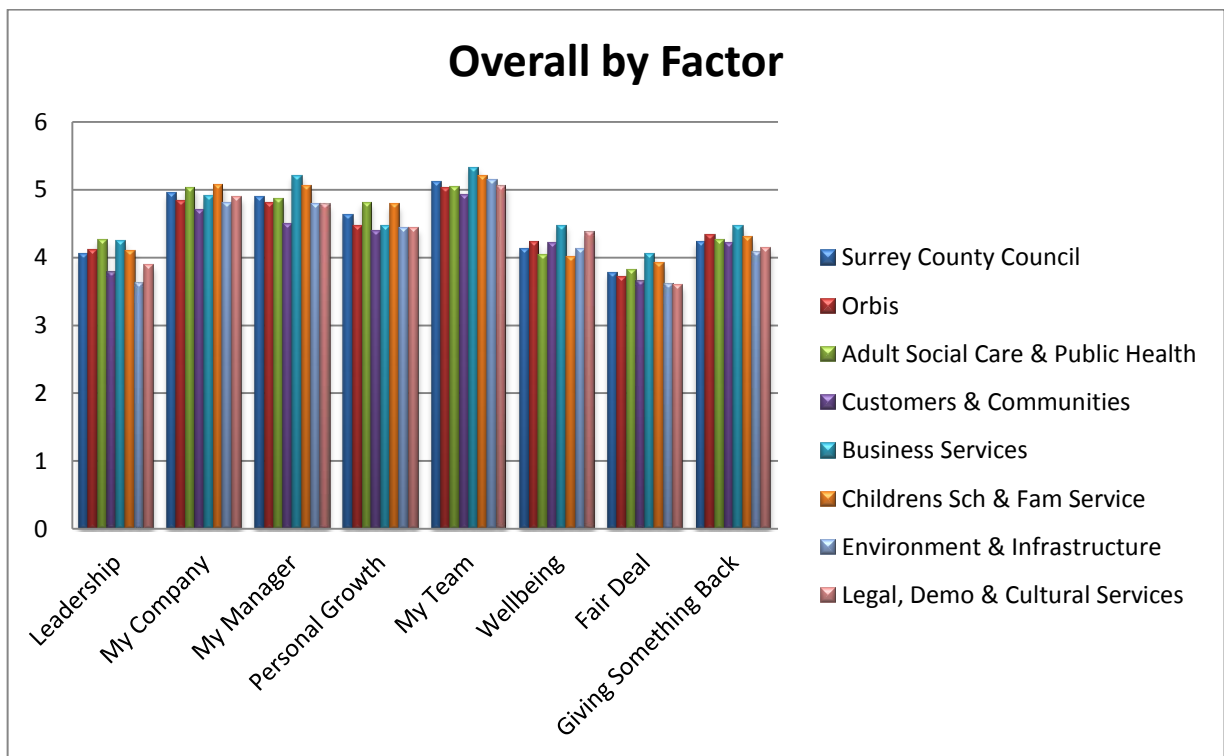
- i. I feel I receive fair pay for the responsibilities I have in my job (3.66 – Fair Deal)
- ii. Profit/budget concerns are the only things driving this organisation (3.55 – Giving Something Back)
- iii. Most days I feel exhausted when I come home from work (3.20 - Wellbeing)

13. The two highest scoring questions are the same as last year (with almost identical scores). The lowest scoring questions are also similar with the exception of *“Profit/budget concerns are the only things driving this organisation”* which all levels of the organisation felt had become a stronger driver, perhaps reflecting the challenging financial environment the Council is operating within.

14. The results this year show that there has been a positive increase in staff having more confidence in the leadership of the organisation, with the highest level of confidence growing within the senior manager community. Alongside this, there was

a clear increase in living the values and principles of the organisation, with a significant increase of 6% in staff feeling that managers are listening more and asking staff for their views and opinions. This result may be linked with the recent High Performance Development Programme (HPDP) which has focused on leadership and values. HPDP in its current form will come to an end this financial year and is under review in terms of what is needed going forward. At present, there are no plans to extend the current programme given the majority of senior managers have attended. Leadership Development remains an important part of the Council's training and organisational development offer but will likely to be re-focused going forward, with senior leaders working together in action learning sets on current issues.

15. The factors can also be compared at a Directorate level, as illustrated in graph 2. This shows that scores are fairly consistent across areas, with My Team the strongest factor in all areas.



Graph 2 – distribution of average scores against all factors by Directorate

16. Adult Social Care Directorate has increased against 6 of the 8 factors. Children, Schools and Families has also shown some increases, particularly in Children's Services. There has been a decrease in the scores across the majority of the factors for Orbis, Legal, Democratic & Cultural Services and Environment & Infrastructure.

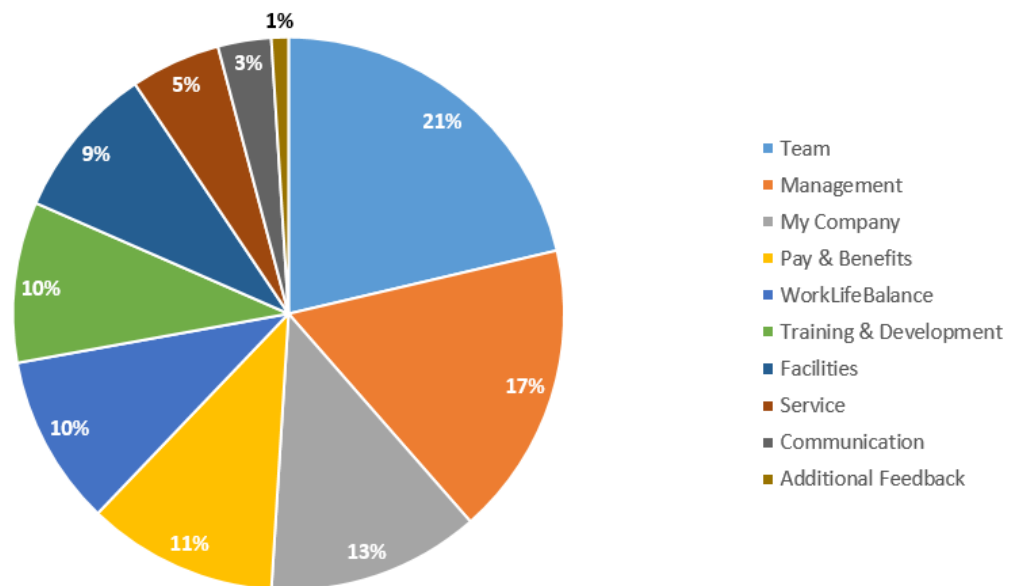
Results by Service

17. A full breakdown of scores across all services is attached at **Annex 1**. This shows the scores for each factor, the response rate and the service's overall engagement score (out of 1000) which then translates onto Best Companies ranking - unclassified (0-599), One To Watch (600-659.5), 1star (659.5-696.5), 2star (696.5 – 738) and 3star (738+.)

18. On the factors in Annex 1, a RAG rating has been applied to identify areas of strength (scoring above 5 - green) and potential areas of focus (scoring below 3.75 - red.) From this data, services where there are two or more areas scoring below 3.75 include Adult Social Care Operations, Mental Health, Trading Standards, Fire and Rescue, and Legal Services. All of these areas scored below 4 for Fair Deal and at least one other factor.
19. The highest single overall factor score was for Democratic Services, who scored 5.69 against 'Personal Growth'. Four of the eight factors scored above 4 across all service areas – My Manager, My Company, My Team and Personal Growth.
20. **Annex 2** shows the change in scores between 2016 and 2017 where a comparison is possible. There are caveats with comparing services year on year due to changes in the structure. However, there are some notable increases including Children's Services which has become a One To Watch this year and increased its overall score from 596.8 to 631.8, due to increased ratings across Leadership, My Company, My Manager, Fair Deal, Personal Growth and My Team.

Summary of Comments Section

21. In addition to the 70 multiple choice questions, there are two free-comment questions – “*What makes this a great workplace*” and “*What would make this a better workplace*”. The pie chart below shows how these split across improvement themes.



22. The three largest themes relate to the team, management and My Company, with the following coming out as the key areas to address:

- One Team: avoiding duplication of work; improving communication; understanding what we can achieve together.
- Management: listening and accepting everyone's views; more contact with teams; timely decisions; open and honest communication.

- My Company: Clear direction and goals; less uncertainty about the future; more proactive rather than reactive approach.

23. The feedback gathered from the open-ended questions provides a rich evidence base around the issues underlying the factor scores and the survey team will be working with teams to understand this analysis.

Progressing Staff Ideas

24. Given the strong feeling among staff that they have a valuable contribution to make to the organisation and the themes above around communication, it is important that the organisation continues to improve the mechanisms available to staff to generate ideas and progress them.

25. There are examples of this being effective in some areas. For example in Orbis, as part of their Ingenuim talent management approach, colleagues worked together to come up with ideas which were presented through a Dragon's Den scenario and the best ideas taken forward. This created a project looking at developing a skills portal to help share skills and joined people up across the organisation. The Council has also been trialling a number of online collaboration platforms including Jive which is currently being rolled out across the organisation. Early pilot projects have shown that this can be invaluable in providing forums for staff to share ideas and solutions (for example in the recent transfer of Adult Social Care to a new technology platform.)

26. There has also been a discussion forum within chatzone actively encouraging colleagues to contribute their ideas to help address the Council's financial challenge, sharing best practice examples on where they have made savings as well as suggestions for further savings. This has generated around 80 responses to date which finance are following up, both with the individuals and in supporting services and the senior leadership team to act upon them.

27. The Council recognises that its staff are a valuable asset and will continue to look at ways to engage with and support them to share and generate ideas, making use of IT solutions where most appropriate.

Other Opportunities arising

28. As part of the reporting on the survey results, Best Companies undertakes a more detailed analysis, both to interpret the results as outlined above but also to identify opportunities open to the Council to improve engagement further.

29. There a number of strengths identified from the Council's results around the support people receive from their manager and also from their team more generally and it is reassuring to see this continue to be reflected in this second year. Amongst team members, supervisors and managers, there is a feeling that their manager takes an active interest in their wellbeing and does not take advantage of them. Given the pressures staff are experiencing at work, this is positive feedback and hopefully provides some of the pastoral care needed.

30. Another strength identified by Best Companies is that Managers and Directors feel that what is expected of them in their work is made clear and that Surrey County Council is making use of their skills. This provides a strong base and an area that managers are encouraged to focus on with their teams to ensure they gain the same clarity.

31. From Best Companies wide experience, they identify three factors as the most critical for organisations to influence if they wish to increase engagement overall – Leadership, My Manager and Personal Growth. Whilst there is an improvement on the scores relating to the leadership skills of the senior management team and their commitment to living the values, Leadership is the factor where Best Companies still felt there was real potential to increase engagement. They recognised that with the environment the Council is operating within, this can be extremely challenging, noting that the financial challenges and the impact this has on the organisation has led to an overall lack of excitement about where the organisation is going, concerns about the future plans and a feeling of job insecurity. This is a significant threat for the organisation and should not be underestimated so in response to this, Best Companies felt there were three key areas to focus:
- Continuing to encourage managerial engagement at all levels, especially amongst senior managers
 - Helping managers to understand that their behaviour matters
 - Reinforcing organisational clarity by establishing and communicating strong principles across all job grades.
32. In reviewing the results and listening to Best Companies, the Chief Executive and his direct reports have endorsed these recommendations and will be working with the Extended Leadership Team during February and March to agree how best to work on addressing these three areas.

Conclusion:

33. This report details the key results of the 2016 staff survey and the resulting proposed areas of focus. Nearly half of the Council's employees responded, providing the best evidence Surrey has of how staff are feeling and having completed the survey twice, an understanding of how the organisation is evolving and changing.
34. Using Best Companies provides the Council with a detailed understanding of its engagement and allows us to be benchmarked against other organisations. For the second year running, Best Companies have classified the Council as good and allocated it to their "Ones to Watch" category, praising the increased response rate and consistent My Manager scores in particular.
35. Looking at the questions scoring most highly, employees believe that they can make a valuable contribution to the success of this organisation. They also feel that people in their team go out of their way to help and care for each other. However, there is evidence to show that the financial environment teams are working within and the challenges this produces continues to impact on colleagues.
36. In terms of looking ahead, there has been some improvement on the key themes identified last year - particularly around Fair Deal and Leadership - but these are likely to remain the focus for the next year, looking at how we ensure managers are equipped to support their teams through the pressures and challenges of work, providing clarity on expectations and continuing to focus on role modelling our values and behaviours.

Financial and value for money implications

37. The Section 151 Officer confirms that there are no financial and value for money implications associated with this report.

Equalities Implications

38. In engaging Best Companies to undertake the staff survey, the Council is using an experienced and established methodology which has been rigorously tested to ensure a fair and consistent approach which does not discriminate or differentiate against any known protected characteristic.

Next Steps:

- i. Directors and management teams have been provided with packs detailing their own results, including comparisons with last year's results as well as other teams and services. This will now be cascaded across the organisation, supported through David McNulty's weekly emails and discussions with the Extended Leadership Team.
- ii. Individual teams have been encouraged to use the data to have conversations about the results and agree what areas they most want to work on between now and the next survey, focussing on how we support each other at times of change.
- iii. The next survey will be undertaken in October 2017, providing a further opportunity to compare results year-on-year.

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Annexes:

Annex 1 – Overview by service

Annex 2 – Comparison to 2015 survey by service

Sources/ background papers:

Item 6 – Staff Survey Results: People, Performance & Development, 5 April 2016.

	Leadership	My Company	Personal Growth	My Team	My Manager	Wellbeing	Fairdeal	Giving Something Back	Response Rate	Engagement Score (if avail)	Best Companies ranking
Surrey County Council Overall	4.04	4.94	4.62	5.1	4.89	4.13	3.77	4.23	49%	612.2	OTW
Adult Social Care & Pub Health	4.25	5.02	4.86	4.81	5.03	4.02	3.81	4.25	55%	618.2	OTW
Business Services	4.24	4.9	5.19	4.46	5.32	4.47	4.04	4.46	82%	642	OTW
Childrens Sch & Fam Service	4.1	5.06	5.05	4.77	5.2	4	3.91	4.24	34%	625.9	OTW
Customer and Communities	3.79	4.69	4.5	4.38	4.92	4.21	3.64	4.21	70%	582.1	--
Environment & Infra	3.61	4.8	4.78	4.43	5.14	4.13	3.6	4.07	56%	590.4	--
Legal, Demo & Cultural Service	3.88	4.89	4.78	4.43	5.04	4.36	3.59	4.14	43%	601.1	OTW
Orbis	4.11	4.83	4.8	4.46	5.01	4.22	3.71	4.33	72%	606.2	OTW
Service Level Results:											
ASC Operations	4.14	4.87	4.74	4.68	5.04	3.73	3.7	4.17	66%	596.5	--
Mental Health	3.71	4.98	4.98	4.87	5.07	3.62	3.71	3.99	39%	597.1	--
Public Health	4.84	5.19	5.34	5.01	5.34	4.38	4.03	4.61	100%	675.6	1star
Service Delivery	4.56	5.35	5.03	5.05	4.95	4.69	4.03	4.44	41%	661.9	1star
Communications	3.97	4.57	5.41	4.34	5.43	4.25	3.69	4.53	96%	624.4	OTW
Customer Services	4.22	4.97	5.1	4.32	5.33	4.41	4.02	4.33	75%	633.5	OTW
New Models and Bus Imp	4.58	5.1	5.46	5.17	5.62	4.88	4.55	4.93	92%	709.7	2star
Strategy & Performance	4.35	4.92	5.17	4.68	5.11	4.66	4.18	4.56	91%	651.7	OTW
Trading Standards	3.61	4.61	4.31	4.4	4.71	4.23	3.54	4.21	67%	566.6	--
Community Partnerships	4.24	4.91	4.99	4.34	5.46	4.15	3.89	4.2	78%	622.7	OTW
Childrens Services	4.13	5.13	5.08	4.97	5.19	3.95	3.94	4.21	39%	631.8	OTW
Commissioning & Prev	4.07	5.08	5.06	4.75	5.1	4.06	3.94	4.29	50%	625.8	OTW
Schools & Learning	4.09	4.98	5.02	4.61	5.29	3.99	3.84	4.22	25%	620.4	OTW
Economy, T&P	4.23	5.14	5.13	5	5.31	4.53	4.48	4.46	90%	667	1star
Emergency Mgt & Projects	4.07	4.78	4.79	4.69	5.56	4.4	3.94	4.22	100%	629.8	OTW
Environment	3.96	4.93	4.96	4.46	5.21	4.49	4.06	4.24	61%	626.1	OTW
Fire & Rescue	3.08	4.78	4.54	4.34	5.0	3.74	3.16	3.8	43%	547	--
Highways	3.9	4.68	4.88	4.37	5.2	4.3	3.65	4.19	69%	601.9	OTW
Cultural Services	3.8	4.85	4.69	4.35	5.02	4.42	3.57	4.08	40%	594.3	--
Democratic Services	4.2	5.12	5.69	4.92	5.54	4.74	4.29	4.48	80%	685.4	1star
Legal Services	4.43	5.15	4.97	4.83	4.79	3.45	3.22	4.51	74%	601.6	OTW
Orbis Business Ops	4.02	4.6	4.59	4.25	4.91	4.12	3.23	4.21	77%	573.6	--
Orbis Finance	4.23	4.85	4.9	4.43	5.13	4.33	4.09	4.53	81%	626.6	OTW
Orbis HR & OD	4.39	5.08	5.29	4.85	5.38	4.48	4.19	4.42	83%	663.1	1star
Orbis IT	4.01	4.79	4.72	4.39	4.87	4.12	3.8	4.19	64%	593.5	--
Orbis Procurement&Comm	4.38	4.94	5.01	5.04	4.96	4.27	3.93	4.72	80%	642.3	OTW
Orbis Property	3.96	4.93	4.71	4.38	4.99	4.2	3.49	4.3	63%	596.2	--
Orbis Strategic Directorate	4.83	5.6	5.24	5.6	5.32	4.12	4.86	4.7	100%	705.3	2star

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	Leadership	My Company	Personal Growth	My Team	My Manager	Wellbeing	Fairdeal	Giving Something Back
Surrey County Council Overall	0.00	0.02	0.01	-0.14	0.08	-0.06	0.06	-0.07
Adult Social Care & Pub Health	0.13	0.14	0.13	-0.19	0.30	0.10	0.21	-0.01
Business Services	No comparison data available							
Childrens Sch & Fam Service	0.01	0.08	0.40	-0.60	0.30	-0.14	0.12	-0.05
Customer and Communities	0.33	-0.25	-0.01	-0.88	0.26	0.29	0.21	0.16
Environment & Infra	-0.30	0.07	0.33	-0.80	0.42	-0.24	-0.35	-0.24
Legal, Demo & Cultural Service	No comparison data available							
Orbis	-0.11	-0.08	0.22	-0.72	0.17	-0.10	-0.08	-0.14
Service Level Results:								
ASC Operations	0.15	0.06	0.04	-0.48	0.41	0.07	0.39	-0.02
Mental Health	No comparison data available							
Public Health	0.13	-0.10	0.13	-0.52	-0.07	-0.05	0.20	0.07
Service Delivery	0.02	0.08	0.12	0.15	-0.14	0.20	0.04	0.00
Communications	-0.38	-0.36	0.75	-1.77	-0.04	-0.24	0.01	-0.47
Customer Services	-0.01	-0.06	0.48	-1.35	-0.01	0.05	0.53	-0.15
New Models and Bus Imp	0.11	-0.20	0.28	-0.11	0.39	0.13	-0.14	0.39
Strategy & Performance	0.14	-0.11	0.45	-0.83	-0.15	0.40	-0.01	0.01
Trading Standards	-0.49	-0.17	-0.19	-0.40	-0.16	-0.12	-0.06	-0.27
Community Partnerships	0.10	0.10	0.74	-0.88	0.63	-0.07	-0.02	-0.11
Childrens Services	0.32	0.28	0.47	-0.31	0.42	0.07	0.42	0.01
Commissioning & Prev	-0.16	0.03	0.32	-0.72	0.14	-0.03	0.16	-0.02
Schools & Learning	-0.10	-0.08	0.37	-0.81	0.33	-0.24	-0.06	-0.12
Economy, T&P	0.07	0.28	0.30	-0.23	0.52	0.14	-0.02	0.03
Emergency Mgt & Projects	No comparison data available							
Environment	0.18	0.14	0.52	-0.84	0.44	0.23	-0.16	-0.05
Fire & Rescue	-0.07	-0.22	-0.04	-1.08	0.41	0.02	-0.12	-0.09
Highways	0.01	0.02	0.57	-0.88	0.50	-0.04	0.08	-0.07
Cultural Services	0.08	-0.02	0.31	-0.92	0.39	0.05	0.12	0.00
Democratic Services	-0.31	0.01	0.75	-0.58	0.28	0.50	0.70	-0.15
Legal Services	-0.08	0.04	0.03	-0.67	-0.47	-0.79	-0.37	-0.12
Orbis Business Ops	-0.16	0.00	0.30	-0.68	0.26	-0.08	-0.09	-0.28
Orbis Finance	-0.22	-0.10	0.29	-0.64	0.28	-0.03	-0.39	-0.29
Orbis HR & OD	-0.09	0.02	0.34	-0.63	0.43	-0.01	-0.06	-0.33
Orbis IT	-0.18	-0.17	0.02	-0.65	0.19	-0.13	-0.14	-0.26
Orbis Procurement&Comm	-0.24	-0.13	0.05	-0.19	0.27	0.38	-0.09	-0.11
Orbis Property	0.03	0.05	0.29	-0.54	0.36	0.11	-0.11	-0.12
Orbis Strategic Directorate	No comparison data available							

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Council Overview Board
1 March 2017

Report of the Agency Staff Task Group

Purpose of the report: Scrutiny of Services and Budgets/Policy Development and Review

This report contains the findings and recommendations of the Council Overview Board task group that investigated the use of agency staff at the council and in particular in the IT & Digital Service.

Introduction

1. The Council Overview Board (COB) has, over the course of 18 months, requested data on the cost, type and tenure of agency staff employed at the Council. The Council has entered into a new framework contract with Adecco with new monitoring arrangements and a new policy on the employment of agency staff. At its December 2016 meeting, COB found that there were anomalies in the use of staff in the Business Services directorate and that spend on agency staff remains significant.
2. At the December 2016 meeting the Board recommended the creation of a task group to investigate the use of agency staff at the council and in particular in the IT & Digital Service. Eber Kington and Colin Kemp served in the group and met with officers on two occasions in January and February 2017.
3. The task group outlined six questions it wished to answer:
 1. The current cost of agency staff in IT & Digital
 2. What is the process and structure of decision making in regard to the employment and continued use of agency staff in IT & Digital and across services
 3. Whether this is a planned use of agency staff within an agreed and published staffing policy
 4. What measures are being taken to reduce this (use of agency staff in IT & Digital) and how will the service work with HR in the future to control off-contract use of agency staff; and
 5. How will the service work with HR in the future to control off-contract use of agency staff
 6. What are the costs elsewhere in Business Services and how are these being managed

1. The Current Cost of Agency Staff in IT & Digital

4. COB had been advised in December 2016 that IT & Digital was spending 33.9% of its budget on agency staffing. However the Agency Staff Task Group was told by the Chief Information Officer (CIO) that the spend on agency staff for 2016/17 was actually 7.5%. This has subsequently been revised to an 8.6% agency staffing spend in Q1 and 2 of financial year 2016/17. The task group is now confident that the data collected by HR is accurate (the table below now provides accurate data for all Council

	Employed staff %			Temporary staff %		
	Permanent & Fixed term	Bank & Casual	% of TOTAL SPEND	Direct agency	Agency via Adecco contract	% of TOTAL SPEND
ASC	92.6%	3.1%	95.8%	0.2%	4.1%	4.2%
BUS	95.7%	0.48%	96.2%	1.3%	2.4%	3.7%
CEX	92.5%	5.6%	98.1%	1.2%	0.7%	1.9%
CSF	89.1%	3.9%	93.0%	0.8%	6.1%	7.0%
C&C	94.9%	0.0%	94.9%	2.6%	2.4%	5.1%
E&I	95.6%	3.5%	99.1%	0.6%	0.3%	0.9%
SCC	92.2%	3.2%	95.4%	0.8%	3.6%	4.4%

directorates in the first two quarters of 2016/17)

5. At the first task group meeting the CIO explained that the data had been cleansed; hence the data presented was different to what had been previously seen by COB. Subsequent to the first meeting, and after further research, HR Advisors have confirmed that the Orbis staffing spend had not been included in the Business Services permanent staff figure presented to COB in December 2016. That meant the temporary staff spend was being compared with a disproportionately low overall spend therefore giving the high percentage within Business Services which was attributed to IT & Digital based on the Adecco spend. This was due to the workforce information report figures used being extracted from SAP which did not include the Orbis accounting codes.
6. The group was informed that, in terms of number of employees, there are currently 16 agency staff working within IT & Digital at a current cost of £850K. Members acknowledged that £850K in the context of IT & Digital's overall budget was relatively small, and that a significant decrease of agency staff usage since 2014/15 had been demonstrated by the service. However, with the current financial situation facing the organisation, the task group pointed out that it was still relevant to question whether any of these posts currently occupied by agency staff could be filled by directly employed staff instead at a lower cost.

2. What is the process and structure of decision making in regard to the employment and continued use of agency staff in IT & Digital and across services?

7. The Task Group asked for details as to how and when agency staff are employed in IT & Digital. The CIO explained that there were two potential situations where the usage of agency staff was considered; namely to fill permanent vacancies (currently three positions are filled by agency staff) or to augment the staff base when project work was being undertaken in order to manage existing and additional workload (currently 13 agency staff).
8. Officers explained that the recruitment process varied, dependent on the vacant role. It was explained that wherever possible, the existing workforce would be considered as a first choice. The decision of whether to advertise a post would be based upon a number of factors including the skillset required, the urgency of filling the role and the timescale of the work/ proposed tenure. The CIO reassured Members that the roles were not filled by agency staff as a knee-jerk reaction or a panic, and that workforce planning was continually undertaken.
9. The CIO advised that there is a standing "Project Management Office" (PMO) in IT & Digital that captures the requirements of the project from a resource and capability perspective. The PMO was responsible for prioritising resource by project, dependent on the skillset required, and it co-ordinates staff movement within the service to ensure the right people were in the right place. If required, an (agency) specialist would be brought in to analyse the project and scope the needs from a technology perspective. Officers explained that throughout this process, in-house secondments were considered as a first choice, followed by fixed term contracts (agency if necessary due to requirement of expertise), with consultancy being the last choice due to the additional costs this would incur.
10. At its second meeting the task group reviewed the IT & Digital PMO's methodology for dealing with projects from the council's services and the potential impact on their use of agency staff as a result. The Head of Projects & Innovation explained that requests for IT project work were first reviewed by the Tech Board within the originating directorate and that IT & Digital were able to assess and prioritise these projects and organise their resources accordingly on receipt of a customer request form (CRF). IT & Digital reported that they were able to challenge timescales and assumptions contained in CRFs. Projects were funded in a number of ways including from IT or service budgets.
11. Following the assessment of a project by the PMO and a Solutions Architect (sector specialist) a case may be made for the use of agency staff. This is decided with the service's Resource Managers in accordance with HR's *Short Term Resourcing Needs* policy document. The HR Contract Manager with responsibility for the Adecco contract confirmed that they meet with the Senior Commercial & Contract Manager for IT & Digital on a monthly basis to discuss agency spend, length of tenure, current people issues and any supply chain issues.
12. Following these discussions the task group were satisfied that there is a process for assessing the resourcing required for a project within IT &

Digital and that HR policies form a part of this process when deciding to engage agency staff and in the review of agency staff employment.

3. Whether this is a planned use of agency staff within an agreed and published staffing policy

13. In terms of agency staff generally, the HR Project Advisor explained that the recruitment process had been reviewed and tightened. A revised Waiver Process has been implemented, which now features the requirement for the Head of HR & OD to challenge and sign off any off-contract spend as it arose. The aim is to avoid officers employing off the Adecco contract.
14. In addition Members were advised that the introduction of the *Short Term Resourcing Needs* policy document, which was presented to COB in December 2016, had helped drive direct-recruitment and allowed for joined up communication rather than dealing with agency and permanent recruitment processes separately.
15. HR reported in a written statement that the policy has been created to aid managers to identify any risks involved when addressing short term resourcing needs and how to control and mitigate those risks; in particular the need for a stable workforce and minimising the resource costs of temporary workers. It reinforces the options that managers need to consider before engaging temporary staff to fill current vacancies.

4. What measures are being taken to reduce this (use of agency staff in IT & Digital) and how will the service work with HR in the future to control off-contract use of agency staff?

16. Members enquired that if an agency staff role was for a one year fixed term contract, would recruiting directly employed staff be considered as the next step. HR officers indicated that it would be dependent on the role, the expertise and skillset required, although they aimed to directly recruit wherever possible.
17. The HR Director indicated that shorter contracts (anything under a one year fixed term) were typically not as attractive to candidates, as they tended to want guaranteed work for a longer period of time, therefore shorter term roles were usually offered to agency staff.
18. Members identified a high cost post on a tabled spreadsheet for which the tenure had exceeded more than two years. The CIO explained that the vacancy was filled this way at the time as it was considered a critical position. Upon appointment in April 2016, the CIO was aware that this role was filled by an agency worker, however given the planned changes to the configuration of Orbis, putting the role out for advert would have been a risk as a new recruit could then have been put at risk of redundancy if the position was removed during the reconfiguration process.
19. Members noted that the aforementioned post was scheduled to end imminently. The CIO explained that the contract had now been extended by two further months. Members raised concern as to whether this would

provide enough time to directly recruit and mobilise a replacement, given that it was likely that a new recruit would have a notice period to honour. The CIO acknowledged these comments and agreed that it could be a challenge, however forward workforce planning should reduce scenarios like this going forward.

20. Members enquired as to whether business cases for IT projects are reviewed for necessity or added-value, given the amount spent on projects is significant. The CIO explained that a lot of project work was demand-led and there was also a constant natural refresh cycle as technology reached the end of its life-span. Members were critical of the rationale behind some IT transformation work questioning the value they added and pointing out some occasionally detrimental impacts. This was exemplified, in their experience, by the switch from Good and Mobile-Iron to Office 365.

5. How will the service work with HR in the future to control off-contract use of agency staff?
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21. Members explored the role of HR in the employment of Agency staff and whether their role had been too distant or ineffective in the past. At the initial witness session HR officers giving evidence were fairly recent employees and unable to provide an opinion about past practice. However they were clear that HR had recently been given a more prominent role in several ways (as outlined above in 3.) stating that HR engagement had improved, particularly at an operational level, allowing for HR to act as a support function as part of joined up working with services.

22. In a written response HR further commented that the management of the Adecco contract for temporary staff was being improved with a number of initiatives and that these will provide longer term engagement between HR and council services to reduce agency staff usage:

- The reporting capabilities and data provision now available from Adecco on agency spend and tenure helps services with work force planning and monitoring usage along with the HR Contracts Team.
- As of November 2016, HR was reviewing all temporary worker spend and tenure which will include agency workers via the Adecco contract, directly engaged workers and consultants on a quarterly basis.
- As part of work to improve workforce planning, HR was working with service leads to ensure we are using agency workers appropriately. Alongside this, HR Contracts Manager is meeting with Service Leads on a monthly basis to discuss reports on spend and tenure. HR will be circulating reports to Heads of Services on a quarterly basis, of temporary worker spend and tenure highlighting any excessive spend and tenure above 6 months for their review and action.

23. Members enquired at what point into a one year fixed term contract it would be decided to renew or extend the contract, or to allow it to come to a natural end. Officers clarified that for directly employed staff, the Employee Services team flag this up to the relevant service team when there was three months left on a contract to allow for a timely decision to

be made. For agency staff however, tenure was reviewed monthly at the monitoring meetings (between HR Contract Manager and the Senior Commercial & Contract Manager), acknowledging the fact that they would need enough time to decide if an agency staff member was required for a longer period of time due to project continuity. This monthly review also allowed for considerations to be made as to whether to advertise the post externally.

6. What are the costs elsewhere in Business Services and how are these being managed?

24. There are also a further 11 agency staff working within Business Services. All of these are Surrey County Council based and were sourced via the Adecco contract.
25. Referencing the points made above the task group were confident that the need for, tenure and cost of agency staff were closely monitored and reviewed. It has been previously reported to COB that the council was projected to spend less on agency staff in 2016/17 than in previous years.

Findings

- a) The task group wishes to thank the officers involved in this investigation for their participation and for the evidence they have provided
- b) The group acknowledges that much has changed in the council's use and management of agency staff following COB's on-going scrutiny of the issue and there was recognition from officers at the witness sessions of the financial pressures faced by the council
- c) Following a request from COB in 2016 HR now have in place a written policy on the use of the agency staff (the *Short Term Resourcing Needs* document) and alongside a reinforced waiver process this aims to ensure consistent practice across the council
- d) From the testimony of officers from HR and IT & Digital the group can observe increased and earlier involvement of HR in workforce planning with council services and noted the example of the monthly and quarterly monitoring meetings of the HR Contract Manager with service officers
- e) As a result of the Council Overview Board and task group's scrutiny, more secure data has been provided on the number of agency staff employed by the council, their tenure, position and how much this costs as evidenced by the table at paragraph 4 and shows that data provided to COB showing a high level of agency spend in IT & Digital was incorrect
- f) The group notes that the new policy framework and monitoring regime has been addressing COB's concerns and that today there are more efficient processes in place

Recommendations

- The CIO 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.

Next steps

- Ascertain whether staff in the council's redeployment pool can be considered for resourcing projects in non-specialist roles
- That the Council Overview Board receive an update on the use of agency staff in 2017/18

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Sources/background papers:

Task Group Scoping document

COB agenda papers 14 December 2016,

<https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CId=432&MId=4528&Ver=4>

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Council Overview Board
1 March 2017

Devolution

Purpose of the report: Scrutiny of Policy Development and Review.

This report invites the Council Overview Board to note the current position on the Three Southern Counties (3SC) devolution proposals and progress on Surrey Joint Working (previously known as “double devolution”).

The Three Southern Counties (3SC)

1. The Three Southern Counties (3SC) is a partnership of 26 councils in Surrey, East Sussex and West Sussex, three Local Enterprise Partnerships, East Sussex Fire Authority and the South Downs National Park Authority. Together the 3SC has been developing proposals for devolution intended to deliver a financial return for the UK, as well as benefits for local residents and businesses – helping drive the economy forward, while also making the area a better place to live, work and visit.

3SC negotiation update

2. The 3SC submitted its [Prospectus](#) (Annex C) to Government in September 2015. As described in the Prospectus, the 3SC programme comprises seven workstreams. A number of the workstreams seek to address key issues affecting the 3SC area.
3. Each workstream has a Chief Executive Sponsor and Leader or Local Enterprise Partnership (LEP) champion. The table below provides details and also gives a brief description of the remit of each workstream.

Workstream	Leader/LEP Champion	Chief Executive Sponsor
Fiscal & Investment To develop an Investment and Affordability Strategy that describes the investment needed, the benefits derived, the size of the funding gap and then identifies ways of financing this and mechanisms that would help meet associated costs.	Cllr Tony Dignum, Chichester District Council	John Jory, Reigate and Banstead Borough Council
Governance To create a governance model for the 3SC that all partners and Government can sign up to, including consideration of Combined Authority and Mayoral Combined Authority models. This will enable the agreement of a deal and devolution of powers.	Cllr Peter Lamb, Crawley Borough Council, supported by Leaders on a Task Group	Louise Round, Tandridge District Council
Housing and Planning To develop a plan to: <ul style="list-style-type: none"> • Bring pace and certainty to the delivery of the housing planned for in Local Plans. • Reduce the significant risks associated 	Cllr Gary Wall, Mid Sussex District Council	Kathryn Hall, Mid Sussex District Council

<p>with the delivery of the infrastructure needed and work towards addressing the overall deficit.</p> <ul style="list-style-type: none"> • Improve the prospects for those struggling to access affordable housing in the area in the context of ensuring our economy has the skills it needs. This will include providing more flexibility for stock and non-stock owning authorities to manage the supply of tenure mixes. 		
<p>Infrastructure and Digital To produce a strategy that provides a clear framework for future infrastructure investment in 3SC area and beyond until 2050. The strategy will identify existing capacity problems and open up new opportunities setting out what infrastructure is needed and where and when it will be required.</p>	Tim Wates, Chair, Coast to Capital Local Enterprise Partnership	Rupert Clubb, Director Communities, Economy and Transport, East Sussex County Council
<p>Public Service Transformation Using a whole systems approach, the Public Service Transformation workstream will develop a programme of work around transforming public services to achieve improved outcomes for residents and savings for the organisations involved.</p>	Cllr David Hodge, Surrey County Council	David McNulty, Surrey County Council
<p>Skills To develop a 3SC Skills Strategy that will ensure providers are delivering the skills that local employers require to grow and prosper and that local residents need in order to thrive, to maximise the opportunities presented by the Government's reforms to apprenticeships and to work with Government to co-design future employment initiatives so that they support those most in need while also supporting economic growth.</p>	Cllr Keith Glazier, East Sussex District Council	Becky Shaw, East Sussex District Council
<p>Communications and Engagement To make the case for the area and support workstreams in their specific communications and engagement activity.</p>	Cllr Louise Goldsmith, West Sussex County Council, supported by Cllr Vivienne Michael, Mole Valley District Council	Nathan Elvery, West Sussex County Council

- The 3SC Leaders agreed that Councillor Louise Goldsmith (West Sussex County Council) should Chair a Leaders' Board during the negotiating phase with Councillors Andy Smith (Lewes District Council) and Moira Gibson (Surrey Heath Borough Council) as Vice Chairs.
- Following a range of positive meetings with Ministers and senior civil servants, Leaders agreed that 3SC should begin formal negotiations with Government in October 2016. Since then however, the Government has been revisiting its approach to devolution – not least given the focus on Brexit. We are awaiting further information. The Green Paper on the Modern Industrial Strategy was published on Monday 23 January and the Housing White Paper on Tuesday 7 February. Both will influence how the 3SC proposals will land.
- The latest position is set out in Councillor Goldsmith's note to 3SC Leaders of 4 January 2017 (see Annex A). Leaders have agreed the "strategic pause" proposed.
- A [3SC](#) website has also been established to hold key information about the work.

Surrey Joint Working ("double devolution")

- In parallel, Surrey County Council has been working with Surrey District and Borough Councils to consider the potential for devolving County Council functions and budgets to Boroughs and Districts and more collaborative ways of working.

9. The work is being undertaken by a sub-group of the Surrey Chief Executives Group, chaired by the Chief Executive of Epsom and Ewell Borough Council with representatives from Elmbridge, Mole Valley, Spelthorne, Surrey, Waverley and Woking as well as the County Council.
10. The paper at Annex B was presented to the Surrey Chief Executives' Group on 9 December 2016 providing an update on this work and next steps. Chief Executives agreed the recommendations in the paper and work to develop the programme continues.

Recommendation

11. That the Council Overview Board notes the current position and agrees to review progress later in the year.

Next steps

12. Repositioning the 3SC ambitions once Government thinking is clearer.
13. Surrey Chief Executives will continue to develop the detail of the Surrey Joint Working Programme.

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Sources/background papers:

Annex A Note from Councillor Louise Goldsmith to 3SC Leaders on next steps

Annex B Double Devolution Report

Annex C 3SC Prospectus

Annex A: 3 Southern Counties update from Cllr Louise Goldsmith – December 2016

1. This paper provides an update on progress made on the 3SC proposals since the last Leaders' Board on 19 September and seeks a steer from Leaders on next steps.

Progress to date

3SC negotiation update

2. As agreed at the last Board meeting, officers submitted the 3SC “asks and offers” to civil servants in October, seeking to open formal negotiations. Simon Ridley, the Director General at the Department for Communities and Local Government (DCLG), subsequently replied, welcoming the document.
3. Workstream negotiations are ongoing and there have been a number of meetings (for example, on governance on 19 October and digital and 5G connectivity on 28 November). Civil servants have noted the strength of the 3SC partnership and are impressed by the collaborative approach demonstrated by the 3SC, for example, the joint response on business rates retention. It may be helpful to identify future opportunities to respond collectively in this way (see below).

National policy developments

4. Following the Autumn Statement, more information is awaited on the Industrial Strategy and Housing White Paper. It is also yet to be clarified how the infrastructure funding will be allocated in future.
5. The ***Industrial Strategy*** will be core to the Government's future policy direction and place-based approach. We understand that a consultation document is likely to be published before Christmas and the 3SC may wish to consider making a collective response on this and the ***Housing White Paper*** which we understand will be published around the same time.
6. In addition, a ***devolution stocktake*** is underway in central government, reviewing the deals that have been done and the associated benefits, together with learning from those which have not been concluded. The outcome of this stocktake - which should clarify the Government's policy on devolution in England - will clearly be key in considering the way forward for the 3SC.

Workstream updates

7. In the meantime workstreams continue to develop their proposals, following the steer provided at the last Leaders' Board meeting. This includes the first meeting of the Leaders' ***Governance Sounding Board*** on 19 October and follow up work with the fiscal workstream to determine the impact of governance models on a likely fiscal offer. (At the County Council Network (CCN) conference the Secretary of State said that Mayoral Combined Authorities remain key to agreeing ambitious deals – securing direct accountability of the Mayor to the electorate. However, officials have advised that Ministers may be prepared to consider non-Mayoral models if they offer the same degree of clarity of responsibility for decision making.)
8. The ***fiscal workstream*** is also working on an economic impact assessment to model future population and property growth across the 3SC, and the impact on Council budgets and services. This will assess the affordability of local fiscal contributions for individual 3SC Councils.

9. The *infrastructure workstream* is engaging with the three LEPs to develop an economic plan for the 3SC area – this will be a short statement setting out a high level vision for sustainable economic growth.
10. The *skills workstream* is developing a draft framework strategy which will be shared soon with key stakeholders. This will include an engagement event for skills providers in early 2017. There are suggestions that there may be a Skills White paper in the spring that would shape next steps.
11. The *digital workstream* is further developing its approach following a meeting with civil servants and continuing to work closely with universities within the 3SC.

Sub National Transport Body (SNTB) for the South East

12. Influence over strategic transport investment decisions will be key to unlocking potential for the 3SC area. The best way to deliver this is through the creation of a SNTB for the South East – where the 3SC will have a strong voice.
13. Transport Authorities across the South East have agreed in principle to set up a shadow SNTB and provide funding for the work required to develop the proposal further. Transport Authorities have been taking papers through their relevant democratic processes in November and December to formally agree this approach.

Next Steps

14. Much progress has been made by the 3SC since it came together as a partnership in autumn 2015. Relationships are strong, work is underway to address the key issues which are holding back the 3SC area and the 3SC case has landed well with civil servants.
15. However, as set out above, the Government is reviewing its position on devolution whilst also developing its thinking on key issues– including the Industrial Strategy and the Housing White Paper. Positioning the 3SC ambitions to ensure they land well is harder against that backdrop but it is clear that we will need to be ready to take advantage of opportunities from emerging Government thinking including in terms of the specific implications for the ambitions of the 3SC that we have set out.
16. In these circumstances Leaders may wish to discuss next steps in their regular county meetings, including the right timing for the next Leaders' Board meeting.

It would be helpful to know either from individual Leaders or from groupings:

1. **If Leaders are content that we continue to develop our ideas on the major issues for the 3SC given that we need to be able to respond effectively to take advantage of any changes in Government policy– and if so:**
2. **When Leaders next wish to come together as the 3SC Leaders' Board**
 - a. **In the period between agreeing Council budgets in February and the start of purdah in March? OR**
 - b. **After May 2017 with discussions continuing on a county by county basis in the interim?**
3. **If at this stage Leaders wish to continue work on governance and associated fiscal issues with the aim of bringing forward a paper for discussion and decision at the next meeting?**

- 4. If Leaders agree the 3SC should continue to make collective responses to Government for example on the forthcoming Industrial Strategy consultation - where it will further strengthen the 3SC's case?**

Annex B: Surrey Joint Working (Double Devolution) - update and proposals 9th December 2016

1. Background

As part of the 3SC devolution discussion, the potential for further devolution to boroughs and districts was identified. Following agreement that this work would primarily be progressed on an individual county basis, the Surrey Chief Executives set up a sub group in early 2016 to develop proposals for Double Devolution in Surrey. This group is chaired by Frances Rutter with representatives from Elmbridge, Epsom & Ewell, Mole Valley, Spelthorne, Surrey, Waverley and Woking.

Engagement with all 12 authorities has identified a wider range of opportunities, beyond that of devolving services (and the associated financial risk) from the first to second tier of local government. This wider range of opportunities centres on improved joint working with scope to vary the number of authorities, activities and methods of delivery. Recognising this refocused approach, the sub group propose that this work on Double Devolution should now be rebranded as the Surrey Joint Working programme.

The initial focus of the Surrey Joint Working programme has been on environmental maintenance activities, as an area of significant joint interest and where funding is under increased pressure. The experience gained provides the basis for consideration of further joint working opportunities across a range of other services.

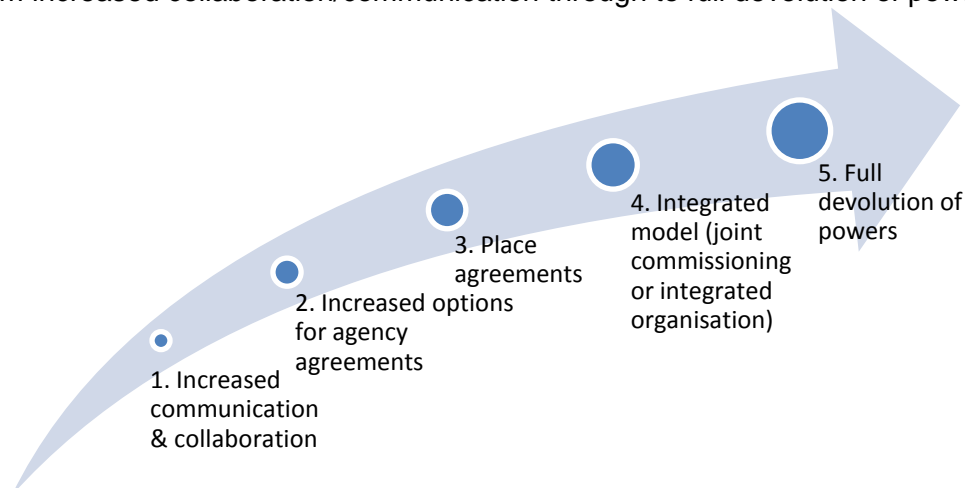
2. Aims

All 12 authorities within Surrey are facing considerable financial pressures. To face these challenges the authorities need to look for ways they can work better together to meet the aims of:

- Improving services for residents or at least, minimising adverse outcomes for residents arising from impact of budget cuts on both tiers
- Reducing costs *vertically*, between the county council and the districts and boroughs, and *horizontally*, across the districts and boroughs

3. Progress

The sub-group have engaged with representatives from all 12 Surrey authorities through a series of one to one meetings with environmental maintenance leads. These discussions identified a spectrum of joint working opportunities which range from increased collaboration/communication through to full devolution of powers.



1. **Increased communication & collaboration** – improved communication between county and district and borough authorities, for example earlier engagement and more influence on service and contract reviews.

2. **Increased options for agency agreements** – increasing scope of existing agency agreements e.g. grass cutting to include additional related activities.
3. **Place Agreement-** Devolution of non-capital activities from the county council to borough/ district councils focused on a specific locality e.g. Woking Town Centre Agreement.
4. **Integrated Model** – could take two forms:
 - **Joint Commissioning** – multiple authorities jointly procuring a contract to deliver a service/activity to provide economies of scale whilst maintaining local responsiveness.
 - **Integrated Organisation** - establishment of joint organisational arrangements to deliver a range of highways services.
5. **Full devolution of powers and responsibilities** – establishment of new Highways Authorities (HAs) across the county as legal entities

In considering which of these options to develop further, a high level cost benefit analysis was undertaken with each option being appraised against the following 'working together' principles:

- One place, one budget
- Value for money to the public purse
- Local choice and responsiveness
- Deliverability

Conversations also determined the level of interest in different options and identified initial activities or opportunities that could be worked on and developed. In addition, high level data analysis has been undertaken, indicating that with an estimated total spend of over £24m for environmental maintenance activities across Surrey, (highways horticulture, grounds maintenance, street cleansing, tree maintenance and gullies and ditches) there is potential for greater joint working and increased income and/or savings opportunities in this area of work.

From this initial engagement, the majority of local authorities showed:

- an ambition and support for a focus on delivering services in a placed based way
- a desire for earlier engagement and more influence with work delivered and savings options being considered by SCC.
- recognition of the current financial challenges and that a type of integrated model such as joint commissioning is likely to be the primary route for delivering the savings required.

To progress this work further, a workshop attended by representatives from all 12 authorities was held on the 6th October 2016. The workshop focused on the two options with the most interest - place agreements and integrated models. Scenarios, based on the Woking Town Centre agreement (a place example) and on a joint commissioning approach for greenscene activities (an integrated example) were considered to identify the strengths, weaknesses, opportunities and threats for each.

4. *Workshop outcomes*

The response at the workshop was overwhelmingly positive with all workshop groups agreeing that both options should be investigated further. There was a recognition of the different delivery models across Surrey and that, whilst 11 (or 12) different solutions were unlikely to be efficient or effective, a one size fits all approach was unlikely and so, at this stage, other options should not be ruled out.

There was a general consensus that “no change” is not an option as the current approach is no longer sustainable. It was also clear that different activities will suit different approaches, for example traffic management may benefit from increased communication rather than a more specifically integrated approach, whereas environmental maintenance activities may be more suited to a joint commissioning model as a way forward.

5. Proposed next steps

Given the above conclusions there is a clear need for a framework of options that allows for flexibility of approach appropriate to local place.

The sub group therefore recommend the following next steps:

A. Further development of the working together principles to produce a more robust framework for assessing options as set out below:

- **One place, one budget** – recognising and coordinating multiple budgets from multiple organisations based around a place, locality or service
- **Value for money to the public purse** – ensuring a lower net cost to the public purse resulting from joint working activity
- **Local choice and responsiveness** – providing a flexible approach by adjusting services based on local needs and with the appropriate level of decision making
- **Deliverability** - ensuring joint working arrangements (e.g. management) are achievable and sustainable

B. Development of specific propositions for:

- Joint commissioning for greenscene activities (highways horticulture & grounds maintenance)
- Joint commissioning for parking activities
- Place agreements for individual localities (based on Woking Town Centre Agreement model)
- Any alternative options identified by districts and boroughs either relating to alternative models for environmental maintenance and related activities or other service areas of joint or overlapping responsibility, for example community transport, social care etc. (options would need to meet the agreed aims and principles set out above)

Greenscene and parking activities are identified as joint commissioning options as for both activities current levels of funding are unlikely to be sustainable due to the current financial challenge and therefore represent an opportunity to mitigate impacts through early engagement.

C. Agreement of specific principles/parameters to apply for each proposition

e.g. agreeing at the outset the minimum level of benefit for each authority participating in a proposition (recognising each will have a different starting point in terms of total and unit costs and income)

D. Identification of which authorities are interested in specific propositions

E. Business cases development for these options – based on ‘coalitions of the willing’ taking account of challenges and opportunities of existing contract and delivery arrangements

F. Transition the existing sub group into a Surrey Joint Working Board

empowered to establish working groups to progress preferred joint working opportunities

G. Further investigation of governance options (e.g. Joint Committees) and how these might be enablers of joint working opportunities.

In undertaking the above the sub group will seek to clarify the likely alternatives to these joint working propositions (i.e. not taking up an option may imply reduced service levels) and would ensure that any agreed arrangements allow for others to join at a later date if desired. The propositions are not mutually exclusive therefore authorities may choose to progress multiple propositions to achieve the full benefits both in terms of meeting different demands but also to enable the savings generated from any joint commissioning propositions to offset any additional costs from other proposals. Authorities may also choose to take forward different propositions from those being taken forward by others where there is a sufficient level of interest to ensure deliverability.

6. Recommendations

It is asked that the Chief Executives Group agree to the following recommendations:

1. To support the Surrey Joint Working philosophy and approach
2. To consider and endorse the expanded joint working principles (5.A) and proposed next steps (A-G) as set out on page 3, for developing joint working propositions for environmental maintenance, parking, place agreements and alternative opportunities.
3. To agree that a further business case including details and specific principles/parameters of each proposition be developed and presented to the Chief Executives Group in Q1 2017.



DEVOLUTION PROSPECTUS

THREE SOUTHERN COUNTIES

SEPTEMBER 2015



DEVOLUTION PROSPECTUS THREE SOUTHERN COUNTIES

SEPTEMBER 2015

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EXECUTIVE SUMMARY



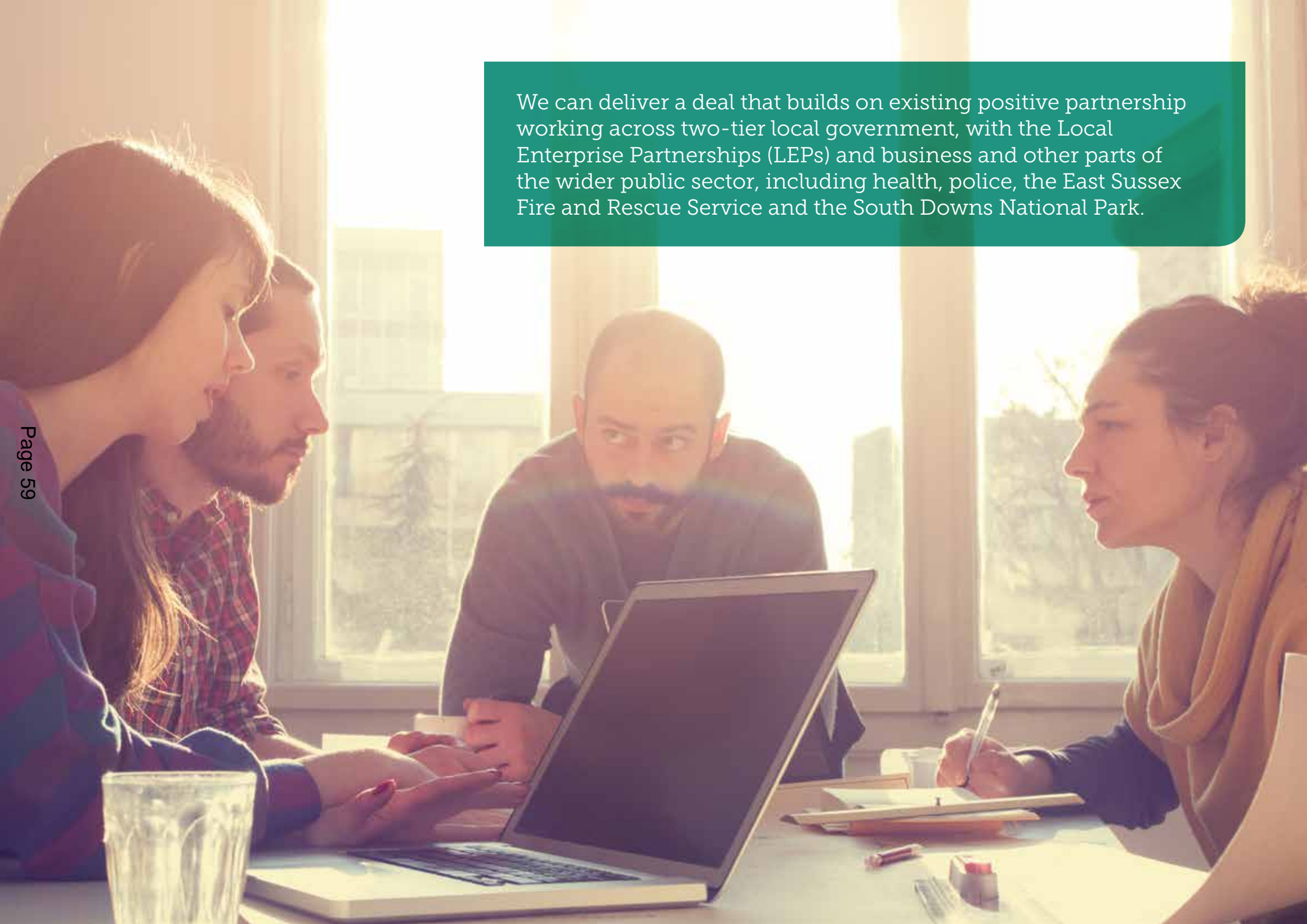
East Sussex, West Sussex and Surrey are known as the Three Southern Counties or the 3SC.

The combined GVA of Sussex and Surrey is £63.5 billion which is bigger than both the whole of Wales (£52 billion) and the Greater Manchester Combined Authority (£56 billion). The population (2,507,900) is comparable to that of the Greater Manchester Combined Authority (2,714,900). The population is forecast to rise to almost three million by 2037.

At the heart of our devolution offer is a commitment to work with Government to deliver strong and sustainable economic growth, enhance productivity, transform public services and build on our track record for fiscal efficiency.

We are seeking a deal in a two-tier area facing significant economic and demographic demand challenges. A deal that provides a leading edge vision that others could adopt, re-imagining service delivery and embracing digital technology.





We can deliver a deal that builds on existing positive partnership working across two-tier local government, with the Local Enterprise Partnerships (LEPs) and business and other parts of the wider public sector, including health, police, the East Sussex Fire and Rescue Service and the South Downs National Park.

DELIVERED BY STRONG LOCAL PARTNERSHIP

We can deliver a deal that builds on existing positive partnership working across two-tier local government, with the Local Enterprise Partnerships (LEPs) and business and other parts of the wider public sector, including health, police, the East Sussex Fire and Rescue Service and the South Downs National Park.

We will continue to work closely with neighbouring authorities, particularly Brighton & Hove and Hampshire and the Isle of Wight (which are also developing devolution proposals) to ensure the proposals are aligned and also those in the wider South East 7 (SE7) partnership.

We will maximise opportunities to collaborate with other key stakeholders such as Highways England, Network Rail, Heathrow and Gatwick Airports, Universities and Further Education Colleges and the Homes and Communities Agency and through the SE7. This will create innovative partnership models that deliver robust solutions meeting the needs of the 3SC residents and businesses.

We will also explore opportunities to engage residents and communities in the decisions that affect their daily lives, health and wellbeing.

BASED ON TWO COMPLEMENTARY WORKSTREAMS

The two complementary workstreams in our Prospectus set out our ambitions to be negotiated with Government:

- 1 **Economic growth and enhanced productivity; and**
- 2 **Public service transformation**

Together they will allow the 3SC to realise its full potential:

- investing in a **long-term infrastructure strategy**, promoting sustainable economic growth and developing a modern transport system which will also benefit London and other surrounding areas;
- **increasing housing delivery and land supply**, specifically addressing the need for affordable and starter homes, and unlocking land for business start-ups to encourage employers and employees to stay or locate in the area;
- **increasing productivity** by addressing the skills and employment needs of the area, boosting digital connectivity for businesses in rural areas and capitalising on digital opportunities, such as 5G and dark fibre; and
- **re-imagining public service delivery** with innovative approaches to health and social care integration, emergency services collaboration and other key challenges affecting the area, providing a test bed for whole system transformation.

01 INTRODUCTION





SE7 operates as a “coalition of the willing” with each Council deciding the extent to which it engages with a particular activity, based on its own priorities.

BACKGROUND TO THE 3SC BID

Formed in 2010, the South East 7 (SE7) partnership was created to deliver fundamental reform to services while achieving savings for the seven Councils involved¹. The aims of the partnership have been delivered through collaboration on shared priorities and by working with Government to deliver change.

SE7 operates as a “coalition of the willing” with each Council deciding the extent to which it engages with a particular activity, based on its own priorities. It has been and continues to be successful, delivering tangible benefits in a range of frontline services, including highways maintenance and construction, property asset management, special educational needs and disability, waste management plus information technology.

The 3SC has developed out of SE7, comprising three County Councils, 23 District and Borough Councils, three Local Enterprise Partnerships (LEPs)², businesses, 12 CCGs, two police forces and two Police and Crime Commissioners, one Combined Fire Authority, South Downs National Park and other wider public sector partners. All committed to working together to pursue a devolution deal.

Other members of SE7 are pursuing aligned devolution proposals. We are working closely with Brighton & Hove City Council and Hampshire County Council in particular to ensure our offers complement each other.

THE 3SC HAS DEVELOPED OUT OF SE7, COMPRISING

- 3** COUNTY COUNCILS
- 23** DISTRICT & BOROUGH COUNCILS
- 3** LEPs
- 12** CCGs
- 2** POLICE FORCES
- 2** POLICE & CRIME COMMISSIONERS
- 1** COMBINED FIRE AUTHORITY
- SOUTH DOWNS NATIONAL PARK**
- AND OTHER WIDER PUBLIC SECTOR PARTNERS**

¹Brighton & Hove City Council, East Sussex County Council, Hampshire County Council, Kent County Council, Medway Council, Surrey County Council and West Sussex County Council.

²Coast to Capital, Enterprise M3 and South East.

RATIONALE FOR THE 3SC BID

There is a strong rationale for East Sussex, West Sussex and Surrey to come together in partnership with Government to deliver improved outcomes for residents and business, in particular our:

- combined scale;
- role as a powerhouse of the UK economy;
- relationship with London;
- shared demand challenges; and
- strong track record with established partnership working

Scale

The combined GVA of Sussex and Surrey is £63.5 billion³ which is bigger than both the whole of Wales (£52 billion)⁴ and the Greater Manchester Combined Authority (£56 billion)⁵. The population (2,507,900) is comparable to that of the Greater Manchester Combined Authority (2,714,900). The population is forecast to rise to almost three million by 2037⁶.

Powerhouse of the UK economy

The area is home to more than 121,500 businesses⁷, the majority of which are focused on services and manufacturing. A number of global businesses have headquarters or strategically important operations based in the area including Virgin, Sony, Samsung, Siemens, GSK, Rolls Royce and BP.

The area is important strategically to the UK economy as it forms the UK's gateway to the rest of the world. Heathrow and Gatwick are based in and around the 3SC area and the two airports are respectively the second and 12th busiest in the world⁸. Through them, UK passengers and businesses access more than 280 destinations across 113 countries⁹. Enhancing connectivity in the 3SC through improved rail and road links and potentially airport expansion will further boost economic capacity both within the area and beyond.

The area's economic strength is also reflected in an average employment rate that, at 76.4%¹⁰, is one of the highest in the country. Some parts of the area however

require further intervention to enable them to fulfil their unrealised economic potential.

The combination of the 3SC's thriving businesses, industrious working age population and physical links to other parts of the world has pushed economic growth well above the rest of the country.

Such strong growth means that the area is a major contributor to the Exchequer. We are seeking a greater share of the proceeds of growth within the 3SC to enable us to strengthen our economy, which at the same time will allow for greater investment in the UK.

Relationship with London

The relationship between the 3SC area and London has become increasingly interlinked. As London's population and economy has grown, the spill-over effect into neighbouring counties like East Sussex, West Sussex and Surrey has accelerated. London's spiralling housing costs and increased congestion has driven people into neighbouring counties in greater numbers. Businesses base themselves

³ONS Workplace based GVA1,2 NUTS3 by industry at current basis, prices, December 2014 release.

⁴As 3

⁵As 3

⁶ONS 2012-based sub-national Population Projections for Local Authorities in England 2003-13

⁷ONS 2013 Business Demography, Enterprises' Births, Deaths and Survivals

⁸Airport Council International Figures compiled for 2014. Data based on passenger volumes for the year

⁹CAA 2014 International Air Pax Route Analysis

¹⁰ONS Job Estimates, sourced from the Annual Population Survey, Job Centre Plus Administrative System and BRES

OVER THE LAST
10 YEARS
 AN ADDITIONAL
168,000
 PEOPLE



STARTED TO COMMUTE BETWEEN
 THE 3SC AREA AND LONDON

in London's periphery to access the city's assets without exposing themselves to the costs.

Between 2004 and 2013, almost 400,000 people¹¹ moved out of London and into the 3SC area. This drove an increase of 180,300¹² (to the net additional population over the period), equal to a 7.9% increase in population. This is the equivalent to the population of York moving out of London, into the 3SC area.

Shared demand challenges

The growing economy has brought significant demand challenges for the 3SC area. Over the last ten years an additional 168,000 people¹³ started to commute between the 3SC area and London. The total number of annual rail journeys in and out of the 3SC area has now increased to 145.4 million¹⁴.

However, investment has not kept pace and transport infrastructure is creaking under the additional volume. Regular rail congestion and delays are costing London and the 3SC economy significantly, not helped by the fact that two of the areas three franchises are among the worst performing in the country. The quality and capacity of the trunk road network varies significantly

across the area and these limitations act as a barrier to economic growth.

The increase in population has in turn added pressure on public services. In particular, more schools, social services and affordable and starter housing are needed.

This is exacerbated by the 3SC area coping with an increasing population. Over the next ten years the population is forecast to increase by 206,000, with more than half (55.8%) over the age of 65¹⁵. Many will require local authority funded services taking the total projected 3SC spend on social care to £1 billion from more than £970 million now¹⁶.

Despite the increase in population, the labour market is very tight. Unemployment rates are very low; for example, the claimant count is just 0.6% in Mid Sussex and 0.7% in Waverley, well below the UK average of 2.5%¹⁷. However, businesses find it difficult to find and keep skilled labour. For instance, the growth of the nascent bioengineering cluster is being choked by the lack of available engineers and medical technicians. London's demand for skilled labour is having a significant impact, and the areas of acute deprivation along the south coast present further employment challenges.

¹¹ONS 2012-based sub-national Population Projections for Local Authorities in England 2003 to 2013

¹²As 11

¹³Office for Rail Regulator (Steer Davies Gleave and DeltaRail) Regional Dataset, South East

¹⁴As 13

¹⁵ONS 2012-based sub-national Population Projections for Local Authorities in England

¹⁶3SC and GMCA authorities' 2013/14 Statement of Accounts

¹⁷ONS Job Estimates, sourced from the Annual Population Survey, Job Centre Plus Administrative System and BRES

A strong track record with established partnership working

Local authorities in Sussex and Surrey have proven themselves to be efficient, competent and open to service transformation and economic growth is a key priority for them all.

Positive partnership working underpins everything and operates at many levels and on various county and cross-county geographies.

The three LEPs have provided strategic and high impact partnerships for local authorities and wider public sector partners together with business, across a functional economic area, to develop Strategic Economic Plans and discuss a variety of local issues, including infrastructure, skills and housing.

Back office collaboration is well established, with Orbis, a shared services partnership between East Sussex and Surrey County Councils expected to deliver annual savings of £8 million within four years.

There are many examples of cross-partnership frontline service transformation too.

The County Councils and Clinical Commissioning Groups (CCGs) have worked intensively together to develop Better Care Plans and continue to develop ambitious projects to integrate health and social care.

County, District and Borough Councils have worked together with a range of local and central government partners to deliver the Troubled Families Programme, improving the lives of vulnerable people and those at risk.

East Sussex, West Sussex and Surrey Fire and Rescue Services, Sussex and Surrey Police and SECAMB (South East Coast Ambulance Service NHS Foundation Trust) are working together on blue light collaboration. The work has attracted interest in Whitehall and has been showcased by the Public Service Transformation Network, including at the Public Sector Show in June this year.

Working with Government

Building on its strong track record of efficiency and service delivery together with positive partnership working, **our offer is for the 3SC to be a test-bed for how smart, sustainable, high-productivity growth can be secured with an even greater dividend for the Exchequer and the national economy.**

The remainder of this Prospectus sets out the specific rationale for devolution in two key areas:



02 ECONOMIC GROWTH AND ENHANCED PRODUCTIVITY

Our aim is to increase productivity and the international competitiveness of the 3SC area and promote further smart and sustainable economic growth which makes an even greater contribution to national economic success.

BACKGROUND

In the 3SC, the combination of thriving businesses, an industrious working age population and strong connectivity has produced an economy now valued at over £65 billion per annum (far bigger than Greater Manchester), which is growing faster than the rest of the country outside London. The area is characterised by strong polycentric economic activity in small and medium sized settlements, reflecting specific sectoral strengths in the kind of smart, knowledge driven activity which is where future economic success lies.

Our proposals would strengthen this pattern of growth, which works well with the diverse urban and rural characteristics of the area and the natural environment. Our natural capital is an essential part of our productive economy and we will continue to improve our environment as we grow.

Growth has been associated with high levels of employment across the 3SC (the average rate is 76% well above the national average), although some places still need further support to increase their economic

contribution. The bigger issue for the area as a whole is that potential further growth has been constrained or stalled, particularly by inadequate infrastructure, and that this has also limited enhancements to productivity. Our proposals respond to these issues.

The Government has identified the drivers of productivity as a dynamic, open, enterprising economy supported by long-term public and private investment in infrastructure, skills and science¹⁸. The 3SC area offers precisely those characteristics - but it could do more. The 3SC can be a test bed for how smart, sustainable, high productivity growth can be secured with an even greater dividend for the national economy. The economic dynamism which characterises many parts of the area means that it can respond quickly and effectively to a stimulus. But it also needs a long term framework to make good on many years of relative neglect.

The 3SC area also offers a test bed for how a dynamic, mutually beneficial inter-relationship with London and places such as Brighton can be developed. As London's

population and economy has grown the South East economy has benefited, but the spill-over effect into neighbouring counties like those in the 3SC has also accelerated and has taken place alongside organic growth.

The UK needs both London and the South East more widely to be successful. For this to happen, the 3SC needs to be able to respond to the needs of its own economy and address increases in its own population; not just London's. London needs housing for a flexible workforce and transport routes that make it easy to access the city. The 3SC needs more housing too, including starter and affordable homes, but also sites for existing and new businesses to grow and develop so that people can both live and work in the area; lateral and orbital transport routes, and to keep more skilled workers within the area. This is crucial to ensuring that the economy of the 3SC remains strong in its own terms as well as making a contribution to meeting the needs of London and indeed the UK.

¹⁸Fixing the Foundations, July 2015

Proposals

Our proposals for economic growth and enhanced productivity reflect the two main planks in the Government's own plans in 'Fixing the Foundations'.

First; long-term investment in economic capital, including infrastructure, skills and knowledge:

- a 3SC Infrastructure Strategy to give a clear framework for future growth to 2050 which matches the plans for London;
- a modern transport system that enables and unlocks growth with a step change in road and rail connectivity and through our ports and associated improvements in the operation of transport services;
- world class digital infrastructure which will boost digital connectivity across the whole area, including rural areas where connectivity can be poor or non-existent; bolster a new generation of public services and promote SMART centres for businesses in some of our major growth locations;
- smart specialisation in pioneering sectors such as 5G where our universities are world leading and we have a strong ecosystem linking knowledge generators and commercial applications; and
- a highly skilled, adaptable and flexible workforce to meet business needs in our area.

Secondly; a dynamic economy that allows resources to be applied as effectively as possible:

- enhancing the supply and type of housing so that people can move into jobs that use their skills and can afford to live close to where they want to work;
- promoting growth in our priority locations, which have been identified in the plans of our Local Enterprise Partnerships, to provide opportunities and support for productive firms to scale up; and
- enhancing trade and inward investment given the location and comparative advantages of the 3SC area, particularly the international connectivity through Heathrow and Gatwick and through our ports such as Newhaven

INVESTMENT IN INFRASTRUCTURE, SKILLS AND KNOWLEDGE

A 3SC Infrastructure Strategy 2050

We are clear that there has been insufficient public and private infrastructure investment over many years to keep up with a growing population and a changing economy. This has to be addressed if future growth and productivity is to be secured. More local influence over what happens and when it happens is essential since infrastructure is the fulcrum for growth in the area. It is the only plausible way to address the problems that are seen on a daily basis in terms of congestion and to open up future development.

By way of illustration of the scale of the problem: Surrey has the slowest rush hour roads in the entire country due to congestion and some of the major employers and research institutions in the area now schedule meetings for international visitors so that they are bookended by the small windows in the day during which the reliability of journeys to and from the airports is anticipated to be at its best.

We will develop the Infrastructure Strategy building on the detailed analysis that each of the three County Councils and the LEPs are already developing of future infrastructure needs. It will provide the framework to plan and implement infrastructure investment to attract and retain high quality businesses and benefit local communities.

If the ambition of developing a planned approach to the inter-dependence of the area with London is to be achieved, the Infrastructure Strategy needs to cover the same time period as London's infrastructure plan (to 2050) setting out population and people movement projections. This in turn will drive planning assumptions around urban density, new housing volumes, road and rail usage, community infrastructure and utilities including water, waste and power and public service requirements.





The Infrastructure Strategy would form the basis for unlocking other aspects of devolution which could take the form of an Investment Agreement combining:

- improvements to infrastructure investment planning and delivery so that all partners are clear about what is needed and when it is needed;
- identification of the benefits of investment in terms of opening up or supporting more homes, jobs or business spaces;
- the potential fiscal dividend from such development, a portion of which could be used to reinvest in the 3SC; and
- arrangements to recycle that locally retained portion of the growth dividend to support the necessary investment in infrastructure, housing and public services to support growth alongside some locally pooled funds.

This approach is carried through in our specific propositions on:

- **housing and planning** (described in subsequent sections of this Prospectus in terms of specific actions that are needed) including use of public sector land to support or unlock development.
- **infrastructure delivery** by national agencies particularly in relation to transport (also described below) so that local action to secure planned growth

is accompanied by more certainty and control over investment. We would want to extend this approach to agencies with responsibility in relation to housing and flood defence as well as developing approaches with the major utilities.

- **fiscal devolution** - to provide additional resources to support our aims for economic growth and public service reform, our aim is to change the balance in the sources of income for the authorities within the 3SC towards income generated in the area. This includes increasing the retention of business rate income and future **business rate growth** which may eliminate the need for a complex arrangement for Government to distribute business rate top ups and tariffs. To accompany this we would seek greater autonomy to determine the discounts within the Council Tax system.
- building on this headline proposal we would create a pool of funding across the 3SC from a number of existing local funding streams for matched investment alongside additional revenue sources which could support large scale investment. In particular we would seek to retain a proportion of **stamp duty** reflecting the growth in population which can be used for investment, particularly in infrastructure.

A Modern Transport System

There has been insufficient investment in the transport infrastructure that is the lifeblood of business, particularly road and rail. Studies by the LEPs, South East England Councils (SEEC) and by the County Councils have identified very clearly what is needed in the area including significant improvements to a number of crucial transport corridors of which the most significant are the M23 and Brighton Main Line; the South West Quadrant of the M25; the A27; the A21 and the A3 and M3:

- better road and rail access to nationally important airports and ports as well as to London;
- improved cross country routes (which would have benefits across the wider South East) including extension of HS1 high speed rail services in the east of the 3SC area
- reduction in congestion and removing bottlenecks; and
- improved journey times and reliability.

Our ambition is not just limited to the 3SC area. We recognise that interventions are needed across a wider SE7 area and the LEPs and the highways authorities are working with neighbouring organisations to undertake further detailed work on the case for major strategic transport corridor improvements that would benefit the wider South East.

The growth in usage of the **rail connections** in the area has far outstripped investment by National Rail or the rail franchisees. This has become very problematic as the continual signal failures, delays and poor quality rolling stock is impacting economic performance and productivity across the area and within London. Rail improvements are urgently needed in areas that have growing economies such as the 3SC. The recently announced findings of the Wessex Route Study suggest, however, that this is not yet fully recognised. Our aim is to ensure that we have better mechanisms in the future for reflecting the needs of the 3SC area in both analysis and decision making.

The need for infrastructure improvements will be identified in the Infrastructure Strategy. However, action is needed to improve both the performance of the franchises and the planning of investment. We are aware of various approaches towards more devolution in respect of rail franchises and are looking for the development with Government of a more collaborative mechanism which would promote:

- the development by local partners of a clearer strategy for rail services in the area for meeting future growth and the need for enhancements and capacity to mitigate overcrowding (building on work that has been undertaken by the County Councils and the LEPs);
- greater influence over franchise commissioning and operation so that the

needs and interests of the area are properly reflected in the specification and then the management of franchises; and

- a co-operation agreement with Network Rail and the Department for Transport on the planning of investment.

We would provide the formal structure needed to develop such arrangements. **Roads** in the area are significantly over capacity. The need for additional transport links that would help the area to become more interconnected and open up employment space will be identified in the Infrastructure Strategy building on the work already undertaken through LEP Strategic Economic Plans.

We will work with Government on the development of an investment fund reflecting the fiscal devolution proposals; existing funding sources; prudential borrowing and asset backed vehicles.

We would also be looking for an enhanced agreement with Highways England perhaps along the lines of the Partnership Agreements that have been made with some areas to agree shared priorities and a longer term vision for the strategic road network in the 3SC area, and prioritising planning investment and operational expenditure on repair and maintenance and some operational sharing of assets such as depots.

World-class digital infrastructure

Effective investment in digital infrastructure is crucial to attracting and retaining businesses in the 3SC. We want businesses and households across the 3SC to be able to play their full part in the digital economy and to take full advantage of the opportunities it offers to increase productivity and economic activity and to improve services to the public.

Our ambition is for the 3SC area to:

- develop a digital infrastructure through additional investment in superfast broadband coverage, the use of ultrafast dark fibre (the optical fibre infrastructure that is not in use) in our towns and the roll out of 5G that will be a catalyst for economic growth, supporting SMEs and large corporations by giving them the connectivity they need to thrive in our area, access new markets and reduce unnecessary commuting; and
- use 5* open data that is accessible, real time and in a machine readable format to support further growth by seeding development opportunities for tech start-ups, for example those involved in deep data, as well as supporting our businesses and residents to make more informed decisions around commercial opportunities and local public service usage.

Our proposals address five main issues:

- completing **superfast roll out** with the intention to design and commission local solutions to “final mile and final third” challenges and tackle remaining “not spots” (where there is no mobile connectivity at all). We intend to explore local commissioning of this activity through a new set of arrangements that go beyond what has been possible through the existing National Framework and which can utilise innovative solutions, potentially harnessing the specialist supply chain that exists in the area;
- establishing a number of **SMART Places**, transforming them as places to do business using ultrafast broadband networks and 5G technology so that our firms have international class digital connections locally to capitalise on the internet of things, and more widely to connect to partners and businesses across the world. Initially we would aim to develop proof of concept in two small urban areas such as the Chichester ultrafast broadband dark fibre programme as well as demonstrating rural models to support small high value added and sustainable business;

- through our proposals for **smart specialisation** (set out below), developing the opportunity to test and trial further opportunities for innovation and new delivery models with university, research and business partners based in the 3SC;
- through our **public service transformation proposals** for which the new level of connectivity will support the wireless technologies that allow real time monitoring and analysis of the use of public services generating insight that allows us to take more preventative action that reduces demand as well as making them more user focused and efficient, initially with health, blue-light and community partners; and
- working with the private sector to put in place world-class **voice and data telephony** to meet the demands of today’s businesses who need to be fast, agile and responsive.

These interventions will make a big contribution to addressing the particularly acute way in which connectivity problems are experienced in rural areas and to increasing and diversifying economic activity within them.

Digital investment will also be an increasingly significant element of investment in transport, housing and other infrastructure to improve efficiency and capacity.



WORLD-LEADING UNIVERSITIES

SUPPORTING
HIGH-QUALITY
SCIENCE AND
INNOVATION



WE AIM TO GIVE FULL EFFECT TO
SMART SPECIALISATION
BY ACTIVELY LINKING OUR
UNIVERSITIES AND RESEARCH INSTITUTIONS
TO INNOVATING FIRMS AND SUPPLY CHAINS

World-leading universities supporting high-quality science and innovation

We aim to give full effect to smart specialisation by actively linking our universities and research institutions to innovating firms and supply chains.

Building on approaches already being supported by the LEPs, we will be **pioneers in the next generation of digital connections**

working with the national 5G Innovation Centre at the University of Surrey so that the 3SC is a testing ground for 5G roll out. Firms across the area and beyond will have the ability to generate new products and applications using the 5G test-bed at Surrey and the development of more emulators (of the kind that has been put in place in Basingstoke already) across the 3SC area. The Institute of Cyber Security Innovation and Royal Holloway is supporting this opportunity by providing services that give business confidence to develop and exploit new products.

This is a unique business advantage which is of national significance, embedding the potential of the local economy in this area into wider flows of trade and investment and the rapid diffusion of ideas.

We will promote this approach further and **extend it to other specialist sectors** in which we already have high profile research. This could be undertaken in the context of the Science and Innovation Audits that Government will now be developing for different parts of the country. Our intention is to work with universities in and beyond our area and with businesses in the 3SC area to develop the case for additional support for industries where we could be world leading. This practical development of smart specialisation could incorporate comprehensive support arrangements based in our universities and research institutions for promoting and developing local supply chains and attracting inward investment to the area.

The ability to develop **University Enterprise Zones** (UEZs) would strengthen the ability to take this forward by emphasising the role of our universities as strategic partners in local growth, offering access to business support packages and their specialist facilities and expert knowledge. UEZs could help extend this to the development of incubator or 'grow-on' space for small businesses in appropriate locations.

Retaining and attracting a highly skilled workforce

Our proposals address both the supply of skilled people and some of the major factors that affect the relative attractiveness of working in the 3SC area, particularly the housing offer.

In terms of **demand**, aggregate employment levels are high. However, there is increasing unemployment and economic inactivity in some parts of the area at the same time as companies across the South East are reporting an inability to fill vacancies with the right people. In the 3SC area as a whole 80% of hard to fill vacancies were as a result of skills shortages and in Surrey the proportion is almost 85%. There are also simply not enough applicants: for the 3SC this was a factor in 42% of hard to fill vacancies compared to 28% nationally. If we can better meet the clear demand for skilled people we can have a positive impact on productivity.

Currently, many highly skilled people commute to London because the 3SC area does not offer the same opportunities. We aim to stimulate more of those opportunities through our proposals for:

- developing the supply chains, applying some of the leading edge research work being undertaken in the area;

- promoting further our main growth locations;
- developing SMART Places that will allow businesses to develop and grow; and
- promoting further inward investment

We also have major demands for skilled people to work in schools, nurseries, social and health care and in the service sectors of the economy which need to be met to ensure that the area continues to provide the necessary social infrastructure.

Housing remains the other critical factor: in particular, housing in places to suit the workforce including starter and affordable housing. Our proposals for enhancing housing supply set out below would help to address this.

On the **supply side**, long-term investment in skills is a crucial part of developing the economic capital of the 3SC area to increase growth and improve productivity.

Our proposals are for **more local influence in reshaping and commissioning employment and skills provision in the area to meet business needs**.

Our headline proposal is for devolution of **all skills and employment programmes for people aged 14-25 run by the Education Funding Agency, the Skills Funding Agency, and Department for Work and Pensions**

(including the Work Programme or its successor) to form an integrated programme of support for young people in the 3SC area which can be directed at local level. This would cover both revenue and capital budgets.

Responsibility and funding for apprenticeships and post-16 provision of training, work experience and education including the Apprenticeships Grant to Employers would also be devolved.

We would establish a **Skills and Employment Board** involving our LEPs and businesses to oversee skills and employment policy and direct the use of these funds

This investment would be grounded in strategic partnerships between employers and training providers to better match skills provision to local demand with a greater focus on promoting **professional and technical education** which would involve:

- developing and shaping the **curriculum offer** within schools and beyond to improve the quality of our workforce and support opportunities within identified growth sectors for employment;
- creating an **employability framework** that supports all young people to be work ready on leaving education or training, including the transferable skills that employers demand;

- working with schools so that there is an enhanced and much more consistent and wide ranging offer on **information, advice and guidance** that will equip young people in the area to make better informed choices about their future, including intelligence about priority sectors and employer engagement in the area. We would seek devolution of National Careers Service funding and powers as part of developing an effective package of measures;
- a **skills capital investment programme to develop more pathways into work** for young people in the area by supporting the development of new training and learning facilities with the Further and Higher Education sector, new providers, Institutes of Technology and University Technical Colleges; and
- improving **access to apprenticeships**, including through traineeships, and aligning demand and supply for apprenticeships. We would aim to have more influence over the form and nature of apprenticeships where there is the scope to improve **take up**, and also on the quality and quantity of the offer with a strong work ethic embedded alongside technical skills.

For **Adult Skills** we would seek:

- devolution of the Adult Skills Budget and other Skills Funding Agency funding streams focused on in work training and skills for the workforce so that these can be focused on the sectors of particular importance in the 3SC area; and
- a vehicle for prioritising the activities of Job Centre Plus and associated programmes including the Flexible Support Fund so that these can be used across the area as a whole.

We would also wish to explore further opportunities to enhance the use of local labour in **public sector contracts** which could be operated at scale within the area.



PROMOTING A DYNAMIC ECONOMY

Housing

Demand for housing is always likely to outstrip supply in an area such as the 3SC. The mismatch harms productivity and restricts labour market flexibility. It also puts increased pressure on transport infrastructure when people are required to travel considerable distances to their place of work.

There is also a critical need in the area for more starter and affordable housing particularly for those working in some of the services that will be increasingly required given the demographic changes in the area. This is particularly significant for attracting and retaining front line staff like teachers or social care staff - a critical component of our proposals for health and social care integration and transformation. Given the demographic profile of the area, mechanisms are also needed to release under-occupied accommodation to the market through 'last time' housing.

Planned housing increases are already a major challenge for the area. Historically, the record in the 3SC on housing delivery is significantly lower than the trajectory planned over the next 10 years. Indeed, for West Sussex planned numbers are over 50% more than has been achieved in the

last 10 years. The constraints within which development can take place are severe with Green Belt, National Park and environmental designations covering large parts of the area.

Against that background, the greater certainty and control over appropriate infrastructure delivery which would flow from the Infrastructure Strategy would be critical in providing greater confidence in housing delivery. This would allow the 3SC to make **further progress on delivering planned numbers across the area, accelerating delivery where possible and balancing delivery against affordability to meet the needs of businesses and public services.** In order to make delivery more certain, we would also work with Government to streamline local planning processes in return for greater freedoms and flexibilities at local level.

There are major opportunities, already being developed in the 3SC, to be far more ambitious in how public sector land and assets are used to support both housing and commercial development, in particular to stimulate developers and the associated supply chains to engage in the development which is needed in the area. We are well placed to add value to the land, particularly through securing consents and permissions, in some cases putting in infrastructure and in all cases being more creative in how land is made available to the market.



There is also significant scope for redevelopment of existing assets to meet the growing demand for integrated services and using income from sales to reinvest in more sustainable sites. In Surrey, to date £30 million of assets have been released providing for the development of 1,000 new homes.

More specifically the 3SC will explore:

- delivery of more starter and affordable housing. We will identify land across the 3SC area in the ownership of local authorities, Government and the wider public sector which can be promoted as sites for affordable housing. Councils will put in the land for free (or at reduced value) in return for which the sites would be affordable in perpetuity with rents capped by the developing registered providers with associated savings in housing benefit; and
- unblocking key sites across the 3SC through specific powers to take forward a number of larger schemes which have proved intractable within the current arrangements, for example, Shoreham Harbour, Littlehampton Hospital site and

sites in Newhaven. The 3SC would undertake to deliver them and the additional housing and employment space they would bring which could increase delivery beyond the numbers envisaged in Local Plans.

Other elements of the package to support these initiatives and housing delivery generally could include:

- increasing the value of disposals by strengthened arrangements for the effective and faster release of **Government and public sector land** (which could include railway land and other sites offering strong connectivity), building on the experience of Surrey in working with the Government Property Unit and achieving a better financial return by managing the way in which land is released to the market ;
- a **duty of co-operation with the Homes and Communities Agency** (HCA) which would form the basis for agreeing shared priorities, influencing the application of relevant funding streams; their own assets and their land assembly powers;

- establishing a **Housing Delivery Board** with Government Departments, HCA and other public sector organisations;
- building on the headline fiscal devolution proposal for retention of Non Domestic Rates growth, powers to use some **locally raised funds, some prudential borrowing and some additional flexibilities** such as greater freedom over charging for certain services (land charges, building control and planning) to enable us to offer ways of supporting accelerated development, including forward funding;
- permissive powers to develop **strategic planning functions** for the area allowing for development of strategic spatial frameworks by agreement; improvements to arrangements for making local plans and incentives for rapid and effective plan making by linking plans much more directly to investment, particularly on infrastructure, to support housing delivery;
- removing the **cap on Housing Revenue Account borrowing**.

Growth Locations

The 3SC is characterised by small and medium sized settlements and we have identified specific places in the South East LEP, Coast to Capital and Enterprise M3 Strategic Economic Plans that offer growth potential. Some of these are already thriving; in others there is a need to do more to support economic development and communities through mechanisms such as the current Newhaven Enterprise Zone bid. The proposals in this Prospectus will allow us to do more to accelerate and intensify the plans that are being developed, covering transport, business premises, infrastructure (including digital infrastructure), support for business and developing skills for the workforce.

An important example is the risk of flood damage at some locations within the 3SC. Some of these areas could be established as places for residential housing or employment sites and we would want a duty of co-operation with the Environment Agency to bring them into use more quickly.

The demand for housing also means that we are losing sites for commercial development and over time will lose employment if these sites are not identified and protected. We want to explore opportunities for providing more incentives for commercial development for example, through Enterprise Zones or similar designations (building on the work that has been undertaken through the LEPs) and asset backed vehicles utilising public sector land and assets.

We will also promote further **business support arrangements**. This will include developing the activity of the Growth Hubs in supporting simplification and in providing more intensive support to the high growth and innovation companies in the area; improving linkages with our Higher Education institutions and enhancing the responsiveness of national programmes such as Manufacturing Advisory Service and Growth Accelerator to local needs.



Gateways: Ports and Airports

The 3SC is strategically important to the UK economy and forms a major part of the UK’s gateway to the rest of the world. Heathrow and Gatwick are respectively the second and 12th busiest airports in the world. Through them, UK passengers and businesses access more than 280 destinations across 113 countries.

The two airport gateways at Heathrow and Gatwick offer major advantages to the area as a globally competitive location for inward investment, and the ports are significant both for the import and export of goods and for bringing visitors to the area.

We want to:

- promote the improvements in connectivity to and from the airports and ports that will make these gateways as attractive as possible both to investors and exporters and to promote freight movements. The infrastructure improvements that are needed will form part of the Infrastructure Strategy;
- promote international business and trade and tourism reflecting our sector specialisms and location advantages and the opportunity in particular for increasing export via the airports (highly relevant to high value, time critical products) and strengthening the national resilience of ferry services by developing those operating from our area; and
- develop and build supply chains in the 3SC area which can take full advantage of these opportunities including making sure that commercial land is available for development in suitable locations around the ports and airports.



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THROUGH THEM, UK PASSENGERS AND BUSINESSES

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280 DESTINATIONS

ACROSS

113 COUNTRIES



03 PUBLIC SERVICE TRANSFORMATION



Our aim is to accelerate and extend public service transformation in the 3SC area, building on a strong track record of working together to improve services for our residents and save money. Working with Government, we will provide a test bed for whole system transformation and demonstrate the full potential of areas that are ambitious about public service reform.

BACKGROUND

Public service transformation is core to the 3SC devolution proposals. We see public service transformation and economic growth as two sides of the same coin and mutually supportive. Public service transformation demonstrates the effective cross boundary and inter-agency working that already exists across the 3SC and which supports our broader devolution proposals.

The members of the 3SC are already working in many different ways to transform how services are delivered. We are working individually and jointly, including as part of wider groupings such as SE7. We are also working with our wider public sector partners, eg developing new approaches to deliver better outcomes through closer health and social care integration and closer inter-operability between our emergency services.

Surrey was one of nine areas in the country selected to be part of the Government's Public Service Transformation Network, with the access to dedicated resources, expertise, support and learning that has

brought. Surrey has led on public service transformation within SE7, and the work quickly recognised the need to move beyond county boundaries to achieve lasting transformation. East Sussex and West Sussex are both key partners in the programme.

While not all public service transformation is dependent upon devolution, devolution does provide opportunities for the 3SC to accelerate transformation work, and the potential to extend and deepen work already underway. Health and social care integration and emergency services collaboration are two of the areas where we see potential to do more by working together across the 3SC area.

Public service transformation also supports the other proposals in this Prospectus. For example, our proposals for world class digital infrastructure will support and open up new opportunities to transform local services and how they are delivered. This will be important as we continuously adapt to how residents want to interact with services and find new ways to meet the demand pressures that services face.

Our devolution ambitions for public service transformation include:

- a **3SC Transformation Fund** – providing a single pot of transformation funding as a necessary investment to support and extend further transformation across the 3SC;
- a **3SC Transformation Dividend** – so that local partners can share in the financial benefits that accrue to Government as a result of local partnership working for reinvestment in further transformation; and
- a **3SC Transformation Deal** – a deal between Government and the 3SC setting out how Government will work with us to tackle blockers to further transformation and trial innovative approaches to provide valuable learning for other areas of the country.

These proposals will give us the confidence and certainty in which to accelerate public service transformation across the 3SC. By investing in and supporting public service transformation we can support sustainable economic growth and improved productivity across the 3SC. Examples include:

- services that support a workforce that better meets the skills need of the local economy;
- supporting individuals and families with complex needs with a pathway into work; and
- reducing crime and reoffending by helping offenders through different interventions and support into work.

A track record of doing things differently together

Across the 3SC there is a strong track record of partnership working and developing new approaches to delivering services: driving efficiencies, savings and greater value; and better services and outcomes for residents. Examples include:

- **joint procurement** – working together as part of SE7 to deliver highways efficiencies and a more competitive market for property asset management and investment; and joint procurement by East Sussex District Councils for a single waste collection contract, saving around £3 million per year.

- **shared functions** – East Sussex and Surrey County Councils working together through a new partnership, Orbis, to deliver a range of shared functions, including finance, procurement, property, IT, HR, legal services, internal audit, payroll and pensions - expected to save residents £8 million annually within four years.

- **shared services** – a pilot shared Youth Offending Team covering East Sussex and West Sussex; a single Fire Control and Mobilising Centre for East Sussex and West Sussex; joint commissioning for domestic abuse and sexual violence services between East Sussex County Council and Brighton & Hove City Council.

- **new approaches** – adopting new ways of generating income and new models for delivering services including: Surrey Choices, established as a local authority trading company providing social care for people with disabilities; and integrating the East Sussex Adult Social Care Living at Home Service with the East Sussex Healthcare Trust Community Rehabilitation and Domiciliary Teams to provide more-timely integrated rehabilitation and reablement services.

- **sharing senior staff** – East Sussex District Councils sharing senior staff and posts; and Surrey County Council's Strategic Director for Customers and Communities

taking on the role of Chief Executive of Mole Valley District Council, improving day-to-day working and saving more than £100,000. Shared procurement functions and management in East Sussex and Surrey.

- **sharing assets** – West Sussex County Council shares accommodation with Horsham District Council, in addition to other public services, delivering significant savings for both and enhancing joint working opportunities.

A TRACK RECORD OF SUCCESS THE TROUBLED FAMILIES PROGRAMME

Across the 3SC area we have had considerable success in turning around the lives of people with complex needs as part of Government's Troubled Families Programme – **3,230 families successfully helped across the area so far.**

This has been achieved through new partnership approaches involving County and District and Borough Councils, schools, health, police and the Voluntary, Community and Faith Sector. This has improved outcomes for individuals and families and benefits the whole system – removing the need for a range of costly interventions from various public sector agencies. The members of the 3SC are part of the expanded second phase of the programme which will **help a further 11,230 families.**

East Sussex achieved its target of turning around the lives of 1,015 families earlier than planned. A further 3,570 families will be helped over the next five years, and it is on target to support a further 757 families in the first year of the extended programme. The Troubled Families model has successfully been integrated into East Sussex's Early Help services and is seen by the Department for Communities and Local Government (DCLG) as an example of transformation good practice.

West Sussex with the seven Districts and Boroughs in an alliance with all of their public sector partners and the Voluntary, Community and Faith Sector achieved their target of turning around the lives of 1,165 families earlier than planned. It is the leading area in England for securing jobs for families, with 665 families with one or more adults now back in work and similar results for reducing anti-social behaviour and improving school attendance. As early starters for phase two, a further 4,060 families will be supported over the next five years. Investment in technology is giving all practitioners secure access to a case management and information system to support multi-agency working.

Surrey has turned around the lives of 1,050 families, with a Team Around the Family approach –with local coordination led by Surrey's 11 Districts and Boroughs supported by other agencies. A further 3,600 families will be supported over the next five years, including support for families with domestic abuse, pre-school children, low income, offenders, mental health, unemployment, adult social care needs, families who frequently visit accident and emergency, and families at risk of homelessness.



3,230
FAMILIES
SUCCESSFULLY
HELPED ACROSS
THE AREA SO FAR

Working Together – the public service transformation programme

As part of the Government's Public Service Transformation Network, Surrey public service partners are taking a collaborative, multi-agency approach to redesigning local services, removing duplication and integrating service delivery, with services focussed around the needs of residents to deliver better outcomes and greater value. This partnership extends across the Surrey public sector and beyond eg Sussex Police, West Sussex County Council, East Sussex Fire and Rescue Service and the South East Coast Ambulance Service NHS Foundation Trust all working on Emergency Services Collaboration.

Transformation projects include:

MENTAL HEALTH CRISIS CARE

This work is establishing safe places for people in mental health crisis, providing better support and avoiding pressures on NHS Accident and Emergency (A&E) departments and detention in police custody. Surrey public services are responding to people in crisis as 'one team' with a defined care pathway,

including a 24-hour telephone line staffed from all public services and a 'buddy' network to provide support in local communities. This has been supported by £1.5 million from the DCLG's Transformation Challenge Award¹⁹.

TRANSFORMING JUSTICE

This work aims to improve the justice system and deliver better quality justice, with increased victim and witness satisfaction, reduced reoffending and reduced demand for criminal justice services. Surrey are developing a pilot for a whole system approach to women in the criminal justice system²⁰.

SYSTEMS LEADERSHIP

Underpinning all the other transformation work is a programme to develop leadership capacity across Surrey public services and a wider organisational development multi-agency support network²¹.

Proposals

We will:

- build on our shared track record of success in collaborating to deliver efficiencies and transform local services;
- share the lessons of what works and identify opportunities to broaden, deepen and extend public service transformation and support whole systems leadership across the 3SC;
- use the strong ties underpinning the 3SC and across both tiers of local government across Sussex and Surrey to extend the benefits of transformation already in place; and
- lead the way nationally on innovative approaches to whole system transformation, providing a template for other areas of the country to adopt.

¹⁹The Mental Health Crisis Care partnership includes Surrey County Council, Surrey's District and Borough councils, Surrey's six Clinical Commissioning Groups, NHS Trusts, Surrey Police, South East Coast Ambulance and Voluntary, Community and Faith Sector.

²⁰The Transforming Justice partnership includes Surrey County Council, Surrey Police, Surrey Police and Crime Commissioner, National Probation Service, HM Courts Service, HM Prison Service, Community Rehabilitation Company, Victim Support, Legal Aid Board and NHS England.

²¹The Systems Leadership partnership includes Surrey County Council, Surrey's Districts and Boroughs, Surrey Police, Surrey and Borders Partnership NHS Trust, North East Hampshire and Farnham CCG, and Surrey Youth Focus.

EMERGENCY SERVICES COLLABORATION

We have been working across the 3SC area over the last two years to co-design how emergency services are delivered and to improve service to the public. Surrey Police, Sussex Police, Surrey Fire and Rescue Service, West Sussex County Council, East Sussex Fire and Rescue Service and the South East Coast Ambulance Service NHS Foundation Trust (SECAMB) have led this work. Collectively these services cover an area of 2,140 square miles and serve 2.7 million residents.

Transformation provides the opportunity for the emergency services partners to work closer together, improving service to the public, reducing costs, increasing resilience, reducing overlap and responding to the changing pattern of demand. The programme would build on initiatives underway, and on which we are already working closely with Government, including:

- **improving contact, control and dispatch** – the programme, with the support of £750,000 from the Home Office Police Innovation Fund, has introduced a new electronic ‘point to point’ information link between Surrey Police and Surrey Fire and Rescue, ensuring the right information is transferred between services faster, allowing

a more coordinated, quicker response. Pilot work is underway to enable SECAMB to join this hub. Surrey and Sussex Police are also exploring the potential steps towards co-location and West Sussex County Fire and Rescue Service and East Sussex Fire and Rescue Service are now operating a combined control and mobilisation centre.

- **joint operational response** – greater collaboration in how each Service responds to incidents, to provide a better more joined up response. SECAMB and Surrey Fire and Rescue Service have worked together to improve fire fighters’ skills. This means fire fighters can provide immediate patient care where they are first on scene in emergencies.
- **joint operational support** – there is an opportunity to explore coordination for the provision of support functions for the operational activity of the emergency services and other Council functions and support services. Work is looking at developing an Integrated Transport Function - such as buying fuel across Surrey and Sussex emergency services - which has been supported by £6 million from DCLG’s Fire Transformation Fund. The Joint Fire Control Centre across Sussex is another example.

- **joint prevention** – community safety activities and support functions are delivered independently. Collaboration would allow a reduction in duplication and cost. For example, frequent callers to the emergency services can tie up resources unnecessarily – one caller contacted emergency services over 2,000 times in a six month period. By working together we can better identify frequent callers and address their needs, as well as improve the response to other emergency callers.

Our devolution ambitions will support and strengthen the collaboration already underway across the 3SC area and provide further opportunities to broaden and deepen this work. This work has the potential to lead the way nationally in how to improve the delivery of emergency services through collaboration.

HEALTH AND SOCIAL CARE INTEGRATION

BACKGROUND

The 3SC area is home to a large number of older residents, many of whom retire to the area from London and the Midlands. Over the next ten years the population is forecast to increase, with more than half (55.8%) over the age of 65. Many will require local authority funded services, projected to cost the 3SC local authorities around £1 billion per year. This poses a significant challenge to both local government and the NHS as numbers grow and individuals' care needs become more complicated.

This growth in demand also challenges the labour market. There is an acute shortage of health and social care workers across the area as lower skilled workers are attracted by opportunities elsewhere, for example at Heathrow and Gatwick Airports and in town centres. Many care homes complain that they are unable to attract quality staff which in turn undermines the overall quality of the care sector across the 3SC area. The NHS faces similar issues, compounded by the lack of affordable housing and the increased use of agency staffing, particularly for nursing roles.

We believe that the best way to tackle these issues is by continuing to work together across health and social care investigating the freedoms and flexibilities devolution may offer, building on innovative locality delivery and commissioning that is already being developed or in place. This will be done on the basis of a strategic understanding of local place and circumstance. We will work together as a system to develop best practice and enabling sub regional approaches where these are appropriate.

Proposals

Building on existing examples of best practice we propose to accelerate progress by continuing collaborative conversations on the following:

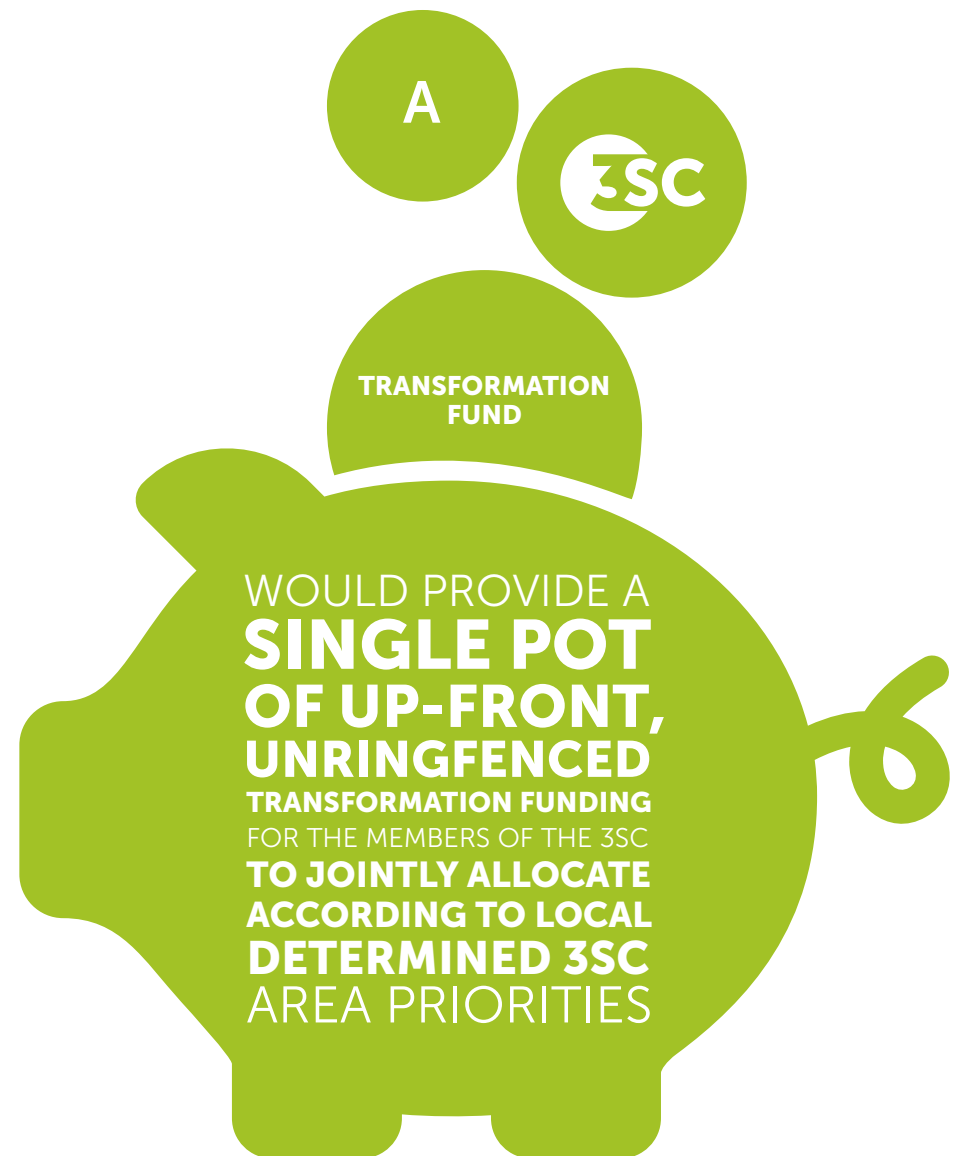
- **joint financial planning and commissioning, building for example, on the Better Care Fund and Vanguard in North East Hampshire and Farnham.**
- **helping people to remain healthy and well through work, for example, on public health and prevention, reducing the demand on statutory services and A & E and invest to save opportunities.**
- **addressing workforce and skills issues.**
- **opportunities around estates and infrastructure.**
- **optimising the use of telecare and telehealth and other exciting advances in digital technology.**
- **developing local outcomes based performance frameworks.**

3SC TRANSFORMATION FUND

Access to additional Government funding, allowing us to ‘invest to save’, has made transformation work across the 3SC possible. A necessary enabler of whole systems change, this has, however, meant time consuming and costly bids to multiple, unaligned competitive funding schemes run by separate Government Departments (eg Transformation Challenge Award, Fire Transformation Fund, Police Innovation Fund, etc) some of which required significant work for little return (eg the DCLG Delivering Differently in Neighbourhoods Fund required a lengthy expression of interest as well as an interview process, with only £90,000 available to each successful applicant). This process distracts from the transformation we are seeking to achieve. The independent Service Transformation Challenge Panel²² also recommended rolling together Government transformation funding.

A 3SC Transformation Fund would provide a single pot of up-front, unringfenced, transformation funding for the members of the 3SC to jointly allocate according to locally determined 3SC area priorities. This would give us the certainty and ability to take the tough decisions and invest in redesigning integrated service provision that better meets the needs of our residents. For example:

- using the Emergency Services Collaboration work as a vanguard for inter-force operability;
- building on the excellent progress in Sussex and Surrey to support individuals and families with complex needs into work; and
- new approaches through digital technology, building services around the customer and seeking opportunities to trial new delivery models, including through the use of 5G (currently being piloted in Surrey).



²²Bolder, Braver and Better: why we need local deals to save public services, November 2014

3SC TRANSFORMATION DIVIDEND

Successful transformation requires confident partnerships that are willing to take tough investment decisions in the expectation of longer term shared benefits and financial returns. For example, a move to early intervention or prevention may require new ways of working or additional investment from one partner, but the benefits and any financial savings may accrue to another. This is particularly true where local transformation results in savings to Government Departments and Agencies (ie as a result of lower welfare costs through supporting people with complex needs into work and helping young people get the skills that local employers need; and finding alternative criminal justice interventions, reducing court, prison and offender management costs and reducing rates of reoffending).

A 3SC Transformation Dividend - an agreement with Government that local transformation resulting in savings to Government Departments and Agencies will also be shared with the 3SC would give confidence and greater certainty for the 3SC to invest in transformation. The additional funding resulting from the 3SC Transformation Dividend would be available to the 3SC Transformation Fund to fund future transformation work.

3SC TRANSFORMATION DEAL

A 3SC Transformation Fund would support identifying and exploring potential for further public service transformation work across the 3SC. Successful transformation will, however, require true collaboration between local and national partners. Just as local partners are committed to working as 'one team' to explore new approaches to delivering better resident outcomes and greater value, so too must Government Departments and Agencies. The cohesiveness and stronger governance that would underpin the 3SC would help achieve this too.

In developing our proposals for further 3SC public service transformation, we would like Government to commit to a 3SC Transformation Deal – a cross Government agreement with the 3SC on how Departments and Agencies will work with us on removing specific barriers to transformation and opportunities to test new and innovative approaches for faster delivery of integrated services. This might include:

- co-location and closer integration of Government teams with local partners;
- decentralising central government decisions to local/regional government teams giving them greater flexibility to make decisions as part of local partnerships;
- better use of central government assets locally to support joint working, transformation or broader economic growth or regeneration plans;
- different approaches to commissioning nationally funded services, to better join up and support local transformation;
- more local flexibility around local structures and governance arrangements, rather than centrally prescribed arrangements that no longer reflect how local services are provided;
- more local flexibility around local budgets to support closer partnership working and shared local priorities, particularly in support of early help and preventative work;
- more local flexibility around public sector workforce policies and strategies to support integration of services;
- new approaches to regulatory and reporting requirements that recognise how local services are now provided through integration and partnership;
- identifying legislation or regulations that are blockers to transformation and developing solutions to overcome them, including information sharing;
- opportunities for digital technology to transform the services provided and how they are delivered and accessed; and
- planning future investment with Government and national agencies such as Highways England, Network Rail, the HCA and the Environment Agency.

04 GOVERNANCE

The 3SC comprises three County and District and Borough Councils. There are 12 CCGs, three LEPs, two police forces and two PCCs, one Combined Fire Authority and the South Downs National Park. All lend their support to the aims and principles of this devolution proposal. We have seen the devolution proposals for Hampshire and Greater Brighton and the 3SC proposal complements and will be developed in close liaison with those to ensure alignment.

GOVERNANCE APPROACH FOR THE 3SC

We are committed to a review of governance and the assessment of options to provide clear democratic accountability and assurance for the delivery of the additional functions and responsibilities that comprise the devolution proposal. The review will examine mechanisms based on the continuation of two tier local government (there being no appetite for unitary status) and equal participation for each council. It will also cover the arrangements needed to facilitate working relations and align aims with Brighton & Hove City Council and Hampshire as they develop their governance models. Formal protocols to support those relations are being settled. Meetings have been held between the two devolution bids to develop a formal concordant with Brighton & Hove which would see the two devolution bids working together on issues like infrastructure. The review will also cover the links with LEPs, CCGs, police and PCCs, Employment and Skills Boards, partnerships with businesses and local neighbourhood committees and Parish and Town Councils, with initial support and engagement already secured.

INVOLVEMENT IN DEVELOPING A NEW STRUCTURE

This first account of the devolution proposal has been endorsed by the Councils and has the support of the other key stakeholders who are all committed to working on the more detailed next phase. We propose to consult our elected Members, residents and stakeholders on an overarching framework for governance which focuses on the principles of accountability and effective decision making through a range of alternative approaches. The consultation will move to a constructive engagement with the key stakeholders - the LEPs, CCGs and neighbouring authorities all of whom have made clear their commitment to that task.

Proposed arrangements will be set out through full constitutional modelling to adequately describe establishment and mandate, decision-making and accountability, overview and scrutiny, appointments, delegations and rules for managing business as well as the options for administrative support.

INITIAL APPROACH TO PRINCIPLES OF GOVERNANCE

The promoting authorities are aware of the complexities of connecting the governance of the authorities while retaining effective local accountability and scrutiny. The preference for as simple a model as can be achieved will need to be balanced against the requirement for systems of assurance and transparency.

All participant authorities will be fully engaged in the development of a governance model designed around equality of influence and respect for community connections.

The established and sound relationships between the 3SC participants and their respective partners and stakeholders as well as with the emerging neighbouring devolution proposals will be reviewed only so as to enhance the benefits of those relationships in light of the 3SC devolution proposition.

Executive responsibilities will be aligned to the key strands of the 3SC areas of joint responsibility and based on collective responsibility.

Overview and scrutiny arrangements will reflect both the need for simplicity and ease of governance while ensuring full accountability across the authorities. Any impact upon County Council Health Overview and Scrutiny Committees will be considered and agreed with CCGs and Health Trusts to avoid confusion or duplication.



DEVOLUTION PROSPECTUS
THREE SOUTHERN COUNTIES

SEPTEMBER 2015

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Council Overview Board 1 March 2017

Task Group Report: Scrutiny in a new environment

Purpose of the report: Policy Development and Review

This report provides an overview of the work undertaken by the Task Group to date.

Introduction

1. At its 6 July 2016 meeting the Council Overview Board considered the current scrutiny set up at the council and its ability to effectively scrutinise new and emerging local government strategies and structures. As a result of discussions at the Board it was decided that a task group should be set up to further investigate the issues around scrutiny in a changing environment.
2. A scoping document outlined the task group's aim to discern whether the Council Overview Board, under current arrangements, is able to effectively scrutinise emerging partnerships, new models of delivery and other developments and whether the existing governance arrangements need to be revised.
3. The Board appointed a group consisting of Zully Grant-Duff (Chairman), Stephen Cooksey, David Harmer and Nick Harrison. The group met three times between November and December 2016.
4. The group reviewed the current provisions for scrutiny under the Council's constitution testing these using their experience as scrutineers on various Scrutiny Boards. The group also gathered evidence from the Chairman of the Council Overview Board and the Director of Legal & Cultural Services at a witness session to complement desktop research on the 'new environment'.
5. Other Local Authorities were reviewed for structural changes to their scrutiny function to facilitate scrutiny of new strategies, however, none were noted. The group do recognise that many Local Authorities now have investment strategies and commercial property investment companies and in time this will provide an evidence base to inform this council's scrutiny procedures. Similarly, learning from scrutiny at councils which are predominately commissioners of services will also inform our future methods. These issues should be the next focus for a Council Overview Board task group in the new Council year.

Current Arrangements and Challenges

6. The Members of the group outlined the areas in which they perceived some doubt about the arrangements for scrutiny and made a number of information

requests which resulted in a guide to the governance and scrutiny of many of the key bodies under the Council Overview Board's remit being produced. This guide is included as Annex 2 to this report.

7. Rules on the access to information for Members is clear and is outlined in Part 2. Articles 2, 3 & 4¹ and the Member – Officer Protocol of the Surrey County Council Constitution. Scrutiny Board Members are entitled to request any information they require in the context of programmed piece of overview and scrutiny work. The board was advised that to have a right of access to confidential papers all scrutiny reviews should be conducted in the context of a forward plan with clear demonstrable outcomes.
8. Access to Part 2 confidential papers is at the discretion of the Authority and is not mandatory. However, as a matter of course Part 2 confidential papers are made available to all members on request.
9. Members will be aware that all Council services fall under the different remits of the five internal Scrutiny Boards and can be scrutinised by the relevant Board.
10. The Task Group learned in regard to LATCs that currently Scrutiny Boards are entitled to receive relevant information in line with the rights outlined in the Freedom of Information Act 2000 and in practice this means the companies' end of year annual reports.
11. The group queried aspects of the Local Authorities (Companies) Order 1995² with the Director of Legal, Cultural & Democratic Services. The group were advised that the various LATCs owned by the Council do fall into the definition of regulated company. In the context of the Council Overview Board a Member's duties are in connection with the roles assigned to the Board in the Council's Constitution.
12. The Council Overview Board has the function of reviewing the performance and holding to account any trading companies established by the Council. Information required should therefore relate to performance, for example the achievement of Key Performance Indicators (KPIs) agreed with the Council, and financial performance. The Council Overview Board, along with other Scrutiny Boards can scrutinise the Shareholder Board in respect of the performance of companies where the Council is the majority shareholder. A line of demarcation may need to be decided with regards to specific LATCs that provide services that fall under the remits of other Scrutiny Boards, for example Surrey Choices and

¹ Surrey County Council Constitution, Part 2 Article 2, 3 & 4 and Member – Officer Protocol (available at: <https://mycouncil.surreycc.gov.uk/documents/s34519/Part%202%20-%20a07%20Scrutiny%20Boards.pdf>)

² The Local Authorities (Companies) Order 1995, Part II REGULATION OF CONTROLLED AND INFLUENCED COMPANIES, Article 7

Provision of information to members of local authority

7.—(1) Subject to paragraph (2), a regulated company shall provide to a member of a relevant authority such information about the affairs of the company as the member reasonably requires for the proper discharge of his duties.

(2) Nothing in this article shall require a company to provide information in breach of any enactment, or of an obligation owed to any person.

Available at: <http://www.legislation.gov.uk/ukSI/1995/849/made> (accessed 14/02/2017).

the Social Care Services. The proviso at 2) of the Regulation applies as do confidentiality requirements that may be imposed on Council Overview Board members in the appropriate circumstances.

13. The Task Group noted that individual scrutiny boards are responsible for scrutiny of services delivered under commissioning arrangements and may call LATC Directors to give evidence in relation to service delivery.
14. The Task Group concluded that the arrangements for scrutiny of Council contracted services by LATCs needed to be joined-up to ensure that service delivery and Council strategy are reviewed as one. Furthermore, the ability to request information and witnesses should apply in the same way to wholly owned Council subsidiaries such as Surrey Choices as it does to in-house services.
15. The Investment Strategy is strongly supported by Members of the Council Overview Board. The Investment Advisory Board (IAB), as a vehicle that facilitates the strategy and based on an analysis of its minutes and reports appears to provide robust analysis of opportunities and facilitate sound decision making. The Task Group was satisfied that further Member involvement at this early stage of investment would not be required and could in fact be problematic given the commercial environment.
16. The Chairman of COB's evidence and the Task Group's review of the IAB's terms of reference did, however, identify gaps. The group were unclear what constituted a significant change to the strategy and would therefore necessitate a Cabinet decision to approve a change in approach. For example, recent evidence from the Cabinet Member for Business Services & Resident Experience at Council Overview Board on 23 November 2016 suggested that there were aspirations to grow the Council's investment portfolio to circa. £2bn. The Group considered this kind of aspiration to require Cabinet approval but the Terms of Reference and the Investment Strategy are not explicit on this matter.

Principles for Future Scrutiny

17. The Constitution already provides a great deal of scope for scrutiny. The methods employed by Members as outlined in the diagram below remain effective. These should be emphasised at induction meetings following next year's election.

<p>Holding the Cabinet to account</p> <ul style="list-style-type: none"> • Call-in powers • Monitoring the performance of the Cabinet Member • Questioning reasons for decisions 	<p>Pre-decision scrutiny</p> <ul style="list-style-type: none"> • Asking key questions What's on the Cabinet Forward plan? Has the right evidence been gathered? Have the right people been consulted? Are the reasons for decisions robust? • Horizon scanning – what's coming up in terms of policy development, national issues or central government legislation and how should we respond?
<p>Performance monitoring</p> <ul style="list-style-type: none"> • Have the decisions made been implemented? How effectively? On time? Did they have the desired impact? • Service Performance • What's the outcome of service delivery for our residents? 	<p>Policy development</p> <ul style="list-style-type: none"> • Working with services to drive improvement • Ensuring value for money • Innovative approaches to developing policy with service: being involved at an early stage.

18. In particular, the group emphasised the importance of pre-decision scrutiny of business cases and on implementation the need for Scrutiny Boards to set up proprietary tracking systems to review service activity against the stated aims of strategies. Thorough review of the regularly published Cabinet Forward Plan and regular liaison meetings between Chairmen, Cabinet Members and Senior Officers are essential to ensure effective and constructive participation of Scrutiny Boards.

19. In the future, coordinated, long-term scrutiny will be increasingly needed as the example of Surrey Choices has demonstrated with the Council Overview Board, Social Care Services Board and the Audit & Governance Committee having all raised concerns about its operation in 2016. What enquiries Scrutiny Boards need to undertake and with whom need to be carefully planned. Echoing the increasing relevance of pre-decision scrutiny, Boards need to conduct timely enquiries i.e. to ask the right questions at the right time, and consider long term overview work as part of their work programmes.

Next steps

- Task Group to meet with the Leader and Chief Executive in late February to test their findings
- Task Group to finalise recommendations for discussion at Council Overview Board on 1 March

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

Report contact: *Ross Pike, Scrutiny Manager*

Contact details: *democratic.services@surreycc.gov.uk*

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

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Scrutiny Board Task and Finish Group Scoping Document

The process for establishing a task and finish group is:

1. The Scrutiny Board identifies a potential topic for a task and finish group
2. The Scrutiny Board Chairman and the Scrutiny Officer complete the scoping template.
3. The Council Overview Board reviews the scoping document
4. The Scrutiny Board agrees membership of the task and finish group.

Review Topic: Scrutiny in a new environment
Scrutiny Board(s): Council Overview Board
<p>Relevant background</p> <p>At its meeting in July 2016 the Council Overview considered a report on the changing financial, policy and decision making landscape of local government and how overview and scrutiny committees must be able to meet the challenges of scrutinising the key issues in this new environment. This was prompted by the challenges experienced by the Board in scrutinising the council's trading companies, the decision making process for property investment and national policy developments.</p> <p>The Board resolved that a Task Group be established with the aim of reviewing the effectiveness of the Council's existing scrutiny arrangements in the light of changes to methods of service delivery.</p>
<p>Why this is a scrutiny item</p> <p>The role and duties of Local Government are evolving at a time of significant funding changes alongside continuing public sector austerity. To meet the challenges of providing services to its residents Surrey County Council is engaged in developing a number of new solutions including partnerships with other public bodies, integration, devolution and commercial activity.</p>
<p>What question is the task group aiming to answer?</p> <p>What are the current arrangements for scrutiny of New Models of Delivery, Orbis, LATCs, Investment Advisory Board, Shareholder Board and the Local Enterprise Partnership?</p> <p>Are these arrangements suitable for effective scrutiny?</p>
<p>Aim</p> <p>Answer whether the Council Overview Board, under current conditions, is able to effectively scrutinise emerging partnerships, new models of delivery and other developments and whether the existing governance arrangements need to be revised.</p>

Objectives

What are the current arrangements?
 What are the challenges and barriers inherent in these arrangements to effective scrutiny of evolving Local Government policies?
 How can scrutiny of these policies and services be done in the future?

Scope (within / out of)**In**

New Models of Delivery, Orbis, LATCs, Investment Advisory Board, Shareholder Board, Local Enterprise Partnership.

Out

The services under the exclusive remit of the council's other Scrutiny Boards. The Police and Crime Panel and Wellbeing and Health Scrutiny Board's operate under specific regulations which will not be considered.

Outcomes for Surrey / Benefits

Which corporate priority will this review support or deliver? Which failing KPI's will this review look to address?

Resident Experience - "Residents in Surrey experience public services that are easy to use, responsive and value for money."

Proposed work plan

It is important to clearly allocate who is responsible for the work, to ensure that Members and officers can plan the resources needed to support the task group.

Timescale	Task	Responsible
October/ November	Review the partnerships, new models of delivery and other new arrangements the council has entered into and their individual governance arrangements	Task Group / Scrutiny Officer
November/ December	Identify arrangements which present cause for concern. Raise these concerns with responsible officers.	Task Group / Scrutiny Officer/ Senior Officers
January/ February	Present findings from witness sessions and formulate recommendations as necessary.	Task Group / Scrutiny Officer

Witnesses**Internal:**

David McNulty, Ann Charlton, Sheila Little, John Stebbings, Susan Smyth, Liz Lawrence, Rachel Crossley.

Leader, Deputy Leader, Cabinet Member for Business Services and Resident Experience.

External:

LATC Directors, Other Local Authority (including East Sussex County Council Members), LGA, Centre for Public Scrutiny.

Useful Documents

Item 08 Scrutiny in a New Environment.doc



CfPS-Devolution-Paper-v4-WEB-new.pdf

Potential barriers to success

Access to documents, external witnesses.

Officer time.

Equalities implications

N/A

Task Group Members	Zully Grant-Duff, Nick Harrison, Stephen Cooksey, David Harmer
Co-opted Members	
Spokesman for the Group	Steve Cosser
Scrutiny Officer/s	Ross Pike

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LOCAL AUTHORITY TRADING COMPANIES (e.g. Surrey Choices) – wholly or partially owned by the Council to deliver services, income and other benefits such as economic regeneration within the scope of the report as submitted to Cabinet for approval.

Current companies

- Surrey Choices (wholly owned)
- SE Business Services (wholly owned)
- Halsey Garton Property (wholly owned)
- Bandstand Square Developments (partially)
- Babcock 4S (partially)
- TRICS Consortium (partially)
- FutureGov (partially)
- Municipal Bonds Agency (minority)

Shareholder Board

- Leader
- Deputy Leader
- Cabinet Member for Business Services & Resident Experience
- Chief Executive

Advisers

- Deputy Chief Executive
- Director of Finance (s151)
- Director of Legal & Cultural Services (Monitoring Officer)
- Strategic Finance Manager (Secretary to the Board)

Governance

Cabinet – takes the decision to create or invest in a trading company based on a business case. These decision are subject to the normal council scrutiny processes.

Shareholder Board –responsible for taking decisions on behalf of the council where these are of a more strategic nature. Its specific reserved powers are outlined in each of the companies' Articles of Association. Approves annual business plans

LATC Directors – control of the day-to-day operation of the company (something that the council cannot do)

Service Commissioners – monitor and evaluate the performance and quality of commissioned services provided on behalf of SCC by a LATC (commissioner – provider relationship)

Audit & Governance Committee receives audit reports for the companies 100% owned by the Council.

Scrutiny

Council Overview Board can scrutinise the Shareholder Board in respect of the performance of the Companies, including end of year accounts, for which the Council is the majority shareholder. It may also review the performance of and hold to account any trading companies established by the County Council.¹

¹ Part 2, Article 7, Constitution of Surrey County Council, May 2015

Individual Scrutiny Boards are able to call the directors of the LATC to account for the quality and ability of the LATC to deliver those statutory services it has been commissioned to provide.

Service Scrutiny Boards may also review the performance management systems of the services within their remit which may include the contract monitoring of an LATC e.g. Adult Social Care's commissioning of Surrey Choices.

INVESTMENT STRATEGY (e.g. Property Investment)

Investment Advisory Board (IAB)

Members:

- Leader
- Deputy Leader
- Cabinet Member for Business Services & Resident Experience
- Cabinet Member for Adult Social Care
- Cabinet Associate for Assets & Regeneration
- Chief Executive

Advisers:

- Director of Finance (s151 Officer)
- Director of Legal & Cultural Services (Monitoring Officer)
- Chief Property Officer
- Strategic Finance Manager (Board Secretary)

The IAB is responsible for providing appropriate evaluation of opportunities (including business cases), prior to Cabinet approval and for the strategic management of the overall portfolio of investments consistent with the aims of the Investment Strategy. The IAB will also regularly review actual outcomes of each investment.

Scrutiny

Currently, the Chairman of COB receives, on request, copies of the minutes and reports of the IAB as part of a recommendation made by COB in June 2016.

Following any recommendation made by the IAB to Cabinet to acquire a property this decision becomes subject to the normal council scrutiny processes.

INVESTMENT PANEL (all large revenue and capital decisions)

Membership

Director of Finance (chair)

Chief Property Officer

Chief Internal Auditor

Head of IT & Digital

Two front line service directorate representatives drawn from Council Performance Team (CPT)

Purpose

The Panel is an officer panel that supports and assures the cabinet in making decisions on capital and large revenue investments. The panel scrutinises and reviews business cases for capital schemes and *Invest to Save* proposals with the aim of ensuring robust business cases support project proposals, so ensuring value for money.

If the business cases are to be added to the next five year capital programme they must be first approved by the Capital Working Group. This must be prepared and submitted in the autumn, during budget setting, prior to Full Council approving the five year medium term financial plan (MTFP) in February. To join the in-year programme business cases for consideration by the Capital Working Group and approval by Cabinet on an individual basis.

Once Cabinet has included a scheme in the capital programme, a business case must go to the Investment Panel before Cabinet considers a report to approve an option and commence the project.

The Director of Finance may also approve shorter business cases for capital or *Invest to Save* schemes below £100,000. Any capital or *Invest to Save* scheme over £100,000 in value needs a business case for Investment Panel to agree.

Scrutiny

Business cases considered by the Investment Panel and added to the capital programme are added to the Cabinet Forward Plan and are then subject to normal scrutiny processes by the relevant Scrutiny Board.

JOINT PUBLIC PARTNERSHIPS

ORBIS²

Surrey County Council, East Sussex County Council and Brighton & Hove City Council have entered into a partnership to create an integrated business services organisation that will provide Human Resources and Organisational Development, Property Services, Technology & Information, Procurement, Finance and Business Operations.

Governance

Cabinet(s) retains responsibility for setting the budget for Orbis, agreeing entry of new partners to Orbis.

The Orbis Joint Committee has delegated powers to oversee the delivery of the Orbis services, approve its business plan and performance measures. It may also make recommend proposals to meet the Orbis budget set by the respective councils.

Arrangements are underpinned by an Inter-Authority Agreement.

Scrutiny

The Council Overview Board may review the performance of Orbis and make recommendations to the Surrey County Council Cabinet. It has a role in coordinating scrutiny of Orbis with its equivalent committee at East Sussex County Council – Audit & Best Value.

ORBIS PUBLIC LAW

Orbis Public Law is a new partnership between the legal services of Brighton & Hove City Council, East Sussex County Council, Surrey County Council and West Sussex County Council. The team provides local government expertise and can assist with matters relating to all areas of law.

Governance

Decision making is delegated to the Orbis Public Law Joint Committee as per part 3 of the constitution. There is one member per constituent authority. The Orbis Public Law Joint Committee oversees the delivery of the services delivered jointly through the Orbis Public Law partnership of the Councils ('OPL'). It can recommend proposals to meet the annual budget for OPL, set by each of the Councils. Approve the OPL Business Plan and performance measures. Monitor the OPL Business Plan and performance of OPL and make recommendations to the constituent authorities regarding revisions to the Terms of Reference of the Orbis Public Law Joint Committee.

² Surrey County Council, Cabinet papers, <https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CId=462&MId=4848&Ver=4> (28/09/2015).

Scrutiny

The Council Overview Board may review the delivery of Orbis Public Law and make recommendations to the Surrey County Council Cabinet. Decisions could also be called-in by Council Overview Board.

TRADING STANDARDS SERVICE³

This is a joint trading standards service comprising SCC and Bucks CC hosted by SCC and is overseen by a joint committee.

Governance

Cabinet retains responsibility for deciding to permit new organisations to join the partnership and determine the membership of the Joint Committee.

Buckinghamshire County Council & Surrey County Council Joint Trading Standards Service Committee has delegated executive powers from both Councils formerly discharged by the previous Trading Standards Services such as agreeing performance measures, budget and service variations.

Arrangements are underpinned by an Inter-Authority Agreement.

Scrutiny

The Resident Experience Board may scrutinise the performance and quality of the Trading Standards Service.

SURREY WASTE PARTNERSHIP

This partnership sets targets for recycling, reducing and managing waste in the most sustainable and cost-effective way. The partnership has no powers or delegated authority from Surrey's local authorities.

The strategy is managed by the Surrey Waste Partnership which is made up of:

- The 11 borough and district councils who are responsible for collecting household waste.
- Surrey County Council who is responsible for disposing of this waste.

Governance

³ Surrey County Council, Cabinet papers, <https://mycouncil.surreycc.gov.uk/ielIssueDetails.aspx?IId=11241&PlanId=0&Opt=3#A17740> (21/10/2014).

Currently there is a two tier system of decision making which reflects the split in roles and responsibilities between the County Council and the Districts & Boroughs.

Scrutiny

The Economic Prosperity, Highways and Environment Board may scrutinise the delivery of the waste strategy and has a reference group tracking the proposals for a new single approach to waste in Surrey which is scheduled for a Cabinet decision in December 2016.

LOCAL ENTERPRISE PARTNERSHIPS (Enterprise M3⁴ & Coast to Capital⁵)

Governance

These strategic partnerships are voluntary and aim to drive economic and employment growth.

The Department for Communities and Local Government sets flexible requirements and standards for discharging of Local Growth Funds through Local Enterprise Funds' Growth Deals but does not set the structure of the LEP.

Locally the two LEPs have assurance frameworks and are overseen by a Board with membership drawn from the private and public sector of that area. These both in practice operate differently.

In Surrey the Leader is on the Board of Coast to Capital and the Deputy Leader on Enterprise M3. These Boards are responsible for the oversight of the LEP and its strategic direction, financial probity, supervising activity and ensuring accountability. The reports and minutes of the Boards are public unless they are confidential and published on the LEPs websites.

Coast to Coast operates a Board structure as above, M3 adds a Joint Leaders Board drawn from the leaders of all 16 local authorities plus their Chief Executive to further strengthen governance and help deliver the strategic economic plan.

Scrutiny

COB can hold the Leader and Deputy Leader to account through scrutiny of their portfolio. They could be questioned on their roles on the LEP Boards and what they have achieved. The bids for funding from the Growth Fund are approved by Cabinet and could be part of scrutiny undertaken by the Economic Prosperity, Environment and Highways Board who could also review the impact of these bids.

⁴ <https://www.enterprisem3.org.uk/the-board>

⁵ <http://www.coast2capital.org.uk/about-us/coast-to-capital-board.html>

OTHER STATUTORY & NON-STATUTORY PARTNERSHIPS

Statutory Safeguarding Boards

These boards have strategic roles and are made up of statutory partners from the local authority, health and the police among others.

Section 13 of the Children Act 2004 requires each local authority to establish a Local Safeguarding Children Board (LSCB) for their area and specifies the organisations and individuals (other than the local authority) that should be represented on LSCBs. In order to provide effective scrutiny, the LSCB should be independent. It should not be subordinate to, nor subsumed within, other local structures. The Chief Executive appoints an independent Chair and holds them to account.

The Care Act 2014 made Safeguarding Adults Board statutory though Surrey had long operated a Board. The guidance in this case states that although it is not a requirement, the local authority should consider appointing an independent chair to the SAB who is not an employee or a member of an agency that is a member of the SAB.

Annual reports are submitted to the local authority chief executive and leader are considered by the Cabinet and Scrutiny Boards as appropriate.

Corporate Parenting Board⁶

Forms part of the governance structure of Children's Services so its effectiveness could be reviewed by the Social Care Services Board which already receives the annual corporate parenting report and strategy.

Health and Social Care Integration

The latest phase of health and social care integration in England is the Sustainability and Transformation Plan (STP). There are three plans which affect Surrey:

- Surrey Heartlands (contained within local authority boundaries)
- Sussex and East Surrey (includes East & West Sussex County Councils and Brighton & Hove City Council)
- Frimley (includes Berks, Hants, Bracknell Forest, Windsor & Maidenhead and Slough)

These are NHS operational plans, though there is an expectation of Local Authority engagement and involvement.

Governance

⁶ http://snet.surreycc.gov.uk/snet/snetpages.nsf/LookupWebPagesByTITLE_RTF/Corporate+parenting+board+--+latest+news+and+events?opendocument

Each STP has a lead accountable officer.

Governance arrangements for the STPs are not defined in regulations or statute. Department of Health guidance does articulate that the STP is a joint plan across sovereign organisations, and does not replace individual organisation governance arrangements.

Surrey Heartlands has established a Committee-in-Common to agree its plan. Cabinet delegated authority to the Cabinet Member for Health and Wellbeing, Chief Executive and Strategic Director for Adult Social Care and Public Health to act as Council representatives for this Committee-in-Common.

Cabinet delegated authority to the Chief Executive, in consultation with the Leader of the Council and Cabinet Member for Wellbeing and Health, to sign off the Frimley Health and Care and Sussex and East Surrey Sustainability and Transformation Plan submissions and associated delivery plans on behalf of the Council through its membership of the relevant Sustainability and Transformation Plan Transformation / Programme Boards.

Engagement with the other STP footprints has been varied and formal arrangements are still in the process of being defined.

Scrutiny

The model for scrutiny is currently under development with the Council's Wellbeing and Health Scrutiny Board seeking a formal regional approach to retain oversight of the plans.

3SC

Devolution falls under the current remit of COB.

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TERMS OF REFERENCE

Overview

The Investment Advisory Board will recommend investments to Cabinet for approval and will manage the portfolio of investments.

Membership

- | | |
|--|---------------|
| • Leader of the Council (Chairman) | David Hodge |
| • Deputy Leader of the Council | Peter Martin |
| • Cabinet Member for Business Services | Denise Le Gal |
| • Associate Cabinet Member for Assets and Regeneration | Tony Samuels |
| • Cabinet Member for Adult Social Care | Mel Few |
| • Chief Executive | David McNulty |

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

- | | |
|--|----------------|
| • Director of Finance | Sheila Little |
| • Director of Legal & Democratic & Cultural Services | Ann Charlton |
| • Chief Property Officer | John Stebbings |
| • Secretary to the Board | Susan Smyth |

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

Purpose

1. The Investment Advisory 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. Appropriate investments will be recommended to Cabinet for approval.

2. Each investment considered by the Investment Advisory 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 Advisory Board will be responsible for 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.
4. The Investment Advisory 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.
5. The Investment Advisory 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.

Scope

6. The Investment Advisory 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.
7. The Investment Advisory 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

8. The Investment Advisory 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

9. The Investment Advisory 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.

10. The quorum for the Board is a minimum of 3 members, with one being the Leader or Deputy Leader.

11. 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, Strategic Finance Manager, will act as secretary to the Board.

12. The Investment Advisory Board will review the Terms of Reference annually.

Date of Last Review 21.03.2016

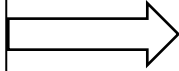
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Property Investment

Identification:

Officers gather market intelligence to identify opportunities or are approached directly by the market.

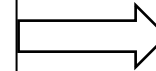
If the opportunity meets the Investment Strategy aims and criteria a business case is developed and submitted to the Investment Advisory Board (IAB) for consideration.



Review:

The IAB is responsible for the review and evaluation of opportunities for risk and reward.

The vehicle for asset purchase or development opportunity will either be the Council itself or, if for the purposes of investment, the wholly owned trading company Halsey Garton.



Acquisition:

Depending on its analysis the IAB will recommend an acquisition to the Cabinet.

Property acquisitions are added to the Cabinet Forward Plan and considered in Part 2. A decision to proceed or not is taken at the appropriate Cabinet meeting. Officers are instructed.

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