

Cabinet

**Date & time**

Tuesday, 26 June
2018 at 2.00 pm

Place

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

Contact

Vicky Hibbert or Angela
Guest
Room 122, County Hall
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Chief Executive

Joanna Killian



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

Deputy Cabinet Members: Miss Alison Griffiths, Mr Jeff Harris, Mr Cameron McIntosh and Ms Charlotte Morley

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This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Vicky Hibbert or Angela Guest on 020 8541 9229 or 020 8541 9075.

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If you have any queries regarding this, please contact the representative of Legal and Democratic Services at the meeting

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING: 29 MAY 2018

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

3 DECLARATIONS OF INTEREST

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter

- (i) Any disclosable pecuniary interests and / or
- (ii) Other interests arising under the Code of Conduct in respect of any item(s) of business being considered at this meeting

NOTES:

- Members are reminded that they must not participate in any item where they have a disclosable pecuniary interest
- As well as an interest of the Member, this includes any interest, of which the Member is aware, that relates to the Member's spouse or civil partner (or any person with whom the Member is living as a spouse or civil partner)
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

4 PROCEDURAL MATTERS

a Members' Questions

- (i) The deadline for Member's questions is 12pm four working days before the meeting (*20 June 2018*).

b Public Questions

The deadline for public questions is seven days before the meeting (*19 June 2018*).

c Petitions

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

d Representations received on reports to be considered in private

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

- 5** **REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL** (Pages 1 - 2)

There is one report from the previous Communities Select Committee, that was deferred from April 2018, for Cabinet to consider.

- 6** **LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS/ INVESTMENT BOARD TAKEN SINCE THE LAST CABINET MEETING** (Pages 3 - 8)

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

CORPORATE PRIORITIES: 2. ECONOMIC PROSPERITY

- 7** **SURREY COUNTY COUNCIL PUBLIC BUS CONTRACT RE-TENDERING 2018** (Pages 9 - 16)

Surrey County Council is responsible for sourcing sustainable, safe, secure and reliable local bus services as defined by the Transport Acts 1985 and 2000.

There are currently 185 bus services operating in Surrey and the County Council gives some financial support to around 75%. This report seeks to award fifteen contracts to six operators, for the provision of 21 Public Bus Services. The current contracts which expire on 1 September 2018 have been retendered and if awarded will commence from 2 September 2018.

N.B. There is a Part 2 annex to this report – item 13

[Decisions on this item can be called in by the Corporate Overview Select Committee or the Environment Select Committee]

- 8** **INVESTMENT BOARD ANNUAL REPORT** (Pages 17 - 46)

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

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

N.B. There is a Part 2 annex to this report – item 14.

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

9 MONTHLY BUDGET MONITORING REPORT

(Pages
47 - 52)

This report presents the council's financial position for 2018/19 at the end of May 2018, including financial year end projections for the capital and revenue budgets. It highlights indications of material or significant variances to Medium Term Financial Plan (MTFP) assumptions, as well as emerging issues, risks, areas of concern and proposed actions to resolve them.

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

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

CORPORATE PRIORITIES: 3. RESIDENT EXPERIENCE

10 FORMATION OF GUILDFORD JOINT COMMITTEE

(Pages
53 - 80)

Building on the positive partnership working between Surrey County Council (SCC) and Guildford Borough Council (GBC), it is proposed to create a Joint Committee in place of the current SCC Guildford Local Committee. SCC Cabinet (and full Council) approval is now sought to establish the Joint Committee. As part of this process, approval is also being sought from the GBC Executive (and full Council). If approved by both councils, the Joint Committee will be in place from 19 September 2018, when it will hold its first meeting.

11 SURREY PERFORMING ARTS LIBRARY - FUTURE ARRANGEMENTS

(Pages
81 - 86)

The Surrey Performing Arts Library (SPAL) helps support the cultural life of the county by bringing together a wide range of material on all aspects of performing arts, including the loan of multiple sets of music and drama items borrowed by groups. In order to ensure the long term sustainability of the collection, a review, including extensive public consultation, of how the collections are managed has been carried out.

Arising from this, discussions have been initiated with a group, established as a charity, ('NewSPAL') around the potential user and service benefits that could accrue were the collections to be transferred to them.

Both music and drama collections are currently housed at Denbies in Dorking. To ensure the effectiveness, coherence and continuity of the service, the collection is to be relocated to Ewell Library where the collections will be within the main library system.

[The decisions on this item can be called in by the Adults & Lifelong Learning Select Committee]

12 EXCLUSION OF THE PUBLIC

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

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

13 SURREY COUNTY COUNCIL PUBLIC BUS CONTRACT RE-TENDERING 2018

(Pages
87 - 92)

This is the Part 2 annex relating to item 7.

Exempt: Not for publication under Paragraph 3

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

[Decisions on this item can be called in by the Corporate Overview Select Committee or the Environment Select Committee]

14 INVESTMENT BOARD ANNUAL REPORT

(Pages
93 - 104)

This is the Part 2 annex relating to item 8.

Exempt: Not for publication under Paragraph 3

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

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

15 PUBLICITY FOR PART 2 ITEMS

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

Joanna Killian
Chief Executive
Monday, 18 June 2018

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

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

Please note:

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

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

Those attending for the purpose of reporting on the meeting may use social media or mobile devices in silent mode to send electronic messages about the progress of the public parts of the meeting. To support this, County Hall has wifi available for visitors – please ask at reception for details.

Anyone is permitted to film, record or take photographs at council meetings. Please liaise with the council officer listed in the agenda prior to the start of the meeting so that those attending the meeting can be made aware of any filming taking place.

Use of mobile devices, including for the purpose of recording or filming a meeting, is subject to no interruptions, distractions or interference being caused to the PA or Induction Loop systems, or any general disturbance to proceedings. The Chairman may ask for mobile devices to be switched off in these circumstances.

It is requested that if you are not using your mobile device for any of the activities outlined above, it be switched off or placed in silent mode during the meeting to prevent interruptions and interference with PA and Induction Loop systems.

Thank you for your co-operation

Cabinet, 26 June 2018 – Item 5**COMMUNITIES SELECT COMMITTEE****Item under consideration: Surrey Performing Arts Library – Update on Development of Options for the Future****Date Considered: 08 February 2018**

1. At its meeting on 08 February 2018 the Communities Select Committee considered a report detailing options for the future of Surrey Performing Arts Library. This was the second time the Select Committee had considered a report on its future having previously reviewed the Service at its meeting on 7 November 2017. At this first meeting, officers were asked to establish a forum with user group representatives to review proposals for achieving the £180,000 saving required from the Surrey Performing Arts Library as outlined in the Medium Term Financial Plan (MTFP). The Committee further recommended that officers consider other opportunities for reducing the cost of the Surrey Performing Arts Library such as exploring the introduction of a more efficient IT system and reducing the financial burden of the Inter Library Loan System.
2. The report considered by the Communities Select Committee on 08 February 2018 provided Members with an update on progress against recommendations considered at its previous meeting including detail on work undertaken to advance the options available for the future of Surrey Performing Arts Library. The report also contained an additional proposal which suggested that control of the performing arts library be transferred to a Charitable Incorporated Organisation called NewSPAL which had been established by user group representatives.
3. Select Committee Members recognised the challenging financial position that Surrey County Council finds itself in and highlighted the importance of achieving the £180,000 saving required by the MTFP. Members also, however, acknowledged concerns from service users that it was important for the separate music and drama collections to remain together to ensure that Surrey Performing Arts Library retained its distinct identity.
4. The Communities Select Committee had concerns with the business plan which had been put forward by NewSPAL, specifically relating to the subsidies that would be required to support NewSPAL over its first two years of operation while also drawing attention to the risks associated with the failure of NewSPAL to become a financially viable CIO. Members were, however, impressed with the amount of work which user group representatives had undertaken to create another option for the future of Surrey Performing Arts Library and were encouraged by the clear enthusiasm for the service among residents which Members believed would be key in the success of NewSPAL.
5. Members supported Option 1 for the future of Surrey Performing Arts Library whereby the collection would be housed within the existing library network. The Select Committee included a caveat to their support for Option 1 which stated that the entirety of the separate music and drama collections be kept together in a single library. The Select Committee also felt that NewSPAL should be given the chance to develop its business model for running the performing arts library over the next year with a view to taking over the future running of the service within a year if the CIO can demonstrate that its business model is financially viable.

Recommendations:

The Communities Select Committee:

- i. recommends that Surrey County Council implements Option 1 while the Charitable Incorporated Organisation (CIO) develops its proposals for funding and business model for taking over the running of Surrey Performing Arts Library on the condition that the entirety of the separate music and drama collections are kept together; and
- ii. supports, in principle, NewSPAL taking over the collection provided that the future of the collection is secure for the residents with the CIO.

Rachael I. Lake
Chairman of the Communities Select Committee

SURREY COUNTY COUNCIL**CABINET****DATE:** 26 JUNE 2018**REPORT OF:** N/A**LEAD OFFICER:** RACHEL CROSSLEY, ASSISTANT DIRECTOR (CHIEF OF STAFF)**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER DECISIONS/
INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST
CABINET MEETING**SUMMARY OF ISSUE:**

To note the delegated decisions taken since the last meeting of the Cabinet.

RECOMMENDATIONS:

It is recommended that the Cabinet note the decisions taken by Cabinet Members / Investment Board since the last meeting as set out in Annex 1.

REASON FOR RECOMMENDATIONS:

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

DETAILS:

1. The Leader has delegated responsibility for certain executive functions to the Deputy Leader and individual Cabinet Members, and reserved some functions to himself. These are set out in Table 2 in the Council's Scheme of Delegation.
2. The Leader has also delegated authority to the Investment Board to approve property investment acquisitions, property investment management expenditure, property investment disposals and the provision of finance to its wholly owned property company, Halsey Garton Property Ltd.
3. Delegated decisions are scheduled to be taken on a monthly basis and will be reported to the next available Cabinet meeting for information.
4. **Annex 1** lists the details of decisions taken by Cabinet Members since the last Cabinet meeting.

Contact Officer:

Angela Guest, Democratic Services Officer, Tel: 020 8541 9075

Annexes:

Annex 1 – List of Cabinet Member Decisions

Sources/background papers: Agenda and decision sheets from the Cabinet Member meetings (available on the Council's website)

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**CABINET MEMBER DECISIONS
JUNE 2018**

CABINET LEAD MEMBER FOR PLACE

(i) Petitions

Details of decision:

That the response, attached as Appendix 1, be approved

Reasons for decision:

To respond to the petition.

(Decision taken by the Cabinet Lead Member for Place – 5 June 2018)

Cabinet Lead Member for Place Decisions

5 June 2018

RESPONSE TO PETITION REGARDING STREET LIGHTING – PART NIGHT LIGHTING:

Get the street lights turned back on urgently.

Since Surrey County Council turned the street lights off in March 2017, crime statistics show that crime has risen dramatically by 35.5% between the hours of midnight and 05:00am as a direct result. Cllr Hodge has been provided with these statistics. Surrey County Council, by continuing to keep street lighting off, is not demonstrating a duty of care to Surrey residents. Get the street lights turned back on with immediate effect.

Submitted by: Mr John Lazenby
Signatures: 645

Response:

Surrey County Council (SCC) is facing significant financial pressures and as with other public sector organisations is having to explore all opportunities to generate savings to manage its budget. Switching street lights off in some residential areas is one of these initiatives which is expected to save in excess of £210k per annum and will also deliver CO2 savings.

We would like to confirm that we take the safety of our residents very seriously which is why we have worked very closely with the police when delivering this scheme and why over 400 roads were left on which meant that almost 4800 lights that were originally proposed to be switched off were removed on the advice of the police and our own road safety team.

The decision to implement Part Night Lighting (PNL) was not taken lightly and prior to implementation SCC worked closely with the police and has continued to do so. Where issues were identified and requests from the police have been received for lights to be turned on these have been accommodated.

PNL was originally introduced between 12 midnight and 5am. Following concerns raised by residents, particularly shift workers and those in the hospitality industry, the street lights were kept on for an hour longer.

Many other authorities have introduced similar part night lighting schemes successfully, without adverse effects and have made significant savings. With rising energy costs and reduced budgets these types of changes to street lighting are becoming more common. Independent academic research carried out by the London School of Hygiene and Tropical Medicine found no link between street lights being dimmed or switched off and any increase in road accidents or crime.

The Cabinet paper which can be found on the Council's website acknowledges that turning off lights may affect people's fear of crime and/or have an effect on road safety. This has been taken into account where possible by the introduction of the PNL Avoidance Criteria and input from crime reduction and road safety professionals.

Surrey Police undertook some initial analysis, which showed there was no correlation between crime and street lights being turned off. The Police Crime Commissioner (PCC) has recently published a further report into 'Acquisitive Crime & Part Night Lighting' which can be found on their website www.surrey-pcc.gov.uk. The report does recognise that there has been an increase in acquisitive crime (theft, burglary and vehicle crime) in Surrey but this is not consistent across the county and similar patterns have been experienced nationally that suggests the implementation of a PNL program may not necessarily be the sole cause of the increase. Displacement of offenders from London boroughs into Surrey, particularly those which neighbour Surrey may also have an impact.

It is important to note that for Surrey, increases in overall acquisitive crime began before the implementation of the PNL programme and increases have been replicated by other police force areas which haven't had changes to street lighting. Although there has been an increase in recorded crime Surrey remains one of the safest counties in the country.

There may of course may be local issues and pockets of crime and we will continue to work with the police to address these and if requested by them, we will turn the lights back on in individual streets or areas where they have a criminal element operating.

With regard to the figures provided with and in support of the petition and the analysis of them, council Officers have reviewed the analysis of the information provided by Surrey Police and we dispute the interpretation of the information. It is generally accepted the data provided by Surrey Police is accurate, however there are a number of inconsistencies between these data and those presented in the petitioner's analysis.

In the petitioner's analysis, it was noted that there has been an overall increase in crime but this does not appear to have been factored into the calculations. These figures are taken out of context and it is not possible to draw valid conclusions without considering the overall changes the petitioners observed.

Using the data provided, it can be shown that there has actually been an overall decrease in crime committed between midnight and 5am (i.e. in 2016, 14.6% of crime occurred between midnight and 5am and this reduced to 14.1% in 2017).

Totals	Figure	Figure 12pm to 5am	Figure from 12pm to 5am (as % of total)
Totals 2015:	23538	3278	13.9%
Totals 2016:	24180	3528	14.6%
Totals 2017:	30529	4307	14.1%

The data provided appears to include all crime with no consideration as to whether street lighting could reasonably be considered to have an impact. Furthermore, not all areas within the Districts/Boroughs are affected by part night lighting (e.g. lights on 'traffic routes' are on all night). It is therefore not possible to draw any valid conclusions without separating this data.

It is also not possible to draw any conclusions about increases in criminality at this stage because the data is not available in sufficient detail. It is our intention to review crime data with Surrey Police when it is available to try and identify if there have been any actual changes as a result of implementing part night lighting. Even with support of the police each case is considered individually and there is no guarantee any change will be made

There are many complex issues that need to be considered when analysing patterns of crime, simply looking at County or District level data will not produce any useful or actionable information. We would however like to reconfirm that Surrey County Council will continue to work closely with Surrey Police to try and identify if there have been any actual changes as a result of the part night lighting policy.

At this time SCC does not intend to turn the lights back on.

Colin Kemp
Cabinet Lead Member for Place
5 June 2018

SURREY COUNTY COUNCIL**CABINET****DATE: 26 JUNE 2018****REPORT OF: MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT****MRS HELYN CLACK, CABINET LEAD MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: ROSS DUGUID ASSISTANT DIRECTOR, PROCUREMENT AND COMMISSIONING****SUBJECT: SURREY COUNTY COUNCIL PUBLIC BUS CONTRACT RETENDERING 2018****SUMMARY OF ISSUE:**

Surrey County Council is responsible for sourcing sustainable, safe, secure and reliable local bus services as defined by the Transport Acts 1985 and 2000. These services enable residents to access employment, education, medical appointments, essential food shopping and other key services.

There are currently 185 bus services operating in Surrey and the County Council gives some financial support to around 75%. This report seeks to award fifteen contracts to six operators, for the provision of 21 Public Bus Services.

The current contracts which expire on 1 September 2018 have been retendered and if awarded will commence from 2 September 2018.

Overall, these proposals seek to maintain the existing network of bus provision, with some amendments proposed in certain areas.

RECOMMENDATIONS:

It is recommended that:

1. the background information set out in this report be noted: and
2. following consideration of the results of the procurement process in Part 2 of the meeting, the award of contracts to the following six operators be agreed:- BETC, Cardinal Buses, C E Jeatt & Son(White Bus), Edward Thomas, Metrobus and Southdown. The contract length will be three years with the option to extend up to a maximum of eight years as permitted by the 1985 Transport Act (as amended by s.70 Local Transport Act 2008). The total annual value of these contracts will be £1.037m (net of developer funding contribution for one route). Please refer to Table 1:

REASON FOR RECOMMENDATIONS:

This recommendation will enable SCC to achieve:

- A net full year saving of £0.125m compared to the previous aggregated cost of the routes.
- A robust bus network delivery of essential public transport to residents of Surrey.
- Services delivered by operators who are reputable and meet the Council's minimum level of quality.
- Funding arrangements with operators that are sustainable.
- More services being delivered using lower emission Euro VI vehicles.

Ensuring the Council complies with the Procurement Standing Orders (PSO), requiring Cabinet approval for those contracts that reach a specified value.

Table 1 below shows the services tendered:

<i>Service Number:</i>	<i>Days of Operation</i>	<i>Route Name:</i>
48,500	48 M-F 500 M-Sat	48 - Woking-Knaphill-Frimley Green-Frimley Park Hospital 500 - Frimley Park Hospital-Bagshot-Lightwater-Sunningdale-Virginia Water-Staines
656	Schooldays	Sunbury-Shepperton-Staines-Strodes College
32 (sun)	Sun	Guildford-Chilworth-Shere-Abinger Hammer-Dorking-Strood Green (Sundays)
862	Schooldays	Oxshott-Cobham-Therfield School
85	Schooldays	Ash-Mytchett-Frimley Green-Heatherside-Collingwood College
437	M-Sat	Woking-Maybury-Pyrford-West Byfleet-Brooklands
667	Schooldays	Stanwell Moor-Ashford Hospital- Matthew Arnold School
318	M-F	Banstead-Nork-Epsom
424	M-Sat	Redhill-Timperley Gardens-Batts Hill-Reigate-Meadvale-East Surrey Hospital-Horley-Smallfield- Burstow-Shipley Bridge-Crawley
81,462,463	M-Sat	81 - Woking- Barnsbury Estate-Woking 462 Woking-Kingfield Green-Sendmarsh-Burpham-Guildford 463- Woking-Kingfield Green-Old Woking-Burntcommon-Clandon-Merrow-Guildford
420, 460, 480, 820	420 Daily 460 Daily 480 Daily 820 Schooldays	420 Redhill-Reigate-Lower Kingswood-Tadworth-Preston-Banstead-Sutton 460 Redhill-Reigate-Lower Kingswood-Tadworth-Preston-Epsom 480 Epsom-Preston-Epsom
73	Schooldays	Chobham-Horsell-Woking
866	Schooldays	Coulsdon-Chipstead Valley-Woodmansterne-Beacon School
479 (sun)	Sun	Guildford-Merrow-East Horsley-Bookham-Fetcham-Leatherhead-Ashted-Epsom (Sundays)
New route	M-Sat	New housing development in Horley Westvale Park- Horley Station-Town Centre

The recommended contract awards will provide the following amendments to the services tendered. In addition commercial services 357 and 411 plus contracted service 409 will see changes being introduced in September 2018 as detailed below.

Local Bus Service amendments following retendering:

Service 48 & 500

48 - Woking-Knaphill-Frimley Green-Frimley Park Hospital

500 - Frimley Park Hospital-Bagshot-Lightwater-Sunningdale-Virginia Water-Staines

Following public request service 500 will have off peak journeys diverted in Lightwater to provide a long requested local bus service to Briar Avenue and Lightwater Road area. This will provide links with Windlesham, Sunningdale, Egham, Staines, Camberley Station and Frimley Park Hospital. This contract will see the introduction of brand new Euro VI emission vehicles.

Service 81/462/463

81 - (2 journeys) Woking- Barnsbury Estate-Woking

462 Woking-Kingfield Green-Sendmarsh-Burpham-Guildford

463- Woking-Kingfield Green-Old Woking-Burntcommon-Clandon-Merrow-Guildford

Revised timetable with some journeys operating 10 minutes earlier. This contract will see the introduction of brand new Euro VI emission vehicles.

Service 422 - Reigate-Meadvale-Woodhatch-Sidlow Bridge-Westvale Park-Horley-Gatwick-Crawley

New service operating on a partly commercial basis with a co-ordinated timetable with service 424 to provide a half hourly service from Westvale Park (new housing development in Horley) to Horley Town Centre and Railway Station. Routes 422/424 combined also provide additional links to Redhill, Reigate, East Surrey Hospital, Gatwick and Crawley providing many addition travel opportunities to residents. This contract will be operated with brand new Euro VI emission vehicles and is funded by the Westvale Park Development.

Service 424 - Redhill-Reigate-Woodhatch-Meadvale-Whitebushes-Horley-Smallfield-Burstow-Copthorne-Crawley

Service 424 will be rerouted to operate from Redhill via East Surrey Hospital to Meadvale, Woodhatch, Westvale Park (new housing development), Horley, Smallfield, Burstow, Copthorne and Crawley. Meadvale will benefit from more direct links with Redhill. Batts Hill/Timperley Gardens area will no longer be served by service 424 but will continue to be served by hourly commercial service 357, which will also see the introduction of a Saturday service operating between Reigate and Caterham. Links will be maintained to Redhill, Reigate, Caterham, Warlingham, Farleigh, Chelsham and Selsdon. There will no longer be a direct link with East Surrey Hospital, Horley, Smallfield or Crawley. Interchanging at Redhill Bus Station offers 11 buses per hour to East Surrey Hospital, 7 per hour to Horley and Crawley and an hourly service to Smallfield. Journeys from Smallfield to Reigate 6th Form College will be provided on services 315 and 324 with a 1700 journey being provided on services 422/424; pupils change buses in Horley for a guaranteed connection.

Survey data shows an average of 20 passenger trips per day from Batts Hill/Timperley Gardens area with 22 journey opportunities being available on service 357 to meet this relatively low demand. Bus operator Southdown re-routed route

357 through the Batts Hill/Timperley Gardens area on a commercial basis in September 2016 to provide a more frequent service to the area running to a co-ordinated timetable with contracted route 424, the aim being to boost overall passenger journeys. However, whilst a small increase in the number of passengers has been achieved there is not sufficient numbers for this area to sustain both services.

DETAILS:

Business Case

1. Whilst some bus services are provided by operators on a commercial, non-contracted basis, there are many services that are not commercially-viable, being only sustainable with funding support from a local authority.
2. Bus routes funded by the County Council serve communities across Surrey. Providing these routes helps residents to access employment, education and essential food shopping. They also reduce social isolation and support independent living, whilst also offering access to medical appointments and health care.
3. The contracts now being awarded were previously retendered on various occasions between 2010 and 2013. This procurement has tested the market to ensure best value to the Council on fourteen bus routes where the current contracts expire on the 1 September 2018. A brand new service, route 422, is also being tendered to serve a new housing development in Horley. The cost of this service is being funded by a S106 developer funding agreement.

Procurement Strategy

4. A number of options were considered when completing the Strategic Procurement Plan (SPP) outlining the best route to market, prior to starting the procurement exercise. These were: (i) conduct a full open OJEU tender, (ii) conduct a mini competition using the existing Public Bus Dynamic Purchasing System (DPS), (iii) do not deliver any service.
5. After a full and detailed options analysis it was decided to conduct a mini competition using the existing DPS, as this demonstrated best value for money from the options appraisal.
6. A DPS is similar to an electronic framework agreement, with two exceptions; new suppliers can join at any time; and it is to be run as a completely electronic process. Operators are requested to submit a tender and are evaluated against quality standard set by the Council's Strategic Transport Group (STG).
7. Successful operators are placed on an approved supplier list attached to the DPS and will have the opportunity to quote for any future work the Council is advertising.
8. The DPS was subject to the full OJEU process which reduces the resources required to conduct the mini competition. Bus operator feedback has also welcomed the DPS process. Additionally, the award process has been designed on a price only basis which would drive commercial competition within the supply base.

9. A joint Procurement and project team was set up to include representatives from the STG. The team considered service requirements, maintaining existing journey opportunities and new transport links.
10. By awarding a contract to the suppliers recommended for the provision of Public Bus Services to commence from 2 September 2018, the Council will be meeting its duties and ensuring bus routes serve communities across Surrey.
11. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and reviewed at monthly operations meetings.
12. The STG arrange regular Continuous Improvement Meetings to promote continuous improvement in the delivery of the Services provided under the Contract.
13. The STG also check on insurances, operating licences, concessionary travel scheme claims, that the delivery of the service is consistent with the specification.
14. With Surrey County Councils (SCC) Code of practice, operators deliver 100% of the mileage / routes to the timetables submitted at tender, health and safety issues are addressed and that information about services is made available by the operators to the necessary agencies for access by members of the public.
15. The management responsibility for the contracts lies with the Bus Service Planning Team Manager and within the STG.

Competitive Tendering Process

16. The Dynamic Purchasing system was established in 2015. The objective was to establish an approved supplier list of operators who have met strict quality standards and a more efficient method of tendering.
17. In January 2017 East Sussex County Council and West Sussex County Council joined SCC on the Public Bus DPS making it more attractive to suppliers, increasing competition and using one set of contract terms and service levels across a region.
18. The DPS is open permanently and new operators can apply to be added at any time.
19. There are currently twenty five operators on the DPS.
20. The DPS was designed to evaluate operator quality at stage 1. Therefore all subsequent mini competitions are based entirely on price evaluation. This process ensures that suppliers achieve the quality rating required to deliver the service and achieve maximum value for money.
21. Prices were submitted on a fixed basis for the duration of the contract and in line with other bus contracts. However, upon agreement by the STG, prices may be amended in line with RPIX at the applicable rate, to a maximum of 3%, if requested but not before 1 September 2019 and annually thereafter.
22. An invitation to tender was sent to the twenty five suppliers on the DPS who were given 32 days to complete and submit their tender.

23. Fifteen operators submitted bids for individual or bundled services with an aim to offer the most cost-effective bid.

CONSULTATION:

24. The Procurement department have worked alongside the STG colleagues at all stages of the commissioning and procurement process.
25. The STG have strong relationships with Operators through the current contract management process. This has led to the avoidance of price increases and good communication between SCC and Operators.
26. Any changes will be outlined to the public and interested parties during the summer in advance of the new contract start.

RISK MANAGEMENT AND IMPLICATIONS:

27. The contract terms and conditions have been drafted by SCC Legal Services and were updated in December 2016 ready for East Sussex County Council and West Sussex County Council joining the DPS in January 2017.
28. Default procedures are comprehensively addressed in the terms and conditions. Furthermore, both The Council and operator can terminate the contract with 90 days written notice.
29. All operators successfully completed satisfactory financial checks prior to acceptance onto the DPS. Operators being awarded contracts against this tender exercise, will have their financial details checked prior to award.
30. The operators will use their own assets to perform the contract and will retain so upon contract expiry.
31. TUPE may apply with the transition of employees from incumbent firms to the new operator and, if applicable, will do so in line with TUPE regulations.

Financial and Value for Money Implications

32. Full details of the contract value and financial implications are set out in the Part 2 report.
33. The procurement activity has delivered a solution within budget and generated significant savings which are essential to cover additional pressures and to help achieve a sustainable means of delivering local bus services, which are currently met from one-off resources.
34. The new contracts offer savings, as well as certain service amendments being delivered under some of the contracts.

Section 151 Officer Commentary

35. The Section 151 Officer confirms that following a competitive tendering process the costs of the proposed public bus service contracts set out in this paper are within the budget envelope for these services that has been included within the current Medium Term Financial Plan, and represent a full year saving of £0.125m when compared to the cost of existing contracts.

36. The County Council is facing a very serious financial situation whereby there are still substantial actions to be identified and delivered to achieve a sustainable budget plan for future years. Contracts include provision for early termination, should that be necessary.

Legal Implications – Monitoring Officer

37. A thorough evaluation was carried out on the suppliers' bids. The recommended suppliers have been selected in accordance with Public Contract Regulations 2015 and the Council's Procurement Standing Orders. The recommended suppliers will provide the best value for money and also provide social value benefits to Surrey.
38. Under Section 63(1)(a) of the Transport Act 1985, Local Transport Authorities must secure the provision of such public passenger transport services as the Council consider it appropriate to secure to meet any public transport requirements within the County which would not in their view be met apart from any action taken by them for that purpose.

Equalities and Diversity

39. The procurement process was undertaken through a transparent tender procedure. The contract document stipulates that the supplier will comply with the relevant Equality and Diversity legislation.

Environmental sustainability implications

40. Buses are important and provide environmental benefits in reducing car dependency, tackling congestion and pollution. This tendering tranche will see the introduction of brand new vehicles operating on three contracts (L006, L484, and L649). These will have Euro VI emission rating, which are the cleanest diesel buses available, which will assist in working towards reducing air pollution. Tests have proved that Euro VI buses have 98% lower NOx emissions than Euro V, which are currently operated on these services.

Public Health

41. The introduction of six brand new Euro VI vehicles on three contracts provides health benefits in working towards tackling pollution. This tendering tranche will see the introduction of brand new vehicles operating on three contracts (L006, L484, and L649). Tests have proved that Euro VI buses have 98% lower NOx (Nitrogen Oxides) emissions than Euro V, which are currently operated on these services. Nitrogen Oxide emissions mainly impact on respiratory conditions causing inflammation of the airways at high levels. Long term exposure can decrease lung function, increase the risk of respiratory conditions and increases the response to allergens.

WHAT HAPPENS NEXT:

Action	Date
Information on route changes sent out via Members portal	22 June 2018
Cabinet decision to award (including 'call in' period)	26 June – 6 July 2018
Contract Signature	7 July 2018
Contract Commencement Date	2 September 2018

Contact Officer:

Dardan Ljubishtani, Procurement Specialist, Tel: 07972012852

Consulted:

Robert Gilmour – Strategic Procurement Manager – Tel: 07870981058
 Paul Millin – Strategic Transport Group Manager – Tel: 020 8541 9365
 Ross Duguid – Assistant Director, Procurement – Tel: 07854 158844

Annexes:

None

Sources/background papers:

- None

SURREY COUNTY COUNCIL

CABINET

DATE: 26 JUNE 2018

REPORT OF: DAVID HODGE CBE, LEADER OF THE COUNCIL

LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER

SUBJECT: INVESTMENT BOARD ANNUAL REPORT



SUMMARY OF ISSUE:

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

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

RECOMMENDATIONS:

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

REASON FOR RECOMMENDATIONS:

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

DETAILS:

Background

1. The Investment Strategy agreed by Cabinet in July 2013 was developed in response to the requirement for the Council to enhance its financial resilience in the longer term. The main principles of the Investment Strategy are as follows;
 - The creation of a diversified and balanced portfolio of investments to facilitate future service provision, manage risk and secure an ongoing annual overall return to the Council
 - Use of the established Revolving Investment and Infrastructure fund (the Investment Fund) to meet the initial revenue costs of funding initiatives that deliver savings and enhance income in the longer term.
 - The Investment Fund is to be used to support investments that generate additional income to support the delivery of the Council's functions and services.
 - To undertake investments that have the potential to support economic growth in the county of Surrey, and,
 - Retaining assets where appropriate and undertaking effective property and asset management, and if necessary associated investment, to enhance income generation.
2. The investment portfolio of the Council is a combination of assets acquired or developed by the Council for future service needs, economic development and those acquired or developed by the property company. Cabinet approved the business case for the creation of the Property Company and associated subsidiaries in May 2014 in order to deliver the Investment Strategy and achieve a balanced property portfolio. The companies making up the Halsey Garton Property Group (HGP) were incorporated between June and July 2014.
3. The governance for the Investment Strategy is provided by the Investment Board (IB), established following the Cabinet report in March 2017. Previously this role was fulfilled by the Investment Advisory Board.
4. The Investment Board is comprised of members of the Cabinet, who are supported by officers. The IB is responsible for making investment decisions in accordance with the framework established by the agreed Investment Strategy and for the strategic management of the overall portfolio consistent with the aims of the Investment Strategy. The IB monitors the portfolio to ensure that an appropriately balanced and diversified portfolio is created over time, across the combination of directly Council-owned assets and those owned by HGP. Officers, supported by independent specialist professional advisors, support the IB. These specialist advisors periodically evaluate the recommended portfolio of property investment, taking into account market conditions and achievable returns.
5. The Annual report of the Investment Board is attached as Annex A to this report. A further report providing more detailed information is provided as a PART TWO confidential Annex (agenda item 14).

6. The Investment Board is also responsible for evaluating and recommending non-property investments for decision by Cabinet or Cabinet Member depending upon value. The Council's non-property investment assets include debt & equity finance provided to FutureGov Ltd and equity investment in the Municipal Bonds Agency. The Shareholder Board provides oversight for these shareholdings and produces an annual report providing information about each company and therefore to avoid duplication the annual report of the Investment Board focusses just on the Property Investment Portfolio.

CONSULTATION:

7. The Council's Investment Strategy was created following consultation with a number of stakeholders.

RISK MANAGEMENT AND IMPLICATIONS:

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

Financial and Value for Money Implications

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

Section 151 Officer Commentary

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

Legal Implications – Monitoring Officer

14. There are no direct legal implications arising from this report. The Council's overarching property investment strategy is underpinned by its powers to acquire properties for current or future service use, to dispose of properties surplus to service requirement and by the "general power of competence" introduced by the Localism Act 2011. Properties acquired for a commercial purpose are purchased by HGP, which is a company within the meaning of s.1(1) Companies Act 2006.

Equalities and Diversity

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

WHAT HAPPENS NEXT:

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

Contact Officer:

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

Consulted:

Investment Board

Annexes:

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

Sources/background papers:

Cabinet Report July 2013 – Investment Strategy
Cabinet Report May 2014 – Establishment of a Property Company
Cabinet Report March 2017 – Investment Strategy Review
Cabinet Report July 2017 – Annual Report for 2016/17

Investment Board Annual Report

Financial Year 2017/18



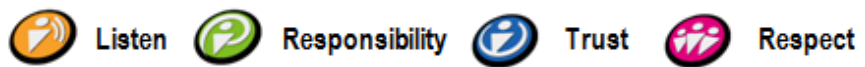
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The council has made investments in property to enhance its financial resilience and safeguard services



Our Corporate Strategy, Confident in Surrey's future



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

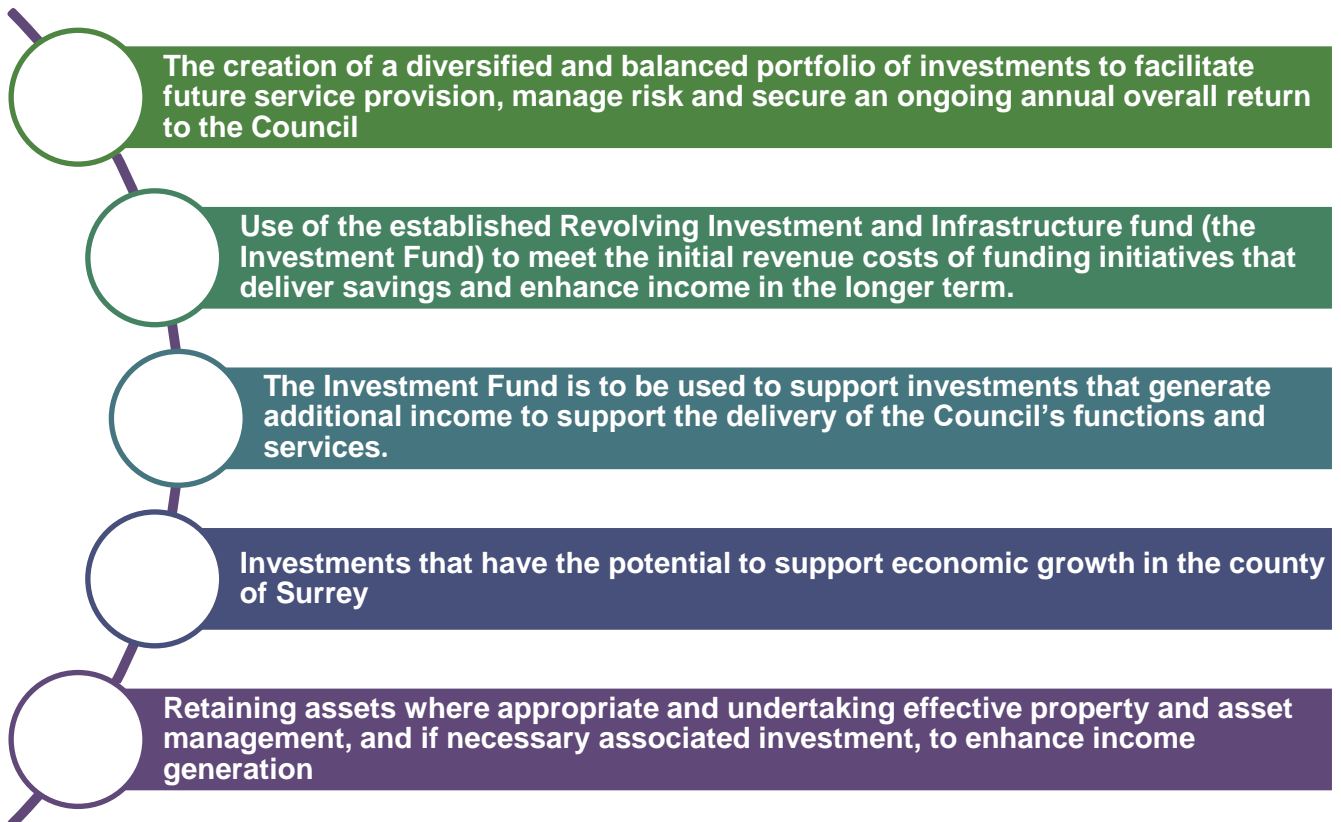
The Annual Report of the Investment Board provides an overview of the progress we have made in developing a property investment portfolio and enhancing the financial resilience of the council. The Investment Board is also responsible for evaluating and recommending non-property investments for decision by Cabinet or Cabinet Member, for example the council's equity investment in the Municipal Bonds Agency. The Shareholder Board produces an annual report about each company in which the council owns shares and therefore to avoid duplication this report of the Investment Board focusses just on the Property Investment Portfolio.



David Hodge CBE
Leader of Surrey County Council

The Investment Strategy

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



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

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

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

Governance

The Investment Board

- The Investment Board was created in March 2017 following the review of the Investment Strategy by Cabinet and in order to facilitate the further growth of the investment portfolio. Prior to this the Investment Advisory Board was in place to make recommendations for Cabinet approval.
- The Board and its role is noted in the constitution of the council. The Board works in accordance with its Terms of Reference (see Page 16) which are reviewed on an annual basis and in line with a Responsible Investment Policy (see Page 20)

The members of the Investment Board are the Leader, the Deputy Leader and three Cabinet Members chosen by the Leader. The Leader may also, from time to time, appoint one County Councillor to undertake a non-voting role. The board is supported by officers of the council.

Members

- Leader
- Deputy Leader
- Cabinet Members x 3 [Tim Oliver, Mel Few & Colin Kemp]
- Non-Voting Member [Nick Darby]

Advisors

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

The board is responsible for –

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

Investment Portfolio

Property Investment

Other Investment

The Investment Board is also responsible for evaluating and recommending non-property investments for decision by Cabinet or Cabinet Member depending upon value. These decisions are made in accordance with the protocol for “key decisions” as set out in the Council’s constitution, e.g. a Cabinet decision is required for an investment spend of £1m and over. The council’s non-property investment assets include debt & equity finance provided to FutureGov Ltd and equity investment in the Municipal Bonds Agency.

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

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

Property Investment & Halsey Garton Property Ltd

Investment Board

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

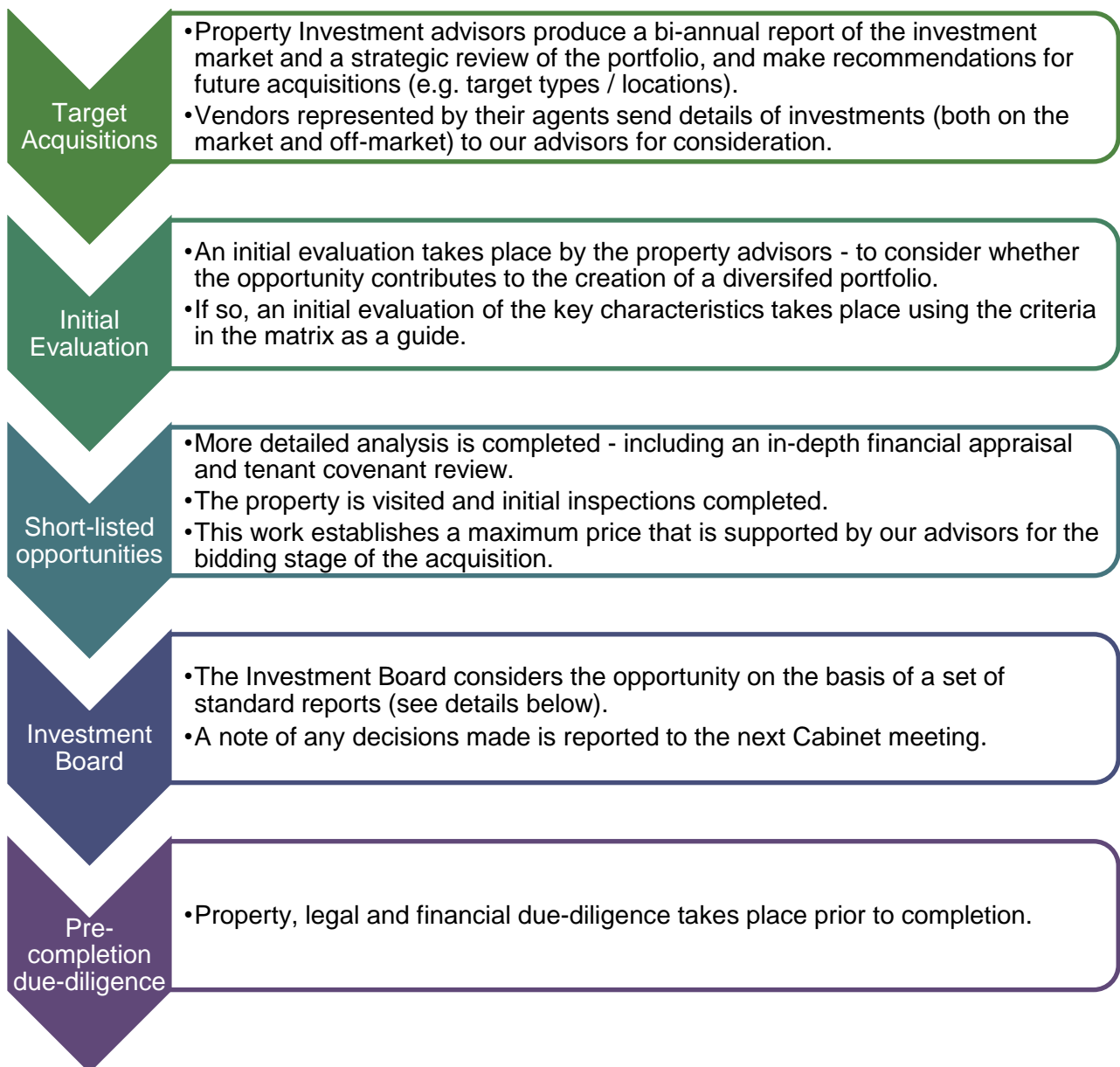
Shareholder Board

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

Investment Governance

Acquisition selection and appraisal

The Investment Board have delegated authority to approve property investment acquisitions and developments that are in accordance with the Investment Strategy. All investment expenditure is approved on the basis of a robust business case, developed using appropriate specialist property investment advisors and which gives due and proper consideration of the balance between risk and reward and an assessment of the underlying security of the investment. In order that the council undertakes borrowing in accordance with the Prudential Code which requires that borrowing is affordable, sustainable and value for money, all investments are required to demonstrate a return in excess of the opportunity cost of capital and other associated costs of delivery. The diagram below outlines the process for acquisitions-



Investment Appraisal Reports

The following standard reports, together with the sales brochure (if available) are presented to the Investment Board for each potential acquisition-

Investment Report

- A narrative report providing details of the opportunity including, for example, its location, age and tenure. The report discusses key risks and provides information about the tenants and their financial covenant. It provides a summary of the expected returns and describes the scenarios that have been evaluated. If agreed, the report comments on the heads of terms for the purchase.



Investment Matrix

- A standard scoring matrix which is used as a guide to decision making to ensure that opportunities are measured and assessed in a common manner. The matrix looks at the following characteristics-strategy alignment, location (both macro and micro), building quality and age, lease type & length, tenure, property management intensity and tenant repair obligations and whether there are any asset management opportunities.



Financial Analysis

- A financial analysis in a standard format demonstrating the long-term expected income returns from the opportunity. At least two scenarios are prepared - to show a better and a worse case. Both are prepared using prudent assumptions - for example no rental growth is usually assumed unless the lease provides for fixed uplifts or increases are based upon RPI or similar indices.



Pre-completion due-diligence

Once an opportunity has been approved further due-diligence takes place prior to completion of the purchase. This includes the completion and review of –

Completion Checklist	
Building Survey- <ul style="list-style-type: none"> • Standard Surveys • Reinstatement cost assessment • M&E survey (if required) • Environmental survey 	✓
Red Book valuation (for loan purposes for HGP purchases)	✓
Report on Title	✓
Tenant Lease	✓
Finance Arranged <ul style="list-style-type: none"> • Loan documentation • Equity & share certificates • Cash flow checked and Treasury instructed 	✓
Insurance in place	✓
HMRC Transfer of Ongoing Concern form for VAT purposes	✓
Capital Allowances	✓
Purchase Report (advisor / agent)	✓

Investment Monitoring

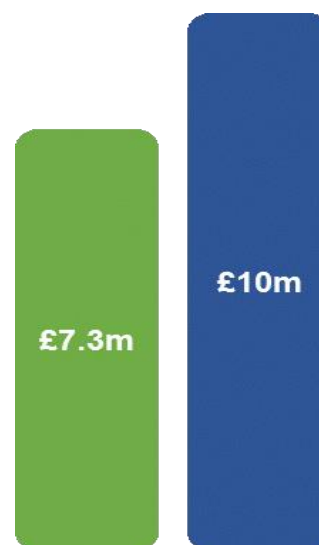
The performance of the investment portfolio is monitored on a monthly basis with summary results reported to Cabinet as part of the regular monthly financial monitoring report. The Investment Board receive detailed reports on a quarterly basis.

Property Investment Performance

The council's property investment portfolio has an asset value of c.£350m, which together with income from agreed acquisitions and developments, will deliver an income of £5.0m in 2018/19 growing to an **income of £7.3m** per annum by 2019/20 and enhancing the asset base of the council. This portfolio has already delivered a net income – of £3.9m in 2017/18 – bringing the total net income from the strategy to £5.4m to date.

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

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



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

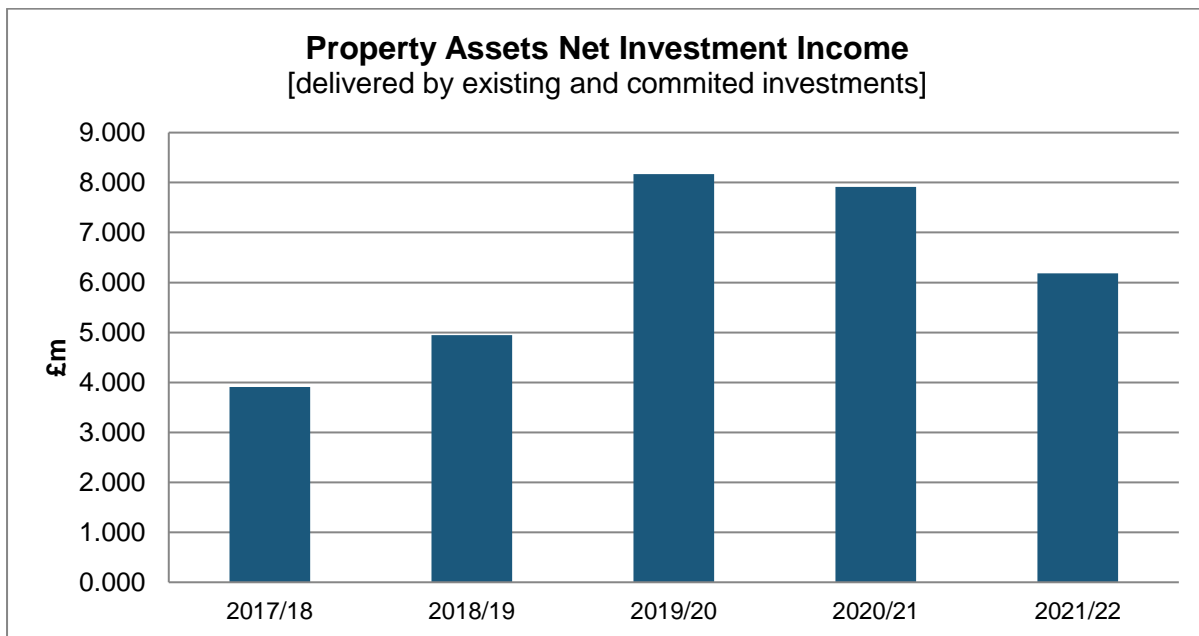
This report provides information about the results achieved so far and the expected results from investments and developments to which the council is committed – potential returns from future potential acquisitions are not included. Due to the confidential nature of individual investments, this report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

Investment Portfolio Summary Actuals to March 2018	Capital Expenditure (including prior years) £m	Net Income / (Expenditure)		
		Prior Years £m	2017/18 £m	Total £m
Property Acquisitions	302.3	5.0	5.3	10.3
Property Development	51.7	-3.3	-1.4	-4.7
Professional & valuation fees		-0.2	0.0	-0.2
TOTAL	353.9	1.6	3.9	5.4

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

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

Assets that are being developed will not produce an immediate income stream and there will be occasions when a tenant triggers their break clause or vacates at the end of the lease resulting in a potential letting void. The council approved the creation of the Revolving Investment and Infrastructure Fund in the budget report approved by the council in February 2013 to meet the initial revenue costs of initiatives. In creating this reserve, the council recognised that it will take some time to build a portfolio that delivers a net income. The reserve is not used to provide for the initial capital expenditure but to provide for the cost of any additional borrowing that is not being offset by income, as is the case for development spend. This has not however been necessary since the net income delivered by acquisitions has offset development spend to date.



The council is continuing to develop its site in Crawley – the first phase of this is now completed and provides accommodation for South-East Coast Ambulance and other third-party occupiers. Phase 2 to develop a pre-let production and training facility is expected to complete and deliver income from 2020/21 onwards. The investment fund will continue to be required to smooth the impact of variations in the annual income due to potential lease expiries and to provide the ability to deliver further developments, including the full development of the Crawley site. The chart above shows

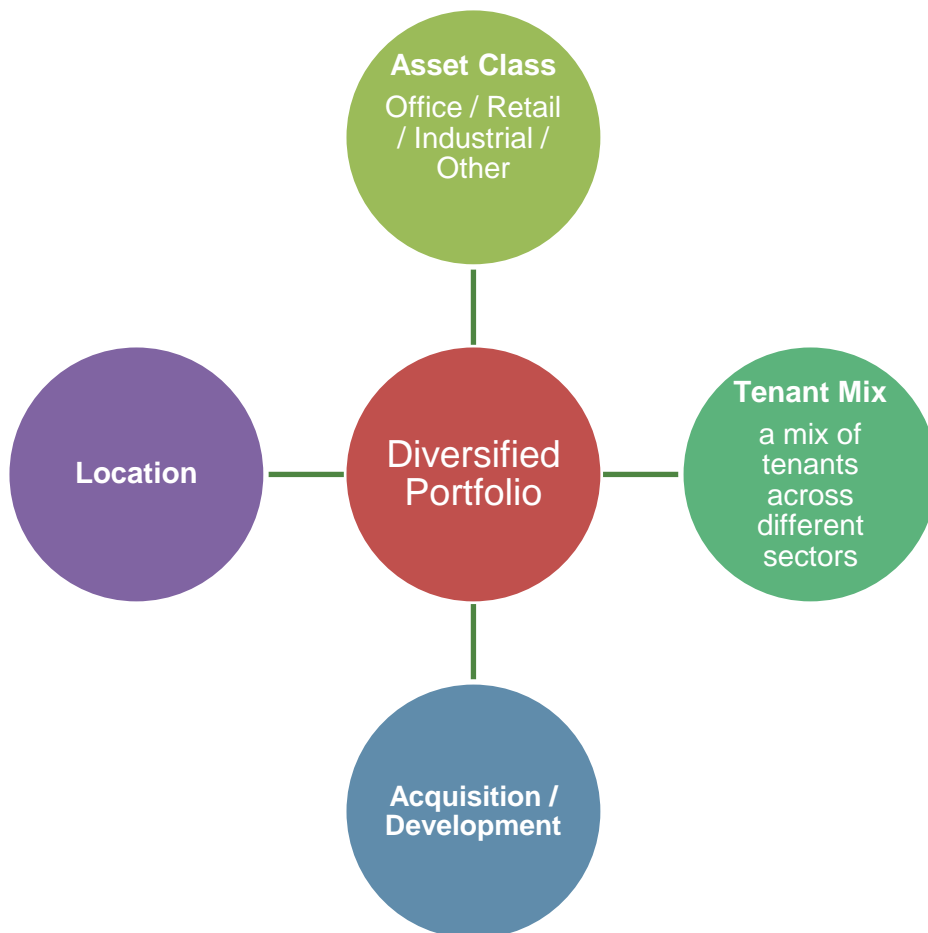
forecast net income returns from the current property investment portfolio and from committed schemes over a five year time horizon.

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

Property Investment Portfolio

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

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



The total asset value of the current property portfolio, based upon the valuation exercise undertaken on 31st March 2018 and incorporating assets under construction is £346m. The portfolio incorporates assets held by the council and by HGP.

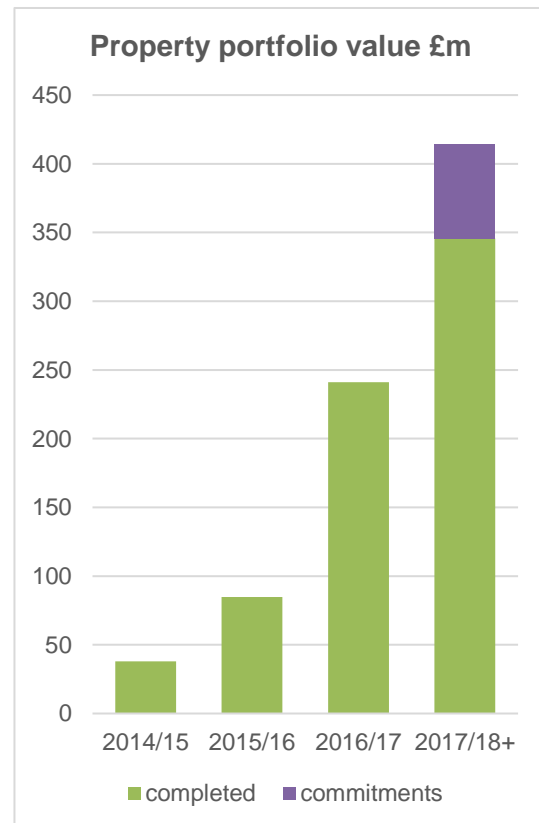


The tables and charts in this section of the report provide further information about the current portfolio - the aspects of the portfolio and its diversification – the asset class, the geography and the tenant mix. The charts do not include acquisitions or developments not yet completed since the information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

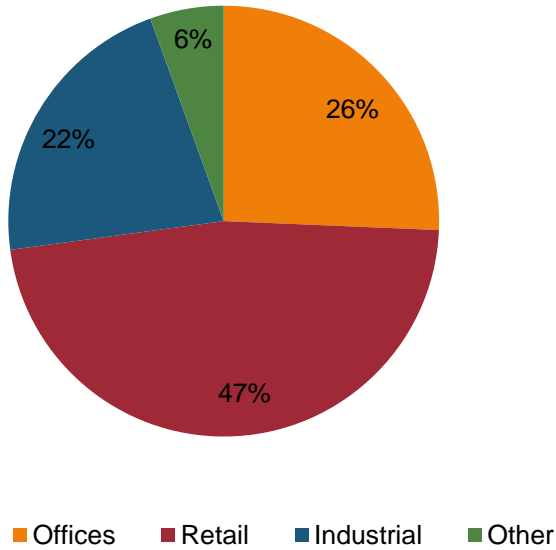
Asset Class

Property Portfolio as at 31.03.2018	Asset Value £m
Offices	89
Retail	163
Industrial	75
Other	19
Total	346

Achieving a fully diversified portfolio will take time and will be dependent upon the opportunities in the market.



Assets by type



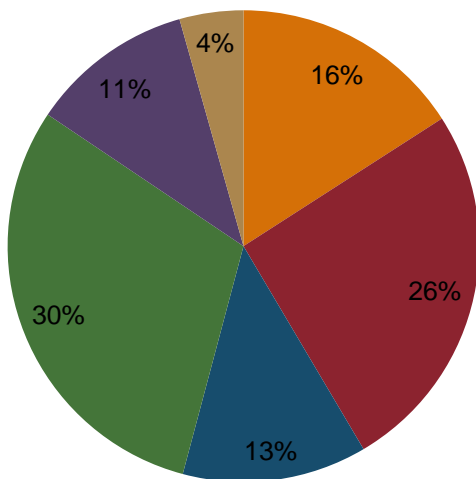
The portfolio is under-weight in the Industrial sector however this will improve with the completion of Phase 2 of Nexus, Crawley. Further industrial purchases are being sought and evaluated by HGP and it is expected that further acquisitions in this sector will be achieved during 2018/19 however competition for this class of asset has been increasing.

Similarly further acquisitions will be identified to increase the holding in Offices. The increase in retail assets follow the purchase of a retail park in Malvern, Worcestershire. This is an out-of-town multi-let scheme with a range of tenants including M&S, Matalan, Next and Poundland.

Investment decisions that have been made but not yet completed will further alter the portfolio. The Farnham Brightwells acquisition will increase the retail holding once the development is completed in 2019.

Geographic Mix

The Investment Strategy notes a preference towards assets within Surrey however a mix of geographic locations is required in order to achieve a diversified portfolio. The total asset value of property held for investment purposes within Surrey is £55m / 16% of the portfolio.

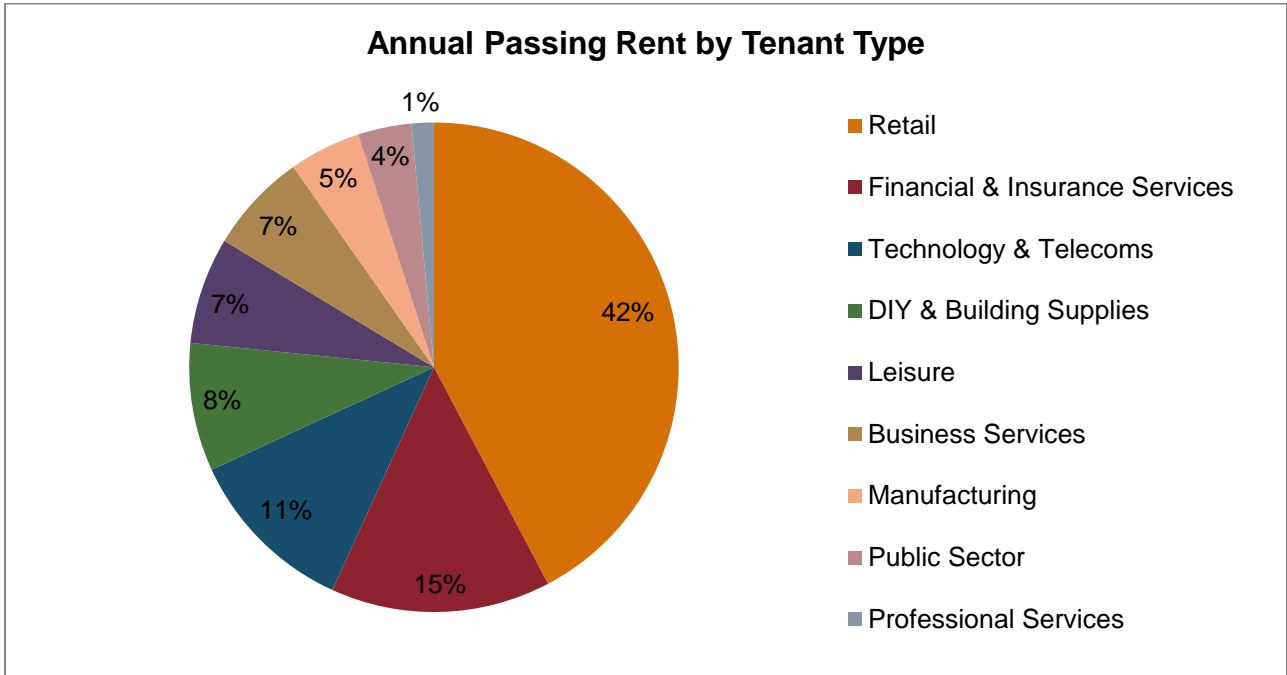


Asset Value by Location

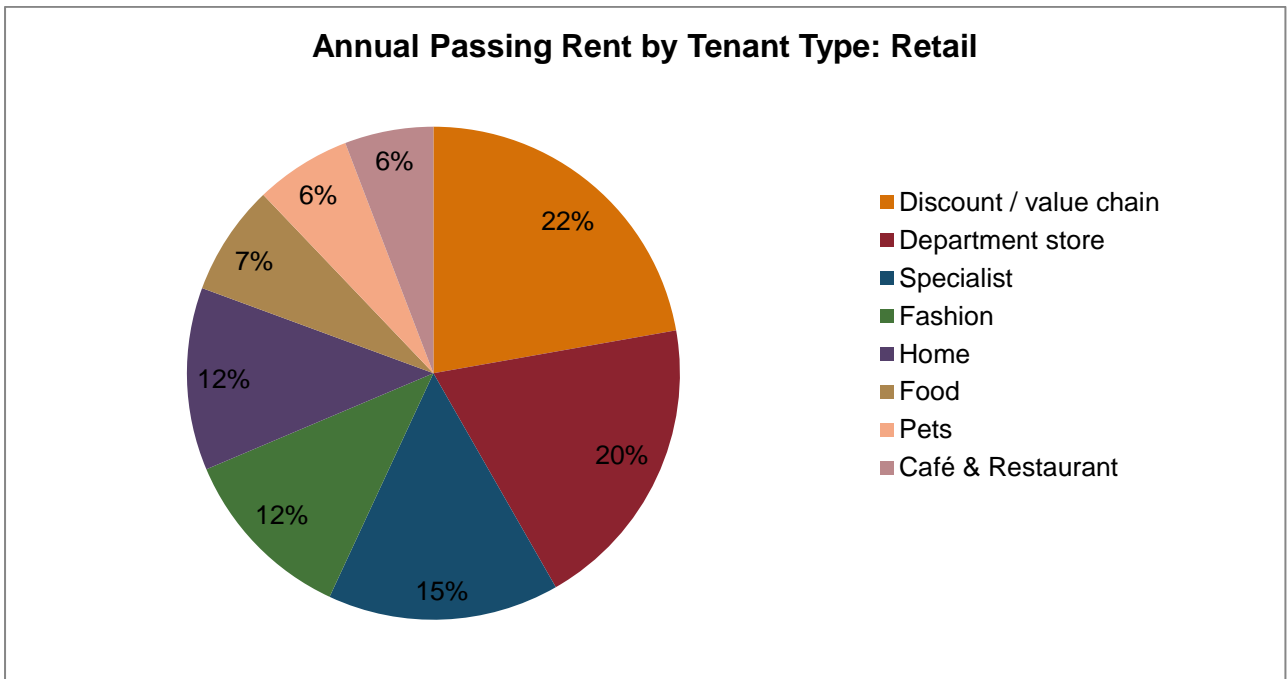
- Surrey
- South East
- South West
- West Midlands
- East Midlands
- North West

Tenant Analysis

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



Retail tenants are 42% of the portfolio when analysed by the annual passing rent – of this, the biggest type of tenant is in the value chain or discount sector with tenants that include Poundstretcher, Poundland, Argos and B&M.



Property Purchases

The tables that follow provide a list of purchases made by both SCC and HGP up to 31st March 2018 as part of the Investment Strategy. These tables exclude the cost of development activity which is commercially sensitive and therefore covered more fully in the part two report. The part two report also includes a note of the current valuation for each asset.

Assets held by SCC	Purchase Price	Acquisition Date	Description
Abbey Moor, Chertsey	1,100	Sep-12	Golf Course (public 9 holes) & Club House
Ranger House, Guildford	13,700	Apr-13	Multi-tenanted town centre office
Kingfisher House, Egham	1,750	Apr-13	High Street shop
Waterman's House, Woking	695	Jun-13	Office redevelopment opportunity
Bridgehead House, Ashtead	1,075	Dec-13	Single tenanted office
Nexus Crawley	9,750	Mar-14	Land purchase
61 High Street, Staines	3,573	Apr-14	High Street shop
Pixham Lane, Dorking	34,545	Feb-16	Single tenant headquarters office
Brightwells, Farnham	3,000	Feb-18	Long leasehold land purchase

Assets held by HGP	Purchase Price	Acquisition Date	Description
Hampton Park West, Melksham	10,455	Nov-15	Manufacturing and warehouse facility
Washford Mills, Redditch	7,451	Mar-16	Retail warehouse units
Hawkley Drive, Bristol	11,219	Apr-16	Manufacturing and warehouse facility
Manton Wood, Worksop	8,460	May-16	Distribution warehouse
Aztec West, Bristol	19,900	Jun-16	Single tenanted office
Wiggs House, Salford	7,760	Jul-16	Distribution warehouse
Friar Street, Worcester	11,800	Nov-16	Cinema and retail / restaurant units
Birmingham Rd (Travelodge), Stratford	9,200	Nov-16	Hotel and retail units
Willowbrook, Loughborough	18,850	Nov-16	Retail units (out of town location)
Oakgrove, Milton Keynes	26,461	Dec-16	Retail units (out of town location)
Stratham Street, Macclesfield	6,900	Dec-16	Retail warehouse unit
High Street, Winchester	15,825	Mar-17	High Street department store
Blenheim Park, Nottingham	2,852	Aug-17	Land purchase for warehouse development
Malvern Shopping Park, Worcestershire	75,038	Sep-17	Retail units (out of town location)

SURREY COUNTY COUNCIL INVESTMENT BOARD



TERMS OF REFERENCE

Overview

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

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

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

Membership

The Investment Board membership will be the Leader of the Council (Chairman), the Deputy Leader plus three Cabinet Members appointed by the Leader. In addition, from time to time the Leader may appoint one County Councillor to undertake a non-voting role.

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

- Chief Executive
- Director of Finance
- Legal Services Manager (Monitoring Officer)
- Chief Property Officer
- Secretary to the Board

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

Purpose

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

Scrutiny

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

Scope

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

Evaluation Criteria

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

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

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

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

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

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

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

Meetings

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

SURREY COUNTY COUNCIL INVESTMENT BOARD RESPONSIBLE INVESTMENT POLICY



1.0 Introduction

The primary purpose of the Investment Board is to deliver the Investment Strategy. This strategy was developed in response to the requirement for the Council to enhance its financial resilience in the longer term. The primary deliverable for the strategy is the creation of a diversified and balanced portfolio of investments to facilitate future service provision, manage risk and secure an ongoing annual overall return to the Council. The strategy prioritises investments that have the potential to support economic growth in the county of Surrey and the retention of the Council's existing assets, undertaking effective property and asset management and where appropriate, investment and development to enhance value and income generation.

The Investment Board is responsible for the development and management of the portfolio in accordance with this strategy and has delegated authority from the Leader to;

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

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

2.0 Responsible Investment

Environmental, social and governance (ESG) issues can have a material impact on the value of assets and on the long-term performance of investments and therefore need to be considered in order to manage risk and returns. Responsible Investment is the practice of incorporating ESG issues into the investment decision making process. An ethical investment approach may involve one or a combination of the following approaches:

- Negative screening: this means avoiding investment in companies or sectors or companies undertaking a particular activity or operating in a way which may be harmful to the investor's interests.
- Positive screening: this means investing all or part of an investment portfolio in companies or sectors which reflect the investor's values in areas such as environmental protection, health, employment or human rights, or in a wider range of companies that demonstrate good corporate social responsibility and governance.

3.0 Investment Board Responsible Investment Policy

The Investment Board will undertake Responsible Investment by considering ESG issues as part of its decision making process. The Board will consider material ESG factors when analysing potential investments. The factors to be considered are those which can cause financial and reputational risk, ultimately resulting in a reduction in investment or shareholder value.

ESG issues to be considered include, but are not limited to-

<ul style="list-style-type: none"> • Environmental 	<ul style="list-style-type: none"> • Energy Management • Resource Management • Climate Change
<ul style="list-style-type: none"> • Social 	<ul style="list-style-type: none"> • Human rights • Child labour • Supply chain • Employment standards
<ul style="list-style-type: none"> • Governance 	<ul style="list-style-type: none"> • Tax transparency • Company ownership • Risk Management • Audit standards • Bribery & Corruption

The Board do not wish to adopt an exclusionary policy (negative screening), but individual investments may be excluded if perceived to conflict with the Council’s values and purpose.

The following ESG issues, which are particularly relevant to an Investment Property Portfolio and property development activities, will be specifically considered-

- Housing Development and Affordable Housing
- Energy Management & Sustainability
- Tax Transparency

3.1 Housing Development

In undertaking and approving residential property development, the Investment Board will work with partners, where appropriate and;

- is committed to providing affordable housing on suitable sites and in compliance with the requirements of the local planning authority.
- will ensure that these developments comply with Building Regulations as appropriate for each application.
- will be compliant with the Council’s commitment to protect the green belt in accordance with both national and local policy and compliant with the Local Plans of the Districts & Boroughs.

3.2 Energy Management & Sustainability

In undertaking and approving commercial and retail property development and investment, the Investment Board;

- will ensure any developments comply with Building Regulations as appropriate for each application.
- is aware of legislation regarding Energy Performance Certificates (EPC's) and the requirements of landlords in this regard.
- will ensure refurbishment and redevelopment proposals achieve the required levels of EPC scores to remain effective investment assets.

3.3 Tax Transparency

The Investment Board will not approve the purchase of investment properties by the means of purchasing an offshore trust or units in an offshore trust that is designed to avoid UK tax.

4.0 Governance & Scope

The Investment Board will report any significant ESG related matter as part of its report on the investment portfolio considered by Cabinet annually and scrutinised by the Corporate Overview Select Committee.

The Investment Board will review the Responsible Investment Policy annually.

The Responsible Investment Policy will apply to all investment decisions made by Surrey County Council and will apply to its wholly owned property company Halsey Garton Property Ltd and to all other council owned or controlled companies and legal structures that undertake property investment and development activities.

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SURREY COUNTY COUNCIL

CABINET

DATE: 26 JUNE 2018



REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL

LEAD OFFICER: SHEILA LITTLE, EXECUTIVE DIRECTOR OF FINANCE

SUBJECT: FINANCE AND BUDGET MONITORING REPORT TO 31 MAY 2018

SUMMARY OF ISSUE:

This report presents the council's financial position for 2018/19 at the end of May 2018, including financial year end projections for the capital and revenue budgets. It highlights indications of material or significant variances to Medium Term Financial Plan (MTFP) assumptions, as well as emerging issues, risks, areas of concern and proposed actions to resolve them.

This report follows the Financial Position Statement presented to this cabinet in May 2018, and in the context of the Annual County Council report on Developing a Vision for Surrey in 2030. The council faces a significant, and unprecedented, budget shortfall in 2019/20 following the use of significant one-off sources of funding for this year, which reinforces the need for a balanced budget at the year end. An increase in budget pressures or a shortfall in the delivery of targeted savings will require in-year actions to ensure that the council's reserves are optimised and remain sufficient to meet budget risks in future years.

Annex 1 provides further details, including the position for each directorate. Annex 2 lists the progress of the MTFP savings projects for 2018/19.

RECOMMENDATIONS:

Recommendations to follow.

REASON FOR RECOMMENDATION:

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

DETAILS:

Revenue budget overview

1. Surrey County Council set its 2018/19 budget and Medium Term Financial Plan (MTFP) 2018-21 in early February 2018 in the context of continuing rising demand and cost pressures totalling £108m, and over seven years of Government funding cuts. To counteract these pressures, the council has targeted to deliver £66m revenue savings and spending reductions this year.

However, balancing this year's budget required £56m in one off funding, which will not be repeatable in future years. This included the application of £21m from reserves, leaving £60m earmarked reserves and £21m general balances at 1 April 2018.

2. In the context of this financial challenge and the level of remaining reserves, the council must achieve its budget this year. Therefore, officers are developing plans for additional in-year savings to off-set any additional emerging pressures or non-achievement of savings, and also to meet the challenging budget gap for 2019/20. The aim is for these in-year savings to be in the region of £15m.

Savings

3. To gain greater assurance about savings, the Chief Executive and Executive Director of Finance initiated a programme of "deep-dive" reviews in April 2018, which identified actions to increase confidence. Throughout the year the Corporate Leadership Team will track and monitor delivery of savings developing plans for alternatives through new and more robust arrangements that are being put in place,. This is to ensure a considered, strategic and corporate approach to financial reporting and management.

Pressures

4. The council's main financial pressures stem from demographic demand growth in social care for adults and children, special educational needs and disabilities (SEND) and maintaining the road and infrastructure network. To ensure these pressures are visible and controlled, the Corporate Leadership Team will track pressures closely every month and will put in place mitigating actions wherever possible.
5. As reported last month, early indications suggest SEND pressures are continuing to rise in 2018/19, as more children have an Education, Health and Social Care Plan (EHCP). This national issue is exacerbated by the failure of funding in the Dedicated Schools Grant High Needs Block to keep pace.

Capital programme

6. The council's capital programme over the three years of the MTFP is £322m, including £144m in 2018/19. This major investment in Surrey's infrastructure and economy focuses on the growth in pupil numbers and the importance residents place on good roads and services. This includes a £15m increase in capital spending for road repairs and maintenance over and above that planned in the MTFP for the next two years.
7. The Chief Executive and the Executive Director of Finance have initiated a review of the capital programme within the current MTFP, including 2018/19. The aim of this review is to ensure the capital programme aligns with the council's priorities and long term strategy, and expenditure in each year is more accurately forecast and profiled. This review will take the form of a programme of 'deep-dives' and will report back to the Cabinet in July 2018.

Service transformation

8. Local authority funding remains uncertain, especially around the future of the Business Rates Retention Scheme, the Faire Funding Review, negative Revenue Support Grant and the prospects from the green paper on adult social care. The council does not forecast any significant new or additional government funding to meet the continuing and rising pressures it faces over the medium term. Faced with these uncertainties and pressures, the Cabinet is developing a programme of transformational changes to ensure the council has sustainable services for residents. This transformation was set out in the Council report of 22 May 2018, "Developing a Vision for Surrey in 2030". The programme will include projects to manage service demands, increase income and, or, deliver savings to overall reduce annual expenditure by approximately £250m over the next three years. This includes £133m of savings already in the MTFP, of which £66m is targeted for delivery in 2018/19.
9. The additional benefit of the transformation programme will start to flow from 2019/20, but the bulk of the savings will inevitably follow in 2020/21 for the Council to attain a sustainable budget in future years. Therefore for the 2019/20 budget to be achieved will require all services to deliver further sizable savings from their current operating budgets.
10. Outline Business Cases for the transformation savings will be presented in July 2018 for agreement in principle and will provide additional confidence to members. These, and the more detailed Full Business Cases for savings, will link to a robust budget setting process for 2019/20 and the next five year MTFP. The budget and MTFP, subject to any changes resulting from the Local Government Finance Settlement, will be presented to the Full County Council in November 2018. This is three months in advance of previous years.

Risk based approach

11. The council operates a risk based approach to budget monitoring across all services. The approach ensures the council focuses on monitoring those higher risk budgets due to their value, volatility or reputational impact.
12. Managers with high risk budgets monitor their budgets monthly, managers with low risk budgets monitor their budgets quarterly (or more frequently on an exception basis, if the year to date budget and actual spend vary by more than 10%, or £50,000, whichever is lower).

CONSULTATION:

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

RISK MANAGEMENT AND IMPLICATIONS:

14. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers

accordingly. In addition, the leadership risk register continues to reflect the increasing uncertainty of future funding likely to be allocated to the council and the sustainability of the MTFP. In the light of the increased and significant financial risks faced by the council, the Leadership Risk Register will be reviewed to increase confidence in directorate plans to mitigate the risks and issues.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

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

SECTION 151 OFFICER COMMENTARY

16. The Section 151 Officer confirms the financial information presented in this report is consistent with the council's general accounting ledger and forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.
17. The council has a duty to ensure its expenditure does not exceed resources available. During 2018/19, the council targets to deliver £66m spending reductions and manage £108m pressures as it moves towards a sustainable budget for future years. All services must continue to take all appropriate action to keep costs down and optimise income (e.g. through minimising spending, managing vacancies wherever possible). Adverse variances will required remedial in-year savings and budget reductions.
18. It is drawn to member's attention that the council's reserves are already at low levels bearing in mind the ongoing uncertainty about future funding, demand pressures, savings and transformation programme. Any future use of reserves will need to be carefully planned so that they are not depleted to unacceptable levels.

LEGAL IMPLICATIONS – MONITORING OFFICER

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

EQUALITIES AND DIVERSITY

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

<u>OTHER IMPLICATIONS:</u>

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

Area assessed:	Direct implications:
Corporate Parenting / Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report.
Carbon emissions	No significant implications arising from this report.

<u>WHAT HAPPENS NEXT:</u>

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

Contact Officer:

Sheila Little, Executive Director of Finance

020 8541 7012

Consulted:

Cabinet, strategic directors, heads of service.

Annexes:

Annex 1 – Overall and directorate financial position for: revenue budget, savings, pressures and capital programme.

Annex 2 – MTFP savings projects 2018/19

Sources/background papers:

Revenue and capital budget movements.

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SURREY COUNTY COUNCIL**CABINET****DATE: 26 JUNE 2018****REPORT OF: MS DENISE TURNER-STEWART, CABINET MEMBER FOR COMMUNITY SERVICES****LEAD OFFICER: JASON RUSSELL, EXECUTIVE DIRECTOR FOR HIGHWAYS, TRANSPORT & ENVIRONMENT****SUBJECT: FORMATION OF GUILDFORD JOINT COMMITTEE****SUMMARY OF ISSUE:**

Building on the positive partnership working between Surrey County Council (SCC) and Guildford Borough Council (GBC), it is proposed to create a Joint Committee in place of the current SCC Guildford Local Committee.

The Guildford Joint Committee will speed up decision making and strengthen local democracy. The closer working permitted by these new arrangement will allow both authorities to jointly respond on local issues.

The Joint Committee will have an extended remit over and above that of the current Local Committee and will operate under an agreed framework for an initial 12 month period with the scope to delegate additional functions after this time in a structured format.

SCC Cabinet (and full Council) approval is now sought to establish the Joint Committee. As part of this process, approval is also being sought from the GBC Executive (and full Council). If approved by both councils, the Joint Committee will be in place from 19 September 2018, when it will hold its first meeting.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Agrees to the establishment of the Guildford Joint Committee in place of the current Local Committee arrangements to take effect from 19 September 2018.
2. Considers the Constitution set out in the Annex, including the Standing Orders under which the Joint Committee will operate and agrees:
 - To delegate the executive functions to the Guildford Joint Committee;
 - The extended advisory functions that will come under the remit of the Guildford Joint Committee.
3. Recommends that the Council:
 - Agrees to the establishment of the Guildford Joint Committee;
 - Delegates the non-executive functions to the Guildford Joint Committee.
4. Recommends to Council the appointment of a Chairman of the newly formed Guildford Joint Committee from 19 September 2018, when the Joint Committee would hold its first meeting.
5. Recommends to Council the appointment of Mike Goodman, Cabinet Member for Environment and Transport, as the SCC Cabinet Member on the Guildford

Joint Committee for the 2018/19 municipal year, subject to Council approval of the Constitution.

6. Delegates authority to the Legal Services Manager, in consultation with the Leader of the Council, Cabinet Member and the SCC-appointed Chairman or Vice-Chairman of the Guildford Joint Committee, to agree to any minor amendments to the Constitution, which may be required.

REASON FOR RECOMMENDATIONS:

Cabinet and full Council agreement is required to establish a Guildford Joint Committee, to replace the current Local Committee arrangements; to delegate recommended executive functions to the newly formed Guildford Joint Committee; and to agree the Constitution and Standing Orders under which the newly formed committee will operate.

Joint Committees are an innovative two tier response to central government policy initiatives. Positive conversations are being held with other Surrey borough and district councils on the formation of further joint committees with SCC.

The creation of the Guildford Joint Committee builds on a strong track record of joint and collaborative working between the two authorities and provides a platform on which future joint arrangements can be co-ordinated.

This approach has already proved successful in Woking and Spelthorne, where Joint Committees have been operating since June 2014 and January 2017 respectively and has been shown to improve partnership working.

The new Joint Committee will simplify and speed-up local decision making processes, enabling for the first time, all functions and budgets delegated to it to be jointly decided upon.

SCC Cabinet (and full Council) approval is sought at the current time in order for a Guildford Joint Committee to be established from 19 September 2018.

The Guildford Joint Committee proposal is complementary to the work and remit of the current cross-party Local/ Joint Committee Review Group. The review aims 'to set out the council's vision for local governance and engagement including the future role of Local/ Joint Committees in supporting Members in their role as community leaders', an aim reflected in the ambition of the proposed Joint Committee. The Chairman of the Review Group Councillor Mary Angell is very supportive of the Joint Committee proposal.

DETAILS:

Business Case

1. Discussions between GBC and SCC have revealed a shared aspiration for the councils to create a Joint Committee which would take the place of the current Surrey County Council Local Committee in Guildford.
2. The Joint Committee would be a true partnership between SCC and GBC enabling more joined-up and cohesive decision making on issues that affect residents. It would operate in place of the current Local Committee which can only take decisions on county council functions that are delegated to it, and which has limitations on the voting rights of the co-opted borough members who are unable to vote on education and youth matters.

3. The Guildford Joint Committee will help deliver the following aims:
 - Increase the involvement of residents, local communities, businesses and partners;
 - Improve decision making, speed-up processes and reduce duplication in governance;
 - Support councillors in their role as community leaders, game changers and champions;
 - Promote greater accountability and local scrutiny;
 - Provide an innovative two tier response to central government policy initiatives and a platform on which future joint arrangements can be strengthened.
4. By working together, the Joint Committee will provide the opportunity to identify local solutions and seek to jointly deliver local government service improvements for the residents, businesses and visitors to the borough of Guildford. Both councils will be proactive in bringing issues to the Joint Committee and seeking to deliver local priorities together.
5. The Joint Committee will determine priorities for collaborative work undertaken within the committee's remit by both councils, including working with other partners.
6. If agreed by both SCC and GBC, the Guildford Joint Committee will become operational from 19 September 2018.

Remit of the Guildford Joint Committee

7. It is proposed that changes are made to the Council's scheme of delegation to enable the establishment of the Guildford Joint Committee with functions delegated to it by both SCC and GBC. The full functions of the Joint Committee are set out in the Constitution in the Annex.

Funding Arrangements

8. The Joint Committee will have responsibility for a number of devolved budgets in relation to Highways and Community Safety:
 - Local Committee Highway Fund
 - Integrated Transport Schemes (ITS) Capital
 - Parking Revenue
 - Community Safety funding.
9. A provision has also been made to enable the Joint Committee to apportion any resources delegated by either authority for Early Help Services in order to support joint working, though no specific resources have been identified at this time.

An Enhanced Role - Joint Working

10. The Joint Committee will build on the joint work exemplified by the current Guildford Local Committee.
11. In addition to taking on the decision making functions of the existing Guildford Local Committee, the Joint Committee will be broader in scope supporting the close working of the two councils across a range of key policy areas including Family Support, Adult Services, Early Help, Educational Standards, the delivery of infrastructure and the Place agenda.
12. The Joint Committee will also feature a number of Guildford Borough Council functions that have synergies with the current Guildford Local Committee functions

such as Air Quality and agreeing a joint statement of priority for the delivery of infrastructure. This is detailed in the Constitution attached as an Annex.

13. The Joint Committee will operate under this expanded framework for a period of 12 months. During this 12 month period the operation of the Joint Committee will be kept under review by the respective councils toward determining whether it has met its goal of enhancing joint working.
14. Following the 12 month period, other functions could be added or amended, in consultation with members and officers from both councils, and subject to approval from both councils.

Joint Committee Constitution

15. The committee will be established as a Joint Committee of SCC and GBC in order to discharge functions jointly.
16. Both the participating local authorities currently operate under different governance arrangements. In order to ensure the Joint Committee can function effectively and within the law, it will operate under its own Constitution (Annex).
17. The Constitution is necessarily detailed, setting out the context and purpose, the functions and powers, and the Standing Orders under which the Joint Committee will operate.
18. The relevant sections of SCC's Constitution will also be updated in line with these changes.
19. If a point is reached where the majority of local committees have or are in the process of transferring to joint committee arrangements, a standardised operating framework for joint committees could be introduced.
20. Under the Constitution, whilst decision making in relation to delegated matters will be dealt with by the Joint Committee, the day-to-day operational arrangements relating to those functions will continue to be managed within the respective authority responsible for the function. All funds will be spent in accordance with their respective financial regulations and policies.
21. Meetings of the Guildford Joint Committee will be held in public, enabling local people to have their say and contribute directly to the decision making process.
22. At the 12 month review point either council may give written notice of its intention to withdraw from the Joint Committee. The Joint Committee would then cease to exist and the functions delegated to it would each revert back to the relevant delegating authority.

CONSULTATION:

23. The Leader and the Cabinet Member for Communities have been consulted and are supportive of further joint committees being established. The then 'Resident Experience Board' has been consulted on the development of joint committees.
24. The Leader, Corporate Management Team, Executive and Chief Executive of GBC have been driving the discussions relating to the development of the Joint Committee.

25. The Guildford Local Committee has been involved in the development of the proposals for the Joint Committee, and has endorsed the approach.
26. The Chairman of the Local/ Joint Committee Review Group, has been consulted on the development of the proposal for the Joint Committee.
27. Detailed discussions during the development of the Joint Committee Constitution have been held with officers from Legal and Democratic Services from both SCC and GBC. Officers from relevant SCC service functions have also been fully involved in the development.
28. Approval for the Constitution for the Joint Committee is being sought from GBC's Executive and full Council, on 19 June and 24 July respectively.

RISK MANAGEMENT AND IMPLICATIONS:

29. There are no significant risk management implications arising from this report.
30. A more unified approach through the establishment of the Joint Committee should reduce the risks of fragmented service delivery and duplication or omission. The Joint Committee will operate under its own constitution, which will provide effective governance and oversight of the issues being considered. A Joint Committee would be bound by the approved policies, budgets and financial regulations of both Councils.
31. The Joint Committee will work under a defined framework for its initial 12 month period following which a full review will be conducted into the operation of the committee. This approach should help to mitigate any potential risks from the operation of a Joint Committee.
32. The Joint Committee will enable SCC and GBC to make joint decisions. SCC and GBC services are not being merged and separate budgets for the functions will be maintained by each authority. The normal call in protocols apply.

Financial and Value for Money Implications

33. There are no additional financial implications of establishing a Joint Committee in place of the current local committee arrangements.
34. The Joint Committee will operate within the County Council's established budget setting and financial planning processes. SCC will agree each year the amount of funding allocated to the Joint Committee to carry out its delegated functions. GBC would agree on any funding to be made available to the Joint Committee through its own budget setting processes.
35. All funds will be held and administered by the originating authorities and spent in accordance with their respective financial regulations and policies.
36. Any allowances or expenses received by any member of the Joint Committee in connection to the activities of the Joint Committee (including those in relation to Chairman and Vice Chairman roles), will be funded and administered by their respective authorities.

Section 151 Officer Commentary

37. The Section 151 Officer confirms that all material financial and business issues and risks have been considered in this report. The formation of the Guildford Joint Committee changes the process of decision making, however all budget setting and expenditure will remain within and be administered by the originating authorities in accordance with existing regulations and policies.

Legal Implications – Monitoring Officer

38. Sections 101(5) and 102 of the Local Government Act 1972 empowers local authorities to agree to discharge functions jointly, and to establish joint committees to enable these arrangements. Under the Local Authorities (Arrangements for Discharge of Functions) England Regulations 2012 the Cabinet is responsible for agreeing to the establishment of any joint arrangements in relation to any executive functions. Most of the County Council's functions that will be dealt with by the new Committee will be executive functions as outlined in the report. However, as there will also be some non-executive functions, the arrangements for the Guildford Joint Committee also need to be agreed by the full Council. The regulations require representation on the Committee of at least one Cabinet Member given that it will be dealing with executive functions.

Equalities and Diversity

39. An Equality Impact Assessment (EIA) was completed covering the options for change regarding Local Committees as part of the November 2012 Cabinet Report on the Public Value Review of the Community Partnership Team. A summary of the key impacts and actions was provided at this time and has been reviewed.
40. By delivering against the recommendations of the original Cabinet Report, the formation of the Guildford Joint Committee will effectively deliver some of the positive impacts identified through the EIA, such as enabling better partnership working with improved shared outcomes for local residents and communities. There are no negative equalities implications identified.
41. Equalities issues, particularly in relation to any disabilities, will be given consideration in the arrangements for public participation in the Guildford Joint Committee to ensure that anyone with a protected characteristic is not disadvantaged.
42. There are no further impacts arising from this report.

Other Implications:

43. Safeguarding responsibilities for vulnerable children and adults

There will be closer scrutiny of provision within the Guildford area.

44. Public Health

There will be closer scrutiny of provision within the Guildford area.

WHAT HAPPENS NEXT?

45. Following Cabinet agreement (and endorsement where the decision is within the remit of the Council) of the recommendations, full Council approval will be sought for the establishment of Guildford Joint Committee, agreement of the Guildford Joint Committee Constitution and Scheme of Delegation.
46. Guildford Joint Committee would be formally constituted from the 19 September 2018, when the Joint Committee would hold its first meeting.
47. The Constitution of the Guildford Joint Committee will be reviewed after 12 months, and any recommended changes reported back through appropriate processes at SCC and GBC.

Contact Officers:

Jane Last
 Head of Community Partnerships and Safety
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Consulted:

Internal consultation: Cabinet Member for Community Services; Leader, Surrey County Council, Chairman Guildford Local Committee, Guildford Local Committee, Executive Director for Highways, Transport & Environment, Chairman of Local/Joint Committee Review Group.

External consultation: Guildford Borough Council Leader, Guildford Borough Council Executive; and Guildford Borough Council Chief Executive and Senior Management Team

Annexes:

Annex: Guildford Joint Committee Constitution

Sources/background papers:

- Review of Woking Joint Committee, within the Community Engagement in the Local Decision Making Process report to the Resident Experience Board on 19 May 2016.

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Guildford Joint Committee

Constitution

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Section 1 – Context and Purpose

Guildford Joint Committee is a Joint Committee of Surrey County Council (SCC) and Guildford Borough Council (GBC) and is set up under the provisions of Section 102 of the Local Government Act 1972. The Joint Committee aims to improve outcomes and value for money for residents in the borough of Guildford by strengthening local democracy and improving partnership working within the borough.

The Joint Committee will carry out SCC functions previously performed by the Guildford Local Committee plus some additional SCC functions, and functions delegated to it by GBC. There is also a range of advisory functions relating to both councils. These functions are set out within Section 2 of this document.

The Joint Committee provides a single place for residents to engage with both authorities and a forum to debate cross cutting issues, and jointly engage and communicate with residents about the work of both councils. By working together, the Joint Committee will provide the opportunity to identify local solutions and seek to jointly deliver local government service improvements for the residents, businesses and visitors to the borough of Guildford.

Both councils will be proactive in bringing issues to the Joint Committee and seeking to deliver local priorities together. Meetings of the Guildford Joint Committee will be held in accordance with the Local Government Act 1972. Meetings will be held in public and will normally be held in the Council Chamber at GBC and webcast. Local people are able to participate during parts of the meeting as set out in Section 3 of this document.

This Constitution includes the standing orders that will apply to the Joint Committee. These are subject to the Constitutions of each of the two councils which shall apply in relation to decision making on matters reserved to those councils.

Whilst the Joint Committee will be responsible for making decisions relating to the delegated functions as set out below, the day-to-day operational arrangements relating to any particular function will continue to be managed by the local authority having responsibility for that function.

There will be a review by both authorities towards the end of the first 12 months of operation of the Joint Committee in order to determine if any changes should be made.

Section 2 – Functions and Funding

The scope and overall purpose of the Joint Committee is as set out in Section 1. The general remit of the Joint Committee is set out below and the more specific delegated functions are outlined in later sections.

(A) General Remit

The general remit of the Guildford Joint Committee is:

1. To identify and agree opportunities for the closer alignment of SCC and GBC services in Guildford.
2. To make decisions on local services and budgets delegated to it by either SCC or GBC.
3. To make comments on policy, strategy, services, priority community work, or other matters specifically referred to it by SCC or GBC.
4. To champion joint working and provide oversight of key county and borough partnership initiatives and strategies.
5. To seek solutions to local concerns relating to council services under the remit of the Joint Committee.
6. To identify and set local priorities through an annual priority setting meeting.
7. To build community leadership and local engagement, and encourage local community resilience plans.
8. To ensure that local authority services within Guildford Borough are carried out in accordance with both SCC and GBC's core values, policies, strategies and within approved budgets.

(B) Delegated Powers

The services identified below are delegated by SCC or GBC as indicated, for decision making or consideration by the Guildford Joint Committee, in accordance with the relevant legislation.

In discharging the delegated powers, the Joint Committee must have due regard at all times to the approved policies, budgets and financial regulations/ procedure rules of the council delegating the functions, and act in accordance with Standing Orders at Section 3 of this Constitution.

Set out below is a list of the functions that are currently delegated to the Joint Committee. Additional functions and matters for determination may be delegated to the Committee in the future by SCC or GBC, from time to time. SCC's Community Partnerships Team will maintain a record of all additional delegated functions and

will ensure that any such additions are reported to the Joint Committee at the next meeting after the delegation takes place.

Executive Functions (delegated by SCC and GBC)

In relation to the Borough of Guildford the Joint Committee will take decisions delegated to it by the SCC Leader and/or Cabinet and/or the GBC Leader and/or Executive on the following local services and budgets, to be taken in accordance with the financial framework and policies of the respective councils within a framework of agreed performance and resources:

The Joint Committee will be responsible for the following decisions on local services and budgets:

- (i) Changes which amount to more than 15% in the hours of opening for local libraries (whether managed directly by SCC or under a community partnership agreement.) (SCC)
- (ii) Community safety funding that is delegated to the Joint Committee. (SCC/GBC)
- (iii) Decisions in relation to highways and infrastructure:
 - (a) The allocation of the SCC highway capital budget and highway revenue budget which are devolved to the Joint Committee for minor highway improvements and highway maintenance within the Committee's area including the scope to use a proportion of either budget to facilitate local highways initiatives. (SCC)
 - (b) To allocate funds to review on-street parking management, including local parking charges where appropriate and to approve the statutory advertisement of Traffic Regulation Orders (TROs) relating to on-street parking controls. (SCC)
 - (c) To agree local speed limits on County Council roads within its area, and to approve the statutory advertisement of speed limit orders, taking into account the advice of the Surrey Police Road Safety and Traffic Management Team and with regard to the County Council Speed Limit Policy. (SCC)
 - (d) To approve the statutory advertisement of all legal orders or appropriate notifications relating to highway schemes within the delegated powers of the Joint Committee (SCC).
 - (e) Where, under delegated powers, the Parking Strategy and Implementation Team Manager or Area Highways Manager has chosen to refer the decision on whether a TRO should be made to the Joint Committee, the Committee will make that decision (SCC).

- (f) To consider applications for stopping up a highway under section 116 of the Highways Act 1980 when, following the consent of GBC and any relevant Parish Council, unresolved objections have been received during the period of statutory public advertisement, and to decide whether the application should proceed to the Magistrates' Court (SCC).
- (iv) Jointly agreeing a statement of priority for the delivery of infrastructure described in the GBC Infrastructure Delivery Plan and informed by the GBC Regulation 123 list, to meet the need and mitigate the effect of development in the GBC local authority area and to discuss and propose strategies for securing any additional funding necessary for that delivery. (GBC)
- (v) Approval of an overarching Air Quality Policy/Strategy and individual Air Quality Management/Action Plans relating to the borough of Guildford (GBC)
- (vi) Apportion any resources for Early Help services in accordance with the approved local Early Help priorities that may be delegated to the Joint Committee from SCC/GBC, in relation to services for young people with the aim of achieving an integrated approach from both authorities (SCC/GBC)
- (vii) Decisions on any funding when a budget is allocated to the Joint Committee by either of the Councils (SCC/GBC).

Non-Executive Functions (delegated by SCC)

The Joint Committee will deal with all those non-executive functions relating to public rights of way set out in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, except for those expressly reserved by SCC.

Non-Executive Functions (delegated by GBC)

The Joint Committee will deal with all those non-executive functions relating to public rights of way set out in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, except for those separately referred to in the Borough Council's Scheme of Delegation (or within the terms of reference of other Committees) which shall be exercised concurrently.

In addition, the Joint Committee will deal with those relevant non-executive functions, relating to joint working that may be delegated to it by GBC or SCC from time to time.

Service Monitoring and Community Leadership - advisory functions

The Joint Committee may:

- (i) Determine priorities for collaborative work undertaken within the committee's area by the Councils and other partners, and oversee local initiatives agreed and funded by the Joint Committee. (SCC/GBC)

- (ii) Engage in issues of concern to local people and seek to influence the respective councils in the light of local needs. Monitoring the quality of services provided locally, and recommending action as appropriate. *(SCC/GBC)*
- (iii) Consider the most effective use of existing public sector property assets in the borough and the potential opportunities that may exist for development where this could be in the mutual interest of both authorities where expediency allows. *(SCC/GBC)*
- (iv) Be informed in relation to the prioritisation of proposed and planned infrastructure schemes or developer funded highway improvements within Guildford. *(SCC/GBC)*
- (v) Be informed of and receive appropriate reports on highway initiatives and/or improvements either wholly or partly in Guildford. *(SCC)*
- (vi) Review and influence the parking strategy (via the Parking Business Plan) and any new proposals for on and off street parking and enforcement. *(SCC/GBC)*
- (vii) Receive reports from and provide political oversight and advice to the Safer Guildford Partnership on the Community Safety functions of the Borough. *(SCC/GBC)*
- (viii) Provide political oversight and influence emergency planning and event management and/or event safety oversight that relate to the borough of Guildford. *(SCC/GBC)*
- (ix) Oversee and provide feedback on priorities relating to gypsy and traveller site provision and site management within the borough of Guildford. *(SCC/GBC)*
- (x) Receive reports from and provide political oversight and advice to the Health and Wellbeing Board for Guildford on its functions. *(SCC/GBC)*
- (xi) Influence priorities for the provision of integrated Health and Social Care and Older People's Services locally. *(SCC/GBC)*
- (xii) Oversee and influence priorities for the Family Support Programme in Guildford (noting the shared nature of this service with other boroughs) and monitor its performance. *(SCC/GBC)*
- (xiii) Facilitate partnership work with schools, Multi-Academy Trusts, governors and other partners to promote high educational standards and the fulfilment of potential for all children locally. *(SCC)*
- (xiv) Be consulted on any issues referred to it by either council and produce responses as appropriate. *(SCC/GBC)*

- (xv) Monitor formal decisions taken by officers under delegated powers in respect of functions delegated to the Joint Committee and provide feedback to improve service standards. (SCC/GBC)

(Note: A joint committee may not make any decision which will have an adverse effect on a part of the county for which it does not have functions).

(C) Funding

- (i) With regard to budget setting and planning, SCC and GBC will agree each year the amount of funding available to the Joint Committee to carry out its delegated decisions. All funds will be held and administered by the originating authorities and spent in accordance with their respective financial regulations/procedure rules and policies.
- (ii) Provision of venue: The meeting's venue and associated costs will normally be provided by GBC, unless alternative arrangements are agreed by SCC.
- (iii) Committee management: Committee management and associated costs for the Joint Committee will be provided by SCC.
- (iv) Any members' costs and expenses resulting from the Joint Committee (including those in relation to Chairman and Vice Chairman roles) will be funded and administered by their respective authorities.

(D) Withdrawal from the Joint Committee

At any time either Council may give 6 months' notice in writing to the other Council of its intention to withdraw from the Joint Committee. Once the Joint Committee ceases to exist, the functions delegated to it would each revert back to the relevant delegating authority.

Section 3 - Standing Orders

1. MEMBERSHIP AND ATTENDANCE OF MEMBERS AT MEETINGS

- 1.1. Membership of the Guildford Joint Committee shall be all county councillors with electoral divisions in Guildford, one SCC Cabinet Member (who may also be a county councillor with an electoral division in Guildford), and an equivalent number of borough councillors who should be politically proportionate to the Borough Council. At least one borough councillor shall be a member of that Council's Executive.
- 1.2. If there is no SCC Cabinet Member with an electoral division in Guildford the County Council shall appoint a specific Cabinet member to the Guildford Joint Committee at the Council AGM ("the relevant Cabinet Member"), and GBC would be entitled to appoint an additional borough councillor representative on the Joint Committee to ensure equity.
- 1.3. No substitutes will be permitted for the members on the Joint Committee. Members will be appointed to the committee at the first business meeting of the respective Councils, at the start of each municipal year. All borough and county councillors (including the relevant Cabinet Member) on the Joint Committee will have equal voting rights on all issues being considered.
- 1.4. A person shall cease to be a member if he/she resigns from the Guildford Joint Committee or ceases to be a member of SCC representing an electoral division in Guildford or the relevant Cabinet Member, or in the case of a member of GBC, ceases to be a member of that Council, or the relevant Executive Member.
- 1.5. SCC or GBC may, through their respective councils, co-opt representatives from the voluntary sector, public authorities or businesses in Guildford onto the Joint Committee. These representatives will be able to take part in discussions on agenda items, but will not be able to vote on any item for decision.
- 1.6. Where they are not members of the Joint Committee, the Leader of either SCC or GBC, or appropriate SCC Cabinet Member or GBC Executive Member with portfolio responsibilities for a matter on the agenda of the Joint Committee meeting may attend the meeting of the Joint Committee and, with the Chairman's consent, speak on the matter or provide written representation.

2. APPOINTMENT OF CHAIRMAN AND VICE-CHAIRMAN

- 2.1. For the 2018-19 Municipal Year only, the Chairman (who will be a County Councillor) and Vice-Chairman (who shall be a member of the Borough Council's Executive) shall be appointed by SCC or GBC (as appropriate) with the appointments made by each authority's usual procedure.

- 2.2. From the 2019-20 Municipal Year, the offices of Chairman and Vice-Chairman shall then alternate between the two councils every year, with the Borough Council providing the Chairman and the County Council providing the Vice-Chairman in 2019-20. If the appointed Chairman is representing SCC, the Vice-Chairman must be a GBC representative and vice-versa with the appointments made by through the relevant authority's usual procedures.
- 2.3. The Chairman and Vice-Chairman shall, unless he or she resigns the office or ceases to be a member of the Guildford Joint Committee, continue in office until a successor is appointed. If a Chairman or Vice-Chairman does not complete a full term of office, a further member from the same council shall be appointed through the relevant authority's usual procedures for the remainder of that term.
- 2.4. In the absence of the Chairman and the Vice-Chairman at a meeting, the members of the Joint Committee shall elect a chairman for that meeting.

3. MANAGEMENT OF THE COMMITTEE

- 3.1. The County Council's Community Partnership's Team shall act as the Committee Manager for the Guildford Joint Committee and shall be responsible for preparing and circulating agendas for meetings, advising on constitutional matters and for producing the decisions and minutes.

4. FORMAL MEETINGS

- 4.1. There shall be between 4 and 8 formal meetings of the Guildford Joint Committee each year as determined by the Chairman and Vice-Chairman and as set out in the calendar of meetings published on both councils' websites.
- 4.2. The Chairman or in his/her absence the Vice-Chairman, may call a special meeting of the Guildford Joint Committee to consider a matter that falls within its remit but cannot await the next scheduled meeting, provided at least five clear working days' notice in writing is given to the Committee Manager.
- 4.3. Formal meetings of the Joint Committee and its sub-committees shall be held in public except when exempt or confidential information is being considered and the press and public can be excluded in accordance with the Local Government Act 1972 (as amended).
- 4.4. Meetings of any working groups or task groups established by the Joint Committee shall, unless otherwise agreed, be held in private.

5. DELEGATED POWERS

- 5.1. The delegated powers mean those powers to be discharged by the Guildford Joint Committee as set out in Section 2(B) of this Constitution.

- 5.2. The Guildford Joint Committee shall discharge the delegated powers, within the respective budgetary and policy frameworks set by SCC in the case of county functions and by GBC in the case of borough functions.
- 5.3. When discharging the delegated powers the Guildford Joint Committee shall take decisions only after taking into account advice given in writing or orally from relevant officers of SCC or of GBC as appropriate, including legal, financial and policy advice.
- 5.4. If the Joint Committee is to make a Key Executive decision delegated to it by either SCC or GBC, then the Joint Committee must follow the constitution of the authority delegating the decision, including publishing it in the monthly forward plan of that authority.

6. OVERVIEW AND SCRUTINY

- 6.1. Executive decisions made by the Guildford Joint Committee are subject to scrutiny by SCC's or GBC's relevant Overview and Scrutiny Committee (depending on which authority delegated the particular function), including an Overview and Scrutiny Committee's right under the Local Government Act 2000 to request that an Executive Decision made but not implemented be reconsidered by the decision-taker (often referred to as 'call-in').
- 6.2. The processes and procedures for the exercise by the relevant Overview and Scrutiny Committee of their 'call-in' function shall be in accordance with the Constitutions of SCC or GBC depending on which authority delegated the executive decision in question.

Call-In of Joint Committee Decisions

- 6.3.1. The SCC Cabinet/GBC Executive may require referral, for review and final determination, of any executive decision taken by the Joint Committee which has significant policy or budgetary implications or is outside of the authority delegated to the Joint Committee, subject to notice of requirement for referral being given within 5 working days of publication of the decision.
- 6.3.2. Notice of referral may be given by the Leader or Deputy Leader of the relevant authority, or any three or more members of the SCC Cabinet/GBC Executive as appropriate.
- 6.3.3. All members of the Joint Committee will be notified that an executive decision taken by the Joint Committee has been required for referral by SCC Cabinet/GBC Executive.
- 6.3.4. The decision will be considered by the SCC Cabinet /GBC Executive at its next appropriate meeting in discussion with the Joint Committee Chairman and Vice-Chairman and no action will be taken to implement it in the meantime.

- 6.3.5. The Joint Committee Chairman or Vice-Chairman may attend the SCC Cabinet /GBC Executive meeting, as appropriate, for the consideration of the matter and speak on the item.
- 6.3.6. The SCC Cabinet /GBC Executive may accept, reject or amend the decision taken by the Joint Committee. A report on the decision taken by the Cabinet will be made to the next appropriate meeting of the Joint Committee, and to all the Members of either SCC or GBC, as appropriate, for information.

The following general provisions apply to the consideration of all matters within Guildford Joint Committee's remit.

7. NOTICE OF MEETING

- 7.1. The date, time and place of the fixed meetings of the Joint Committee will be accessed through both the SCC and GBC websites. The notice, agenda, reports and other documents prepared for the Joint Committee will be posted on the SCC website (with links from the GBC website) and sent to Members of the Committee not less than five clear working days before the date of the meeting.
- 7.2. Only the business on the agenda will be discussed at a meeting of the Joint Committee except for urgent matters raised in accordance with the provisions in Section 100B(4)(b) of the Local Government Act 1972.

8. SPECIAL MEETINGS

- 8.1. A special meeting of the Joint Committee will be convened to consider specific matters within its terms of reference at the discretion of the Chairman, or the Vice-Chairman in his/her absence. At least five clear working days' notice of a special meeting must be given.

9. AGENDAS

- 9.1. The Joint Committee will comply with the Access to Information rules in Part VA of the Local Government Act 1972 (as amended).
- 9.2. Agendas for meetings of the Joint Committee shall be published by the Committee Manager five clear working days in advance of a meeting and copies will be made available for public inspection via the SCC and GBC websites.
- 9.3. Members of the Joint Committee may suggest items for inclusion in the agenda within its remit. These will be added to the forward programme in consultation with the Chairman and Vice-Chairman of the Joint Committee.

10. DECISIONS AND MINUTES

- 10.1. The decisions from the meeting shall be published on SCC's website, with links from the GBC website, within three clear working days of the date on which the Joint Committee met.
- 10.2. The draft minutes of a meeting shall be published on SCC's website, with relevant links from the GBC website, as soon as is reasonably practicable.
- 10.3. At the meeting, the Chairman will move the formal motion "That the minutes of the last meeting be confirmed and signed by the chairman" and there may only be discussion if there is disagreement about their accuracy which will be resolved by a vote in the normal way.
- 10.4. Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a Special Meeting called under the provisions of paragraph 8 above, then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of signing of minutes.

11. CONFIDENTIALITY OF PAPERS

- 11.1. All Members must respect the confidentiality of any papers made available to them for the purpose of meetings of the Guildford Joint Committee or otherwise for so long as those papers remain confidential.

12. QUORUM

- 12.1. The quorum will be one quarter of the total number of voting members of the Joint Committee. A quorum may not be fewer than three voting members
- 12.2. The Chairman will adjourn the meeting if there is not a quorum present.

13. MEMBER QUESTIONS TO THE GUILDFORD JOINT COMMITTEE

- 13.1. Any Member of either Council may, with the Chairman's consent, ask one or more questions on matters within the terms of reference of the Joint Committee.
- 13.2. Notice of questions must be given in writing to the Community Partnerships Team by 12 noon four working days before the meeting. If the day in question is a Bank Holiday then notice of questions should be received by 12 noon on the previous working day.
- 13.3. Questions may be asked without notice if the Chairman decides that the matter is urgent.
- 13.4. Where a Member has given notice of a question and is absent from the meeting another Member may ask it on his/her behalf.

- 13.5. Every question will be put and answered.
- 13.6. Copies of all questions will be circulated to Members of the Joint Committee before the start of the meeting.
- 13.7. Questions may be answered orally or in writing.
- 13.8. If the Chairman is unable to answer any question at the meeting he/she may send a written answer to the Member asking the question.
- 13.9. At the discretion of the Chairman at the meeting, a Member who has given notice of a question may ask one supplementary question relevant to the subject of the original or the given response.
- 13.10. A record of all questions, supplementary questions and relevant answers will be included in the minutes of the meeting.

14. PUBLIC PARTICIPATION IN GUILDFORD JOINT COMMITTEE

14.1. Petitions

- 14.1.1. Any member of the public who lives, works or studies in the Guildford Borough area may present a petition, containing 30 or more signatures or at the Chairman's discretion, relating to a matter within the terms of reference of the Joint Committee. The presentation of a petition on the following business will not be allowed:
 - (a) matters which are "confidential" or "exempt" under Part VA of the Local Government Act 1972;
 - (b) planning applications; and
 - (c) matters in relation to a public rights of way under consideration by the Joint Committee.
- 14.1.2. A spokesperson for the petitioners may address the Joint Committee on the petition for up to 3 minutes or longer if agreed by the Chairman. Discussion on a petition at the meeting is at the Chairman's discretion. The petition may be referred to the next appropriate meeting of the Joint Committee or to the SCC Cabinet, Cabinet Member, GBC Executive or relevant committee of either SCC or GBC at the discretion of the Chairman.
- 14.1.3. Notice must be given in writing to the Community Partnerships Team at least 14 days before the meeting. Alternatively, the petition can be submitted on-line through SCC's or GBC's e-petitions website as long as the minimum number of signatures has been reached 14 days before the meeting.
- 14.1.4. No more than three petitions may be presented at any one meeting of the Joint Committee unless agreed otherwise by the Chairman.

- 14.1.5. The Community Partnerships Team may amalgamate within the first received petition other petitions of like effect on the same subject.
- 14.1.6. The presentation of a petition on the same or similar topic as one presented in the last six months may only be permitted at the Chairman's discretion.

14.2. Public Questions and Statements

- 14.2.1. At the start of any ordinary meeting of the Joint Committee, any member of the public who lives, works or studies in the Guildford borough area may ask one question or make a statement relating to a matter within the Committee's terms of reference. The Chairman may alternatively permit the question to be asked or the statement to be made at the start of an item on the agenda if it relates to that item.
- 14.2.2. Questions or statements will not be allowed on matters which are "confidential" or "exempt" under Part VA of the Local Government Act 1972; or on planning applications or on rights of way matters under consideration.
- 14.2.3. Notice of questions or statements must be given in writing to the Community Partnerships Team with details of the question or statement, by 12 noon four working days before the meeting. If the day in question is a Bank Holiday then notice of questions or statement should be received by 12 noon on the previous working day.
- 14.2.4. The Community Partnerships Team may, having consulted a questioner, reword any question or statement received to bring it into proper form and to secure reasonable brevity. Copies will be made available for members of the Joint Committee and any member of the public in attendance.
- 14.2.5. Questions and statements will be taken in the order in which they are received by the Community Partnerships Team. The provision of answers to questions being asked, any response to statements, and any discussion of the question or statement will be at the discretion of the Chairman.
- 14.2.6. Following any initial reply to a question, one or more supplementary question/s in relation to the response provided may be asked by the questioner at the discretion of the Chairman. The provision of answers to supplementary questions being asked and any discussion of these questions will be at the discretion of the Chairman.
- 14.2.7. The total number of questions which may be asked or statements made at any one meeting will be at the discretion of the Chairman. The Chairman may decide that questions or statements can be held over to the following meeting, or dealt with in writing and may disallow questions or statements which are repetitious.
- 14.2.8. When dealing with any item in which public participation has occurred, the Chairman shall clarify the point at which such public participation has

concluded and the Joint Committee's formal discussion and decision making of the item is taking place.

14.3. Public Speaking in relation to Rights of Way

Rights of Way application decisions are quasi-judicial decisions. They are therefore subject to specific rules. The reason for the rules about public speaking reflect the right of all individuals to a fair hearing.

- 14.3.1. Members of the public and their representatives may address the Guildford Joint Committee on any applications relating to public Rights of Way being considered by the Joint Committee.
- 14.3.2. Speakers must first register their wish to speak by telephone or in writing to the Community Partnerships Team by 12 noon one working day before a meeting stating on which item(s) they wish to speak.
- 14.3.3. Only those people who have previously made written representations in response to a Rights of Way application will be entitled to speak.
- 14.3.4. Speakers must declare any financial or personal interest they may have in the application.
- 14.3.5. Registration of speakers will be on a first come first served basis and speakers will be taken in the order in which they are registered, with the first five registered being entitled to speak. Where more than one person has registered an interest to speak, the subsequent speakers will be entitled to speak first if the first named speaker is not in attendance five minutes before the start of the meeting. Representations can be combined if necessary. A reserve list will also be maintained if necessary.
- 14.3.6. The time allowed for public speaking will be limited to 15 minutes for objectors and 15 minutes for supporters per item, and to 3 minutes per speaker.
- 14.3.7. Only if a member of the public or their representative speaks objecting will the applicant/agent be allowed to speak and then only to respond to the points raised by the objectors, and will be limited to 3 minutes for each objector who has spoken.
- 14.3.8. No additional information may be circulated by speakers at the meeting and they will have no right to speak or question Members or officers once they have made their submission.
- 14.3.9. Speeches will precede the Joint Committee's formal discussion on each application requiring the Joint Committee's attention.
- 14.3.10. The right to speak will only be exercised at the first meeting at which the application is considered and will not normally be the subject of further presentations at any subsequent meeting unless significant changes have taken place after a deferral by the Joint Committee.

15. RIGHT TO SPEAK AT THE JOINT COMMITTEE

- 15.1. A Member of the Joint Committee may speak on any business on the published agenda of the committee. Matters not relevant to the business on the agenda will not be permitted.
- 15.2 A Member may only speak once on a motion and amendment except:
- (a) the mover may reply to the debate but, in doing so, may only answer statements and arguments made in the course of the debate. He/she may not introduce any new matter;
 - (b) the mover of a motion may speak during the debate on any amendment to the motion;
 - (c) a Member who has already spoken may speak on a point of order or may, at the Chairman's discretion, explain any statement made by him/her which he/she believes has been misunderstood;
 - (d) the Chairman may speak before the mover of the motion or amendment replies to the debate.
 - (e) A Member seconding any motion or amendment will be deemed to have spoken on it unless he/she speaks immediately and reserves his/her right to speak later.

16. RELEVANCE

- 16.1. Every Member who speaks must direct his/her speech strictly to the motion or matter under discussion, or to a motion or amendment which he/she moves, or to a point of order.

17. POINTS OF ORDER

- 17.1. Any Member wishing to raise a point of order must say at the outset the Standing Order or rule of debate which he/she believes has been infringed. Every point of order will be decided immediately by the Chairman whose decision will be final.

18. LENGTH OF SPEECHES

- 18.1. Except with the consent of the Chairman, the following time limits will apply to speeches:
- (a) The mover of a motion or an amendment (5 minutes)
- (A Member may not speak for more than five minutes unless he/she has a seconder).

- (b) The mover of a motion either speaking to an amendment or replying to the debate (3 minutes)
- (c) The mover of an amendment replying to the debate on the amendment. (3 minutes)
- (d) The seconder of a motion or an amendment (3 minutes)
- (e) A Member speaking on a report or in a debate (3 minutes)

19. AFTER REPLY DEBATE IS CLOSED

- 19.1. After the reply is made, the motion or amendment under discussion will be put from the Chair.

20. PROCEDURE FOR MOTIONS AND AMENDMENTS

- 20.1. Every motion or amendment must be moved and seconded and, if the Chairman requires, must be submitted in writing to the Community Partnerships Team and read aloud before it is put to the meeting.
- 20.2. A Member may not move or second more than one amendment on any motion.
- 20.3. Once moved and seconded, a motion or amendment may not be withdrawn without the consent of the Joint Committee.
- 20.4. With the consent of the Joint Committee, a Member may:
 - (a) alter a motion of which he/she has given notice; or
 - (b) with the consent of his/her seconder, alter a motion which he/she has moved.

(In either case, the alteration must be one which could be made as an amendment under the following Standing Order).

21. AMENDMENTS

- 21.1. Every amendment must be relevant to the motion under discussion and will either:
 - (a) move the reference back
 - (b) leave out words
 - (c) add words, or
 - (d) leave out words and add others.

- 21.2. An amendment which forms the negative of the motion will not be allowed.
- 21.3. Whenever an amendment has been moved and seconded, no subsequent amendment may be moved until the first has been dealt with, unless the Chairman decides otherwise.
- 21.4. If an amendment is lost, other amendments may be moved on the motion.
- 21.5. If an amendment is carried, the motion as amended will become the substantive motion on which further amendments may be moved.

22. PROCEDURAL MOTION

“That the question be now put”

- 22.1. Any Member may, at the close of the speech of another Member, move “That the question be now put”.
- 22.2. If he/she considers that there has been adequate debate, the Chairman may put the motion “That the question be now put” without debate. If the motion is carried:
 - (a) the Chairman may speak to the motion or amendment under debate, if he/she has not already spoken; and
 - (b) the mover of the motion or amendment may reply.
- 22.3. The motion or amendment will then be put.

23. INTERRUPTIONS AND DISORDERLY CONDUCT

- 23.1. If a member of the public interrupts the proceedings at a meeting, the Chairman may ask him/her not to interrupt.
- 23.2. If the interruption continues, the Chairman may order his/her removal from the room.
- 23.3. If there is general disturbance in all or part of the public gallery, the Chairman may order that part to be cleared.
- 23.4. If a Member behaves in a disorderly or disruptive manner, any Member may move, with the consent of the Chairman, “That the named Member be not further heard”. If this motion is seconded it will be put to the vote and determined without discussion.
- 23.5. If the motion is carried and the misconduct continues the Chairman may adjourn or suspend the sitting of the Joint Committee for as long as he/she considers appropriate.

24. VOTING

- 24.1. Voting will be by show of hands unless a Member demands a recorded vote. Where a recorded vote is called, the names of those voting for, against, or abstaining in respect of the motion or amendment will be recorded and entered in the minutes.
- 24.2. Where a demand for a recorded vote is not supported, any Member may require his/her vote for or against the motion to be recorded in the minutes.
- 24.3. On a formal motion put from the Chairman (e.g. "That the report be received"), the question may be decided by the voice of the Members, unless any Member demands a show of hands.
- 24.4. If immediately after a vote is taken any Member so requires, the way in which he/she voted (or abstained) will be recorded in the minutes of that meeting.
- 24.5. The person presiding at the meeting may in the event of a tie exercise a second or casting vote.

25. MEMBERS' CODE OF CONDUCT

- 25.1. Members are bound by the Code of Conduct of the authority which appointed them to the Guildford Joint Committee and should particularly observe the provisions of their respective Codes concerning the declaration of interests when attending meetings of the Guildford Joint Committee.

26. INTERESTS OF MEMBERS

- 26.1. At any meeting where a Member becomes aware that a matter under consideration relates to:
 - (a) one of their interests that they must disclose in accordance with their respective Council's Codes not already entered on the relevant Council's register and/or
 - (b) the donor of any gift and/or hospitality they have accepted and not yet entered on the relevant Council's register

The Member must disclose the interest to the meeting and, within 28 days, notify this to either SCC's Monitoring Officer in the case of County Councillors or GBC's Monitoring Officer in the case of Borough Councillors for inclusion in the register.

27. PARTICIPATION IN RELATION TO DISCLOSABLE PECUNIARY INTERESTS

- 27.1. A Member with a disclosable pecuniary interest in any matter must:
 - (a) not participate in any discussion or vote relating to the matter;

- (b) withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting;
- (c) not exercise functions in relation to that matter; and
- (d) not take any steps in relation to the matter (except for the purposes of enabling the matter to be dealt with otherwise than by them) unless he/she has obtained a dispensation from SCC's Audit and Governance Committee for County Councillors or GBC's Council Solicitor and Monitoring Officer, or Corporate Governance and Standards Committee (as the GBC Constitution so specifies).

28. ATTENDANCE OF MEMBERS

- 28.1. All Members present will sign a register of attendance.

29. EXCLUSION OF THE PRESS AND PUBLIC

- 29.1. The Guildford Joint Committee may, by resolution, exclude the press and public from a meeting during an item of business wherever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure of Exempt or Confidential information as defined by the Local Government Act 1972 and/or the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

30. SUB-COMMITTEES AND TASK GROUPS

- 30.1. The Guildford Joint Committee may appoint:
 - (a) Sub-Committees with power to act to discharge any of its functions as agreed by the Joint Committee.
 - (b) Task Groups which cannot make decisions but may consider specific matters and report back to a future meeting of the Guildford Joint Committee.

31. CONDUCT AT MEETINGS

- 31.1. The conduct of meetings and the interpretation of these Standing Orders are at all times a matter for the Chairman, or person presiding at the meeting, whose ruling is final.

SURREY COUNTY COUNCIL**CABINET REPORT****DATE: 26 JUNE 2018****REPORT OF: MS DENISE TURNER-STEWART, CABINET MEMBER FOR COMMUNITY SERVICES****LEAD OFFICER: JASON RUSSELL, ACTING EXECUTIVE DIRECTOR HIGHWAYS, TRANSPORT AND ENVIRONMENT****SUBJECT: SURREY PERFORMING ARTS LIBRARY – PROPOSED ARRANGEMENTS****SUMMARY OF ISSUE:**

The Surrey Performing Arts Library (SPAL) helps support the cultural life of the county by bringing together a wide range of material on all aspects of performing arts, including the loan of multiple sets of music and drama items borrowed by groups. In order to ensure the long term sustainability of the collection, a review, including extensive public consultation, of how the collections are managed has been carried out.

Arising from this, discussions have been initiated with a group, established as a charity, ('NewSPAL') around the potential user and service benefits that could accrue were the collections to be transferred to them.

Both music and drama collections are currently housed at Denbies in Dorking. To ensure the effectiveness, coherence and continuity of the service, the collection is to be relocated to Ewell Library where the collections will be within the main library system.

RECOMMENDATIONS:

It is recommended that:-

1. NewSPAL, a new charitable body, is invited and supported to prepare a comprehensive business plan to take on operational responsibility for SPAL,
2. That a report on the NewSPAL business plan be brought to Cabinet for decision in the Autumn, 2018.

REASONS FOR RECOMMENDATIONS:

A review of the SPAL collections identified a number of measures to improve business operations and options to address issues for its long term sustainability. The option of transferring the function to an independent operator was proposed as it would mean that SPAL could operate outside of the continuing pressures on local government budgets. Despite considerable work, ultimately no suitable existing organisation confirmed their interest. However a new charity (NewSPAL) has recently been set up for the purpose of taking on SPAL. Potential advantages of the NewSPAL option is that it will be a user-led organisation and have potential to access funding opportunities not available to local authorities.

There will be a robust process in place to test the viability of any transfer of the collections to NewSPAL and a report brought to Cabinet in the Autumn, 2018.

The Communities Select Committee considered options for SPAL and agreed to support in principle NewSPAL taking over the collections. In the interim, while the NewSPAL proposal is worked up in greater detail, to ensure the cost-effectiveness, coherence and continuity of the service, the collection is to be relocated to Ewell Library.

DETAILS:

Background

1. SPAL is one of very few music and drama libraries remaining in the UK, illustrating the challenges to local authorities of keeping a specialist library open in difficult financial times. It belongs to a number of regional and national inter library lending schemes where authorities borrow and lend items to each other to satisfy requests from their users. Due to reductions in other library services SPAL has become a significant net lender of material, which has put a financial and staffing strain on the service.
2. SPAL currently occupies premises at Denbies Wine Estate in Dorking, where the lease runs until April 2021. The lease and building running costs of SPAL are circa £90,000 a year. The County Council has been in discussion with Denbies concerning this lease and future options for use of the space.
3. A review of possible locations within the mainstream library service was carried out and the decision has been taken with the Cabinet Member, to relocate the music and drama collections to a single location at Ewell library.
4. Following the November 2017 Communities Select Committee meeting, a Forum to investigate the viability of an independent option for SPAL was formed, including representatives from Friends of Surrey Performing Arts Library (FOSPAL), Making Music, the International Association of Music Librarians (IAML) and officers from Cultural Services. During the process of this consideration these organisations decided to establish a Charitable Incorporated Organisation (CIO) called NewSPAL for the purpose of taking on operational management of SPAL.
5. Subject to the Cabinet decision in the Autumn 2018 regarding the NewSPAL business case, the collections will remain at Ewell. Should the decision be made to keep the collections, a further one off cost (estimated at £20,000) would arise to adapt the infrastructure at Ewell Library.

DEVELOPMENT OF OPTIONS AND RISKS:

6. A review of library premises, including extensive public consultation, took into account areas of Surrey where there are the highest concentrations of SPAL users and a set of criteria based on accessibility and ease of use. The consultation identified users' support for keeping the collections together if possible and was also positive about a possible independent future for the service (see below, '4. Consultation'). The conclusion was that Ewell Library provided the optimum spatial solution for the location of SPAL.
7. The emergence of NewSPAL as a potential community partner presents a number of opportunities and potential benefits for users and the service and potentially addresses a number of the issues, priorities and concerns expressed in the public consultation. Being

newly formed, the transfer of the collections to Ewell in the short term will helpfully give NewSPAL time to develop their business plan.

8. SCC recognizes the value of the collection and its importance to users. The NewSPAL proposition and transition plan will be reviewed against a range of assessment criteria to ensure future sustainability and cost-effectiveness. The review will consider all opportunities, benefits, risks and the transition arrangements associated with a potential transfer of the collections to NewSPAL.

CONSULTATION:

9. A consultation was undertaken in September 2017, a total of 1474 responses were received. 64.2% of respondents were from music interests, 11% from drama and 24.8% from individuals.
10. The key views expressed in the consultation were:
 - Many respondents expressed the view that the actual location did not matter and the greatest concern was the continuation of the availability of the multiple sets for music and drama. The range of items to borrow and the facility to book reservations in advance and competitive hire were the most valued parts of the service.
 - 91.6% of respondents were against closure.
 - 60% of respondents said they would continue to use the service if the music and drama collections were relocated in separate libraries. Less than 10% said they would stop using the service.
 - 32% strongly agreed with the option of transferring ownership to a community or other organisation. Some concerns were expressed that there would have to be strong agreements with the new body to ensure future access for Surrey residents.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

11. In the event that the NewSPAL proposal is approved, after a transition period SCC would have no financial responsibility for SPAL, which would be outside of local government budget pressures. As a charitable organisation NewSPAL could access additional new funding sources and it would be free to trade widely. User involvement and volunteering could have positive effects. The service would be maintained for Surrey residents and able also to serve a wider user group.
12. It is estimated that the relocation could be actioned by August. Of the initial £150,000 annual savings this would achieve in year savings of £100,000, after allowing an estimated £15,000 for the initial cost of relocation. Future savings of £90,000 could be achieved through relinquishing the lease at Denbies
13. The NewSPAL business plan, its value-for money and financial implications will be robustly assessed against a range of criteria before a report is brought to Cabinet for a decision in the Autumn 2018.

SECTION 151 OFFICER COMMENTARY:

14. The County Council is facing a very serious financial situation, whereby it does not have a balanced nor sustainable budget plan for future years. Relocating SPAL utilises existing library premises and staffing resources and generates immediate savings as set

out above, leading to additional later savings through the reduction in external property costs. In the meantime investigation and development of future alternative delivery models will continue, which could deliver further savings and benefits.

LEGAL IMPLICATIONS – MONITORING OFFICER:

15. The Council is under a general statutory duty by virtue of section 7(1) of the Public Libraries and Museums Act 1964 'to provide a comprehensive and efficient library service for all persons'. SPAL falls outside of this general duty due to its specialist nature and as such is a discretionary service.
16. Notwithstanding this, it is subject to the normal public sector requirements for consultation and equalities impact assessment, both of which must be considered as part of the decision making process. A public consultation has been carried out and the report sets out how the results have been taken into account. The equalities paragraphs below summarise the equality impacts and mitigations that have been identified. The Council's duty to secure best value in the way in which its functions are exercised has been met by considering the cost effectiveness and efficiency of the proposals.
17. If the library is transferred to NewSpal or another organisation, the legal issues connected to the transfer will require more detailed assessment, and further consultation would need to be considered.

EQUALITIES AND DIVERSITY:

18. An Equalities Impact Assessment has been completed for the recommendations.
19. Summary of Key Impact and Actions from EIA:
 - Engagement with key stakeholders including Friends of the Surrey Performing Arts Library (FOSPAL), Making Music, the Ralph Vaughan Williams Society and the Leith Hill Festival.
 - User consultation open for one month in September 2017, with the opportunity for respondents to express an interest with regard to taking on responsibility for the management of SPAL.
 - The user survey was sent to 346 music groups, 164 drama groups and 752 individual borrowers. Also 43 other active stakeholders were invited to comment and to be involved in options development. A total of 1,474 responses were received.
20. At the time of the consultation, a range of options were proposed. These included consideration of splitting the collection into drama and music collections and housing them separately at alternative libraries within the network, as well as the possibility to transfer management to a third party agency.
21. Potential Negative Impact:
 - The proposal may result in users and/or staff needing to travel a greater distance to obtain the service or employment, which may incur greater cost, inconvenience and time. This may have a negative impact on the following protected groups: Disability, Pregnancy & Maternity, Carers, and Age and Sex as older people and females represent a greater proportion of SPAL users.

- SPAL staff may also find it difficult to retrain or find alternative employment. This may have a negative impact on the following protected groups: Age, Disability, Pregnancy & Maternity, and Carers.

22. Potential Positive Impact:

- The transition of the collection into Ewell Library would result in slightly extended opening hours of physical access to the collection compared with the current offer, potentially widen the exposure of the collection to other service users, and be more accessible by public transport for users.
- These may have a positive impact on the following protected groups: Age, Disability, Pregnancy & Maternity, Race, Religion and Belief, Sex and Carers.
- The proposal may result in users and/or staff needing to travel a shorter distance to obtain the service or employment, which may incur less cost, inconvenience and time.
- This may have a positive impact on the following protected groups: Disability, Pregnancy & Maternity, Carers; Age and Sex for users only as older people and females represent a greater proportion of SPAL users; and Race and Religion and Belief for users only as Other Asian, and the Hindu and Muslim population is greater than average in this part of the County.

23. Key impacts (positive and/or negative) on people with protected characteristic:

- None identified

24. Key mitigating actions planned to address any outstanding negative impact:

- Maintaining ability for items to be collected from any Surrey Library
- Consideration to be given following user feedback on providing a later evening opening
- SPAL staff to be given the opportunity of redeployment within the Library Service

25. Potential negative impacts that cannot be mitigated::

- None identified

<u>WHAT HAPPENS NEXT:</u>

26. Both the music and drama collections will be relocated to Ewell library. A communications plan will be developed and enacted to minimise disruption to users.
27. The library service will provide technical advice and guidance where necessary to the trustees of the NewSPAL charity to assist their development of a sustainable business plan, transition arrangements; and a suitable legal and practical framework for takeover of the collections. The County Council will not be making a financial contribution to the charity for set up or transitional costs.
28. NewSPAL will submit their business and operational/financial plans circa September 2018 for review and decision by Cabinet.

Contact Officer:

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Consulted:

Cabinet Member, Executive Director, Select Committee, users of the Surrey Performing Arts library, key stakeholders- Friends of the Performing Arts Library (FOSPAL), Making Music, IAML

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