

Corporate Overview Select Committee



Date & time
Friday, 25 January
2019 at 10.00 am

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

Contact
Ross Pike or Joss Butler
Room 122, County Hall
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Chief Executive
Joanna Killian



We're on Twitter:
@SCCdemocracy

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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 Ross Pike or Joss Butler on 020 8541 7368 or 020 8541 9702.

Elected Members

Mr Ken Gulati (Chairman), Ms Ayesha Azad, Mr Mark Brett-Warburton, Mr Tim Evans, Mr Tim Hall, Mr David Harmer, Mr Nick Harrison (Vice-Chairman), Mr Keith Witham, Mr Chris Botten and Mr Richard Walsh

TERMS OF REFERENCE

The Committee is responsible for the following areas:

Co-ordinates the Council's policy development and scrutiny work by agreeing work programmes for Select Committees, ensuring that reviews are focused on the Council's priorities and value for money, that reviews are cross-cutting where appropriate, and that work is not duplicated.

Performance, finance and risk monitoring for all Council services.

Policy development and scrutiny for Cross-cutting/whole-Council issues including:

- Council's budget and Financial Management
- Change Management Programme (including development and implementation of the Digital Strategy)
- Corporate Performance Management
- Orbis Partnership Functions (HR&OD, IT, Business Ops, Property, Procurement)
- Orbis Public Law
- Equalities and Diversity
- Internal/External Communications
- Legal and Democratic Services
- Coroner
- Customer Services

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To report any apologies for absence and substitutions

2 MINUTES OF THE PREVIOUS MEETING: 13 DECEMBER 2018

(Pages 5
- 8)

To agree the minutes of the previous meeting as a true and accurate record of proceedings.

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); and
- Members with a significant personal interest may participate in the discussion and vote on that matter unless that interest could be reasonably regarded as prejudicial.

4 QUESTIONS & PETITIONS

To receive any questions or petitions

Notes:

1. The deadline for Member's questions is 12.00pm four working days before the meeting (*21 January 2019*).
2. The deadline for public questions is seven days before the meeting (*18 January 2019*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 REVENUE & CAPITAL BUDGET 2019/20 (Pages 9 - 30)

This item comes in two parts: Part A 'Transformation Proposals – Delivering Better Services For Residents' and Part B 'Revenue & Capital Budget 2019/20 and Key Financial Strategies to 2023/24'. The reports will be published in a supplementary agenda on 21 January 2019 following publication of the Cabinet agenda.

6 SCRUTINY OF ORBIS PARTNERSHIP: IT & DIGITAL (Pages 31 - 52)

Purpose of the report:

To assist the Committee in considering the IT and Digital function within the Orbis partnership, in respect of value for money and the ability to support transformative change.

7 TREASURY MANAGEMENT STRATEGY STATEMENT (Pages 53 - 76)

Purpose of the report:

This report sets out the Council's treasury management strategy for 2019/20, as required to ensure compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management. This Committee is asked to scrutinise the strategy prior to approval by the Audit & Governance Committee.

8 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME (Pages 77 - 92)

Purpose of the report:

The Select Committee is asked to review and approve the Forward Work Programme and Recommendations Tracker and provide comment as required.

9 DATE OF THE NEXT MEETING

The next meeting of the Select Committee will be held on 21 March 2019 in the Ashcombe Suite at County Hall.

Joanna Killian
Chief Executive
Published: 17 January 2019

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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

MINUTES of the meeting of the **CORPORATE OVERVIEW SELECT COMMITTEE** held at 10.00 am on 13 December 2018 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Friday, 25 January 2019.

Elected Members:

*= present

- * Mr Ken Gulati (Chairman)
- Ms Ayesha Azad
- * Mr Mark Brett-Warburton
- * Mr Tim Evans
- Mr Tim Hall
- * Mr David Harmer
- * Mr Nick Harrison (Vice-Chairman)
- * Mr Keith Witham
- * Mr Chris Botten
- * Mr Richard Walsh

9 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies received from Tim Hall and Ayesha Azad.

10 MINUTES OF THE PREVIOUS MEETING: 25 OCTOBER 2018 [Item 2]

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

11 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

12 QUESTIONS & PETITIONS [Item 4]

- A public question was received from Julia Dickinson. A response was tabled at the meeting and is attached to the minutes as Annex 1.
- The public questioner asked for further detail to be provided on general pay inequity throughout Surrey, rather than just focusing on the pay drivers/actions within Surrey County Council. The Chairman informed the questioner that the Council could only provide a response to pay inequity for Surrey County Council employees. It was agreed that committee officers would advise on where best to seek further clarification regarding the question.
- A Member of the Committee suggested that the question be submitted at a meeting of the relevant Local Committee as district and borough members were represented here and could respond from a district and borough perspective.

13 BUDGET SCRUTINY [Item 5]

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

Index page 13

1. The Deputy Chief Finance Officer introduced the report highlighting that Cabinet had approved £40 million in year savings in September 2018 in order to get the Council into a sustainable position in light of heavy pressures on the Special, Educational Needs and Disabilities (SEND) budget. The £40 million savings were agreed with the aim of reducing the need to use the Council's reserves. It was explained that, as of October 2018, £29 million of management actions had been achieved in order to allow for savings. Following on, it was noted that £13 million of Council's reserves would be needed to support the current budget, rather than the previously forecasted £21 million. Members noted that there were still significant pressures on the Council's finances, particularly around SEND services, including SEND transport. The Deputy Chief Finance Officer summarised further key details relating to the Council's finances which were outlined in the finance and budget monitoring report.
2. A Member of the Committee sought clarification on the additional £2.6 million funding from Government which would be allocated for winter pressures. It was confirmed that if the additional funding was not used it would be considered as an in year saving for the Council but that this would need to be approved with Health.
3. It was highlighted that Central Government were yet to update the Council on the provisional finance settlement for 2019/20 and whether or not Surrey would be included within the business rate retention pilot for 2019-20. Members requested settlement figures relating to each of the Surrey District/Boroughs when available. The Deputy Chief Finance Officer explained that he would be meeting with the Directors of Finance at the District/Boroughs in due course to discuss the settlement figures.
4. The Officer confirmed that in September 2018 the Council was forecasted to use £17 million of reserves to support the current budget. As of October 2018 this had been forecast to £13 million.
5. Members were provided with details of the forecasted savings that were considered to be at risk. This included a high risk forecasted savings of £3.4 million in SEND and £2.1 million in SEND transport.
6. A Member of the Committee queried what confidence officers had in the forecasted figures included within the SEND agency projections graph on page 33 of the agenda. It was explained that the forecasted figures were based on the best information available to officers but that £3.6 million was still considered to be at high risk.
7. A Member of the Committee expressed disappointment that the County Council motion agreed in spring 2018 to make savings on SEND transport had so far failed to make any significant savings. The Committee further discussed the urgent need to reduce the Council's spend for out of county placements for children. It was highlighted that the Children and Education Select Committee currently had an Out of County Placements Task Group in place to drive improvements in the service.
8. Members of the Committee were informed that, when calculating the budget for 2019/20, it was assumed that the Council would not be included in the business rates retention pilot and therefore would not retain an additional £20 million in the budget.
9. Following discussion, the Committee agreed to invite the Chief Executive, Cabinet Member for Finance and the Section 151 officer to the Corporate Overview Select Committee meeting on 25 January

2019 when the Committee would consider the draft council budget and outcomes from the five public consultations.

10. Members noted that, following agreement at the County Council meeting in December 2018 of the new Financial Regulations, Senior Managers would be responsible for signing a budget accountability statement.
11. The Vice-Chairman introduced the Budget Sub-Group Report which was published within the supplementary agenda. The following recommendations were agreed by the Committee.

Resolved:

The Corporate Overview Select Committee recommends that:

- a. Select Committees Review the most up to date Full Business Cases for Transformation Projects before final decisions are made by Cabinet, focussing on those plans which have most impact on residents,
- b. The Out of County Placements Task Group review the forecast volumes for SEND agency placements spend in 2018/19,
- c. The savings to be realised by Transformation Plans are monitored, to ensure Directors and Service Heads are clear on the savings they are required to deliver, and to eliminate double counting (for example, Spans of Control savings, Cultural Services and Property savings are allocated appropriately) and reported to the Budget Sub-Group regularly,
- d. Reports from Internal Audit are provided to Select Committees to assist their on-going review of the delivery of Transformation Plans and that Transformation Project risk registers are updated and shared with Select Committees.
- e. Adequate resources (including professional skills) are invested in the Property department to ensure there is capacity to support the Transformation Programme,
- f. The Council's SEND transport provision is reviewed and recommissioned to provide better value for money.

14 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Key points raised during the discussion:

1. The Chairman drew Members' attention to the inclusion of the outcomes of the five ongoing public consultations at the Committee's January 2019 meeting. All Select Committee Chairman were invited to attend this meeting.
2. Members noted that the Committee would have two roles regarding transformation. The first was to scrutinise the implementation of the projects within its remit and the second was to have an overview of the whole transformation programme's financial benefits and outcomes for residents. The Chairman stated that the Committee would need to prioritise the most important elements to focus on.

3. It was noted that the Highways and Growth Select Committee sought agreement to set up a task group to make recommendations on a new highways maintenance contract.
4. A Member of the Committee highlighted that the Committee would consider the Treasury Management Strategy Statement at its January meeting. It was confirmed that Members of the Committee would receive the appropriate training to scrutinise the strategy on the day of the meeting.

Resolved:

The Committee:

- reviewed each of the Select Committee forward work programmes and its recommendations tracker.
- reviewed the task and finish group scoping document from the Highways and Growth Select Committee.

15 DATE OF THE NEXT MEETING [Item 7]

The date of the next meeting was noted as 25 January 2019.

Meeting ended at: 11.25 am

Chairman

Corporate Overview Select Committee

25 January 2019



Revenue & Capital Budget 2019/20

Introduction:

1. The 'Transformation Proposals – Delivering Better Services For Residents' and 'Revenue & Capital Budget 2019/20 and Key Financial Strategies to 2023/24' reports will be published in a supplementary agenda on 21 January 2019. This will follow the reports publication within the Cabinet agenda.
2. At the Corporate Overview Select Committee's meeting of 25 October 2018, it was agreed as part of the scrutiny of the Preliminary Financial Strategy (PFS) that at least two meetings of the Committee's Budget Sub-Group would be scheduled between October 2018 and January 2019 to cover in-depth proposals made to deliver services within budget envelopes with any recommendations being shared with Cabinet in January 2019. This report, with recommendations from the Sub-Group, is attached as Annex 1 in order to be considered alongside the scrutiny of the annual council budget.

Annexes:

Annex 1 - Budget Sub-Group Report- Budget Scrutiny

Sources/background papers:

None.

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Corporate Overview Select Committee **25 January 2019**

Budget Sub-Group Report- Budget Scrutiny

Purpose of report: Scrutiny of Budgets

Introduction:

1. At the Corporate Overview Select Committee meeting of 25 October 2018 it was agreed as part of the scrutiny of the Preliminary Financial Strategy (PFS) that at least two meetings of the Committee's Budget Sub-Group would be scheduled between October 2018 and January 2019 to cover in-depth proposals made to deliver services within budget envelopes with any recommendations being shared with Cabinet in January 2019. It was agreed that Chairman of relevant Select Committees would be invited to these meetings as appropriate.
2. The Chairman of the Sub-Group is Nick Harrison with membership from Ayesha Azad, Tim Evans, Chris Botten, David Harmer and Ken Gulati. This group has been tasked with undertaking council-wide budget scrutiny.
3. Three budget scrutiny sessions (26 November, 27 November and 4 December 2018) were organised between the Sub-Group, relevant Select Committee Chairmen, Executive Directors and finance colleagues to review each directorate's progress and preparations for delivering services within 2019/20 budget envelopes. An outline of the key discussions and themes raised during these sessions are included with the next section of the report.
4. It has been agreed that a report with recommendations from the Sub-Group will be submitted to the 13 December Corporate Overview Select Committee meeting and considered alongside the scrutiny of the annual council budget on 25 January 2019.

Activity

5. A summary of key discussions that took place at each of the budget scrutiny sessions is outlined below.

26 November 2018

(Meeting with the Executive Director for Adult Social Care and Executive Director for Children, Family, Learning and Communities)

Health, Wellbeing and Adult Social Care

6. The Executive Director for Adult Social Care explained that the turnaround required by the directorate to achieve a sustainable budget for 2019/20 was unprecedented. There were a series of short term measures in place in the current year to ensure savings

were achieved. One key strand was a new Practice Improvement Model which would aim to reduce the number of people not eligible for adult social care services from entering the service. The service also aimed to increase interdependence, so care needs could decrease over time. The Executive Director explained that a peer review of the service was undertaken and a key issue highlighted was the passivity of the service in how it interacts with the market. In the future the service would review commissioning arrangements to ensure the council achieved good value for money and would also focus on finding a Surrey solution to Out of County based placements. There was an agreement that the service should look into providing accommodation with extra care services.

7. Full year savings of £4.5m had been achieved from a target of £10.7m as part of the councils £40m reduction in spending in 2018/19. The Executive Director was confident that the remaining target would be achieved by year end although the scale of reductions could not be underestimated.
8. It was explained that costs associated with smaller care packages were high. Due to the high costs associated with assessments, the service was trying to move away from assessing all users and only assessing those who legally required an assessment. The service would be working with the voluntary, community and faith sector to support this new way of working. The Executive Director stated that it was important local infrastructure was in place to support with this change.
9. There was a short discussion around the support mechanisms in place to support young adults with learning difficulties. The Executive Director explained that a crucial part of this would be the requirement for county owned infrastructure including homes and flats to support young people through the system.
10. A Member of the Sub-Group queried if the service was confident that the £750,000 efficiency saving for 'resolution of significant outstanding Continuing Health Care (CHC) disputes/ assessments' would be delivered in 2019/20. The Executive Director explained that the number of people receiving continuing healthcare had halved in the last year as the NHS had started reviewing CHC cases in an attempt to make savings.
11. The Executive Director explained that Surrey Choices had agreed to an efficiency saving of £300,000 for 2019/20 and had a new Chief Executive in post to support this. The Sub-Group agreed that the council should use the service provided by Surrey Choices more often.
12. There was a short discussion around the transition of individuals from children services to adult services and what needed to be done to ensure better outcomes for those transitioning through the system. The Executive Director explained that this was an issue facing most local authorities and that a cultural change needed to take place, with a more person centred approach needed. It was further added that external consultancy support would be utilised to support with this work.
13. The Chairman of the Sub-Group queried what risks were associated with the delivery of the 2019/20 budget envelope for the directorate. The Executive Director stated, that to reduce spend on the scale required would be very challenging especially as service needs and demands increased year on year. The manner in which the budget had been presented in previous years had not been helpful and the adult social care directorate had in fact, every year spent 2.5% more than it had spent the previous year. The Finance Manager added that Finance was working alongside the service to review confidence levels and analyse risks.

Children, Family, Learning and Communities

14. The Executive Director for Children, Family, Learning and Communities briefed the Sub-Group on the critical issues facing the service. He explained that the service would be focusing resources on early help and would aim to reduce the reliance of statutory services which were costly to the council. The directorate was dealing with a failing Children's Service and would need to restructure to improve performance and reduce costs. Savings of £24m would be required for 2019/20 from the Children, Family, Learning and Communities Service budget including Cultural Services. There was a £15m overspend at year end, £12.1m of this was because of the extra demand for Education Health and Social Care Plans (EHCPs). It was further added that £10m would be taken out of the 2019/20 budget for Out of County placements and there would be a focus on placements in Surrey. The Executive Director reiterated the importance of working with schools and the Phase Councils in ensuring placements within the county.
15. There was currently a Judicial Review underway regarding the £21m savings to the Special Educational Needs and Disabilities (SEND) budget with a similar case being bought against Hackney Council. The Executive Director explained that the legal challenge was around the consultation process.
16. A Member of the Sub-Group queried the SEN Transport pressure of £3m and asked officers if this target could be achieved. The Executive Director explained that local placements would help reduce this pressure. There were discussions around providing funding to families to arrange their own SEN transport at a lower cost. Hampshire County Council were currently considering means testing SEN transport which the service would be watching closely.
17. The Chairman of the Children and Education Select Committee raised concerns around the money paid to transport companies for providing SEN transport, arguing that in most cases the cost charged to the council was too high. It was argued that this needed to be reviewed and possibly recommissioned to provide better value for money.
18. There was a discussion around the savings required from the review of Cultural Services which stood at £4m, the net budget for this service was £8.2m excluding any property costs. It was noted that the majority of the savings would be made from staffing costs. The Sub-Group raised concerns around the impact this saving would have on the service and users in 2019/20.
19. The Chairman of the Sub-Group queried what risks were associated with the delivery of the 2019/20 budget envelope for the service. The Executive Director stated that he was 50-60% confident that the budget for 2019/20 could be achieved adding that progress had been made with staffing changes. The Executive Director further added that he had reduced the out of county placements budget in Essex by £36m.
20. Officers assured the Sub-Group that the service along with Finance would be careful not to double count savings.

27 November 2018

(Meeting with the Executive Director of Economy, Growth and Commercial)

Economy, Growth and Commercial

21. The Executive Director of Economy, Growth and Commercial outlined her role and responsibilities explaining that many of the budgets she was responsible for, were included within the Orbis budget. With regards to the Property function, it was explained that the building repairs and maintenance costs would be reduced and the number of assets Surrey had would be reduced as part of the wider Asset Strategy. It was confirmed by the Deputy Chief Finance Officer that the Orbis budget was made up of a Joint Operating Budget and a Managed on behalf of (MOBO) Budget. The majority of the Joint Operating Budget consisted of staffing costs, whilst the MOBO budget covered Surrey's building repairs and maintenance costs.
22. The Sub-Group raised concerns around the savings to be made from the building repairs and maintenance costs (£2m) and the health and safety implications as a result of this. The Executive Director stated that there was not enough money in the budget to maintain Surrey assets but added that health and safety in Surrey buildings would not be compromised. With a reduction in staff and assets, the building repairs and maintenance budget would progressively decrease.
23. The Executive Director confirmed that the service was currently in the process of putting together a 15 year Asset Strategy which would be considered by Cabinet in April 2019. The Chairman of the Highways and Growth Select Committee added that it would be helpful to see a detailed list of all the assets Surrey owned. The Director was currently reviewing the Property Joint Venture.
24. The Sub-Group queried what role the Executive Director had in relation to the Accommodation with Care and Support Full Business Case. The Executive Director explained that she was waiting for services to notify her of their asset requirements and would then endeavour to provide the assets requested.
25. The Chairman of the Sub-Group queried what risks were associated with the delivery of the 2019/20 budget envelope for the directorate. The Executive Director was confident that the 2019/20 budget envelope would be delivered, stating that the biggest risk was the reduction in the building repairs and maintenance budget and the implications on health and safety.
26. There was a short discussion around devolving the management of assets to each service. The Executive Director stated that a good functioning property service required benchmarked metrics which Surrey currently does not have. Importantly, the focus was on ensuring the property service functioned well in its current form.

Budget Monitoring Report to 30 September 2018

27. The budget monitoring report was introduced by the Deputy Chief Finance Officer who explained that the Council had to date completed £24m management actions of the £40m target to bring the forecast revenue outturn to a £4m underspend against the original budget and now forecasts to draw down a reduced amount of £17m from reserves at year end, rather than £21m as planned in the original budget. The largest

area of concern was the £14m overspend within the SEND budget. It was confirmed that the £14m overspend within the SEND budget would be added to the 2019/20 Children, Family, Learning and Communities budget as a pressure. Although the Dedicated Schools Grant should cover the costs for the SEND budget, Surrey uses its general funding to support this budget.

28. The Central Income & Expenditure (CIE) forecasts a £4.1m underspend overall. The Deputy Chief Finance Officer explained that this underspend was due to a number of factors including, £2.2m budgeted contributions to reserves no longer considered necessary and £4.3m balances identified in a balance sheet review which are no longer needed for their original purpose and can be applied to fund current year expenditure.
29. The Deputy Chief Finance Officer was of the opinion that the budget was moving in a positive direction for the current financial year with an underspend which would put the council in a better financial position for next year by not having to draw down so much from reserves, although significant challenges remained.
30. There was a short discussion around the business rates retention pilot taking place in Surrey and the ongoing appeal with hospitals to be made exempt from the pilot. It was confirmed that the outcome of this appeal would be completed by the end of the year.

04 December 2018

(Meeting with the Executive Director for Customers, Digital & Transformation and Interim Head of Environment)

Customer, Digital and Technology

31. The Executive Director for Customers, Digital and Transformation briefed the Sub-Group on the Customer, Digital and Technology directorate's budget position. A number of projects within the IT function relating to system design and implementation had been halted and had now been included within the wider Digital Full Business Case. Within the HR function, some non-essential training had been paused whilst the service restructured, this had led to an in-year saving. Recruitment controls and the stopping of a range of miscellaneous expenditure within the Strategy and Performance team had also resulted in savings for the directorate.
32. There was a short discussion regarding the total transformational savings within the 2019/20 budget envelope for the directorate. The Executive Director stated that the £1m saving allocated to 'Transformational Savings Digital' would not all be achieved within his directorate budget as this saving would be realised within other service Full Business Cases. The Sub-Group raised concerns around possible double counting of savings. The Deputy Chief Finance Officer added that the figures presented to the Sub-group within the budget envelopes were the most up to date and the next iteration of the budget envelope was still being worked on.
33. Within the Orbis Value For Money savings, the Executive Director expressed concern that the council was at risk of not achieving the full saving figure due to the contribution ratio in place within the Orbis contract. There was also a risk that at least 50% of the savings attached to OD/ratios figure would not be achieved as Spans of Control (organisational design) had not yet been applied and team restructures had not yet taken place. It was further added that a proportion of the Mobile/agile workforce saving

would be captured in other service budgets, including the Children, Family, Learning and Communities and Health, Wellbeing and Adult Social Care.

34. There was a recognition amongst the Sub-Group that a proportion of the transformational savings within the 2019/20 budget envelope would be captured within other service budgets.
35. With regards to the Full Business Cases, it was confirmed that officers in the legal and finance departments had reviewed each Business Case and continue to monitor these on a periodic basis. Fortnightly meetings take place between senior officers and the transformation unit to ensure milestones and delivery of each business case is being tracked.
36. The Sub-Group raised concern around the delivery of the draft net budget for the directorate especially as a number of the budgeted savings would be captured in other service budgets. The Executive Director confirmed that a number of savings within his service budget would be realised elsewhere and while making every effort to identify compensatory savings, was of the view that the draft net budget for 2019/20 would likely increase.

Highways, Transport and Environment

37. The Interim Head of Environment briefed the Sub-Group on the budget for the directorate explaining that there were a number of pressures within the budget and savings of £16m were required. The directorate was required to pay a number of contract inflation costs with partners such as Kier, Suez and Skanska which was added as a pressure within the budget.
38. It was explained that the waste contract with Suez was due for renewal in 2024 and work would be done in advance of this date to ensure any new contract was fit for purpose and value for money. The Interim Head explained that a forthcoming Waste and Resource Strategy would radically change the manner in which waste services were delivered by the council. A Waste Sinking Fund had been set up which would support payments to Suez for the delivery of the Eco-Park. This Sinking Fund had been in place for a number of years with reserves increasing to meet the higher revenue costs in future years.
39. It was explained that a consultation on changes to local bus funding would start in the spring of 2019 and would total a saving of £3.5m which accounted for the majority of the spending in 2018/19.
40. There was a short discussion regarding Countryside Review savings and the work that would be undertaken with Surrey Wildlife Trust (SWT) to ensure savings within the budget were met. The Interim Head explained that there had been a number of operational issues with parking machines at two car parks on the Countryside estate which had led to a loss of income. The SWT business plan was also 6-8 weeks behind its due date. The Interim Head confirmed that savings within the Countryside budget would need to be delivered as this saving could not be identified elsewhere.
41. Although there was a £3m saving to be identified, it was suggested that the Waste Sinking Fund could be used to reduce this pressure.

Corporate Overview Select Committee: 13 December 2018

42. A report from the Budget Sub-Group report was presented to the Corporate Overview Select Committee at its meeting on 13 December 2018. The Chairman of the Sub-Group briefed the Committee on the work undertaken by the Sub-Group to date. A number of recommendations regarding budget scrutiny were agreed by the Committee and are included in the section below.

Conclusions

43. The Sub-Group were briefed on the steps being taken by officers to ensure services are delivered within 2019/20 budget envelopes including the risks associated with the delivery of these envelopes and the resulting impacts on services provision. It was clear from the budget scrutiny sessions that continued scrutiny of the budget was required to ensure financial resilience of the council through a period of transformation.

Recommendations:

The Corporate Overview Select Committee recommends that:

- a. Select Committees Review the most up to date Full Business Cases for Transformation Projects before final decisions are made by Cabinet, focussing on those plans which have most impact on residents,
- b. The Out of County Placements Task Group review the forecast volumes for SEND agency placements spend in 2018/19,
- c. The savings to be realised by Transformation Plans are monitored, to ensure Directors and Service Heads are clear on the savings they are required to deliver, and to eliminate double counting (for example, Spans of Control savings, Cultural Services and Property savings are allocated appropriately) and reported to the Budget Sub-Group regularly,
- d. Reports from Internal Audit are provided to Select Committees to assist their on-going review of the delivery of Transformation Plans and that Transformation Project risk registers are updated and shared with Select Committees.
- e. Adequate resources (including professional skills) are invested in the Property department to ensure there is capacity to support the Transformation Programme,
- f. The Council's SEND transport provision is reviewed and recommissioned to provide better value for money.

Next steps:

Recommendations from the Committee will be submitted to Cabinet ahead of its meeting on 29 January 2018.

Annexes:

Annex 1- Adult Social Care, Public Health 2019/20 Budget Envelope Proposal
(26 November 2018)

Annex 2- Children, Family Learning & Community 2019/20 Budget Envelope Proposal
(26 November 2018)

Annex 3- Economy, Growth and Commercial 2019/20 Budget Envelope Proposal
(27 November 2018)

Annex 4- Customer, Digital and Technology 2019/20 Budget Envelope Proposal
(04 December 2018)

Annex 5- Highways, Transport and Environment 2019/20 Budget Envelope Proposal
(04 December 2018)

Report contact: Huma Younis, Democratic Services Officer

Contact details: huma.younis@surreycc.gov.uk

Directorate for:	Health, Wellbeing & Adult Social Care
This Directorate covers:	Adult Social Care, Public Health
Indicative 2019/20 Budget Envelope	£366,028k

Movements	£k
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Prior year budget	371,515
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Pressures:

Pressures before mitigating transformational activities

Prices

ASC cost of care pressures prior to mitigating actions	22,247
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Total Prices	22,247
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Impact of Demography

ASC demographic pressures prior to mitigating actions	6,370
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Total Impact of Demography	6,370
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Other service pressures

Service delivery pressures beyond prices and demography	1,957
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Total Other service pressures	1,957
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Funding Changes

End of Adult Social Care Support Grant	2,497
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Reduction in Improved Better Care Fund Grant	817
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Reduction in Public Health grant	965
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Total Funding Changes	4,279
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Total Pressure before mitigating transformational activities	34,852
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Transformational activities to mitigate pressures

Mitigation of ASC cost of care pressures	-16,200
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Mitigation of ASC demographic pressures	-3,192
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Total Transformational activities to mitigate pressures	-19,393
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Total budgeted pressures	15,460
---------------------------------	---------------

Savings:

Transformational savings	
Reviews of existing care packages	-7,075
Manage down care package volumes	-3,971
Cost of care renegotiation savings	-3,222
ASC workforce review including digital and mobile working	-2,097
Personalised strategic shift from residential to community provision	-1,000
Wider contracts and grants savings	-515
Total Transformational savings	-17,879

Efficiency savings

Resolution of significant outstanding CHC disputes / assessments	-750
Sexual health (non-contract eg. out of area spend)	-428
Surrey Choices efficiency programme	-300
Substance misuse integrated service	-200
Planned change in Healthy Child Programme (0-19) contract value	-227
Other Public Health savings	-19
Total Efficiency savings	-1,924

Policy Savings

Completion of Housing related support decommissioning	-151
Increased assessed fees & charges income	-1,200
Completion of Closure of Surrey Information Hubs	-121
Total Policy Savings	-1,472

Total budgeted savings	-21,275
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Draft Net Budget	365,699
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Directorate for: Children, Family Learning & Community

This Directorate covers: Schools & SEND (now included Cultural Services) , Safeguarding & Family Resilience, Corporate Parenting, Quality Assurance, Commissioning

Indicative 2019/20 Budget Envelope £222,790k

Movements **£k**

Prior year budget **223,157**

Pressures:

Pressures before mitigating transformational activities

Prices

Inflationary increase for Childrens placements and transport 700

Total Prices 700

Other demand pressures

Children's Services - legislative and contractual 1,000

SEND High Needs Funding Sustainability 12,100

SEN Transport 3,000

Total Other demand pressures 16,100

Total Net Pressure **16,800**

Transformational activities to mitigate pressures

Total Transformational activities to mitigate pressures **0**

Total budgeted pressures **16,800**

Transformational savings

Family Resilience -19,450

SEN transport savings -700

Total Transformational savings -20,150

Policy Savings

Review of Cultural Services - libraries, heritage, arts and registration services -4,000

Total Policy Savings -4,000

Savings **-24,150**

Draft Net Budget **215,807**

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2019/20 BUDGET ENVELOPE PROPOSAL

Directorate for:	Economy, Growth & Commercial
This Directorate covers:	Economic Growth, Managed on behalf of Orbis - Property Services
Indicative 2019/20 Budget Envelope	£20,421k

Movements	£k
Prior year budget	19,453
Pressures:	
<i>Pressures before mitigating transformational activities</i>	
Prices	935
<hr/>	
Total Prices	935
Removal of one-off savings / funding within the Revised 2018/19 budget	
2018/19 additional one-off savings	3,643
<hr/>	
Total Removal of one-off savings / funding within the Revised 2018/19 budget	3,643
Total Pressure before mitigating transformational activities	4,578
<i>Transformational activities to mitigate pressures</i>	
<hr/>	
Total Transformational activities to mitigate pressures	0
Total budgeted pressures	4,578
Transformational savings	
Cleaning & grounds maintenance contracts	-150
<hr/>	
Total Transformational savings	-150
Efficiency savings	
Building repairs and maintenance	-1,960
External fees for building project feasibilities	-627
Building rates	-117
Prining contract	-100
<hr/>	
Total Efficiency savings	-2,804
Policy Savings	
Budget for utilities at low usage	-600
<hr/>	
Total Policy Savings	-600
Savings	-3,554
Draft Net Budget	20,477

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Provisional Financial Strategy

Directorate for:

2019/20

Customer, Digital and Technology

This Directorate covers:

Customer Services, Strategic Leadership, Strategy & Performance, Communications, Orbis, Managed on behalf of Orbis Services

Indicative 2019/20 Budget Envelope

£49,406k

Movements

Prior year budget

£m

51,574

Pressures:

Pressures before mitigating transformational activities

Prices

909

Total Prices

909

Restructure to support Council-wide transformation

320

Total Restructure to support Council-wide transformation

320

Removal of one-off savings / funding within the Revised 2018/19 budget
2018/19 additional one-off savings

7,963

Total Removal of one-off savings / funding within the Revised 2018/19 budget

7,963

Total Pressure before mitigating transformational activities

9,192

Transformational activities to mitigate pressures

Total Transformational activities to mitigate pressures

0

Total budgeted pressures

9,192

Transformational savings

Digital

-1,000

Orbis VFM

-3,537

OD/ratios

-1,500

Mobile/agile workforce

-1,000

Channel Shift

-500

One front door

-1,000

Total Transformational savings

-8,537

Efficiency savings

Removal of one-off Orbis Investment

-1,316

Customer Services & Communications

-123

Total Efficiency savings

-1,439

Savings

-9,976

Draft Net Budget

50,790

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2019/20 BUDGET ENVELOPE PROPOSAL

Directorate for: Highways, Transport

This Directorate covers: Highways and
Transport,
Place
Development &
Waste, Fire
Service,
Trading
Standards,
Community
Support,
Emergency
Management

Indicative 2019/20 Budget Envelope £163,189k

Movements

Prior year budget £m
£169,801

Pressures:

Pressures before mitigating transformational activities

Prices

Specific Contract Inflation (Highways, Waste & Transport)	4,138
Other	1,590
Total Prices	5,728

Other service pressures

Waste Sinking Fund	2,829
Total Other service pressures	2,829

Service Improvements

Member Local Highways Fund, Local Committee Highway Fund & Member Community Fund	1,004
Total Service Improvements	1,004

Removal of one-off savings / funding within the Revised 2018/19 budget

HTE - One off savings 2018/19	2,219
HTE - One off virements	-184
Total Removal of one-off savings / funding within the Revised 2018/19 budget	2,035

Total Pressure before mitigating transformational activities 11,596

Transformational activities to mitigate pressures

Total Transformational activities to mitigate pressures	0
Total budgeted pressures	11,596

Transformational savings

Environment - Changes to the waste charging scheme	-350
Environment - Further Changes at CRC's	-250
Highways - Changes to Local Bus Contracts	-3,586
Highways - Changes to Concessionary Fares	-400
Highways - Local Committee Highway Fund Schemes	-2,000
Across HTE - Directorate Restructure	-1,000
Across HTE - Contract Renegotiation	-500
Across HTE - Additional Income	-600
Total Transformational savings	-8,686

Efficiency savings

Highways - Savings to be identified (Marginal Gains)	-178
Environment - Countryside review	-200
Environment - Waste - Kerbside recycling performance	-155
Environment - Waste - Recycling management	-57
Environment - Waste - Materials Management	-13
Environment - Savings to be identified (Marginal Gains)	-250
Trading Standards - Further savings (Marginal Gains)	-44
Trading Standards - Additional income generation	-33
Total Efficiency savings	-930

Policy Savings

Highways - Changes to Concessionary Fares	-583
Highways -Members Local Highways Funding	-202
Highways - Members Community Fund	-202
Highways -Local Committee Revenue Schemes	-466
Highways - BSOG Grant Draw Down	-1,900
HTE Income Inflation	-384
Environment - Directorate Initiatives	-323
Total Policy Savings	-4,060

Savings to be indentified -3088

Total Savings to be indentified -3088

Savings -16,764

Draft Net Budget 164,633

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Corporate Overview Select Committee

25 January 2019



Scrutiny of Orbis Partnership: IT & Digital

Purpose of report: To assist the Committee in considering the IT and Digital function within the Orbis partnership, in respect of value for money and the ability to support transformative change.

Introduction:

1. This report has been written to support consideration of the IT & Digital function within the Orbis partnership by the Corporate Overview Select Committee.

Service background:

2. The Orbis partnership formally commenced following the approval of the Orbis business plan by Cabinet in October 2015. The Orbis business plan identified potential savings from a combination of management consolidation, process improvement and de-duplication and a three year roadmap to deliver the integration.
3. The establishment of the IT & Digital Service followed the appointment of the Orbis Chief Information Officer (CIO) in January 2016. The process of service review, redesign and integration was started in April 2016 and completed in June 2018.
4. IT & Digital now operates as a single, unified service across three councils: Surrey County Council; East Sussex County Council; Brighton & Hove City Council.
5. The service design enables a focus on delivering the operational and strategic priorities of each council, whilst benefiting from operational efficiencies and the aggregation of expertise afforded by working across the Orbis partnership. See Annexe 1 for more detail about the IT & Digital service top level structure and functions.
6. The integration process resulted in the merger of three separate ICT/IMT functions into a single IT & Digital service, the consolidation of three CIO (or equivalent) roles into a single post, the deletion of the Chief Digital Officer post and

incorporation of digital delivery into the IT & Digital service, and a reduction in heads of service posts from 18 to 6.

Financial Considerations:

7. The reorganisation of the IT & Digital service has achieved efficiencies and savings from integration across the leadership, managerial and operational layers. These changes are forecast to achieve a 16% saving over three years (16/17-18/19); a reduction of £2.7m. Please see Annexe 2 for more detail.
8. In addition to the efficiencies in the Orbis Operating Budget, the IT & Digital service has delivered a programme of contract and technology review that is forecast to achieve 14% saving over three years (16/17-18/19); a reduction of £1.9m from the Surrey 'Managed on Behalf of' budget. In addition to the planned medium term savings, an additional in-year saving of £1.7m is forecast for 18/19. Please see Annexe 2 for more detail.
9. In 2017, the Gartner benchmarking service was used to gain an understanding of how levels of IT expenditure compared amongst the Orbis partners and against an industry reference group. The benchmarking indicated that IT spend, as a percentage of total council expenditure, was higher in Surrey County Council than the other Orbis partners but lower than the industry average. Please see Annexe 2 for more detail.
10. The IT & Digital service operates Surrey County Council's primary data centre site is at Redhill and secondary data centre site at Guildford. These data centre facilities were recently benchmarked independently against commercial IT industry equivalents and were shown to be 40% to 60% cheaper than commercial alternatives.
11. By virtue of operating a single IT service across the Orbis partnership, Surrey County Council has been well placed to increase its income from the traded data centre services. During the course of 2017 and 2018, East Sussex County Council and Brighton & Hove City Council migrated their service infrastructure to the primary data centre. This business is forecast to generate an additional annual income of £0.3m in 18/19.
12. IT & Digital has been able to support the growth of SEBS Ltd (a Surrey County Council local authority trading company) by leveraging business development skills that exist within its wider partnership staff base. With IT & Digital partnership

resources SEBS Ltd now supplies the commercial hosting and contract management for Central Surrey Health Trust, First Community Health and Care Trust; this generates £160k net contribution into the Council.

Non-Financial Considerations:

13. An example of process improvement achieved as part of the integration is provided by the IT helpdesk service improvement. For a number of years the IT helpdesk struggled to effectively manage the demands placed upon it. Service levels and staff satisfaction were poor with caller wait times reaching 45 minutes in 2015. Following the integration of the operational management and teams, experience and know-how developed at the other councils was applied to the Surrey IT helpdesk. The changes introduced resulted in an 87% reduction in open support call tickets, caller wait times reduced to sub-thirty seconds and commensurate reduction in call abandonment. Please see Annexe 3 for more detail.
14. During 2017, the IT & Digital service was able to provide expertise and experience to enable the establishment of a cross-council 'web shop' for traded services to schools. This has been achieved through adoption of proven technology and utilising the learning from a similar project in Brighton & Hove City Council. Please see Annexe 4 for further details.
15. The partnership nature of the IT & Digital service operating model made it possible to establish a Data Protection Officer (DPO) shared by the three Orbis partners. This arrangement has saved salary costs of a new statutory role and accelerated Surrey County Council's General Data Protection Regulation (GDPR) preparedness and on-going compliance. The economies of scope have enabled the pooling of expertise and the re-use of policy frameworks, training and compliance toolkits developed by the other Orbis partners. Please see Annexe 5 for further details about the role of the DPO and value provided to the Council.
16. During July 2018, the Local Government Association (LGA) conducted a survey of cyber security practice across all UK local authorities. Surrey County Council participated in this stocktake. An area of strength highlighted by this exercise was the technological capability put in place at Surrey County Council during the last three years. The cyber tools used, enhance both the prevention of cyber threats and the speed of detection and response to cyber incidents. The primary area of development highlighted related to staff cyber awareness. Working with the two other Orbis partners, IT & Digital have submitted a bid to the LGA against a £1.5 million

fund received from the Cabinet Office to support cyber security and promote good cyber security practice across local authorities.

17. The IT & Digital service has received recognition from technology and public sector industries for the quality of delivery in supporting both individual councils and the wider partnership. Recognition includes the Surrey IT Helpdesk being shortlisted for the 2018 'IT Team of the Year' award at the British Computing Society and winning the 2016 Data Centre Dynamics 'Enterprise Data Centre' Award.

Capability to support transformative change:

18. The in-house skills and capability of the IT & Digital service to support transformative change and deliver technology innovation has also received external recognition. In 2016, IT & Digital received a 'Digital Leaders 100' Award for the delivery of the Vulnerable People Emergency Response system which was the first of its kind. The work of the service, as part of a consortium of local councils, was recognised by the 'iNetwork Innovation' Award for the development of the Surrey Planning Hub. In 2017, the Local Government Chronicle listed Surrey County Council as a finalist for 'Digital Council of the Year'. Furthermore, IT & Digital received the SOCITM (Society of IT Management) 'Innovative Collaboration' Award for the technological developments undertaken to enable the Orbis partnership.
19. Working collaboratively across the partnership the IT & Digital Programme Management Office (PMO) have created an integrated team that exploits existing best practices, processes and tools. The PMO has become an established centre of excellence within Orbis and has consistently driven up performance at Surrey and the other partner councils. These improvements have enabled a steady increase in the volume of IT and digital projects that can be managed and delivered at Surrey. The total number of IT and digital projects completed have increased from 68 in 2015 to 124 in 2018. The current set of projects within the IT & Digital portfolio are provided in Annexe 6.
20. Effective IT governance is crucial in ensuring project resources are focused on the key organisational priorities. In order for the IT & Digital service to continue to align resources to corporate priorities the Council's IT governance model was reviewed and redesigned. This new governance approach was approved by the Council Leadership Team on 30 July 2018. Please see Annexe 7 for more detail.

21. IT & Digital is playing a key role in the delivery of the Council's Transformation Programme (2018-21). This involves the enablement of service transformation plans, and the establishment and adoption of Digital and Agile Workforce capabilities within the Council. Developments will include technologies to support online access to services, automation of processes, mobile working and greater use of data. In addition to enabling the service specific plans, the Digital and Agile Workforce projects will extend solutions across the organisation to maximise return on investment and deliver an additional £4m in cost reduction. For more detail about the Digital and Agile Workforce projects see Annexe 8.
22. In parallel to developing and mobilising the digital and agile workforce programmes, the IT & Digital service has developed a strategy for the Council's core infrastructure. This will put in place the very latest industry technologies and implement a design that will provide a highly resilient, cyber secure infrastructure capable of underpinning the adoption of digital delivery methods and new ways of working. The strategy was reviewed and validated by Gartner who provided the following statements of support:

"The strategy is geared well to be cost conscious without compromising infrastructure agility. The Orbis team seems to have carefully evaluated other models, for example of infrastructure management and has concluded that for the application mix, the cloud hybrid model delivers the best efficiency and infrastructure agility."

"... the architecture represents a set of best in class technologies: is encapsulated within a strong and proactive monitoring infrastructure: provides a reliable and secure foundation: leverages capital investment in technology to potentially yield revenue savings."

Lessons, challenges and strengths:

23. Four lessons have been drawn-out from the change process that led to the successful integration and delivery against the business plan efficiency targets, as below.
 - 23.1 Embedding the change takes time and involves on-going reinforcement. The formal change process for IT & Digital took approximately two and a half years. Alongside the formal change process that introduced the new service and team structures, there has been an on-going reinforcement of the need to work differently to reflect changed reporting lines, roles and responsibilities

and revised processes. This has presented further challenges to incorporate three organisational identities and cultures into amalgamated services and teams. The embedding and consolidation of the structural changes is expected to continue for the next 12 months.

- 23.2 Planned co-design, co-delivery and consensus building activities are essential. The IT & Digital service design was developed and implemented in three main phases. The top layer was designed to provide an overall framework, this was followed by the headline functional team structures and finally the detailed team structures. This phased approach enabled increasing levels of engagement with staff which provided both buy-in and acceptance of the changes and helped to create a design that took on board perspectives from staff at different levels within the service.
- 23.3 A phased approach to co-design entails a risk of impact on staff morale. Integration led to staff reductions throughout the service including the departure of long serving staff. Staff morale was impacted by service changes and that was evident in the 2018 Best Companies Ltd staff survey results. However, the integration also introduced new processes with clear expectations on the quality of service provision. The survey results demonstrated that staff already aligned to the new structure at the time of the survey responded more favourably than those team members yet to be realigned to a new team structure. Throughout the period of integration there was no change to overall IT & Digital staff wellbeing ratings between 2017 and 2018, and when compared to the Best Companies “One’s to Watch Big Companies”. To mitigate against further impact of the change there has been a focus on staff engagement including all staff meetings, team meetings and a fortnightly service e-newsletter.
- 23.4 Maintaining a focus on council priorities and enabling them is crucial to maintaining credibility, relevance and value. The process of integrating services from three different organisations and delivering significant efficiencies takes considerable time and effort. Given the enormity of the task, the integration could quite easily have become either stalled or with detriment caused to the core services delivered. A key success of the IT & Digital integration is that the priorities of the Orbis partners were kept central to the day to day operations and the longer term tactical and strategic service goals. This was facilitated by Strategy and Engagement areas

that contributed to and maintained an IT & Digital focus on organisational priorities for the each of the three Orbis partners.

24. Many of the challenges and risks managed by the IT & Digital service are typical of similar functions in the public sector regardless of whether they support a single or multiple organisations. In that the service operates with diminishing resources at a time of organisational reliance on technology, heighten resident expectations for digital service provision and an ever evolving cyber threat. There are also a set of inherent complexities that arise from operating a service that works within and for three separate organisations. The resulting challenges include: multi-site, multi-employer management arrangements which creates increased complexity particularly around Human Resources (HR) polices, practices and workforce management; different organisational histories and resulting cultures; differing priorities and areas of required focus from the IT & Digital service. These challenges were ever present through the integration process whereby consultation occurred within three differing HR policies and procedures and involved discussion with unions across the three Orbis partners, absorbing considerable effort in a bid to maintain delivery of the collective savings targets identified by the councils.
25. The process of designing, implementing and operating the IT & Digital service across the three partner organisations has assisted in developing three core strengths that underpin the value provided by the service: being a professionally networked function and being able to draw upon connections with peers in other councils and sectors, suppliers and advisory consultants to maintain a current and forward looking knowledge of good practice and technological innovations; retaining and developing subject matter experts across a breadth of technical domains and negating the need to externalise large swathes of business as usual or transformational change requirements to third parties; a focusing on service improvement, using the diversity of experience and expertise available from all three Orbis partners to deliver a process of on-going service optimisation as illustrated by the IT helpdesk improvements.

Conclusions:

26. The IT & Digital service has been designed to support and enable the operational and strategic priorities of Surrey County Council and the other Orbis partners.

27. The process of integration has been completed. The establishment of the Orbis IT & Digital service has achieved the target savings for 16/17 and 17/18, and is forecast to achieve the required savings for 18/19. The service depth made possible through the partnership has also enabled the generation of income (or a contribution to overheads) for the Council.
28. During the period of integration and cost reduction, the IT & Digital service has continued to put in place improvements that have enhanced the service offer and added-value to the Council.
29. The IT & Digital service is well placed to support and drive transformative change at Surrey County Council. Through both the leadership of the Agile Workforce and Digital programmes and the implementation of a forward looking, enabling core infrastructure.

Recommendations:

30. For Members to review and comment on the value provided by the IT & Digital service and the service's capability to support transformative change.

Next steps:

Update Members on the technology roadmap for the next 3 years when finalised and the progress of the Digital and Agile Workforce projects.

Service improvement within IT & Digital is a continuing process. Primary areas of focus from the end of 2018/19 and throughout 2019/20 include; customer-centric service training, customer support tools and standardised core IT management processes.

Report contact: Matthew Scott, Chief Information Officer
Contact details: 07552286752/ matt.scott@surreycc.gov.uk

Annexe 1: IT & Digital Service Structure

1. Service Design

The service was designed to facilitate the aggregation of three council IT functions to create a single, unified IT and Digital department. The aim was to combine this capability in order to drive out cost by delayering, de-duplication of roles and harnessing economies of scale. Whilst retaining a highly tuned focus on the specific strategic and operational priorities of each council and steadily improving the more generic elements of the service such as project delivery, cyber and core infrastructure management.

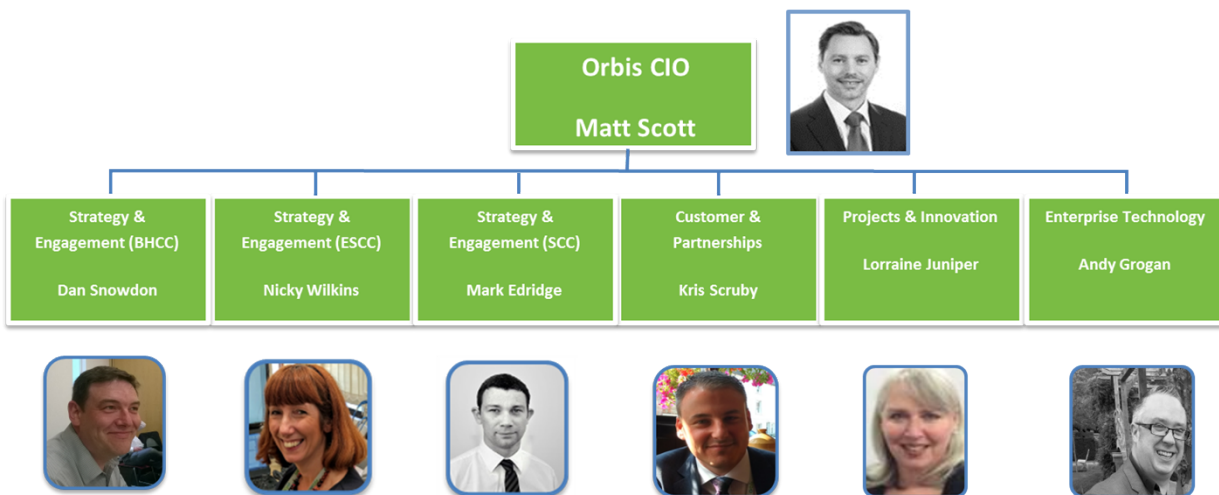
The top level service structure was designed to operate with a single Chief Information Officer, three multi-disciplinary centres of expertise and a strategy and engagement service for each council.

The Chief Information Officer is a partnership role and provides the senior professional leadership to the IT & Digital Service and senior IT and digital domain expertise leadership to the councils within the Orbis partnership.

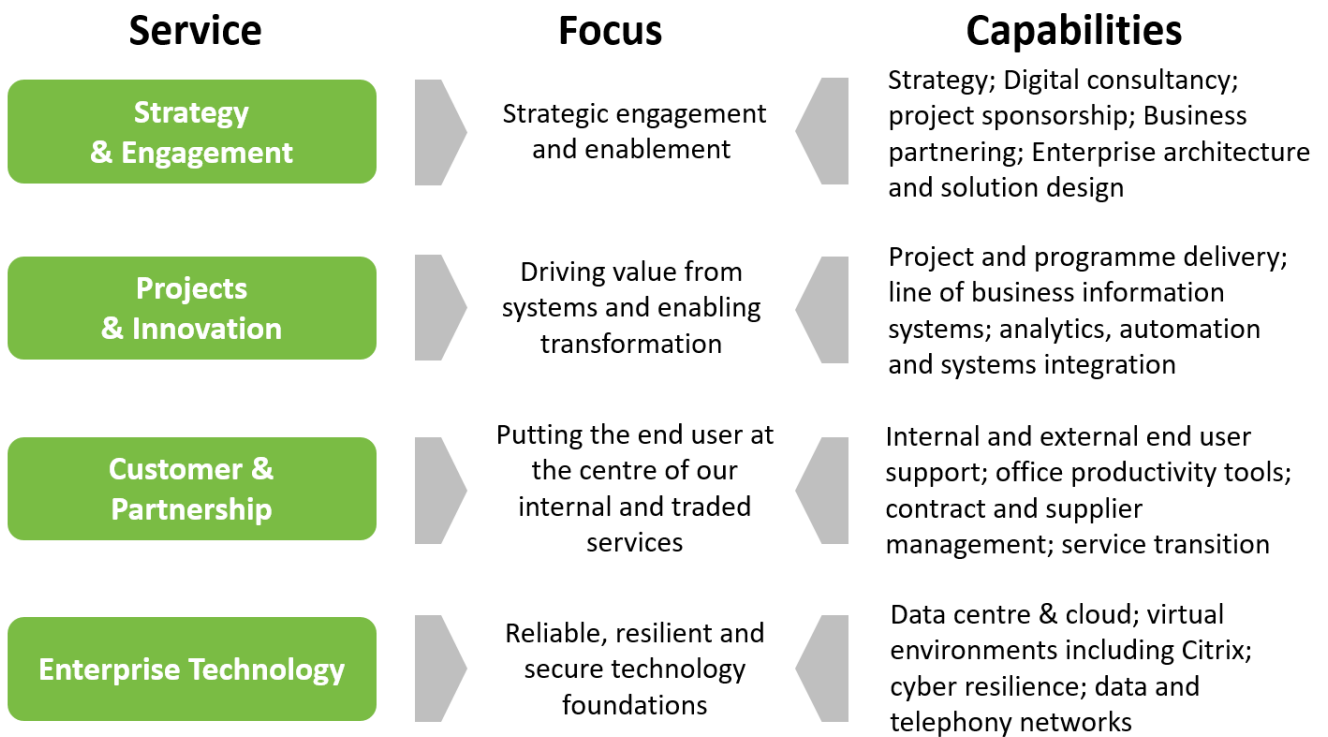
The centres of expertise are led by a partnership head of service their management team, and deliver services to all three councils within Orbis. This integration has enabled the delivery of the savings from the removal of role duplication, assisted in the sharing and application of specialist knowledge and expert practices across the partnership and provided the mechanism to drive service improvement from reshaped and streamlined processes.

The head of strategy and engagement roles and their teams are aligned to a specific council. This structural capability complements the leadership provided by the Chief Information Officer. The inclusion of these roles within the structure provides a council-specific focus that assists in steering the direction of how the IT & Digital service is delivered at each council and managing the individual council technology investment programmes. It is vital to provide this level of council specific focus in order for IT & Digital to continue to operate as part of each council and to continue to meet the changing needs of each council.

2. Leadership Team



3. Top Level Service Functions



Annexe 2: Financial Benefits

1. IT & Digital savings profile

Orbis Operating Budgets	2016/17	2017/18	2018/19	Total
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Savings	85	1,099	1,552	2,736
Baseline	17,090	17,932	17,289	
% of budget	0.5%	6.1%	9%	16%
Notes:				
1. The baseline figures exclude the BHCC revenue budget element, which was added to the operating budget in 18/19 and not subject to the Orbis business plan savings target. This enables a more meaningful comparison for the three year period and provides a truer reflection of the savings as a percentage of the original baseline.				
2. Baseline figures for 17/18 and 18/19 include adjustments such as inflation and budget virements.				
Managed on Behalf of SCC	2016/17	2017/18	2018/19	Total
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Savings	1,500	346	106	1,952
Baseline	13,961	12,859	12,666	
% of budget	10.7%	2.7%	0.8%	14.0%

1.1 The Operating Budget is used to run the IT & Digital service. This is an aggregated budget constructed from the three council service budgets. The majority of the Operating Budget is staffing costs and the savings are a result of reduction of headcount. Savings are proportioned and allocated to each council in line with the agreed contribution ratios set out within the Inter Authority Agreement.

1.2 The MoBo budget is the “Managed on Behalf of” revenue budget which is meets specific council costs and includes support and maintenance for IT services and systems used by Surrey County Council.

2. IT spend benchmark: IT as a percentage of organisational operating expenditure

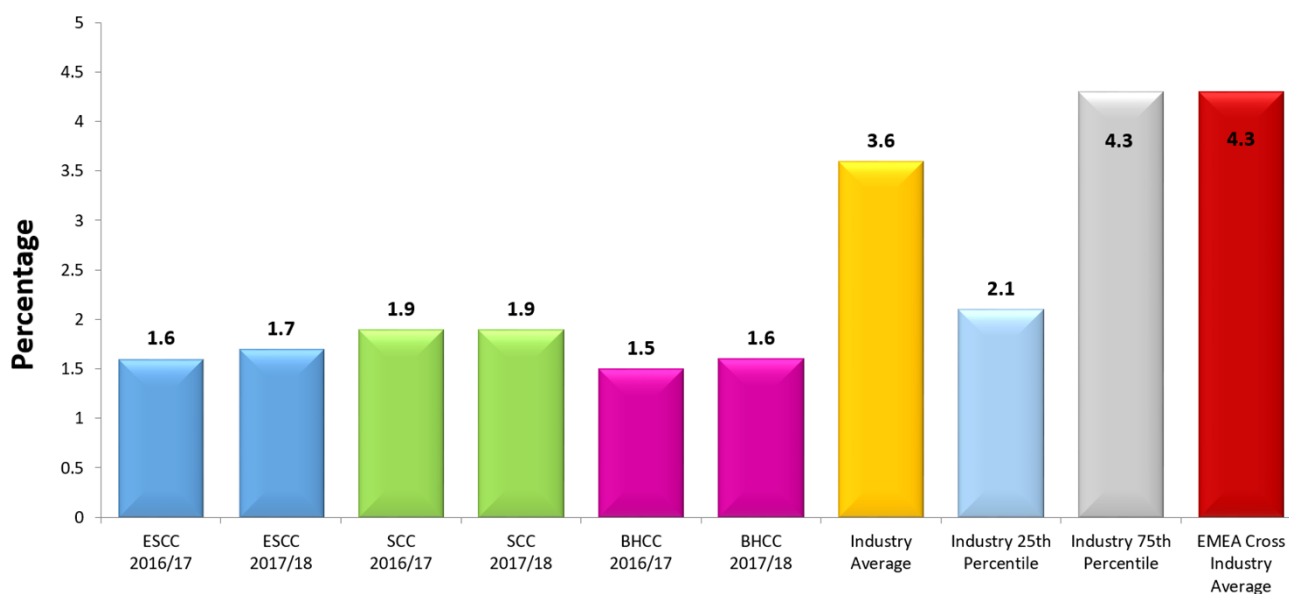
2.1 Gartner is an international IT advisory and consultancy organisation. Gartner benchmarking delivers comparisons of IT performance relative to peer organisations and those considered best-in-class.

2.2 The Gartner Benchmark was used in 2017/18 to assist in taking stock of the IT & Digital financial performance, to assist in ensuring the delivery of a cost-effective and

efficient IT service. The benchmarking cohort consisted of public sector organisations within the EMEA (Europe, the Middle East, and Africa) region.

2.3 As part of the benchmarking findings, it was possible to compare the proportion of IT spend as percentage of spend against the total organisational expenditure. The percentage for Surrey County Council was 1.9% which compares against an industry average of 3.6%.

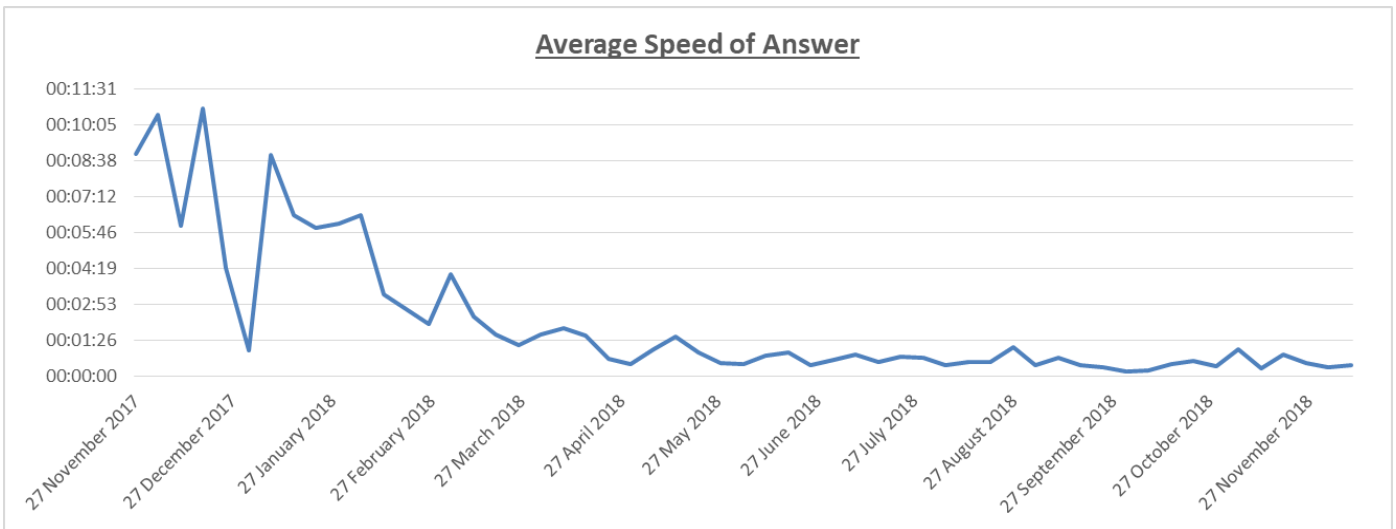
2.4 A graphical summary of the findings is provided in the chart below.



2.5 IT spending as a percent of operating expense is a view of IT investment levels in terms of the role IT plays in overall business spending patterns. Typically, organisations with a greater level of IT investment relative to operating expense, view IT as a strategic enabler and this can improve business performance and productivity levels.

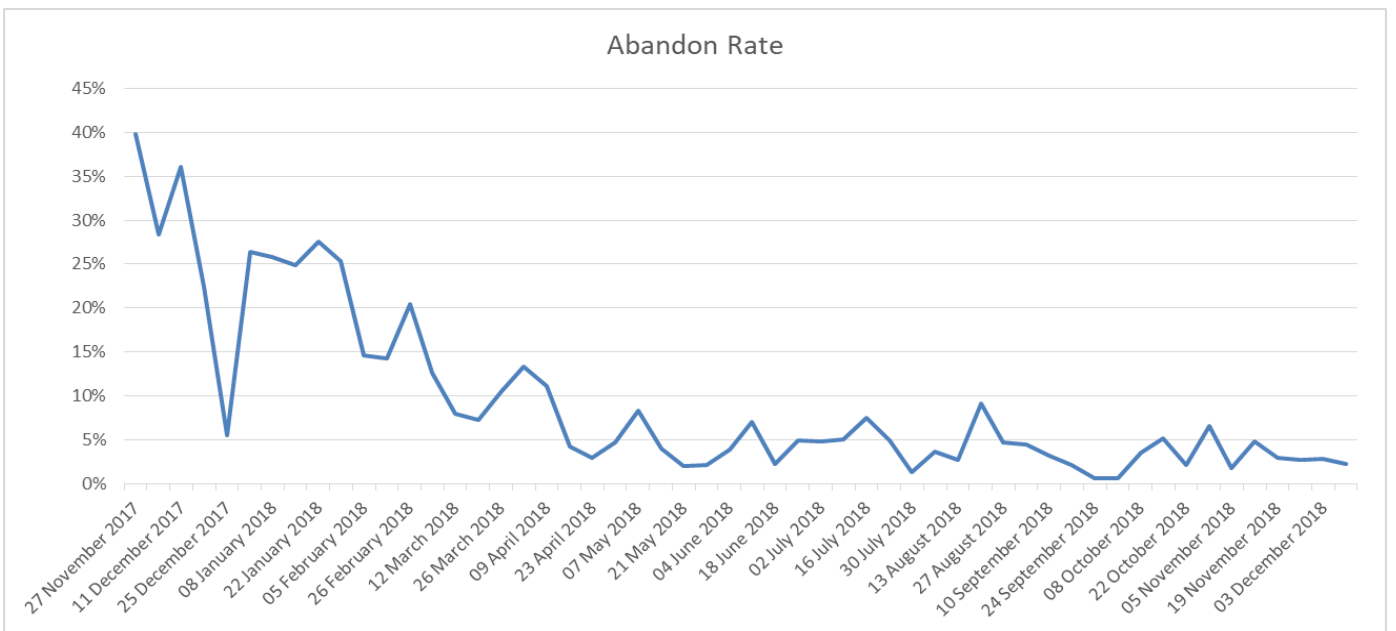
Annexe 3: IT Helpdesk Improvement

1. Average Speed of Answer IT & D Service Hub (My Helpdesk IT)



Since November 2017 we have reduced the amount of time callers will wait to have their call answered, from nearly 11 minutes to under 30 seconds, as of December 2018.

2. Abandon Rate IT & D Service Hub (My Helpdesk IT)



Also since November 2017 the rate of abandoned calls has dropped from 40% to 2%.

Annexe 4: Services to Schools web shop

The Services for Schools web shop project was led and delivered successfully using non-Surrey Orbis resources due to the immediate skills not being present locally. An identical project had been delivered the previous year in Brighton & Hove City Council and so the financial case to use the same resource and repeat the project under the partnership vs. commissioning an external provider was compelling.

Since the platform launch, the Services for Schools web shop has accounted for over £5 million in income for Surrey County Council. Prior to the existence of the web shop platform this sum was not quantifiable as it was recorded across a large number of spreadsheets across the council by individual teams.

Surrey Services for Schools



Historically Surrey County Council has always produced a paper/pdf document brochure with orders emailed to various teams. The Council had already identified that there was an opportunity to improve relationships with schools and as such had procured the 'SLA Online' package from Frontline Data. However they needed some assistance in getting the system delivered.

Training sessions were arranged with representatives of all traded service teams across the council; data was gathered to ensure that a definitive database of schools and relevant school contacts were loaded into the system; teams were helped to upload information on their services; and information on the new system was sent out to all Surrey schools.

A very short timeline of a matter of weeks was set to get the system up and running in order that academies could begin to order services from the last week in June 2017.

The Orbis IT & Digital Project Manager worked on the project from the 27th April 2017 until December 2017, met key stakeholders and kept the urgent project on track. The project manager also provided the role of Services for Schools Manager whilst Simon Griffin, Children Schools and Families recruited the Services for Schools team.

There were cost avoidance savings made from increased efficiency and reduction in duplication for both Schools and central administration using manual entry forms.

Since the launch, the Surrey Services for Schools web portal has taken over £5 million in income for Surrey County Council:

- £1.15m in 2017/18
- £4.3m so far in 2018/19.

To take a look at the new system please visit <http://servicesforschools.surreycc.gov.uk/>

Specific thank you to Orbis IT&D from Surrey CC, below.

30 November 2017 10:20 *“Keith – thanks for offering to support handover and super-users. Much appreciated. Can I also thank you again for your work on this project to date, which has not always been straightforward. Your support has been very much appreciated and I do recognise you have been balancing with commitments elsewhere”* Simon Griffin, Programme Manager, Education in Partnership, Children, Schools & Families Directorate, Surrey County Council

21 June 2017 18:11, *“Dear Keith, I understand from my REMA managers that you have been really helpful and supportive with our REMA offer. Can I take this opportunity to thank you on behalf of the team”* Susie Campbell, Quality Assurance and Professional Standards Development Manager (SEMH and REMA), Children, Schools and Families Directorate

Annexe 5: Data Protection Officer

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. As part of the Regulation there was a requirement to create a Data Protection Officer post.

What are the tasks of the Data Protection Officer (DPO)?

The following text sets out the tasks performed by the DPO as defined in Article 39 of the GDPR:

- To inform and advise you and your employees about your obligations to comply with the GDPR and other data protection laws;
- To monitor compliance with the GDPR and other data protection laws, and with your data protection policies, including managing internal data protection activities; raising awareness of data protection issues, training staff and conducting internal audits;
- To cooperate with the supervisory authority; and
- To be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc.).

Source: <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/accountability-and-governance/data-protection-officers/>

Value and Impact at Surrey County Council

The following highlights a number of value-adding activities delivered by the Orbis DPO.

- Improved Data Protection Impact Assessment template which is easier for staff to understand and complete and in turn, it is anticipated this will enhance the Council's compliance levels and therefore avoidance of potentially significant fines, compensation claims and associated reputational damage.
- Creation of a Surrey, Brighton & Hove and East Sussex Information Governance Forum enabling support for Information Governance professionals across the Orbis footprint. This forum provides clarity on recommended approaches, interpretation of the law, sharing of experience and delivery of specialist training.
- Initiated a process to ensure all council IT systems handling personal data achieve compliance with GDPR.
- Liaison across support service areas including Procurement and Orbis Public Law. This has enabled robust procedures to be put in place to ensure that contracts meet GDPR/Data Protection compliance standards, and include appropriate measures for handling issues relating to liability.
- Provision of GDPR/Data Protection support for Coroners which was previously not available
- Acting as a key point of contact for the public and the ICO allows issues to be consistently managed and overseen. This allows reduction in issue escalation and potential avoidance of fines/compensation claims.
- Representing the Council at information governance and data intelligence health and social care boards as part of the Surrey Heartlands STP (Sustainability and Transformation Partnership).

Annexe 6: IT & Digital Project Portfolio – January 2019

The IT& Digital project portfolio is currently managed through four thematic programme structures. The programmes and the constituent projects are listed below.

Transformation

- Online/web
- Automation/Artificial Intelligence/Robotics
- Information and insights from data and analytics
- Tech/app enabled new business models
- Tech-enabled services
- Social media
- Mobile Solutions
- Technology Infrastructure
- Culture and Skills
- Information and Knowledge Management

Service Improvement

- Transition of Babcock 4S into Surrey County Council
- Replace EMS (Education Management System)
- Regional Adoption Agency
- iPhone deployment (Children, Families and Learning Directorate)
- EHM system decommissioning

Restructure Enabling Programme

- Office moves (commission new sites / decommission old sites)
- System updates (content regarding staffing structures)
- Device recovery

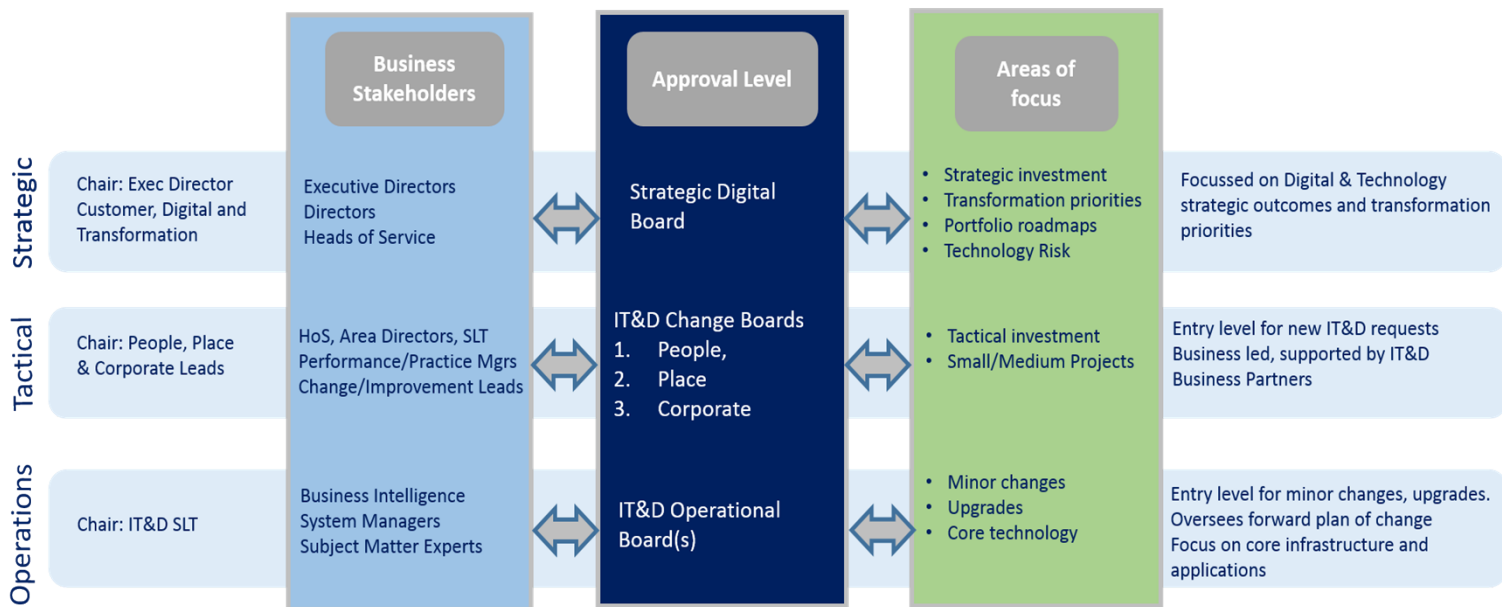
Technology

- Windows 10 laptop replacement
- Core Infrastructure Architecture
- SAP hardware upgrade
- ContrOCC system upgrade

Annexe 7: IT & Digital Governance Approach

The diagram below illustrates the revised IT governance model approved by the Council Leadership Team on 30 July 2018.

IT & DIGITAL GOVERNANCE MODEL



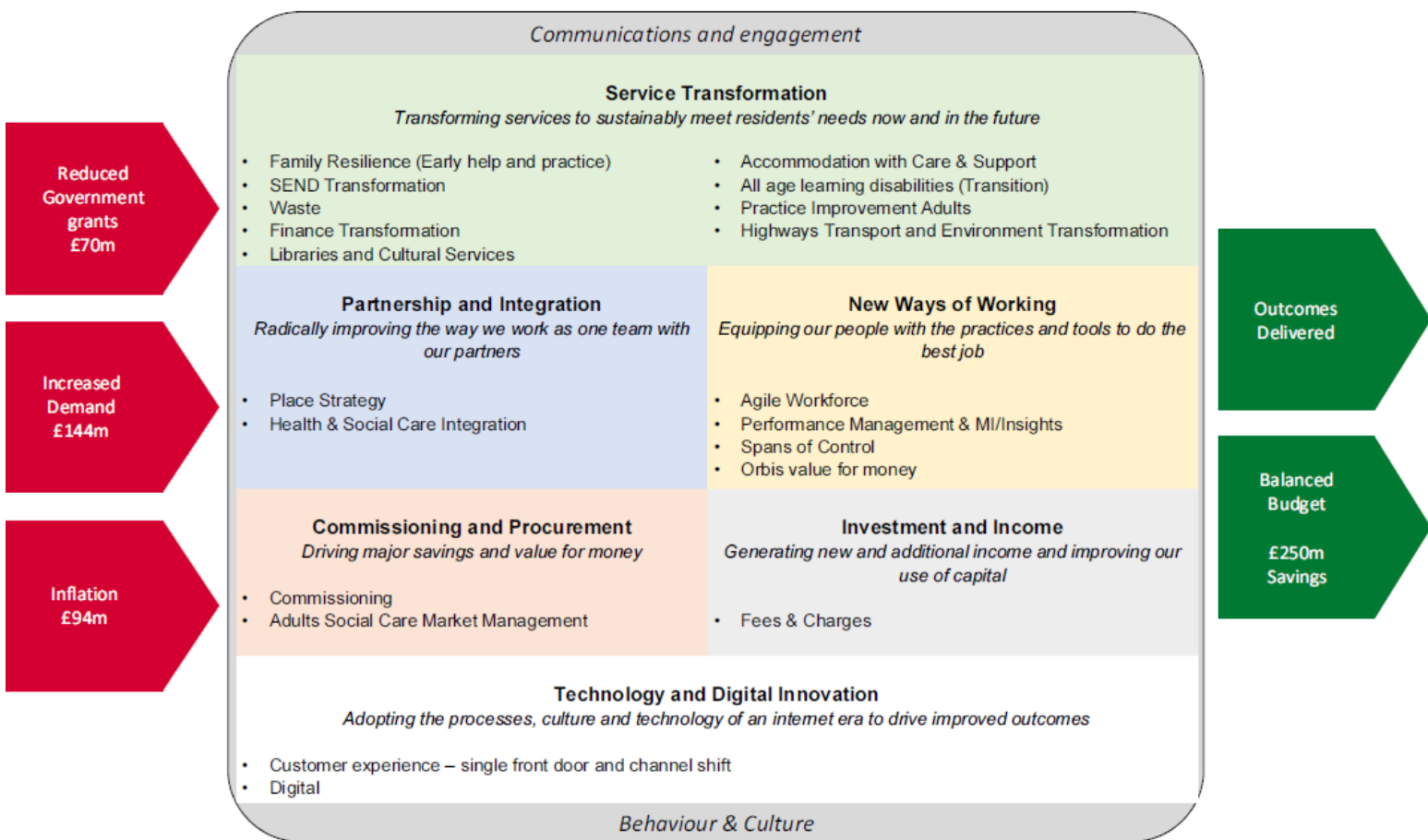
The benefits of new governance approach include:

- Strategic oversight of IT & Digital portfolios with cross-cutting governance
- Consolidated priority and investment decisions
- A structured mechanism for on-going review, refresh of IT / Service engagement strategy
- Alignment of the IT governance to the Digital Transformation programme
- Streamlined and refined administration with the deletion of 8 service technology change boards and establishment of 3 portfolios (People, Place, Corporate)
- Faster delivery through agreed approval thresholds and clear escalation routes.

Annexe 8: Surrey County Council Transformation Programme Support

Extracts from documents submitted to Surrey County Council meeting 13 November 2018, Item 9 – Annex 3 Full Business Case 2021.

Programme Plan on a Page - Thematic Areas



Agile Workforce

(New ways of working)

What does the change mean?

The ability to work almost anywhere, whenever, wherever, to collaborate and contribute without constraints. The agile workforce project will support; culture change within services, provision of equipment for smarter working, maximising use of property portfolio, reducing unproductive time for staff.

What will be delivered?

- **Mobile Solutions:** An offer for all staff that enables them to undertake the majority of their work from an appropriate location, relevant to their role
- **Technology Infrastructure:** A core infrastructure that can support a greater proportion of mobile staff
- **Culture and Skills:** Teams are supported to work in an agile working manner by addressing some of the barriers to adopting this practice across; technology skills, property, support, policies
- **Digital Services:** Staff and managers are supported to adopt agile working by digitising procedures and services constrained by location
- **Information and Knowledge Management:** Staff are supported to adopt smarter working through greater amounts of information being available electronically with the ability to collaborate with colleagues in virtual spaces

Implications

- Will allow improved partnership working and integration
- Goes hand in hand with office space reductions and savings and culture change in the way we work

Key assumptions

- Benefits are realised by services
- Agile Workforce is key enabler for the property savings and new organisation design
- Reduced future headcount in new organisation design
- Costs for establishing new property IT infrastructure is not included in the business case

Anticipated benefits & outcomes

- Services have greater capacity to manage demand
- Staff are more productive and effective
- Staff and teams can work from a variety of locations
- New working practices and digitised services
- Formation of multi-disciplinary teams is supported
- Enables the reduction of operating cost in property, organisation design and service overheads across the programme
- Additional savings to be realised by services beyond stated Transformation benefits through expansion of Agile Working (£1m for 2019/20 and a further £1m for 2020/21)

Outline Plan with key milestones

2018	2019		2020		2021	
H2	H1	H2	H1	H2	H1	H2
	Design					
			Benefit realisation starts			IT Equipment Refresh
			Delivery			

Digital

(Technology & Digital Innovation)

Why is the change needed?

Adopting the processes, culture and technology of an internet era and introducing new digital capabilities to deliver the various transformation programmes business cases. This will enable service enhancements, cost reduction and improved demand management.

What will change?

- Establish cross-cutting digital solutions for staff, residents, and partners
- Implement technical solutions identified and co-designed with services which support the realisation of benefits detailed in other transformation business cases
- Exploit opportunities to join-up data, scale solutions and improve sustainability of services
- This will be enabled by developing a number of the capabilities and dimensions of a digital council;
online/web, automation/Artificial Intelligence/Robotics, Information and insights from data and analytics, Tech/app enabled new business, Tech-enabled services for residents, Social media platforms and content

Implications

- Co-design with services is fundamental
- Service digital capabilities will be re-used
- Digital platforms will support future service design

Key assumptions

- Digital is an enabler for other projects
- There is value in automating repetitive processes
- Revenue funding will be available to deploy scalable and supportable technology

Anticipated Benefits and Outcomes

- Residents have a seamless public service digital experience
- Services benefit from increased capacity
- Real time data insights mean services can manage demand and support residents most at risk
- Enables operating cost reduction from demand management and automation across the programme.
- Additional savings to be realised by services beyond stated Transformation benefits through expansion of digital by design (£1m for 2019/20 and a further £1m for 2020/21).

Outline Plan with key milestones

2018	2019		2020		2021	
H2	H1	H2	H1	H2	H1	H2
	Design		Benefit realisation starts			
	Delivery					

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Corporate Overview Select Committee

25 January 2019



Treasury Management Strategy Statement 2019/20 (TMSS)

Purpose of report: This report sets out the Council's treasury management strategy for 2019/20, as required to ensure compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management. This Committee is asked to scrutinise the strategy prior to approval by the Audit & Governance Committee.

Introduction:

1. At the Council meeting on 11 December 2018 it was agreed that responsibility for approving the annual Treasury Management Strategy Statement (TMSS) should be delegated to the Audit and Governance Committee.
2. This delegation results in the need for scrutiny of the annual TMSS to be undertaken by the Corporate Overview Select Committee.
3. The Council's Treasury Management Strategy for 2019/20 is attached as Annex 1.

Context:

4. Treasury management at Surrey County Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a Treasury Management Strategy Statement before the start of each financial year.
5. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
6. In addition, the Ministry of Housing, Communities and Local Government (MHCLG) issued revised Statutory Guidance on Local Government Investment in February 2018. The new requirements of the MHCLG Investment Guidance are covered in the Council's

Capital and Investment Strategy, which will be considered by the County Council on 5 February 2019.

7. Treasury management is defined as the management of the organisation's cash flows, banking, money market and capital market transactions, and the effective management of the risks associated with those activities. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Authority's prudent financial management.
8. The proposed TMSS shows the Council's risk appetite and limits for investment and borrowing, and the full set of Prudential and Treasury Indicators.

Recommendations:

9. Members of the Corporate Overview Select Committee are requested to scrutinise and review the proposed Treasury Management Strategy Statement for 2019/20, and make comments and recommendations, if necessary, to the Audit and Governance Committee, which meets on 7 February 2019 to approve the strategy.

Next steps:

10. The Corporate Overview and Select Committee may receive further reports for scrutiny during 2019/20 if required.

Report contact: Nikki O'Connor, Finance Manager (Strategic Finance & Accounting)

Contact details: nicola.oconnor@surreycc.gov.uk, telephone 020 8541 9263

Sources/background papers:

Local Government Act 2003

The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code)

Advice and templates from the Authority's Treasury Management Advisers Arlingclose.

Treasury Management Strategy Statement 2019/20

Introduction

- 1 Treasury management at Surrey County Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.
- 2 In addition, the Ministry of Housing, Communities and Local Government (MHCLG) issued revised Statutory Guidance on Local Government Investment in February 2018. The new requirements of the MHCLG Investment Guidance are covered in the Council's Capital and Investment Strategy, which will be considered by Council on 5 February.
- 3 This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. A full set of Prudential Indicators and Treasury Indicators are set out in Annex 1.
- 4 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 5 Investments held for service purposes or for commercial profit are considered in the Capital and Investment Strategy and therefore this strategy relates solely to borrowing and investments undertaken as part of the daily treasury management activities.

External Context

- 6 **Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.
- 7 The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1.
- 8 In November 2018, the MPC maintained Bank Rate at 0.75% while the Inflation Report showed that compared to the August report further interest rate increases may be required to bring inflation down to the 2% target over the forecast horizon.
- 9 UK Consumer Price Inflation (CPI) for November was up 2.3% year/year, broadly in line with the Bank of England's November Inflation Report.
- 10 **Credit outlook:** The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank

of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

Interest rate forecast:

- 11 Following the increase in Bank Rate to 0.75% in August 2018, the Authority’s treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25% by the end of the year. The Bank of England’s MPC has maintained expectations for slow and steady rate rises over the forecast horizon.
- 12 Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected.
- 13 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Annex 2**.
- 14 For the purpose of setting the budget for 2019/20, it has been assumed that new investments will be made at an average rate of 0.75%, and that new short-term loans will be borrowed at an average rate of 1.0%

Local Context:

- 15 On 31 December 2018 the Authority held £711m of short and long-term borrowing and £17m of investments. This is set out in further detail in **Annex 3**.
- 16 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority’s current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Internal borrowing allows the Council to utilise its internal cash balances (i.e. working capital and reserves) which are not required in the short to medium term in order to reduce risk and keep interest costs low.
- 17 Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

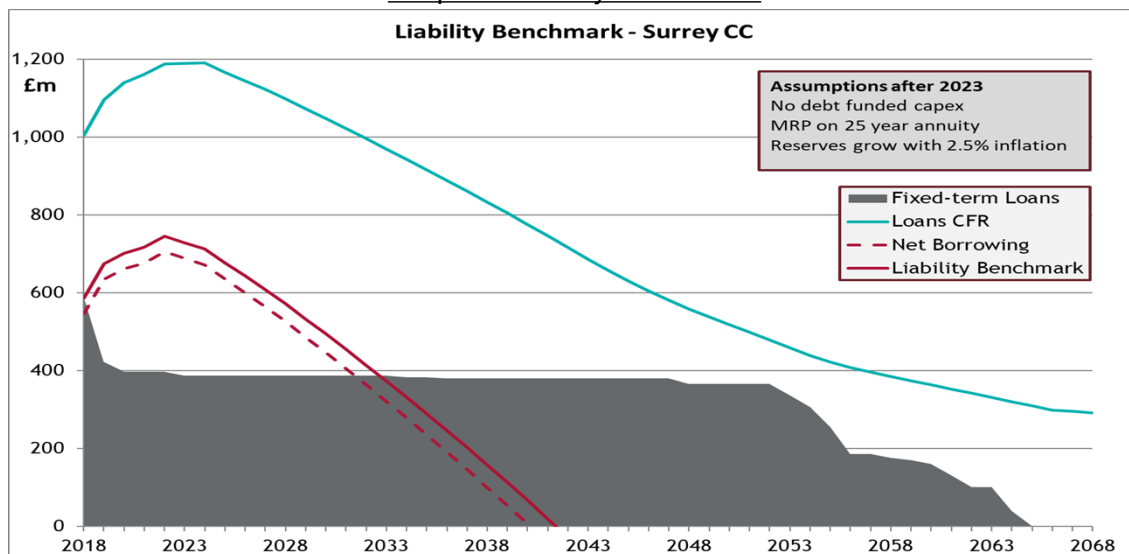
Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	1,152	1,267	1,303	1,317	1,337	1,332	1,325
Less: PFI liabilities	-181	-205	-198	-191	-184	-176	-168
Net CFR (underlying need to borrow)	971	1,062	1,105	1,126	1,153	1,156	1,157
Less: External	-397	-397	-397	-397	-397	-387	-387

borrowing (long term)							
Internal borrowing (based on projection of level of reserves, balances and working capital)	-381	-346	-373	-367	-400	-413	-422
Projected additional external borrowing requirement	193	292	319	335	362	356	348

- 17 The Authority has an increasing CFR over the period to 31 March 2022, due to the proposed capital programme and approved investment strategy projects. The maximisation of internal borrowing leads to a borrowing requirement above the Council’s ability to utilise its internal resources to fund this capital expenditure. It will therefore be required to raise additional external borrowing over the forecast period.
- 18 CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the Authority’s total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2019/20.
- 19 To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the Council’s projected treasury management position over the next 50 years.

Graph 1: Liability benchmark



20 The long-term liability benchmark assumes:

- Capital expenditure funded by borrowing as per the 2019/24 capital programme
- Only projects approved and included in the Capital Programme and approved investment strategy spend are currently included
- Minimum Revenue Provision (MRP) on new capital expenditure is based on the existing MRP policy
- Reserves and Balances are based on proposed and approved use over the life of the MTFP and increasing by inflation of 2.5% a year.

- 21 As illustrated in the graph above, the difference between the CFR (underlying need to borrow) and actual external borrowing is funded from Reserves and Balances (internal borrowing). The current strategy to internally borrow continues to support the Council's financial position in the short to medium term.
- 22 As shown, the Council's current debt portfolio is long dated and there are no significant repayments until the 2050's.

Borrowing Strategy

- 23 The Authority is projected to have £688m of borrowing as at the end of March 2019, an increase of £80m since the 31 March 2018. The increase relates to short term borrowing, which changes to reflect the changing cash flow requirements. Financial year end is historically the low point for cash levels, with government grants received early in the financial year, ahead of spend. Long term borrowing remains at £397m. There is no change from the previous year, as no additional long term borrowing has been undertaken or repaid.
- 24 **Objectives:** The Authority's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.
- 25 **Strategy:** The Council is facing unprecedented financial pressures, principally driven by rising need for services from residents and continuing reductions in government funding. Given these pressures, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, the Authority continues to maximise the use of internal resources (internal borrowing) and borrowing short term to fund the additional requirement based on cash flow forecasts.
- 26 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce market and credit risk in the investment portfolio. However, short term borrowing does increase the Authority's exposure to changes in interest rates as when short term loans mature they may need to be replaced and a higher rate of interest. The level of internal / short term borrowing will be reviewed on a regular basis, taking account of the overall cash position and market forecasts. Arlingclose will assist in this review with 'cost of carry' and breakeven analysis, which will support decisions on whether to take additional longer term external borrowing at fixed rates in 2019/20, with a view to keeping future interest costs low.
- 27 Alternatively, the Authority may arrange forward starting loans where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost without suffering a cost of carry in the intervening period.
- 28 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
 - any institution approved for investments (see below)

- banks or building societies authorised to operate in the UK
- UK local authorities
- UK public and private sector pension funds (except the Surrey Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

29 The Authority has previously raised the majority of its long term borrowing from the PWLB. For short term borrowing, the Council has, and will continue, to use other sources of finance, such as loans from other local authorities, pension funds and other public bodies as these are often available at more favourable rates. These short term loans leave the Authority exposed to the risk of interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

30 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative (PFI)
- sale and leaseback

All such sources of finance are subject to a robust options appraisal.

31 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

32 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

33 The Authority holds invested funds representing income received in advance of expenditure plus reserves. Since 1 April 2018, the Authority held average balances of £39m, compared to with £69m over 2017/18. The average returns of 0.58%. Cash balances are expected to remain low during 2019/20.

- 34 **Objectives:** The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 35 **Negative interest rates:** If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 36 **Strategy:** Due to the continuation of the strategy to maximise internal borrowing and use short term borrowing to manage cash flow shortfalls, investment levels are expected to remain low during 2018/19. The majority of the Authority’s surplus cash continues to be invested in money market funds and short-term unsecured bank deposits. Money Market Funds offer same-day liquidity, very low or no volatility and also ensure diversification to reduce the security risk of holding the majority of cash deposits with a limited number of UK banks.
- 37 While the Council’s investment balances remain low (less than £100m), Money Market Funds and short term bank deposits will be utilised, with a cash limit per counterparty/fund of £25m. If the economic situation changes, which results in a decision to undertake additional borrowing, resulting in higher cash balances, other investment counterparties may be considered and the counterparty limits set out below would apply.
- 38 **Business models:** Under the new International Financial Reporting Standard (IFRS) 9 standard, the accounting for certain investments depends on the Authority’s “business model” for managing them. The new standard requires entities to account for expected credit losses in a timely manner; from the moment when financial instruments are first identified. These investments will continue to be accounted for at amortised cost.
- 39 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in Table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

40 Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government*
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£10m 5 years	£20m 20 years	n/a
AA+	£10m 5 years	£20m 10 years	n/a
AA	£10m 4 years	£20m 5 years	n/a
AA-	£10m 3 years	£20m 4 years	n/a
A+	£10m 2 years	£20m 3 years	n/a
A	£10m 13 months	£20m 2 years	n/a
A-	£10m 6 months	£20m 13 months	n/a
None	£1m 6 months	n/a	n/a
Pooled Funds	£25m per fund		

* UK local authorities

This table must be read in conjunction with the notes below

- 41 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 42 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 43 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- 44 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 45 **Pooled funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- 46 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 47 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity. The Authority's bank, HSBC, has a credit rating of AA-.
- 48 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 49 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 50 **Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis. No investments will be made with an organisation if there are substantive doubts about its credit quality.
- 51 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested. In the event of a “no deal Brexit”, the Authority has the ability to invest in UK based MMFs (Federated and CCLA) and with the Debt Management Officer (DMO), which is in effect a direct investment with the UK Government.
- 52 **Investment limits:** The Authority’s revenue reserves and balances available to cover investment losses are forecast to be approximately £65m on 31st March 2019. In order that no more than 30% of available reserves will be put at risk in the case of a single default, the maximum that will be invested with any one organisation (other than the UK Government) will be £20m and the limit for any one pooled fund will be £25m.

Table 3: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£20m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management	£25m per manager
Money Market Funds	£125m in total
Unsecured investments with Building Societies	10m in total

- 53 **Liquidity management:** The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority’s medium-term financial plan and cash flow forecast.

Treasury Management Indicators

54 The Authority measures and manages its exposures to treasury management risks using the following indicators.

55 **Security:** The Authority has adopted a voluntary measure of exposure to credit risk by monitoring the value-weighted average default rates of its investment portfolio. This is calculated by taking the historic risk of default rate, weighted by the size of each investment and calculating a portfolio average. Unrated investments are assigned a score based on their perceived risk.

	Maximum Exposure
Portfolio average historic risk of default rate	0.05%

56 **Liquidity:** The Authority has adopted a voluntary measure of exposure to liquidity risk by monitoring the amount it can borrow over an average month without giving prior notice. During December 2018, a total of £180m was sourced from other local authorities for short term periods. During 2018 the Council has never been overdrawn due to a failure to find funding. The intra local authority borrowing/lending market has remained a reliable source of short term funding, and should remain so for the foreseeable future.

57 **Interest rate exposures:** This indicator is set to limit the Authority's exposure to interest rate risk by assessing the impact of a 1% rise or fall in interest rates will be, based upon an average short term borrowing of £195m.

Interest rate risk indicator	Limit
Revenue impact of a 1% movement in interest rates	+/- £1.95m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

58 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

59 Time periods start on the first day of each financial year. The maturity date of borrowing is the date of the loans are due to be repaid.

60 **Principal sums invested for periods longer than 1 year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment

of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£40m	£20m	£10m

Other Items

- 61 There are a number of additional items that the Authority is obliged by CIPFA of the MHCLG to include in its treasury management strategy.
- 62 **Policy on the use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 63 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 64 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 65 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Section 151 Officer believes this to be the most appropriate status.
- 66 **Treasury Management Advice:** Surrey County Council has appointed Arlingclose Limited as Treasury management advisers and receives specific advice on investments, debt and capital finance matters.

67 **Treasury Management Training:** Member and Officer training needs are assessed regularly as part of the staff appraisal process. Additional training will be provided as and when there is a change in roles and responsibilities. The Authority also benefits from the Orbis partnership Centre of Expertise, which provides a robust Treasury team providing day to day treasury management operational activities to Surrey County Council, Brighton & Hove City Council and East Sussex County Council.

Financial Implications

65 The budget for investment income in 2019/20 is £300,000, based on an average investment portfolio of £40m at an interest rate of 0.75%. The budget for debt interest paid in 2019/20 is £19m, which is based on a mix of short term borrowing (average level of £260m at an average interest rate of 1%) and the existing long term fixed rate debt portfolio.

66 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller

Prudential and Treasury Indicators 2019/20

1. The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.
2. The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice.

Estimates of capital expenditure

3. The Authority's planned capital expenditure and financing is summarised in table 1. This prudential indicator is a summary of the Council's annual capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Projected	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m	£m
Capital programme expenditure	108	137	129	93	76	58	57
Approved investment strategy spend	103	113	13	7	15	0	0
Financed By:							
- Government grants	98	84	67	50	32	32	32
- Revenue, reserves & third party contributions	1	32	17	12	12	3	3
Net financing need for the year*	112	135	59	38	46	22	21

*Capital expenditure to be met by borrowing

The Council's borrowing need (the capital financing requirement)

4. Table 2 sets out the Council's estimated capital financing requirement (CFR). The CFR represents capital expenditure funded by external debt and internal borrowing and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. The CFR thus measures an authority's underlying need to borrow for a capital purpose. Any capital expenditure which has not been funded from locally determined resources will increase the CFR. The CFR will reduce by the minimum revenue provision (MRP).
5. The MRP is a statutory annual revenue charge which reduces the borrowing need in a similar way to paying principal off a household mortgage.
6. The CFR includes any other long term liabilities, e.g., PFI schemes, finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes and they therefore do not form part of the Council's underlying need to borrow.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Projected	← -----	----- Estimated	-----	-----	→
	£m	£m	£m	£m	£m	£m	£m
Opening CFR	1,061	1,152	1,267	1,303	1,317	1,337	1,332
Movements:							
- Minimum revenue provision	-24	-21	-21	-23	-25	-26	-27
- Application of capital receipts	-28	-29	0	0	0	0	0
- PFI & finance leases	32	30	-1	-1	-1	-1	-1
- Net financing need	112	135	59	38	46	22	21
	91	115	37	14	20	-5	-7
Closing CFR	1,152	1,267	1,303	1,317	1,337	1,332	1,325

*includes the addition to fixed assets on the balance sheet under PFI

7. The CFR is forecast to rise over the next 3 years, as capital expenditure plans financed by borrowing outweighs the resources planned to be set aside for debt repayment (MRP).

Gross borrowing and the capital financing requirement

8. In order to ensure that over the medium term borrowing will only be for a capital purpose, the Council should ensure that its debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next 2 financial years. This allows some flexibility for early borrowing in advance of need, but ensures that borrowing is not undertaken for revenue purposes. This is a key indicator of prudence.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Projected	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m	£m
Gross Borrowing	590	689	716	732	759	743	736
CFR	1,152	1,267	1,303	1,317	1,337	1,332	1,325

9. Total debt is expected to remain below the CFR during the forecast period.

The Council's operational boundary for external debt

10. Table 4 sets out the Council's operational boundary. The operational boundary is an indicator against which to monitor its external debt position. It is based on the Authority's estimate of the most likely (ie prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the CFR and cash flow requirements and is a key management tool for in-year monitoring.
11. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. Other long-term liabilities comprise finance lease, PFIs and other liabilities that are not borrowing but form part of the Authority's debt position.
12. The operational boundary is not a limit and actual borrowing could vary around this boundary for short periods during the year. It should act as an indicator to ensure the authorised limit is not breached.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Agreed	← ----- Estimated ----- →				
	£m	£m	£m	£m	£m	£m
Borrowing	702	966	1131	1179	1173	1166
Other long term liabilities	170	143	124	106	87	68
Total	872	1108	1256	1285	1260	1234
Estimated external debt	689	716	732	759	743	736

The Council's authorised limit for external debt

13. Table 5 sets out the Council's authorised limit for external debt. This key prudential indicator represents a control on the maximum level of borrowing. It is a statutory limit determined under section 3(1) of the Local Government Act 2003 and represents a limit beyond which external debt is prohibited. It is the maximum amount of debt that the Authority can legally owe.
14. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised since the introduction of the Prudential Code.
15. The Authorised limit provides headroom over and above the operational boundary for unusual cash movements and potential additional borrowing to meet the ambitions of the Council in respect of its investment strategy.
16. As with the operational boundary, the limit separately identifies borrowing from other long term liabilities such as finance leases and PFIs.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Agreed	← -----	Estimated	-----	-----	→
	£m	£m	£m	£m	£m	£m
Borrowing	1,092	1,553	1,717	1,757	1,762	1,755
Other long term liabilities	182	143	124	106	87	68
Total	1274	1696	1841	1863	1849	1823
Estimated external debt	689	716	732	759	743	736

Estimated ratio of financing costs to net revenue stream

17. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Table 6: Ratio of Financing Costs to Net Revenue Stream						
	2018/19 Projected	2019/20 ← -----	2020/21 -----	2021/22 Estimated	2022/23 -----	2023/24 ----- →
Ratio of Financing Costs to Net Revenue Stream	2.02%	1.55%	1.75%	1.89%	2.02%	2.07%

18. The revenue implications of potential, yet to be identified, investment opportunities that meet the Council's long term capital strategy criteria, will be funded from the investment returns of such investments. If there is a delay in the realisation of sufficient returns then costs will be funded from the Council's Revolving Infrastructure & Investment Fund.

Treasury Indicators:

Principal sums invested for periods longer than a year (including shares, which is the only remaining limit for non-specified investment)

Price risk indicator	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£40m	£20m	£10m

Refinancing risk - Maturity structure of borrowing

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	25%

Interest rate risk.

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1,95m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	-£1.95m

Portfolio average credit rating or credit score.

	Maximum Exposure
Portfolio average historic risk of default rate	0.05%

Liquidity

Liquidity risk indicator	Target
Total sum required in December without prior notice	£180m
Total sum borrowed in December	£180m

Arlingclose Economic & Interest Rate Forecast December 2018

Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.

- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Investment & Debt Portfolio Position as at 31 March 2018

	Actual Portfolio £m	Average Rate %
External borrowing:		
Public Works Loan Board	388	4.60
Market	10	5.00
Local authorities	211	0.48
Total external borrowing	608	
Other long-term liabilities:		
Private Finance Initiative	181	
Total other long-term liabilities	181	
Total gross external debt	687	
Treasury investments:		
Banks & building societies (unsecured)	-	
Government (incl. local authorities)	-	
Money Market Funds	43	0.21
Total treasury investments	43	
Net debt	644	

Glossary of Terms

CCLA – Churches, Charities and Local Authorities

CFR – Capital Financing Requirement

CIPFA – Chartered Institute of Public Finance Accountancy

CPI – Consumer Price Index

DMO – Debt Management Office

DMADF – Debt Management Account Deposit Facility

ECB – European Central Bank

GDP – Gross Domestic Product

MHCLG – Ministry of Housing, Communities and Local Government

MiFID - Markets in Financial Instruments Directive

MMF – Money Market Fund

MPC – Monetary Policy Committee

MRP – Minimum Revenue Provision

PWLB – Public Works Loan Board

TMPs – Treasury Management Practices

TMPS – Treasury Management Policy Statement

TMSS – Treasury Management Strategy Statement



Corporate Overview Select Committee

25 January 2019

Recommendation Tracker and Forward Work Programme

1. The Committee is asked to review its recommendation tracker and forward work programme, including the forward work programmes of the other Select Committees which are attached.

Recommendation:

- That the Committee reviews the attached forward work programmes and its recommendations tracker, making suggestions for additions or amendments as appropriate.

Next Steps:

The Select Committee will review its work programme and recommendations tracker at each of its meetings.

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Select Committee Forward Work Programmes 2019

Corporate Overview Select Committee (Chairman: Ken Gulati, Support Officers: Ross Pike and Joss Butler)

Date of Meeting	Scrutiny Topic	Description	Outcome	Method
Each Meeting	Budget Scrutiny	An update on the activity of the Budget Sub-Group to date.	Members appraised of activity and able to influence areas of focus.	Vice-Chairman's report
Each Meeting	Select Committee Forward Work Programmes	A review of proposed scrutiny items by Select Committees	Targeted forward work programmes that minimise duplication of effort and maximise collaboration and value to the Council and Surrey residents.	Officer report to Committee
21 March	Welfare Reform	A report on the impact of Government policy on Surrey and the Council's ongoing work to support residents.	The Committee understands the Surrey context and is assured that adequate preparations have been made to mitigate any negative impacts across Council services.	Formal report
16 May	Scrutiny of Orbis	The Committee to continue scrutiny of Orbis by considering the commissioned review of the partnership and its services	The Committee to provide direction on the future of Orbis at Surrey County Council to Cabinet.	Formal report
Items to be scheduled				
Throughout 2019	Transformation Programme, Organisational Strategy	Scrutiny of relevant projects: <ul style="list-style-type: none"> • Customer Experience • Finance Transformation 	Assurance that the programme is delivering against its stated aims, financial benefits and meeting the outcomes put forward in the business cases and that the	Mixed methods

		<ul style="list-style-type: none"> • Fees & Charges • Digital • Agile Workforce • Performance Management/MI Insights • Spans of Control • Orbis VfM <p>Overview of the whole transformation programme including delivery of savings and outcomes for residents</p>	<p>strategy supports delivery of the vision outcomes as set out in the Community Vision for Surrey.</p> <p>Ensuring that Select Committees have effectively scrutinised the transformation projects in their remit.</p>	
	Culture Change	The Council has identified a number of areas in the way that it works for change including its culture.	The Committee feeds its views on the enabling and disabling aspects of the Council's current culture and makes recommendations on how to improve.	
	Target Operating Model	How the Council organises its services and delivers outcomes for its residents is being reviewed and a new model being developed.	The Committee reviews the plans, proposals of the new Operating Model and the evidence base for value for money, risk and benefits to residents.	

Adults and Lifelong Learning Select Committee (Chairman: Jeff Harris, Democratic Services Officer: Andy Baird)

Date of Meeting	Scrutiny Topic	Description	Outcome	Method
13 February 2019	Adult Social Care Transformation Business Cases	Surrey County Council's Transformation Programme includes a suite of plans to change the way that adult social care services are delivered within the County. The Council has produced business cases outlining how they intend to transform four specific areas of adult social care delivery: All-Age Learning Disabilities, Accommodation with Care and Support, Adult Social Care Market Management and Adult Social Care Practice Improvement.	<p>Members will acquire an understanding of the Council's plans to deliver against the business cases agreed by Cabinet in October 2018 and assess progress made in implementing them.</p> <p>The Committee will also come to an agreement on the most effective way for it to scrutinise implementation of these Business Plans as they progress.</p>	Officer report to Committee

	Apprenticeship Task Force Outcomes	At its meeting on 11 October 2018, the Adults and Lifelong Learning Select Committee agreed to review the Action Plan developed by the Council's Apprenticeships Task Force. The Committee specified that the Action Plan should contain specific steps that the Council will take to improve retention of qualified apprentice including measures to enhance the perception of apprenticeships among residents and partners and embed higher apprenticeship Level standards across the Council.	Members will be given the opportunity to review progress against recommendations made by the Committee at its meeting on 11 October 2018 and understand how the Council will seek to improve its use of Apprentices.	Officer report to Committee
5 June 2019	Safeguarding Adults	<p>Ensuring the safety of vulnerable adults in Surrey is a key priority for the Council and its partner organisations. The Council has a duty to ensure that it has appropriate arrangements in place to ensure that it protects and safeguards the population.</p> <p>The Committee will examine how the Council and its partners deliver of their responsibilities to safeguard vulnerable adults in Surrey.</p>	<p>The Committee will understand how the Council performs against its duty to safeguard vulnerable residents, how it embeds learning from safeguarding incidents, how officers keep ahead of potential safeguarding challenges and how safeguarding is embedded as part of Council policies and training.</p> <p>Members will also hear from officers regarding the impact of potential new legislation on Deprivation of Liberties Safeguards and options for the Council in responding to this legislation.</p> <p>This item will involve contributions from both the Surrey Safeguarding Adults Board and the Health and Wellbeing Board.</p>	Officer Report to Committee
	Adult Social Care Debt	<p>The Select Committee has identified the reduction of debt owed to the Council for the provision of Adult Social Care services as a key priority for the Council.</p> <p>The Adult Social Care Directorate has introduced new processes to</p>	The Committee will gain an understanding of how the Council manages debt owed to it by residents for the provision of adult social care services and gain an insight into whether new initiatives introduced to expedite debt recovery have been successful.	Officer report to Committee

		improve how it handles and follows up on debt which the Committee will review alongside information on the Council's current debt position.		
Items to be scheduled				
TBD	Preventing Homelessness	The Committee will consider how public sector organisations in Surrey are working together in order to prevent and alleviate homelessness in response to the requirements of the Homelessness Reduction Act and to ensure that those at risk of homelessness experience better outcomes.	<p>The Committee will develop an understanding of the risk factors that cause homelessness and build a picture of the journey that leads to homelessness for individuals and households. The Committee will then consider these in light of approaches to preventing homelessness that have been implemented across Surrey following introduction of the Homelessness Reduction Bill</p> <p>The Committee will also seek to raise awareness around the issue of homelessness and the damage that it does to individuals, families and communities.</p>	<p>Witness sessions</p> <p>Workshop</p> <p>Site visit (Leatherhead night hospital, Guildford Hostel)</p>
TBD	Implications of the Adult Social Care Green Paper	The Government has committed to publishing a green paper in Autumn 2018 outlining how it proposes to improve care and support for older people and tackle the challenge of an ageing population. The outcomes of the Green Paper could have significant implications for the provision of adult social care impacting on how these services are funded and delivered in the future. This item will look at the implications of the green paper on the delivery of adult social care services in Surrey.	For the Committee to understand the impacts of the Green Paper on the delivery of adult social care services in Surrey and steps that the Council intends to take in order to respond to the proposals outlined within the Green Paper.	Workshop/ informal learning session
Task and Finish Groups				
TBD	Libraries Strategy	The Council is planning to undertake a comprehensive review of its library strategy over the coming months to	The Committee will contribute to the production of the Library Strategy while it is being developed to understand the options being considered and ensuring that the expertise of Members are engaged in producing the strategy. The	

		<p>consider how they can support a wider range of culture and learning opportunities for residents.</p> <p>The Committee will consider how Surrey's library network will look in the future and support SCC in understanding how these community assets can deliver the right skills and learning opportunities.</p>	Committee will aim to ensure that its views are incorporated into the strategy as it is being developed but may make recommendations to officers regarding the implementation of the strategy.
TBD	All-Age Learning Strategy	Item to be scoped.	

Children and Education Select Committee (Chairman: Kay Hammond, Support Officer: Ross Pike)

Date of Meeting	Scrutiny Topic	Description	Outcome	Method
6 March 2019	SEND Transformation	To review the plans for transformation in Surrey's Special Educational Needs and Disabilities services and to look at the improvement of SEND services based on the points raised in the response to the Written Statement of Action	Assurance gained that the transformation of SEND services addresses the key points of concern raised, while meeting children and young people's needs.	Review of business case
	Family Resilience Phase 1	To review the transformation business case, consultation feedback and impact on service change.	Understanding of the case for change, the expected benefits and how the Council has responded to consultation feedback. To hold decision makers to account for expected financial and non-financial benefits via future scrutiny.	Review of business case
	Children's Services Performance Monitoring	To receive a quarterly update of key performance measures, and highlight areas of sustained downwards trend with a narrative of the service's response.	To have assessed the trend of performance in Children's Services, assured itself that the service is improving sufficiently and at the expected pace.	Review of performance data
26 June 2019	Early Help/Family Resilience	To identify key areas of improvement needed in the current early help	To have assessed the transformation of EH and determine whether the redesigned offer will be able to	Formal report

	Transformation Phase 2	offer, and whether the proposed transformed offer will alleviate these areas.	effectively target children before they enter statutory services and provide effective support and to alleviate key areas of improvement identified in the Ofsted inspection of Children's Services (2018).	
	Children's Service Performance Improvement	To continue to review the Children's Improvement Plan designed by the Children, Families and Learning Directorate, identify performance trends and determine the effectiveness of the Improvement Plan in improving Performance across the Directorate.	To have assessed the capability of the Improvement Plan to have continued to resolve the identified performance issues and assured itself that the plan is working to improve services at a good rate.	Formal Report
	Impact of the change to Schools Led System	The Council has fundamentally changed how it works with schools and progressed towards a schools led arrangement in delivery and improvement. It is important to understand the impact that this has had on schools and their performance.	To have monitored the progression towards a schools led arrangement and the impact that this has had upon the Council and schools. To have taken into consideration the views of the service and schools on these changes, the risks that this could entail in future and understand the impacts of any potential future changes.	Mid 2019
5 September 2019	Children's Services Performance Monitoring	To receive a quarterly update of key performance measures, and highlight areas of sustained downwards trend with a narrative of the service's response.	To have assessed the trend of performance in Children's Services, assured itself that the service is improving sufficiently and at the expected pace.	Formal report
Future items in Development				
26 June 2019	Children and Adolescent Mental Health Services Recommissioning	CAMHS in Surrey will be recommissioned this year under a joint arrangement. The Committee will review plans and options for the future service.	The Committee will be assured of plans to improve the service for Surrey young people and parents/carers.	
TBC	Educational Attainment of Children	To explain the causes for current lower educational attainment for	To have assessed the educational attainment for disadvantaged children as a means of identifying	

	with Multiple Disadvantages	disadvantaged children and impacts that this can have on wider wellbeing.	potential underlying issues for disadvantaged children and suggest methods to alleviate these	
Task Groups				
March 2019	Out of County Placements Task and Finish Group	To identify the prevalence of out of county placements, whether there are “in house” options and the potential to increase the numbers of placements that are kept within Surrey.	That the Committee understands current levels of provision available for Children’s placements, why they are currently provided as they are, and to suggest options for how to deliver these differently in future.	Membership: Chris Botten Chris Townsend Victoria Young Lesley Steeds
	Learning Disabilities and Transition Task and Finish Group	To scrutinise how the council plans care and support for young people with complex needs as they transition into adulthood, and how future demand will be met.	The review will seek to make recommendations in respect to improving the experience of young people and their families/carers, and to optimise public value for the benefit of the council and Surrey residents.	TBC

Highways and Growth Select Committee (Chairman: Bob Gardner, Support Officer: Ross Pike)

Date of Meeting	Scrutiny Topic	Description	Outcome	Method
9 April 2019	Asset and Place Strategy	The Council is developing an Asset and Place Strategy to fundamentally change how it plans to deliver returns on its investment portfolio. The Committee will review the strategy and ensure that it will successfully deliver on the proposed future vision.	To understand the vision for the Asset and Place Strategy, provided Member input into the content of the strategy and recommended a way forward to the Cabinet prior to a decision.	Workshop/Review of business case and draft strategy
	Highways, Transport and Environment (H.T.E) Transformation	A business case on the transformation of services within this Council Directorate to be reviewed by the Committee.	Understanding of the case for change, the expected benefits and how the Council has developed its plans. To hold decision makers to account for expected financial and non-financial benefits via future scrutiny.	Review of business case
Future items in Development				
9 May 2019	Transport for the South East (TfSE) Strategy	To review the Strategy for TfSE and ascertain the effects that this will have upon Surrey’s infrastructure.	To understand the impact that the TfSE Strategy will have upon current infrastructure, determine the impact will for Surrey and make suggestions as to how the	Stakeholder Engagement with

			strategy can further benefit partners upon the start of its full operation in 2019.	TfSE/ Formal Report
Mid 2019	Local Enterprise Partnerships (LEPs)	To undertake scrutiny of the output and impact of the two LEPs that cover Surrey and identify any gaps in provision and better ways of working.	To understand the work underpinning investment in Surrey's economy and investigate the impact of LEP spending in the county.	Stakeholder Engagement with LEPs /Formal report
Mid 2019	Place and partnerships	The Council has entered into numerous partnerships across its many functions. The Committee will review the approach taken and impact of these partnerships.	Review the Council's partnerships with other organisations, how they are developed and what they deliver for residents.	Formal report

Health, Integration and Commissioning Select Committee (Chairman: Zully Grant-Duff, Democratic Services Officer: Andrew Baird)

Date of Meeting	Scrutiny Topic	Description	Outcome	Method
8 March 2019	South East Coast Ambulance Service (SECAMB) Performance Review	The purpose of this item is to assess how SECAMB is delivering against its Improvement Plan following the CQC rating of 'Inadequate' received by the Trust in October 2017. The Committee will also consider challenges experienced by the Trust in delivering against national response time targets and find out how SECAMB are mitigating these.	<p>The Committee will seek to understand the main challenges facing SECAMB and how these impact on patients' experience of ambulatory care in Surrey. Members will consider the role of the Trust within the wider healthcare system in Surrey to understand how SECAMB's commissioners and its partners are supporting the Trust's improvement journey.</p> <p>The Committee will also come to a view on how it can best scrutinise SECAMB going forward to support the Trust in delivering against its Improvement Plan.</p>	Officer report to Committee
	Substance Misuse Contract	In July 2018, Surrey County Council implemented changes to its Substance Misuse Services following	The Committee will consider how the new model of service provision is supporting those with Substance Misuse problems in Surrey.	Officer report to Committee

		a review of these services. Following engagement with service users, stakeholders and clinicians the Council has removed inpatient detox beds replacing these with enhanced provision in the community.		
	Surrey Joint Health and Wellbeing Strategy	Partners across the public sector in Surrey are in the process of creating a Ten Year Strategic Plan for health and social care services in Surrey which will form the basis of a new Joint Health and Wellbeing Strategy for Surrey. The new Strategy will set priorities that take account of the wider determinants of health and wellbeing to understand their impact on demand and system finances	For Members to find out about what the priorities are within the strategy, why these priorities have been determined and how they will support improved health and wellbeing for Surrey's residents. The Committee will also be given the opportunity to comment on the draft strategy.	Task Group
Ongoing	South West London and Surrey Joint Health Overview and Scrutiny – Improving Healthcare together 2020 - 2030	In June 2017, Improving Healthcare Together 2020 - 2030 was launched, a programme led by Merton, Sutton and Surrey Downs CCGs to review the delivery of acute services at Epsom and St Helier University Hospitals NHS Trust (ESTH). ESTH serves patients from across Merton, Sutton and Surrey and so the Health, Integration and Commissioning Select Committee joined colleagues from the London Borough of Merton and the London Borough of Sutton to review the Improving Healthcare Together Programme as it progresses.	A Sub-Committee of the South West London and Surrey Joint Health Overview and Scrutiny Committee has been established to scrutinise the Improving Healthcare Together 2020 – 2030 Programme as it develops.	Joint Health Overview and Scrutiny Committee
Task and Finish Groups				
January 2019 - June 2019	Mental Health	The purpose of this item is to review delivery against the Joint Health and Wellbeing Strategy's Priority to improve emotional wellbeing and mental health. This includes	The Committee will assess efforts to embed parity of esteem between the treatment of physical and mental health conditions in Surrey through the implementation of Sustainability and Transformation Partnerships in Surrey. Members will also look at how emotional wellbeing is incorporated within STP	

considering steps being taken to prevent poor mental health and to promote a culture of openness about mental health conditions. The Committee will also look at current and future provision of mental health services in Surrey.

plans how they will help to build resilience against mental health conditions among Surrey residents.

Environment Select Committee (Chairman: Rachael I Lake, Democratic Services Officer: Huma Younis)

Date of Meeting	Scrutiny Topic	Description	Outcome	Method
22 February 2019 <i>(moved from 5 December 2018)</i>	Countryside Estate Strategy	To review the Countryside Estate Strategy, following public engagement activity and the convening of a Countryside Estate Strategy MRG.	To review and scrutinise the Countryside Estate Strategy and receive feedback from the Countryside Estate Strategy MRG, making recommendations to Cabinet as necessary.	Officer report to Committee
22 February 2019	Waste-Community Recycling Centres (CRCs) <i>Full Business Case</i>	To review and scrutinise the Waste Full Business Case that supports the Council's transformation programme.	For the Committee to be assured that the Waste Full Business Case and associated project plan is on track to achieve anticipated benefits and service transformation.	Officer report to Committee

Corporate Overview Select Committee
ACTIONS AND RECOMMENDATIONS TRACKER – UPDATED December 2018.

The recommendations tracker allows Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each meeting. Once an action has been completed, it will be shaded out to indicate that it will be removed from the tracker at the next meeting. The next progress check will highlight to members where actions have not been dealt with.

Date of meeting	Item	Recommendations/ Actions	To	Response
13 December 2018	Budget Scrutiny	<ul style="list-style-type: none"> a. Select Committees Review the most up to date Full Business Cases for Transformation Projects before final decisions are made by Cabinet, focussing on those plans which have most impact on residents, b. The Out of County Placements Task Group review the forecast volumes for SEND agency placements spend in 2018/19, c. The savings to be realised by Transformation Plans are monitored, to ensure Directors and Service Heads are clear on the savings they are required to deliver, and to eliminate double counting (for example, Spans of Control savings, Cultural Services and Property savings are allocated appropriately) and reported to the Budget Sub-Group regularly, d. Reports from Internal Audit are 	<ul style="list-style-type: none"> a. Select Committee Chairmen b. Out of County Placements Task Group Chairman c. Deputy Chief Finance Officer d. Chief Internal Auditor / Executive Director for Customers, Digital and Transformation e. Executive Director for Customers, Digital and Transformation 	<ul style="list-style-type: none"> a. Actioned. Items relating to the Full Business Cases have been added to each respective select committee relevant to its remit. <p>b/c/d/e/f. Recommendations circulated and awaiting response.</p>

		<p>provided to Select Committees to assist their on-going review of the delivery of Transformation Plans and that Transformation Project risk registers are updated and shared with Select Committees.</p> <ul style="list-style-type: none">e. Adequate resources (including professional skills) are invested in the Property department to ensure there is capacity to support the Transformation Programme,f. The Council's SEND transport provision is reviewed and recommissioned to provide better value for money.	<ul style="list-style-type: none">f. Director Education, Lifelong Learning & Culture	
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COMPLETED ACTIONS – TO BE DELETED

Date of meeting	Item	Recommendations/ Actions	To	Response
25 October 2018	PRELIMINARY FINANCIAL STRATEGY [Item 6]	<p>III. recommended risks and RAG statuses to be included alongside all budgetary information produced by the finance team (including forecast revenue budgetary information and proposed in year savings plans).</p> <p>IV. agreed that at least two meetings of the Sub-Group (to include Chairman of relevant Select Committees as appropriate) to be scheduled between October 2018 and January 2019 to cover in-depth proposals made to deliver services within budget envelopes with recommendations being shared with Cabinet in January 2019.</p> <p>V. agreed for the Chairman of the Audit and Governance Committee to review the Audit of ISPSB (Individual Statements of Pupil Support Budgets) payments item within the cost containment plan and in particular the £800k overpayments for ISPSBs.</p> <p>VI. review budget proposals in January 2019 before consideration by Cabinet (29 January), to include an</p>	<p>III. Interim Executive Director of Finance</p> <p>IV. Vice-Chairman/ Dem Services</p> <p>V. Chairman of the Audit and Governance Committee</p> <p>VI. Chairman/ Dem Services</p> <p>VII. Interim Executive Director of Finance</p>	<p>III- Email received from the Interim Executive Director of Finance on 12/11 explaining that the action had been completed with risks and RAG statuses to be included alongside all budgetary information provided alongside the next budget monitoring report to Cabinet.</p> <p>IV. Budget Sub-Group meetings have taken place and a report from the Sub-Group is included within the meeting agenda.</p> <p>V. Update from the Chairman of the Audit and Governance Committee, 'This issue has been discussed with the appropriate officers and the process for making ISPSB payments is currently under review, with plans to tighten up the process. Internal Audit will review developments regarding this'.</p> <p>VI. Scrutiny of the council's annual budget has been included as an item on the COSC forward plan for consideration in January 2019.</p>

		<p>update on consultation and engagement activity which has taken place with residents and stakeholders as part of budget setting process.</p> <p>VII. request that transformation plans are mapped against the 2019/20 budget envelope proposals by directorate and provided to Members.</p>		<p>VII. Email received from the Interim Executive Director of Finance on 12/11 explaining that this information would be provided to the Committee by the 25 January 2019 meeting and the budget sub-group at an earlier date.</p>
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