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Agenda and Reports  
for the meeting of  
**THE COUNTY COUNCIL**  
to be held on  
**11 DECEMBER 2018**

(i)

County Hall  
Kingston upon Thames  
Surrey

Monday, 3 December 2018

TO THE MEMBERS OF SURREY COUNTY COUNCIL

## SUMMONS TO MEETING

You are hereby summoned to attend the meeting of the Council to be held in the Council Chamber, County Hall, Kingston upon Thames, Surrey KT1 2DN, on Tuesday, 11 December 2018, beginning at 10.00 am, for the purpose of transacting the business specified in the Agenda set out overleaf.

JOANNA KILLIAN  
Chief Executive

**Note 1:** *For those Members wishing to participate, Prayers will be said at 9.50am. Rev Dr Kuhan Satkunanayagam, United Benefice of Leatherhead and Mickleham, has kindly consented to officiate. If any Members wish to take time for reflection, meditation, alternative worship or other such practice prior to the start of the meeting, alternative space can be arranged on request by contacting Democratic Services.*

*There will be a very short interval between the conclusion of Prayers and the start of the meeting to enable those Members and Officers who do not wish to take part in Prayers to enter the Council Chamber and join the meeting.*

**Note 2:** *This meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The images and sound recording may be used for training purposes within the Council.*

*Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.*

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

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language please either call Democratic Services on 020 8541 9122, or write to Democratic Services, Surrey County Council at Room 122, County Hall, Penrhyn Road, Kingston upon Thames, Surrey KT1 2DN, Minicom 020 8541 9698, fax 020 8541 9009, or email [joss.butler@surreycc.gov.uk](mailto:joss.butler@surreycc.gov.uk)

This meeting will be held in public. If you would like to attend and you have any special requirements, please contact Joss Butler on 020 8541 9938

**1 APOLOGIES FOR ABSENCE**

The Chairman to report apologies for absence.

**2 MINUTES**

(Pages 9  
- 18)

To confirm the minutes of the meeting of the Council held on 13 November 2018.

*(Note: the Minutes, including the appendices, will be laid on the table 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 ELECTION OF COUNTY COUNCILLOR**

The Chief Executive formally to report the election of a new County Councillor for the Byfleets division at the by-election held on 6 December 2018.

**5 CHAIRMAN'S ANNOUNCEMENTS**

**Recent visits**

**GASP AWARDS:** Held at the incredible McLaren Technology Centre in Woking. GASP Chair, Sally Varah and Chief Executive Officer, Henry Curwen, welcomed supporters, friends, family members and most importantly the 18 inspirational young award winners. I presented the GASP Group Achievement Award to 5 young girls from Woking High School who took part in the Industry Linked programmes, which deliver collaboratively with Stanhope-Seta. Other awards included 'Total Engagement', 'Personal Development', 'Perseverance', 'Commitment and Resilience', 'Enthusiasm to Learn' and 'Peer Mentoring'.

**ROYAL VISIT:** Held at The Royal Alexandra and Albert School in Reigate with Her Royal Highness the Duchess of Gloucester to celebrate 260 years since the school's founding - a very special occasion.

**LONG SERVICE AWARDS:** This took place in the Grand Hall celebrating the dedication and hard work of many colleagues with 25 years of service to Surrey County Council and one person with 40 years of service. It was a wonderful afternoon full of celebration.

## **6 ELECTION OF LEADER OF THE COUNCIL**

To elect a Leader of the Council, to continue in office until the day of the post-election annual meeting which follows his/her election as Leader.

## **7 NEW LEADER'S STATEMENT**

The new Leader to make a statement.

There will be an opportunity for Members to ask questions and/or make comments.

## **8 MEMBERS' QUESTION TIME**

1. The Leader of the Council or the appropriate Member of the Cabinet or the Chairman of a Committee to answer any questions on any matter relating to the powers and duties of the County Council, or which affects the county.

**(Note: Notice of questions in respect of the above item on the agenda must be given in writing, preferably by e-mail, to Democratic Services by 12 noon on 5 December 2018).**

2. Cabinet Member Briefings on their portfolios

These will be circulated by email to all Members prior to the County Council meeting, together with the Members' questions and responses.

There will be an opportunity for Members to ask questions.

## **9 STATEMENTS BY MEMBERS**

Any Member may make a statement at the meeting on a local issue of current or future concern.

**(Note: Notice of statements must be given in writing, preferably by e-mail, to Democratic Services by 12 noon on 10 December 2018).**

## **10 ORIGINAL MOTIONS**

None received.

## **11 ELECTION OF COMMITTEE CHAIRMEN AND VICE-CHAIRMEN**

To elect Chairmen and Vice-Chairmen of certain committees for the

remainder of the Council year 2018/19.

*(Note: Proposals will be circulated in a supplementary agenda.)*

**12 ESTABLISHMENT OF A JOINT HEALTH OVERVIEW & SCRUTINY COMMITTEE FOR SUSSEX AND EAST SURREY SUSTAINABILITY AND TRANSFORMATION PLAN** (Pages 19 - 32)

For Surrey County Council, in partnership with four other local authorities, to establish a Joint Health Overview & Scrutiny Committee for a four year term to scrutinise possible substantial variations arising from the development of the Sussex and East Surrey Sustainability and Transformation Plan (STP).

That Surrey County Council provides three Members to serve on the Joint Health & Overview Committee in accordance with political proportionality requirements. The report also requests that responsibility be delegated to the Health Integration and Commissioning Select Committee to appoint a non-voting co-opted representative from among its district and borough Members.

**13 APPOINTMENT OF AN INTERIM MONITORING OFFICER** (Pages 33 - 34)

To approve the appointment of an Interim Monitoring Officer.

**14 REPORT OF THE PEOPLE, PERFORMANCE & DEVELOPMENT COMMITTEE** (Pages 35 - 38)

To approve the Committee's updated Terms of Reference for inclusion in the Constitution.

**15 FINANCIAL REGULATIONS** (Pages 39 - 62)

This report seeks Council's approval to the proposed changes to the Financial Regulations and an amendment to the Constitution.

**16 REVIEW OF THE SPECIAL RESPONSIBILITY ALLOWANCE FOR DEPUTY CABINET MEMBERS - REPORT OF THE INDEPENDENT REMUNERATION PANEL** (Pages 63 - 70)

To receive the report of the Independent Remuneration Panel on the review of the Special Responsibility Allowance for Deputy Cabinet Members.

**17 SCRUTINY ANNUAL REPORT 2017/18** (Pages 71 - 82)

The Council to consider the Scrutiny Annual Report 2017/18 and comment accordingly.

**18 REPORT OF THE CABINET** (Pages 83 - 84)

To receive the report of the meeting of the Cabinet held on 27 November 2018 and to agree one recommendation in respect of:

A. Revised Financial Regulations

**19 MINUTES OF CABINET MEETINGS**

(Pages  
85 - 86)

Any matters within the minutes of the Cabinet's meetings, and not otherwise brought to the Council's attention in the Cabinet's report, may be the subject of questions and statements by Members upon notice being given to Democratic Services by 12 noon on 10 December 2018.

**MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE**

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

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

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

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

*Thank you for your co-operation*

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**MINUTES OF THE MEETING OF THE COUNTY COUNCIL HELD AT THE  
COUNCIL CHAMBER, COUNTY HALL, KINGSTON UPON THAMES, KT1 2DN ON  
13 NOVEMBER 2018 COMMENCING AT 10.00 AM, THE COUNCIL BEING  
CONSTITUTED AS FOLLOWS:**

Tony Samuels (Chairman)  
Helyn Clack (Vice-Chairman)

*	Mary Angell	*	Julie Iles
	Ayesha Azad		Naz Islam
	John Beckett		Colin Kemp
	Mike Bennison		Eber Kington
	Chris Botten	*	Graham Knight
	Liz Bowes	*	Rachael I Lake
	Natalie Bramhall	*	Yvonna Lay
	Mark Brett-Warburton		David Lee
	Ben Carasco		Mary Lewis
*	Bill Chapman		Andy MacLeod
	Stephen Cooksey		Ernest Mallett MBE
	Clare Curran		David Mansfield
	Nick Darby		Peter Martin
	Paul Deach		Jan Mason
	Graham Ellwood		Cameron McIntosh
	Jonathan Essex		Sinead Mooney
	Robert Evans		Charlotte Morley
	Tim Evans		Marsha Moseley
	Mel Few		Tina Mountain
	Will Forster		Bernie Muir
	John Furey		Mark Nuti
*	Matt Furniss		John O'Reilly
	Bob Gardner		Tim Oliver
	Mike Goodman		Andrew Povey
	Angela Goodwin		Wyatt Ramsdale
	David Goodwin		Mrs Penny Rivers
	Zully Grant-Duff		Stephen Spence
	Alison Griffiths		Lesley Steeds
	Ken Gulati		Peter Szanto
	Tim Hall		Keith Taylor
	Kay Hammond		Barbara Thomson
*	Richard Hampson		Rose Thorn
	David Harmer		Chris Townsend
	Jeffrey Harris		Denise Turner-Stewart
	Nick Harrison		Richard Walsh
*	Edward Hawkins		Hazel Watson
	Marisa Heath		Fiona White
	David Hodge CBE		Keith Witham
	Saj Hussain		Victoria Young

\*absent

#### **78/18 APOLOGIES FOR ABSENCE [Item 1]**

Apologies for absence were received from Bill Chapman, Matt Furniss, Richard Hampson, Edward Hawkins, Julie Iles and Rachael I Lake.

#### **79/18 MINUTES [Item 2]**

The minutes of the meeting of the County Council held on 9 October 2018 were submitted, confirmed and signed.

#### **80/18 DECLARATIONS OF INTEREST [Item 3]**

The Chairman advised that he did not require Members to declare any significant personal interests that already appeared on their Registers of Interest. There were no declarations.

#### **81/18 CHAIRMAN'S ANNOUNCEMENTS [Item 4]**

The Chairman:

- Thanked the Members for attending Richard Wilson's funeral on 6 November 2018.
- Thanked those who attended the Act of Remembrance service on 9 November 2018.
- Informed Members that they would be receiving an invitation to submit a nomination for a volunteer who had made an outstanding contribution to their local area. Members were asked to nominate at least one individual each.

#### **82/18 LEADER'S STATEMENT [Item 5]**

The Leader made a detailed statement. A copy of the statement is attached as Appendix 1.

Members raised the following topics:

- Thanked the Leader for his leadership and service to the Council during his time as Leader of the Council.
- Highlighted that the next Leader would bring the opportunity for a new era and new ways of working.
- That they felt positive about the future.
- That it takes bravery and commitment to be the Leader of the Council.
- Wished the Leader a happy retirement.
- That the Leader's successor faced an extreme challenge and that the Council would require strong leadership.
- That the Leader received a CBE in 2017 for services to local government and charity.
- Highlighted the importance of flood prevention in the County.

#### **83/18 MEMBERS' QUESTION TIME [Item 6]**

Notice of seven questions had been received. The questions and replies were published in a supplementary agenda on 12 November 2018.

A number of supplementary questions were asked and a summary of the main points is set out below:

**(Q1) Mr Robert Evans** highlighted that Central Government had announced that an additional £42m would be allocated to repair potholes in the country and asked the Leader of the Council to confirm how much of this would be used in Surrey.

Cllr Essex asked for details of the Council's contact with parliament to request fairer funding on Surrey's roads.

The Leader confirmed that the Council would be receiving an additional £7.4m to repair potholes on Surrey's roads. He further highlighted that he had written to Central Government numerous times to make Surrey's case for fairer funding.

**(Q2) Mr Will Forster** asked the Cabinet Member for Children if she would write to borough and district councils who had not yet taken action to take young care leavers out of council tax to promote and support the scheme. The Cabinet Member noted the schemes benefits to those transitioning to adulthood and confirmed that she was happy to take the request forward. The Cabinet Member went on to ask Members of the Council who also had responsibilities with borough and district councils to support the scheme in their council meetings.

**(Q3) Mrs Hazel Watson** asked the Cabinet Member for Environment and Transport if he was aware of the wider issues relating to parking displacement due to the car parking changes implemented in the countryside estate. The Cabinet Member noted these concerns and highlighted that there was a process to follow for any concern of parking displacement. He asked that Members contact him direct to outline issues relating to car parking as they can be passed on the appropriate officer.

**(Q4) Mrs Barbara Thomson** asked the Cabinet Lead Member for People what role local and joint committees had to support the efforts outlined in the response. The Cabinet Member highlighted the key roles of local and joint committees as well as other partners, which included the Community Safety Partnership and the Health and Wellbeing Board. It was further noted that Surrey Police would be providing seminars for front line workers to highlight ongoing work to prevent serious and organised crime.

**(Q6) Mrs Hazel Watson** asked the Cabinet Lead Member for Place to confirm the location of the 14 sites outlined in the question response. The Cabinet Member informed the Member that details of the 14 sites could be found in the relevant Cabinet papers.

**(Q7) Mr Robert Evans** asked the Cabinet Member for Corporate Support if awarding contracts based on their value for money was in line with the Council's ethos and principles relating to Fairtrade. He further asked for confirmation on whether the products provided by Commercial Services were Fairtrade. The Cabinet Member noted the Members comments relating to value for money contracts and agreed to provide a response to the query relating to the use of Fairtrade produce by Commercial Services outside the meeting.

**Cabinet Member Briefings:** these were also published with the supplementary agenda on 12 November 2018.

Members made the following comments:

**Deputy Leader of the Council and Cabinet Member for Economic Prosperity:** on the opportunity to fund tourism in the county to further develop the industry and increase its benefits for residents. The Cabinet Member highlighted that the University of Surrey had the third highest rated hospitality department in the world and informed Members that work was ongoing with the university to produce a mutual agreement for joint working. He further stated that discussions were ongoing with other progressive authorities to better understand the opportunities available.

**Cabinet Lead Member for Place:** on the Council's considerations to relocate its headquarters from Kingston upon Thames to a more central location in Surrey. The Cabinet Member stated that there were currently no formal plans and that work was ongoing to better understand the possible benefits of certain locations.

Members also raised concerns relating to the contracts available to mitigate flash flooding and its effects in the county.

**Cabinet Member for Children:** on the ongoing consultation relating to Children's Centres and the opportunity to schedule further drop-in sessions to increase consultations to better reflect the views of residents. The Cabinet Member agreed to speak to officers to discuss the opportunities available to increase engagement. It was further highlighted that the drop-in sessions also related to the consultations for Special Educational Needs and Disabilities (SEND) and Library proposals.

**Cabinet Member for All-Age Learning:** on the transfer of £3.1m from a total £650m schools budget to support the £15m overspend on the High Needs SEND budget. The Cabinet Member highlighted that only schools entitled to additional funding would be affected by the decision and asked Members and School Governors to understand the rationale on why this was needed.

**Cabinet Member for Adults:** confirmed that the budget envelope for Adults had been red/amber/green rated in the financial strategy and stated that it would be shared with Members.

**Cabinet Member for Community Services:** on Trading Standards and the opportunities to broaden the ongoing work to prevent the scamming of residents.

#### **84/18 STATEMENTS BY MEMBERS [Item 7]**

There were none.

#### **85/18 ORIGINAL MOTIONS [Item 8]**

##### **Item 8(i)**

Under Standing Order 12.3 the Council agreed to debate this motion.  
Under Standing Order 12.1 Mr David Hodge moved the motion, which was:

The Surrey Youth Cabinet forms an important voice, representing the interests of young people across Surrey.

SCC's Cabinet met recently, and we agreed a number of areas where we will work in greater partnership going forward, which I believe will add real benefit to this Council and how we will provide services to young people in future.

I seek the Council's endorsement that we should invite the Surrey Youth Cabinet to hold formal elections to elect a young person as the Youth Mayor for Surrey for a 12 month period.

Mr Hodge made the following points:

- Highlighted the need for more representatives of young people on the Council.
- That this was an opportunity for the Council to engage further with young people and show that it wants young people to be more involved with politics and the civil service.
- Recognised that details of funding and the agreed process would need to be assessed by officers and the appropriate select committee.
- That he expects the first elections to be held in May 2019.

The motion was formally seconded by Mr McIntosh who made the following points:

- That he fully supported the motion and felt it was a fantastic idea.
- The London Borough of Croydon had great success in the area.
- That it would bring more opportunities for young people.
- That the motion would be a force for good in the Council and that more young people were needed in local politics.

Mr Botten withdrew an amendment to the original motion in his name which was previously circulated in the supplementary agenda.

Nine Members made the following points:

- Showed support for more young people in local politics.
- Informed Members that the Surrey Youth Cabinet supported the motion.
- That many young people felt the biggest issues were around mental health and knife crime.
- That this motion would encourage Members to better identify with young people.
- Hoped that the motion would provide wider political engagement with young people.
- That all Council decisions should consider their impact on young people.
- That they were very impressed with the Youth Parliament.
- Young people can be very open and honest when consulted.

The Chairman asked Mr Hodge, as proposer of the original motion, to conclude the debate. He stated:

- That this was a unique opportunity to work with the Youth Cabinet.

- Young people faced new and different problems which needed to be represented.
- Members needed to be confident that they could work with the Youth Cabinet.

The motion was put to a vote and received unanimous support.

Therefore it was **RESOLVED** that:

The Council should invite the Surrey Youth Cabinet to hold formal elections to elect a young person as the Youth Mayor for Surrey for a 12 month period.

**86/18 ORGANISATION STRATEGY, PRELIMINARY FINANCIAL STRATEGY, TRANSFORMATION PROGRAMME, AND 'OUR PEOPLE' STRATEGY [Item 9]**

The Leader of the Council introduced the report and provided Members with a brief summary of each strategy. He stated that the County Council faced huge financial challenge and that, although support had been received from residents, there were still cuts to funding. The strategies set out the transformation that was required to meet new challenges as well as showing how the Council would work with residents. It was noted that each strategy had been approved by Cabinet on 30 October 2018.

Members made the following comments:

- The strategies added depth to the Vision for Surrey.
- Changes needed to be made to continue proving services to residents.
- Felt that, in order to support the transformation, all parties should be represented on the Cabinet.
- Highlighted that the consultation with residents and partners was not yet over.
- Highlighted that there were no drop-in sessions in Farnham and that residents had to travel long distances to give their views.
- Asked that evidence be provided to reassure Members on the benefits of the changes outlined in the strategies.
- That the Council was dominated by cuts and a better partnership was needed with Central Government.
- Members needed to be better involved with the scrutiny of the transformation.
- Raised concern that the detail would not match the Council's actions.
- Felt that the strategies were premature and that Members required more detail to make a decision.
- Plans were in place for the Corporate Overview Select Committee Budget Sub-Group to scrutinise the budget in November 2018.
- Raised concern with the budget reductions in the Children's Service.
- The Council needed to put previous issues behind it to face new challenges.
- That Members had the opportunity to request further detail when attending Member seminars.
- A culture change was needed in the Council.
- Highlighted that only 4% of the organisation's workforce were under the age of 25.
- That a firm political opposition had a role to play in decision making.

- Partner organisations had limited resource to support the Council.
- Highlighted the benefit of further robust scrutiny.
- Thanked residents for completing the consultations.
- The Council needed to look at how to deliver services differently.
- It was hopeful that Members were looking at the budget earlier than usual.
- That the consultations would be taken forward in an open and transparent way.
- That more Members should sign up to receive training on scrutiny.

#### **Recommendation A**

55 Members voted for, 11 against and 2 abstentions.

#### **Recommendation B**

48 Members voted for, 17 against and 3 abstentions.

#### **Recommendation C**

49 Members voted for, 14 against and 6 abstentions.

#### **Recommendation D**

53 Members voted for, 12 against and 4 abstentions.

#### **Recommendation E**

Unanimous.

#### **Recommendation F**

Unanimous.

#### **Therefore it was RESOLVED:**

The Council:

- a) Approved the Surrey County Council Organisation Strategy 2019 – 2023 (Annex 1), which sets out how the council will work with residents and partners to contribute to the achievement of the Community Vision for Surrey in 2030. It sets out priority areas the Council will focus on over the next four years.
- b) Approved the Preliminary Financial Strategy (PFS) 2019 – 2024 (Annex 2 and Appendix 1), which sets out a draft balanced budget for 2019/20, without the use of reserves, subject to the outcome of consultation, engagement and equality impact assessments.
- c) Approved the Transformation Programme (Full Business Case, Annex 3) subject to the outcome of consultation, engagement and equality impact assessments. The programme will be delivered through six delivery themes: Service Transformation, Partnership and Integration,

New Ways of Working, Commissioning, Investment & Income and Technology and Digital Innovation.

- d) Approved the 'Our People 2021' strategy (Annex 4), which is the Council's plan for the current and future workforce and sets out how we will develop our capacity and capability to contribute to the Community Vision for Surrey in 2030, achieve our priority strategic outcomes for residents, ensure the effectiveness and efficiency of the council, drive wholesale transformational change over the next few years and create a high performance culture.
- e) Noted the planned engagement and consultation activity (referenced in paragraphs 27 and 28) related to the savings proposals contained within the PFS and Transformation Programme. These have been initiated under the formerly agreed delegated authority of senior officers.
- f) Noted that the outcomes of the engagement and consultation activity will be brought back to Cabinet on 29 January 2019, where Cabinet will be asked to make recommendations to the Council meeting in February 2019 on the revenue and capital budget and the council tax precept for 2019/20.

**87/18 REPORT FROM THE PLANNING AND REGULATORY COMMITTEE ON REFERRED MOTION [Item 10]**

Members noted the report.

**88/18 REPORT OF THE CABINET [Item 11]**

The Leader presented the report of the Cabinet meeting held on 30 October 2018.

**Reports for Information/ Discussion**

- A. Surrey Asset And Place Strategy

**RESOLVED:**

- a. That a programme budget of up to £500,000 be approved to enable the development of the strategy and the financial validation, as transformation expenditure to be funded from capital receipts flexibility. This figure includes a previous decision by Council to allocate £275k.
- b. That the report of the meetings of the Cabinet held on 30 October 2018 be adopted.

**89/18 MINUTES OF CABINET MEETING [Item 12]**

No notification had been received by the deadline from Members wishing to raise a question or make a statement on any matters in the minutes.

[Meeting ended at: 1.02 pm]



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**Chairman**

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## REPORT TO COUNCIL

### **ESTABLISHMENT OF A JOINT HEALTH OVERVIEW & SCRUTINY COMMITTEE FOR SUSSEX AND EAST SURREY SUSTAINABILITY AND TRANSFORMATION PLAN**

#### **KEY ISSUE/DECISION:**

For Surrey County Council, in partnership with four other local authorities, to establish a Joint Health Overview & Scrutiny Committee for a four year term to scrutinise possible substantial variations arising from the development of the Sussex and East Surrey Sustainability and Transformation Plan (STP).

That Surrey County Council provides three Members to serve on the Joint Health & Overview Committee in accordance with political proportionality requirements. The report also requests that responsibility be delegated to the Health Integration and Commissioning Select Committee to appoint a non-voting co-opted representative from among its district and borough Members.

#### **BACKGROUND:**

##### **1 Introduction**

- 1.1 Local authority health overview and scrutiny committees (HOSCs) were introduced by the Health and Social Care Act (2001) and its associated regulations. The Act grants HOSCs a number of statutory powers to support them in conducting effective scrutiny of healthcare services within their locality including the power to scrutinise plans by NHS organisations for substantial variation in how specific services are delivered. The Act also requires that a Joint Health Overview and Scrutiny Committee (JHOSC) must be established in instances where a substantial variation relates to services that are provided across two or more upper-tier local authority areas. The most up to date regulatory framework is provided by the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013, but JHOSC responsibilities remain relatively unchanged.
- 1.2 A JHOSC is typically convened to scrutinise a single NHS reconfiguration plan, although some areas have successfully introduced 'standing' JHOSCs where a series of major changes are anticipated over several years. Surrey County Council already participates in a standing JHOSC through its membership of South West London and Surrey Joint Health Overview and Scrutiny Committee which has proved to be a useful way of obviating the need to go through a separate decision-making process each time a

consultation requiring the establishment of a JHOSC is initiated enabling local authorities to be more agile in how they scrutinise service changes. JHOSCs do not have the authority to scrutinise issues that fall outside their specific remit.

- 1.3 This report seeks agreement for Surrey County Council to form a JHOSC with Brighton & Hove City Council, East Sussex County Council and West Sussex County Council to review substantial variations in service delivery arising from the implementation of Sussex and East Surrey Sustainability and Transformation Partnership (STP). The first task for this JHOSC will be to review changes arising from the Clinically Effective Commissioning programme being undertaken by the STP.

## **2 Sustainability and Transformation Partnerships (STP) – Sussex and East Surrey**

- 2.1 STPs were introduced in December 2015 laying the foundation for place-based plans for the delivery of health and social care services. STPs are predicated on close collaboration between NHS organisations as well as more integrated working with local authorities. There are 44 individual STP footprints three of which are wholly or partly in Surrey.
- 2.2 The emergence of the STP as a regional NHS planning footprint increases the potential for there to be more cross-border NHS change plans emerging in the near future. It is therefore proposed that a single JHOSC is established between Brighton & Hove City Council, East Sussex County Council, Surrey County Council and West Sussex County Council to consider all cross-boundary substantial variations that may arise. The Terms of Reference, as attached at Annex A of this report, would enable the JHOSC to convene sub-groups responsible for scrutinising issues that do not involve the whole membership. Additional local authorities could also be co-opted to specific sub-groups if plans affect a larger area than the STP footprint. The JHOSC would be time-limited existing for a maximum of four years.

## **4 Resulting action required under the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013**

- 4.2 Under Regulation 23, NHS England, Clinical Commissioning Groups, public and independent sector providers of NHS services must consult with the local authority about any proposals for a substantial development or variation of the health service in the authority's area.
- 4.3 Regulation 30 requires local authorities to appoint joint committees where a relevant NHS body or health service provider consults more than one local authority's health scrutiny function about substantial reconfiguration proposals.
- 4.4 In such circumstances, Regulation 30 sets out the following requirements:
  - Only the joint committee may respond to the consultation (i.e. rather than each individual local authority responding separately).
  - Only the joint committee may exercise the power to require the provision of information by the relevant NHS body or health service provider about the proposal.

- Only the joint committee may exercise the power to require members or employees of the relevant NHS body or health service provider to attend before it to answer questions in connection with the consultation.

4.5 These restrictions do not apply to referrals to the Secretary of State. Local authorities may choose to delegate their power of referral to the mandatory joint committee but they need not do so. If the local authority has delegated this power, then they may not subsequently exercise the power of referral. If they do not delegate the power they may make such referrals.

4.5 Local authorities may report to the Secretary of State in writing if:

- It is not satisfied with the adequacy of content of the consultation
- It is not satisfied that sufficient time has been allowed for consultation
- It considers that the proposal would not be in the interests of the health service in its area
- It has not been consulted, and it is not satisfied that the reasons given for not carrying out consultation are adequate

## **5 JHOSC Terms of Reference (ToR)**

5.1 A copy of the ToR for the JHOSC is attached as Annex A to this report. The Chairmen of the four health scrutiny committees involved have been consulted and have approved in principle the ToR as set out.

5.2 Each local authority appoints three County/City Councillors to the JHOSC based on their proportionality rules as required under legislation. For Surrey County Council this means appointing two majority group and one opposition group representative. The leaders of both the Conservative Group and Surrey Opposition Forum have been consulted on appointing representatives to the JHOSC and the following nominations have been made which County Council is asked to approve:

- Mr Chris Botten
- Dr Bill Chapman
- Dr Zully Grant-Duff

5.3 The ToRs also allow each authority to appoint one non-voting, co-opted member to sit on the JHOSC from among their district and borough councils or local Healthwatch. This report recommends that responsibility for appointing Surrey's co-opted member is delegated to the Health Integration and Commissioning Select Committee.

## **6 Financial and value for money implications**

6.1 Consideration should be given to the cost of the provision of democratic support. It is envisaged that this provision will be contained within existing resources and therefore will not be an additional cost to the Council. Responsibility will be shared on a rotating basis between the constituent authorities.

## **7 Consultation**

7.1 The Chairman and Vice-Chairman of the Health Integration and Commissioning Select Committee have been consulted on the proposal and have offered full support for the establishment of the joint committee.

#### **RECOMMENDATIONS:**

It is recommended that Surrey County Council:

- i. agrees to the establishment of a Joint Health Overview & Scrutiny Committee with Brighton and Hove City Council, East Sussex County Council and West Sussex County Council for the purposes of scrutinising substantial variations in service delivery arising from the development of Sussex and East Surrey Sustainability and Transformation Plan;
- ii. approves the Terms of Reference for Sussex and East Surrey STP Joint Health Overview and Scrutiny Committee attached as Annex A to this report
- iii. agrees to appoint Mr Chris Botten, Dr Bill Chapman and Dr Zully Grant-Duff as Surrey County Council's representative on the Sussex and East Surrey STP Joint Health Overview and Scrutiny Committee; and
- iv. delegates responsibility for appointing a non-voting co-opted representative to the JHOSC to the Health Integration and Commissioning Select Committee.

#### **REASONS FOR RECOMMENDATIONS:**

- 1 To ensure readiness to review proposals for potential changes to the delivery of health services arising from the Sussex and East Surrey STP.
- 2 To ensure robust scrutiny of the STPs plans and consultation process.
- 3 To strengthen Surrey residents' voices in the consultation and ensure their interests are considered by decision makers.

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

- Implementation of the recommendation with three Members from the County Council taking positions on the Joint Committee.
- Arrangements will be made by the Health Integration and Commissioning Select Committee to appoint a non-voting co-opted Member to the JHOSC.
- The JHOSC will be formally constituted once all local authorities have approved its Terms of Reference

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#### **Contact Officer:**

Ross Pike, Committees Business Manager, Democratic Services  
Telephone: 020 8541 7368

**Annexes:**

Annex A – Sussex and East Surrey STP JHOSC Terms of Reference

Annex B – Sussex and East Surrey STP JHOSC Rules of Procedure

**Sources/background papers:**

The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013

Sussex and East Surrey Sustainability and Transformation Partnership Plan - <http://www.seshealthandcare.org.uk/wp-content/uploads/2018/03/STP-33-Sussex-East-Surrey-draft-22Nov2016.pdf>

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## **JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE TERMS OF REFERENCE**

1.1 The Sussex and Surrey Joint Health Overview and Scrutiny Committee is established by the Local Authorities of **Brighton & Hove City Council, East Sussex County Council, Surrey County Council** and **West Sussex County Council (constituent areas)** in accordance with s.245 of the NHS Act 2006 and the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.

1.2 It will be a standing Joint Overview and Scrutiny Committee or a sub-committee thereof which will undertake scrutiny activity in response to a particular reconfiguration proposal or strategic issue affecting some, or all of the constituent areas.

1.3 The length of time a specific matter / proposal will be scrutinised for will be determined by the Joint Committee or Sub Committee.

1.4 The purpose of the Standing Joint Committee is to act as a full committee or commission sub-committees to consider the following matters and carry out detailed scrutiny work as below:

(a) To engage with Providers and Commissioners on strategic sector wide *proposals* in respect of the *configuration* of health services affecting some or all of the area of Brighton & Hove, East Sussex, Surrey or West Sussex (constituent area).

(b) Scrutinise and respond to the consultation process (including stakeholder engagement) and final decision in respect of any reconfiguration proposals affecting some, or all of the constituent areas.

(c) Scrutinise in particular, the adequacy of any consultation process in respect of any reconfiguration proposals (including content or time allowed) and provide reasons for any view reached.

(d) Consider whether the proposal is in the best interests of the health service across the affected area.

(e) Consider as part of its scrutiny work, the potential impact of proposed options on residents of the reconfiguration area, whether proposals will deliver sustainable service change and the impact on any existing or potential health inequalities.

(f) Assess the degree to which any proposals scrutinised will deliver sustainable service improvement and deliver improved patient outcomes.

(g) Agree whether to recommend to its constituent areas that the local authorities individually use their statutory powers of referral to refer either the consultation or the final decision in respect of any proposal for reconfiguration to the Secretary of State for Health.

(h) As appropriate, review the formal response of the NHS to the Committee's consultation response.

1.5 The Joint Committee will consist of three Councillors and one co-opted member nominated by each of the constituent areas and appointed in accordance with local procedure rules, and with regard to the requirement for nominees to statutory joint committees to be proportionate to the political make-up of the constituent authority. Each Council can appoint named substitutes in line with their local practices.

1.6 Appointments to the Joint Committee will be made annually by each constituent area with in-year changes in membership confirmed by the relevant authority as soon as they know.

1.7 The life of the Joint Committee will be for a maximum of four years.

1.8 The JHOSC is being established to scrutinise NHS change plans that affect two or more councils within the Sussex and East Surrey STP footprint. In the event of the footprint changing so that one of the constituent JHOSC bodies is no longer part of the footprint, that council is free to resign from the JHOSC. Should the JHOSC Chairman or Vice Chairman represent such a council, the JHOSC will elect replacements.

1.9 For each specific piece of scrutiny work undertaken relating to consultations on reconfiguration or substantial variation proposals affecting all or some of the constituent areas, the Joint Committee will either choose to act as a full Committee or can agree to commission a sub-committee to undertake the detailed work and define its terms of reference and timescales. This will provide for flexibility and best use of resource by the Joint Committee.

1.10 In determining how a matter will be scrutinised, the Joint Committee can choose to retain decision-making power or delegate it to a sub-committee.

1.11 The overall size of each sub-committee will be determined by the main Committee and must include a minimum of 1 representative per affected constituent area.

1.12 Where a proposal for reconfiguration or substantial variation covers some but not all of the constituent areas, in establishing a sub-committee, formal membership will only include those affected constituent areas. Non affected constituent areas will be able to nominate members who can act as 'observers' but will be non-voting.

1.13 The Committee and any sub-Committees will form and hold public meetings, unless the public is excluded by resolution under section 100a (4) Local Government Act 1972 / 2000, in accordance with a timetable agreed upon by all constituent areas and subject to the statutory public meeting notice period.

1.14 The JHOSC will be responsible for determining whether any specific NHS change plan which impacts on two or more of the JHOSC members constitutes a Substantial Variation in Service (SViS) such that it requires formal consultation

with the JHOSC.

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# **BRIGHTON & HOVE, EAST SUSSEX, SURREY & WEST SUSSEX JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE (JHOSC)**

## **RULES OF PROCEDURE**

### **1. Membership of Committee and Sub-Committees**

1.1 Brighton & Hove City Council, East Sussex County Council, Surrey County Council and West Sussex County Council will each nominate three Councillors to the JHOSC, appointed in accordance with local procedure rules and with the relevant statutory regulations.

1.2 Appointments will reconfirmed annually by each relevant authority.

1.3 Individual authorities may change appointees in accordance with the rules for the original nomination.

1.4 Individual authorities will be strongly encouraged to nominate substitutes in accordance with local practice.

1.5 In commissioning Sub-Committees, membership will be confirmed by the JHOSC and can be drawn from the main Committee or to enable use of local expertise and skill, from other non-Executive members of an affected constituent area (excluding Health & Wellbeing Board members).

1.6 The membership of a sub-committee will include at least one member from each affected constituent areas. An affected constituent area is a council area where the proposals will impact on residents. Non affected areas can appoint 'observer' members to sub-committees but they will be non-voting.

1.7 The JHOSC, may as appropriate review its membership to include authorities outside the JHOSC boundaries where those authorities are equally affected by a SViS. Members of such local authorities may be appointed to serve as members of relevant sub-committees.

### **2. Chairman**

2.1 The JHOSC will elect the Chairman and Vice Chairman at the first formal meeting. A vote will be taken (by show of hands) and the results will be collated by the supporting Officer.

2.2 The appointments of Chairman and Vice Chairman will be reconfirmed annually.

2.3 Where a sub-committee is commissioned, at its first meeting a Chairman and Vice-Chairman will be appointed for the life of the sub-committee.

### **3. Substitutions**

3.1 Named substitutes may attend Committee meetings and sub-committee meetings in lieu of nominated members. Continuity of attendance is strongly encouraged.

3.2 It will be the responsibility of individual committee members and their local authorities to arrange substitutions and to ensure the supporting officer is informed of any changes prior to the meeting.

3.3 Where a named substitute is attending the meeting, it will be the responsibility of the nominated member to brief them in advance of the meeting.

### **4. Quorum**

4.1 The quorum of a meeting of the JHOSC will be the presence of one member from any three of the four participating constituent areas.

4.2 The quorum of a meeting of a Sub Committee of the JHOSC will be the presence of members representing two or more constituent areas.

### **5. Voting**

5.1 Members of the JHOSC and its sub Committees should endeavour to reach a consensus of views and produce a single final report, agreed by consensus and reflecting the views of all the local authority committees involved.

5.2 In the event that a vote is required, each member present will have one vote. In the event of there being an equality of votes the Chairman of the JHOSC or its sub-committee will have the casting vote.

### **6. JHOSC Role, Powers and Function**

6.1 The JHOSC will have the same statutory scrutiny powers as an individual health overview and scrutiny committee that is:

- accessing information requested
- requiring members, officers or partners to attend and answer questions.

However, the power to refer to the Secretary of State for Health will be retained by the constituent areas rather than being delegated to the JHOSC. Should the JHOSC believe that there is a case for referral, it will make an evidenced recommendation to refer to its constituent areas.

6.2 The JHOSC can choose to recommend to constituent areas that they refer to the Secretary of State for Health for a particular scrutiny matter or delegate this function to an established sub-committee.

### **7. Support**

7.1 The lead governance and administrative support for the JHOSC will be

shared by constituent areas.

7.2 The lead scrutiny support for sub-committees will be provided by constituent areas on a per issue basis to be agreed by the sub-committee.

7.3 Meetings of the JHOSC and its sub-committees will be rotated between participating areas.

7.4 The host constituent area for each meeting of the JHOSC will be responsible for arranging appropriate meeting rooms and ensuring that refreshments are available.

7.5 Each constituent area will identify a key point of contact for all arrangements and Statutory Scrutiny Officers will be kept abreast of arrangements for the JHOSC.

7.6 All costs of the JHOSCs will need to be met from within existing HOSC budgets: there is no additional funding for the JHOSC. Any decision to apply to the constituent areas for additional funding would need to be unanimously agreed by the JHOSC.

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## OFFICER REPORT TO COUNCIL

### APPOINTMENT OF INTERIM MONITORING OFFICER

#### KEY ISSUE/DECISION:

The purpose of this report is to request that County Council approves the appointment of an Interim Monitoring Officer.

#### BACKGROUND:

1. Section 5 of the Local Government and Housing Act 1989 requires the Council to designate one of its officers as the Monitoring Officer. The Monitoring Officer may not also be the Council's Chief Finance Officer or the Chief Executive/Head of Paid Service. Sarah Baker, who has been acting as interim Monitoring Officer, will be leaving the Council on 21<sup>st</sup> December 2018.
2. Pending the appointment of a new Director of Law and Governance, a short term arrangement needs to be put in place to ensure that the council complies with its statutory obligations. It is therefore proposed to appoint Rachel Crossley as Monitoring Officer on an interim basis. Rachel has been acting as Deputy Monitoring Officer for almost a year, and has considerable experience as former Lead Manager for Democratic Services.
3. If the Council approves her appointment, Rachel will nominate Philip Baker as her deputy. Philip is an experienced Monitoring Officer and Assistant Chief Executive at East Sussex County Council, and is interim head of Orbis Public Law. The arrangement will be facilitated by way of an agreement between Surrey County Council and East Sussex County Council under s113 of the Local Government Act 1972, which enables staff from one authority to carry out functions for the another. When doing so, they are treated in law as officers of the authority they are working for, which allows Philip to be nominated as deputy Monitoring Officer for Surrey County Council.
4. The functions of the Monitoring Officer include:-
  - oversight and reporting of the operation of the Council's Constitutional; arrangements and the decision making processes;

- reporting on unlawfulness and maladministration;
- investigating allegations of breach of the Code of Conduct; and
- seeking rulings from the Council's Independent Person and arranging meetings of the Member Conduct Panel.

**RECOMMENDATION:**

That the County Council appoints Rachel Crossley to act as Interim Monitoring Officers for Surrey County Council with effect from 21 December 2018.

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**Lead/Contact Officers:**

Katie Booth  
Democratic Services Lead Manager  
Tel: 020 8541 7197

**Sources/background papers:**

None

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County Council Meeting – 11 December 2018

**REPORT OF THE PEOPLE, PERFORMANCE & DEVELOPMENT COMMITTEE**

- \* Mr David Hodge (Chairman)
- \* Mr John Furey (Vice Chairman)
- \* Mr Ken Gulati
- \* Mr Eber Kington
- \* Mr Tim Oliver
- \* Mrs Fiona White

\* = Present

A = Apologies

**A. PEOPLE, PERFORMANCE AND DEVELOPMENT COMMITTEE TERMS OF REFERENCE**

1. The People, Performance and Development Committee conducted a review of its role and remit in response to the transformation programme underway at Surrey County Council. This review concluded that changes were necessary to the Committee's Terms of Reference to ensure that processes and decision-making are clear, streamlined and outcomes-focused retaining democratic accountability while enabling officers to focus on delivering organisational change. This review proposed that the Committee's remit concentrated on the following areas:
  - a. The Council's Pay and Reward Strategy
  - b. The Council's Workforce Strategy
  - c. The Appointment of senior officers
  - d. Half Yearly Workforce Performance Indicators
2. A revised Terms of Reference based on these four areas were considered and approved its revised Terms of Reference at its meeting on 7 November 2018.
3. The People, Performance and Development Committee **COMMEND** its Terms of Reference (Annex A) to Council for inclusion in the Constitution.

**David Hodge**  
**Chairman of the People, Performance & Development Committee**  
**December 2018**

### **6.11 PEOPLE, PERFORMANCE AND DEVELOPMENT COMMITTEE**

For the Committee's role in appointing senior officers, please also refer to the Officer Employment Procedure Rules in Article 11 and Part 5 of Standing Orders within this Constitution.

#### **6.12 Membership**

Six Members of the authority (at least one of whom must be a Member of the Cabinet).

#### **6.13 Terms of Reference**

The Committee will, subject to paragraph 6.15, appoint officers to those senior posts referred to in the Officer Employment Procedure Rules and determine the conditions of employment of such officers under the Officer Employment Procedure Rules. The Committee will act as the Council's Remuneration Committee under delegated powers.

The Committee will also:

- (a) determine policy on pay and contractual terms and conditions of employment of all staff;
- (b) discharge the function of dismissal and taking disciplinary action against Chief and Deputy Chief Officers as defined in the Local Government & Housing Act 1989 (including appointing an independent panel when required to do so);
- (c) determine the Council's Policy Statement in respect of Employing Authority and Administration Authority Discretions under regulations relating to the Local Government Pension Scheme (LGPS), Teacher's Pension Scheme (TPS) and Firefighter's Pension Scheme (FPS);
- (d) endorse the application of such pension related discretions in relation to Chief and Deputy Chief Officers;
- (e) monitor half yearly workforce performance indicators;
- (f) consider strategic workforce planning; and
- (g) consider and seek to resolve collective disputes between the Council and recognised Trade Unions where this has not been possible at earlier stages of procedures.

### **6.14 APPOINTMENTS SUB-COMMITTEE**

#### **6.15 Membership**

Four Members of the People, Performance and Development Committee.

#### **6.16 Terms of Reference**

The Sub-Committee will appoint Deputy Chief Officers and determine the conditions of employment of such officers.

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## OFFICER REPORT TO COUNCIL

### FINANCIAL REGULATIONS

#### **KEY ISSUE/DECISION:**

At its meeting on 27 November 2018, Cabinet considered the new Financial Regulations and recommended that Council approve the necessary changes to the Constitution.

Cabinet also recommended that Council approves delegation of the annual Treasury Management Strategy Statement to the Audit and Governance Committee, and necessary changes to the Constitution.

#### **BACKGROUND:**

The Council's Annual Governance Statement for 2017/18 identified that actions were required to strengthen governance, including the need to revise and reinforce the Financial Regulations. As the Council is facing unprecedented financial pressures, a comprehensive review is required to reflect the new financial environment.

The Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code and Treasury Management Code of Practice (2017) requires local authorities to prepare a Capital and Investment Strategy from April 2019. The introduction of this new strategy means that approval of the annual Treasury Management Strategy Statement may be delegated to a sub-committee. Delegation of this function to the Audit and Governance Committee should facilitate more active discussion of the strategy by Members who have received specific training in this area.

#### **DETAILS:**

1. Financial Regulations provide a set of rules which apply to all Members and Officers of the Council. They aim to provide a comprehensive framework for everyone acting for or on behalf of the Council, to carry out their responsibilities in a consistent manner.
2. Financial Regulations are reviewed annually, and have therefore been developed over a number of years. As the Council is now facing unprecedented financial pressures and is in the process of embracing

new working practices in a number of areas, a full revision has been undertaken to reflect the current financial environment.

3. There is no “best practice” template for local authority Financial Regulations, and therefore no standard approach to fit all. The new Financial Regulations are based on extensive research and best practice, and provide a clear and concise framework that fully reflects up to date requirements. They outline the financial responsibilities for Members, Senior Officers, Budget Managers and everyone with financial responsibilities.
4. The main difference between the current Financial Regulations and the new version is that the new version fully reflects the new Budget Accountability Statement, and more clearly outlines Budget Managers’ responsibilities in setting and monitoring revenue and capital budgets. The financial limits contained within the Financial Regulations are considered to be appropriate and have therefore not been changed.
5. The new Financial Regulations include new sections on Asset Management covering estates, inventories and stocks and stores, including processes for disposal, stock adjustments and write off. The asset related sections are consistent with current practice and have been agreed with Property Officers.
6. Financial Regulations are supported by various handbooks for budget managers, these will be updated in due course. Training and workshops will be provided across the Council’s services.
7. The revised CIPFA Prudential Code (2017) introduced the requirement for a new capital strategy from 1 April 2019. Alongside this new requirement, the Code allows authorities to delegate the detailed management of Treasury Management to a sub-committee from April 2019. This means that approval of the annual Treasury Management Strategy Statement can be delegated to the Audit and Governance Committee, which is currently only required to “review” the Treasury Management Strategy Statement prior to approval by Council.
8. Treasury Management can be seen as complicated and inaccessible to non-finance specialists. Delegation of approval of the detail of the Treasury Management Strategy Statement and ongoing monitoring can facilitate more active discussion of the strategy and performance by those with the most appropriate skills and knowledge. Responsibility at all times, however, remains with full Council who will have access to the full Treasury Management Strategy Statement, annual report and in-year monitoring and the ability to seek clarification and ask questions.
9. It is proposed that approval of the Treasury Management Strategy Statement is delegated to the Audit and Governance Committee, and the wording in the Constitution is amend from “review” to “review and



approve” the annual Treasury Management Strategy Statement. Appropriate training will be provided for all Members of the Audit and Governance Committee.

<b>RECOMMENDATIONS:</b>
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- a. That Council approves the new Financial Regulations attached in Annex A.
  - b. That Council approves the delegation of approval of the annual Treasury Management Strategy Statement to the Audit and Governance Committee.
  - c. That Council approves the necessary amendments to the Council’s Constitution, to allow the Audit and Governance Committee to “review and approve” the annual Treasury Management Strategy Statement.
- 

**Lead/Contact Officers:**

Cecilie Booth, Interim Head of Finance, Telephone 01483 404697

**Sources/background papers:**

- Existing Financial Regulations
  - The CIPFA Prudential Code for Capital Finance in Local Authorities 2017
  - The CIPFA Treasury Management Code of Practice 2017
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## **FINANCIAL REGULATIONS**

**NOVEMBER 2018**

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## Introduction

Financial Regulations provide a framework within which all staff can carry out their responsibilities in an open and consistent manner. They outline the financial responsibilities of all officers and members of the Council, and have been designed to promote and maintain the high standards expected of the public sector in dealing with financial and other resources financed from taxation by:-

- placing clear accountability with officers appointed to manage resources;
- establishing key principles and processes which they should follow, supported by detailed operating arrangements approved by the Section 151 Officer;

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Finance Officer (**Section 151 Officer**) to have responsibility for those arrangements. The Executive Director of Finance is the Section 151 Officer for Surrey County Council.

**Senior Officers** (Executive Directors, Service and Assistant Directors, Heads of Service and other officers deemed to be Senior Officers) are responsible for the budget allocations for the services within their remit. Day to day management of the budget can be delegated to Budget Managers, however, overall responsibility and accountability remains with the Senior Officers. Failure to manage budgets effectively may lead to disciplinary action.

**Cabinet Members** and **Executive Directors** hold a dual role to ensure that strategic policies and priorities are delivered within resources and meet all fiduciary responsibilities, recommendations to Council are deliverable and that they support Budget Managers to spend within the Budget Envelopes.

A **Budget Manager** is an officer who has delegated authority for controlling the income and expenditure for one or more cost centres or projects, for both Capital and Revenue Budgets.

All officers with responsibility for undertaking financial duties are required to comply with these regulations. The Section 151 Officer is, in turn, accountable to Council. The Financial Regulations and supporting documents are reviewed annually, and will be developed further in line with the cultural changes and transformation plans the Council is currently working towards.

Locally managed schools have their own financial governance and regulations, as set out in the Surrey Scheme of Financing Schools and the Schools' Finance Manual.

The Financial Regulations should be read in conjunction with the Council's:

Strategy against Fraud and Corruption  
Business Continuity Guide  
Anti-Money Laundering Policy  
Systems Control Policy  
Whistle blowing Policy

## **FINANCIAL REGULATION 1 - SCOPE OF FINANCIAL REGULATIONS**

**FR1.1** The Financial Regulations are binding on all Council officers, including contractors, agency staff, and anyone acting on behalf of the Council, including elected members.

**FR1.2** Financial Regulations are part of the Council's Constitution. The relevant parts of the Constitution are Article 6 (Budget and Policy Framework), Article 12 (Contracts and Legal matters) and Par 3 Responsibility of Function and Scheme of Delegation). Financial Regulations may only be amended by full Council.

## **FINANCIAL REGULATION 2 - ROLES AND RESPONSIBILITIES**

### **Section 151 Officer (Executive Director of Finance)**

**FR2.1** The Section 151 Officer's role and responsibilities are set out in statute:

- Section 151 of the Local Government Act 1972
- Section 114 of the Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Accounts and Audit Regulations 2015.

**FR2.2** All financial procedures and records shall be subject to his / her approval. Under The Accounts and Audit Regulations, the Section 151 Officer is responsible for the financial management of the Council, sound systems of internal control, risk management, and at least once in a year, a review of the effectiveness of the system of internal control.

**FR2.3** The Section 151 Officer is responsible for the day-to-day management of the Council's financial affairs. He / she shall provide information and assistance to all officers to help them carry out their responsibilities for effecting the sound financial management of their services.

**FR2.4** The Section 151 Officer shall report to members on the overall budget performance and recommend corrective action as and when required. He / she shall ensure, as far as practicable, financial Regulations and supporting policies protect the Council against any unlawful financial transactions or actions.

**FR2.5** The Section 151 Officer must be given access to any necessary information to comply with his / her statutory duties.

**FR2.6** The Section 151 Officer will ensure that procedures are documented and made available to users for those financial systems identified as business critical.

**FR2.7** The Section 151 Officer shall, after consultation with the Chief Executive, report any non-compliance with these Regulations which he / she considers substantial. The report shall be made initially to the Leader and, following that, to the relevant Committee depending on the circumstances.

**Senior Officers (Chief Executive, Executive Directors, Heads of Service, other designated officers)**

**FR2.8** Senior Officers have individual and collective responsibility to ensure that the fundamental principles as established by the Cadbury Report on “the financial aspects of corporate governance”, namely openness, integrity and accountability, are established through compliance with Financial Regulations.

**FR2.9** Senior Officers may delegate day to day management to a Budget Manager in his / her directorate or service, provided that a list of officers so authorised shall be supplied to the Section 151 Officer. Although day to day management of a budget may be delegated, responsibility and accountability remains firmly with Senior Officers. Effective management of resources is a fundamental requirement of managers and failure to manage budgets will be investigated under the disciplinary procedure. Persistent or significant failure could constitute gross misconduct.

**FR2.10** Senior Officers shall propose annual revenue and capital budgets for each service within the budget guidelines agreed by the Cabinet.

**Budget Managers**

**FR2.11** Budget Managers should make all relevant staff aware of these regulations (and associated documents) and highlight the relevance and compliance of the regulations to team members.

**FR2.12** Budget Managers are accountable for their budget areas and to make arrangements for managing income and expenditure and ensure value for money in service delivery. Budget Managers are responsible for taking action to recover and to report on any budgetary variances, and for reporting to senior Officers if there is a possibility that budgets may be overspent. Effective management of resources is a fundamental requirement of Budget Managers and failure to manage the budget properly will be investigated under the Council’s disciplinary procedure.

**FR2.13** Budget managers are responsible for the budget narrative that informs the monthly reports to Departmental Leadership Teams (DLT), Corporate Leadership Team (CLT) and to members. Finance officers are available to support this process.

**FR2.14** Senior Officers and Budget Managers are responsible for ensuring that all staff, contractors, agency workers in their directorates, anyone acting on behalf of the council and elected members are aware of the existence and content of the Council’s Financial Regulations and other internal regulatory documents and that they comply with them. They

must also ensure that there is adequate availability of and access to the current version of Financial Regulations.

### **FINANCIAL REGULATION 3 - INFORMATION AFFECTING THE COUNCIL'S FINANCES**

**FR3.1** Where a matter arises in any Directorate which could materially affect the Council's finances, other than a matter already approved, Senior Officers shall consult the Section 151 Officer before any provisional expenditure is incurred or any commitment given.

**FR3.2** All Cabinet reports shall contain a section dealing with the financial implications of the matter(s) covered by the report and shall be submitted to the Section 151 Officer, who shall satisfy himself / herself that the financial information is comprehensive and accurate before the report is finalised and published.

### **FINANCIAL REGULATION 4 - PREPARATION OF FINANCIAL PLANS**

**FR4.1** The Section 151 Officer, in consultation with the Chief Executive, shall advise Cabinet each year on the timescales and procedures to be adopted for the formulation of all Financial Plans including the Capital Strategy, Treasury Management Strategy, Capital Programme, Annual Revenue Budget and Medium Term Financial Plan. Cabinet shall agree a timetable which will include stages for consultation with Scrutiny and Overview Committees and other appropriate stakeholders. Members will be actively involved in scrutiny of budget proposals ahead of submission to Cabinet and Council, and subsequently in the monitoring of progress.

**FR4.2** Senior Officers shall adhere to the agreed timescales and procedures in providing the information required to enable the preparation of Service Development and Financial Plans. Further guidance on submission and monitoring of capital schemes is set out in the Budget Holder Handbook - Capital.

**FR4.3** In accordance with the agreed timescales, the Section 151 Officer shall submit a report to Cabinet, taking account of the views of appropriate committees, with the information required to enable Cabinet to recommend a Capital Strategy and Programme, Revenue Budget and Council Tax for the following financial year to Council. The report will comment on the robustness of the budget proposals submitted for approval in compliance with the requirements of Section 25 of the Local Government Act 2003.

**FR4.4** The responsibilities of Senior Officers are set out in the Budget Holder Handbook and in the Budget Accountability Statement (BAS). Any additional expenditure not already included in the existing Revenue Budget must be found from corresponding savings in other areas. Under no circumstances can additional expenditure be incurred without the express approval of the Section 151 Officer.

**FR4.5** Senior Officers, in consultation with the Section 151 Officer, shall make appropriate arrangements for the effective identification, progression and management of external



funding and partnership opportunities applicable to their service area. All possible partners shall be identified and considered for inclusion in a scheme, as appropriate.

**FR4.6** All bids for external grants shall be made in consultation with the Section 151 Officer before any grant application is submitted. Proper allowance must be made for work which will have to be undertaken by all other services / directorates to implement the scheme, and all costs which have to be met by the Council. Some applications may require member approval, as set out in the Constitution, particularly where the Council is entering into contractual arrangements or providing funding for the project.

**FR4.7** All proposals for externally funded schemes shall be made in consultation with the Section 151 Officer before a bid is submitted. A standard template will be made available for this purpose, and further detail of the process is outlined in the Budget Holder Handbook.

**FR4.8** All officers engaged in the progression of such schemes shall adhere to these Financial Regulations, the Council's Procurement Rules and any other directions or instructions given by the Council. Where the Council has been defined by the funder as the Accountable Body for a scheme, Financial Regulations applies equally to the staff of any partnering organisations in respect of the scheme.

**FR4.9** Where a third party works in partnership with the Council in delivering an externally funded project, officers must ensure that a third-party agreement is in place which reflects the terms and conditions of the funding agreement between the Council and the external funder. The responsible officer shall ensure that the third-party complies with the third-party agreement in order to safeguard the Council's position regarding compliance with its agreement with the funder. For all significant arrangements, the advice of the Monitoring Officer should be taken on the form and content of any agreement.

#### **FINANCIAL REGULATION 5 - AUTHORITY TO INCUR REVENUE EXPENDITURE**

**FR5.1** Budget Managers are authorised to incur expenditure up to the amounts included in their approved budget.

**FR5.2** The Section 151 Officer shall update budgets to reflect approved variations agreed by Cabinet. In addition, he / she shall approve amendments and update the Revenue Budget in accordance with Financial Regulation 6

**FR5.3** Overspending against the approved budget is not permitted. However, a situation may arise which requires expenditure to be incurred as a matter of such urgency that there must be no delay. If there is no, or insufficient, budget provision available, the Budget Manager should, in consultation with the relevant Senior Officer and Section 151 Officer obtain the necessary goods, and / or works, and / or services. The additional expenditure shall be met by virement in accordance with Financial Regulation 7.

#### **FINANCIAL REGULATION 6 - FINANCIAL MONITORING**

**FR6.1** Senior Officers shall comply with the Budget Holder Handbook and the Budget Accountability Statement (BAS). Individual budgets may be delegated to Budget Managers / Budget Holders within the directorate, however, Senior Officers maintains overall responsibility and are accountable for managing the budgets in compliance with the Budget Accountability Statement.

**FR6.2** Senior Officers are responsible for delivering services within the allocated budget. It is not acceptable to overspend, and mis-management of the budget may lead to disciplinary action.

**FR6.3** Senior Officers and Budget Managers are responsible for delivering the savings identified within their assigned budgets.

**FR6.4** Budget Managers shall provide accurate forecast returns in accordance with the budget monitoring timetable. Any overspends against a single budget line must be met by a saving elsewhere within the budget. If an overall unavoidable overspend is likely to occur, the Budget Manager must notify the appropriate Senior Officer and Finance Officer, and provide a detailed explanation of why the overspend is truly unavoidable. Any underspends should also be reported early, as these may be required to offset unavoidable pressures elsewhere.

**FR6.5** The monthly forecast returns should provide:

- coherent and detailed explanations which support the reported figures
- activity levels for budget variances
- highlight potential budget problems
- progress on management actions

**FR6.6** The Section 151 Officer will submit monthly monitoring reports to DLTs and CLT.

**FR6.7** Using a risk based methodology, regular financial monitoring reports shall also be prepared and submitted, in the agreed format, as follows:-

- Monthly monitoring information to Cabinet;
- Quarterly monitoring information to the appropriate Scrutiny Committees.

## **FINANCIAL REGULATION 7 - VIREMENT**

**FR7.1** Budget approval gives Budget Managers the right to incur expenditure on behalf of the Council. Budget Managers may vire between budget headings within the constraints outlined in the Financial Regulations, Budget Holder Handbook and with the appropriate approvals. Virements should not be used to adjust for under / overspends on various headings but only where a definite decision has been taken to change approved spending plans.

**FR7.2** Virement thresholds:

Virement type	Approval required
---------------	-------------------

Technical e.g. incorrect coding, capital transfers, redistributing funding	Relevant Finance Officer
Administrative i.e. already approved by Cabinet	Within a service – Head of Service  Within a directorate – Executive Director  Across directorates – Section 151 Officer
Without existing Cabinet approval  In line with key decision threshold	Under £500,000 (full year effect – gross expenditure) – Section 151 Officer Over £500,000 (full year effect – gross expenditure) within or across portfolios – formal approval by Cabinet after informal communication with the relevant Cabinet Member and the Leader.

## **FR8 – FEES AND CHARGES**

**FR8.1** The Section 151 Officer shall issue guidance to all Directorates on the levels of increase in fees and charges for services to ensure that as far as possible a common approach to charges and revisions of charges is adopted across the Council.

**FR8.2** Senior Officers and Budget Managers must review and update fees and charges annually with a view to ensuring that chargeable discretionary services are not subsidised without a specific supporting policy decision. The individual fees and charges will be approved annually before the start of the new financial year.

**FR8.3** In determining charges for discretionary services, the cost of providing the service should be calculated and fees charged to the service user in order to recover all direct and indirect costs incurred by the Council in the delivery of the service and in compliance with relevant legislation. The cost of chargeable officer time should be used as calculated by corporate finance. The service value to the users and charges made by neighbouring authorities and income targets should be taken into consideration. Senior Officers should liaise with the appropriate finance officer in relation to the proposals. Finance officers must wherever possible prevent an unintended subsidy of discretionary services through the under-recovery of indirect and/or ancillary costs incurred in the delivery of discretionary services.

**FR8.4** As part of the annual review of fees and charges, Senior Officers shall also examine the possibility of introducing charges for services where no charges are currently made. This will be undertaken in consultation with Legal Services. When there is a change of policy that could require public consultation, this should be reported to Cabinet. Any substantive change in policy in the application of fees and charges, or in the level of subsidy, will require Cabinet approval. Cabinet must agree proposals to start charging for or trading in goods or services not previously subject to charging or trading with third parties.

**FR8.5** Some fees and charges may not be fixed, but based on full or part cost recovery, subject to a supporting policy decision regarding subsidy (FR8.2).

**FR8.6** Where charges are assessed according to ability to pay, Senior Officers may make arrangements for the charges to be reduced in accordance with an assessment methodology approved by Cabinet.

#### **FINANCIAL REGULATION 9 - CARRY FORWARD OF UNSPENT BUDGETS**

**FR9.1** The carry forward of unspent provisions in the Revenue Budget from one financial year to the next is not permitted except with explicit approval of the Section 151 Officer, in consultation with the Leader of the Council, or other designated Cabinet Member for Finance.

**FR9.2** The Section 151 Officer shall, as soon as is practicable, supply a detailed list of the items and amounts approved to Senior Officers and Budget Managers. The Section 151 Officer will report specific items to members within the overall outturn report.

**FR9.3** Year end balances will be transferred to and from reserves by the Section 151 Officer, in line with the Council's Reserves Policy, and with the approval of Cabinet.

#### **FINANCIAL REGULATION 10 – RESERVES**

**FR10.1** Reserves will be set by the Council each year as part of the budget setting process. The Section 151 Officer will advise the Cabinet and Council on the prudent level of reserves and balances, taking into account prevailing and anticipated levels of risk and uncertainty.

**FR10.2** The Section 151 Officer shall be authorised to draw upon Reserves for the following items, subject to provision remaining available:-

- any items of expenditure or income which have been specifically approved by Cabinet since the setting of the Revenue Budget; and
- any claim for items known at the time reserves were set.

#### **FINANCIAL REGULATION 11 - AUTHORITY TO INCUR CAPITAL EXPENDITURE**

**FR11.1** The Council's approach to capital investment is set out in the Capital and Investment Strategy. New schemes and projects will usually only be added to the Capital Programme as part of the annual budget setting process, however, changes and additions may be made subject to assessment by the Capital Programme Panel and formal member approval. New capital schemes and projects as well as rolling maintenance programmes are assessed and scrutinised in two stages prior to being included in the Capital Programme:

- The Capital Programme Panel, comprising a small team of Executive Directors and senior officers nominated by Executive Directors, and
- The Asset Strategy Board, comprising the Executive Director of Economy, Growth & Commercial, the Executive Director of Finance and key members.

**FR11.2** All proposed schemes are based on a robust business case and subject to appropriate internal or external due diligence. In particular they must ensure:

- Capital Programme proposals are consistent with the Council’s Corporate Strategy, Capital and Investment Strategy, Asset and Place Strategy and Directorate Strategies;
- Each capital scheme or project is assessed for both financial and service risk;
- The proposed timetable for the programme is realistic;
- All associated revenue implications are fully covered in the current and future years

**FR11.3** Only those schemes and projects that meet the strategic priorities and have been assessed via the two stages outlined above, subject to member approval, will be incorporated in the Capital Programme.

**FR11.4** Contracts for capital works will be awarded in accordance with the rules set out in Procurement Standing Orders.

## **FINANCIAL REGULATION 12 - MONITORING OF THE CAPITAL PROGRAMME**

**FR12.1** Once a capital scheme or project has been approved in the Council’s Capital Programme, each Budget Manager shall be responsible for monitoring expenditure, and for providing information in accordance with arrangements set out in the Budget Holder Handbook – Capital to enable regular reports to be submitted to DLTs, CLT, Scrutiny and Overview Committees and to Cabinet.

**FR12.2** If necessary, and following consultation with the Section 151 Officer, virements may be made between capital schemes to reflect the value of each accepted tender.

**FR12.3** Block items within the Capital Programme comprising a number of schemes (e.g. Maintenance and Minor Works Programmes) shall be regarded as a single project subject to the total scheme costs not being exceeded, and satisfying the requirements of any external funder.

## **FINANCIAL REGULATION 13 – FINANCIAL ACCOUNTS**

**FR13.1** The Section 151 Officer shall ensure that all financial transactions of the Council are accurately reflected in the Council’s accounting records.

**FR13.2** All financial systems, accounting policies and accounting records shall be in a form agreed by the Section 151 Officer. All proposed changes to accounting policies must be approved by the Section 151 Officer and discussed with the Council’s external auditors before implementation.

**FR13.3** The Section 151 Officer will make appropriate arrangements for and advice officers and members on all taxation issues that affect the Council.

**FR13.4** The Section 151 Officer will sign off the annual Statement of Accounts, once he / she is satisfied that the statement represents a true and fair view of the financial position of the Council. The Statement of Accounts will be submitted for approval to the Audit and Governance Committee.

**FR13.5** Senior Officers must sign a Manager's Assurance Statement each year in a form prescribed by the Section 151 Officer.

**FR13.6** Arrangements for the retention or destruction of financial records shall be in accordance with the Council's Record Retention Policy. In any event, no document relating to the financial transactions of the Council or its employees shall be destroyed before the completion of the External Audit for the year concerned.

**FR13.7** Senior Officers shall be responsible for ensuring that there are adequate arrangements, in respect of financial information held in electronic form, to safeguard continuity in the event of an emergency and shall comply with the requirements set out in the Council's Information Technology Strategy.

#### **FINANCIAL REGULATION 14 - DUTY TO CARRY OUT AUDIT**

**FR14.1** The Section151 Officer shall ensure that the Council maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, as laid down in The Accounts and Audit Regulations. This also extends to external audit, where appropriate, subject to external partners and external funding requirements. To facilitate independence and objectivity in reporting, the reporting lines of the Internal Audit function should be unfettered by line management structures so that direct access to any officer, member or external regulating authority (e.g. external audit) will be available.

**FR14.2** In order to discharge his / her responsibilities under FR14.1 above, the Section151 Officer, Internal Audit and any other authorised staff shall have the right to:

- (a) enter any Council premises or land at any reasonable time, without prior notice;
- (b) have access at all times to all records and documents (including email and correspondence) relevant to the business of the council as maintained by the council or third parties on its behalf including (but not limited to) external contractors and consultants;
- (c) require and receive any information and explanations considered necessary to the audit;
- (d) require any employee or agent of the Council to account for assets under his / her control.

**FR14.3** The Chief Internal Auditor shall report on a regular basis to the Audit and Governance Committee with a summary of internal audit activity, and shall bring to the attention of the Chief Executive and the Audit and Governance Committee any significant matters which may have come to his / her attention in the course of delivering the internal audit function.

#### **FINANCIAL REGULATION 15 - FINANCIAL IRREGULARITIES**

**FR15.1** All officers are required to inform their Senior Officer on becoming aware of any irregularity, or suspected irregularity, affecting income, expenditure, cash, stores or any of the resources of the Council. Senior Officers shall inform the Chief Internal Auditor as soon as practicable. This requirement also applies to elected members and to agents working on behalf of the Council where the concern is around Council related matters.

**FR15.2** The Chief Internal Auditor shall consider during the course of any investigation or at its conclusion, as he / she deems appropriate, whether the matter may require investigation by the Police and /or notification to the External Auditor. Where appropriate he / she shall seek the advice of the Monitoring Officer and inform the Chief Executive.

**FR15.3** At the conclusion of any investigation or earlier if appropriate, the Chief Internal Auditor shall, in consultation with the Monitoring Officer, agree with the Senior Officer concerned the steps that should be taken to mitigate any loss and prevent a recurrence of it. The Chief Internal Auditor shall report, if he / she considers it necessary, initially to the Chief Executive and, following that, to the Audit and Governance Committee, depending on the circumstances.

**FR15.4** All investigations of this type undertaken by Internal Audit will be under the direction of the Chief Internal Auditor, in consultation with the Section151 Officer and the Head of HR and OD. Such investigations will be undertaken in line with the Council's Counter Fraud Strategy and Framework, which forms part of the Constitution. The Head of HR and OD will ensure that "whistle blowing" procedures are defined, documented, widely communicated and reviewed at appropriate intervals, in consultation with the Section151 Officer, the Monitoring Officer and the Chief Internal Auditor.

**FR15.5** The Chief Internal Auditor or his / her delegated authority within Internal Audit acts as the Council's Money Laundering Reporting Officer (MLRO). The MLRO will ensure that there is an Anti-Money Laundering Policy published on the Council's external website which sets out the procedures which must be followed to enable the Council to comply with its legal obligations. This policy, which is contained in the Counter Fraud Strategy and Framework, states that the Council will not accepted cash payments in excess of £5,000.

#### **FINANCIAL REGULATION 16 - ORDERING PROCEDURES**

**FR16.1** Senior Officers shall be responsible for ensuring that all orders issued from their departments for goods, works and services are in accordance with Procurement Standing Orders.

#### **FINANCIAL REGULATION 17 - CONSULTANTS AND CONTRACTORS**

**FR17.1** Procurement Standing Orders set out the thresholds for appointing consultants and contractors. The Leader and the Chief Executive must approve consultant or contractor appointments where the fee exceeds £50,000 a year (or in proportion where the engagement is for less than one year) before the contract starts.

**FR17.2** All consultant or contractor engagements with an aggregate value of £100,000 or over, must be subject to competitive tender and review by the Sourcing Governance Board before approval by the Leader and Chief Executive. The Leader and Chief Executive will not approve such engagements retrospectively.

**FR17.3** Consultants, contractors and agency workers engaged to supervise contracts on behalf of the Council shall be required to comply with these Financial Regulations as if they were direct employees of the Council. Such a requirement shall be included in every agreement for their services. Any reference in these Financial Regulations to a Budget Manager shall apply to a consultant, contractor or agency worker. Where a report is required, it shall be made by the consultant, contractor or agency worker to the appropriate Senior Officer, who shall report to members as required.

## **FINANCIAL REGULATION 18 – CONTRACTING ARRANGEMENTS**

**FR18.1** All procurement and purchasing undertaken must adhere to the specified processes as agreed by the Corporate Leadership Team and follow the requirements of the Procurement Standing Orders and the Sourcing Governance Board. The Section 151 Officer may authorise the use of Purchasing Cards for Council staff for the purposes of defraying petty cash and other minor or urgent expenses. The Budget Holder Handbook sets out the requirements for the use of and Purchasing Cards.

**FR18.2** All material assumptions and risks inherent in evaluations of proposed contracts must be fully disclosed to those officers and members making decisions on the award of the contract, before the contract award is made.

**FR18.3** Long term strategic contracts must include provision to secure continuous improvement, improved efficiency and value for money. Financial relationships must be made under the relevant corporate guidance within the Financial Management Toolkit. In this context, partnerships are deemed to be joint arrangements involving the Council pooling financial and / or other resources with other bodies in the pursuit of agreed joint objectives.

**FR18.4** All partnership arrangements and pooled budgets must be agreed under written terms appropriate to the extent of the financial risk to the Council and may only be entered into following appropriate consultation with and approval from the Section 151 Officer and the Monitoring Officer. Where the Council's contribution to, or financial risk from such arrangements, exceeds £100,000, Cabinet's approval is required. Appropriate approval must be obtained before entering into any proposed partnership.

## **FINANCIAL REGULATION 19 - PAYMENT OF SALARIES AND WAGES**



**FR19.1** The payment of all salaries, wages, pensions, compensation and other emoluments to employees, former employees or beneficiaries of the Council shall be made in accordance with arrangements approved by the Chief Executive and the Pay, Personnel and Development Committee (PPDC).

**FR19.2** The Head of HR and OD shall arrange for all relevant payments in respect of sums deducted from employees' remuneration and any employers' contributions to be made to the appropriate agency.

**FR19.3** Senior Officers shall notify the Head of HR and OD, or his / her agent, of all matters affecting payment as soon as possible. Notification will be in the form prescribed by the Section 151 Officer and Monitoring Officer.

**FR19.4** Time records or other pay documents (including those relating to flexible working hours) shall be in a form prescribed or approved by the Head of HR and OD.

**FR19.5** The Head of HR and OD shall ensure that there are proper arrangements to maintain all necessary human resources records concerning pay, superannuation, statutory sick pay, national insurance and income tax.

**FR19.6** The Head of HR and OD shall have regard to any recommendations made by the Section 151 Officer in all matters of a financial nature.

## **FINANCIAL REGULATION 20 - INCOME COLLECTION AND BANKING ARRANGEMENTS**

**FR20.1** Senior Officers and Budget Managers shall seek the prompt collection of all monies due to the Council in accordance with arrangements approved by the Section 151 Officer and as specified in the Income Manual.

**FR20.2** Senior Officers and Budget Managers are responsible for dealing with the receipt of money and other remittances and holding them in secure conditions before they are banked or otherwise dealt with.

**FR20.3** The Section 151 Officer is responsible for the Council's overall banking arrangements. All arrangements for opening bank accounts and for the banking and withdrawal of money shall be approved by the Section 151 Officer. The Section 151 Officer shall determine the arrangements for the reconciliation of all Council bank accounts.

## **FINANCIAL REGULATION 21 – DEBT MANAGEMENT AND BAD DEBT WRITE OFF**

**FR21.1** The Section 151 Officer has authority to write off irrecoverable debts up to £10,000 in respect of any one debtor. Write offs should only be authorised once Senior Officers / Budget Managers have provide assurance that the debt has been subject to the correct process in accordance with the Council's Bad Debt / Write Off Policy, and all efforts to recover the debt have been exhausted.

**FR21.2** In addition, the Section 151 Officer, in consultation with the Monitoring Officer, has authority to write off individual debts of up to £100,000 they consider to be irrecoverable, where:

- the debtor has gone into liquidation;
- the debtor is deceased and there are no funds and the debt has been registered as a liability to the executor;
- the evidence against a debtor is inconclusive, and the Monitoring Officer recommends write-off;
- the debtor has absconded and all enquiries have failed; or
- the debtor is in prison and has no means to pay.

**FR21.3** For debts, between £10,000 and £100,000 which are not within the criteria set out in FR21.2, the relevant Cabinet member, in consultation with the Leader, can approve the write off of irrecoverable debts in their portfolio, having taken into consideration the advice of the Section 151 Officer and Monitoring Officer.

**FR21.4** For debts in excess of £100,000 for a single debtor, Cabinet approval is required.

**FR21.5** The year-end financial outturn report will provide a summary of all irrecoverable debt written off during the year.

**FR21.6** Credit balances, which are over three years old and which cannot be substantiated or justified, will be released to the relevant fund after closure of accounts of each year, subject to formal approval by the Section 151 officer.

**FR21.6** To the extent that they are not needed at year end, budgeted contributions towards bad debt will be transferred to reserves. Conversely, any contributions needed beyond the budgeted level toward bad debt will be met from reserves. Subject to consultation with the appropriate Senior Officer, the Section 151 Officer will have the authority to:

- transfer savings that arise through earlier than planned delivery of expenditure reductions to reserves
- transfer 'windfall' savings or increased income to reserves
- overall movement in the provision for bad debt will be reported to Cabinet.

## **FINANCIAL REGULATION 22 – ASSETS**

### **Land and Property**

**FR22.1** All acquisitions of land and buildings up to the value £1m require approval from the relevant Cabinet Member in conjunction with the Leader. This value relates to freehold and leasehold interest.

**FR22.2** All acquisitions of land or buildings valued at £1m or more requires Cabinet approval.

**FR22.3** All disposals of land or buildings up to the value of £1m require approval from the relevant Cabinet Member in conjunction with the Leader. This value relates to freehold and leasehold interest and includes setting a reserve figure for auction sales.

**FR22.4** All disposals of land or buildings valued at £1m or more requires Cabinet approval. All disposals should be recorded within an approved register.

**FR22.5** All acquisitions and disposals must be referred to the Property Team. The application of best value considerations may result in disposal of assets at less than market value due to wider economic, environmental and social value factors. The approach to valuation should be agreed in advance, in consultation with the Section 151 Officer.

### **Assets other than Land and Property**

**FR22.6** Assets declared surplus to the Council's requirements should be disposed of at the most appropriate time, and only when it is in the best interest of the Council, and best value is obtained. For assets of significant value, disposal should be by competitive tender or public auction.

**FR22.7** Any proceeds from the disposal of assets should be receipted and recorded, even if the disposal value is nil.

**FR22.8** No items can be disposed of to a member of staff without the explicit approval of the Section 151 Officer.

**FR22.9** All acquisitions and disposals valued over £10,000 must be subject to a professional valuation. The approach to valuation should be agreed in advance, in consultation with the Section 151 Officer.

**FR22.10** Senior Officers are responsible for and shall make arrangements for the safe custody and care of all assets in his / her department, including exercising proper control over the use of those assets. Such assets shall include plant, machinery, vehicles, furniture, equipment, other non-consumable property, stocks and stores and IT equipment.

**FR22.11** Senior Officers are responsible for keeping inventory records and the marking of Council property. The Council's property shall not be removed other than in accordance with the ordinary course of the Council's business or used otherwise than for the Council's purposes.

**FR22.12** Senior Officers are authorised to adjust their inventory records, relating to items outlined in FR22.10 where any surplus or deficiency arises up to £2,500 in respect of any one item, provided appropriate investigations have been carried out to establish the reasons and prevent a recurrence. Records of such adjustments are subject to Internal Audit inspection.

**FR22.13** The Section 151 Officer shall authorise Officers to adjust their inventory records where any surplus or deficiency arises between £2,500 and £5,000 in respect of any one item

provided the appropriate Officer has investigated and reported the reasons for the discrepancy.

**FR22.14** Adjustments to inventory records in respect of any one item where the amount exceeds £5,000 shall be referred to Cabinet.

**FR22.15** Budget Managers, after consultation with the Section 151 Officer, are authorised to delete any item from their inventory records where the item has become obsolete and is no longer adequate for the purpose intended, or the item is broken or worn.

### **FINANCIAL REGULATION 23 - STOCKS AND STORES**

**FR23.1** Lead Officers and Budget Managers are responsible for the receipt, issue and checking of the stocks and stores in their departments and for maintaining appropriate stock levels.

**FR23.2** The extent to which items shall be included in records, and the form of record-keeping, shall be determined by the appropriate Senior Officer in consultation with the Section 151 Officer.

**FR23.3** Senior Officers, in consultation with the Section 151 Officer, are authorised to adjust stock balances up to £10,000 in respect of any one item provided appropriate investigations have been carried out to establish the reasons and prevent a recurrence. All other write offs require Cabinet approval.

**FR23.4** The year-end financial outturn report to Cabinet will set out all stock write offs granted in the year.

### **FINANCIAL REGULATION 24 – ESTATES**

**FR24.1** The Senior Officer for Property shall update the Council's Asset Management Plan as necessary and maintain a terrier recording details of all land and properties held by the Council.

**FR24.2** The Monitoring Officer shall have custody under secure arrangements of all the title deeds in the possession of the Council.

**FR24.3** The Senior Office for Property shall be responsible for land and property under his / her control, and for obtaining the best economic return possible consistent with Council policy and legal requirements. He / she shall ensure that all rents etc. are regularly reviewed.

### **FINANCIAL REGULATION 25 - RISK MANAGEMENT AND INSURANCE**

**FR25.1** The Risk Management Policy Statement and Strategy outline the arrangements in place to ensure the Council identifies and deals with the key risks it faces. The Section 151 Officer is responsible for ensuring that a risk management process is maintained across the

Council and may specify risk management activity to be undertaken by other officers. The Risk Management Framework complements the statement and strategy and ensures a consistent approach to risk management across the organisation by detailing the Council's approach to risk identification, assessment, control and reporting.

**FR25.2** The Council's approach to risk management is a continuous and evolving process that runs through the Council's strategies and service delivery. It ensures key risks are managed and resilience is strengthened in order to support the delivery of the Council's priorities.

**FR25.3** The Section 151 Officer is responsible for advising Cabinet on insurance arrangements. The Section 151 Officer shall be responsible for the day-to-day administration of the Council's insurances, through the Orbis Centre of Expertise, and negotiating all policies and claims in consultation with the relevant Senior Officers and Budget Managers.

**FR25.4** Senior Officers, in consultation with the Section 151 Officer, shall be responsible for the effective management of all insurable risks.

**FR25.5** Senior Officers shall consult the Monitoring Officer and the Section 151 Officer concerning the terms of any indemnity which the Council may be requested to give.

**FR25.6** All Officers shall give prompt notification to the Section 151 Officer of all new risks, properties or vehicles which require to be insured in accordance with arrangements determined by him / her.

**FR25.7** Any person who makes use of his / her own vehicle for Council business shall comply with the appropriate County Council policies with regards to car users and any instructions relating to this policy issued by the Head of HR & OD.

**FR25.8** Senior Officers shall make arrangements for maintaining proper security at all times for all assets under his / her control and safe and proper arrangements for the custody of keys to safes and similar receptacles.

**FR25.9** Senior Officers shall immediately notify the Section 151 Officer of any loss, liability, damage or other similar event likely to lead to a claim. Where appropriate, the Section 151 Officer shall inform the Monitoring Officer and the Police. Such notification shall be confirmed promptly in writing.

## **FINANCIAL REGULATION 26 - TREASURY MANAGEMENT AND THE PENSION FUND**

**FR26.1** All money held by the Council (except the Pension Fund) shall be aggregated for the purposes of treasury management and shall be under the control of the Section 151 Officer, subject to the constraints of delegated powers given to schools. He / she shall seek expert advice on these matters when considered appropriate.

**FR26.2** The Section 151 Officer is responsible for the Council's treasury management activities in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities

and the Prudential Code. He / she shall propose an annual Treasury Management Strategy Statement to the Audit and Governance Committee.

**FR26.3** The Section 151 Officer, through the Orbis Centre of Expertise, will ensure that the provisions of the strategic and operational requirements in FR26.2 are implemented, legislative requirements are complied with and regular monitoring of all Treasury Management activity is undertaken.

**FR26.4** Effective scrutiny of the Treasury Management Strategy will be undertaken by the Corporate Overview Select Committee. The Section 151 Officer will submit a mid-year review and an annual outturn report on treasury management to the Audit and Governance Committee as appropriate.

**FR26.5** The Section 151 Officer has delegated authority to take urgent action as required between Pension Fund Committee meetings, but such action can only be taken in consultation with and by agreement with the Chairman or Vice Chairman of the Pension Fund Committee and following consultation with any relevant Consultant or Independent Advisor.

**FR26.6** The Section 151 Officer will ensure that monitoring reports on the Pension Fund's investment performance and activities, and any other business, are considered by the Pension Fund Committee at least quarterly.

**FR26.7** The Section 151 Officer will ensure that a report on the triennial actuarial valuation of the Pension Fund is taken to the Pension Fund Committee.

**FR26.8** The Section 151 Officer will ensure that a report on the annual accounts and associated external audit of the pension fund is taken to the Pension Fund Committee.

**FR26.9** The Council, as corporate trustee for a limited number of Trust Funds through its members and officers, will ensure that the Council administers them in accordance with its legal responsibilities as trustee, distinct and separate from its functions as a local authority and also in compliance with:

- the CIPFA Code of Practice in Treasury Management
- any relevant Charity Commission guidance

to ensure provisions are appropriately implemented.

# **SURREY COUNTY COUNCIL**

## **Review of the Special Responsibility Allowance for Deputy Cabinet Members**

### **Report of the Independent Remuneration Panel**

**November 2018**

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# 1. EXECUTIVE SUMMARY

- 1.1. The Independent Remuneration Panel (IRP) last reported to the Council at its AGM in May 2018. At that point the role of Deputy Cabinet Member did not exist. At the AGM the Council approved the Leader's recommendation to introduce a new role of Deputy Cabinet Member with an associated Special Responsibility Allowance (SRA) of £10,000.
- 1.2. As part of that recommendation, the Leader stated his intention to ask the IRP to review the role and the associated SRA, reporting back to the Council in late 2018.
- 1.3. The IRP has conducted an investigation into the role and SRA as requested by the Leader and this Report presents our findings and recommendation. This report does not consider any other SRA, the basic allowance, or Member expenses.
- 1.4. **Following our review, the IRP recommends that the SRA for the Deputy Cabinet Member is set at £10,000.**
- 1.5. The remainder of this report presents the context and evidence for this recommendation.

## 2. FINDINGS

### Evaluation of the Deputy Cabinet member role

- 2.1. The IRP interviewed the Leader of the Council, two Cabinet Members and two Deputy Cabinet Members to gain an understanding of the new Deputy Cabinet roles. The IRP's understanding from these discussions follow.
- 2.2. There is no role description available and therefore no formal indication of time requirement for this role. The Leader of the Council said between two and three days a week was his expectation, typically including every Tuesday and at least one other day. Cabinet Members reported the same expectation although acknowledged that this was early days for this role which may change over the coming months. The existing Deputy Cabinet Members broadly agreed with the above adding that they felt the role could possibly expand to fill a week. Overall, the IRP feel, whilst this role is developing, it would appear reasonable to assume it will take up two to three days a week.
- 2.3. The Deputy Cabinet Members will add additional capacity to enhance the decision making of the Cabinet by providing additional and higher quality information within, often limited, timescales. In addition, these posts will be expected to take a leading role in 'Task and Finish' groups, providing Cabinet Members with a deeper knowledge of the subject than they could obtain themselves. They will act as leads on the development of business plans for the current transformation programme.
- 2.4. It was reported that the Deputy Cabinet Members would also provide additional political and social context to decision making. The IRP did consider whether Council Officers could provide this input but felt that the role of officers is to provide specialist advice and it would not be appropriate for them to provide political advice.
- 2.5. The existence of these roles significantly enhances the Council's succession planning. The IRP noted both the Leader of the Council and the Cabinet stated that the post holders for these roles were able to experience the workings of Cabinet without any voting rights, giving them an insight into Cabinet working whilst affording an opportunity for them to assess the capabilities of possible future Cabinet Members.
- 2.6. There was no automatic right of succession for those carrying out Deputy Cabinet Member roles. This was also the observation when the Cabinet Associate role existed.
- 2.7. Only four months had elapsed, at the time of this review, since these roles were created and the IRP recognised that these roles were still immature and should be reassessed in a year. Despite this, the IRP thought early indicators are that these roles are making a positive impact.

## What is our conclusion?

**2.8. Based upon the above, we believe that a Special Responsibility Allowance of £10,000 is appropriate for the Deputy Cabinet Member role.**

2.9. The IRP recommends that these roles are reviewed within twelve months as they are currently immature and may be subject to change.

## Benchmarking data

2.10. The IRP collected and analysed data from the other 26 English County Councils regarding whether they engaged Deputy Cabinet Members or their equivalent, how many, and what allowance if any was attached to the role. The findings were:

- Eighteen of the 26 County Councils engaged Deputy Cabinet Members or their equivalent, and all 18 pay Deputy Cabinet Members an SRA;
- The eight County Councils that do not use deputies tend to be the smaller in terms of cost of services;
- Of the eighteen councils that have deputies, twelve employ at least as many deputies as cabinet members, Surrey is in a minority in having fewer deputies than full Cabinet members;
- At £10,000, the recommended allowance ranks fifth in size compared with other County Councils. As a reference, the current Cabinet allowance of £22,545 ranks third on the same basis; and
- The total cost of the allowances, at £40,000, would place Surrey thirteenth on the list of total cost of deputy allowances. This ranking is low because most Councils have more deputies, as noted above.

2.11. The IRP therefore considers that the recommendation for four allowances at £10,000 each benchmarks favourably with other County Councils.

## Contextual considerations

2.12. With the total cost of allowances around £1.5 million, the IRP is aware that the recommendation that £40,000 is made available for Deputy Cabinet Members increases the total cost by around two and a half per cent - at a time when Surrey is undertaking a transformation programme so that it can operate with reduced resources.

2.13. The IRP did consider whether a rebalancing of existing allowances was possible so that the total cost did not rise. The IRP felt that the Leadership roles within the Council were becoming more onerous not less, and that reducing their allowances would not be fair. With the total cost therefore rising, there is an imperative on the Leader and the

Cabinet to demonstrate that the £40,000 spent on Deputy Cabinet Members delivers value for money for the people of Surrey. The IRP will be asking this question at our next review, and in the meantime, the IRP expects that the Council will consider how it could best evidence the value for money obtained from these posts.

- 2.14. The IRP were told by the Leader of the Council that the number of Deputy Cabinet Members is limited to four. This has been taken into account by the IRP when recommending the corresponding SRA.
- 2.15. The IRP has considered the time commitment of a Deputy Cabinet Member and has concluded that this would preclude them from taking up realistic employment elsewhere (with the possible exception of other district/borough responsibilities which can to some extent be dovetailed with county responsibilities). Accepting a role as a Deputy Cabinet Member would therefore mean a total allowance of just under £22,500 potentially preventing the individual from other paid employment. Given the seniority of the role and the experience of the individuals performing it, the IRP does not consider this excessive.

## **3.ACKNOWLEDGEMENTS**

- 3.1. The IRP was grateful for the support provided by Vicky Hibbert and her colleagues in Democratic Services.
- 3.2. The IRP thanks Carol Deakins for her contribution as IRP Chair. Carol will be leaving the IRP on completion of this report having performed the role of Chair since October 2016.

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## OFFICER REPORT TO COUNCIL

### SCRUTINY ANNUAL REPORT 2017/18

#### **BACKGROUND:**

It is good practice to reflect upon, and evaluate the performance of the council's scrutiny function. The attached report summarises the key activity of the select committees in the municipal year 2017/18 and signposts priorities and development opportunities for 2018/19.

#### **RECOMMENDATIONS:**

1. That Members of the council consider the report and comment accordingly.

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**Lead/Contact Officer:** Ross Pike, Committee Business Manager, Democratic Services

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

Select Committee Agenda and Minutes July 2017 to May 2018, available here:

<https://mycouncil.surreycc.gov.uk/ieDocHome.aspx?XXR=0&Year=2017&Page=1&EB=F>

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# Scrutiny Annual Report

2017/18



# Foreword

“Good overview and scrutiny is vitally important to Council decision-making. Surrey County Council’s Select Committees, therefore have a key role in ensuring that the Cabinet is held to account, resident voices are heard and ultimately, that effective decisions are taken.

The scrutiny function has undergone a number of changes to structure and membership since this Council was formed in May 2017. There has also been significant turnover in Councillors with the Council welcoming many new Members.

This period of change is reflected in the variable quality and impact of scrutiny to date. As shown by this annual report there have been examples of good work done by Select Committees but there is more to do. We must ensure that key issues, from improvements to our Children’s Services to delivery of the Transformation programme and many more are effectively scrutinised.”



Kay Hammond  
Chairman of Overview & Budget Scrutiny Committee 2017-18  
Current Chairman of Children & Education Select Committee

# Role of Scrutiny

- The Centre for Public Scrutiny's four principles for good scrutiny form the basis of select committees' role at the Council.
  - Scrutiny provides a constructive 'critical friend' challenge;
  - Amplifies the voices and concerns of the public;
  - Is led by independent people who take responsibility for their role; and
  - Drives improvement in public services

# How do Select Committees do this?

- They meet in public
- Gather evidence through research and engagement
- Listen to a variety of voices
- Undertake reviews of key topics of public interest and organisational priority
- Hold decision makers to account
- Make SMART recommendations to decision makers to improve services and outcomes for residents

# Changes to our Committees

- At the May 2018 AGM several changes were made to the existing scrutiny function:
  - All of the Select Committees were renamed, given tweaked remits and refreshed memberships
  - All but two of the Scrutiny Chairmen were new appointees
  - A Corporate Overview Select Committee was created which has oversight of all the scrutiny work done at the Council

# Select Committee Activity

**55**

The number of items requested by the Select Committees in 2017/18

**11**

The number of sub-groups formed by Select Committees in 2017/18

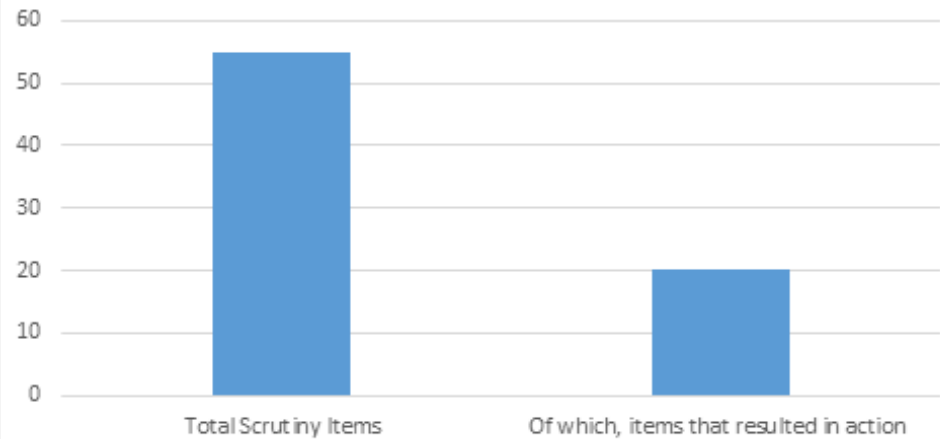
**2**

The number of these sub-groups that produced committee reports

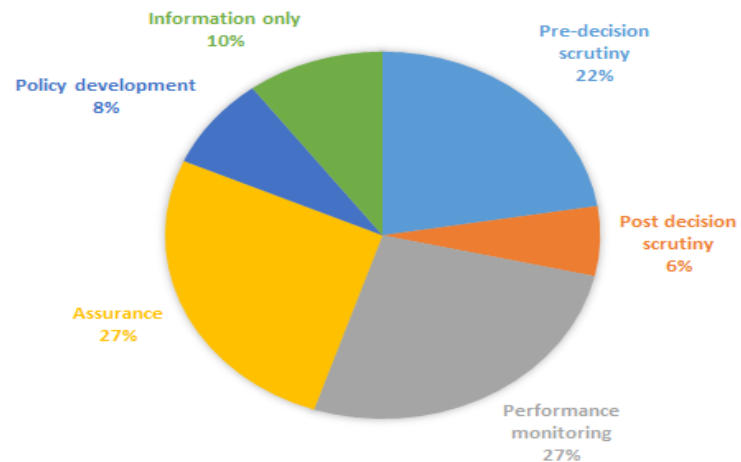
**2**

The number of call-ins

Committees only made recommendations on 36% of items they considered



## TYPES OF SCRUTINY WORK



# Achievements and Challenges

- Against a complex and changing local government backdrop the Council's scrutiny function has largely been playing catch-up owing to the number of new Members elected in 2017 and a number of political reorganisations necessitating two separate induction programmes in the last two years
  - ✓ The scrutiny on the future of the Surrey Performing Arts Library brought many residents to County Hall adding their voices, formally and informally, to deliberations over the course of two meetings and the subsequent recommendations to Cabinet
  - ✓ Health Scrutiny set up a task group to review the commissioning and engagement behind the new Integrated Sexual Health Service in Surrey. The Task Group met with many stakeholders, commissioners and clinicians in their review and made a number of recommendations that will impact on future commissioning work across the Council.
- However, impact on Council policy and decision making has generally been **low**
- Save for the few exceptions above Select Committees have **not** taken the opportunity to make useful recommendations.
- Only 36% of all the items considered by Select Committees in 2017/18 concluded with recommendations. Most meetings concluding in requests for 'further information' or with Committees simply noting the report

# Public Involvement

- Committees have invited contributions from partners and stakeholders at Committee meetings but this is **not consistent** and take up is **variable**
  - Democratic Services runs a twitter account with nearly 600 followers that provides information on democratic process and engages with the public
  - The Sexual Health Services Task Group interviewed numerous service users and set up an online survey to gather views from the public
  - Dozens of residents attended public meetings on the future of the Performing Arts Library
  - How many public questions/petitions?
- But scrutiny can do more. Public involvement is a key element of good scrutiny



# The Year Ahead

## Key Areas of Focus:

- Implementing coordinated and focused scrutiny of the Council's Transformation Programme
- Developing robust and meaningful forward work programmes that align with community vision outcomes and resident interests
- Boosting the effectiveness of Select Committees through training, more focused forward plans, SMART recommendations and increased input from the public and partners into scrutiny
- Providing training to close skills and knowledge gaps amongst scrutiny members
- Implementing the learning points from the November 'Scrutiny Essentials' training delivered by the Centre for Public Scrutiny including working agreements, committee pre-meetings and rigorous topic prioritisation.



*County Council Meeting – 11 December 2018***REPORT OF THE CABINET**

The Cabinet met on 27 November 2018.

In accordance with the Constitution, Members can ask questions of the appropriate Cabinet Member, seek clarification or make a statement on any of these issues without giving notice.

The minutes containing the individual decisions for 27 November meeting is included within the agenda at item 19. Any Cabinet responses to Committee reports are included in or appended to the minutes. If any Member wishes to raise a question or make a statement on any of the matters in the minutes, notice must be given to Democratic Services by 12 noon on the last working day before the County Council meeting (Monday, 10 December 2018).

For members of the public all non-confidential reports are available on the web site ([www.surreycc.gov.uk](http://www.surreycc.gov.uk)) or on request from Democratic Services.

<b>REPORTS FOR DISCUSSION</b>
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**A. REVISED FINANCIAL REGULATIONS**

Cabinet considered a report that presented new Financial Regulations for the Council which provided a framework within which Members and officers could carry out their responsibilities in an open and consistent manner.

The main difference between the current Financial Regulations and the new version was that the new version fully reflected the new Budget Accountability Statement, and more clearly outlined Budget Managers' responsibilities in setting and monitoring revenue and capital budgets. The financial limits contained within the Financial Regulations were considered to be appropriate and had therefore not been changed.

The revised CIPFA Prudential Code (2017) introduced the requirement for a new capital strategy from 1 April 2019. Alongside this new requirement, the Code allowed authorities to delegate the detailed management of Treasury Management to a sub-committee from April 2019. This meant that approval of the annual Treasury Management Strategy Statement can be delegated to the Audit and Governance Committee, which is currently only required to "review" the Treasury Management Strategy Statement prior to approval by Council. It was noted that the Financial Regulations did not really reflect this recommendation and Cabinet requested that this be made clear before being presented to full Council.

**RESOLVED:**

That the Financial Regulations be amended before it goes to full Council, to reflect that the Audit and Governance Committee will sign off the Treasury Management Strategy Statement.

***The Cabinet RECOMMENDS that the County Council:***

1. Approves the new Financial Regulations.
2. Approves the annual Treasury Management Strategy Statement to the Audit and Governance Committee. (Members of the Audit and Governance Committee will receive appropriate training.)
3. Approves the necessary amendments to the Council's Constitution.

**Mr David Hodge, Leader of the Council  
27 November 2018**

## MINUTES OF THE MEETINGS OF CABINET HELD ON 27 NOVEMBER 2018

Any matters within the minutes of these Cabinet meetings may be the subject of questions and statements by Members upon notice being given to the Democratic Services Lead Manager by 12 noon on Monday 10 December 2018.

Please note that the minutes of the Cabinet meeting will be issued as a supplementary agenda.

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