

# Cabinet

**Date & time**

Tuesday, 30 April  
2019 at 2.00 pm

**Place**

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

**Contact**

Vicky Hibbert or Angela  
Guest  
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**Chief Executive**

Joanna Killian



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**@SCCdemocracy**

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**Cabinet Members:** Mr Mel Few, Mr Matt Furniss, Mr Mike Goodman, Mrs Julie Iles, Mr Colin Kemp, Mrs Mary Lewis, Mrs Sinead Mooney, Ms Charlotte Morley, Mr Tim Oliver and Ms Denise Turner-Stewart

**Deputy Cabinet Members:** Mrs Natalie Bramhall, Miss Alison Griffiths, Mr Cameron McIntosh and Mr Wyatt Ramsdale

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

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## **1 APOLOGIES FOR ABSENCE**

## **2 MINUTES OF PREVIOUS MEETING: (26 MARCH 2019)**

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

## **3 DECLARATIONS OF INTEREST**

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

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

### **NOTES:**

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

## **4 PROCEDURAL MATTERS**

### **a Members' Questions**

The deadline for Member's questions is 12pm four working days before the meeting (24 April 2019).

### **b Public Questions**

The deadline for public questions is seven days before the meeting (23 April 2019).

### **c Petitions**

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

### **d Representations received on reports to be considered in private**

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

## **5 REPORTS FROM SELECT COMMITTEES , TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL**

(Pages 1  
- 2)

One report has been received from Epsom & Ewell Local Committee. It requests that Cabinet reconsider local highways funding.

**6 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS/  
INVESTMENT BOARD TAKEN SINCE THE LAST CABINET MEETING**

There have been no delegated decisions taken by the Leader, Deputy Leader, Cabinet Members and Investment Board since the last meeting of the Cabinet.

**PEOPLE**

**7 FOSTERING ALLOWANCES UPLIFT**

(Pages 3  
- 8)

The purpose of this report is to seek approval from Cabinet to uplift the Council's current Fostering Allowances, and to subsequently revise the Fostering Service Fee Policy to be effective from 1 July 2019.

*[The decisions on this item can be called in by the Children & Education Select Committee]*

**PLACE**

**8 ASSET AND PLACE STRATEGY**

(Pages 9  
- 48)

The Council commissioned a review to be undertaken of the Council's own assets and how they are used in order to develop a new Asset and Place Strategy and Delivery Plan. The focus of this review was widened to include a review of current projects to add pace to delivery, and the development of the property related elements of the relocation of County Hall. This report outlines how the review was undertaken, its findings and the recommendations. It also sets out a strategy for approval that will provide a framework for decision making about the use of assets in the future, together with a proposed action plan.

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

**COUNCIL**

**9 MOVING CLOSER TO RESIDENTS**

(Pages  
49 - 56)

In pursuit of the Community Vision for Surrey in 2030, and as part of the council's ongoing transformation programme, we are working to affect significant cultural changes to the way the council operates. As part of this the opportunity is being taken to move those staff located at County Hall, Kingston, which has been outside the county since boundary changes in 1965, closer to residents and partners. The council is planning to establish a new 'Civic Heart' within the county, with quality collaborative spaces where elected members, the Corporate Leadership Team and their respective strategic support teams can work and conduct council business.

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

- 10 REVISION OF PROCUREMENT STANDING ORDERS** (Pages 57 - 84)
- The Procurement Standing Orders (PSOs) set out how the Council governs spending by Officers on goods, works and services. The PSOs have been reviewed to engender and support good decision making, streamlined and efficient work practices, proportionate risk management and partnership working. Cabinet is asked to note the revised Procurement and Contract Standing Orders and approve them to Council.
- 11 SURREY COUNTY COUNCIL ADVERTISING AND SPONSORSHIP POLICY** (Pages 85 - 94)
- In order to be able to progress additional income opportunities arising from sponsorship and advertising the County Council needs to implement a new policy. The proposed policy provides guidance to ensure that appropriate measures are in place to facilitate these opportunities in accordance with the county council's priorities.
- [The decisions on this item can be called in by the Highways & Growth Select Committee]*
- 12 DELIVERING THE COMMUNITY VISION FOR SURREY IN 2030: WORKING WITH PARTNERS AND RESIDENTS** (Pages 95 - 108)
- Working in partnership is key to achieving better outcomes for residents. We know we can't realise the aspirations in the Community Vision for Surrey in 2030 (Vision for Surrey) alone - all organisations in Surrey with a role in delivering the Vision need to collaborate effectively. This report sets out the progress we're making to strengthen partnership working across the county.
- Residents have a critical role in delivering the Vision by helping themselves and others in their communities less able to support themselves. Evidence confirms there are solid foundations in Surrey to enable this. The report explains how we are changing our relationship with residents and how we will work with partners to create more opportunities for residents to participate in their communities.
- [The decisions on this item can be called in by the Corporate Overview Select Committee]*
- 13 ENERGY PROCUREMENT STRATEGY - AWARD OF SUPPLY CONTRACTS** (Pages 109 - 120)
- This report sets out recommendations arising from work on options for the provision of energy and ancillary services to premises owned or operated by the county council. The procurement process is at the stage where Cabinet approval is required in order to enter into appropriate Customer Access Agreements with the Crown Commercial Service (CCS) to access their framework agreement for the supply of energy and ancillary services with an anticipated start date of 1 October 2020.
- [The decisions on this item can be called in by the Corporate Overview Select Committee]*

- 14 CONNECTING INFORMATION UP ACROSS THE COUNCIL USING DIGITAL TECHNOLOGIES** (Pages 121 - 134)
- A decision is required to award a new contract for provision of an IT Integration and Enterprise Data Management (EDM) Platform to Surrey County Council. The award will support the realisation of the Council's Transformation Programme and specifically the Digital Programme to enable the Council to become a digital council.
- NB: Part 2 Annex at item 19.
- [The decisions on this item can be called in by the Corporate Overview Select Committee]*
- 15 MONTHLY BUDGET MONITORING REPORT** (Pages 135 - 144)
- This report summarises the most significant issues for the Council's 2018/19 financial position as at 28 February 2019 for revenue and capital budgets. Annex1 provides further details on service budgets, expenditure to date and year-end forecast.
- [The decisions on this item can be called in by the Corporate Overview Select Committee]*
- 16 LOCAL GOVERNMENT OMBUDSMAN REPORT** (Pages 145 - 156)
- This report concerns the findings of the Local Government and Social Care Ombudsman (the Ombudsman) in response to a complaint concerning the service provided to a Surrey family. As the Ombudsman has found that maladministration causing injustice has occurred, under Section 31(2) of the Local Government Act 1974, the report must be laid before the authority concerned.
- 17 STRATEGIC RISK REGISTER** (Pages 157 - 162)
- The Corporate Leadership Team (CLT) have undertaken a review of the top risks facing the Council, with the output being used to produce a new strategic risk register. The Cabinet is asked to note the contents of the strategic risk register and endorse the control actions.
- [The decisions on this item can be called in by the Corporate Overview Select Committee]*
- 18 EXCLUSION OF THE PUBLIC**
- That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

## PART TWO - IN PRIVATE

**19 CONNECTING INFORMATION UP, ACROSS THE COUNCIL, USING DIGITAL TECHNOLOGIES** (Pages 163 - 166)

This Part 2 report contains information which is exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

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

**20 PROPERTY TRANSACTION** (Pages 167 - 176)

To approve recommendations for disposal of an asset in Town Centre, Staines.

This Part 2 report contains information which is exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).

**21 PUBLICITY FOR PART 2 ITEMS**

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

**Joanna Killian**  
**Chief Executive**  
Wednesday, 17 April 2019

## QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

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

### **Please note:**

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

## MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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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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**EPSOM & EWELL LOCAL COMMITTEE****Item under consideration: *Highways Update*****Date Considered: 25 March 2019****Key points raised during the discussion:**

- The Local Highways Manager reported that since the previous meeting of the Committee, where the provisional highways allocation for the Committee in 2019/20 had been discussed, the total capital and revenue budget allocation of £219,318 had been reduced to a final allocation of £193,056. This was as a result of changes in the criteria used to allocate the capital funding.
- Members felt that it was inconsistent for the County Council to lobby the Government, seeking for highway funding to be allocated on road usage rather than road length and then to allocate funding to Local Committees based on road length.
- Epsom & Ewell although a small Borough in terms of road length has one of the most heavily used road networks in the County and now has the lowest level of local funding to address issues with these roads.

**The Committee agreed:**

To note with concern that, since it last met in December, there has been an additional cut to the proposed Epsom and Ewell local highway budget for 2019/20 based on a criteria that does not take into account road usage and which provides insufficient funding to address locally identified need. The Local Committee therefore calls upon the Cabinet to review both the funding of, and the criteria for, the allocation of the Local Highway budget for 2020/2021.

**Cllr John Beckett**

Chairman of the Epsom &amp; Ewell Local Committee

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**Reply from Mr Matt Furniss, Cabinet Member for Highways**

I am pleased that the County Council has been able to ensure Local and Joint Committees continue to have funding under their direct control to target issues in their areas. As the Epsom & Ewell Local Committee recognises, the County Council had been lobbying government to address the unfairness of government allocations that do not consider road usage, but are based on road length and classification. Surrey has some of the busiest urban and rural roads in the Country that suffer from both high traffic levels and utility works.

Each Member is allocated £7,500 revenue and each Committee is allocated a share of £2,000,000 capital. This capital allocation is distinct from centrally managed budgets and can be used to tackle a range of local issues. The central budgets follow approved asset management principles to ensure the roads and other highway assets in most need, regardless of location, are prioritised. I would encourage Members, where possible, to pool their individual revenue budgets. This already happens in some Boroughs and enables Members to engage desirable resources, such a local maintenance gangs, in a more efficient and cost effective manner.

The number of County Members in each Local / Joint committee is broadly based on population. This ranges from 5 members, up to 10 in the larger Boroughs. The £2,000,000 has not been split according to road length, this is a misunderstanding. As I explained in my email to all Members on the 21<sup>st</sup> December 2018

*“Each Local/ Joint Committee will receive core £100,000, this will give every committee a base funding level for the year 2019/20. The remainder of the budget (£900,000) will be fairly split according to how many County Divisions each committee has, taking into account the comments received about population levels etc. This ensures that all committees will have a reasonable base budget to undertake improvements in their areas, while those with larger populations get a greater allocation of the remainder to reflect some additional demand”*

By allocating £100,000 before applying the formula, it narrows the funding variation between the smaller and larger Boroughs in the County.

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**SURREY COUNTY COUNCIL  
CABINET**



**DATE:** 30 APRIL 2019

**REPORT OF:** MRS MARY LEWIS, CABINET MEMBER FOR CHILDREN,  
YOUNG PEOPLE & FAMILIES

**LEAD OFFICER:** MR DAVE HILL, EXECUTIVE DIRECTOR CHILDREN, FAMILIES  
& LEARNING

**COMMUNITY VISION  
OUTCOME:** PEOPLE

**SUBJECT:** FOSTERING ALLOWANCES UPLIFT

**SUMMARY OF ISSUE:**

The purpose of this report is to seek approval from Cabinet to uplift the Council's current Fostering Allowances and to subsequently revise the Fostering Service Fee Policy to be effective from 1 July 2019.

The uplift is part of our wider Corporate Parenting duty to ensure that the Council has an effective Looked-After Sufficiency Plan. To enable our children wherever possible to live in a family setting in Surrey, to maintain effective family networks and continuity in their education, with good quality carers with whom they have been matched.

This report follows through on the recommendations agreed by Full Council that children Looked After should be locally in Surrey.

The changes proposed will increase the payments given to mainstream foster carers, family and friends carers, to further clarify our clear payment-for-skills progression pathway for all foster carers, to promote both retention and recruitment.

**RECOMMENDATIONS:**

It is recommended:

1. That the revised Fostering Service Fee Policy be approved with a one-off budget increase of £810k in 2019/20.
2. That the Strategic Director of Children and Family Services be authorised to amend and update the Fostering Service Fee Policy in accordance with the increase.
3. That allowances will be reviewed annually.
4. That the 'introduce a friend' initiative payment is increased from £500 to £750.

## REASON FOR RECOMMENDATIONS:

Foster carers in Surrey have not had a review of their fostering allowances for 10 years. It is right and fitting to ensure that our foster carers are appropriately remunerated to care for our most vulnerable children.

Such a gesture will be well received and will also assist with the retention of current carers as well as supporting the recruitment of new carers. The proposal will also see that foster carers continue to learn and develop their skills.

It also forms part of our overall strategy to achieve the Medium Term Financial Plan.

## DETAILS:

### Background

1. Currently, there are 982 children looked after by Surrey County Council with 697 of those children in foster care. Children placed in foster care equate to 71% of the overall looked-after child population. As research informs, children are best looked after within a family environment where their individual needs can be met and their outcomes improved.
2. Currently, there are 306 children placed with in-house general foster carers and 131 with Friends and Family (connected) foster carers. There are also 9 young people placed with Supported Lodgings carers, bringing the total to 446. With 251 children placed in external fostering agency placements. The ratio of in-house versus external placements is 64% in-house against 36% externally placed. The ambition for the Fostering Service is that, by the end of the current financial year, this ratio will go up to 75-80% placed with our own foster carers.
3. There have been no fostering allowance uplifts for more than ten years; Surrey County Council is no longer competitively aligned with what other local authorities and independent fostering agencies currently pay. This has the potential to make those agencies a more attractive proposition, financially, for residents thinking about becoming foster carers for our children. Whilst money received is not the sole motivating factor for which residents become foster carers, we are concerned that Surrey is amongst the poorer paying authorities and this can be a barrier to recruitment.
4. The uplift and general finance, if agreed, will allow the Recruitment Team to offer improved incentives to become a foster carer. This includes development of the 'introduce a friend' initiative of which we currently have very few. Other agencies and authorities pay more than Surrey currently do and it is felt that parity, at £750 per approved introduction will assist the Recruitment Team.
5. The proposed allowance uplift is designed specifically to encourage foster carers to continue with their learning and development, achieving enhanced carer status, level three, as appropriate. This will assist the child, with having carers who are better developed and have a greater knowledge of child development, attachment and understanding of the impact of trauma.

### Current Neighbour Comparison Table – Weekly Allowances

Local Authority	Level 1 £	Level 2 £	Level 3 £	Highest payment
1. Hertfordshire	259 to 409	293 to 446	293 to 642	£642
2. Hampshire	150 to 260	252 to 362	468 to 578	£578
3. West Sussex	247 to 348	282 to 381	395 to 495	£495
4. Sutton	393	411	432	£464
5. Bracknell Forest	249	290	340	£429
6. Croydon	346	346	346	£425
7. Kingston	231	264	378	£399
<b>8. Surrey</b>	<b>168 to 254</b>	<b>249 to 336</b>	<b>282 to 368</b>	<b>£368</b>
9. Kent	155 to 230	176 to 251	207 to 328	£328
10. East Sussex	244	272	306	£306

6. Please note that the lower amount above relates to children under the age of 11. The higher amount relates to children over the age of 11. Levels 1, 2 and 3 are distinguished by experience, training attendance and achievement of foster carers.

#### **CONSULTATION:**

7. This has taken place with members of the Fostering Executive and at several Foster Care Fora. Foster carers have asked the service to recognise their need for additional support and continued learning and development.
8. Foster carers have stated that levels of trust with Surrey County Council have diminished due to the items outlined above not being considered previously. At a time when budgets are under pressure, the opportunity to prove to foster carers that the service is listening and wanting to continue to develop positive relationships, the approval of this proposal will be viewed as a highly positive step forward.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

9. There is a risk that Surrey County Council has not updated its payments of allowances to foster carers for over 10 years and is no longer competitive. There is a risk of losing foster carers to other Independent Foster Agencies (IFA's) or local authorities, most of whom offer higher allowances.
10. Improved allowance levels in isolation, are not a guarantee of recruiting and approving higher quality carers. However, this can be mitigated with the improvement of training proposed and outlined above.
11. The relationship between the Fostering Service and foster carers is key to recruitment and retention of foster carers. Without foster carers, the County Council will be placing children in more expensive resources which may not be within 20 miles of the child's home. Keeping children within Surrey borders allows the service to maintain links with current Education and Health provision and also, where appropriate, with family members.
12. The proposal asks for a budget uplift of £810K. This will add pressure to the current savings proposal. However, it is anticipated that enhanced allowances will improve recruitment opportunities for the Fostering Recruitment Team.

13. At the time of writing, there are already 35 prospective foster carers undertaking their assessment stage and relevant training. There is a range of recruitment activity taking place over the course of the financial year. The overall target for the Recruitment Team is 50 carers for the current year.

#### FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

14. The below table sets out the financial implications of the proposed uplift across the next three years (assuming the allowances and fees are uplifted from 1 July 2019). This is based on increasing allowances by 10% and the fee element paid to carers by 25% and assumes an additional 60 carers will be recruited during 2020/21 with further 30 in 2021/22. This is in addition to an increase of 45 carers that has been factored into the 2019/20 MTFP.

Financial Year	Additional Expenditure £'000	IFA Savings £'000	Net Cost / Saving £'000
2019/20	810	0	810
2020/21	1,550	-1,920	-370
2021/22	2,190	-3,400	-1,210

15. This will equate to the changes below on amounts paid to carers.

	Level 1	Level 2	Level 3
<b>Current allowance</b>	£168 to £254	£249 to £336	£282 to £368
<b>Proposed allowance</b>	£185 to £280	£286 to £392	£327 to £422

- Please note that the table above is age dependent with under 10's paid at the lower amount and over 11's at the higher amount. Payments are made weekly.

#### SECTION 151 OFFICER COMMENTARY

16. The Council is facing a very serious financial situation, whereby there are still substantial savings to be delivered to achieve a balanced budget in the current year and a sustainable budget plan for future years.

17. The section 151 officer acknowledges that the investment in the in-house fostering service during 2019/20 will lead to savings in future years.

18. The upfront cost in 2019/20 of this initiative is £810,000. This can be funded from the overall Council underspend in 2018/19 and will be included in the recommendations to Cabinet in the Outturn report.

#### LEGAL IMPLICATIONS – MONITORING OFFICER

19. There are no legal implications or legislative requirements associated with this proposal.

#### EQUALITIES AND DIVERSITY

20. Surrey foster carers are amongst the lowest paid when comparing to statistical neighbours. Our foster carers wish to be valued for the work that they do and for the care that they offer some of our most vulnerable children.

### CORPORATE PARENTING/LOOKED AFTER CHILDREN IMPLICATIONS

21. This proposal will be of benefit to the children looked-after, because they will maintain links to their own communities, have continuity with their education and enable them to maintain contact with their family and friends.
22. The approval of this uplift will improve relationships between Surrey CC and foster carers, and enhance our reputation as a listening, supportive, educative and developmental service.
23. Keeping children within Surrey's borders will reduce spending on expensive external placements, aiding and supporting the Looked-After Sufficiency Project of overall placement budget reduction.

### SAFEGUARDING RESPONSIBILITIES FOR VULNERABLE CHILDREN AND ADULTS IMPLICATIONS

24. Safeguarding of vulnerable children/young people will be enhanced should this proposal be approved. The reasons for this are outlined above.

### ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

N/A

### PUBLIC HEALTH IMPLICATIONS

N/A

### WHAT HAPPENS NEXT:

- The alterations to allowances for individual foster carers will be made on July 1<sup>st</sup> 2019.
- The current Fostering Service Fee Policy document will be updated to show the new allowance rates.
- Issues will be communicated to foster carers via letter, email and within the Fostering Matters magazine.
- No further decisions would be required.

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#### Contact Officers:

##### Mr Dave Hill

Executive Director for Children, Families and Learning  
Telephone: 020 85417216; Email: Dave.Hill@surreycc.gov.uk

##### Ms Tina Benjamin

Director Corporate Parenting  
Telephone: 07976205282; Email: Tina.Benjamin@surreycc.gov.uk

#### Consulted:

Members of the Fostering Executive.  
Up to and including 150 current foster carers at support groups or in a fostering forum.  
Members of the Performance Leadership Team.  
Members of CFLT.  
Colleagues within the Fostering Service.

**Annexes:**  
N/A

**Sources/background papers:**  
N/A

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## SURREY COUNTY COUNCIL

## CABINET



**Title:** Surrey Asset and Place Strategy

**Report to:** Cabinet

**Report of:** Julian Wain, Strategic Property Advisor

**Cabinet Member:** Tim Oliver, Leader of the Council and Cabinet Member for Property

**Date:** 30 April 2019

**Contact:** Catherine Illingworth  
Programme Director  
E: [Catherine.illingworth@surreycc.gov.uk](mailto:Catherine.illingworth@surreycc.gov.uk)  
M: 07970 271 411

### 1. What is this report about?

The [Community Vision for Surrey in 2030](#) describes the place we all want Surrey to be, and as part of the Council's ongoing [transformation programme](#), we are working to affect significant cultural changes to the way the Council operates. This includes delivering better outcomes for residents through closer partnership working and the proposal to move the Council's headquarters, both of which are subjects of discussion in other Cabinet papers.

Alongside these changes, the Council commissioned a review to be undertaken of the Council's own assets and how they are used in order to develop a new Asset and Place strategy and Delivery Plan. The purpose of the review, which began in October 2018, was to determine whether assets could be managed more efficiently or used differently to both generate additional income and to promote economic growth in Surrey through the development of assets to create additional homes and jobs.

In December 2018, the Leader of the Council requested a widening of the focus of this review to include consideration of current projects to add pace to delivery, and the development of the property-related elements of the relocation of County Hall.

This report outlines how the review was undertaken, its findings and recommendations. It also sets out for approval a strategy that will provide a framework for decision making about the use of assets in the future, together with a proposed action plan.

The report is part of a set that should be read together, including:

- the Asset and Place strategy, **Appendix A**, including Annex 1, 2 and 3
- the Advisory Panel report, **Appendix B**

- the Action Plan, **Appendix C**

### **Recommendations:**

Cabinet are asked to:

- a) Note the Advisory Panel report, and thank them for their work on this project;
- b) Approve the Asset and Place strategy, attached to this report as **Appendix A**;
- c) Agree the Action Plan attached as **Appendix C**, and
- d) Agree that where the Council builds new homes, and where viability allows, it is committed to ensuring that all schemes meet the affordable housing requirement from the district or borough planning authority.

## **2. What are the Council's assets?**

The Council owns a broad range of assets, with a total value of c£1.5bn, as of 2018. Assets in this context are land (including areas of water) or property.

These assets have been grouped into three separate categories:

### **i) Operational assets**

These are the properties from which the Council delivers its services. These include offices, depots, libraries, adult learning centres, fire stations and residential care homes. There are c700 of these, just over 400 of which are schools. Some of these the council owns freehold, and others are leased from a variety of freeholders.

The Council spends around £17 million per year on revenue running costs and there is an estimated £38 million maintenance backlog of work.

These properties tend to be 'single use' – that is, only used by one service – and are often located within the same high street locations as other operational buildings owned by the Council.

The review does not include schools, as most of them are not owned by the Council and there are restrictions regarding the use of these assets.

### **ii) Non-Operational assets**

There are c1200 property assets in the non-operational portfolio. These properties are owned by the Council, and leased or rented out to other users. These include houses, business centres, former schools, green spaces, car parks and small 'ad-hoc' pieces of land.

Based on 2018 information, the non-operational estate appears not to generate any net revenue income for the Council, with costs largely matching revenue. However, within this asset base, there are some assets which provide an overall net loss, and others that provide a good return.

Since 2002, Surrey Wildlife Trust has managed the Council's countryside estate. The estate includes large swathes of Areas of Outstanding Natural Beauty (AONB) and Sites of Special Scientific Interest (SSSI).

### iii) **Investment Portfolio**

This group of assets is specifically intended to produce a revenue income stream. These properties are held directly, by SCC and via the wholly-owned group of companies known as the Halsey Garton Group.

The portfolio currently comprises 29 assets (assuming the three phases of Nexus in Crawley are considered separate assets), valued in March 2018 at £425m. The last report for the financial year ending 31st March 2018 showed a net return to SCC of £3.9m - a net return of £4.8m is expected for the year 2018/19.

### **3. What we did:**

The review undertook several strands of work. These were:

- i) **A review of the current asset base** of operational and non-operational properties, to see if the income and expenditure is broadly comparable with standard benchmarks for this type. This review also looked at identifying areas of high cost/low performance which stand out from the general assets.
- ii) **Socio-economic analysis:**  
We considered the impact of County Hall moving from Kingston and the relocation into Surrey, as well as the impact of development on different parts of Surrey. This analysis supports the consideration of future office location sites, analysis of the impact of site development, and is useful information regarding the impact of the relocation on the Royal Borough of Kingston-upon-Thames.
- iii) **A review of 50 assets:**  
A set of non-operational and operational assets were selected to go through a formal option appraisal, and ten of these were selected for more detailed analysis. These were specifically chosen as a broad range of asset types, so that the analysis could be used to 'scale up' and provide a view of potential asset uses across the wider portfolio. It should be noted that the inclusion of a specific asset in this review is for illustration only.
- iv) **Review of the Investment Portfolio**  
The purpose of this review was to make sure the investment company and portfolio are fit for purpose for the future, and are generating the right return for the amount of investment. The review also considered the governance and management of the portfolio.
- v) **Review of the South Ridge Development LLP Joint Venture with Places for People.**  
This considered the effectiveness of the Joint Venture structure, governance and process to support the delivery of future Council projects.
- vi) **Project Prioritisation**

Alongside the review of assets, a review of current projects was also undertaken. This was intended to rationalise the current priorities, and resource the prioritised projects, in order to provide pace to delivery.

### **Partnership working:**

In undertaking this work, a key output has been to build upon the existing relationships with partners. To aid this, workshops were held with 9 districts and boroughs in Autumn 2018, and further discussions with all 11 districts and boroughs in February 2019. In addition, we have worked with Health, Police and other blue light organisations, plus SHAPE (Surrey Homes and Property Enterprise) and Surrey Future. Discussions have been positive, and have focussed on collaboration and joint working, along with recognition that in some cases, our partners may be best placed to deliver the outcomes the needs of Surrey residents.

### **Advisory Panel:**

The Council appointed an Advisory Panel to act as a critical friend to this review. The Panel included three independent advisors working pro bono, and two Councillors. The panel met throughout the life of the project to receive information and provide advice and guidance. The Panel has produced a report of its work, including its own recommendations, and this is attached as **Appendix B**.

## **4. What we found:**

Findings from the review are set out by asset category, with project prioritisation and other findings, below.

### **i) Operational assets:**

It is clear that the Council's operational estate has grown incrementally over time rather than in a planned way. The assets are not necessarily the most appropriate to support service delivery, and not all in good condition as investment in such a large asset base is hard to sustain.

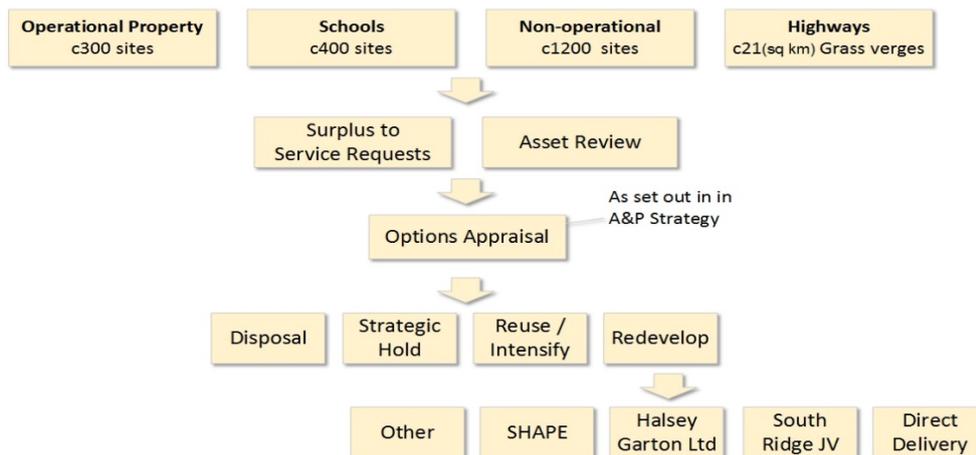
### **Consolidation of assets**

In December 2018, it was announced that the Council's Civic Heart would move into Surrey. This means that the impetus now is on undertaking the analysis to develop the business case for this move. This relocation is not covered in this report, as it is the subject of a separate Cabinet paper.

However, alongside this the Council must undertake a process of consolidation of services into fewer, better properties that support the transformation the Council is undertaking.

The consolidation process must be built area by area, over the next 3-5 years, with a target reduction from 300 to 100 operational assets considered realistic. The potential annual revenue saving is c£10m.

The Asset and Place Strategy document attached as **Appendix A** sets out the principles, criteria and process for assessing assets. The overview process is:



**Service property requirements**

The property requirements needed to improve services for residents sit at the heart of this process. Services will develop outline property requirements upon which decisions can be made about which property best suits those needs. Services will be asked to advise on the area in which they need to be located, along with the space, type and other requirements of the building. This can then be used to develop an area by area strategy for consolidation.

**Local co-location and collaboration**

We are also continuing to work with partners, particularly districts and boroughs, but also health and the Police, to build further co-location opportunities. We must ensure that any co-location provides a balance between cost saving and expenditure but at all times improves residents’ experience. We are supporting several partner authorities in carrying out master-planning activities in local areas, and this work will identify local priorities for consolidation and collaboration.

It should be noted that any service change will be subject to appropriate consultation.

**Implementation of Agile working**

To support this consolidation, the Council must drive through new ways of working, particularly through the implementation of Agile working, in accordance with the Council’s agreed Target Operating Model. Through the implementation of smarter working and new technology, the reliance on office space should be reduced and will support the consolidation into a more limited number of properties.

**Surplus Property**

We have undertaken a review of the 45 properties listed as surplus to service needs. This includes:

- temporarily surplus: where assets are held for future service use
- permanently surplus: where an asset is not required for any service use.

Where an asset is not needed by a service, it will immediately be assessed for a future use. The first step of this is to assess any service needs as defined in the Service property requirements strategies. If it is not recycled or the property is not fit for purpose, it will be assessed as a development, disposal or ‘hold’ opportunity.

These assets have been considered for disposal or development, some via the joint venture for delivery. Of these 45 surplus (as at March 2018):

- Four temporary surplus assets are being reviewed as potential sites for Nursing/Dementia, Extra Care Housing, Special Educational Need and Disability and Pupil Referral Units.
- 34 permanently surplus assets have been allocated to categorised projects/programmes (see section 5, below);
- Seven assets are due to undergo an options appraisal and programme allocation.

To ensure progress is monitored, any future updates or changes to the asset base and project list will be made on the Council's core property asset management system and for each new project, a programme lead will be identified. The new performance dashboard (see section vi) below) will also report on progress.

### **Future surplus property**

In future, property may be declared surplus following service transformation and related consultation. If this is the case, a clear process has been drafted to capture, plan and analyse these sites for future options. This process will be finalised in conjunction with services, by June 2019.

The Asset and Place Strategy (attached as **Appendix A**) sets out the process through which the future use of all assets will be assessed. The key to this is for the property team to understand the overall operational service requirements for the Council in the future. This is the basis of being able to develop a new operational estate, and to plan for either new requirements, or for the future use of surplus assets, in good time. By ensuring that engagement between property and services planning for changes happens as early as possible, we should be able to materially reduce the amount of time a property is vacant for and to keep holding costs to a minimum.

### **ii) Non-Operational assets:**

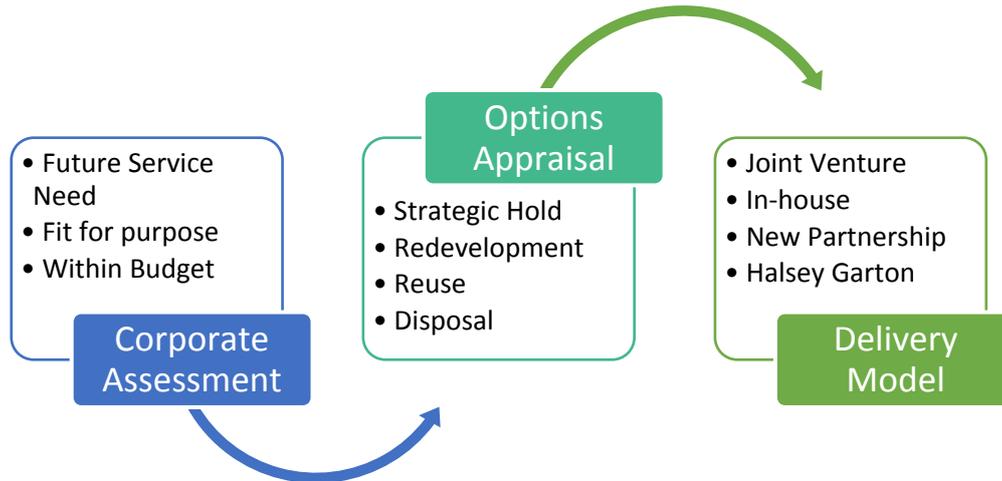
The options appraisal of 50 assets has identified that there is considerable scope for development within the non-operational asset base. Given the location, type and connectivity of these sites, it is clear that the vast majority (32 sites) are best suited to residential development, and could deliver 650 homes over the next five years. As well as helping address a key service outcome for Surrey residents, this will also provide the best opportunity for revenue income generation. There is some scope for commercial development, but only two sites were identified for this purpose.

These will be progressed, assuming they are in the local plan drawn up by the local planning authority, as indeed will any other suitable sites in due course.

### **Asset review and rationalisation**

It is recommended that all sites should be put through a review process similar to that undertaken on the 50 sites discussed above in order to identify development potential, strategic value or disposal and to divest itself where appropriate of assets that do not add value to the portfolio.

A process is proposed in the Asset and Place strategy attached to this Cabinet paper, the overview of which is set out in the table below:



The principle underlying this process should be that the Council retains an asset only if:

- it is identified as having/could have development potential within the local plan, or within a realistic timescale (deliverability)
- It can be relet/intensified for revenue generation
- the Council wishes to develop the site itself
- it has strategic value
- sites that will unlock a development in future (within a specific timescale)
- there is an identified service requirement.

The proposal is that the Council should not continue to hold assets that do not meet one of those criteria. It is proposed that all partners should be apprised of the opportunity when such potential disposal arise.

Assets that are high cost/low performance or yield should be prioritised through this process to ensure that best value is delivered at all times to residents.

It is expected, based on the initial review of 50 sites, that there will be considerable opportunities across the asset portfolio for redevelopment or disposal. The priority here is to deliver a revenue income stream to support future services, and this is likely to mean – based on the type of sites the Council owns – the development of residential schemes. Some sites will naturally lend themselves to disposal, and capital receipts will also be generated as a result. It is estimated that these sites could yield £150m over the next five years.

#### **Future development pipeline:**

Arising from the asset reviews, the Council will create further lists of future development schemes, building on the current prioritisation process, ensuring these are prioritised based on speed and extent of delivery of revenue income.

Using the review process, it will also determine the best delivery method for the development including:

- direct delivery
- the current joint venture arrangement
- a new partnership.

This will create a future pipeline of deliverable schemes, with clear benefits in terms of capital/revenue income generation and homes/jobs.

### **Affordable Housing**

The Council is keen to support the delivery of housing across the county and to support districts and boroughs in the delivery of their housing ambitions. To this end, where the Council builds new homes, and where viability allows, it is committed to ensuring that all schemes meet the affordable housing requirement from the district or borough planning authority.

### **Residential property**

There is an opportunity for the Council to increase its revenue income streams to support services in future with the development of residential property.

However, if the Council is to deliver large numbers of properties it will need an appropriate management arrangement in place. In that event, the portfolio should be co-located to make sure the management of both its existing estate and any new development is appropriate and efficient.

#### **iii) The Investment Portfolio:**

The review considered the investment portfolio, the company structure and the governance that supports it. The return was found to be comparable with other Councils', but the size and risk of elements of the portfolio were variable.

The review considered the current reporting mechanisms by both officers and external advisors and made certain recommendations:

In addition, there are some specific findings:

- **A clear, measurable property investment strategy is required**  
The Council has not reviewed the Investment Strategy that guides portfolio investment since July 2013, beyond a partial update in 2017. It is imperative now that this is done to provide a clear understanding of outcomes and parameters within which investment decision making should be made.
- **Risk and Asset performance**  
The Council needs to ensure that all investment assets are reviewed regularly and robustly to deliver maximum return.
- **Use of Advisors**  
The Council have procured the use of external advisors and it is recommended that the advisers (CBRE) are required to report at board meetings to use their expertise better. The Council may also decide to use a fund manager to better support the Investment Board and as an independent review of acquisition decisions.
- **Governance**  
It is recommended that the current structure of boards and their membership is reviewed to both simplify the decision making process and to benefit from appropriate expertise.

#### iv) **South Ridge LLP Joint Venture (JV)**

The review of the joint venture concluded that it is a vehicle that will add pace, skills and capacity to support delivery of sites.

However, there are a number of areas where the JV can be improved. These are:

- **Clarity of objectives and purpose:**  
There is a lack of clear understanding and consistent agreement about the reasons for having the JV. We need to align the Council view of outcomes behind this.
- **Governance:**  
The governance of the JV could be considered overly bureaucratic. It is reliant on a very small number of key staff and there is a lack of clarity over the tasks and responsibilities of each board. This needs clarification.
- **Bureaucracy**  
The processes throughout the JV need simplifying to deliver projects at pace.
- **Operational Management**  
As one of the country's leading property managers, the Council should consider using Places for People, via the JV, to manage its residential portfolio, particularly if this should grow to support revenue income.
- **Annual Business Plan**  
Once a site has been included in the annual business plan and approved by the Shareholder Board the Council should ensure the site remains in the JV through to completion.

#### v) **Project Prioritisation:**

The review started by identifying, as far as possible, the full list of projects being delivered across the Council's assets, with an aim to prioritise these and add pace to delivery. This does not include schools nor day to day capital investment projects.

There has been a lack of clarity regarding priorities from the Council, which on occasion has meant schemes have been started but not completed. A prioritisation of these projects will be essential for resourcing purposes.

The priority list was then assessed to identify projects against a set of criteria, each one specific to the individual category. In essence, the criteria were:

- is the project deliverable within the next three years?
- does it deliver the Council's objectives i.e. in line with the Community Vision 2030 and/or generate income?
- is it a local priority within the district or borough, and does it have an element of collaboration?

A list of prioritised projects within categories was developed and schemes that are not included within these categories will not be progressed in the short term. This is key, as we need to ensure that the resources assigned to the projects focus on delivery of these priority schemes and are not distracted with other projects.

The categories are as follows:

- Current Capital programme. The programme was unchanged, but analysis of resourcing was carried out.
- Priority projects – the next projects that need to be resourced and delivered.
- Feasibility projects – these are the next set of sites and assets that need to be reviewed to determine if they should be retained, disposed of or developed.
- SHAPE projects – these are projects where the Council is working in partnership with Districts and Boroughs, Health, SECAMB, Police and other partners. Most often these are projects that are looking for or have attracted One Public Estate funding. Some of these are projects that are led by the Council, others by partners but all need to be resourced.
- Joint Venture projects – those suitable have been passed to the JV.
- Disposal list – this only shows properties where an approval has been made to dispose.

The Council has agreed additional resources to progress these projects, alongside the existing Property team, and these are progressing.

#### **vi) Over-arching findings**

In undertaking this review, some other issues and recommendations have been identified that are intended to support the Council in delivering its ambitions, and these are set out below.

#### **Corporate Landlord Model**

The Council have gone some way towards implementing a Corporate Landlord model, in that there is one property function, which manages the assets and the asset related budgets. However, in many cases departments are still very involved in property-related matters, meaning that decision-making about future property use is undertaken by different groups across the Council. This leads to duplication of effort and lost opportunities to consolidate and create an efficient operational estate.

If the recommendations in this report are to succeed, and the Council is to deliver its ambitions, decisions about the use of assets must be made centrally. It is therefore recommended to fully implement the Corporate Landlord model, with a strategic property function that has the ability to properly manage the portfolio to deliver efficiencies and savings.

#### **What is a Corporate Landlord?**

The Corporate Landlord model is intended to enable a council to utilise its assets to deliver better, more efficient services to communities:

- to unlock the value of assets, seek efficiencies through joint arrangements with public sector partners and maximise private sector investment
- to support the delivery of their Community Vision
- to integrate thinking about property with financial, regeneration and other considerations.

It is the predominant asset management model used by large private sector organisations, and is increasingly used in local government.

Under a Corporate Landlord approach the ownership of the asset and the responsibility of its management, maintenance and funding are centralised. The service department then makes a case for the property they wish to change or use, enabling the Corporate Landlord to properly plan and manage space the Council needs, in the right locations.

The service department's priority is therefore to plan and deliver the service, and the Corporate Landlord's function is to ensure the service is suitably accommodated and to maintain and manage the asset.

### **Asset management**

A key part of the Corporate Landlord model is that once the Council has determined it wishes to retain a property there must be a clear plan for investment. It is recommended that the Council develops a robust, proactive asset management plan for its portfolio, determining and prioritising investment requirements in order to ensure that all properties meet health and safety and other legislative requirements, as well as being fit for purpose for their continued and future use.

### **Performance reporting**

The Council needs good reporting to develop a framework on the current status of its property projects and assets and it is imperative that Senior Officers and Members have visibility of this, to enable good decision making and to resolve issues, as well as being able to communicate effectively on the status of projects with wider partners.

To enable this, the review has set up a performance dashboard model process—reporting against the whole asset base whilst a more transparent reporting process of the investment portfolio is being developed.

The dashboard is being implemented from April 2019, and will be refined throughout the next six months to ensure a robust monitoring and performance regime is in place.

Further to this, the Council needs to develop performance monitoring of the overall estate, to monitor consolidation, rationalisation and income generation. This could include:

- Revenue cost savings
- Reduction in backlog maintenance
- Capital receipts generated
- Reduction in office space.

### **Resourcing**

It has become clear during the course of this review that the ability of the Council to deliver its priorities at pace is very important. In order to do this, appropriate resource is required.

It is recommended that the Council ensures that sufficient resources, with the right skills and abilities, are available, aligned to its priorities. This must be supported by the right management structure and accountability in order to ensure both value for money and delivery at the pace the Council requires. This structure is intended to be led by a new

Director of Strategic Land and Assets, a new post which will be actively recruited as soon as possible.

### **Partnership working**

Discussions with Districts and Boroughs and other partners, including Health and the Police, have been positive throughout this process, with a strong focus on agreeing and reviewing/updating actions and projects as we go along.

It is imperative that, in order to continue to build these relationships, the Council prioritises the continuation of these conversations and the delivery and updating of the actions that are agreed in a regular and robust manner.

#### **vii) Monitoring Officer Comments**

This report and its annexes set out a number of policy directions that the Council intends to pursue as part of its vision 2030. Cabinet will note that this report endorses the specific actions in **Appendix C** but is not recommending final decisions on the changes. Various additional reports will be brought to Cabinet and full Council, as appropriate, to approve necessary changes to the Council's Constitution.

The public law requirements for the delivery of services, including securing best value, undertaking public consultation and assessing equality impacts, will apply to decisions taken as a result of this policy. In addition, any land earmarked for disposal will be required to satisfy Section 123 of the Local Government Act 1972 through securing the best consideration reasonably obtainable.

Legal Services is already engaged as part of the review of the governance arrangements for investment activities and will continue to support initiatives in the delivery of the Council's corporate strategies.

#### **viii) S151 Officer Comments**

The Section 151 officer notes that there are no direct and immediate financial implications arising from this report and the Asset & Place Strategy. Projects or programmes of work arising from the implementation of the strategy will be approved in accordance with the Council's governance processes. The benefits of the strategy will be reflected in future iterations of the financial strategy and medium term financial plans. The programme of work is noted as potentially requiring additional resources and these should be affordable in the context of new ongoing revenue savings or enhanced income in the longer term. Funding for additional resources in the short-term may be considered as being transformational and provided by capital receipts flexibility, subject to approval processes.

#### **ix) Equalities Impact Assessment**

The Council has undertaken an initial Equalities Impact Assessment, but has not identified any specific equalities impacts related to this report. Equalities impacts must be reassessed and addressed through the implementation of actions arising from the report.

<b>Reason for Recommendation:</b>	The recommendations drive pace and delivery of property projects to deliver revenue income to support service delivery for residents and provision of flexible workspaces that support staff for the future.
<b>Consultation:</b>	Consultation was carried out with Districts and Boroughs, the Police, Health and other blue light organisations.
<b>Background Papers:</b>	Making it Happen – The Asset and Place Review, April 2019

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Appendix A

Surrey County Council  
**Asset and Place Strategy**  
2019 - 2030

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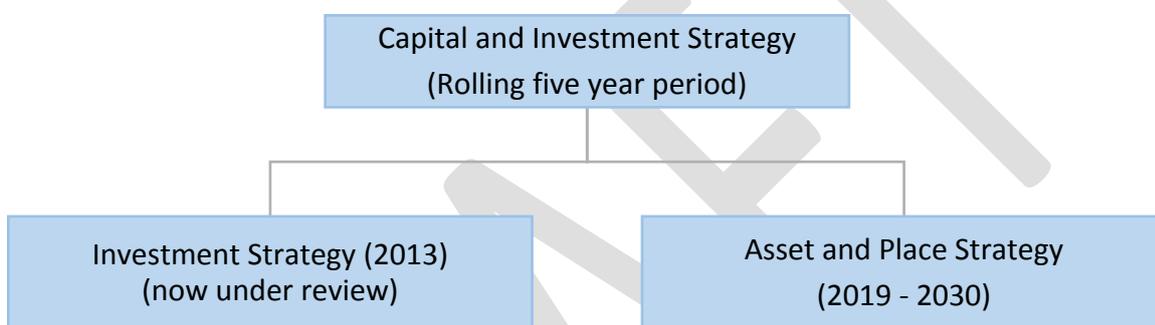
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## Purpose of the Strategy

The Asset and Place Strategy (the Strategy) sets out the Council’s approach to the strategic management of its assets, not including the investment portfolio, how it will support service delivery, provide the Council income and how it will be used to promote growth and place shaping within Surrey, and deliver Surrey’s Community Vision to 2030.

The Strategy is intended to define the principles, criteria and process through which decisions will be made regarding future uses of the assets. The adoption of this strategy supersedes the Strategic Asset Management Plan (2013-2017). The Strategy forms part of a suite of documents that the Council is developing around its capital investment and how it uses its assets. The diagram below represents how this structure is intended to work. This document sets out the Asset and Place Strategy.



## Context

As of March 2019, the Council owns approximately 6,000 registered titled assets; these are land and buildings, both inside and outside of Surrey. In some instances one asset may hold multiple registered titles as the site is made up of various parcels of land, purchased at different times.

At present there are 1,973 assets managed by Property Services. This comprises of 730 operational sites which include assets managed both internally and externally; for example academy schools. There are a further 1,243 non-operational, for example assets under construction, surplus or assets managed externally such as land and buildings managed by Surrey Wildlife Trust (SWT). The majority of the assets are owned freehold, although a significant number are held on lease in order to deliver services within the areas of need.

## Key Drivers for Change

The aim under the **Community Vision for Surrey by 2030** is for Surrey to be “a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind”.

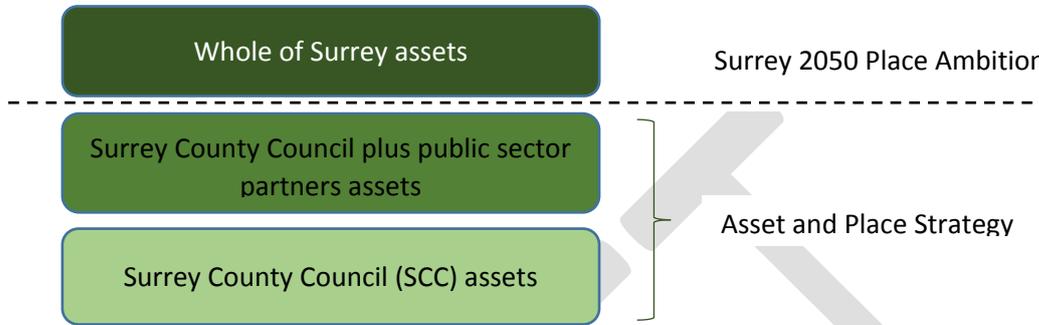
In order to deliver on these objectives, the Council is transforming and re-designing the way it delivers its services. Each service area is redefining the way they operate and how they deliver services to residents and the assets from which services operate must be fit for purpose.

The Council is keen to work with partners in delivering transformation, not just of its services but of ‘place’. Place-shaping should be led locally, with the Council playing a supporting role, and using the

defined objectives to shape the use of its assets in future. This fits with the Council's role in SHAPE and Surrey Future.

The Asset and Place strategy is also a sub-strategy to the Surrey 2050 Place Ambition that is being developed with Surrey Future.

The following diagram shows the relative areas that each of these strategies cover:



Surrey 2050 Place Ambition will set an agreed vision for both the Council and its partners. It will focus on the places where people live and work, maximising opportunities for inward investment and infrastructure that delivers high quality design in our buildings and public realm that increases resilience. It will allow for flexibility and growth in the local economy, ensuring any new development contributes positively to community amenities and infrastructure.

## Aims and Principles

The aim of this strategy is to embed a corporate approach to property rationalisation, consolidation and investment in assets, and how it will be managed, resulting in:

- A smaller, more efficient, multi-use operational estate that supports service delivery.
- A programme of asset reviews that pushes all surplus and non-operational assets through an option appraisal process to determine its future use.
- A robust asset management approach that invests in assets that the Council has determined that it wants to retain.
- A disposal strategy that divests the Council of low performing, high cost assets that are no longer required and cannot be repurposed.
- Generation of revenue and capital income streams (with revenue as a priority) to support future service delivery.

The overall outcomes the Council is aiming for are:

- Reduction in operational estate (not including schools) from 300 to 100 assets, with an associated revenue cost saving of £10m by 2024.
- Review of surplus operational and all non-operational assets to determine future use, to be completed by 2021. To generate additional revenue incomes streams, and £150m capital receipts over 5 years.

The principles are intended to set out the Council's approach to its assets in future, and guide future decision making through the process set out later in this document, as well as to drive pace in delivery. These are:

### Principle 1

Embed the Corporate Landlord model, to drive the rationalisation and consolidation of the asset estate, and corporate asset decision making based on 3-5 year service property requirement strategies.

### Principle 2

Consolidate operational assets to decrease the number of single-use assets, reduce revenue costs and create multi-functional property, supporting service improvement.

### Principle 3

Rationalise the asset base by reviewing all non-operational and surplus assets to identify opportunities to create or increase revenue income, provide investment opportunities or deliver capital receipts, with an initial focus on high cost, poor performing assets. All other assets that have no strategic value are to be considered for disposal.

### Principle 4

Develop a robust asset management plan to invest properly in all retained assets, to ensure they are fit for the future in supporting excellent service delivery.

### Principle 5

To work collaboratively within and across the Council, District, Borough, Health and blue light authorities and other Voluntary, Community and Faith Sector organisations to identify wider opportunities to benefit the community within the context of asset strategy and planning.

### Principle 6

Support economic growth across Surrey in partnership with District and Borough Councils to assist in local place shaping.

## Applying the Principles

Embedding the Corporate Landlord model fully within the Council's target operating model will drive different decision making for the future. Based on prepared service property strategies for the coming 3-5 years, decisions will be made on the viability and feasibility of sites guided by the above principles, and using the process and criteria set out below.

It is intended that all assets that are assessed as surplus or not required for operational purposes should be reviewed through this process. This provides confidence that any decision regarding future use of a property provides the best and most appropriate output.

It should be noted that best value in terms of a capital receipt is not always the right outcome and the Council needs a mix of revenue, capital and place shaping outputs.

## The Decision-Making Process

Attached as **Annex 1** is the process of decision making on future asset usage, project delivery and the disposal of sites.

The process is in two parts:

### Part 1 – the Corporate Assessment:

This part of the process determines whether an asset has an identified use which enables service delivery in line with corporate and service strategies. For example where there is an identified need within a specified location by multiple services, these are co-located within a multi-functional hub therefore enabling asset consolidation and reduction in running costs.

Additionally, this could be identifying assets which could support service delivery, for example; extra-care sheltered housing that reduces expenditure on high cost care, but also delivers important outcomes to residents.

If this is the case, the second part of this analysis is the cost and condition of the site; is this a low performing/high cost asset in poor condition that is not fit for purpose, and requires significant investment? If so, it may not be an asset to retain.

Alternatively, assets may be retained where there is a clearly defined, future strategic purpose, which has a value and can be delivered within an agreed timeframe.

The process sets out the stages of this assessment, and what happens in each case. If the asset is not suitable or not needed for either purpose, it moves to Part 2.

In part 1 the following criteria will be used to make these decisions.

## Corporate Assessment criteria:

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1. Asset requirement identified within service strategy and supports overall service transformation/delivery over the life of the payback period for future investment
2. Use of asset reduces:
  - number of overall assets used
  - revenue cost of asset
  - future investment needs
 OR
  - generates additional revenue or capital income
3. Cost/benefit analysis of investment, to make the asset fit for purpose, with an appropriate payback period, relevant to length of future use
4. Use of the assets will provide fit for purpose, flexible and reconfigurable accommodation that is future proofed and supports multi-purpose building use

### Part 2 – the Option Appraisal:

This part of the process focusses on the use of the asset beyond service or operational requirements. This might include a site that could be disposed of for a capital receipt; redeveloped for revenue income generation or held for future strategic use to maximise output or benefit.

The process outlined in **Annex 2** sets out how this will work, but the primary process is a formal options appraisal which considers potential future uses of the site. The options appraisal will identify the preferred option and how this best aligns with the Council's Community Vision for Surrey.

### Criteria for the Option Appraisal assessment:

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1. Asset required for future service needs, optimal income generation and/or future development opportunities.
  2. Ensuring 'best value' is gained by modelling a Net Present Value (NPV) versus an outright disposal and capital receipt.
  3. Scheme deliverability, in terms of timescales, risk assessment and prioritisation. To take into account planning constraints and other issues.
  4. Partnership working and shared development where opportunities will deliver quantifiable benefits
  5. Asset supports economic growth and improves on the 'place'.
- 

### Place and Economic Growth

The strategy sets out to enhance and utilise the assets the Council owns. With every asset comes an opportunity to revitalise public spaces, enhance community involvement and re-use buildings and land for reinvestment and growth.

In collaboration with its partners, the Council will support place-making and economic growth through the re-use and release of its assets. By creating a joined up approach to asset management coupled with clear criteria for decision making the Council can deliver opportunities, at a greater pace, that meets the needs of Surrey residents.

### **Scheme delivery and approval:**

The final part of the assessment of any potential project is the method of delivery.

The criteria we will use to analyse this are attached as **Annex 3**. Part of this analysis is context and capacity as well as where the key capabilities lie to best deliver each scheme.

Once the option analysis has been undertaken, a formal report will be brought for scheme approval and funding in order to deliver the scheme.

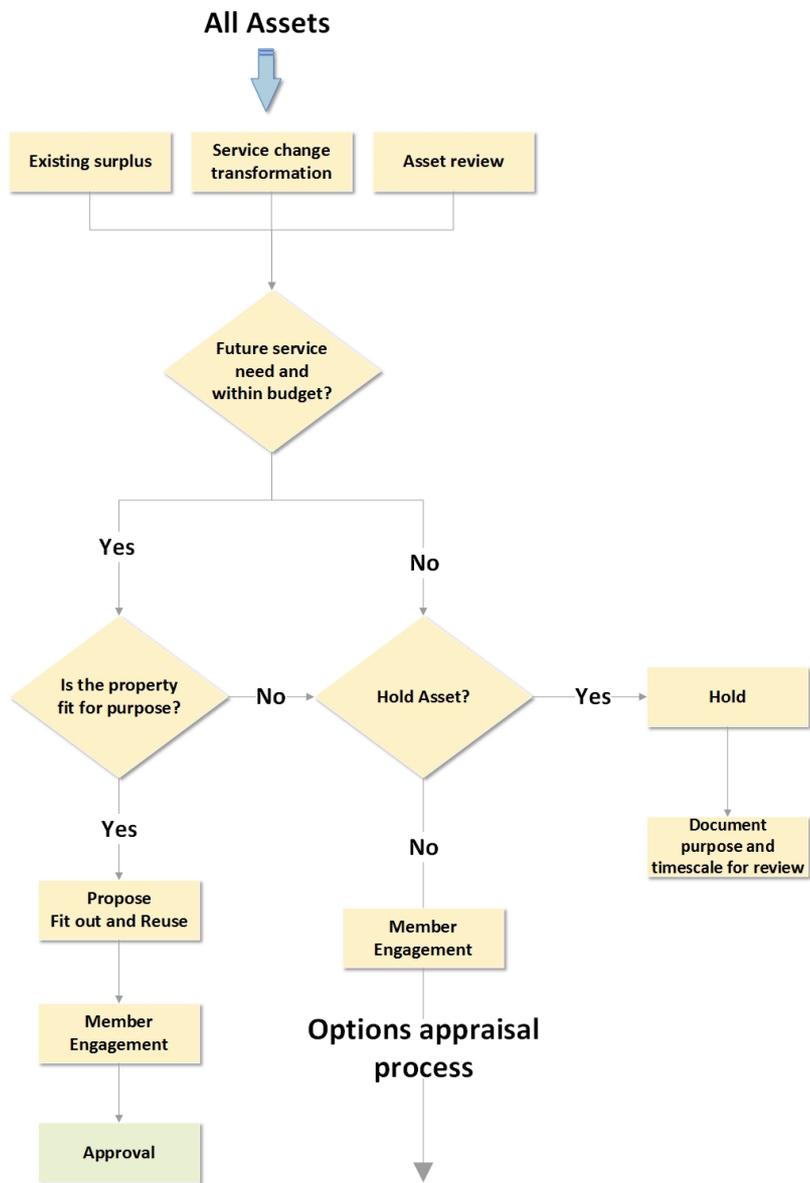
### **Conclusion and Delivery**

This strategy establishes the principles by which decision making on assets will be made during the period 2019 – 2030 to deliver the corporate vision and Community Strategy.

It should be read in conjunction with the Action Plan which will include the actions required to deliver the principles set out in this document and recommendations from the wider review, including proposals on individual sites as appropriate.

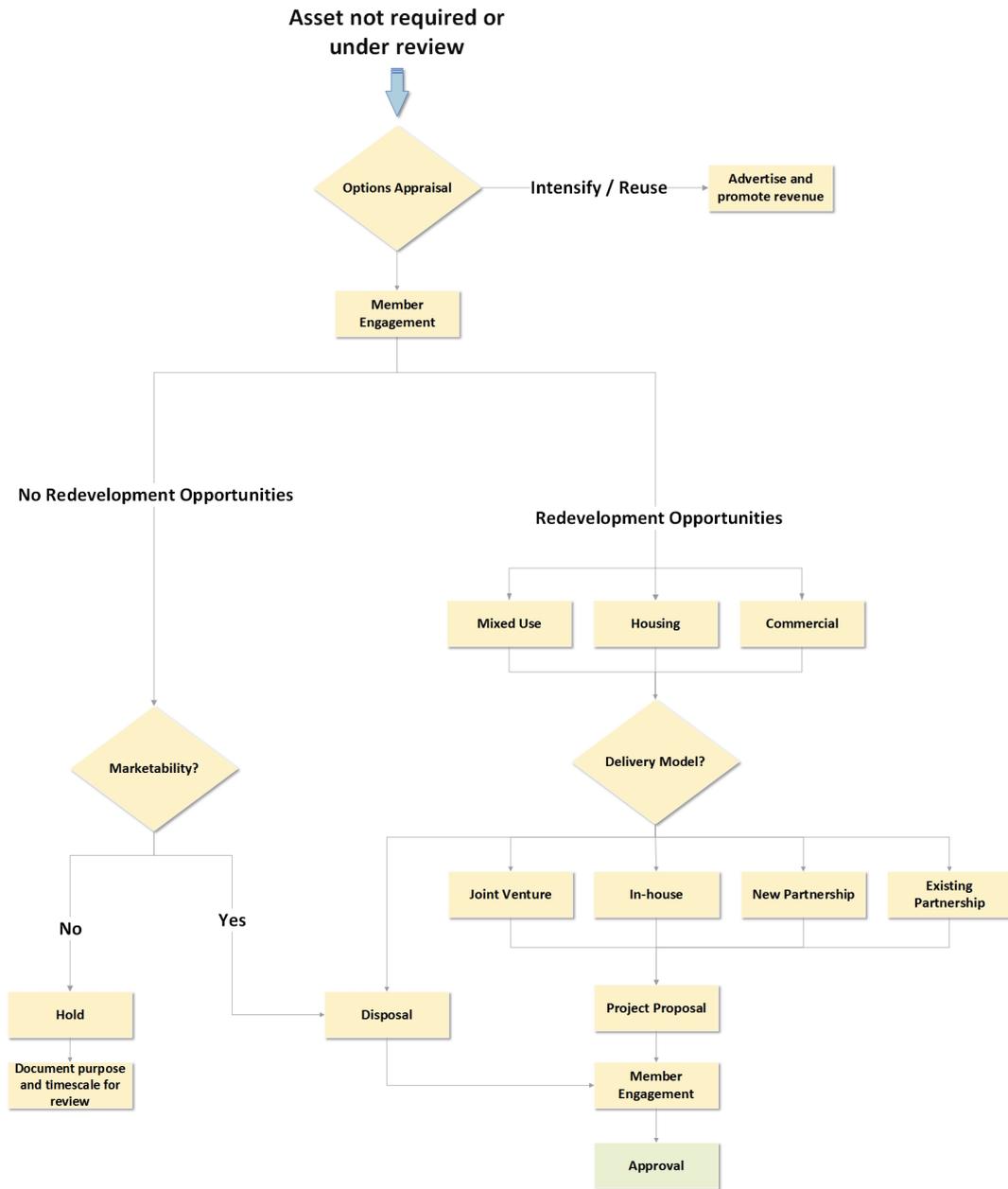
The Asset and Place strategy should be regularly reviewed to ensure it remains fit for purpose in driving forward the Council's priorities in the future.

# Annex 1: Corporate Assessment Process



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# Annex 2: Options Appraisal Process



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# Annex 3 (to Appendix A) - Delivery Models Criteria

Priority Order	Description	Common Characteristics	Other headline implications for SCC
1	Direct Delivery (Intensify existing use or develop)	<ul style="list-style-type: none"> <li>Residential sites (incl. student, keyworker &amp; extra care) of between circa 5 and 30 units, or low to medium risk commercial development</li> <li>Efficient PRS portfolio outcomes</li> <li>'Non specialist' development</li> </ul>	<ul style="list-style-type: none"> <li>Carry planning, development &amp; operational cost risk</li> <li>Carry operational revenue risk</li> <li>Need to fund planning, development and operational phases</li> <li>Significant wider resource demands</li> <li>Control over product outcomes (tenure, type)</li> </ul>
2	Develop utilising other partnership model/ Company structure	<ul style="list-style-type: none"> <li>Generally sites residential (incl. student, keyworker &amp; extra care) of 30+ units</li> <li>Efficient PRS portfolio outcomes</li> <li>Assets developed for retention to deliver revenue</li> </ul>	<ul style="list-style-type: none"> <li>Carry planning, development &amp; operational cost risk</li> <li>Carry operational revenue risk</li> <li>Need to fund planning, development and operational phases</li> <li>Significant wider resource demands</li> <li>Control over product outcomes (tenure, type)</li> </ul>
3	Develop utilising existing JV (where retaining stock post completion)	<ul style="list-style-type: none"> <li>Generally sites residential (incl. student, keyworker &amp; extra care) of 30+ units</li> <li>Efficient PRS portfolio outcomes</li> <li>'Specialist' development (e.g. mixed use regeneration, placemaking etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Share planning &amp; development cost risk</li> <li>Carry operational cost risk</li> <li>Share funding demands</li> <li>"Outsourcing" of wider resource demands</li> <li>Carry operational revenue risk</li> <li>Influence over product outcomes (tenure, type)</li> </ul>
4	Develop utilising existing JV with Places for People (where selling stock post completion)	<ul style="list-style-type: none"> <li>Generally residential sites (incl. student, keyworker &amp; extra care) of 25+ units</li> <li>Inefficient PRS portfolio outcomes/ strong sales potential</li> <li>'Specialist' development (e.g. mixed use regeneration, placemaking etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Share planning &amp; development cost risk</li> <li>Share sales risk</li> <li>Share funding demands</li> <li>"Outsourcing" of wider resource demands</li> <li>Influence over product outcomes (tenure, type)</li> <li>Potential to realise development profit</li> </ul>
5	Asset Disposal (pre planning consent)*	<ul style="list-style-type: none"> <li>Generally residential sites (incl. student, keyworker &amp; extra care) less than 5 units</li> <li>Limited planning risk</li> <li>Inefficient PRS portfolio outcomes</li> </ul>	<ul style="list-style-type: none"> <li>No planning and development funding requirement</li> <li>No cost or sales risk</li> <li>No development profit</li> <li>Ability to target local developers, and/or sell with conditions</li> </ul>
6	Asset Disposal (post planning consent)*	<ul style="list-style-type: none"> <li>Generally residential sites (incl. student, keyworker &amp; extra care) less than 5 units</li> <li>Ability to add value via planning</li> <li>Limited Capital or Revenue receipt</li> <li>Ongoing costs (maintenance, operational)</li> <li>Limited council resource to optimise asset via planning</li> </ul>	<ul style="list-style-type: none"> <li>Requirement to fund planning</li> <li>Realise higher land value than non-planning scenario</li> <li>No cost or sales risk</li> <li>No development profit</li> <li>No development funding requirement</li> <li>Ability to target local developers, and/or sell with conditions</li> </ul>

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## Appendix B

# SURREY COUNTY COUNCIL

## ASSET AND PLACE STRATEGY

### ADVISORY PANEL REPORT – APRIL 2019

#### Introduction and Purpose of the Report:

In September 2018, the Council commissioned a review of its Assets, with a view to providing an Asset and Place strategy by April 2019. The strategy was intended to guide future asset decision making, and to deliver additional revenue income for the Council.

As part of this review, the Council established an independent Advisory Panel. The prime purpose of the Advisory Panel was to act as a ‘critical friend’ to the process and provide advice to the Asset Strategy Board on the development of the Asset and Place Strategy.

Panel membership comprised three pro bono independents and two Councillors, all with relevant knowledge and experience. The Deputy Cabinet Member for Property attended on an ad-hoc basis as an observer.

A new Leader was elected in December 2018 and determined that the role of the Panel should continue.

The Panel has met seven times. At these meetings, the officers presented their thinking and plans as they developed and we benefited from analyses from third party advisors. The Chairman of the Advisory Panel also made two interim reports to the Asset Strategy Board.

This is the independent report of the Advisory Panel.

#### Comment, Advice and recommendations

The development of this strategy has been a journey that has accelerated under the direction of the new Leader.

The Panel supports the proposed Asset and Place Strategy as set out in the report documentation. This is a good piece of work that goes a long way to “cut through” and prioritise the optimisation of the large and very diverse portfolio of assets in the Council’s ownership. The challenge will be in the implementation about which we now comment, firstly split by a subset of assets and then some overarching governance and management issues.

#### 1. Operational assets:

a) The objective is to reduce the number of these assets from 300 to 100 facilitated by creating service hubs, and the review of asset opportunities, for example the development of housing at fire station sites. There will inevitably be disagreements and tension between community and partner expectations, Council staff charged with delivering

services and the property team expected to deliver receipts and savings. The result is likely to be delays in implementation. Difficult and timely political decision making will be required, based on available evidence.

*Recommendation:*

**There needs to be the political/managerial decision structures to achieve this informed by a clear operational plan of work. Strong leadership will be required.**

b) There is evidence of a maintenance backlog that needs to be addressed as a high priority.

*Recommendation:*

**Resources arising from improved income/asset sales should be allocated to a responsible medium-term maintenance programme which must be developed as an immediate action.**

c) Functionality of the operational estate is not as efficient as it should be.

*Recommendation:*

**A standard specification for future operational properties that invests in flexible spaces that support agile working must be developed to guide future investment, with any other requirements agreed through appropriate challenge and scrutiny.**

d) The Corporate Landlord model means the ownership of the asset and the responsibility of its management; maintenance and funding are centralised. The service department then makes a case for the property they wish to change or use, enabling the Corporate Landlord to properly plan and manage space the Council needs, in the right locations.

The service department's priority is therefore to plan and deliver the service, and the Corporate Landlord's function is to ensure the service is suitably accommodated and to maintain and manage the asset.

*Recommendation:*

**A Corporate Landlord model, resourced with staff who have the right skills and capabilities, and the right processes, is a requirement. This model and what it means must be fully understood throughout this organisation.**

**2. Non-Operational assets:** as stated above the systematic approach to deciding the optimal decision for each asset is sound, but there are challenges to implementation:

a) Across the portfolio, there will be choices between cash now and cash in the future and/or a revenue stream in the future. Such individual decisions should be made by officers but within a politically agreed three-year framework.

*Recommendation:*

**Implement a politically agreed three-year framework updated annually with appropriate benchmarks and regular reporting, to guide decision making regarding individual assets. Officers should engage with members appropriately through this**

process.

b) Strategic Holds

*Recommendation:*

**The Panel recommends that sites identified as strategic holds must meet the principles identified in the strategy, be regularly and rigorously reviewed.**

c) The Council wishes to increase revenue streams to support services in the future, the Strategy proposes that the development of residential property on surplus land is a route to deliver this.

*Recommendation:*

**Consideration needs to be given as to how and by whom such a portfolio would be managed. Routes through the South Ridge LLP Joint Venture are an option for this.**

d) The panel notes the prioritisation of income maximisation to support services as an initial aim, recognising the role of districts and boroughs in delivering the supply of affordable homes which are so badly needed across most of the County.

e) Many of the Council's sites are not currently developable as they are in the green belt.

*Recommendation:*

**The Council needs to continue to monitor the national and local policy framework to identify if future development is possible on these sites.**

f) South Ridge LLP Joint Venture: There was some delay to the Panel's enquiries about this JV. The Panel identified a lack of understanding of the purpose and role of the JV within the Council both of members and officers, and between the Council and its JV partner, Places for People. The current situation is unsatisfactory and may lead to bad decisions and/or missed opportunities. There is real potential in a partnership like this to deliver the Council's required outcomes.

*Recommendation:*

**Step 1 should be for the Council to clarify the governance and management structure and communicate the role, purposes and processes of the JV and Step 2 on the basis of this clarity, the Council should either properly implement its JV with any appropriate changes or withdraw.**

g) The property market: the outlook is currently very volatile, and caution must be taken when decision making.

*Recommendation:*

**The strategy implementation must be flexible in face of market realities.**

3. The Investment portfolio:

This is another situation where there was delay and there remains a lack of clarity in response to the Panel's enquiries. There is no up to date investment strategy, and insufficient transparency. Further clarity is required regarding the treatment and reporting

of the returns being generated.

*Recommendation:*

**The strategy for and governance of the Investment Portfolio urgently needs to be strengthened with much clearer reporting and accountability with performance being regularly tested against industry best practice benchmarks, supported by appropriate professional advice at all levels.**

#### 4. County Hall:

a) In face of the very clear decision to vacate County Hall by 2020 there has been an encouraging response to early approaches to possible developers.

*Recommendation:*

**The Panel believes it will be important in order to maximise value that the tender brief is very open as to the options of future use and the financial structure of a sale. However, the ideal financial deal must pass as much as possible of the risk to the developer.**

b) The Panel recognises the challenge of identifying the location of the Civic Heart and space for all staff. Inevitable there will be trade-offs in the choice of such locations.

*Recommendation:*

**That decisive action is taken by Members and officers with regards to the location of the Civic Heart.**

c) Officers appear to be on top of the challenges of relocating staff and achieving staff number efficiencies and they clearly understand that changing working practices and working culture is no easy task.

*Recommendation:*

**The Panel encourages that early preparation is made to ensure the right and economic IT infrastructure is installed upfront to support new ways of working. Similarly, the cultural change within the leadership and management of the workforce must not be neglected and should be resourced appropriately to ensure that savings are achieved without compromising on the ethos of public service.**

#### 5. Governance and management

From the starting point of six months ago great progress has been made in establishing the recommended Asset and Place Strategy.

This is a complex strategy to implement. And many decisions will need to be made, both strategic and operational. The above comments and recommendations demonstrate that there are many improvements that can be made to the current decision making processes. Further recommendations to support the strategy implementation are set out below:

*Recommendations:*

**a) The Panel believes that to be an effective Corporate Landlord will require a completely new decision-making and accountability model. The Corporate Landlord**

model will clarify the role of members and the delegated powers to officers within all the areas described above. The Property Service should be led and managed by a single senior officer, with the right level of experience, accountability and decision-making, reporting to the Chief Executive.

b) Whilst officers, with whom the Panel has interacted, have been professional and have accomplished much, there should be a recognition that there will need to be significant investment in additional professional staff to increase both capacity and capability across the teams. The very significant asset base entrusted to the County requires professional and skilled management with the capacity to manage large, complex and long term projects.

c) The Panel recommends a review of the role, activities and performance of all the professional advisors involved in the above areas of work in order to achieve clarity of roles and ensure effective advice.

d) The Panel recommends that the management of the asset portfolio, its outcomes and performance, should be subject to scrutiny by the relevant Council bodies as appropriate.  
Performance measurement must be robust and relevant to the activity, against set targets and appropriate benchmarks.

#### **The Advisory Panel:**

Mr Robert Napier, Chairman

Ms Fiona Fletcher-Smith, Group Director, Development and Sales, L&Q Group

Mr Greg Melly, Senior Vice President, Advancement and Community, University of Surrey

Councillor Nick Darby

Councillor Edward Hawkins

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# Appendix C: Asset and Place Strategy – Action Plan

NO.	ACTION	DETAIL	IMMEDIATE DEADLINE	COMPLETION DEADLINE
1a	Consolidation of operational assets	The Council consolidate operational assets over the next 3-5 years, with the aim to reduce the operational estate to c100 assets with a potential saving of c£10m.		2024
1b		Develop the detailed process for capturing, analysing and planning for the future use of surplus property – in order to ensure the property is back in use, developed or disposed of as quickly as possible, reducing holding time and costs.	June 2019	
1c		Develop timetable aligned to service consultations.	April 2019	
1d		Work with services to identify high cost, low performing properties in operational use.	May 2019	
1e		Develop list of properties subject to service consultation proposals which may not be required for future service delivery.	May 2019	
1f		Prioritise the above list, focussing on high cost/low performing properties and those providing opportunities for consolidation.	June 2019	
1g		Review prioritised assets to identify opportunities.	July 2019	
1h		Appraise opportunities for re-use, disposal or development and prepare implementation timetable – aligned to consultation – in case asset is declared surplus.	July 2019	
1i		Repeat above steps until all operational assets reviewed, then repeat every 3 years.		2024

NO	ACTION	DETAIL	IMMEDIATE DEADLINE	COMPLETION DEADLINE
2a	Development of service property strategies	Service Property requirement strategies for 3-5 years are developed, by end of 2019 upon which the consolidation process can be built. Requirements identified separate to these strategies will not be prioritised.		End 2019
2b		Work with Children, Families and Learning Services to develop property requirements for future service operation, including: - Cultural Services (Libraries, Registrars, Heritage etc.) - Children/Family services (Children's and Youth Centres, Children's centres, SEND, Schools etc.) - Learning (Adult Learning Centres, Outdoor Learning Centres etc.)	August 2019	
2c		Work with Highways, Environment and Infrastructure Services to develop property requirements for future service operation, including Community Recycling Centres, Depots etc.	September 2019	
2d		Work with Adult Social Care services to develop property requirements for future service operation, including extra care and residential care housing, day centres etc.	November 2019	
2e		Work with Public Health services to develop property requirements for future service operations, including Surrey Heartlands health services.	November 2019	
3	Agile Working	Agile working is implemented to support the reduction in office space by 2021. Note: Specific Actions on this are included within the Agile Transformation programme.	Ongoing	2021.

ACTION NUMBER	ACTION	DETAIL	INITIAL DEADLINE	COMPLETION DEADLINE
4a	Rationalisation of non-operational assets	All non-operational or surplus assets should be reviewed to identify the appropriate future use of the site. This review should be completed within the next 2 years, and the output used to develop a pipeline of future developments and disposals. The non-operational asset portfolio should thereafter be reviewed annually.		2021
4b		Continue delivery of projects arising from the analysis of the first 50 sites. Aim for approval of first schemes in September 2019.	September 2019	
4c		Prioritise assets based on high cost/low performance and district/borough or Council priorities, and group into tranches, with focus on deliverable opportunities.	June 2019	
4d		Complete analysis of the next tranche of asset analysis as per the process and priorities set out in the asset and place strategy.	October 2019	
4e		Develop an implementation plan for approval and delivery of resulting projects and disposals.	October 2019	
5	Residential portfolio management	Review current operational management arrangements for the Council's residential properties; analyse options for the future and put in place an appropriate management arrangement that is effective, efficient and provides excellent service delivery. Preferred option to be identified, with an implementation plan.		December 2019
6	Governance	Complete the review of governance, in order to simplify and clarify responsibilities and roles within decision-making and to add pace to project delivery. To include a review of the investment and shareholder boards, the company directors, the scheme of delegation and constitution as they relate to these matters.		July 2019

ACTION NUMBER	ACTION	DETAIL	INITIAL DEADLINE	COMPLETION DEADLINE
7a	Project Delivery	Delivery of current prioritised schemes must be completed as a priority.		Various
7b		Delivery of the future pipeline of work, including disposals, must be prioritised and resourced to create a future capital and revenue income stream. Develop resource model as part of next capital programme development.		September 2019
8a	Investment Portfolio	Develop and adopt a clearly measurable investment strategy with performance metrics, which will also enable a clear analysis of risk in developing the portfolio.		Nov 2019
8b		Ensure strong use of the Council's advisers to be confident of effective decision making and widen the officers involved in the Council's processes so that knowledge is not limited to a small group.		July 2019
8c		Review the board structure for the Council's investment management ensuring understanding of accountability and the management of risks in governance.		July 2019
8d		Ensure the portfolio is balanced in terms of composition, risk, location and return.		April 2020
9a	Joint Venture	Review board representatives and roles to resolve conflict and ensure representatives are of an appropriate level to facilitate decision-making.		July 2019
9b		Ensure coherent understanding across key Council Officers and Members of the role and purpose of the joint venture, together with a shared understanding of the commercial implications of developments.		July 2019
9c		Further develop the financial analysis of the JV, developing a Financial Model that monitors the flow of funds in and out to the respective partners.		September 2019

ACTION NUMBER	ACTION	DETAIL	INITIAL DEADLINE	COMPLETION DEADLINE
9d		Consider the use of the joint venture/Places for People for future management of houses developed on the Council's behalf.		Dec 2019
9e		Seek efficiencies in the processes relating to the joint venture, particularly the process for drafting and approving site briefs.		July 2019
9f		Develop the procurement policies of the joint venture.		September 2019
10a	Corporate Landlord	Fully implement and embed the Corporate Landlord model within the Council's property function.		November 2019
10d		Establish the performance reporting framework from April 2019.	April 2019	
10c		Ensure the performance reporting is fully implemented, robust and transparent in place by October 2019.	October 2019	
10b		Ensure the development of a robust asset management plan of investment.	November 2019	
10e		Specify, procure and implement a replacement for the PAMS asset management system. To specify the system by September 2019, with implementation by 2020.	September 2019	End of 2020
11a	Governance	Complete the review of governance relating to property, assets and investments.		September 2019
11b		Amend the various boards to ensure decision-making is supported by the right structure and board membership.	May 2019	
11c		Complete the review of the decision-making process relating to project delivery, including procurement, the scheme of delegation and approvals. Amend the constitution if required.	September 2019	
12	Resourcing	Ensure the projects and delivery plan are fully and appropriately resourced, including the implementation of a new management structure to support the corporate landlord model. Plan for implementation to be ready end May 2019.		End May 2019

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**SURREY COUNTY COUNCIL  
CABINET**



**DATE: TUESDAY 30 APRIL 2019**

**REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL**

**LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR OF  
TRANSFORMATION, PARTNERSHIPS AND PROSPERITY**

**COMMUNITY COUNCIL  
VISION**

**OUTCOME:**

**SUBJECT: MOVING CLOSER TO RESIDENTS**

**SUMMARY OF ISSUE:**

The [Community Vision for Surrey in 2030](#) describes the place we all want Surrey to be – a great place to live, work and learn with a strong economy, and a place that capitalises on its location and natural assets.

In pursuit of this Vision, and as part of the council's ongoing [transformation programme](#), we are working to affect significant cultural changes to the way the council operates. As part of this the opportunity is being taken to move those staff located at County Hall, Kingston, which has been outside the county since boundary changes in 1965, closer to residents and partners. The council is planning to establish a new 'Civic Heart' within the county, with quality collaborative spaces where elected members, the Corporate Leadership Team and their respective strategic support teams can work and conduct council business.

**RECOMMENDATIONS:**

Cabinet is asked to:

1. Endorse the principle of moving the council closer to the residents of Surrey, and leaving the County Hall complex (in Kingston) by the end of 2020.
2. Agree the principles and criteria on which the location for the new Civic Heart will be chosen.
3. Approve the analysis provided for selecting a location for the new Civic Heart of the council in accordance with the selection principles and request that further work be done to provide due diligence for the leading location options – Guildford and Woking.
4. Agree the principle of reviewing council staff work bases, and relocating our people to other premises within the council's estate, in order to better meet service needs and work closer with our partners
5. Give approval to the responsible officer to appoint advisors to work with the council to explore and appraise the options for the County Hall complex to maximise the potential receipt or benefit to the council, and for this analysis to be presented back to Cabinet in July 2019.

6. Receive a detailed programme proposal report, for decision, at July 2019 Cabinet.

#### REASON FOR RECOMMENDATIONS:

The Community Vision for Surrey in 2030 and the council's own [Organisation Strategy](#) envisage a quite different and much improved relationship and connectivity between the council and Surrey residents, and a new way of working for the council. A foundational step in furtherance of both is to locate the headquarters of the council in Surrey itself. The move (comprising the establishment of a 'Civic Heart' where many of the functions of a County Hall will be located, a wider workforce increasingly enabled to work in a more agile way and the introduction of new ways of working across multiple work locations) will secure benefits to residents and the council.

#### DETAILS:

1. The council is committed to creating the conditions for improving the lives and outcomes for the people that live, work and study within Surrey and has stated its intention to relocate from County Hall in Kingston to a new Civic Heart in a location closer to residents, and within the county borders of Surrey, by the end of 2020.
2. The creation of the new Civic Heart is part of a wider cultural transformation taking place across the council. The council's [Our People 2021 Strategy](#) outlines the ambition for elected members and staff to 'focus better on delivering outcomes as opposed to outputs and processes; encompassing agile and digital working; enabling the majority of staff to be able to work anytime, anywhere, supported by the right technology.'

#### Transforming the way we work

3. The council's Transformation Programme, approved at Cabinet in October 2018, outlined the Agile Workforce business case, which sets out the case to enable staff to work 'almost anywhere, whenever, wherever, to collaborate and contribute without constraints'. Adopting agile working practices will enable deeper innovation, collaboration and creativity of services.
4. The collaborative, flexible and mobile nature of an Agile workforce will be supported through the use of new technologies to create a strong virtual working environment and the extended deployment of laptops, hybrids and smartphones. Staff will benefit from better control of their working time and may also reduce their unproductive time (such as commuting to work or travelling in peak rush hours). On an individual level, this may, in turn, help improve staff work-life balance and overall staff retention, as people will have greater freedom to choose to work when and where they feel most productive.
5. Shifting the council and its workforce to new and Agile ways of working affords the council an opportunity to reassess the office accommodation and spatial planning at the main county council office spaces (County Hall, Quadrant Court, Consort House and Fairmount House), as well as the shared office spaces at district and borough offices.
6. With the council and its workforce enabled and encouraged to work in more Agile ways, and with services redesigned to be delivered more closely to residents, there will be a reduced need for fixed and traditional office space. Staff will be less dependent on a fixed desk location; instead, office spaces will be a place where elements of work can be done, rather than all work being based therein, with pan-directorate hot-desks, on an availability ratio of three persons to one desk being provided and flexible and collaborative working spaces as well as quiet spaces being available across the council's offices.

7. The adoption of an increasingly Agile way of working for staff calls into question the place of the County Hall complex in Kingston, which, since county boundary changes in 1965, falls outside the administrative boundary of Surrey, no longer lends itself to supporting modern ways of working, and is costly to maintain. Additionally, as council services have developed and reorganised, County Hall's office occupation has dropped to 43% of capacity over the last ten years. As a consequence, it is intended to relocate staff from County Hall to alternative locations by the end of 2020.
8. A Programme Board, comprising relevant officers, has been set up to secure the relocation of a set of functions key to a new 'Civic Heart'. The Programme Board has identified and initiated preliminary work, within reasonable and available resources, against each of the following work-streams in order that good progress can be made in the short term:
  - a. Determining the form and location of the new Civic Heart.
  - b. Determining the principles for re-purposing the County Hall complex, including options for disposal.
  - c. Professional and expert financial, legal and property advice and support required for the successful delivery of the programme.
  - d. Collaborating with the Agile Workforce Programme Team to develop the Agile working principles for all elected members and staff, bringing them closer to residents for more of the time.
  - e. Ensuring that the council's IT infrastructure has the capability and capacity to support increased Agile working within a revised property portfolio.
  - f. Office space planning, based on the view of requiring fewer desks as a result of Agile working, and supporting the relocation of elected members and staff to new locations.
  - g. Office accommodation options and solutions, based on the above, at the existing council hubs (Quadrant Court, Consort House and Fairmount House) and district and borough council offices (already shared with some Surrey County Council staff).
  - h. Elected member, staff, district and borough and partner communications and engagement.

#### **Civic Heart: definition and location criteria**

9. The Programme Board proposes that the Civic Heart would comprise the following base requirements:
  - a. Suitable working spaces to accommodate elected members, the Corporate Leadership Team (the Chief Executive and Executive Directors) and their respective strategic support teams
  - b. Quality collaborative spaces where elected members and officers can work and carry out council business, as well as other flexible shared spaces, such as breakout spaces, small and large meeting rooms and larger flexible conference rooms
  - c. Capacity for co-location with one or more council partners, such as a Surrey district or borough council.

10. With the base requirements above considered, the secondary criteria used to determine the optimum location for the Civic Heart are:
- a. Accessibility from across Surrey and from London, such as proximity to main road and rail networks
  - b. Space and facilities for civic and member functions and activity
  - c. Suitable and appropriate quantum and type of office accommodation to support new Agile ways of working and resultant cultural change
  - d. Requisite conference and meeting rooms, breakout spaces and catering facilities
  - e. Property that is preferably owned by the county council or one of the eleven district or borough council partners, or other partners
  - f. The overall cost of ownership, including any required refurbishment works
  - g. Sufficient parking available howsoever provided, relative to business requirements
  - h. Premises available, readied and delivered before the end of 2020.
11. Officers from the council have met with counterparts within Surrey district and borough councils to explore the viability of various locations around the county based on the criteria described above. Detailed offers for co-location of the Civic Heart have been made by five Surrey district and borough councils, and from these discussions the towns of Guildford and Woking have emerged as leading options for the potential location of the new Civic Heart, with an initial assessment indicating that both meet a number (but not necessarily all) of the criteria.
12. It is proposed that further detailed analysis of the Guildford and Woking locations be undertaken in close collaboration with the respective local councils, and that a detailed options appraisal and proposal for the new Civic Heart is brought to Cabinet to consider in July 2019.

### **The future for County Hall**

13. With the creation of a new Civic Heart; staff being equipped to work more flexibly and peripatetically, and the adoption of the new working principles, the council will have a number of options available regarding the future of the County Hall complex.
14. The County Hall complex is an attractive and sizeable asset, and has much potential for its future use. An initial prospective appraisal of the site has been carried out and has identified the following options as potential futures for the site:
- a. With the exception of the Civic Heart, continue to maintain the County Hall complex as a council hub for meetings and council business
  - b. Develop or dispose of the County Hall complex for residential accommodation
  - c. Develop or dispose of the County Hall complex for hospitality accommodation (hotel)
  - d. Develop or dispose of the County Hall complex into alternative/non-council office space
  - e. Develop or dispose of the County Hall complex for retail space

- f. Develop or dispose of the County Hall complex for education space and/or student accommodation

15. Therefore the council is afforded (but not limited to) a number of wide-ranging options for the future of the County Hall complex. To progress the work required to re-purpose or dispose of the County Hall complex the council will need to employ the services of professional and expert financial, legal and property advice and support, to ensure that the council can generate the greatest receipt, benefit and value for money for residents.
16. Cabinet is asked to give approval to the responsible officer to appoint advisors to work with the council to explore and appraise the options for the County Hall complex to maximise potential receipt or benefit to the council, and to ensure that the work required to successfully move closer to residents by the end of 2020 is achieved. A detailed analysis and options report will be returned to Cabinet in July 2019 for further consideration.

**CONSULTATION:**

17. Preliminary communications and early engagement opportunities for staff have already been put in place (e.g. Jive blogs, staff roadshows, and travel survey).
18. A detailed analysis and options report will be brought to Cabinet in July 2019. The decisions made at that point will establish when and how members, staff and partners will be consulted and engaged. Accordingly, a programme of consultation and engagement will continue to be developed by the Programme Board, and will evolve as the programme continues.

**RISK MANAGEMENT AND IMPLICATIONS:**

19. The programme of work required to transform the council's working principles, establishing an Agile workforce ethic, and creating a new Civic Heart within the county will carry some risks. As the programme and the proposed solutions are designed, further clarity on the risks and required mitigations will become evident.
20. An indicative view of the major risks to the programme, and some high-level mitigations, can be summarised below:

Risk	Mitigation
The overall costs required to create the culture and capability for Agile working and the creation of the new Civic Heart within the county increase or do not sufficiently reduce the current ongoing revenue costs to make the transformation an improvement or better value for money for residents.	Agreed cost and delivery requirements will be designed into the programme accordingly, with delivery options provided and considered where possible. Regular challenge and testing of financial and delivery models will also be undertaken to provide assurance that the final proposals will achieve the desired outcomes for the council.
Service provision of council functions and staff experience of new ways of working are disrupted due to: IT infrastructure problems, adjustments to new equipment and working from new locations impacting on service continuity, operational effectiveness, and the ability to embed new ways of working.	The introduction of new ways of working, equipment and hardware will be tested and introduced prior to relocation of staff and teams. Priority will be given to key services and functions to ensure that new equipment and infrastructure is fully operational, reducing the risk of service disruption.
Staff attrition may increase due to dissatisfaction with new terms, ways of working and/or locality solutions. This could have an impact on service delivery and operational continuity and quality.	Early and ongoing engagement with staff will help ensure that the direction and benefits of the programme are understood. Strategic workforce planning and consultation with staff, managers and trade unions will help identify

	and plan ways to reduce any capacity/capability gaps, with mitigating actions being put in place accordingly.
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21. An assessment of specific risks and mitigations will be developed as the future model of the council takes shape. A detailed risks and mitigations assessment will be provided within the proposal report for Cabinet to consider in July 2019.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

22. The following expenditure is required in order to progress and construct a full proposal and full cost/benefit analysis for the future re-purposing of the County Hall complex. The July Cabinet report will outline the total expected project costs required.
23. Cabinet is asked to consider and approve an expenditure of £538,150 to appoint advisors to work with the council to explore and appraise the options for the County Hall complex to maximise the potential receipt or benefit to the council, and for this analysis to be presented back to Cabinet in July 2019
24. A breakdown of costs and specialist services required to progress the County Hall work stream to the next level of detail is set out in the table below:

#	Item	Description	Cost (£)
1	Desk utilisation study	Of office sites within Surrey	53,150
2	Specialist professional staff (short-term)	Specialist staff to work on delivery of property-stream and records/filing management work	105,000
3	'Art of the possible' office space planning	Assess potential for adapting sites to be Agile workspaces. Design specifications and costing, building alteration specifications and costings	75,000
4	Heritage statement for County Hall	Statement of Significance and assessment of approaches to County Hall internal layout and redevelopment options	60,000
5	Architect's feasibility study for County Hall	Planning and architectural feasibility with drawings, showing how the complex could be converted or redeveloped	80,000
6	County Hall valuation	Valuation of the County Hall complex, taking into account heritage statement and architect feasibility study	25,000
7	Specialist planning consultant	Planning advice to assist with the development of an outline planning application	100,000
8	IT infrastructure Project Manager and network conditions surveys	Site scoping and detailed network condition surveys of potential sites for the new Civic Heart	40,000
			<b>538,150</b>

#### **SECTION 151 OFFICER COMMENTARY**

25. The Section 151 Officer notes that a further report is to be considered at the July meeting of Cabinet. The July report will provide a full financial business case, outlining the expected capital and revenue one-off project expenditure as well as identifying the impact upon ongoing revenue costs. The project costs identified above in paragraph 24 are required in order to deliver the July report and are therefore being spent at risk, if for any reason, the move does not progress. These costs are not included in the MTFP and may be funded as transformation expenditure if the project delivers an ongoing revenue saving and therefore complies with the criteria for such funding.

## LEGAL IMPLICATIONS – MONITORING OFFICER

26. At this point Cabinet is only being asked to endorse the work necessary to enable a final decision to be made as to the location of the new Civic Heart and to optimise the options for the disposal or re-purposing of County Hall. The costs associated with that work will need to represent best value.
27. When preparatory work is complete, final reports and recommendations will be completed and the issue will be returned to Cabinet for decisions to be made.
28. A move from County Hall will have a significant impact upon the staff currently working in the building. An Equality Impact Assessment will need to be carried out in relation to the impacts on staff of the proposed new ways of working. Employee consultations will need to take place as soon as new locations are finalised.

## EQUALITIES AND DIVERSITY

29. Moving closer to residents will have positive impacts for the residents and partners that the council serves and works with. The introduction of Agile working across the council and the county will impact on all council staff.
30. As Cabinet is not asked to agree service changes, an Equality Impact Assessment (EIA) has not been appended to this report. However, as more detailed plans are explored and developed, the potential impacts to affected staff will be recorded and considered within an appropriate EIA. This will accompany the detailed proposal report for Cabinet in July 2019.

## WHAT HAPPENS NEXT?

31. Following Cabinet approval:
- a. The Programme Board will continue to progress the work required to move closer to residents by the end of 2020.
  - b. Appropriate advisors will be commissioned to work with the council to explore and appraise the options available for the County Hall complex.
  - c. Cabinet will receive a further report in July 2019 covering:
    - i. An options appraisal and proposal for the decision to create a new Civic Heart within Surrey, that is closer to residents
    - ii. A comparison of costs, comparing maintaining the current model of the council with the proposed future model
    - iii. Forecasted financial and non-financial benefits of the programme
    - iv. Further details of the ways of working, and how staff and elected members will be supported through the transitions
    - v. A proposal of how and where staff will work
    - vi. The sum of one-off project costs
    - vii. Risks and impacts and how they will be mitigated
    - viii. A timetable of work for the delivery of the programme.

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**Contact Officer:** Dominic Mackie, Policy Manager, 020 82132814

**Sources/background papers:**

- Report to Council, A Community Vision for Surrey in 2030, Tuesday 9 October 2018
  - Report to Cabinet: Organisation Strategy, Preliminary Financial Strategy, Transformation Programme, and 'Our People' Strategy, Tuesday 30 October 2018
-

**SURREY COUNTY COUNCIL****CABINET****DATE: 30 APRIL 2019**

**REPORT OF: MR MEL FEW, CABINET MEMBER FOR FINANCE  
MS CHARLOTTE MORLEY, CABINET MEMBER FOR  
CORPORATE SUPPORT**

**LEAD OFFICER: ELIZABETH STAVRESKI, DIRECTOR OF PROCUREMENT**

**COMMUNITY COUNCIL  
VISION  
OUTCOME:**

**SUBJECT: REVIEW OF PROCUREMENT STANDING ORDERS**

<b>SUMMARY OF ISSUE:</b>
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The Procurement Standing Orders (PSOs) set out how the Council governs spending by Officers on goods, works and services. The PSOs have been reviewed to engender and support good decision making, streamlined and efficient work practices, proportionate risk management and partnership working.

The objective of these changes is to improve the decision making processes around major procurements, to ensure more meaningful engagement of formal decision makers, and to reduce the bureaucracy surrounding the process both within the Council and for tenderers. This will particularly benefit local small or medium-sized enterprises (SMEs) and voluntary sector bidders.

<b>RECOMMENDATIONS:</b>
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That Cabinet notes proposed changes to Procurement Standing Orders (PSOs) and commends them to County Council for final approval.

<b>REASON FOR RECOMMENDATIONS:</b>
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- Introduction of an annual forward procurement plan (APFP) which provides a platform for early sight of key strategic procurements, improved planning and management of procurement projects and identification of a future savings pipeline.
- Introducing more streamlined procurement thresholds, which reduces the burden on small and local business and the voluntary sector to win council work.
- Consistent and aligned policy and process across the Orbis partnership, engendering greater efficiencies, reducing bureaucracy and developing a flexible pool of expert resources to conduct procurement activity.
- Incorporating the latest legislative and regulatory changes.

<b>DETAILS:</b>
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### Business Case

1. The Procurement Standing Orders (PSOs) set out how the Council governs spending by officers on goods, works and services, consultants and contractors, and direct care services. The PSOs cover all spend with external suppliers regardless of the source of funding (for example, revenue, capital, ring-fenced government money and/or any grant or third party funding).
2. The Council spends around £820m annually with suppliers, of which 82% is through contracts.
3. These PSOs have four main purposes:
  - a. To ensure that the Council meets its statutory duty to deliver Best Value for Money and creates healthy competition and markets for the Goods, Services and Works purchased.
  - b. To be **transparent** to our residents about how the Council spend their money.
  - c. To ensure that public money is spent **legally and fairly**.
  - d. To support **sustainability** and **social value** objectives, and our public sector **equality** duty, encouraging local small businesses.
4. Amendments to the PSOs have been included in order to ensure that the Council maintains a fit for purpose set of policies and guidance to govern the procurement process. In summary the changes are as follows:
  - a. To implement an Annual Procurement Forward Plan (APFP) for all tenders over the Official Journal of the European Union (OJEU) threshold which Cabinet reviews each year and gives individual services and the Procurement Service authority to procure for the following year. This gives Cabinet early sight of all procurement activity and provides opportunity for greater influence and input into the strategic decision making. Cabinet may highlight and reserve the right to request that certain projects are brought back for review of the commissioning and procurement strategy prior to going to market (template attached Annex 1).
  - b. To simplify the governance of tender processes, removing the existing Sourcing Governance Board whilst maintaining effective risk management and audit trail of procurement strategy through service specific commissioning processes and governance.
  - c. Procurements not identified on the plan will require the Executive Director in consultation with the Lead member to seek formal authority to procure from the S151 Officer and Director of Procurement for under £1 million and Cabinet for over £1 million. For capital projects authority to procure must be sought from the Capital Programme Panel.

- d. To move the thresholds for formal tendering from £100,000 up to the regulatory limits of £181,302 for goods and services, £615,278 for health and social care, and £4,551,413 for works, and below these thresholds to require three quotations for spend over £25,000 (previously £15,000). This is intended to make it easier for local SMEs to bid for work with the Council. Below £25,000 services will have the flexibility to manage their own procurements, offering greater opportunity to source from local suppliers and reduced administrative burden.
  - e. Based on 2018 figures, the changes mean a reduction of 19 tenders and services would handle 176 of their own orders and are no longer required three quotes.
  - f. Informational text which duplicates legislation is removed from the PSOs, and will be revised to form clear, easy-to-use guidance for both Procurement officers and clients and published in the same timescale as the revised Orders.
  - g. The APFP removes the need to go to Cabinet for the award of contracts as the new process as set out in (a) ensures Cabinet is engaged at the most effective point which is when commissioning and procurement strategy decisions are being made.
- 5. The revised Orders are attached as Annex 2.
  - 6. The equivalent Orders in East Sussex County Council and Brighton and Hove City Council are being revised along similar lines, to support effective partnership working in Orbis and more efficient use of resource.

#### **CONSULTATION:**

- 7. In amending the PSOs we have taken into account good practice at other Local Authorities, and across the wider public sector. This has included reviewing standing orders and supporting policies from other county and unitary authorities across the South East.
- 8. The revised Orders were prepared in consultation with senior stakeholders from services, as well as Finance, Legal, Audit, Business Operations and Procurement staff.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

- 9. The Procurement Standing Orders are to be reviewed annually and on occasion may require updating more frequently to address any significant issues and risks or changes. This includes:
  - a. Providing a robust procurement framework and streamlined processes which engender value for money and accountability while minimising the risk of challenge and burden of compliance.
  - b. Introducing improvements to strengthen our ability to deliver and monitor contracts which drive value for money for the Council and support partnership working.

- c. Establishing proportionate risk management and controls to drive good decision-making and value for money.
- d. Supporting efficiencies and partnership working with East Sussex County Council, Brighton and Hove City Council and other partner organisations.

#### **Financial and Value for Money Implications**

10. There are no direct financial implications in these changes.

#### **Section 151 Officer Commentary**

11. The changes proposed in this report are considered to be a positive step forward in good procurement governance practices and processes. Having a forward plan with early sight of activity with processes which are aligned, streamlined and create flexibility, are part of good financial management practices overall.

There may be small risks associated with increasing the threshold from £15k to £25k, however in the context of overall £820m spend across the Council, it is felt that the cost of administrative effort is outweighed by the opportunity to divert resources into delivery of strategic high value projects. The controls in place which facilitate mitigation of risks includes: an authorised requisitioner and a budget approver of all spend irrespective of value, and public reporting of all spend over £500 and contracts over £5000.

#### **Legal Implications – Monitoring Officer**

12. Under Section 135 of the Local Government Act 1972 the Council must maintain standing orders concerning the supply of goods or works to it and may make standing orders for all other procurement matters. Furthermore, the Public Contracts Regulations 2015 requires all contracting authorities (such as the Council) to treat suppliers equally and without discrimination in a transparent and proportionate manner. The Council's revised Procurement Standing Orders are intended to achieve these requirements and assist the Council in securing best value in its procurement activities while complying with its legal duties.

#### **Other Implications:**

13. There are no significant implications upon key council priorities and policy areas.

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

14. The revised Procurement Standing Orders will be placed before full Council for approval on 21 May 2019.
15. Procurement will monitor the progress of any new case law and legislation and update these Orders as necessary.

#### **Contact Officer:**

Derek Lancaster, Head of Improvement and Development, Procurement Service

**Consulted:**

The revised Orders were prepared in consultation with senior stakeholders from services, as well as Finance, Legal, Audit, Business Operations and Procurement staff.

**Annexes:**

Annex 1: Draft template for Annual Procurement Forward Plan

Annex 2: Draft Procurement Standing Orders 2019

**Sources/background papers:**

- Procurement Standing Orders 2017

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# **Procurement and Contract Standing Orders**

Rules to be followed when buying on behalf of the Council  
May 2019 Issue 8

**Version History**

Issue 2 April 2007  
Issue 3 April 2009  
Issue 4 December 2010  
Issue 5 October 2013  
Issue 6 September 2015  
Issue 7 December 2017  
Issue 8 May 2019

## 1. Introduction

The Procurement and Contract Standing Orders ('the Orders') set out how the Council authorises and manages spending and contracts with other organisations. This ensures that prior to any significant expenditure there is proper consideration firstly, of whether there is a need to buy at all and service the need internally or, if external expenditure is required, that it is made in a fair, open and transparent way.

Anyone who buys on behalf of the Council, including staff, contractors and consultants, is responsible for following these Orders, all relevant policies (see appendix 1) and the guidance provided by Procurement. Senior Officers (Heads of Service and above) are accountable for all procurement in their respective area of responsibility. Functions delegated to particular officers under these Orders may be carried out by other officers specifically authorised by them for that purpose.

**Note:** In these Orders, 'You' means anyone who needs to buy from an external supplier. 'Regulatory Threshold' means any relevant threshold applicable to procurement by English law or regulation.

### 1.1. Legal status of these Procurement Standing Orders

The Council is required by section 135 of the Local Government Act 1972 to maintain these Orders as part of the Constitution.

The Director of Procurement is the custodian of these Orders and is responsible for keeping them under review. If the law is changed in a way that affects these Orders, then the Director of Procurement will issue a bulletin and the change must be observed until these Orders are revised. Where there is a difference between current legislation governing procurement and these Orders, the legislation prevails.

### 1.2. Key Principles

These Orders are based on the following key principles:

- a. To ensure that the Council meets its statutory duty to deliver **best value for money** and creates healthy competition and markets for the Goods, Services and Works purchased
- b. To be **transparent** to our residents about how the Council spend their money
- c. To ensure that public money is spent **legally and fairly**
- d. To support **sustainability and social value** objectives, and our public sector **equality** duty, encouraging local small businesses.

### 1.3. Compliance

All officers and any external contractors empowered to form contracts on behalf of the Council must comply with these Orders at all times. Any breaches will be reported to the Audit and Governance Committee and you may be subject to disciplinary action in line with the Council's Disciplinary Policy.

Every contract made by the Council or on its behalf must comply with applicable laws, these Orders and the Council's Financial Regulations.

#### 1.4. Scope

Apart from the exceptions listed below, these Orders cover all spend with external suppliers regardless of how they are funded or which systems are used to place orders with suppliers. This also includes services sourced from other local authorities or public bodies under the relevant legislation.

These Orders do not apply to the following items, which are managed by separate policies:

<b>Exclusion</b>	<b>Relevant Policy/Law</b>
Contracts for the acquisition or lease of land and/or real estate	Managed via Property Services
Contracts for permanent or fixed-term employment	HR/Recruitment Policies
Works or orders placed with utility companies (e.g. re-routing pipe-work)	This is carried out as part of larger construction contracts
Direct payments to customers following care assessment (for example, payments under Self-Directed Support or Individual Budgets)	Section 12 of The Care Act 2014
Non-trade mandatory payments to third parties, such as insurance claims, pension payments, payments to public bodies	These are not subject to competition due to their nature
A declared emergency authorised by the Emergency Planning Officer	The Civil Contingencies Act 2004
Awarding of Grants	Managed according to locally agreed Grant process or Grant Procedure Rules.
Placement of a child with Special Educational Needs where already directed following statutory assessment	Children and Families Act 2014 and ESFA guidance 2019-20 para 86

#### 1.5. Roles and Responsibilities

The Director of Procurement is responsible for the complete process from procurement through to ordering and paying suppliers (known as 'Procure-to-Pay') across all Services

and local systems. Any developments in the design of the process require the approval of the Director of Procurement.

The Procurement Service is responsible for:

- a. Working closely with Commissioners and Directors to agree and deliver an Annual Procurement Forward Plan to be authorised by Cabinet
- b. Providing expert market knowledge to find the right suppliers for the Council
- c. Maintaining the contract management framework for how contracts are managed
- d. Taking a commercial lead on all major contracts and relationships with suppliers alongside the Contract Manager
- e. Ensuring transparency over spend, contracts and contract opportunities
- f. Embedding social value and sustainability across the supply chain
- g. Ensuring efficient and effective purchasing practices are in place for all staff
- h. Providing commercial support as required, alongside Legal Services, where a decision has been made to decommission or in-source a service
- i. Ensuring suppliers are aware of, and follow, the Council's Supplier Code of Conduct when bidding and carrying out contracts

Anyone who buys is responsible for:

- j. Complying with these Orders and all relevant policies (see appendix 1)
- k. Purchasing from existing contracts where they are appropriate and in place
- l. Ensuring there is adequate budget available for any purchase
- m. Raising a properly completed purchase order and ensuring it is approved *before* the requirements are delivered to the Council, regardless of which system is used
- n. Ensuring specifications meet the defined need and requirements and properly take into account equality and diversity as well as social value implications
- o. Ensuring that HR is consulted and the appropriate approval obtained for requirements of temporary workers or consultants outside any agreed corporate contract
- p. Following the guidance and procedures set out in the Council Contract Management Framework, according to the value, risk and complexity of the contract

Contracts are to be managed within Services, either by a dedicated contract manager or by a nominated officer who has these responsibilities as part of a broader role.

## 1.6. Annual Procurement Forward Plan

To enable the Council to maintain an accurate oversight of procurement activity across the full range of Council Services, the Director of Procurement is responsible for the development of an Annual Procurement Forward Plan (APFP). This to identify the following:

- a. For each directorate, all contracts over Regulatory Thresholds which are due for extension, renewal or replacement in the coming financial year, and the notice required for this
- b. The aggregate contract value across the life of the contract
- c. The procurement activity required
- d. The expected start date for procurement
- e. The expected start date of any new contract or extension
- f. Whether there is an option to extend the existing contract or not
- g. Whether the spend is capital, revenue or a combination

The APFP must be developed and agreed during the business planning cycle with the Directors of the relevant services, Finance and the Strategic Commissioning Unit. It is then submitted to Cabinet for approval. Once approved, the procurement activities listed in the APFP may proceed without the requirement for further approval provided the outcome is within +/-5% of the budget agreed with Finance when each procurement begins.

Where the outcome is not within these budget parameters, this must be reported as required in table 2.7a for approval in the case of overspend above 5%, or for information in the case of a saving greater than 5% being delivered. In the case of overspend the contract award must be put on hold pending approval.

If need arises during the year for procurement activity on contracts over the Regulatory Thresholds which have not been pre-approved through the APFP, then Approval to Procure must be sought by the Head of Service concerned before any procurement activity may begin. For capital projects, approval can be given by the capital programme panel then as below. For revenue projects, approval can be given as below:

Value under £1m	Head of Procurement (SCC), Executive Director in consultation with Portfolio Holder, and S151 Officer
Value over £1m	Head of Procurement (SCC), S151 Officer and Cabinet

## 2. Finding and contracting with Suppliers

### 2.1. Purchase Orders

Once you have found the right supplier as required by these Orders, you must not make verbal commitments but must raise a Purchase Order (via SAP or equivalent service-specific system). This must be approved in accordance with the Council's Financial Regulations before it is sent to the supplier, and before any goods or services have been received. Details of financial approval levels are available on the Intranet.

### 2.2. Using Purchase Cards

The Council makes use of general Purchase Cards, which are effectively like credit cards and are used to make small purchases in a wide range of situations.

You must use purchase cards only as set out in the 'Purchase Card Rules and Guidance', unless otherwise agreed in writing by Procurement, or in life-critical circumstances (see also section 4.2).

### 2.3. Temporary Staff, Consultants and Professional Services

Procurement works closely with HR to manage the Council's temporary workforce needs. This applies to any appointment that is outside the Council's direct employment arrangements. No temporary worker, agency, consultant or consultancy company may be procured or engaged outside of the existing framework without prior approval from HR.

A consultant is a person (not an employee), agency or firm engaged for a limited period of time on a project or requirement specific basis to carry out a specific task or tasks which meet a desired set of outputs or outcomes. A consultant provides subject matter expertise, support and/or experience to the Council either because it does not possess the skills or resources in-house or requires an independent evaluation/assessment to be made.

This definition excludes:

- a. Agency staff, interim or role specific duties which should be sourced through the Council's Corporate Contract.
- b. Routine services e.g. maintenance, cleaning and security.
- c. Professional services e.g. Architects, structural engineers, forensic archaeologists, specialist social care support, training, etc.

Refer to the HR Short Term Resourcing Needs policy for further guidance.

10

Temporary and agency staff, and other consultants or contractors, must abide by the terms of their contract with the Council and follow the Council's Code of Conduct and Conflict of Interest Policy.

## **2.4.Contract Value Calculation**

Contract value means the estimated total aggregate value payable in pounds sterling exclusive of Value Added Tax (VAT) over the entire contract period, including any extensions of the contract. Where the contract period is not fixed, the estimated value of the contract must be calculated by multiplying the monthly spend value by 48.

Contracts must not be artificially underestimated or disaggregated into two or more separate contracts with the intention of avoiding the application of these Orders or legislation.

In the case of Framework Agreements or Dynamic Purchasing Systems, the contract value must be calculated to include the total estimated value, net of VAT, of all the contracts envisaged to be awarded for the total term of the Framework Agreement or the Dynamic Purchasing System.

## **2.5.Grants**

The making of grants is not subject to these Orders. You must follow the rules and guidance for grant-making available on S-Net (see appendix 1) and take into account the legal requirements concerning State Aid.

## **2.6.Bribery, Corruption, Canvassing and Collusion**

### **Bribery and Corruption**

You must comply with the Code of Conduct and the Council's anti-fraud strategy. You must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for you, the officer, to prove that anything received was not received corruptly. Gifts and Hospitality must be recorded in the online register.

### **Canvassing and Collusion**

All Invitations to Tender must include a requirement for tenderers to complete fully and sign a form of tender including certificates relating to canvassing and non-collusion. Every contract must contain a clause entitling the Council to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor or his representative has practised collusion in tendering for the contract or any other contract with the Council.

## **2.7. Procurement and Contracting - Overview and summary table**

Any Procurement, including extensions and variations to Contracts set out in the Annual Procurement Forward Plan and approved by Cabinet, is deemed as authorised irrespective of the Contract value, and must be advertised, awarded and signed/sealed in line with table 2.7.a columns F-J.

Any procurement not authorised as above must be authorised in accordance with table 2.7.a column E below.

Procurement must maintain a proper audit trail of all approvals and decisions, and track the delivery of savings and benefits in line with the agreed Value Strategy agreed between Finance and Procurement.

## 2.7.a Summary table

A	B	C	D	E	F	G	H	I	J
Aggregate value including extensions	Purchase Card permitted?	Procurement Method?	How should you approach the market?	Who is authorised to carry out procurement?	Must the contract be formally advertised?	What type of contract is required?	Who must approve the contract award?	Who signs the contract on the Council's behalf?	Contract Award Notice needed?
<b>£0 to £24,999</b>	Yes if within rules & guidance and card limits	One written quote	Email / Call Supplier. Use a local supplier if they offer value for money	Service Officer	No	Standard Terms (see Council's website)	Budget Holder	Not Required – (Approval of Purchase Order)	No
<b>£25,000 to £181,301</b>	Only in formal emergency cases (see section 5.2)	Minimum of two quotes, but seek at least three. If using a framework, follow the rules for its use.	Contact Sourcing Solutions, who will lead sourcing activity	Sourcing Solutions, Procurement Service	Yes, must be published via Contracts Finder	Standard Contract in line with agreed level of risk and complexity	Head of Service or delegated manager	Head of Service or delegated manager	Yes – on Contracts Finder
<b>£181,302 to £999,999</b>	No	Goods and Services – Tender Works – Competitive quotations	Issue Tender via Procurement	If on APFP then Procurement, otherwise you must seek approval to procure (see section 1.6)	Yes, as required by Public Contracts Regulations	Contract in line with agreed level of risk and complexity	If within +/-5% of budget: Approved prior to tender. If not within budget: S151 Officer	Under 500k, Head of Procurement and Head of Service Over £500k: Sealed as a deed via Legal Services	Yes – as required by Public Contracts regulations
<b>£1m and over</b>	No	Works - up to £4,551,412 - Competitive quotations Works and Concession Contracts over £4,551,413: Full Tender or other compliant route Goods and Services: Full Tender or other compliant route Health, educational, cultural and social care related services above	Issue Tender via Procurement	If on APFP then Procurement, otherwise you must seek approval to procure (see section 1.6)	Yes, as required by Public Contracts Regulations	Contract in line with agreed level of risk and complexity	If within +/-5% of budget: Approved prior to tender. If not within budget: S151 Officer and under £5m, Portfolio holder, Over £5m, Cabinet.	Sealed as a deed via Legal Services	Yes – as required by Public Contracts regulations



### **3. Procurement methods**

#### **3.1.Tenders over Regulatory Thresholds**

Procurement is responsible for selecting the most appropriate route to market.

#### **3.2.Use of Selection Questionnaires (SQs)**

Procurement will apply minimum standards of experience, reputation and economic standing to suppliers to test their suitability to bid for a Council contract.

Procurement must use the Council's standard Selection Questionnaire and adhere to statutory guidance for all procurements of contracts above the relevant Regulatory Threshold.

Procurement must not use a two-stage process for contracts with a value less than Regulatory Threshold for goods and services, regardless of whether the contract is for goods, services or works (including Light Touch services).

All the methods and criteria used for assessing the suitability of suppliers must be transparent, objective and non-discriminatory.

#### **3.3.Contracts reserved for social enterprises and the employee-owned sector**

The Council may reserve participation in procurement processes for limited types of services contracts to certain qualifying organisations from the employee ownership and voluntary sectors. The maximum duration of contracts awarded under this power is three years.

Procurement must obtain approval from Legal Services before commencing a procurement in reliance on this Order.

#### **3.4.Evaluation**

Tenders over Regulatory Thresholds are evaluated based on the identification of the 'Most Economically Advantageous Tender (MEAT). This takes price into account, alongside quality and social value considerations, but does not require the tender to be awarded to the lowest priced bidder. The default split between the two will be 50/50, though this may be varied by procurement officers in consultation with clients and a Strategic Procurement Manager.

For all tenders over Regulatory Thresholds, a full record of all key decisions and process in relation to the procurement procedure must be kept in the Procurement Report, including such details as required by Regulation 84 of the PCRs.

#### **3.5.Collaboration with other public bodies**

The Council may enter into collaborative agreements for the procurement of goods and services with other public bodies or Central Purchasing Bodies where this offers best value for money for residents, for example via a Memorandum of Understanding rather than a contract. Where this is proposed, you must seek advice from Procurement in the first instance.

#### **3.6.Approved or 'Select' Lists**

The Council does not operate general 'approved' or 'select' lists of suppliers, instead a formal arrangement must be in place via either a framework agreement, a dynamic purchasing system or other mechanism compliant with regulations.

### **3.7. Framework agreements and Dynamic Purchasing Systems (DPS)**

All requirements to use existing frameworks or DPS, or to set up new ones, must be referred to Procurement, who will make appropriate arrangements in consultation with Orbis Public Law as required.

Where the Council accesses an existing Framework Agreement or DPS, the Framework Agreement or DPS terms and conditions of contract must be used, amended as appropriate as permitted by the Framework Agreement or DPS.

Before entering into these, due diligence checks must be carried out to demonstrate that the Council can lawfully access them and that they are fit for purpose and provide value for money.

### **3.8. Concession Contracts**

Concession Contracts are contracts under which the council outsources works or services to a contractor or provider, who then has the right to commercially exploit those works or services in order to recoup its investment and make a return. The key feature is that the contractor/provider bears the operating risk of the arrangement and so has no guarantee of recouping its investment or operating costs. Concession Contracts must meet certain requirements and advice must be sought from Procurement.

### **3.9. Sustainability and Social Value**

The Public Services (Social Value) Act 2012 places an obligation on the Council to consider the economic, social and environmental well-being of our area when we award contracts over Regulatory Thresholds.

Our procurement approach covers these areas:

- Economic Sustainability – we aim to purchase goods, works and services which enhance the local economy. We recognise the importance of Small & Medium Enterprises to the local community and ensure every effort is made to make our contract opportunities and tender processes accessible to them;
- Social Sustainability - we aim to purchase goods, works and services which promote community well-being, and that supply chain partners operate fair and ethical working practices;
- Environmental Sustainability – we aim to purchase goods, works and services which minimise our carbon footprint, encourage a positive impact on the local environment, and have the best value costs and benefits taking into account their whole life cycle from origination to disposal;
- Equalities & Diversity - we only purchase goods, works and services from suppliers who meet our standards of equality of employment and service delivery, and we ensure that the tender process is free from discrimination or perceived discrimination in accordance with the Council's Equality Scheme;
- Compact – where we are purchasing from the voluntary and community sector you must comply with the Compact Code of Practice on Funding and Procurement.

Procurement must carry out an assessment of relevant Social Value and record the results in the Procurement Report. Contract Managers should report social value delivery checks in line with the Contract Management Framework.

All suppliers to the Council are required to comply with all relevant environmental legislation and regulation, and any such superseding legislation. The Council may also introduce from time to time particular local and national policies which support environmental and sustainable procurement and Officers should include these in relevant procurement documentation and procedures.

### **3.10. Voluntary Ex-Ante Transparency Notice (VEAT)**

Should a VEAT Notice be assessed by the Head of Procurement (SCC) and Orbis Public Law as being required to manage potential risk to the Council, this will be approved by the Director of Procurement and Monitoring Officer, and a log of all published VEAT notices maintained by Procurement.

## **4. Waivers and Emergencies**

### **4.1. Waivers**

In the event that the application of these orders prevents or inhibits the delivery or continuity of service, a waiver may be sought. A waiver is required for any proposed procurement or contractual action which is not compliant with these Orders. A waiver cannot be given if it would contravene the Public Contracts Regulations 2015 or any other applicable legislation.

You must obtain approval for a waiver in writing specifically identifying the reason for which the waiver is sought, including justification and risk. All applications for waivers of these Orders must be submitted to the Director of Procurement who will seek additional agreement from Legal Services, if appropriate. A waiver cannot be granted retrospectively; this is viewed as non-compliance with these Orders and is reported to Council Corporate Overview Select Committee.

Procurement must maintain a log of all waivers and store documentation for waivers on the Contract Management System.

### **4.2. Emergency Purchases**

An emergency purchase is only allowed for purchasing outside the hours 9am to 5pm where there is an imminent risk to life or property. They also apply in situations outside these hours where there is a need to secure Council property or assets e.g. when there has been a break in or equipment failure, such as a flood. You can use a Purchase Card, within your allocated limits, to pay. If the supplier does not accept Purchase Cards then you may give a verbal order and raise a formal purchase order the following working day. You must also inform Business Operations of any emergency purchases on the following working day.

Issues arising with contracts leading to a requirement for urgent mitigation action are not necessarily considered Emergency Purchases. This will be dealt with as part of risk mitigation within the contract management process.

## **5. Liability and Security**

### **5.1. Insurance Liability**

To protect the Council, insurance is required where we use goods, works or services provided by a supplier (including consultancy).

The minimal levels of cover for Public Liability Insurance, Employers' Liability Insurance and Professional Indemnity Insurance are set out below:

- a. Public Liability - £10m
- b. Employers' Liability - £5m-£10m depending on the contract used
- c. Professional Indemnity - £1m-5m (undertake a risk assessment and take advice from the Insurance Team)

In some instances where the contract value, risk or scope may be particularly high, additional cover may be required. Equally, where some contracts may be suitable for micro business, lower levels of insurance may be considered. To obtain advice on what level of insurance is appropriate, contact the relevant officer within the Insurance Team. The agreed level of insurance should be recorded in the contract management system.

## **5.2.Financial Security**

Procurement and Finance must confirm that suppliers are financially robust both prior to contract award and during the life of the contract as appropriate. Details of the requirements or potential guarantees a supplier may need to provide must be set out in the procurement documents.

If either the total aggregate value of the contract exceeds £2m within twelve months, or there is doubt as to the financial credibility of a supplier but the Council has decided to accept the level of risk, then additional forms of security to a level determined between Legal Services and Finance are required, for example:

- a. a Parent Company, Ultimate Company or Holding Company guarantee where their financial standing proves acceptable;
- b. a Director's Guarantee or Personal Guarantee where finances prove acceptable;
- c. a Performance Bond, retained funds or cash deposit;
- d. any other security (such as escrow arrangements) as determined by Finance and/or Legal Services.

All documents inviting tenders and contracts issued must contain a statement that the supplier needs to provide security for performance and the level of security needed, financial checks to be applied on tenders, plus how financial suitability will be assessed and any checks that will be required during the life of the contract.

Additional documentation, where required, should be stored on the electronic tendering system.

## **5.3.Document Retention periods**

The retention of tenders and contractual documentation is prescribed in the Limitation Act 1980 and the Public Contracts Regulations 2015. In summary:

- a. All received Tenders & SQs must be retained for a minimum of eighteen months following the issue of the Contract Award Notice;
- b. All signed contracts under £499,999 (including all tender documentation) must be retained for a minimum of six years following contract expiry;
- c. All sealed contracts signed over £500,000 (including all tender documentation) must be retained for a minimum of twelve years following contract expiry.

Procurement must maintain an online record confirming the location of the contract/tender and scheduled date of destruction.

## **6. Managing Contracts**

All purchases must be delivered under a form of contract approved by Legal Services and Procurement. (Contracts can take various forms from Frameworks, Spot purchases, call off agreement and purchase orders). The Council manages the process of awarding contracts via its e-tendering and contract management systems, to ensure that contracts are properly filed and documented.

Where contract funding is received by the Council from a third party (for example, an incoming grant), the contract terms must include a provision for dealing with liabilities under the contract should that funding cease to be available.

### **6.1. Contract Segmentation and Management**

Heads of Service are responsible for the performance of contracts in their area in line with the contract segmentation model, and all Contract Management activities are to be delivered either by a dedicated contract manager or by someone with that responsibility as part of a wider role.

Procurement will assess the level of risk, value and complexity of managing a contract (known as 'segmentation') using a consistent model approach with six levels (1 being the higher value, higher risk, most complex and 6 the lowest). Procurement will provide support, training and guidance in line with the segmentation model.

All identified Level 1 and 2 contracts must have a written business continuity plan, to be held on the contract management system.

### **6.2. Contract Award Notices**

A full Contract Award Notice must be published no later than 30 days after the award of a contract for all contracts over the Regulatory Threshold values, excluding call-offs from framework agreements. For all contracts called-off from a DPS, the Notice must be published within 30 days of the call-off or be grouped together and published on a quarterly basis within 30 days of the end of each quarter.

For contracts above threshold and where commercial sensitivity or personal information is associated with the publication of this information, please contact Procurement for advice.

For all other contracts under Regulatory Thresholds a simplified Contract Award Notice must be published on the Contracts Finder website for all contracts awarded over a value of £25,000 (including all call-off contracts from Framework Agreements) as soon as is reasonably practicable after the conclusion of the contract.

### **6.3. Contracts Register**

All contracts over £25,000, including any variations or amendments, must be registered and maintained in the Electronic Contract Management System (eCMS) managed by Procurement. Data regarding contracts may also be maintained in other systems.

All original signed contracts must have a completed summary contract certificate and be stored in a secure fireproof location.

All contracts over Regulatory Thresholds must have a designated Contract Manager throughout the life of the contract as defined in the Council contract management framework segmentation model.

## 6.4. Contract Modifications and Extensions

### Permitted Extensions

Contracts that have been originally advertised with extension options can be extended subject to acceptance in accordance with Table 2.7.a. and under Regulation 72 of the Public Contracts Regulations 2015. Extensions or renewals and certain amendments of an existing Contracts can be made without triggering a requirement for a new Procurement exercise.

### Modifications

For contracts over the Regulatory Threshold, you must obtain the agreement of the Director of Procurement and Legal Services before any material modifications are made, to confirm that they are lawful and whether publication of a “Notice of modification of a contract during its term” is required.

All amendments must then be recorded in writing, signed appropriately and retained with the original contract on the Contract Management System.

**In addition** to the regulatory provisions, contracts may only be extended or varied if *all* of the following conditions have been met:

- a. the initial contract was based on a competitive tender or quotation process compliant with these Orders
- b. the value of the extension or variation added to the value of the original contract does not exceed the original authorisation threshold in Table 2.7.a
- c. the extension or variation has an approved Budget allocation

If any of the conditions above cannot be met, then a new procurement exercise must be initiated.

Where a variation or extension moves the total value of the Contract into a higher threshold, then acceptance must be sought in accordance with Table 2.7.a.

Procurement guidance is available on the Intranet setting out the circumstances under which contract modifications or extensions are permitted by Regulation 72 in the Public Contract Regulations 2015, or superseding legislation or regulation.

## 6.5. Contract Novation

Where a contractor sells, merges or transfers their business to another organisation, the existing contract(s) the Council has with that contractor should be novated if this is acceptable to the Council. When this situation arises, Legal Services will review the existing contract and the requested novation to determine acceptability. Legal Services will also ask Finance to review the previous appraisal carried out when the contract was let and apply this to the proposed new organisation to ensure the contract will be financially robust. If a novation is agreed, then the revised contract will be passed to Procurement Sourcing Solutions who will update the contract register and ensure that the master data is updated on the relevant purchase to pay system.

## 7. Paying our suppliers

### 7.1. Invoice Payments

The Council aims to move all invoicing to electronic format to make it easier for our suppliers to trade with us and to track the progress of orders and payments

Suppliers must issue all invoices via the route provided by Business Operations. No invoice may be received or processed directly by a Service unless it is agreed as a payment exception by the Director of Procurement, who may agree general exceptions where Service-specific systems are in use. Business Operations are responsible for maintaining a register of all agreed payment exceptions.

All invoices received in Business Operations must include a purchase order number. Invoices without a Purchase Order number will be returned to the supplier.

Suppliers cannot be paid until you have confirmed that the requirement has been satisfactorily delivered. It is the responsibility of the recipient of the Goods or Services to ensure all purchases are receipted to the appropriate value and in a timely fashion.

### 7.2. Payment Terms

The standard payment terms are 30 days from the invoice date, with payments made via BACS (electronic bank transfer). If a Supplier has identified themselves as an SME ("small or medium enterprise"), they can be paid on preferential payment terms of 10 working days.

You must obtain the agreement of Director of Procurement and a Finance Manager or authorised delegate for any other deviation from the standard payment terms. This must be in writing as a Payment Exception.

Where payments are agreed in advance, appropriate review of a supplier's financial stability and standing and due regard for risk in the event of supplier failure must be undertaken and agreed by the Director of Procurement and the relevant Finance Manager.

## 8. Disposing of surplus goods

Disposal of surplus materials, goods or assets (including recycling of materials that have a scrap value), must have adequate defined processes and controls to ensure that the council receives proper reimbursement, where appropriate and cost effective.

In principle, for assets being sold with a value of:

£0 - £14,999	A minimum of 1 bid is required
£15,000 - £99,999	A minimum of three bids must be invited
£100,000 and over	A minimum of three sealed bids must be invited

You must seek advice from Procurement when making valuations and the book value of the asset will be primarily used to calculate value. In most cases, it is anticipated that the highest bid received will be accepted.

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Where recycling of materials can be progressed to sale or scrap, the council may enter into a profit share arrangement with Contractor. Examples are construction, servicing and repair type contracts, where scrap metals or building materials can be re-sold. The contractor will need robust processes to define how they deal with disposal and council authorisation to sell scrap value materials or goods.

Care must be taken to ensure that environmental sustainability as well as security and other associated issues and obligations (including those from the Data Protection Act and WEEE Regs) are considered and complied with when disposing of goods.

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## Appendix 1 – policies relevant to these Orders

All Officers must follow the Council's policies, in particular those relevant to these Orders, which are listed below.

[Financial Regulations](#)

[Scheme of Delegation](#) (see part 3 of the Constitution)

[Code of Conduct](#)

[Conflict of Interest](#)

[Ethical Procurement Statement](#)

[Counter-fraud Strategy](#) (see part 6 of the Constitution)

[Scrutinising Contracts Protocol](#) (see part 6 of the Constitution)

[Strategic Grants Process](#)

Procurement in the UK is regulated by:

[The Public Contracts Regulations 2015](#)

[The Concession Contracts Regulations 2016](#)

[The Public Services \(Social Value\) Act 2012](#)

**SURREY COUNTY COUNCIL  
CABINET**



**DATE:** 30 APRIL 2019  
**REPORT OF:** MR MATT FURNISS, CABINET MEMBER FOR HIGHWAYS  
**LEAD OFFICER:** JASON RUSSELL EXECUTIVE DIRECTOR COMMUNITY PROTECTION, TRANSPORT & ENVIRONMENT

**COMMUNITY VISION OUTCOME:** COUNCIL

**SUBJECT:** ADVERTISING & SPONSORSHIP POLICY IMPLEMENTATION

**SUMMARY OF ISSUE:**

In order to be able to progress additional income opportunities arising from sponsorship and advertising, the county council needs to implement a new policy. The proposed policy provides guidance to ensure that appropriate measures are in place to facilitate these opportunities in accordance with the county council's priorities.

**RECOMMENDATIONS:**

It is recommended that:

1. The proposed advertising and sponsorship policy is agreed.
2. A number of trial advertising projects are progressed across the county on Surrey County Council (SCC) infrastructure to assess the potential future opportunities.
3. Future changes to the policy are delegated to the Head of Highways & Transport in consultation with the Cabinet Member for Highways.

**REASON FOR RECOMMENDATIONS:**

Several departments across SCC are currently exploring advertising opportunities as a means to generate income to help support the delivery of frontline services. Progression of these opportunities should follow an agreed SCC policy to ensure that appropriate consideration is given to each opportunity and that a consistent approach is applied across the county council.

**DETAILS:****Business Case**

1. Advertising and sponsorship opportunities have been utilised by numerous Local Authority bodies as a means to promote their own campaigns/messages and to generate income that can be reinvested in services, such as Transport for London (TfL). This includes traditional poster based advertising as well as utilising newer technologies such as digital displays.
2. Currently SCC's advertising and sponsorship activity is limited to bus shelter advertising arrangements and roundabout sponsorship. For example, there are some existing arrangements in place with the Districts and Boroughs for bus shelter advertising whereby income from commercial advertising is used to offset the maintenance cost of the shelter.
3. As part of the county council's transformation programme several SCC departments have been exploring the potential to facilitate commercial advertising opportunities as a means to generate income in support of the council's financial position.
4. Subject to implementation of the policy, trial projects are planned at Community Recycling Centre sites and on assets/land adjacent to or on the Highway. Advertising on trial sites must be as permitted by s115 A to K of the Highways Act 1980. Multiple locations across Surrey are currently being considered for suitability and inclusion in a trial. Based on initial research, the level of interest and scale of return is highly dependent on the advertising location.
5. In order to be able to proceed with the trial projects and establish the longer term viability of the advertising opportunity, the implementation of a policy is required. The proposed Advertising & Sponsorship Policy, attached as Annex 1, sets out the policy objectives, restrictions and outline procedures. The content of the policy aims to be reflective of SCC priorities whilst also enabling any potential advertising opportunity to be considered and progressed.

**CONSULTATION:**

6. Progression of any advertising will need to follow the required procedures. Advertising will need to secure advertising consent from the local planning authority. Officers from the Districts and Boroughs have been informally engaged on the potential trial schemes in advance of SCC submitting a formal application. Where advertising is placed on land leased to our partners, we will give them an opportunity to comment and consider their views.

**RISK MANAGEMENT AND IMPLICATIONS:**

7. There is a risk of public challenge regarding the location as well as the content of any advertising. These risks are mitigated by the inclusion of parameters and scrutiny of the advertising content as set out in the proposed policy, sufficient to protect SCC's reputation.

## **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

8. Successful advertising and sponsorship arrangements should assist the overall budget position by providing offsetting or additional income to alleviate pressures and help deliver services to residents. It is expected for the commercial advertising opportunities that an external supplier will be procured to manage the process. Staff resource will initially be required to progress advertising opportunities with the relevant suppliers. It is anticipated that in the short term this will be covered through existing resource, with the longer term requirement being determined through the progression of the trial projects.

## **SECTION 151 OFFICER COMMENTARY**

9. Surrey County Council is facing significant financial challenges arising from increasing cost of, and demand for, services, and reducing government funding. An agreed Advertising and Sponsorship Policy will provide a consistent framework within which the council can develop and implement opportunities, with the objective of generating income to support the provision of services.

## **LEGAL IMPLICATIONS – MONITORING OFFICER**

10. Advertising and production of income thereby is permitted on certain classes of highway land pursuant to s115 A-K of the Highways Act 1980. Advertising on land outside the limits of the highway will require the consent of the landowner. All commercial advertising will require express consent by the local planning authority pursuant to the Town and Country Planning (Control of Advertisements) (England) Regulations 2007 (as amended).

## **EQUALITIES AND DIVERSITY**

11. Provisions have been made within the proposed policy to take into account equalities and diversity in the implementation of the policy. On this basis an EIA is not required.

## **PUBLIC HEALTH IMPLICATIONS**

12. Advertising content with public health-related messaging will be scrutinised as set out in the advertising policy in order to support the council priorities in this area.

## **WHAT HAPPENS NEXT:**

13. Trial projects need to be confirmed and a procurement exercise undertaken to advertise the opportunity to the market. Assuming a positive response is achieved from the market, a trial will subsequently be progressed. It is anticipated this will happen in the second quarter of 2019/20 pending resource availability. Any additional or revised opportunities will be considered following a review of the outcomes of the trial projects.

**Contact Officer:**

Lucy Monie, Head of Highways & Transport, 020 8541 9896

**Consulted:**

Cabinet Member for Highways

Officers from the following SCC services: Commercial Services, Trading Standards, Finance, Legal, Property, Communications, Public Health, Highways & Transport, Environment

Officers from Districts & Boroughs: Finance & Highway/Environment

**Annexes:**

Annex 1- Advertising & Sponsorship Policy

**Sources/background papers:**

None

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## ADVERTISING AND SPONSORSHIP POLICY

### APRIL 2019



#### 1. Background

- a. The following policy sets out Surrey County Council (the "Council")'s definition of "advertising" and "sponsorship" and the terms upon which the advertising and sponsorship may be both sought and accepted by the Council.
- b. The Council is committed to developing appropriate advertising and sponsorship opportunities, to support its core activities either directly or indirectly. It will encourage commercial relationships which do not conflict with the delivery of its strategic goals. The policy aims to provide advice to Council employees and prospective advertisers and sponsors on what is, and what is not, acceptable advertising for the Council. The policy relates to advertising and sponsorship opportunities connected to the Council's assets, services, events and other activities that it has responsibility for.
- c. For the purposes of this policy, "advertising" and "sponsorship" is defined as: "an agreement between the Council and the advertiser or sponsor, where the Council receives financial or other benefit from an advertiser or sponsor in consideration of which the advertiser gains publicity in the form of an advertisement place in accordance with this policy.

#### 2. Required standards for approval of advertising and sponsorship

- a. The Council retains the right in all cases to authorise, prior to publication, any advertisement in controlled print, broadcast or electronic media placed on assets or premises either owned or controlled by the Council.
- b. This policy does not provide an exhaustive list of permissible advertising but aims to outline the criteria and guidance as to what kind of advertising may be deemed permissible by the Council.
- c. As a minimum, all advertising must comply with the following criteria:
  - i. Must fall within the guidelines laid out by the Advertising Standards Authority (ASA) as published on the [ASA website](http://www.asa.org.uk) from time to time (currently available at [www.asa.org.uk](http://www.asa.org.uk));
  - ii. Must uphold the rules laid out in the [UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing](http://www.cap.org.uk/Advertising-Codes/Non-broadcast-HTML.aspx) (the "CAP Code") as published from time to time (currently available at <http://www.cap.org.uk/Advertising-Codes/Non-broadcast-HTML.aspx>); and
  - iii. Must follow the [Code of recommended practice on Local Authority publicity](https://www.gov.uk/government/publications/recommended-code-of-practice-for-local-authority-publicity) as published from time to time (currently available at <https://www.gov.uk/government/publications/recommended-code-of-practice-for-local-authority-publicity>)

### 3. Objectives

- a. In line with the Council's commercial ambitions and business development the Council shall ensure that:
  - i. the selection and placement of advertising locations takes into account road safety, environmental aesthetics and compliance with all local planning requirements;
  - ii. the Council maximises opportunities to obtain commercial advertising and sponsorship for appropriate events, activities, campaigns, facilities, assets or initiatives whilst also offering advertisers and/or sponsors attractive packages offering value for money and an appropriate return for the Council;
  - iii. the Council's legal position and reputation is adequately protected by having appropriate advertising and sponsorship agreements in place in line with the Council's contract approval and procurement policy;
  - iv. appropriate consideration is given to community and not-for-profit organisations to continue to publicise events and activities at reduced or no cost;
  - v. the sponsor fully and effectively indemnifies the Council from and against all claims, costs or demands arising from the sponsor's activities and/or advertising message; and
  - vi. consideration will be given to alignment with relevant District and Borough advertising policies;

### 4. Restrictions

- a. The Council is keen to encourage advertising and sponsorship. However, because of the Council's responsibility as a local authority, advertisers and sponsors must recognise that there are some restrictions on the advertisements the Council may consider.
- b. An advertisement will not be accepted if, in the reasonable opinion of the Council it:
  - i. Does not follow the rules as set out in the UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (the "CAP Code") as published from time to time (currently available at <http://www.cap.org.uk/Advertising-Codes/Non-broadcast-HTML.aspx>);
  - ii. may result in the Council being subject to legal action;
  - iii. inhibits the council's ability to achieve its policy objectives;
  - iv. discriminates against people with one or more protected characteristics within the terms of the Equality Act 2010
  - v. is the subject of a complaint to the Advertising Standards Authority and upheld by such Authority as a legitimate complaint;
  - vi. infringes on any trademark, copyright, patent rights or, any other personal or proprietary right of any persons, breaches any contract to which it is a party, or renders the Council liable to prosecution or civil proceeding;
  - vii. may bring the Council into disrepute or cause negative publicity; and
  - viii. may be contrary to the law governing activities and functions of the council.

- c. The Council will evaluate the suitability of all advertisements or sponsorships before including them on/through its channels and all advertisements or sponsorships are accepted at the Council's absolute discretion. The list above is not exclusive and the Council may consider prohibiting other companies/organisations offering products or services which could be deemed inappropriate, or give a negative impact on the Council or which may be considered unethical by the wider community.
- d. Private sector companies who provide services which compete with services provided by Surrey County Council or other public sector organisations may advertise. However, this policy toward competitor advertising will be reviewed as required.
- e. The Council retains absolute discretion to reject any request for advertising space in any location from external vendors.

## 5. Procedures

- a. Before agreeing advertising or sponsorship, Council officers will consider this policy document and follow the guidelines provided.
- b. Details of the advertising and sponsorship opportunities will be available, where possible, via the Councils website, through a third party provider and/or directly through the service area.
- c. Depending on the value (monetary and/or benefits in kind) to be received from an advertising or sponsorship agreement, additional steps may be taken to advertise the opportunity to alternative potential sponsors to gain best value for the Council.
- d. All potential advertisers and sponsors should be referred to the policy for information and guidance.
- e. All advertising and sponsorship proposals must be approved in consultation with the appropriate Service management representative and other relevant teams as required, including Legal Services.
- f. Wherever possible contract terms should state that payment should be made in full prior to the commencement of the agreed advertising and sponsorship activities. It is accepted that this may vary depending on the nature of the advertising and sponsorship package, value and length of the agreement.
- g. Planning approval processes must be complied planning permission must be attained from the Local Planning Authority (LPA) when relevant.

## 6. Marketing and media relations

- a. Media relations for all advertising and sponsorship agreements will be undertaken by the relevant Council Officer Team, unless otherwise agreed.

- b. All media information produced by the advertiser or sponsor must comply with regulations, be of suitable quality and approved by the services lead service Officer before implementation.
- c. The use of sponsors' logos and other branding must not interfere or conflict with the Council's own corporate identity.
- d. The use of the Council's corporate identity within any advertisers or sponsors publicity must be approved by the Communications Team.
- e. Evidence based evaluation should be obtained where possible to assist return on investment purposes along with future decisions.

#### 7. Disclaimer

- a. The Council reserves the right to omit or suspend an advertisement at any time which is determined to be in breach of the policy, in which case the contract with the advertiser shall stipulate no claim for damages or breach of contract shall arise. Such omission or suspension shall be notified to the advertiser as soon as possible.
- b. The Council reserves the right to approve all advertising and/or artwork before publication or display through the Council's channels.
- c. Any advertising accepted for these locations should be in keeping with the Council's corporate priorities as set out in the corporate plan.
- d. The Council will not accept advertising where this would contravene planning or highway law or any regulations.
- e. By selling advertising, the Council is competing with private sector media. The Council will therefore ensure that it does not in effect subsidise the advertising opportunity. It will attempt to make sure that advertising space is sold at market rate and that the website and other council media are not 'over populated' with advertising space.
- f. Acceptance of advertising or sponsorship does not imply endorsement of products and services by the Council. Any advertisement which explicitly or implicitly refers to endorsement of an advertising message by the Council will not be considered for publication. The Council does not accept any liability for any information or claims made by the advertisement or by the advertisers. Any inclusion of the Council's name on a publication should not be taken as an endorsement by the Council.

#### 8. Conflict of Interest

- a. Council Officers and members are required to declare in advance if they have any personal interests, involvement or conflicts of interest with any potential sponsors or advertisers. In the event of a conflict of interest, that Officer or member will take no part in the consideration of advertising and sponsorship with that particular organisation.

- b. The Council will welcome all opportunities to work with advertisers or sponsors where such arrangements support its core values. However, it will not enter into a sponsorship agreement if, in the reasonable opinion of the Council, the agreement:
  - i. may be perceived as potentially influencing the Council or its officers in carrying out its statutory functions in order to gain favourable terms from the Council on any business or other agreement;
  - ii. aligns the Council with any organisation or individual which conflicts with its values and priorities; and
  - iii. The Council will not therefore enter into sponsorship agreements with:
    - 1. Organisations which do not comply with the Council's Advertising Policy (above) or the Advertising Standards Authority code of practice;
    - 2. Organisations in financial or legal conflict with the Council;
    - 3. Organisations with a political purpose, including pressure groups and trade unions; and
    - 4. Organisations involved in unlawful discrimination against people with one or more protected characteristics within the terms of the Equality Act 2010.
- c. The list above is not exhaustive and the Council retains the right to decline advertising or sponsorship from any organisation or individual or in respect of particular products which the Council in its sole discretion considers inappropriate.

#### 9. Policy Review

- a. This policy will be reviewed every 2 years or earlier depending on market and/or organisational changes.

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**SURREY COUNTY COUNCIL  
CABINET**



**DATE: 30 APRIL 2019**

**REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL**  
**LEAD OFFICER: MICHAEL COUGHLIN, EXECUTIVE DIRECTOR OF TRANSFORMATION, PARTNERSHIPS AND PROSPERITY**  
**COMMUNITY COUNCIL VISION**  
**OUTCOME:**  
**SUBJECT: DELIVERING THE COMMUNITY VISION FOR SURREY IN 2030: WORKING WITH PARTNERS AND RESIDENTS**

**SUMMARY OF ISSUE:**

Working in partnership is key to achieving better outcomes for residents. We know we can't realise the aspirations in the [Community Vision for Surrey in 2030](#) (Vision for Surrey) alone - all organisations in Surrey with a role in delivering the Vision need to collaborate effectively. This report sets out the progress we're making to strengthen partnership working across the county.

Residents have a critical role in delivering the Vision by helping themselves and others in their communities less able to support themselves. Evidence confirms there are solid foundations in Surrey to enable this. The report explains how we are changing our relationship with residents and how we will work with partners to create more opportunities for residents to participate in their communities.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Endorse the direction of travel for improving how we work with partners and residents;
2. Endorse the partnership commitment in Annex A and recommend it is presented to the Council meeting on 21 May 2019 for approval; and
3. Agree that a new model for locality partnership working in Surrey is developed with partners, with a view to foundational new arrangements being in place by October 2019, with full operation by March 2020.

**REASON FOR RECOMMENDATIONS:**

The council has committed to being a better partner, and is focused on developing stronger relationships with partners. This is a central principle of our [Organisation Strategy](#) as it will help us to deliver our contribution to the Vision for Surrey.

Developing new relationships with our residents, and enabling new opportunities for our residents to participate, underpins the successful realisation of one of the ten ambitions in the Vision:

*Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.*

#### DETAILS:

#### **Partnerships for stronger communities**

1. A clear foundation for delivering the Vision for Surrey for the benefit of residents is to have strong communities across the county. This means having communities where:
  - There are strong and active social networks
  - No-one is socially isolated
  - Community assets are known and used to the full
  - Individuals and families support one another
  - People are healthy and well, happy and safe.
  
2. We have spent the last six months working with our partners to organise strategic partnerships in ways that strengthen existing, and forge new, relationships that will help achieve the Vision for Surrey. For instance:
  - A [draft Joint Health and Wellbeing Strategy](#) has been developed, which is the product of unprecedented collaboration between the NHS, Surrey County Council, district and borough councils and wider partners, including the voluntary, community and faith sector (VCFS) and the police.
  - Supporting children and young people in Surrey to fulfil their potential and keep them safe is some of the most important work we do. This includes looking at how we work with colleagues in the health sector, schools, police and VCFS.
  - ‘Surrey Next’ signals a new and co-ordinated way for the district, borough and county councils to work together to achieve outcomes for the residents we collectively serve. A number of workstreams have been identified to form the scope of Surrey Next.

#### **A strengthened commitment to partnership working**

3. Partners across the county – district and borough councils, public sector organisations, the VCFS and businesses - face multiple, complex and, in some cases, interrelated challenges, including demographic changes, rising service demand, government policy changes and uncertainty, and the cumulative impact of reducing resources.
4. Through the engagement work on the Vision for Surrey, it became apparent that, given these challenges, the ambition of the Vision could only be secured through effective partnership working. Discussions with partners identified both where partnerships were working well and how we needed to change and improve the way we work together. Evidence from the [engagement exercise on the Vision](#) also highlighted residents’ expectations that partners work in a joined up way.
5. The behaviours, positive relationships and ways of working that partners adopt when collaborating are critical to success, and are just as, if not more, important as defining the priorities they work on and the support they need to deliver. In response to feedback from partners and residents, we set out our intention to work with partners to develop a partnership commitment to define these.

6. Through two partner workshops held in February 2019, we co-designed a draft partnership commitment that sets out expectations of each other as partners (Annex A). Other key conclusions from the workshops were:
- All partners have a responsibility to take ownership of the Vision for Surrey and to promote it with stakeholders less familiar with it
  - It is important for partners to use their knowledge, skills and experience to complement the work of others, and to avoid duplication
  - Being better partners means being honest and flexible to take account of each organisation's interests
  - We shouldn't lose sight of the outcomes we are trying to achieve
  - Partners need to develop more opportunities for residents to contribute to their communities. This includes removing some of the barriers that can prevent people contributing, such as the formal nature of some voluntary roles and commitments.
7. Cabinet are requested to endorse and support the partnership commitment in Annex A, as a statement of its support for continued work to improve partnership working across the county and as a leader of this initiative. It is recommended Cabinet presents the commitment to the Council on 21 May 2019 for adoption.
8. Whilst there is some exemplar work going on with businesses in Surrey, with organisations using their corporate social responsibility (CSR) to bring benefit to the voluntary and community sectors, there is untapped potential in the business sector. In partnership with Councils for Voluntary Services (CVSs) in 2017/18, we recorded 2,000 CSR related volunteering days, and there is more engagement we will do with CVSs and businesses across Surrey to build on this. We will carry out more engagement with businesses, aligning this with the priorities and principles in the Vision for Surrey 2030.

### **Future of locality partnership working**

9. Our ambitions for better partnership working across the county, coupled with the wider strategic environment, mean it is timely to rethink the future of locality partnerships, based on district and borough geographies, in Surrey.
10. To build on the 2018 review of Local and Joint Committees, and recognising the strong track record of locality partnership working in the county, we have started to speak with the Leaders of Surrey's district and borough councils and the Chairmen of the Local and Joint Committees on what future locality partnerships could look like. These discussions have tested the following design principles:
- Genuine partnerships of equals where no-one dominates
  - Real devolution to local level, not delegation of responsibilities
  - More about better outcomes for residents, less about governance
  - Trust, not enmity
  - Aligning priorities, planning and resources at a local level, not 'cost shunting'
  - Relationships, not process.
11. It is fully acknowledged that each place has its own unique challenges and priorities to address, and the new partnerships will need to be tailored to take account of them. Early thinking on the characteristics of such local partnerships include:
- Build on whatever is in place and proving effective
  - Chaired by districts and boroughs
  - Opportunity to align funding against shared priorities and activities (possible agreement to pool some, over time)

- Devolve decision-making over defined matters
- Comprised of senior representatives, able to endorse or take decisions on behalf of their organisations.

12. As more detailed proposals are developed and co-designed in partnership with localities, we will work closely with partners outside the local government sector to understand their potential contribution and their place on the new partnerships, as well as any mutual dependencies and alignment the new bodies would need to have with existing partnerships. There are opportunities to make local governance more efficient by, for example, aligning the work of each district and borough's Community Safety Partnerships with the new partnerships.

13. We anticipate an initial stage where all local areas will have at least the foundations in place of a local partnership body by autumn 2019, with further work being undertaken to establish them in full by April 2020. We will work with local areas to plan for the necessary changes to current Local and Joint Committees in anticipation of the new arrangements beginning. This will include looking at the best way to manage funding and decision making arrangements that are currently in place through the Local and Joint Committees.

### **Working differently with residents**

14. Residents have a crucial role to play in making Surrey's communities stronger. We want to work with partners to create an environment where residents, individuals and families are resilient and can support one another to create stronger communities.

15. During the engagement exercise in 2018 on the draft Vision for Surrey, residents said they valued the strong community spirit in the county, supported by friendly, caring and supportive people. Evidence from the Surrey Residents' Survey (Annex B) supports this.

16. Surrey has a strong VCFS with over 6,000 organisations estimated to be operating across the county. They, along with other local partners including district and borough councils, have facilitated and developed numerous initiatives and projects over the years to enable residents to have a greater role in their communities, e.g. Good Neighbour Schemes – community based care and support for local residents who need help with some of the basics in day-to-day living.

17. Building on this, we are starting to change our relationships with residents through our transformation programme, such as having different conversations with residents to support them to recognise their own strengths and abilities to look after themselves and others. Through discussions with elected members and partners, and visits to areas that are seen as leading the way in resident engagement and participation (including Wigan and Barking & Dagenham), a range of ideas have been put forward to further change relationships with residents in Surrey, including:

- Building bridges between people within communities who do not normally interact with each other
- Creating opportunities that will give people a sense of individual fulfilment
- Continued and systematic engagement with residents on getting involved in their community
- Organisations developing infrastructure to support residents to participate, whether through digital platforms, funding or other resources.

18. Based on our research, discussions with stakeholders, learning from others and existing work to support this agenda, we propose to take forward work around the following themes over the next six months:

- Social connections – bringing residents together to strengthen relationships within communities and creating new opportunities to build on the community spirit that already exists
- Social action – working with communities to identify practical solutions to deliver better outcomes, particularly for those that are most vulnerable
- Social innovation – taking grass-roots ideas for improving communities and working with partner organisations to help them be nurtured and to flourish. There may also be opportunities to learn lessons or scale up and replicate good practice across Surrey
- Insight – including developing a better understanding of the enablers and barriers to community participation in Surrey
- Social infrastructure – the processes and tools that support greater community participation, for example, funding for community projects or digital platforms that provide information and resources.

19. We recognise that changing our relationship with residents at scale will take time. Cabinet will receive an interim progress update in the summer, followed by a fuller report to its meeting on 29 October.

#### **CONSULTATION:**

20. A wide range of engagement activity has taken place including:

- Facilitating two workshops with partners from the VCFS, district and borough councils and health on 13 and 25 February 2019
- A seminar for county council elected members on working with partners and residents on 18 March 2019
- Discussion with Surrey district and borough Leaders on 3 April 2019
- Discussion at the meeting of Local and Joint Committee Chairmen on 9 April 2019.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

21. If partners and residents do not buy in to the value of this work, they are less likely to commit to and engage in it. Having a clear rationale for change and helping stakeholders understand the tangible benefits will be a crucial mitigation for this.

22. Presenting the partnership commitment to Council, and raising awareness of this with officers, gives some practical steps for behaviours that elected members and officers should be observing when working with partners and residents. This will ensure partners are being treated with the respect and transparency they deserve from us.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

23. There are no immediate direct financial implications arising from this report.

#### **SECTION 151 OFFICER COMMENTARY**

24. These proposals do not yet have any direct financial implications. As the council's partnership working develops there may be a requirement for joint or community based budgets and/or contributions required to jointly fund initiatives. Any potential financial

implications will be developed alongside the further partnership work outlined in this paper.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

25. At this point the decisions that the Cabinet is being asked to make are limited to the approval of a direction of travel and underpinning statement of principles (partnership commitment). There are no legal implications that flow from this. The position will need to be reconsidered when the new model for partnership working is developed.

#### **EQUALITIES AND DIVERSITY**

26. There are no direct implications for equality and diversity arising from the decisions made on this report.

27. One of the potential benefits of strengthening relationships with partners and residents is likely to have a knock-on effect on improving the experiences and outcomes for some of the county's most vulnerable residents, such as some older residents who may be less able to take care of themselves.

28. Moving to a new relationship with residents is likely to open up new opportunities for residents with protected characteristics to influence decisions and be part of co-design processes for services. This could then lead to services that are more inclusive and better take account of the needs of Surrey's diverse population.

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

29. Next steps include:

- Co-designing a new future model for locality partnership working in Surrey with partners
- Engagement with businesses to drive a more coherent partnership working environment
- Developing clearer insight of the factors that support or prevent residents being able to actively contribute to their local communities
- Insight used to establish infrastructure and support to enable more residents to make a local contribution
- Review with partners to determine how we can bring to bear our collective resources to support social action and community participation
- Finding ways to streamline partnership governance to make the landscape easier to navigate and reduce duplication and waste
- Supporting more residents to be active contributors to their communities.

30. Cabinet will receive further update reports at their meetings on 16 July 2019 and 29 October 2019.

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#### **Contact Officer:**

Adam Whittaker, Policy and Strategic Partnerships Manager, 020 8541 9441

#### **Annexes:**

Annex A – Draft Partnership Commitment

Annex B – Community cohesion and participation in Surrey – key metrics snapshot

**Sources/background papers:**

- [Draft Surrey Health and Wellbeing Strategy](#)
  - MEL Research: [Future of services: results from residents survey – Surrey County Council January 2019](#)
  - New Local Government Network (2019), [The Community Paradigm: Why public services need radical change and how it can be achieved](#), published February 2019
  - [Our Surrey: Report on engagement feedback on the Vision for Surrey in 2030, September 2018](#)
  - Report to Council, A Community Vision for Surrey in 2030, 9 October 2018
  - Report to Cabinet, Cross-Party Review of Local and Joint Committees, 17 July 2018
  - Surrey Community Action, [Beyond Tomorrow: State of the sector \[VCFS\] survey report 2016](#)
  - Surrey County Council Organisation Strategy 2019 - 2023
  - Surrey Residents Survey Quarter Three 2018/19 results
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# Draft Partnership Commitment

Residents, communities, voluntary and charitable bodies, faith groups, organisations, public sector bodies, businesses and others from across Surrey developed a Community Vision for Surrey in 2030 over the summer of 2018.

We all recognised that we need to work better and differently together to make the Vision for Surrey a reality, to better meet the needs and aspirations of the people of Surrey.

We agreed that it would be powerful and helpful to individually and collectively commit to doing so and to document that commitment as a record of our shared endeavour.

At two workshops with partners in February 2019, we reviewed a draft 'partnership commitment' which set out the principles for how we will work together.

# VISION FOR SURREY IN 2030

By 2030 we want Surrey to be a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind.

We want our county's economy to be strong, vibrant and successful and Surrey to be a great place to live, work and learn. A place that capitalises on its location and natural assets, and where communities feel supported and people are able to support each other.

This is the Vision for Surrey in 2030

## OUR AMBITIONS FOR PEOPLE ARE:



Children and young people are safe and feel safe and confident



Everyone benefits from education, skills and employment opportunities that help them succeed in life



Everyone lives healthy, active and fulfilling lives, and makes good choices about their wellbeing



Everyone gets the health and social care support and information they need at the right time and place



Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life



Everyone has a place they can call home, with appropriate housing for all

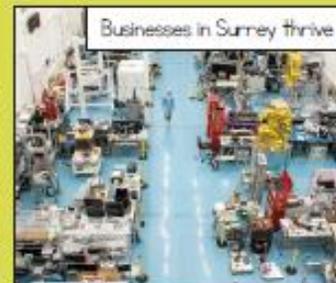
## OUR AMBITIONS FOR OUR PLACE ARE:



Residents live in clean, safe and green communities, where people and organisations embrace their environmental responsibilities



Journeys across the county are easier, more predictable and safer



Businesses in Surrey thrive



Well connected communities, with effective infrastructure, that grow sustainably

And this is how we can achieve it together

# Draft Partnership Commitment

We are here for the people of Surrey. Together we're unlocking the county's strengths in communities, businesses, public organisations and the voluntary, community and faith sector. Through sharing ideas, skills and resources we will create the future we all want to see, and deliver the Community Vision for Surrey in 2030 together.

## We will be...

### Ambitious

We're creative and innovative in our thinking and approach, and we adopt a future and forward thinking attitude.

We take pride in what we all do, and inspire each other. Every partner is respected and has an equal right to be heard and involved in decisions affecting them.

We're flexible with each other, residents and communities, to think creatively about tackling issues in new ways.

### Empowering

We'll seek to involve everyone in the design of solutions and we actively encourage people and organisations to participate in community activity.

We work together to grow active and participatory communities that feel a genuine sense of ownership and responsibility for the people and environment around them.

We'll engage with residents and communities earlier, giving voice to new and underrepresented ideas.

### Open

We put trust at the foundation of every partnership – openness, transparency and honesty are important to us.

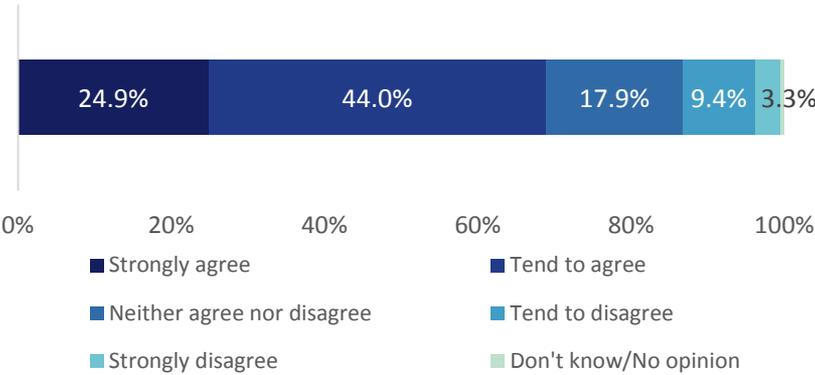
We champion openness and sharing quality and consistent data and insights in order to secure better outcomes for residents.

We're open to new ideas and doing things differently, and we'll support each other to work in new ways.

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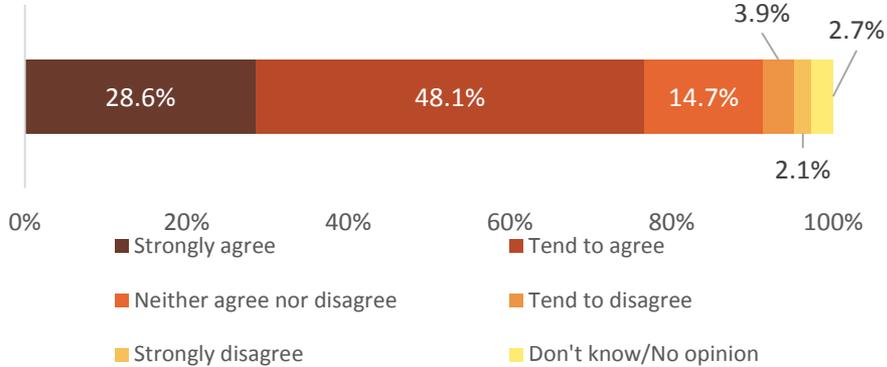
# Community cohesion and participation in Surrey – key metrics snapshot\*

There is a strong sense of community in your local area



68.9% of residents say there is a strong sense of community in their local area, suggesting that they view their local communities positively and could be a solid foundation for them to do more for their community.

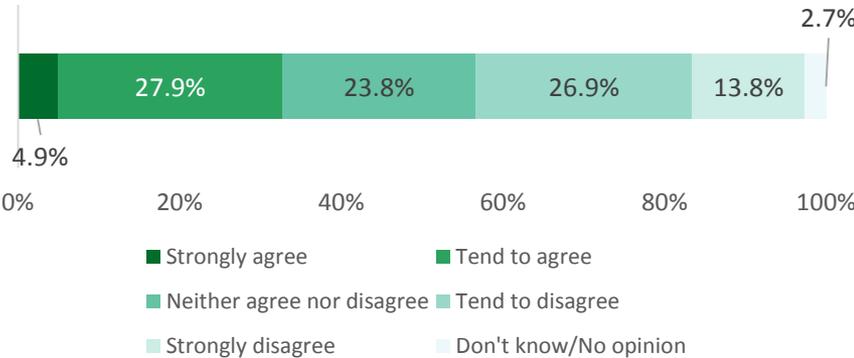
People from different backgrounds get on well together



In addition, 76.7% of residents think people from different backgrounds in their local area get on well together. The majority of residents believe that community cohesion in their places is good.

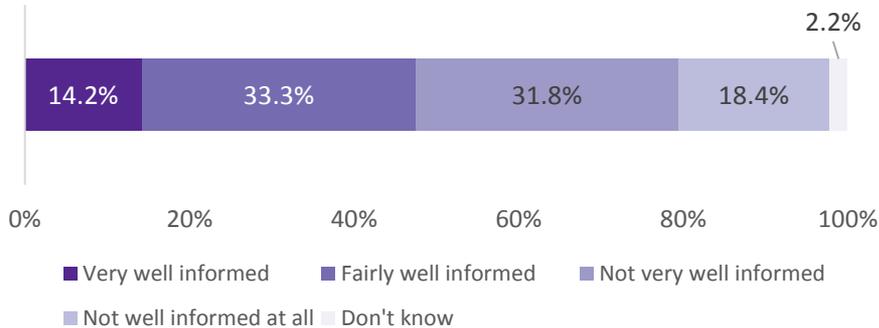
base 1017

You can influence decisions affecting the local area



A minority of residents (32.8%) felt they were able to influence decisions in their local area. Over 40% of residents disagreed that they were able to influence local decision making, and nearly 24% neither agreed nor disagreed.

Informed about neighbourhood volunteering opportunities

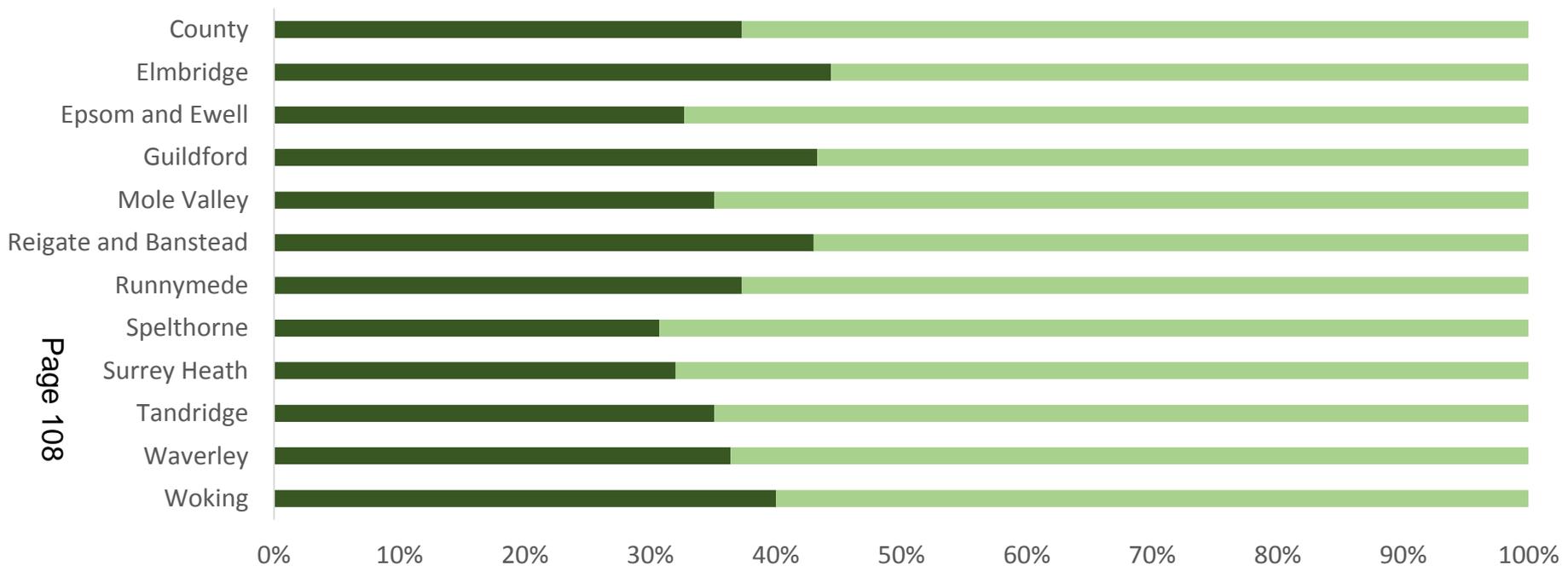


There was an even split between residents who did not feel well informed about opportunities to volunteer in their local neighbourhood and those that did.

\*Data from Surrey Residents Survey – Quarter 3 2018/19 (October to December 2018)

# Community cohesion and participation in Surrey – key metrics snapshot\*

Do you do unpaid work to help your community or the people who live in it?



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	Woking	Waverley	Tandridge	Surrey Heath	Spelthorne	Runnymede	Reigate and Banstead	Mole Valley	Guildford	Epsom and Ewell	Elmbridge	County
■ Yes	40.0%	36.4%	35.1%	32.0%	30.7%	37.3%	43.0%	35.1%	43.3%	32.7%	44.4%	37.3%
■ No	60.0%	63.6%	64.9%	68.0%	69.3%	62.7%	57.0%	64.9%	56.7%	67.3%	55.6%	62.7%

■ Yes ■ No

The majority of residents across the county (62.7%) say they do not do unpaid work to support their community or the people who live in it. The district or borough where the level of unpaid work was greatest was in Elmbridge at 44.4%, while the lowest was in Spelthorne at 30.7%.

\*Data from Surrey Residents Survey – Quarter 3 2018/19 (October to December 2018)

**SURREY COUNTY COUNCIL****CABINET****DATE: 30 APRIL 2019****REPORT OF: MS CHARLOTTE MORLEY, CABINET MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: DONALD FARQUHARSON, CHIEF PROPERTY OFFICER****COMMUNITY COUNCIL VISION OUTCOME:****SUBJECT: ENERGY PROCUREMENT STRATEGY – AWARD OF SUPPLY CONTRACTS FOR THE PROVISION OF GAS AND ELECTRICITY****SUMMARY OF ISSUE:**

This report sets out recommendations arising from work on options for the provision of energy and ancillary services to premises owned or operated by the county council.

Historically, the three sovereign authorities within the Orbis partnership (Surrey County Council, East Sussex County Council and Brighton & Hove City Council) have procured their utilities requirements independently through national frameworks. Consequently, the current landscape is varied as contracts have different durations, differing end dates, different risk profiles, different commitments to forward buying and differing service provisions.

In August 2018 work commenced to look at an Orbis-wide approach to jointly procure gas and electricity, combining the authorities' energy volumes to obtain economies of scale and generate efficiency savings.

Surrey County Council's contract is with Laser and expires on 30 September 2020.

The procurement process is at the stage where Cabinet approval is required in order to enter into appropriate Customer Access Agreements with the Crown Commercial Service (CCS) to access their framework agreement for the supply of energy and ancillary services with an anticipated start date of 1 October 2020.

Each publicly funded school in Surrey will then be able to make use of the procurement arrangements put in place. This will allow Academies and Voluntary Aided schools as well as Voluntary Controlled and Local Authority Maintained Schools to take advantage of the agreed rates for these services should they wish to do so.

## **RECOMMENDATIONS:**

It is recommended that Cabinet

1. Delegates authority to the Director of Procurement, Chief Property Officer and Head of Highways & Transport in consultation with the relevant Cabinet Member to enter into appropriate Customer Access Agreements through the Crown Commercial Service framework agreement for the supply of electricity, gas, other fuels and ancillary services.
2. Delegates authority to the Director of Procurement, Chief Property Officer and Head of Highways & Transport in consultation with the relevant Cabinet Member to procure and award a call off contract under a Crown Commercial Service framework agreement for the council's gas and electricity supplies for a term of up to four years.

## **REASON FOR RECOMMENDATIONS:**

Energy supplies are essential in order for the Council to continue operating its premises in a way which is compliant with relevant standards of health and safety. The price paid for energy is expected to increase over the medium to long term, driven up by increases in the non-commodity charges, which are set by government regulations. This will place additional pressure on Council finances, which can be mitigated to some extent by using the expertise of a Central Purchasing Body to buy energy in the wholesale markets when conditions are more favourable.

The award of this contract will enable uninterrupted provision of the service whilst also allowing flexibility to accommodate any possible change in the level of usage. Even though initiatives such as the Surrey Transformation Programme and LED street lighting investment will reduce the council's demand for energy significantly, energy costs are likely to remain at a level requiring attention of the council's members and senior leaders for the foreseeable future. The award will deliver estimated financial cash releasing and non-cash releasing benefits of:

- £20k pa in reduced buying agency management fees
- £233k pa mitigation of expected increases in the wholesale cost of energy
- 500 hours of staff time in Procurement activity.

## **DETAILS:**

### **Business Case**

1. A joint Orbis-wide approach has been undertaken to combine the usage volumes of the three Orbis partners to obtain optimum value for money, jointly benefit from best practice internally and externally, optimise value for money in relation to our combined demand, reduce spend on additional managed service fees and explore opportunities for further efficiency savings through standardisation (e.g. reductions in the amount of staff time required to manage the customer accounts as we will have fewer Central Purchasing Bodies (CPBs) and suppliers to deal with).

## Aims and objectives

2. The primary objective is to consolidate utilities arrangements across the three authorities, ensuring that the authorities gain maximum benefit from the procurement routes available.
3. Additional objectives are to:
  - a. Ensure each authority receives best value for money for its arrangements;
  - b. Optimise leverage across the Orbis partners;
  - c. Focus on collaboration and common agreement, but allow for individual needs to be met where this is needed;
  - d. Increase best practice across utilities management and purchasing;
  - e. Improve sustainable sourcing where this does not affect best value;
  - f. Create efficiencies and reduction in resource requirements related to the procurement of, and management of contracts

## Scope

4. Included in the scope of this energy procurement exercise are the supply of:
  - a. Electricity (Half Hourly, Non-Half Hourly and Unmetered)
  - b. Natural Gas
  - c. Fuel Oil/Heating Oil
  - d. Biomass Fuel
  - e. Operation and Management of Meters
  - f. Data Collection services including those utilising automatic meter reading (AMR) equipment and smart meters

The whole portfolio of the three Orbis partners is covered, which includes corporate and school buildings as well as electricity for street lighting.

## Deliverables

5. Consolidating energy volumes across the three Orbis partners will deliver the following benefits:
  - a. Compliant frameworks used extensively by the public sector in line with Government best practice guidance for the purchase of energy
  - b. Obtain economies of scale
  - c. Jointly benefit from best practice internally and externally
  - d. Optimise value for money in relation to our combined demand
  - e. Reduce spend on additional managed service fees
  - f. Offer the opportunity for further efficiency savings through standardisation (e.g. reductions in the amount of staff time required to manage the customer accounts as we will have fewer CPBs and suppliers to deal with).

## Options Considered

6. A number of different ways of buying energy were considered.

### Option 1 – Spot Buy

7. Once out of their current agreements the sovereign councils will be more exposed to the vagaries of the wholesale market and may find themselves paying higher off-contract prices until an appropriate contract is in place. It is also not compliant with either Procurement Standing Orders (PSOs) or public procurement legislation.

### Option 2 – Procure our own energy by direct tender

8. This option is possible, but it would involve the sovereign councils undertaking a standalone OJEU (Official Journal of the European Union) tender to secure their own energy, independent of a Central Purchasing Body (CPB) or any other intermediary. In this case each council would be contracting directly with the selected energy provider(s). This approach is unlikely to produce the best results due to the relatively small scale of the Orbis portfolio compared that of most large purchasing organisations. In contrast, a CPB is able to obtain good wholesale prices through aggregating the demand of a large number of public sector organisations. In addition, a direct tender would require the sovereign councils to engage additional resources (skilled energy traders and additional staff for contract management) and provide greater risk of exposure to energy price fluctuations.
9. In January 2007 HM Treasury announced 'Transforming Government Procurement', an initiative to review government spending. In response, the Pan-Government Energy Project was launched to promote best practice in energy procurement for local authorities, educational establishments, health trusts, central government departments and other public bodies. Following consultation with customers and public sector buying organisations, it concluded that that all public sector bodies should adopt aggregated, flexible and risk-managed energy procurement. Contracting directly with energy suppliers would therefore be against this advice, which still remains valid.

### Option 3 – Procure through a Private Sector based provider

10. The sovereign councils could use a private sector Third Party Intermediary (TPI) to procure energy supply, but it would need to be sure that it is getting best value through a truly aggregated, flexible contract. Full price transparency of all costs, including TPI fees and any commission paid by suppliers to the TPI would be needed. By aggregating our volumes, the TPI could access the wholesale market on our behalf but we may only receive prices based on the supplier's view of the market. A full OJEU tender process would be required to engage with such a provider with all the associated resource and time implications that would be entailed.
11. Based on the research carried out on the market there will be a number of drawbacks to using a TPI:
  - a. The TPI are a profit driven organisation and using their service would take money away from the public sector

- b. Business continuity may be uncertain in the present economic climate
- c. TPIs are not subject to statutory regulation
- d. TPIs cannot aggregate the council's volume with other customers in an OJEU compliant manner
- e. TPIs may not have a full access to the energy market
- f. TPIs may not have the same level of buying power and influence to the energy supplier as the large CPB's
- g. There may be a lack of independent benchmarking data to assess the performance of individual TPIs
- h. TPIs cannot provide the same level of additional services as CPB's
- i. A small number of local authorities have used TPIs in the past and all those that are known to have done so have ultimately resumed using the services of a CPB.

#### **Option 4 – Procure from generators**

12. The sovereign councils could purchase electricity via an OJEU procedure from nominated generators. Power Purchase Agreements (PPAs) typically facilitate the sale of energy from the operators of small scale off site renewable generation assets including Combined Heat and Power (CHP) plant, wind turbines, solar PVs and anaerobic digestion. The sovereign councils could combine such energy with that provided from a conventional supplier. As a customer, this could help increase the sovereign councils' environmental credentials through being seen to invest in generation from low carbon and renewable sources. Depending on the type of PPA, it could also reduce the impact of power/price volatility on the organisations as it is possible to fix prices on a long term basis (typically up to 5 years ahead) as well as provide an element of supply assurance where less demand is sourced offshore.
13. Such arrangements tend to be more commercially attractive if the electricity can be supplied from the generator directly to the user without involving the national grid (i.e. over 'private wires') as this reduces the amount of transmission and distribution charges payable. This is unlikely to be applicable to the sovereign councils' portfolio of buildings spread across each county.
14. In any case, a conventional licensed supplier would need to be involved to ensure that the sovereign councils receive an adequate supply of electricity. It would also remain necessary to make suitable arrangements for the purchase of gas and oil. It would still be possible to procure from generators even if the sovereign councils decide to procure energy via a CPB for the remainder of their energy supply requirements.

#### **Option 5 – Generate own energy**

15. The council/s could invest in their own electricity generating assets and use the output to contribute towards the supply of electricity to council owned or operated buildings. A licensed supplier would still need to be involved to facilitate this and to ensure that the councils still received an adequate supply

of electricity. It would of course also remain necessary to make suitable arrangements for the purchase of gas and oil.

16. This option would still be subject to procurement regulations and there are a number of options open in relation to this including a direct approach to the market or developing a strategy through the current energy supplier if the framework allowed.
17. This option would also require a large amount of time and resource to scope with a risk that it would not be sufficiently developed by the time current arrangements expire. It would therefore require commitment from the councils to pursue this and make the necessary investment, which would be significant. As with option 4 above, the opportunity to generate their own energy could remain available even if the councils decided to procure energy via a CPB and this possibility can be explored in the future.

### **Option 6 – Procure via Central Purchasing Bodies (CPB)**

18. The Public Contracts Regulations 2015 define a Central Purchasing Body (CPB) as 'a contracting authority which provides centralised purchasing activities and which may also provide ancillary purchasing activities'. CPBs often set up and operate framework agreements which are accessible to contracting authorities such as the council.
19. There are a number of advantages to using a CPB, including better prices through economies of scale, lower transaction costs, improved capacity and expertise. A key role of most CPBs is the conclusion of framework agreements or other consolidated procurement tools. Framework agreements seek to achieve efficiency gains and greater value for money in the public procurement process using the aggregated purchasing power and expertise of CPBs that creates economies of scale in both supply and demand.
20. The Pan-Government Energy Project referred to in option 2 above recommends aggregated, flexible and risk-managed energy procurement. Purchasing via a CPB is entirely consistent with this advice. There are several CPBs who offer this approach and they – along with their frameworks - were assessed during the development of this commercial strategy.
21. The vast majority of local authorities and central government departments purchase supply in this manner, and it is the method the three Orbis partners have employed for a number of years.

### **Preferred option and reasons**

22. The preferred option for the provision of utilities across Orbis is Option 6 - Procure via Central Purchasing Bodies (CPB), for the reasons outlined above.
23. The recommendation is that the three sovereign authorities of the Orbis partnership align contracts for the supply of energy to their buildings, schools and street lighting using the Crown Commercial Service frameworks, for the following reasons:
  - a. CCS offers greater commercial benefits and lower management fees.

- b. CCS has the most significant buying power of any CPB. Based on volume of output detailed below, CCS is just behind the big six suppliers in terms of market influence
- c. CCS's electricity framework spend is £935m p.a. with 800 customers and 17,656 meters across central government and the wider public sector (2016/17). These figures relate only to those larger supplies which are required to have automated 'half hourly' type meters.
- d. The gas framework spend is £400m p.a., with 885 customers and 30,000 meters across central government and the wider public sector (2016/17)
- e. The benefits of purchasing energy in aggregated volumes with the client base described above for each of the three councils is greater than for all the other options identified including other CPBs.
- f. CCS has a range of purchasing options (baskets) which can offer the Councils advantages depending on the length of commitment, risk and cost certainty they wish to carry.
- g. CCS has the most comprehensive set of key performance indicators (KPIs) with which to manage supplier performance and the most effective way of responding when KPI targets are not being met.

### **Procurement Strategy**

- 24. To ensure the continuity of energy supply, new contracts must be in place to start on 1 October 2020. In order to achieve best value for money, a trading/access agreement must be in place as early as practicable before this date so that energy can be traded in advance on behalf of SCC/Orbis. Trading can take place up to two or three years ahead depending on the chosen purchasing strategy and market conditions.
- 25. In September 2018, Surrey County Council served a 24 month notice to LASER, which means this arrangement will cease when the current agreements expire on 30 September 2020.
- 26. From August to November 2018, a number of the utilities market's key players from both the private and public sector were invited to present their offers to Orbis: Crown Commercial Services, Kinect, LASER and Yorkshire Purchasing Organisation (YPO). Additionally, desk top research, telephone conversations and face-to-face discussions took place with the London Energy Project (LEP) and Energy For Good.
- 27. The services offered by these organisations have been thoroughly assessed against Orbis requirements that included account management, billing, ability to self-serve, social value, purchasing options, metering and renewable energy.
- 28. Commercial benefit figures (that is, the difference between the organisation's price for electricity and gas and the average market price) were also compared, where available.
- 29. The result of this assessment was that CCS was considered to offer the best value for money to all three Orbis partners due to its greater financial non-cash releasing benefits, lower management fees and other reasons outlined above.

30. Although the framework we intend to use is not yet operational (framework award is estimated to take place in August 2019), CCS is establishing a very similar model to the current one that will have the same trading strategy behind it. The only possible difference is that the supplier might change but fundamentally, the framework will work the same. This is the over-riding factor that determines value for money, not who the supplier is.
31. This procurement exercise will not have a traditional scoring / evaluation approach. Instead, an assessment will be carried out in the near future to determine which purchasing strategies (baskets) will be implemented across Orbis, including the mix of green/renewable energy.
32. The assessment will also include consideration of the type of assets and type of supply (e.g. unmetered) to ensure the right basket is selected for either all or each of those respective elements.
33. With reference to the mix of green and renewable energy, choosing a particular mix of sustainable energy may entail payment of a small additional cost on a p/kwh basis. This won't affect the basket price or performance from a value for money perspective.
34. Benefits which will be generated by the implementation of the new framework with CCS are as follows
  - a. **SCC Cash releasing benefits** – there will be a saving of £20k per annum due to the management fees of CCS being lower than that being paid presently.
  - b. **SCC non-cash releasing benefits** – this procurement activity has delivered a solution with identified financial non-cash releasing benefits of £233k per annum to the council through mitigation of expected increases in the wholesale price of energy.
  - c. **Social Value** – As a public sector buying organisation CCS is committed to helping customers secure social value benefits at all stages of the procurement process and in line with legislation including the Public Services (Social Value) Act 2012 Further details are available in the CCS Social Value Policy statement published in April 2017. However, the opportunities to deliver social value as part of an energy supply contract were considered as part of the Procurement Strategy and found to be relatively limited due to the nature of the industry.
  - d. **Income generation** – all councils will receive a rebate from the supplier. The value of this will depend on the performance of the advanced purchasing strategy and the overall framework's energy demand.
  - e. **Possible future financial benefits** – Surrey County Council currently uses the 'Fully Managed' service provided by LASER which includes validation of bills, management of queries and support with budgeting and reporting. The total cost incurred by the council and its schools in respect of this service is around £150k per annum. Similar services are offered by third parties via the CCS frameworks and it may be possible for the council to either make a saving or generate revenue

by changing the way this service is provided. In particular, the business case for bringing this service in-house will be explored in advance of the start of the new arrangements in October 2020.

- f. **Other benefits** – Consolidating procurement activities means a reduction of around 500 hours of Procurement staff time. The consolidation of Orbis partner volumes and requirements has resulted in a single provider across the 3 partner sites. This will reduce the number of supplier invoices and queries currently being processed. The accuracy of forecast expenditure for budget monitoring can be improved as the CCS purchasing periods align with the financial year; LASER buy for an October start each year, whereas CCS can provide an April to March price with no variation mid-year.
35. The price paid for energy is expected to increase over the medium to long term, driven up by increases in the non-commodity charges which are set by government regulations. This will place additional pressure on council finances which can be mitigated to some extent by using CCS who will use the benefit of their scale to buy energy in the wholesale markets at more favourable prices.
36. Further benefits could be achieved once assessment of the various purchasing baskets that will be available under the new CCS framework is completed and will be reported at a later date.

#### **CONSULTATION:**

37. Stakeholders that have been consulted in relation to this project are as follows:-
- Paul Hasley – Orbis Energy Manager, Property
  - Claire Barrett – Deputy Chief Property Officer
  - David Cogdell – Orbis Public Law
  - Claire Sibley – Head of Procurement, SCC
  - Louise Lawson – Senior Principal Accountant, Orbis & Business Services Finance

#### **RISK MANAGEMENT AND IMPLICATIONS:**

38. The award will be to a provider via a public procurement framework, which means that they will have successfully completed satisfactory financial checks as well as competency in delivery of similar contracts at the pre-qualification stage. The following key risks associated with the contract have been identified, along with mitigation activities:

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Financial	Increase in energy costs during the term	Effective buying strategies being employed and accurate price forecasts provided by CCS
	Provider has poor financial standing	Internal Financial checks carried out

	Financial penalties for consumption being lower than anticipated	Regular review of consumption forecasts to keep suppliers and traders updated
Performance	Customer service issues.	Comprehensive set of key performance indicators (KPIs) with which to manage supplier performance and effective ways to respond when KPI targets not being met.
Personal data	General Data Protection Regulation (GDPR)	Low risk due to nature of services being provided i.e. no customer names or personal details will be processed.

### **Financial and Value for Money Implications**

39. The overall estimated value of the contract for SCC over the potential 4 years is currently £30 million.
40. The annualised commercial benefits to Surrey County Council of the new framework with CCS compared to that offered by LASER are presented in the table below.

<b>Portfolio</b>	<b>Commercial Benefit with LASER</b>	<b>Commercial Benefit with CCS</b>	<b>Difference</b>
	<b>£k per annum</b>	<b>£k per annum</b>	
Corporate Estate and Street Lighting <sup>(1)</sup>	469	638	168
Schools <sup>(2)</sup> (including Academies)	376	442	65
<b>Total</b>	<b>846</b>	<b>1,079</b>	<b>233</b>

Notes:

1. Includes all traffic signals and street furniture fed from unmetered supplies
2. All publicly funded schools in Surrey are able to purchase energy through the frameworks set up by either CPB. This includes Academies and Voluntary Aided Schools as well as Voluntary Controlled and Local Authority Maintained Schools. Figures are calculated based on those schools currently purchasing energy through the council's framework arrangements continuing to do so.
41. The procurement activity has delivered a solution with identified total financial non-cash releasing benefits of £233k per annum to the council through mitigation of expected increases in the wholesale price of energy.
42. There will be a financial cash releasing saving of £20k per annum due to the management fees of CCS being lower than that of LASER.

43. The financial benefits to Surrey County Council can be realised regardless of whether it acts independently or its volume is aggregated together with that of the other sovereign authorities in the Orbis partnership. This is because the amount of energy being purchased, even when combined with that of East Sussex and Brighton & Hove, is so small compared to the total amount of energy traded by CCS. The benefit of using CCS is therefore unlikely to be diminished by any possible changes which may be considered to the Orbis partnership.
44. All figures are based on current knowledge of energy demands across the Surrey County Council portfolio. Even though initiatives such as the Surrey Transformation Programme and LED street lighting investment will reduce the council's demand for energy significantly, energy costs are likely to remain at a level requiring attention of the council's members and senior leaders for the foreseeable future. The procurement is sufficiently flexible that such changes can be accommodated and the recommendations in this paper remain valid even if there is a significant reduction in the volume of energy being purchased.

#### **Section 151 Officer Commentary**

45. The estimated level of expenditure and savings in this report are included in the current Medium Term Financial Strategy.
46. Property and Highways Services are expected to have in place appropriate controls to ensure energy purchased through the contract is necessary, based on operational requirements and within the context of the Council's financial situation.
47. The procurement exercise to establish the contract ensures that energy services are market tested and provide value for money.

#### **Legal Implications – Monitoring Officer**

48. The Council is a 'best value authority' by virtue of Section 1 of the Local Government Act 1999. This means the Council "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." The proposals in this report are intended to meet this duty through combining re-procurement activities together with Brighton & Hove City Council and East Sussex County Council and as explained further in main body of the report.
49. A procurement of services of this value must be undertaken in accordance with the requirements of the Public Contracts Regulations 2015 ('PCRs') and the Council's own Procurement Standing Orders. The Council's legal officers will advise during the procurement to ensure that it complies with all relevant legal requirements.
50. In reaching its decision and making the proposed delegations, Cabinet should be cognisant of its fiduciary duties to Surrey residents in managing the Council's limited resources.

#### **Equalities and Diversity**

51. There are no equalities implications.
52. There are no TUPE implications as a result of this contract.

<b>Climate change/carbon emissions implications</b>
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53. Electricity generated from low carbon and renewable sources will be available from the suppliers on CCS frameworks. The costs and benefits can be assessed as circumstances change from year to year.

<b>WHAT HAPPENS NEXT:</b>
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54. The Energy team, with support from the Procurement team and from the Customer Specialist Lead at Crown Commercial Services, will develop an energy purchasing strategy that meets the risk profiles of different groups within the portfolio – Corporate Operations, street lighting, schools. Once the purchasing strategy is agreed, the Director of Procurement and Chief Property Officer will sign Customer Access Agreements accordingly.
55. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award	30 April 2019
Customer Access Agreement Signature	Summer 2019
Contract Commencement Date	1 October 2020

**Contact Officer:**

Paul Hasley, Orbis Energy Manager – 07813 363432  
 Joanne Lloyd-Aziz Category and Commercial Manager – 07891 732991

**Consulted:**

- Wendy Mcrae-Smith – Orbis Public Law
- Claire Barrett – Deputy Chief Property Officer
- Claire Sibley – Head of Procurement, SCC
- Louise Lawson – Senior Principal Accountant, Orbis & Business Services Finance
- Andy Royse – Street Lighting Team Leader, Highways, Transport & Environment, SCC

**Annexes:**

None

**Sources/background papers:**

Pan-Government Energy Project  
 CCS Social Value Policy Statement

**SURREY COUNTY COUNCIL****CABINET****DATE: 30 APRIL 2019****REPORT OF: MS CHARLOTTE MORLEY, CABINET MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: MICHAEL COUGHLIN – EXECUTIVE DIRECTOR OF TRANSFORMATION, PARTNERSHIPS AND PROSPERITY****COMMUNITY COUNCIL VISION OUTCOME:****SUBJECT: CONNECTING INFORMATION UP ACROSS THE COUNCIL USING DIGITAL TECHNOLOGIES****SUMMARY OF ISSUE:**

In order to become a truly digital council and provide faster, quicker and better public services the council must make better use of its information. To support this the report sets out recommendations for the procurement of new software for Integration and Enterprise Data Management. This software will link and match information held in databases across the council, and with partners. The joined-up information will provide a shared single view of accurate data to inform decision making and improve the resident experience of our services.

Cabinet approval is required in order to award the contract to Dell for Boomi software to commence the service from 3 June 2019.

Because of the commercial sensitivity the details of assessment results have been circulated as a confidential Part 2 of this report.

**RECOMMENDATIONS:**

Cabinet approves the award of a four year contract (2 year + 1 year +1 year) for the provision of an Integration and Enterprise Data Management Platform to Dell Boomi (Dell Corporation Limited).

**REASON FOR RECOMMENDATIONS:**

Better use of data has been proven to help councils deliver better outcomes for residents and communities.

Integration and Enterprise Data Management (EDM) are two digital technologies which will help the council to harness the power of its data and become truly transformational in the way services are designed, commissioned, delivered, experienced and evaluated.

Investment in tools to help the council link technology systems and join-up and manage data better is essential to providing better services to residents (*refer to Annex 1- Golden Record*). Currently it is very difficult to get a joined-up, complete view of our most important and sometimes vulnerable residents. Critical information is fragmented across numerous technology systems, which do not talk to each other, held in spreadsheets by different teams, or even held outside council walls by partner organisations.

The inability to have the required information can result in decisions being made on partial information and can lead to poor performance and higher costs. Consequently it is hard to understand issues that might arise, forecast costs accurately and plan timely interventions, whether that be for an individual or a community. This also makes it difficult to measure the overall effectiveness of what the council does, or adapt ways of working to improve performance. Pulling together a simple picture of performance is time consuming, resource intensive and error prone as data is often extracted from systems, manipulated and re-entered manually. In addition the data used for operational decision making and analysis is often not real-time and can be of poor quality.

Without solving these problems the ambition to be a digital council will be impossible. Information silos will continue to divide the organisation, impeding the flow of processes, and opportunities to take advantage of new digital technologies like predictive analytics, artificial intelligence (AI), and process automation, will be lost.

These digital technologies therefore underpin delivery of Surrey's Community Vision 2030, the council Organisation Strategy, and Closer Residents Programmes. They are also the cornerstone elements of the Digital Project, which is a key enabling component of the Surrey County Council Transformation Programme 2018-21.

Addressing the accuracy of our data is fundamental. These new technologies build the essential foundations needed to use data in ways that improve the experience of residents, mitigate organisational and reputational risk, drive costs down and reduce duplication. They are the building blocks which could enable Surrey County Council to make that much needed step change in the way it provides services to Surrey residents and the way in which it works and shares information with its partners.

Detailed assessment of the offer received is circulated in the confidential Part 2 of the report.

#### **DETAILS:**

1. Data is a critical and valuable resource for the council and must be used more effectively if the council is to be successful in designing, delivering and transforming council services to improve outcomes for residents.
2. By ensuring technology systems talk to each other and by joining up and matching data, the council will be able to develop 'golden records' (*refer to Annex 1-Golden Record*), on people, organisations, assets, locations and events. This will help create a shared single view of data, and the one version of the truth, that is easily available and can be used in decision making, ensuring we target services and support residents more effectively.

3. This will mean, for example, a social worker will be able to see key information about a child all in one place, know who else is involved with that child and be alerted to potential safeguarding issues that may have previously been hidden by system, process or information division.
4. Sharing information with partners could also become easier ensuring the council, along with its partners like health, police and schools, have a view of all relevant information from which to make decisions. This will not only free-up time spent chasing information, but will also ensure decisions are made on a complete picture.
5. From this foundation the council could access the possibilities and opportunities of other data-driven technologies such as artificial intelligence to highlight families or children who might benefit from additional support and to gain better insights into which activities are most successful at preventing the escalation of issues. Cost of care could be forecast and accurately tracked in real-time by child or adult, setting or supplier and progress of the family recorded and tracked against expected performance enabling support to be increased or decreased more quickly in response to need.
6. To reach this potential the council needs the building blocks of integration and enterprise data management. This will ensure that technology systems talk to each other and that the right data gets to the right place at the right time, supporting good decision making, better cost management and continuous improvement by making it easier to turn data into information, insight and intelligence.
7. Use of these new technologies will help the council to:

*(Also see Annex 2–Outcome Summary)*

- **Ensure residents have the best possible experience** by making sure information is shared across teams, so that residents tell their story only once. For example parents or carers of children with Special Educational Needs and Disabilities will not have to repeat information about their child to numerous practitioners involved in supporting them.
- **Ensure residents trust that we are handling their information in the right way (in line with GDPR regulations)** and are confident that we are transparent in decision making. For example, by being clear on what we are using information for, giving residents access to a comprehensive view of their interactions in one place (through a single front door) and enabling them to update their personal information when needed.
- **Ensure front-line teams spend more time with residents**, and can manage their caseloads more easily by reducing duplication and the time they spend entering and reentering the same information into different systems, or searching for information.
- **Understand and accurately predict the needs of residents** so that the right services are commissioned at the right time and in the right quantities, reducing costs and improving outcomes in support of the Performance Management and Management Insight Business Case. For example accurately forecasting the types of placements needed by children or young

people with an Education Health and Care Plan to ensure their needs can be met locally.

- **Identify support for residents earlier, to address problems before they escalate** by ensuring the council has the foundation that supports the use of predictive analytics, machine learning and artificial intelligence (AI) to create more actionable insights. This earlier intervention will reduce costs. In addition the council will be able to combine information about assets to optimise their use, understand their condition and support maintenance, gaining further efficiencies.
  - **Strengthen the council's ability to share information and work collaboratively with partners** in order to improve services for residents. For example supporting practitioners from different sectors and professions (integrated health and social care teams) to have access to the information they need in order to support children, adults and families more effectively.
  - **Support staff to work anytime, anywhere with anyone** (agile workforce) through better access to information from any location.
  - **Drive efficiencies and value for money** by reducing the amount of administrative, manual work and duplication across the Council to extract and match data. For example by using information from a joined-up view of a resident so that entitlements to concessionary bus passes or blue badges can be done and verified automatically without administrative overheads.
8. The estimated value of the contract for the Integration and Enterprise Data Management Technology over four years is up to £3,000,000. Costs for use of these technologies will start small. We expect a base level commitment for a minimum of two years. Beyond this point, the level of spend, up to the total value of the contract, will be scaled-up on a case by case basis and prioritised by expected benefit. Costs grow in line with the number of connected systems and golden records.
  9. The cost of this technology was included as part of the additional investment figure needed by the Transformation Programme, as approved by Cabinet in February 2019. The remaining and ongoing costs will need to be found from existing IT & Digital budgets, with a contract review point at two years.
  10. Key to the successful adoption and predicted growth of the technology, will be a cultural change in the way the council records, uses and manages its data. Benefit will be inherently dependent on leaders taking ownership of their data, and ensuring that officers within their services place high value on its quality. To support this, clear principles, roles and responsibilities will be developed alongside a robust governance structure. In addition, officers will be given the tools to help manage data (using this platform) along with guidance and training, where required, in line with GDPR regulations.
  11. A number of councils are already benefiting from the use of the same technology, these include:

- Brighton and Hove City Council, who are using it to create a citizen record and for use cases around housing support and occupancy information.
  - Hampshire County Council, who are using it to enable shared services between Hampshire County Council, Oxfordshire County Council and Thames Valley Police specifically around highways information.
  - Suffolk County Council, who are using it to enable a single view of their residents.
12. Early opportunities to join-up and match information across systems in Surrey have been identified within Health, Wellbeing and Adult Social Care and Children, Families, Lifelong Learning and Culture to support the transitions process, for young people as they move to Adult Social Care support, and develop a single view of a child. By supporting the transition process this technology will be a key enabler of the All Age Learning Disability Business Case which has a £3,500,000 direct savings target in 2019/20.

### **Options Considered**

13. An extensive review of the council's requirements, the current market and available solutions was undertaken by IntegrationWorks, (an independent third party) with three main options considered:
- Use of existing technologies and systems
  - Separate integration and EDM platforms
  - Joint integration and EDM platform.
14. The main considerations in evaluating the market were Technology fit (defines platform and technology scope), Deployment model (for cost-effectiveness) and Licensing (subscription based pricing to accommodate a solution which will grow as it is deployed across the Council).
15. The review recommended procurement of a joint integration and EDM platform on the basis that it will give the council the ability to start small and grow over time, maximise the adoption rate, adopt a hybrid approach (a combination of onsite and in the cloud) to give control, security and cost effectiveness and that it provides a low code environment (reduced need to use technical programming languages) making it easier to use and quicker to implement.
16. Orbis Partner, Brighton and Hove City Council, who use this integration platform, shared some of their challenges and learning which supported the findings of the review.

### **Procurement Strategy and Route to Market**

17. Various routes to market were considered for this niche IT market. Clearly documented requirements indicated that the Crown Commercial Service's Digital Marketplace G-Cloud 10 Framework was the most appropriate route to

access relevant suppliers with the additional advantage that it offered a quick and efficient route to market compared with other IT frameworks or undertaking a competitive Official Journal of the European Union (OJEU) tender exercise.

### **Summary of Tender Activity**

18. An online search facility using key technical terms enabled long-listing followed by short-listing of four suppliers who expressed interest in offering suitable solutions.
19. Published service offerings from the G-Cloud website of the suppliers were evaluated for suitability including technical service descriptions, individual supplier terms and conditions and pricing. Following questions issued to each supplier to address the council's specific requirements where the published offers lacked clarity, one tender response was received from Dell.
20. The framework agreement and call off terms and conditions were reviewed by Legal and Dell's supplier terms and conditions (over which the framework and call off contract have precedence) were evaluated and scored by Legal for acceptability.
21. The procurement process and combined technical, legal and pricing scores identified Dell Boomi as the winning platform solution and bidder.
22. The annual price as quoted by Dell and committed to by the council for the base modular package will be fixed annually in terms of the predicted number of data connections and licences required for each of the four contract years. If the council's demands of the platform change over time, then optional priced additional support, professional services and features will enable flexibility to scale up and adapt the platform.
23. The recommended supplier has proposed a variety of social value offerings in support of the council's commitment to obtaining the best possible social value for residents, for example volunteering hours with donations to an approved charity, e-mentoring with one-to-one support provided for the mentee (two hours per week), transformation workshop to open doors of opportunity to young people and the Dell Juniors Program offering the opportunity to upskill a selected group of vulnerable pupils. The council will engage further with Dell to secure the most beneficial and relevant social value offer available.

Detailed assessment of the offer received is circulated in the confidential Part 2 of the report.

### **CONSULTATION:**

24. Stakeholders consulted at all stages of the commissioning and procurement process are:
  - Matt Scott - Orbis Chief Information Officer IT & Digital
  - Mark Edridge - Head of Strategy & Engagement Surrey, IT & Digital
  - Lorraine Juniper - Head of Projects & Innovation Surrey, IT & Digital
  - Transformation Programme Project Managers
  - Business Intelligence Team - Adults Social Care

- Analytics Team – Children’s Schools and Families
- IT & D for Brighton & Hove City Council – through the Orbis Partnership

#### **RISK MANAGEMENT AND IMPLICATIONS:**

25. The call-off contract includes a number of clauses for termination (e.g. material breach). The council may terminate the contract at any time and for any reason by giving the supplier 30 days written notice.

26. Identified risks and mitigations are:

<b>Category</b>	<b>Risk Description</b>	<b>Mitigation Activity</b>
Financial	Implementation of the product will be more difficult than anticipated, and therefore will not be used as extensively as predicted, and benefits/savings not realised.	2 year initial contract term to prove the value of the product followed by a subsequent year, plus one year, providing the opportunity to reassess the contract.
Performance	Organisational maturity in area of data management is low therefore success and realisation of benefits will be dependent on both cultural change and organisational buy in.	Working alongside experienced external partners for support and guidance throughout the project lifecycle. Provide guidance and training where required. Establish clear roles and responsibilities (e.g. data stewards) and governance board to support the successful embedding within business processes.
Performance	There is risk that the performance of the contract will not be monitored comprehensively.	Weekly, quarterly and annual contract performance reviews held with the supplier will ensure that milestones are completed and that KPI's are monitored.
Performance	We will be unable to join up the data held in some of our systems due to commercial or technical constraints.	The software being procured is market leading and has been used effectively by other local authorities. The software is a charged for as a subscription service, therefore we will only pay for connections that we use. Alternative methods of taking information out of systems can be leveraged if needed.

#### **Financial and Value for Money Implications**

27. The overall [estimated] value of the contract over 4 years is up to £3,000,000.

28. Funding for the first three years of the project was included as part of the overall Transformation Programme Investment approved by Cabinet in October 2018. The remaining fourth year of the contract will be funded by existing revenue budgets within IT & Digital.
29. Ongoing contract management of the platform and robust project management will ensure that the benefits of the new contract will be baselined, measured and reported back through the Surrey County Council Transformation Programme.

#### **Section 151 Officer Commentary**

30. The Section 151 Officer confirms that the first three years of this purchase (£2,190,000) is included in the Digital transformation business case. The estimated cost is a maximum of £3,000,000, depending upon the scale of the platform. The IT&D budget will fund any expenditure over £2,190,000, up to a maximum total spend of £3,000,000, from the IT&D Modern Worker budget. It should be noted that, if the platform is to continue beyond year 4 a further similar level of investment would be required.

#### **Legal Implications – Monitoring Officer**

31. The council is a ‘best value authority’ by virtue of Section 1 of the Local Government Act 1999. This means the council “must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” The proposed contract award is intended to meet this duty through the benefits of the platform as set out in paragraph 7 of this report.
32. A procurement of services of this value must be undertaken in accordance with the requirements of the Public Contracts Regulations 2015 (‘PCRs’). The procurement route utilised was a call off from the Crown Commercial Service’s G-Cloud 10 Framework. Legal Services has evaluated the terms of this framework and confirmed it complies with the requirements of the PCRs as a lawful route to market.
33. Cabinet will need to determine whether the proposed contract award is an appropriate course of action for the council. Cabinet Members should take into account their fiduciary duties to Surrey residents in managing the council’s limited resources.

#### **Equalities and Diversity**

34. An equalities impact assessment has not been completed as the results of this procurement process do not impact on any policy or other decisions and is neutral in any impact.

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

35. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award (including the end of ‘call in’ period)	30 April 2019

Cabinet Call in (5 working days, implement on sixth day)	8 May 2019
10 day Standstill Period ends	20 May 2019
Contract Signature	21 May
Contract Commencement Date	3 June 2019

36. The council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the standstill period.

**Contact Officer:**

Kathryn Watson – Senior Project Manager IT & Digital Service  
07971 662781

**Consulted:**

Details of who has been consulted on the issue:

Cabinet Member for Corporate Support – Cllr. Charlotte Morley  
Executive Director for Customer, Digital & Transformation - Michael Coughlin  
Chief Information Officer IT & Digital – Matt Scott  
Surrey County Council’s Sourcing Governance Board  
Orbis Procurement – Kelly Duffus & Sara Walton  
Orbis Public Law – David Cogdell  
Orbis Finance – Eddie Mcatamney & Louise Lawson  
IntegrationWorks – Independent Integration & Enterprise Data Management Specialists

**Annexes:**

Annex 1 – Golden Record

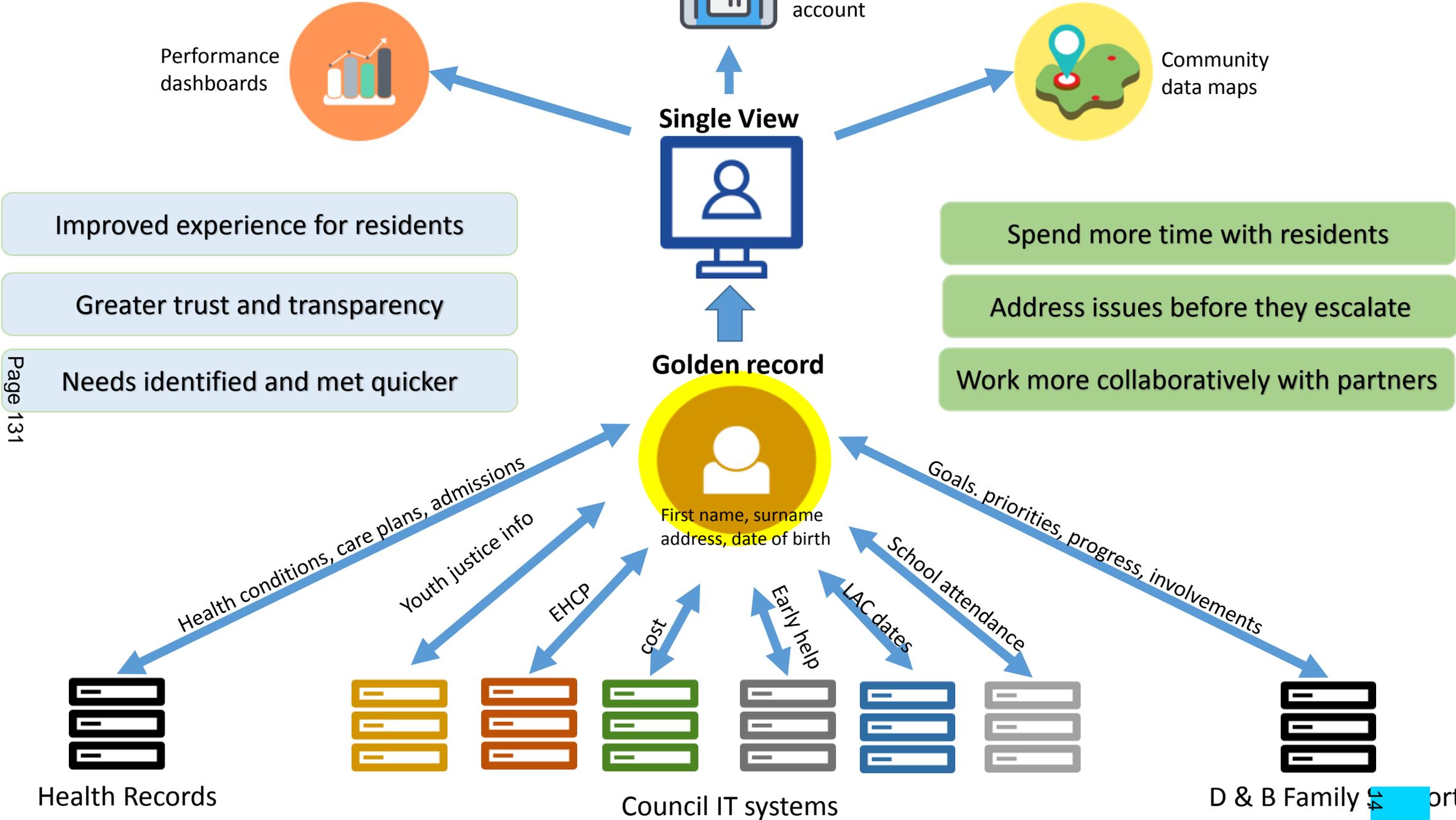
Annex 2 – Outcome Summary Confidential Part 2 Annex

**Sources/background papers:**

- None

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# Annex 1 – Golden Record



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# Annex 2 OUTCOME SUMMARY

## BY HARNESSING THE POWER OF OUR DATA RESIDENTS WILL HAVE:

*To tell their story only once and to tell us once about changes to their circumstances*

*Access to their personal information so they can update it when required*

*Access to a comprehensive view of their interactions all in one place*

*Improved self-service options which make use of the information that we already hold about them*

*Trust and confidence that we are holding data and handling information in the right way and that we are transparent*



## SURREY WILL BE ABLE TO:

*Identify and support those children or adults at most risk*

*To understand the factors that contribute to risk and what support is most effective*

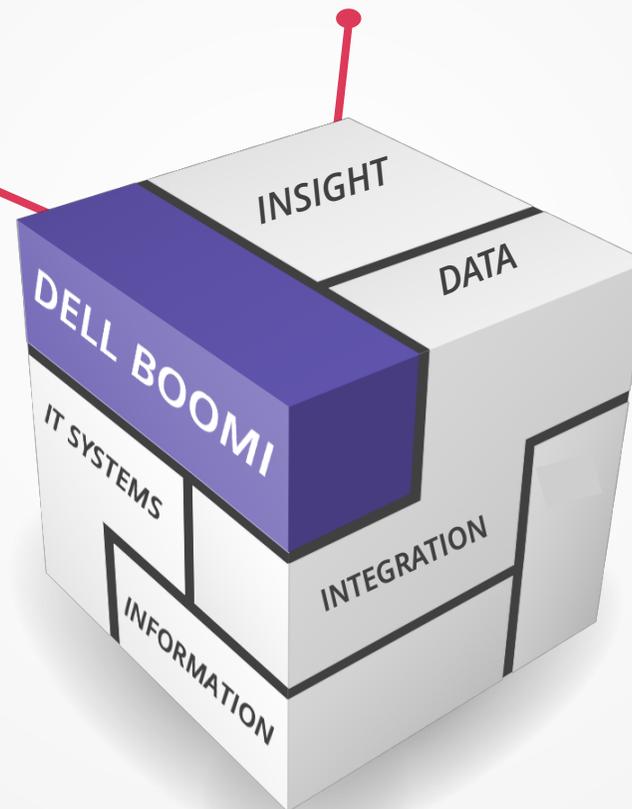
*Understand and accurately predict the needs of residents so that the right services are commissioned at the right time and in the right quantities*

*Drive efficiencies and value for money*

*Continually improve by turning data into information, insight and intelligence*

*Identify residents who require support earlier and be able to address problems before they escalate*

*Work more collaboratively with partners to support better outcomes for residents*



## STAFF WILL BE ABLE TO:

*Make decisions on a joined-up view of information*

*Work more effectively in multi-agency teams which work from a shared view of information*

*Accurately forecast, using real-time data*

*Understand what works and what doesn't, so that services they provide better meet resident's needs.*

*Spend more time with residents, as they spend less time entering and re-entering the same information into different systems*

*More easily access the information they need to do their jobs*

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**SURREY COUNTY COUNCIL****CABINET****DATE: 30 APRIL 2019**

**REPORT OF: MR MEL FEW, CABINET MEMBER FOR FINANCE AND  
LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF  
RESOURCES**

**LEAD OFFICER: CHIEF EXECUTIVE AND EXECUTIVE DIRECTORS**

**COMMUNITY VISION  
OUTCOME: COUNCIL**

**SUBJECT: FINANCE AND BUDGET MONITORING REPORT TO  
28 FEBRUARY 2019**

<b>SUMMARY OF ISSUE:</b>
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This report summarises the most significant issues for the Council's 2018/19 financial position as at 28 February 2019 for revenue and capital budgets. Annex1 provides further details on service budgets, expenditure to date and year-end forecast.

The Council's original 2018/19 revenue budget, relied on significant use of one-off resources, including drawing £21.3m from reserves. Material additional pressures which arose early in 2018/19, and continuing funding uncertainties from 2019/20 onwards mean that the further use of reserves is not sustainable. In response, Cabinet agreed a £40m in year cost reduction programme in September 2018, with two objectives:

- achieve in year cost reductions to prevent unplanned use of reserves; and
- avoid any draw down of the planned £21.3m use of reserves this financial year.

The main points of this report are as follows.

- Subject to the carry forward of some expenditure items the latest forecast is for a small draw down from reserves of £0.4m., This result represents an underspend against the original budget of £20.9m.
- A further improvement from last month's results of £0.9m mainly due to the sale of the County's interests in Babcock4S and dividend income from the County's Investment Properties and subsidiary companies; offset by £1m further pressure on the High Needs DSG block from SEND.
- These forecasts include Services' in principle requests to carry forward £4.1m in to the 2019/20 financial year to complete projects that straddle the financial year end, and to meet known pressures that will occur in the new year.

- The Council forecasts capital spending on service provision to be £118m in 2018/19, which is an underspend of just under £19m.

The Council's resolve in reducing its expenditure during the year has been achieved through deliberate and targeted work, as well as focused planning and monitoring by officers and cabinet members throughout the year. Eliminating the need to use reserves to support the budget this year has increased the Council's financial resilience going into the new financial year. However, the Council continues to face considerable challenges from the continuing rise in the demand for services and the possibility of further reductions in funding from the Fair Funding Review which will be completed in 2019/2020 financial year.

The focus on reduced spending will need to continue to achieve a balanced budget in the new, 2019/20, financial year.

### **RECOMMENDATIONS:**

The Cabinet is asked to note the following:

1. The Council's overall revenue and capital budget positions as at 28 February 2019:
  - £0.4m forecast draw down from reserves; following the successful drive to reduce costs by £106m during this financial year
  - £20.8m forecast underspend against the original 2018/19 budget; and
  - £118m forecast service capital programme outturn against £137m 2018/19 budget.

The Cabinet is asked to approve the following, in principle, subject to confirmation in the Year-End report to be presented to the Cabinet in May 2019:

2. The carry forward of £4.1m of revenue budget into the 2019/20 financial year. (Paragraph 3).
3. All Cabinet Members have confirmed their service's forecast for the year as shown in the revenue table below.

### **REASONS FOR RECOMMENDATIONS**

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

## Revenue budget

1. Table 1 shows the latest forecast position for the year by service, assuming that the requested budget carry forwards are approved in May 2019. Annex 1 provides further detail of service expenditure and budget forecasts.

Table 1 Summary revenue budget variances as at 28 February 2019

Service	Gross budget	Net budget	Net forecast	Requested C/fwd.	Forecast variance after c/fwd.	Change from Last Month
	£m	£m	£m	£m	£m	£m
Delegated Schools	306.9	0.0	0.0		0.0	0.0
Education, Lifelong Learning & Culture	320.5	68.9	88.3		19.4	0.9
Safeguarding & Family Resilience	45.6	42.2	42.4		0.2	0.0
Corporate Parenting	114.8	100.6	99.2		(1.4)	(0.2)
Quality Assurance	6.9	5.8	6.3		0.5	(0.0)
Commissioning	12.4	11.2	11.4		0.3	0.0
<b>Children, Families, Learning &amp; Communities</b>	<b>807.1</b>	<b>228.7</b>	<b>247.7</b>	<b>0.0</b>	<b>19.0</b>	<b>0.8</b>
Adult Social Care	500.4	381.8	356.7	3.2	(21.9)	(0.6)
Public Health	36.7	0.0	(0.1)		(0.1)	(0.0)
<b>Health, Wellbeing &amp; Adult Social Care</b>	<b>537.1</b>	<b>381.8</b>	<b>356.6</b>	<b>3.2</b>	<b>(22.0)</b>	<b>(0.6)</b>
Highways & Transport	79.7	67.0	63.5	0.5	(3.0)	(0.0)
Environment	73.3	69.2	68.6		(0.5)	(0.0)
Surrey Fire & Rescue Service	49.1	32.0	31.7		(0.4)	(0.1)
Communities	5.6	3.5	3.0		(0.6)	(0.3)
<b>Highways, Transport &amp; Environment</b>	<b>207.8</b>	<b>171.8</b>	<b>166.8</b>	<b>0.5</b>	<b>(4.5)</b>	<b>(0.4)</b>
Customer & Performance	7.4	7.0	6.3		(0.7)	(0.2)
Coroner	2.4	1.7	2.1		0.4	0.0
Property	31.2	21.6	16.8		(4.9)	(0.6)
Orbis HR&OD, IT&D and Joint Operating Budget	52.4	51.8	46.8	0.4	(4.6)	(0.1)
<b>Customer, Digital &amp; Transformation</b>	<b>93.4</b>	<b>82.1</b>	<b>72.0</b>	<b>0.4</b>	<b>(9.8)</b>	<b>(0.9)</b>
<b>Finance, Law &amp; Governance</b>	<b>13.2</b>	<b>10.4</b>	<b>10.3</b>		<b>(0.2)</b>	<b>(0.0)</b>
<b>Central Income &amp; Expenditure</b>	<b>56.9</b>	<b>52.8</b>	<b>41.8</b>		<b>(11.0)</b>	<b>0.9</b>
<b>Total services' revenue expenditure</b>	<b>1,715.5</b>	<b>927.6</b>	<b>895.2</b>	<b>4.1</b>	<b>(28.5)</b>	<b>(0.2)</b>
<b>Total general funding</b>		<b>(906.3)</b>	<b>(898.7)</b>		<b>7.6</b>	<b>(0.7)</b>
<b>Total movement in reserves</b>		<b>21.3</b>	<b>(3.5)</b>	<b>4.1</b>	<b>(20.9)</b>	<b>(0.9)</b>

Note: All numbers have been rounded - which might cause a casting difference

2. In a number of cases, where there is an underspending, services are requesting to carry forward some of the budgets for projects that straddle the financial year, are not complete and to ensure that sufficient budget is available in the new financial year. The total requested is £4.1m and this will require confirmation in the Year-End report coming to this Cabinet's meeting in May 2019.
3. Table 2 below provides an overview and the reasons for the requested carry forwards.

Table 2 – Requested Revenue Carry Forwards

<b>Service</b>	<b>Reason</b>	<b>£000</b>	<b>£000</b>
Highways	To address the backlog of Safety Barrier repairs	88	
Highways	To support the re procurement of the Highways Contract	133	
Highways	To fund the budget pressure created in 19/20 following the ceasing of operation of Excetera bus services.	280	
<b>Highways</b>			<b>501</b>
<b>Adult Social Care</b>	Winter Pressures fund in 2019/20 to support the delivery of transformation plans, and support local schemes agreed with health partners		<b>3,200</b>
<b>IT&amp;D</b>	To purchase a number of items which could not be delivered in 2018/19 due to procurement process or resource constraints. These include solutions to enable new working practices and the decommissioning of old legacy technologies.		<b>440</b>
			<b>4,141</b>

### Capital programme

4. The Council is forecasting an in-year underspending on the capital budget of £18.6m,
5. The principal reasons for this in-year underspending are;
  - £3.2m due to delays in Schools Basic Need projects;
  - 4.5m due to contractual delays, resourcing and procurement within Property Services;

- £3.5m IT&D delays on equipment replacement procurement & network infrastructure;
- £6.6m for delays to delegated schools expenditure, vehicle and equipment purchases and the commencement of the Fire Transformation Programme, within Other Capital Projects.

6. Table 3 presents a summary of the capital programme.

Table 3 Summary capital programme budget variances as at 28 February 2019

	<b>Current full year budget £m</b>	<b>Apr - Feb actual £m</b>	<b>Mar Forecast £m</b>	<b>Full year forecast £m</b>	<b>Full year variance £m</b>
Schools basic need	27.1	22.7	1.2	23.9	(3.2)
Property Services	30.8	24.9	1.4	26.3	(4.5)
Highways & Transport	57.9	45.5	12.0	57.5	(0.4)
Place Development & Waste	2.1	0.8	0.9	1.7	(0.4)
IT & Digital	5.0	0.6	0.9	1.5	(3.5)
Other capital projects	14.1	5.6	1.9	7.5	(6.6)
<b>Service capital programme</b>	<b>137.0</b>	<b>100.1</b>	<b>18.3</b>	<b>118.5</b>	<b>(18.6)</b>

Note: All numbers have been rounded - which might cause a casting difference

7. Officers are reviewing the capital budgets and will propose the re-profiling of any budgets in the Year End report.

### **Investment strategy**

8. In 2013 the Council adopted a strategy of investing in long term income generating assets to provide an additional stream of income and improve its overall financial resilience. As a part of this strategy, the Council has approved £101m net investment in long term income generating assets during 2018/19. The Council forecasts total net revenue income in 2018/19 of £5m from this strategy. This is included in the Central Income and Expenditure budget line.

### **CONSULTATION:**

9. All Cabinet Members have confirmed their service's forecast for the year as shown in the revenue table above.

### **RISK MANAGEMENT AND IMPLICATIONS:**

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

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

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

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

#### **SECTION 151 OFFICER COMMENTARY**

12. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.
13. The Council has a duty to ensure its expenditure does not exceed resources available. During 2018/19, the Council planned to deliver £66m MTFP savings and to reduce spending by a further £40m as it moves towards a sustainable budget for future years. Although these spending reductions have been mostly achieved and there will not be a reduction in reserves this year, Services must continue to take all appropriate action to keep costs down and optimise income (e.g. through minimising spending, managing vacancies wherever possible).

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

14. The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.
15. Cabinet should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Cabinet and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.

#### **EQUALITIES AND DIVERSITY**

16. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary. In implementing individual management actions, the Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do

not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

17. Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

<b>WHAT HAPPENS NEXT:</b>
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18. The relevant adjustments from the recommendations will be made to the Council's accounts.

**Contact Officer:**

Leigh Whitehouse, Executive Director of Finance  
020 8541 7246

**Consulted:**

Cabinet, executive directors, heads of service.

**Annexes:**

Annex 1 – Forecast revenue budget as at 28 February 2019.

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## Forecast revenue budget as at 28 February 2019

## Forecast revenue budget - 28 February 2019

Service	Gross budget	Net budget	YTD actual	Forecast position	Requested C/fwd	Full year variance	Change from last month
	£m	£m	£m	£m	£m	£m	
Delegated Schools	306.9	0.0	0.0	0.0		0.0	0.0
Education, Lifelong Learning & Culture	320.5	68.9	64.4	88.3		19.4	0.8
Safeguarding & Family Resilience	45.6	42.2	38.1	42.4		0.2	(0.0)
Corporate Parenting	114.8	100.6	91.0	99.2		(1.4)	(0.2)
Quality Assurance	6.9	5.8	5.7	6.3		0.5	0.1
Commissioning	12.4	11.2	10.3	11.4		0.3	0.1
<b>Children, Families, Learning &amp; Communities</b>	<b>807.1</b>	<b>228.7</b>	<b>209.5</b>	<b>247.7</b>	<b>0.0</b>	<b>19.0</b>	<b>0.8</b>
Adult Social Care	500.4	381.8	307.1	356.7	3.2	(21.9)	(0.6)
Public Health	36.7	0.0	0.0	(0.1)		(0.1)	(0.0)
<b>Health, Wellbeing &amp; Adult Social Care</b>	<b>537.1</b>	<b>381.8</b>	<b>307.1</b>	<b>356.6</b>	<b>3.2</b>	<b>(22.0)</b>	<b>(0.6)</b>
Highways & Transport	79.7	67.0	57.2	63.5	0.5	(3.0)	(0.1)
Environment	73.3	69.2	47.1	68.6		(0.5)	0.1
Surrey Fire & Rescue Service	49.1	32.0	29.4	31.7		(0.4)	(0.1)
Trading Standards	3.9	1.8	1.3	1.7		(0.1)	0.0
Communities Support function	0.7	0.7	0.4	0.5		(0.2)	(0.0)
Economic Growth	1.1	1.0	0.6	0.8		(0.3)	(0.3)
<b>Highways, Transport &amp; Environment</b>	<b>207.8</b>	<b>171.8</b>	<b>135.9</b>	<b>166.8</b>	<b>0.5</b>	<b>(4.5)</b>	<b>(0.4)</b>
Strategic Leadership	0.8	0.8	0.8	0.9		0.1	(0.1)
Strategy & Performance	1.5	1.2	0.8	0.9		(0.3)	(0.1)
Communications	1.7	1.7	1.5	1.5		(0.2)	(0.1)
Coroner	2.4	1.7	1.9	2.1		0.4	(0.0)
Customer Services	3.4	3.3	2.8	3.0		(0.3)	0.0
Human Resources & OD	3.9	3.9	2.4	3.0		(0.9)	0.0
Information Technology & Digital	13.0	12.4	8.9	10.3	0.4	(1.7)	(0.0)
Property	31.2	21.7	14.9	16.8		(4.9)	(0.6)
Joint Operating Budget ORBIS	35.6	35.6	30.5	33.5		(2.1)	0.0
<b>Customer, Digital &amp; Transformation</b>	<b>93.4</b>	<b>82.1</b>	<b>64.5</b>	<b>72.0</b>	<b>0.4</b>	<b>(9.8)</b>	<b>(0.9)</b>
Finance	4.3	2.6	2.1	2.3		(0.3)	0.0
Democratic Services	4.5	3.8	3.2	3.5		(0.3)	(0.0)
Legal Services	4.4	4.0	4.0	4.5		0.5	0.1
<b>Finance, Law &amp; Governance</b>	<b>13.2</b>	<b>10.4</b>	<b>9.3</b>	<b>10.3</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>
<b>Central Income &amp; Expenditure</b>	<b>56.9</b>	<b>52.8</b>	<b>29.6</b>	<b>41.8</b>	<b>0.0</b>	<b>(11.0)</b>	<b>0.9</b>
<b>Total services' revenue expenditure</b>	<b>1,715.5</b>	<b>927.6</b>	<b>755.9</b>	<b>895.2</b>	<b>4.1</b>	<b>(28.5)</b>	<b>(0.2)</b>
General funding sources							
Capital receipts		(15.0)	0.0	(8.2)		6.8	0.0
General Government grants		(58.7)	(38.5)	(57.9)		0.8	(0.7)
Local taxation (council tax & business rates)		(832.6)	(757.7)	(832.6)		0.0	0.0
<b>Total general funding</b>		<b>(906.3)</b>	<b>(796.2)</b>	<b>(898.7)</b>	<b>0.0</b>	<b>7.6</b>	<b>(0.7)</b>
<b>Total movement in reserves</b>		<b>21.3</b>	<b>(40.3)</b>	<b>(3.5)</b>	<b>4.1</b>	<b>(20.9)</b>	<b>(0.9)</b>

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**SURREY COUNTY COUNCIL  
CABINET**



**DATE:** 30 APRIL 2019

**REPORT OF:** MRS JULIE ILES, CABINET MEMBER FOR ALL-AGE LEARNING

**LEAD OFFICER:** GEOFF WILD, DIRECTOR OF LAW AND GOVERNANCE & DAVE HILL, EXECUTIVE DIRECTOR FOR CHILDREN, FAMILIES, LIFELONG LEARNING AND CULTURE

**COMMUNITY VISION OUTCOME:** PEOPLE

**SUBJECT:** LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN REPORT WITH A FINDING OF MALADMINISTRATION

**SUMMARY OF ISSUE:**

This report concerns the findings of the Local Government and Social Care Ombudsman (the Ombudsman) in response to a complaint concerning the service provided to a Surrey family.

As the Ombudsman has found that maladministration causing injustice has occurred, under Section 31(2) of the Local Government Act 1974, the report must be laid before the authority concerned.

The Council has accepted the recommendations of the Ombudsman. The Council will pay a total of £3750 for missed provision and time and trouble for the complainant in pursuing the complaint. It will also apologise to the family for the delay in issuing the Education, Health and Care Plan (EHC Plan), and for the lack of communication during this period. Training will be delivered for special educational needs (SEN) staff to prevent a recurrence of the fault found by the Ombudsman and to make sure another family does not have the same experience.

**RECOMMENDATIONS:**

It is recommended that Cabinet:

1. Consider the Ombudsman's report and the steps that will be taken by the Service to address the findings, and
2. Consider whether any other action should be taken.
3. Note that the Monitoring Officer will be bringing his report to the attention of all councillors.

**REASON FOR RECOMMENDATIONS:**

There is a statutory requirement for the Monitoring Office to bring to Members' attention any public report issued by the Ombudsman about the Council which identifies it is at fault and has caused injustice as a result.

**DETAILS:**

1. The Local Government and Social Care Ombudsman has investigated a complaint made by parents of a child with special educational needs. A report into the investigation was published on 27 March 2019. The identity of the family in question is not made publicly available and the Ombudsman refers to the parent as 'Mr X' in his report, and his son as 'Y'.
2. The family had made a previous complaint to the Ombudsman in November 2015 about home-to-school transport, where fault was found. Whilst the council did not agree with all of the findings of that investigation, it agreed to the Ombudsman's recommendations to draw matters to a close.
3. The council carried out an annual review of Y's EHC Plan on 25 June 2015. Although the Council agreed Y's EHC Plan needed to be amended, it did not issue a draft amended EHC Plan until January 2017. The Ombudsman finds that this delay meant that Y received the provision he needed 15 months later than he otherwise would have done.
4. Mr X raised an issue regarding missing occupational therapy (OT) sessions during a meeting on 11 September 2015, with a further email on 7 February 2016. The Council claimed that it did not know about the missing OT until March 2016; however it should have been aware from when the matter was raised by Mr X on 11 September 2015. The Ombudsman acknowledges the council agreed to make up the OT sessions, in line with professional advice, and does not consider this fault. However, he considers that Mr X experienced injustice in the form of time in pursuing this matter, and finds the council at fault in this regard.
5. The council also attempted to put in place measures to manage Mr X's communication with officers. The Ombudsman considers that Mr X was justified in chasing the council, which was at fault for seeking to restrict his communication.
6. Surrey County Council has existing guidance for identifying and managing unreasonable customer behaviours. The Service has acknowledged that had this guidance been consulted, it would have been evident that Mr X's communications about his son's needs were not unreasonable and did not warrant action to manage his contact with the council.
7. Whilst SEN Staff are aware of statutory timescales regarding the annual review process, it is evident that the usual processes were not followed in a timely manner. While officers were of the view that Y was not disadvantaged by the delay because he was in a specialist school, the Ombudsman does not agree. In line with the recommendations made by the Ombudsman, the Service has arranged training for special educational needs (SEN) staff to prevent a recurrence of the issues highlighted within the report. In particular, that attending a specialist school does not

automatically meet a child's SEN when the EHC Plan is out of date and that amendments must be made in line with statutory timescales.

8. Y's current education is in a specialised provision tailored to his needs. Y's EHC Plan includes a specialist programme for his autism, extra speech and language therapy (SALT) and extra occupational therapy (OT). Therefore, his needs are being met and the service will continue to make sure this is the case.
9. This complaint dates back to events that took place in 2015 and 2016. While improvements to practice have taken place since then, the Service is aware that further improvement is required, and has undertaken an extensive consultation on its SEND Strategy with Surrey residents and partners. The feedback will be used to help shape our SEND Teams and the way they engage with families moving forward.
10. In accordance with statutory requirements, Surrey County Council placed notices about the Ombudsman's public report in the *Surrey Mirror* (4 April 2019) and the *Surrey Advertiser* (5 April 2019).

#### **CONSULTATION:**

11. The Chief Executive and S151 Officer have been consulted on this report in accordance with the statutory requirements.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

12. The Ombudsman findings highlight service failures that caused injustice to a vulnerable child and his family. Staff training will be delivered to prevent a recurrence of these issues.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

13. The Council will pay £3750 to the family as recommended by the Ombudsman.

#### **SECTION 151 OFFICER COMMENTARY**

14. The Section 151 Officer confirms that the payment to the family can be met from existing budgets. There are no further material financial implications regarding the matters raised in this paper.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

15. The Ombudsman has made a finding of fault (described in law as maladministration) causing injustice. The inadequacies identified include failures on the part of Children's Services to comply with statutory duties placed upon them. The Local Government and Housing Act 1989 places a duty on the Monitoring Officer to report these findings to the Cabinet and draw his report to the attention of each Member of the Council.
16. Ombudsman's recommendations are not legally enforceable although it is extremely unusual for an authority not to accept them. In this instance Officers have accepted the findings of the Ombudsman, agreed to pay the amounts recommended as compensation and have agreed to make an apology.

## EQUALITIES AND DIVERSITY

17. The Council has to have due regard to its equality duties under the Equality Act 2010 and to consider the impact of its decisions and actions on individuals with protected characteristics. Particularly relevant here are the characteristics of disability and age (in so far as this concerns a disabled child). The duties relating to special educational needs are enshrined in law to ensure that such children get the support that they require to help them with their education. Members will no doubt wish to consider whether there are any other lessons to learn to avoid any future similar adverse impact on children with disabilities, those who care for them and their families.

## WHAT HAPPENS NEXT:

18. An apology letter will be sent to the family on 1 May 2019 and the recommended financial redress payment will be paid.
19. Training undertaken for SEN staff will be completed by 3 May 2019.
20. A report of the Cabinet's response to the Ombudsman's recommendations will be produced and sent to all Members and to the Ombudsman.
21. The matter will be reported to the council for it to note.

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### Contact Officer:

Mary Burguieres  
 Assistant Director, Systems and Transformation  
 Tel: 020 8541 9613

### Consulted:

See paragraph 10 above.

### Annexes

Annex 1- Report of the Local Government Ombudsman - Reference number: 18 005 886

### Sources/background papers:

Report of the Local Government and Social Care Ombudsman (Reference number: 18 005 886)

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**Report by the Local Government and Social Care  
Ombudsman**

**Investigation into a complaint against  
Surrey County Council  
(reference number: 18 005 886)**

**8 February 2019**

## The Ombudsman's role

For 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

### Key to names used

Mr X	The complainant
Y	His son
Officer A	Officer in the Council's Special Educational Needs (SEN) department
Officer B	Officer in the Council's SEN department

## Report summary

### Special educational needs

Mr X complains the Council took 18 months between July 2015 and January 2017 to issue a final Education Health and Care (EHC) Plan for his disabled son, Y. This delayed his right of appeal against the EHC Plan and prevented Y from receiving the correct provision for 15 months longer than necessary. The Council also knew about missing occupational therapy (OT) provision for Y six months earlier than it claimed, forcing Mr X to chase the matter for longer than necessary. Finally, the Council sought to restrict Mr X's communications when it had no good reason to do so. This caused him avoidable frustration, more so as the Council had previously failed to communicate with him properly in a complaint (reference 15 003 601) where we found it had denied Y free home-to-school transport for six months in 2015.

### Finding

Fault found causing injustice and recommendations made.

### Recommendations

To remedy the injustice caused by fault, we recommend the Council takes the following action within three months of the date of this report:

- Apologises to Mr X for:
  - a delay of 15 school months in issuing the EHC Plan;
  - wrongly telling him it was unaware of missing OT sessions until March 2016; and
  - seeking to restrict his communication without good reason;
- Pays Mr X £3,000 for Y's lost provision for 15 school months. It should also pay Mr X £250 for his time and trouble in having to pursue the matter of the missed OT sessions over several months and £500 for the frustration caused by restricting his communications without good reason. This amount reflects the fact that Mr X has experienced similar difficulties in gaining responses from the Council as he did in complaint [15 003 601](#). These sums total £3,750.

To prevent a recurrence, we recommend the Council arranges training for special educational needs (SEN) staff within three months of the date of this report to ensure they are aware that:

- attending a specialist school does not automatically meet a child's SEN when the EHC Plan is out-of-date, and amendments must be made in accordance with statutory timescales; and
- they should not restrict a person's communications without evidence of the behaviour that has led to this.

The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)

The Council has agreed to these recommendations.

## The complaint

1. Mr X complains the Council failed to consider the frequency of 19 occupational therapy (OT) sessions it agreed to provide for his son, Y, to make up for missed sessions, but instead offered them as a block.
2. Mr X says the Council knew in September 2015 that Y was not getting the OT sessions he should have had, but that it has since claimed it did not know of this until April 2016.
3. He also says the Council took from July 2015 until January 2017 to issue a final amended EHC Plan for Y.

## Legal and administrative background

4. We investigate complaints about ‘maladministration’ and ‘service failure’. In this report, we have used the word ‘fault’ to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as ‘injustice’. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
5. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. Although these matters go back more than three years and this is a late complaint, Mr X earlier complained promptly to us in 2016. We discontinued our investigation in 2017 as Mr X appealed to the SEND Tribunal against the EHC Plan issued by the Council, inviting him to return after the hearing if he wished. He has done so without delay, so there is a good reason for us to now investigate these late matters. (*Local Government Act 1974, sections 26B and 34D, as amended*)
6. The Special Educational Needs Code of Practice 2014 (the Code) is a document that lays out councils’ statutory responsibilities to children with SEN. The Code states at paragraph 9.192 that councils have 14 weeks to reassess and issue revised EHC Plans after a decision to amend them.
7. SEND is a tribunal that considers special educational needs. (*The Special Educational Needs and Disability Tribunal (‘SEND’)*)
8. Almost all councils have a policy for dealing with unreasonably persistent and vexatious complainants. Such policies allow the council to restrict a person’s communications where they are unduly frequent or repetitious, or are abusive or threatening. We recommend they should contain provision for a warning and the review of any restrictions imposed. Surrey County Council has such a policy.

## How we considered this complaint

9. We have produced this report after examining the relevant files and documents and interviews with the complainant and officers of the Council. Both parties have had the opportunity to comment on a draft of this report and we have considered their comments.

## What we found

### Relevant background

10. Mr X's son, Y, has significant SEN. In complaint [15 003 601](#) we found the Council failed for almost two school terms between February and September 2015 to provide free home-to-school transport for Y to the special school he attended. We also found the Council failed to communicate properly with Mr X, or to deal properly with his complaint. The Council did not agree with all our findings, but agreed to accept our recommendations to draw matters to a close. It apologised and paid Mr X £2,250.

### What happened

11. The Council carried out an annual review of Y's EHC Plan on 25 June 2015. The notes of this annual review show the Council agreed the EHC Plan was out-of-date. It therefore needed to be amended.
12. On 11 September 2015, Mr X attended a meeting with an SEN Officer (Officer A). Mr X recorded this meeting covertly. He told us he did so because he had lost trust in the Council. He supplied a copy of the recording. We checked the recording of the whole meeting against the copy of the minutes of the meeting the Council supplied. This confirmed the recording was of this meeting.
13. At the end of the meeting, the recording shows Mr X asked to speak to Officer A. It records Mr X told Officer A he was concerned about "historic" lack of provision, "not providing for [Y]", for a period of "about six months". Officer A then asked Mr X what outcome he was looking for because the Council couldn't "turn the clock back". Mr X replied that he wanted changed procedures and some OT provision outside Y's school.
14. Mr X also provided a copy of an email he sent to Officer A on 7 February 2016. In this email, he raised the issue of the historic missing OT provision again. Further emails the Council supplied showed he chased this again on 3 April 2016.
15. On 7 March 2016, an OT emailed the Council. The Council provided a copy of this email. The OT told it the 19 OT sessions would be best provided in a block.
16. In May 2016, the Council told Mr X it would not issue an amended EHC Plan because another annual review would happen in July.
17. In its response to our enquiries, the Council told us Mr X agreed to this. He has denied it. We offered the Council the opportunity to provide evidence to show Mr X agreed. It was unable to do so.
18. In response to the draft report, the Council told us it had issued an EHC Plan on 1 June 2016, against which Mr X could have appealed. However, in a letter of 30 August 2016, to which we will return later, Officer A told Mr X that Y's "2016 annual review [referred to in the next paragraph] was informed by a newly-revised draft EHCP". We have not seen any evidence that the EHC Plan of 1 June 2016 was a final Plan against which Mr X could have appealed.
19. On 6 July 2016, the Council carried out the next annual review of Y's EHC Plan. The Council had still not issued the amended EHC Plan following the previous annual review. The minutes of the July 2016 annual review recorded Mr X was not satisfied with the provision. They also recorded the meeting was based on a draft EHC Plan.
20. By this time, Mr X had complained to the Council about the delayed EHC Plan and the missed OT provision.

21. On 30 August 2016, Officer A wrote to Mr X with a final response to his complaint. He said the Council had been alerted to missing OT sessions by the email of 7 March 2016. This letter did not clarify a timeframe for how far back the missed sessions went. In this letter, Officer A said the Council had addressed the shortfall as soon as it became aware of it. He also said he was confident Y had not missed any provision because of the delay in issuing the amended EHC Plan because he attended “a highly specialist school which provides individualised programmes of support with integrated therapy provision.”
22. At the end of the letter of 30 August 2016, Officer A said Mr X needed to abide by “communication ground rules”. These were that he communicated only by email, that he only used one email address and that he emailed no more than once a week.
23. Copies of Mr X’s emails to the Council and vice-versa from the period 2014 to 2016 that the Council supplied did not show any unusual frequency. Many of them were about delays by the Council. One involved a delay of three weeks by Officer A in responding to an email. Others contained apologies from officers for delayed responses. The Council has not supplied any records of telephone calls from Mr X. We also note the Council apologised to Mr X in the letter of 30 August 2016 that its first response to his complaint had been late.
24. We interviewed Officer A. He told us he had thought Mr X was unhappy about the amount of OT Y was getting rather than the historic missing OT.
25. Officer A also confirmed his view that because Y was attending a specialist school there was no disadvantage to him in not having an up-to-date EHC Plan. He said the school was for children with severe learning difficulties and autistic spectrum disorders. He said that its core offer was a high-level offer, at the high end of provision and that there is a high staff ratio set up to meet children’s most complex needs.
26. We interviewed another SEN officer (Officer B). He told us he had been the case worker since June 2016. He said the school had taken until late September 2016 to issue the paperwork after the annual review. He said he had felt it best to organise a meeting as Mr X was concerned about the school. He said a forum then considered Mr X’s requests, but did not agree them, so there was another meeting. He said Mr X agreed to this delay. As we had not seen any evidence Mr X agreed to the delay, we offered to consider any evidence Officer B had of this. We have received none.
27. Mr X told us he did not consent to any delay.
28. The Council issued the amended EHC Plan in January 2017.
29. Mr X appealed to the SEND Tribunal. The Council later agreed a new EHC Plan. This specified a change of school. It also included greater provision. This included a specialist programme for Y’s autism such as applied behaviour analysis (ABA). It also included extra speech and language therapy (SALT) with guaranteed weekly time, extra OT time each week and joint SALT/OT timed sessions each half term.

## Conclusions

### **Frequency of occupational therapy sessions to make up for those missed**

30. There is no dispute that the Council agreed to make up 19 OT sessions Y had missed. Mr X says the Council should have spread out the sessions for Y to gain

the most benefit. The email we have seen shows the OT felt the sessions would be better in a block. Mr X disagrees with the OT's professional opinion. But we are not able to prefer another view where a matter is one of professional opinion and there is no fault in the way the decision was made. We do not find the Council at fault.

### **When the Council knew about the missing occupational therapy sessions**

31. The recording Mr X provided from the meeting on 11 September 2015 was clear. It shows Officer A should have been aware of the missing OT from that date. Mr X mentioned "historic" missing OT for "about six months" and Officer A asked him what outcome he wanted because the Council couldn't turn the clock back. If there was any uncertainty about the nature of what was missed, the Council should have checked this. Mr X's email of 7 February 2016 was also clear. The Council was therefore at fault in claiming it did not know about the missing OT until March 2016.

### **Issuing the amended EHC Plan**

32. The Council agreed after Y's annual review in July 2015 to issue an amended EHC Plan. It should have done so within 14 weeks. It took 18 months to do this, which was delay of about 15 months. In response to the draft report, the Council has claimed the EHC Plan of 1 June 2016 was a final Plan against which Mr X could have appealed to the SEND Tribunal. It has not provided any evidence to support this, such as a letter to Mr X telling him of his rights. The available evidence, in the form of Officer A's letter to Mr X of 30 August 2016, states the Plan of 1 June 2016 was a draft. Mr X could not have appealed against a draft EHC Plan. The Council has also blamed the school for late completion of the minutes of the July 2016 annual review. Even if the Council's assertion about the school is correct, this would have been only a small part of a much larger delay. Despite our offer to consider this, the Council has not produced any evidence to support its assertion that Mr X agreed to any delay. And his complaint to the Council in 2016 suggests otherwise. This delay was fault.

### **The Council's restriction of Mr X's communications**

33. Despite our offer to consider this, the Council has not been able to provide any evidence to support its restriction of Mr X's communication. Given the delay and other fault identified in this investigation and the previous fault in complaint [15 003 601](#), Mr X was justified in chasing the Council. And the emails we have seen from Mr X to the Council were polite and directed at his son's unmet needs. The Council has not produced any evidence of any inappropriate communications from Mr X in any other format. It therefore sought to restrict his communications without good reason and without warning. This was fault.

### **Injustice**

34. Failing to acknowledge the missing OT sessions in September 2015 caused Mr X injustice in the form of time and trouble in having to continue to pursue the matter unnecessarily for several months until the Council proposed a remedy.
35. Seeking to restrict Mr X's communications without good reason when he had good reason to chase the Council caused him avoidable frustration. This is the more so given we previously found the Council's communication with Mr X had been poor in complaint [15 003 601](#). Its unsupported assertion when responding to our enquiries that Mr X agreed to some of the delay in issuing the amended EHC Plan can only have added to that frustration.

36. However, the principal injustice was caused by the delay of 15 months in issuing the amended EHC Plan in January 2017. Officer A told us at interviews that Y suffered no disadvantage from his out-of-date EHC Plan because he was attending a specialist school. We do not agree. This is because the Council's delay meant Mr X had no right of appeal to the SEND Tribunal against the out-of-date EHC Plan for about 15 months longer than necessary. The Council and Mr X later agreed a different school and different provision. The provision Y was receiving during the 15-month period did not meet his needs. But for the Council's delay, it is reasonable to assume that the subsequent events, including the outcome of the negotiations that led to the agreed provision, would each have happened in their turn 15 months earlier. Y therefore received the amended provision he needed about 15 months later than he otherwise would have done. This loss of provision was injustice to Y. It was also injustice to Mr X in compounding his frustration with the Council's failures going back to February 2015.

## Recommendations

37. To remedy the injustice caused by fault, we recommend the Council takes the following actions within three months of the date of this report:
38. Apologises to Mr X for:
- a delay of 15 school months in issuing the EHC Plan;
  - wrongly telling him it was unaware of missing OT sessions until March 2016; and
  - seeking to restrict his communication without good reason;
39. Pays Mr X £3,000 for Y's lost provision for 15 school months. It should also pay Mr X £250 for his time and trouble in having to pursue the matter of the missed OT sessions over several months and £500 for the frustration caused by restricting his communications without good reason. This amount reflects the fact that Mr X has experienced similar difficulties in gaining responses from the Council as he did in complaint 15 003 601. These sums total £3,750.
40. To prevent a recurrence, we recommend the Council arranges training for SEN staff within three months of the date of this report to ensure they are aware that:
- attending a specialist school does not automatically meet a child's SEN when the EHC Plan is out-of-date, and amendments must be made in accordance with statutory timescales; and
  - they should not restrict a person's communications without evidence of the behaviour that has led to this.
41. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)
42. The Council has agreed to these recommendations.

**SURREY COUNTY COUNCIL  
CABINET**



**DATE:** 30 APRIL 2019

**REPORT OF:** MR TIM OLIVER, LEADER OF THE COUNCIL

**LEAD OFFICER:** LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF RESOURCES

**COMMUNITY VISION OUTCOME:** COUNCIL

**SUBJECT:** STRATEGIC RISK REGISTER

**SUMMARY OF ISSUE:**

The Corporate Leadership Team (CLT) have undertaken a review of the top risks facing the Council, with the output being used to produce a new strategic risk register (Annex A).

**RECOMMENDATIONS:**

It is recommended that the Cabinet note the content of the strategic risk register and endorse the control actions put in place by CLT.

**REASON FOR RECOMMENDATIONS:**

To enable the Cabinet to keep the Council's strategic risks under review and to ensure that appropriate action is being taken to mitigate risks to a tolerable level in the most effective way.

**STRATEGIC RISK REGISTER:**

1. Over the last few months CLT have developed a new strategic risk register that documents the Council's key risks and associated controls. The risk register is limited to a small number of risks that are seen as being the most significant and relevant to the achievement of the Council's objectives. Further risks are captured at appropriate levels throughout the Council's risk management framework, i.e. at directorate, service or project level.
2. Further development of the risk register will include a review of the controls to provide clarity on current controls in place and additional controls required; and a review of the current risk levels and underlying risk assessment criteria.
3. CLT will consider the strategic risk register at least quarterly, with amendments proposed as part of normal business meetings. The strategic risk register will also be

reported to each meeting of the Audit and Governance Committee and it has been agreed that Cabinet will review the risk register on an exception basis at least annually.

#### **CONSULTATION:**

4. The strategic risk register has been agreed by CLT and was considered by the Audit and Governance Committee on 8 April 2019.

#### **RISK MANAGEMENT AND IMPLICATIONS:**

5. Effective management of risks, including effective controls and timely action, leads to improved governance, effective decision-making and supports the achievement of the Council's objectives.

#### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS**

6. There are no direct financial implications relating to the strategic risk register.

#### **SECTION 151 OFFICER COMMENTARY**

7. The Section 151 Officer is well sighted on current and emerging risks through being a member of CLT and attending key strategic meetings.

#### **LEGAL IMPLICATIONS – MONITORING OFFICER**

8. There are no direct legal implications relating to the strategic risk register.

#### **EQUALITIES AND DIVERSITY**

9. There are no direct equalities implications but any actions need to be consistent with the Council's policies and procedures.

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

10. The Strategic risk register will be reviewed by CLT quarterly and will be reported to each Audit and Governance Committee meeting.

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#### **Contact Officer:**

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#### **Consulted:**

Corporate Leadership Team, Audit and Governance Committee, Cabinet.

#### **Annexes:**

Annex A – Strategic risk register.

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

None.

**Strategic risk register (March 2019)**

	<b>Risk Description</b>	<b>Controls</b>	<b>Lead risk owner</b>	<b>Current risk level</b>
S1	<b>Financial Resilience</b> Failure to develop sustainable financial plans leads to increased levels of external censure and reactive service reductions.	Robust Financial Strategy. Budget envelopes used as cornerstone of financial planning. Rigorous budget monitoring including delivery against plans. Intention to set budget without using reserves. Review of financial management across the organisation.	Executive Director of Finance	High
S2	<b>Delivery of Savings Plans</b> Failure to deliver savings plans lowers the council's financial resilience and leads to reactive service reductions.	Clarity over basis of savings plans. Detailed savings plans with clear accountabilities. Clear tracking of progress on savings plans. Joined up governance approach with council transformation.	Executive Director of Finance	High
S3	<b>Brexit</b> Brexit impacts significantly on the ability of the council and its partners to deliver services.	Brexit working group in place to review and monitor specific risks. Ongoing communication and engagement with key stakeholders.	Executive Director of Finance	High
S4	<b>Transformation</b> Failure to deliver the intended outcomes of the council's Transformation Programme due to insufficient buy in, understanding and engagement, leads to inability to generate service improvements.	Transformation Support Unit in place providing: <ul style="list-style-type: none"> <li>- Project/programme management tools and training</li> <li>- Allocation of Accountable Executives and project/programme managers to each project/programme</li> <li>- Resource and funding to support additional capacity required and accelerate delivery of projects/programmes.</li> </ul> <p>Effective Transformation Programme communications and engagement plan.</p> <p>Clear, consistent and timely communications to staff led by Interim Head of Communications.</p>	Executive Director – CDT	High
S5	<b>Workforce</b> Insufficient capability and competency to deliver and cope with the change needed leads to reduction in staff capacity and resilience.	Pastoral and wellbeing support for staff in place.  Culture Change approach developed including: <ul style="list-style-type: none"> <li>- Cultural shift toolkit for managers</li> <li>- Council values and working principles</li> </ul> <p>People performance reshaped to focus on values and behaviours.</p>	Executive Director - CDT	High

	Risk Description	Controls	Lead risk owner	Current risk level
S6	<b>Partnership Working</b> Ineffective partnership working and lack of community resilience due to insufficient buy in, engagement or understanding leads to inability to generate planned outcomes.	Creating and maintaining the required capacity and competencies amongst staff Regular monitoring of progress and key risks. Continuous stakeholder engagement and focus on building and maintaining strong relationships. Clear leadership endorsement of partnership approaches across the council.	Executive Director – CDT	High
S7	<b>Safeguarding</b> Failure to transform the provision of children's services and related support for vulnerable children and their families through collaborative engagement and commitment of the wider stakeholder groups leads to children being left in harmful situations and damaged reputation	Cross partnership group in place to deliver the Children's Improvement Plan. Ofsted Priority Action Board (with independent Chair) to ensure improvements are delivered across all agencies. Close working with Department for Education and Ofsted to inform Children's improvement strategy. New Family Safeguarding model developed to strengthen relationships with vulnerable children and families. Surrey Children's Services Academy co-ordinating recruitment, learning and development across agencies. Tiers 1 and 2a restructure complete with tiers 2b and 3 expected to be finalised by the end of March 2019. Monitoring of change across Children's services to ensure performance of service delivery is maintained.	Executive Director – CFLC	High
S8	<b>Provider Market</b> Lack of availability of provider market leads to inability to maintain services.	The development of an effective commissioning strategy and market shaping plan with the support of the Social Care Institute for Excellence [SCIE] is underway. This will identify the priority areas for 2019/20.  We will review our spot purchasing arrangements for nursing beds to provide greater assurance in respect of supply and affordability.  Continued engagement with providers of care services at various forums to ensure issues of availability and sustainability are heard and addressed where possible.  Working with providers of services for people with learning disabilities, services will be reviewed and re-shaped to reflect the Council's ambition for supporting independence.	Executive Director – Adult Social Care	High

	<b>Risk Description</b>	<b>Controls</b>	<b>Lead risk owner</b>	<b>Current risk level</b>
S9	<p><b>SEND</b> Lack of transformation of Special Education Needs and Disability (SEND) services at scale and pace required leads to inability to control the council's budget.</p>	<p>A senior leader has been sourced to provide additional capacity to drive the transformation. Significant activities are underway to transform the strategic and operational delivery of SEN including:</p> <ul style="list-style-type: none"> <li>- A new operating model of early help across the directorate with a full scale restructure.</li> <li>- Developing finance and business processes (e.g. a commissioning gateway to resources)</li> <li>- Additional capacity from Property, Human Resources and Finance being sought to accelerate change.</li> </ul> <p>Strengthened governance arrangements to provide oversight and assurance via:</p> <ul style="list-style-type: none"> <li>o SEND Partnership Board chaired by the Executive Director CFLC</li> <li>o SEND Transformation Programme Board (chaired at Director level).</li> <li>o Revised children and young people partnership</li> <li>o Weekly phone calls with Health partners to progress activities at pace</li> <li>o A new Cabinet Members task group has been proposed to provide additional scrutiny.</li> </ul> <p>Developing robust programme communication.</p>	Executive Director – CFLC	High

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