

Cabinet

**Date & time**

Tuesday, 23 June
2020 at 2.00 pm

Place

REMOTE

Contact

Vicky Hibbert or Angela
Guest
Room 122, County Hall
Tel 020 8541 9229 or 020
8541 9075

Chief Executive

Joanna Killian



We're on Twitter:
@SCCdemocracy

vicky.hibbert@surreycc.gov.uk or
angela.guest@surreycc.gov.uk

Cabinet Members: Mrs Natalie Bramhall, Mr Mel Few, Mr Matt Furniss, Dr Zully Grant-Duff, Mrs Julie Iles, Mr Colin Kemp, Mrs Mary Lewis, Mrs Sinead Mooney, Mr Tim Oliver and Ms Denise Turner-Stewart

Deputy Cabinet Members: Miss Alison Griffiths, Miss Marisa Heath, Mr Mark Nuti and Mrs Becky Rush

Please note that due to the COVID-19 situation this meeting will take place remotely.

Please be aware that a link to view a live recording of the meeting will be available on the Cabinet page on the Surrey County Council website. This page can be accessed by following the link below:
<https://mycouncil.surreycc.gov.uk/ieListMeetings.aspx?CId=120&Year=0>

If you have any queries relating to accessing this agenda please email vicky.hibbert@surreycc.gov.uk or angela.guest@surreycc.gov.uk

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

If you have any queries regarding this, please contact vicky.hibbert@surreycc.gov.uk or angela.guest@surreycc.gov.uk.

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING: 26 MAY 2020

(Pages 1
- 6)

To approve the minutes of 26 May 2020 as a correct record.

3 DECLARATIONS OF INTEREST

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

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

NOTES:

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

4 PROCEDURAL MATTERS

a Members' Questions

The deadline for Member's questions is 12pm four working days before the meeting -16 June 2020.

b Public Questions

The deadline for public questions is seven days before the meeting – 17 June 2020.

c Petitions

One petition of 1,348 signatories has been received. It requests that the Council; a) Halt the demolition of Longmead Adult Education Centre in Redhill, b). Retain the Edwardian character of the building, and c) Develop it into a community hub.

d Representations received on reports to be considered in private

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

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

To consider any reports received.

6 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING (Pages 7 - 12)

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

7 MEMBER OF THE MONTH UPDATE - TO FOLLOW

To note the report.

8 COVID 19 UPDATE - TO FOLLOW

This paper is being presented under the General Exception Standing Order as it has not been possible to give 28 days' notice of decisions to be taken.

Further to the report to Cabinet on 26 May 2020, this report will set out; a) SCC Public Health latest , b) Test and Trace, c) Hardship Fund assistance given, d) Financial support to Care Homes, e) Grants to Surrey businesses and f) Restart/restore activity.

[Where necessary a waiver for call-in will be sought from the relevant Select Committee Chairman.]

9 COVID-19 DELEGATED AND URGENT DECISIONS TAKEN (Pages 13 - 38)

To ensure transparency of decisions taken in response to COVID-19, Cabinet are asked to note the attached decisions taken since the last meeting.

10 CHILDREN'S IMPROVEMENT UPDATE (Pages 39 - 64)

The service embarked upon a comprehensive transformation programme with a major restructure of children's services completing last year to support the shift to a model based on early support and prevention. An update is provided here on the continued improvement of Surrey's children's services. The COVID-19 pandemic has affected work across the service. This report provides further information on the impact of the pandemic on the improvement programme and priorities.

[The decisions on this item can be called in by the Children, Families, Lifelong Learning & Culture Select Committee]

- 11 HOUSING INFRASTRUCTURE FUND FORWARD FUNDING - FUNDING ALLOCATION OF £41.8 MILLION TO THE A320 NORTH OF WOKING** (Pages 65 - 76)
- The Housing Infrastructure Fund (HIF) Forward Funding is a £5.5 billion government capital grant programme launched in summer 2017 to help to deliver up to 300,000 new homes in England. Surrey County Council has been awarded £41.8 million for the resulting A320 North of Woking scheme. The HIF spend deadline of March 2024 poses a very tight delivery deadline for project delivery. Cabinet will need to agree to move the scheme from pipeline to capital budget as soon as possible, which would release funds for further scheme development, the cost of which will be fully rechargeable to the Scheme.
- [The decisions on this item can be called in by the Communities, Environment and Highways Select Committee]*
- 12 RETHINKING WASTE - SURREY COUNTY COUNCIL'S WASTE COMMISSIONING STRATEGY** (Pages 77 - 102)
- The current Waste PFI contract with Suez provides for the treatment and disposal of all local authority collected waste arising within the county. This contract expires in September 2024, and Surrey County Council (SCC) needs to commission new service arrangements. The proposed Waste Commissioning Strategy and associated programme of activity will shape those new arrangements, including the infrastructure, ways of working with our district and borough collection authorities, and the services procured.
- [The decisions on this item can be called in by the Communities, Environment and Highways Select Committee]*
- 13 SURREY LANE RENTAL SCHEME** (Pages 103 - 112)
- Surrey suffers with traffic congestion during peak periods, particularly at congestion hotspots. A lane rental scheme, by which organisations working on the highway pays into a fund for such usage, can be applied to the most congested sections of the road network. Such a scheme provides a strong financial incentive for those working on the highway, including the Council for its own works, to avoid undertaking works on these roads at peak times, thereby reducing further impact at congestion hotspots.
- [The decisions on this item can be called in by the Communities, Environment and Highways Select Committee]*
- 14 2020/21 MONTH 1 (APRIL) FINANCIAL REPORT** (Pages 113 - 122)
- This report provides the details of the County Council's 2020/21 financial position as at 30 April 2020 (M1) for revenue and capital budgets, and the expected outlook for the remainder of the financial year. M1 is a high-level review focussing on risks, opportunities and the impact of COVID-19.
- [The decisions on this item can be called in by the Performance & Resources Select Committee]*

15 FINANCE IMPROVEMENT PLAN UPDATE

(Pages
123 -
164)

In May 2018 the former Leader and Chief Executive commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of the council's finances and finance function.

In response to the review, a Finance Improvement Programme (FIP) was put in place to address the issues raised. The plan for the FIP was approved by Cabinet in September 2018 and this report provides an update and recommends closure of the FIP.

[The decisions on this item can be called in by the Performance & Resources Select Committee]

16 EXCLUSION OF THE PUBLIC- IF NEEDED

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

Joanna Killian
Chief Executive
Monday, 15 June 2020

QUESTIONS, PETITIONS AND PROCEDURAL MATTERS

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

Please note:

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

**MINUTES OF THE MEETING OF THE CABINET
HELD ON 26 MAY 2020 AT 2.00 PM
AT REMOTE.**

These minutes are subject to confirmation by the Cabinet at its next meeting.

Members:

*Mr Tim Oliver (Chairman)	*Mrs Natalie Bramhall
*Mr Colin Kemp (Vice-Chairman)	*Mrs Mary Lewis
*Dr Zully Grant-Duff	*Mrs Julie Iles
*Mrs Sinead Mooney	*Mr Matt Furniss
*Mr Mel Few	*Ms Denise Turner-Stewart

Deputy Cabinet Members:

*Mrs Becky Rush	*Miss Alison Griffiths
*Mr Mark Nuti	*Miss Marisa Heath

* = Present

Members in attendance:

Mr Chris Botten (Caterham Hill)

PART ONE
IN PUBLIC

68/20 APOLOGIES FOR ABSENCE [Item 1]

There were none.

The Leader announced that Mr Mike Goodman had stood down from the Cabinet after serving seven years. He thanked Mr Goodman for his enormous contribution and the work he had undertaken on the Environment Strategy and Tree Strategy. Mrs Natalie Bramhall was to take on the slightly amended portfolio and all portfolio details could be found on the Council's website.

He also introduced and welcomed two new deputy Members, Miss Marisa Heath and Mrs Becky Rush, to the Cabinet.

69/20 MINUTES OF PREVIOUS MEETING: 28 APRIL 2020 [Item 2]

The minutes of the meeting held on 28 April 2020 were approved as a correct record.

70/20 DECLARATIONS OF INTEREST [Item 3]

There were none.

71/20 MEMBERS' QUESTIONS [Item 4a]

There were none.

72/20 PUBLIC QUESTIONS [Item 4b]

There were none.

73/20 PETITIONS [Item 4c]

There were none.

74/20 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]

There were none.

75/20 REPORTS FROM SELECT COMMITTEES , TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]

There was one report from Children, Families, Lifelong Learning & Culture Select Committee in relation to Item 9 - PRU Capital Strategy. The report was considered with that item.

76/20 LEADER / DEPUTY LEADER / CABINET MEMBER/ STRATEGIC INVESTMENT BOARD DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 6]

There were none.

77/20 CABINET MEMBER UPDATES [Item 7]

The Leader of the Council explained that the Council was starting to move forward with unlocking restrictions and that some services were re-opening such as the community recycling centres; details of materials taken and opening times were available on the Council's website. He spoke of the work being undertaken with businesses and borough & district councils with regards to putting in extra lanes for cycles and walking. He went on to speak of the excellent response from Surrey Heartlands and Surrey Fire & Rescue in dealing with issues and for helping the most vulnerable residents. He explained that the pandemic was not over yet and urged all to follow Government guidelines.

The Leader explained that this monthly agenda item was to receive an update from a Cabinet Member to highlight some of the work undertaken under their portfolio.

The Cabinet Member for All-Age Learning presented a portfolio update that detailed some of the work that had been undertaken to support our children and young people with special educational needs and disabilities (SEND) and their families throughout the unprecedented circumstances of the pandemic. The update was published as a supplement to the agenda.

RESOLVED:

The Cabinet Member for All-Age Learning portfolio update was noted.

78/20 COVID-19 UPDATE [Item 8a]

The Leader introduced a report that set out the latest Public Health information about COVID-19, an update on the strategic and sensitive issues arising from the extensive response work and initial recovery planning going on across Surrey as the national and local situation developed rapidly. He pointed out that there were some good infographics on the Council's website that showed the scale of the work undertaken. There had been good partnership working with borough and district councils as well as the voluntary, community and faith sector. He thanked businesses and residents that responded to the callout for personal protective equipment with 1,500 offers of help and over 100,000 pieces donated. He recognised the health implications to staff of the lockdown and encouraged them to take advantage of the support available online.

The Leader went on to say that Surrey was one of 11 authorities that were working together to submit a local outbreak control plan to Government by the end of June 2020. There would also be a public facing local outbreak engagement board set up to engage with residents and borough councils as a forum for communication.

RESOLVED:

That the following were noted:

1. the latest public health situation with regard to COVID-19 and the latest information regarding the government's Test and Trace programme,
2. the support being provided to the council's most vulnerable residents and the plans to ensure that this continued into the next phase of the COVID-19 pandemic,
3. the updated assessment of the impact of COVID-19 on Surrey County Council's short and medium-term financial position, and
4. the council's response as an employer to support staff and to ensure appropriate guidance was followed to ensure safety in the workplace.

Reason for decision:

The county and council continue to face unprecedented challenges due to the COVID-19 crisis. In addition to response activity, attention is turning to the re-starting, restoration and recovery of services and day-to-day life, as lockdown measures are eased nationally.

The recommendations set out in this report ensure Cabinet are appraised of the work going on across the council to protect, sustain and support our residents and communities and the economy of Surrey.

79/20 COVID-19 DELEGATED DECISIONS [Item 8b]

The Leader gave a brief precis of decisions taken by officers and highlighted the adult social care providers support in which different financial

arrangements had been made in order to keep services going. He also stated that an order had been placed for £1.5m of personal protective equipment and the council would seek reimbursement from Government.

RESOLVED:

That the 15 decisions taken by officers as set out in the annex to the submitted report be noted.

Reason for decision:

To inform the Cabinet of decisions taken by officers under delegated authority.

80/20 PUPIL REFERRAL UNIT (PRU) CAPITAL STRATEGY [Item 9]

The Cabinet Member for All-Age Learning introduced a report that reported how existing Pupil Referral Unit (PRU) provision within Surrey was made up of eight providers (across Primary and Secondary phase and including hospital-based provision) delivered across 14 different sites within Surrey. All providers are rated Good or Outstanding as at March 2020. PRU was an integral part of education. The PRU estate in Surrey was no longer fit for purpose and did not meet the Department for Education minimum standards or best practice guidance for alternative provision. The proposed capital strategy underpinned the development of a revised delivery model for the education provision for pupils attending PRUs, enabling the Local Authority to meet the current need and projected future demand of some of our most vulnerable learners.

She went on to explain that the Children, Families, Lifelong Learning & Culture Select Committee (CFLL&C SC) had concluded that this was a long overdue investment in the estate.

In response to a Member query about how primary and secondary age groups were to be separated in the new development the Cabinet Member for All-Age Learning stated that the CFLL&C SC had also raised this question. She went on to explain that whilst there was no agreed plan the spaces would be designed that each year group could work separately and would be risk assessed.

RESOLVED:

1. That the approach set out in the submitted report to provide appropriate Pupil Referral Unit (PRU) provision that adhered to the statutory requirements and accommodation guidelines for alternative provision to support our ambition for children and young people be noted.
2. That £1m to support the relocation of the Pewley Hill PRU be approved.
3. That £1m to carry out a feasibility study for long term accommodation requirements and inform a business case to be considered at Cabinet in the Autumn 2020 be approved.

Reason for decision:

The existing PRU estate was not fit for purpose and did not meet the needs of our most vulnerable learners. The recommendations sought to ensure that the PRU settings met the minimum Department for Education space standards, were informed by national guidance on alternative provision and were suitably located within communities to appropriately meet the needs of our vulnerable learners.

The recommendations would ensure urgent relocation of the Pewley Hill provision in the short term, (mitigating the poor condition of the current estate on the site), inform a business case to ensure that there were appropriate educational facilities in the long term, and address the wide range of pupil needs and flexibility required to manage fluctuations in pupil numbers throughout the year - including early intervention programmes to reduce exclusions.

81/20 2019/20 FINANCIAL OUTTURN REPORT [Item 10]

The Cabinet Member for Resources highlighted various aspects of this report stating that it was the third consecutive year without the need for the use of reserves and there was a small surplus at year end. He reported that 88% of efficiency savings had been achieved over the year and a total of £200m over three years. It was explained that COVID-19 happened after the year end but that £47m had been received for incremental rise in costs which was ongoing and being monitored.

The Leader stated that it was no mean feat to achieve a balanced budget and that the council was in a good position with flexibility in choices going forward.

RESOLVED:

1. That the Council's revenue and capital financial positions for the year be noted:
 - £0.2m surplus against the original 2019/20 budget that will be added to the General Fund Reserve;
 - Contributions to reserves adding £2.8m to General Fund Reserve (inclusive of the £0.2m surplus), as set out in paragraphs 13-14;
 - Use of £13m capital receipts in-year to support transformation (paragraphs 11-12); and
 - £117.2m service capital expenditure against £126.7m budget.
2. That the Council's newly created reserves for Children, Families, Lifelong Learning & Culture Inspection and System renewals (£1.2m) and COVID-19 Emergency Funding (£24.3m) (paragraphs 15-16) be approved.

Reason for decision:

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

Meeting closed at 2.53 pm

Chairman

SURREY COUNTY COUNCIL**CABINET****DATE:** 23 JUNE 2020**REPORT OF:** N/A**LEAD OFFICER:** JOANNA KILLIAN, CHIEF EXECUTIVE**SUBJECT:** LEADER/DEPUTY LEADER/CABINET MEMBER/ STRATEGIC INVESTMENT BOARD AND COMMITTEE-IN-COMMON DECISIONS TAKEN SINCE THE LAST CABINET MEETING**SUMMARY OF ISSUE:**

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

RECOMMENDATIONS:

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

REASON FOR RECOMMENDATIONS:

To inform the Cabinet of decisions taken by Cabinet Members, Strategic Investment Board and the Committee in Common subcommittee under delegated authority.

DETAILS:

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

Contact Officer:

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

Annexes:

Annex 1 – Decisions taken

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

This page is intentionally left blank

CABINET MEMBER DECISIONS JUNE 2020

CABINET MEMBER FOR ALL-AGE LEARNING

1. Public Questions

Details of decision

A response to the two public questions was published in a supplementary agenda on Monday, 8 June 2020.

Reasons for decision

To respond to the two public questions.

(Decision taken by the Cabinet Member for All-Age Learning – 9 June 2020)

2. Petitions

Details of decision

A response to the petition was published in a supplementary agenda on Monday, 8 June 2020.

Reasons for decision

To respond to the petition

(Decision taken by the Cabinet Member for All-Age Learning – 9 June 2020)

3. Charging for Home to School/College Travel Assistance for Post 16 learners with SEND

Details of decision

The Cabinet Member for All-Age Learning considered and took into account the rationale for the implementation of charging a contribution for Post 16 travel assistance for SEND learners and the recommended charging levels, the equality impact assessment as well as the mitigations for young people or families in severe financial hardship and

- 1 agreed to the implementation of charging for Post 16 travel assistance for learners with an Education Health and Care Plan (EHCP) who are deemed eligible;
- 2 agreed to the proposed charges for academic year 2020/21, which are the same as for eligible Post 16 learners without an EHCP, and which are:
 - 2.1 £547.20 for learners whose families are in receipt of the maximum Working Tax Credit and /or who continue to meet the eligibility criteria for Free School Meals; learners in care; care leavers; those on Income Support/Universal Credit in their own right; disabled young people who receive Employment

Support Allowance/Universal Credit and either Disability Living Allowance or Personal Independence Payment in their name, or

- a. £756.20 for all other learners;
- 3 agreed the circumstances when the Council will consider delaying, reducing or waiving contributions for young people or families in severe financial hardship and the process for dealing with any such applications.
- 4 noted and agreed minor grammatical amendments to the Council's Home to School/College Travel and Transport Policy which was published in February 2020 (paragraphs 21-22).

Reasons for decision

The Council has a responsibility to meet its statutory duties related to home to school transport for eligible children and young people. Travel assistance for Post 16 learners is a discretionary provision and charging for it is permitted by law. Questions have been raised as to whether the decision taken by the Cabinet Member on 31 January 2020 to adopt the Home to School/College Travel and Transport Policy properly addressed the issue of charging. In order to address those questions, the Cabinet Member is now asked to reconsider the issue of charging afresh.

The proposed rates of financial contributions are reasonable when considered alongside the actual cost of providing the service and taking into account the fact that the charges are in line with those charged by other councils. Where there is severe financial hardship such that the charges are not affordable, the Council can use its discretion to delay, reduce or waive the charge. To ensure the effective and sustainable delivery of the Council's statutory responsibilities for home to school travel and transport for children and young people, changes have to be made. Surrey County Council has to make difficult choices in straitened financial circumstances in order to secure effective public spending and the efficient use of public resources.

(Decision taken by the Cabinet Member for All-Age Learning – 9 June 2020)

CABINET MEMBER FOR TRANSPORT

4. Bus Lane Operation In Guildford

Details of decision

It was agreed that:

1. Bus lanes in Guildford should operate 24 hours per day, 7 days per week with corresponding restrictions on waiting and parking in them (unless site specific circumstances prevent this) to enhance the Quality Bus Corridor Project.
2. By default, the bus Lanes are prioritised for use by local buses, pedal cycles and hackney carriages. Other vehicles such as motorcycles and HGV's should be excluded unless circumstances provide justification.
3. A statutory consultation is carried out to implement these changes, initially in Guildford (in conjunction with other proposals to improve bus routes, Guildford Quality Bus

Corridor schemes) with the Cabinet member for Transport reviewing the outcome of the consultation before confirming any changes.

Reasons for decision

The proposed improvements to the local bus network outlined in this report will:

- Improved bus journey time reliability and punctuality
- Increased levels of bus patronage
- Reduced bus journey times

This will help us achieve our 2030 Community Vision objectives

- Residents live in clean, safe and green communities where people and organisations embrace their environmental responsibilities.
- Journeys across the county are easier, more predictable and safer

(Decision taken by the Cabinet Member for Transport – 9 June 2020)

5. Proposed Stopping Up Of Highway Land At Barons Of Hindhead And Coopers Court, London Road, Hindhead

Details of decision

It was agreed that an application be made to the Magistrates' Court for an order stopping up the land identified on the plan at Annex 1 of the report as highway, in accordance with the provisions of Section 116 and 117 of the Highways Act 1980 and subject to the conditions of the County Council's approved policy on stopping up applications.

Reasons for decision

The land in question is deemed surplus to highway requirements as it has been functioning as part of the garage forecourt for more than 20 years and the wider highway margin here is no longer required due to the declassification of London Road after the opening of Hindhead bypass. On completion of a successful application the County Council would be relinquished from any future maintenance liability for the land in question.

(Decision taken by the Cabinet Member for Transport – 9 June 2020)

This page is intentionally left blank

SURREY COUNTY COUNCIL**CABINET****DATE:** 23 JUNE 2020**REPORT OF:** N/A**LEAD OFFICER:** JOANNA KILLIAN, CHIEF EXECUTIVE**SUBJECT:** SURREY COUNTY COUNCIL RESPONSE TO COVID 19
– URGENT DECISIONS TAKEN BY OFFICERS UNDER
STANDING ORDER 54 AND COVID RELATED
DELGATED DECISIONS**SUMMARY OF ISSUE:**

To note the officer delegated decisions taken in response to COVID-19.

RECOMMENDATIONS:

It is recommended that Cabinet note the decisions taken by officers as set out in the annex.

REASON FOR RECOMMENDATIONS:

To inform the Cabinet of decisions taken by officers under delegated authority.

DETAILS:

1. The Council is responding to the COVID-19 major incident and therefore needs to make urgent decisions to ensure that residents are protected. Urgent decisions taken under Standing Order 54 are attached.
2. Delegated decisions will be reported to the next available Cabinet meeting for information.
3. The Audit and Governance Committee will monitor the use of the new meetings protocol and make recommendations on any required amendments to the protocol to ensure that Members remain informed in relation to council decision making.

Contact Officer:

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

Annexes:

Annex – Delegated Decisions taken

Sources/background papers: None

This page is intentionally left blank

**Record of decision taken under delegated powers
by a council officer**



Title:	Surrey County Council Response to Covid: Hardship payment to VCF sector organisations
Divisions Affected:	All divisions
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Cabinet decision 31 March 2020 Min ref: 41/20

Summary

Applications for financial support for Voluntary, Community & Faith sector organisations are being received by the Council. These requests for support are a direct result of financial hardship felt as a result of the COVID-19 outbreak, due to either additional costs being incurred by these organisations to meet increased demand for their services or enable remote working, or as a result of reductions in their usual funding sources (eg donations and fund raising events).

Applications are submitted on a standard request from and are being considered initially by a panel made up of Strategy and Finance colleagues. The panel is assessing requests against the following criteria:

- Small and medium sized organisation with an annual income of less than £1million during the financial year 2018/19
- Are not in receipt of any outstanding, adverse judgements from relevant regulatory bodies e.g. Charities Commission, CQC
- Operate within and provide services to meet needs in the county of Surrey
- Provision of services to support vulnerable residents during the COVID-19 pandemic, and/or later in the recovery phase
- Have provided SCC commissioned and/or funded services between 2015-2020, including organisations funded via grant, contracts and/or one-off commissioning
- Provision of broader, strategic services to Surrey residents that SCC considers vital to maintain
- Have evidenced and substantiated the additional financial pressures caused to the organisation as a result of the COVID-19 pandemic
- Will remain viable and able to assist Surrey during the post COVID-19 recovery phase, taking account of financial pressures already incurred and those that are forecast
- Where funding will support the long term, future sustainability of the organisation.

In addition, applications must also demonstrate that:

- Funding is actively being sought from alternative, relevant sources e.g. central government and Community Foundation for Surrey. SCC hardship funding will particularly favour residual pressures that cannot be met from other available means.
- Organisations can remain viable between the receipt of staged payments from the SCC COVID-19 Hardship Fund which may be paid in several tranches

The following applications were recommended by the Panel and approved by the Executive Director for Transformation, Partnership & Prosperity & the Cabinet Member for Community Safety, Fire & Resilience.

Name	Amount awarded	Reason
The Hope Hub	£10,000	The applicant met the criteria of the Hardship Fund, demonstrating evidence of loss of income, that they looked for other sources of funding to help meet the gap and are asking for a proportionate amount of funding in comparison to what is needed to help the organisation. They are working to support homeless people at this time and have seen an increase in demand on their service despite a reduction in resources.
Hersham Youth Trust	£15,000.00	The application came over 2 weeks ago in which time the panel has sought additional information from the applicant organisation and CFLC colleagues. The application is therefore supported as the hardship criteria has been met and the applicant was able to demonstrate that despite the centre being closed and suitable adjustments being made, there are ongoing running costs that are causing clear hardship. CFLC colleagues were also supportive of the organisation and the application.

Decision made

Decision made:

It was AGREED that:

The following applications met the agreed criteria for financial support during the COVID-19 pandemic:

The Hope Hub	£10,000.00
Hersham Youth Trust	£15,000.00

A one-off payment of £25,000.00 will be made to support the above organisations.

Reasons for Decision:

To ensure the sustainability of the organisations and the continued provision of their services to the residents of Surrey during the COVID-19 pandemic and beyond.

Decision taken by:	Michael Coughlin – Executive Director for TPP Denise Turner Stewart – Cabinet Member for Community Safety, Fire and Resilience
Decision taken on:	2 June 2020
To be implemented on:	Payment to be made following CLT and Cabinet confirmation of this decision. This is due to take place on 4 th June 2020.

Alternative options considered

The alternative is to not provide financial support and leave the organisations to try to find alternative means of financing additional costs incurred and loss of income due to COVID-19. This could put the continued delivery of the services they provide to residents of Surrey at risk.

Summary of any financial implications

The cost to SCC will be £25,000.00
It is anticipated that this will be funded out of the COVID-19 funding SCC is receiving from central government.

Declarations of conflicts of interest

None

Consultation/Process Followed

Decision taken in consultation with the Head of Strategy, the Strategic Lead for Partnerships, Policy & Commissioning, the Strategic Finance Business Partner for TPP & Resources, the Executive Director for Transformation, Partnerships & Prosperity and the Cabinet Members for Member for Community Safety, Fire and Resilience.

Background Documents

Exempt:

Cabinet report 31 st March 2020 setting out the council's response to Covid-19.	
--	--

Record of decision taken under delegated powers by a council officer



Title:	Surrey County Council Response to Covid: providing support to the Voluntary Community & Faith Sector (VCFS)
Divisions Affected:	
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Cabinet decision 31 March 2020 Min ref: 41/20

Summary

The COVID-19 outbreak is posing a substantial risk to the VCF sector due to a combination of factors. In recognition of this, and the vital role that the VCF sector is playing in the Councils response to the COVID outbreak, on 31 March, the Cabinet approved the development of a COVID-19 package of support for the VCF sector

It is recommended that part of this financial support package is delivered through the Community Foundation for Surrey (CFS). It is recommended that £100,000 is contributed to the Community Foundation for Surrey. This will be used to supplement their COVID-19 Appeal Fund which has been set up to offer support to smaller charities and voluntary bodies seeking grants, of up to £5,000. This reduced the administrative burden on the Council in reviewing and approving smaller grants and utilises the experience and existing processes of the CFS.

Decision made

Decision made:

It was AGREED that:

1. £100,000k is contributed to the Community Foundation for Surrey to supplement their COVID-19 Appeal Fund to offer support of up to £5000k to smaller charities and voluntary bodies.

Reasons for Decision:

To enable the CFS to offer further financial support to the VSF sector in Surrey and reduce the administrative burden of smaller claims on the Council.

Decision taken by:	Michael Coughlin – Executive Director TPP Denise Turner-Stewart – Cabinet Member for
--------------------	---

	Community Safety, Fire & Resilience Tim Oliver – Leader
Decision taken on:	14 th April 2020 <i>(note this notice must be published on the council's website within three days of the decision being made)</i>
To be implemented on:	Payment to be made immediately

Alternative options considered

The Cabinet have already acknowledged the requirement to provide some financial support to the VCF sector. The alternative is to provide all hardship payments through the Council's developed process. This places an administrative burden on Council services already under pressure during the COVID response and misses the opportunity to utilise the CFS expertise and established practices in the provision of grants within Surrey.

Summary of any financial implications

Initial payment of £100,000. This is expected to cover the period to end of June 2020 and will be reviewed at the end of this period. It is proposed that this payment is funded from the COVID response grant received from the Government.

Declarations of conflicts of interest

None

(list any conflict of interest declared by a Cabinet Member who is consulted by the officer which relates to the decision and, in respect of any declared conflict of interest, any note of dispensation granted by the head of paid service).

Consultation/Process Followed

Decision taken in consultation with the Leader of the Council.

(If delegation required consultation to take place with, for example, a Cabinet Member, include details here).

Background Documents

Cabinet report 31st March 2020 setting out the council's response to Covid-19.

Exempt:

This page is intentionally left blank

**Record of decision taken under delegated powers
by a council officer**



Title:	Surrey County Council Response to Covid: Hardship payment to Elmbridge Citizens Advice Bureau
Divisions Affected:	All divisions
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Cabinet decision 31 March 2020 Min ref: 41/20

Summary

Applications for financial support for Voluntary, Community & Faith sector organisations are being received by the Council. These requests for support are a direct result of financial hardship felt as a result of the COVID-19 outbreak, due to either additional costs being incurred by these organisations to meet increased demand for their services or enable remote working, or as a result of reductions in their usual funding sources (eg donations and fund raising events).

Applications are submitted on a standard request from and are being considered initially by a panel made up of Strategy and Finance colleagues. The panel is assessing requests against the following criteria:

- Small and medium sized organisation with an annual income of less than £1million during the financial year 2018/19
- Are not in receipt of any outstanding, adverse judgements from relevant regulatory bodies e.g. Charities Commission, CQC
- Operate within and provide services to meet needs in the county of Surrey
- Provision of services to support vulnerable residents during the COVID-19 pandemic, and/or later in the recovery phase
- Have provided SCC commissioned and/or funded services between 2015-2020, including organisations funded via grant, contracts and/or one-off commissioning
- Provision of broader, strategic services to Surrey residents that SCC considers vital to maintain
- Have evidenced and substantiated the additional financial pressures caused to the organisation as a result of the COVID-19 pandemic
- Will remain viable and able to assist Surrey during the post COVID-19 recovery phase, taking account of financial pressures already incurred and those that are forecast
- Where funding will support the long term, future sustainability of the organisation.

In addition, applications must also demonstrate that:

- Funding is actively being sought from alternative, relevant sources e.g. central government and Community Foundation for Surrey. SCC hardship funding will particularly favour residual pressures that cannot be met from other available means.
- Organisations can remain viable between the receipt of staged payments from the SCC COVID-19 Hardship Fund which may be paid in several tranches

The following applications were recommended by the Panel and approved by the Executive Director for Transformation, Partnership & Prosperity & the Cabinet Member for Community Safety, Fire & Resilience.

	£
Elmbridge Citizens Advice	3,880
Age Concern Mole Valley	10,000
Surrey Community Action	29,174
The Lucy Rayner Foundation	11,790
	54,844

Decision made

Decision made:

It was AGREED that:

The following applications met the agreed criteria for financial support during the COVID-19 pandemic:

	£
Elmbridge Citizens Advice	3,880
Age Concern Mole Valley	10,000
Surrey Community Action	29,174
The Lucy Rayner Foundation	11,790
	54,844

A one-off payment of £54.8k will be made to support the above organisations.

Reasons for Decision:

To ensure the sustainability of the organisations and the continued provision of their services to the residents of Surrey during the COVID-19 pandemic and beyond.

Decision taken by:	Michael Coughlin – Executive Director for TPP Denise Turner Stewart – Cabinet Member for Community Safety, Fire and Resilience
Decision taken on:	5 th May 2020
To be implemented on:	Payment to be made following CLT and Cabinet confirmation of this decision. This is due to take place on 6 th May 2020.

Alternative options considered

The alternative is to not provide financial support and leave the organisations to try to find alternative means of financing additional costs incurred and loss of income due to COVID-19. This could put the continued delivery of the services they provide to residents of Surrey at risk.

Summary of any financial implications

The cost to SCC will be £54.8k.
It is anticipated that this will be funded out of the COVID-19 funding SCC is receiving from central government.

Declarations of conflicts of interest

None

Consultation/Process Followed

Decision taken in consultation with the Head of Strategy, the Strategic Lead for Partnerships, Policy & Commissioning, the Strategic Finance Business Partner for TPP & Resources, the Executive Director for Transformation, Partnerships & Prosperity and the Cabinet Members for Member for Community Safety, Fire and Resilience.

Background Documents

Exempt:

Cabinet report 31st March 2020 setting out the council's response to Covid-19.

This page is intentionally left blank

Record of decision taken under delegated powers by a council officer



Title:	Surrey County Council Response to Covid: providing support to service providers for loss of on-bus revenue
Divisions Affected:	All Boroughs and Districts
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Cabinet decision 31 March 2020 Min ref: 41/20

Summary

Government has allocated £482,179 to Surrey County Council from its Covid Bus Service Support Fund (CBSSG), to support the significant revenue loss on tendered bus services which continue to operate, brought about by the huge drop in patronage during the Covid 19 pandemic lock-down. This covers a twelve-week period commencing 17 March 2020, in order to help sustain levels of service required and adequate for key worker travel and essential food shopping trips. Department for Transport allows local authorities to distribute this funding to compensate loss of farebox revenue, in addition to the request to continue making contract payments and concessionary fare reimbursements as normal. Revenue losses have been calculated which reflect the lower mileages generally being operated during the twelve-week period and have then been factored down for this and to align with the amount of funding overall that the government has allocated. Support will be provided using Government grant provided for this specific purpose, and will not create a financial pressure for the Council. Such support for tendered services cannot be obtained by contractors from other government funding. Payments are being made in accordance with the conditions outlined in the accompanying document template.

Decision made

Decision made:

It was AGREED that:

1. Payments would be made to 11 contractors (Arriva, Carlone, Compass, Falcon, Hallmark, London United, Metrobus, Reptons, Southdown, Stagecoach and White Bus), totalling £447,232 to be funded by the government's Covid Bus Service Support Grant.

Reasons for Decision:

To enable support for the continuation of bus services at a sufficient level for travel required by key NHS and other workers and for those needing to undertake essential food shopping, whilst providing support for the ramping-up of services with reduced revenue, as lock-down restrictions are eased.

Decision taken by:	Katie Stewart – Executive Director ETI Matt Furniss – Cabinet Member for Highways
Decision taken on:	3 rd June 2020
To be implemented on:	Payments backdated to 17/03/2020

Alternative options considered

The alternative is not to provide financial support, in which case the funding would have to be returned to the DfT. The funding will place contractors in a far-stronger financial position for when services need to be increased as more workers and school students start travelling as lock-down is eased and their services need to be increased to cater for social distancing on board.

Summary of any financial implications

The proposed payments totalling ££447,232 will be met from the Covid Bus Service Support Grant. The remainder of the grant will be used to support payments already approved.

Declarations of conflicts of interest

None

Consultation/Process Followed

Decision taken in consultation with Cabinet Member for Highways.



RE Delegated
decision re Covid-19

Background Documents

Exempt:

Cabinet report 31 st March 2020 setting out the council's response to Covid-19. Letter from DfT setting out CBSSG.	
---	--

This page is intentionally left blank

**Record of decision taken under delegated powers
by a council officer**



Title:	Surrey County Council Response to Covid: Hardship payment to VCF sector organisations
Divisions Affected:	All divisions
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Cabinet decision 31 March 2020 Min ref: 41/20

Summary

Applications for financial support for Voluntary, Community & Faith sector organisations are being received by the Council. These requests for support are a direct result of financial hardship felt as a result of the COVID-19 outbreak, due to either additional costs being incurred by these organisations to meet increased demand for their services or enable remote working, or as a result of reductions in their usual funding sources (eg donations and fund raising events).

Applications are submitted on a standard request from and are being considered initially by a panel made up of Strategy and Finance colleagues. The panel is assessing requests against the following criteria:

- Small and medium sized organisation with an annual income of less than £1million during the financial year 2018/19
- Are not in receipt of any outstanding, adverse judgements from relevant regulatory bodies e.g. Charities Commission, CQC
- Operate within and provide services to meet needs in the county of Surrey
- Provision of services to support vulnerable residents during the COVID-19 pandemic, and/or later in the recovery phase
- Have provided SCC commissioned and/or funded services between 2015-2020, including organisations funded via grant, contracts and/or one-off commissioning
- Provision of broader, strategic services to Surrey residents that SCC considers vital to maintain
- Have evidenced and substantiated the additional financial pressures caused to the organisation as a result of the COVID-19 pandemic
- Will remain viable and able to assist Surrey during the post COVID-19 recovery phase, taking account of financial pressures already incurred and those that are forecast
- Where funding will support the long term, future sustainability of the organisation.

In addition, applications must also demonstrate that:

- Funding is actively being sought from alternative, relevant sources e.g. central government and Community Foundation for Surrey. SCC hardship funding will particularly favour residual pressures that cannot be met from other available means.
- Organisations can remain viable between the receipt of staged payments from the SCC COVID-19 Hardship Fund which may be paid in several tranches

The following applications were recommended by the Panel and approved by the Executive Director for Transformation, Partnership & Prosperity & the Cabinet Member for Community Safety, Fire & Resilience.

Name of organisation	Amount approved	Reason
Eikon	£10,000	Eikon is an important partner providing services supporting CFCL. The application met the criteria of the Surrey Hardship Fund including financial hardship and loss of income as a result of Covid-19. This was shared with and recommended for approval by Dave Hill.
Peer Productions	£5,000	Peer productions is a provider of important youth services across the county. The organisation has met the criteria of the Surrey Hardship Fund including demonstrating the steps they have taken to adapt their income and mitigate the impacts of Covid-19 and the grant requested is a proportionate to what is needed overall.
Relate Mid Surrey	£10,000	The applicant met the criteria for the Surrey Hardship Fund including providing evidence of the negative impact Covid-19 has had on the organisation, ie, loss of income. Relate Mid Surrey will be able to provide subsidised counselling services for vulnerable residents as a result of this grant.
Brigitte Trust	£11,750	It was agreed to partially fund the applicant – the original request was for £25,000. The organisation met the criteria for the Surrey Hardship Fund and the panel acknowledges the critical befriending services the organisation provides for residents however partial funding was recommended to take into account other funding streams successfully secured to meet the identified gaps in first 3 months of lost income. Also, other costs listed have not been incurred yet and as a result, did not meet the criteria.
Age Concern Epsom & Ewell	£27,604	It was agreed to partially fund the applicant. The organisation initially asked the panel for £47,526 from the Surrey Hardship fund however after the Panel requested further information, the organisation reduced the amount of funding requested to £29,660. The panel recommended

		supporting £27,604 of the amount requested which aligned to the fund criteria but not the additional £2,056 which was for a new post.
High Cross Church	£10,000	The church is playing a critical role at this time and is the base for the Surrey Heath Prepared Covid 19 response which has significantly increased their operating costs whilst income generated has been reduced as a result of Covid-19.

Decision made

Decision made:

It was AGREED that:

The following applications met the agreed criteria for financial support during the COVID-19 pandemic:

Eikon	£10,000.00
Peer Productions	£5,000.00
Relate Mid Surrey	£10,000.00
Brigitte Trust	£11,750.00
Age Concern Epsom & Ewell	£27,604.00
High Cross Church	£10,000.00

A one-off payment of £74,354.00 will be made to support the above organisations.

Reasons for Decision:

To ensure the sustainability of the organisations and the continued provision of their services to the residents of Surrey during the COVID-19 pandemic and beyond.

Decision taken by:	Michael Coughlin – Executive Director for TPP Denise Turner Stewart – Cabinet Member for Community Safety, Fire and Resilience
Decision taken on:	20 th May 2020
To be implemented on:	Payment to be made following CLT and Cabinet confirmation of this decision. This is due to take place on 21 st May 2020.

Alternative options considered

The alternative is to not provide financial support and leave the organisations to try to find alternative means of financing additional costs incurred and loss of income due to COVID-19. This could put the continued delivery of the services they provide to residents of Surrey at risk.

Summary of any financial implications

The cost to SCC will be £74,354. It is anticipated that this will be funded out of the COVID-19 funding SCC is receiving from central government.

Declarations of conflicts of interest

None

Consultation/Process Followed

Decision taken in consultation with the Head of Strategy, the Strategic Lead for Partnerships, Policy & Commissioning, the Strategic Finance Business Partner for TPP & Resources, the Executive Director for Transformation, Partnerships & Prosperity and the Cabinet Members for Member for Community Safety, Fire and Resilience.

Background Documents

Exempt:

Cabinet report 31 st March 2020 setting out the council's response to Covid-19.	
--	--

**Record of decision taken under delegated powers
by a council officer**



Title:	Surrey County Council Response to Covid: Hardship payment to VCF sector organisations
Divisions Affected:	All divisions
Key Decision:	Yes
Reason Key:	Affects two or more Divisions
Decision taken under delegation by virtue of:	Cabinet decision 31 March 2020 Min ref: 41/20

Summary

Applications for financial support for Voluntary, Community & Faith sector organisations are being received by the Council. These requests for support are a direct result of financial hardship felt as a result of the COVID-19 outbreak, due to either additional costs being incurred by these organisations to meet increased demand for their services or enable remote working, or as a result of reductions in their usual funding sources (eg donations and fund raising events).

Applications are submitted on a standard request from and are being considered initially by a panel made up of Strategy and Finance colleagues. The panel is assessing requests against the following criteria:

- Small and medium sized organisation with an annual income of less than £1million during the financial year 2018/19
- Are not in receipt of any outstanding, adverse judgements from relevant regulatory bodies e.g. Charities Commission, CQC
- Operate within and provide services to meet needs in the county of Surrey
- Provision of services to support vulnerable residents during the COVID-19 pandemic, and/or later in the recovery phase
- Have provided SCC commissioned and/or funded services between 2015-2020, including organisations funded via grant, contracts and/or one-off commissioning
- Provision of broader, strategic services to Surrey residents that SCC considers vital to maintain
- Have evidenced and substantiated the additional financial pressures caused to the organisation as a result of the COVID-19 pandemic
- Will remain viable and able to assist Surrey during the post COVID-19 recovery phase, taking account of financial pressures already incurred and those that are forecast
- Where funding will support the long term, future sustainability of the organisation.

In addition, applications must also demonstrate that:

- Funding is actively being sought from alternative, relevant sources e.g. central government and Community Foundation for Surrey. SCC hardship funding will particularly favour residual pressures that cannot be met from other available means.
- Organisations can remain viable between the receipt of staged payments from the SCC COVID-19 Hardship Fund which may be paid in several tranches

The following applications were recommended by the Panel and approved by the Executive Director for Transformation, Partnership & Prosperity & the Cabinet Member for Community Safety, Fire & Resilience.

Name	Amount awarded	Reason
Oakleaf Enterprise.	£50,000 Status: Panel is satisfied by the further information provided by the organisation and recommends that full funding is awarded.	<p>The applicant has met the criteria for the Surrey Hardship Fund including providing evidence of the negative impact Covid-19 has had on the organisation. This includes the loss of income and an increase of demand on critical mental health services and work-related training.</p> <p>The amount of funding requested is higher than previous requests from the VCF sector therefore additional more detailed information from Oakleaf Enterprise was sought. The organisation has been able to clearly demonstrate a 50% increase of demand from residents to access critical mental health services, the loss of income due to customers being unable to pay for gardening work and upholstery services, decreased rents from paying tenants and the inability to fundraise and rely on corporate donors as they step away for the foreseeable future has led to considerable hardship.</p> <p>The panel are satisfied that reasonable efforts have been made by the organisation to adapt their model of service delivery to remote service provision to ensure they provide a good standard of vocational training for adults with mental illness in Surrey. The organisation is a large organisation, supporting over 750 users and the level of impact has been considerable. The panel is satisfied level of hardship fund requested is proportionate to the amount of</p>

		actual hardship faced.
Maggie's at the Royal Marsden	£14,403.00	It is recommended the application for funding is approved and whilst the organisation is not based in Surrey following requesting additional information the panel is assured that over two thirds of those who visit the centre to access cancer support services live in Surrey, approximately 1000 residents a month. The application overall meets the criteria of the Surrey Hardship Fund, ie, lost income due to the inability to fundraise as the result of Covid-19 and funding requested is proportionate to the amount of hardship expressed.

Decision made

Decision made:

It was AGREED that:

The following applications met the agreed criteria for financial support during the COVID-19 pandemic:

Oakleaf	£50,000.00
Maggie's at Royal Marsden	£14,403.00

A one-off payment of £64,403.00 will be made to support the above organisations.

Reasons for Decision:

To ensure the sustainability of the organisations and the continued provision of their services to the residents of Surrey during the COVID-19 pandemic and beyond.

Decision taken by:	Michael Coughlin – Executive Director for TPP Denise Turner Stewart – Cabinet Member for Community Safety, Fire and Resilience
Decision taken on:	27 th May 2020
To be implemented on:	Payment to be made following CLT and Cabinet confirmation of this decision. This is due to take place on 28 th May 2020.

Alternative options considered

The alternative is to not provide financial support and leave the organisations to try to find alternative means of financing additional costs incurred and loss of income due to COVID-19. This could put the continued delivery of the services they provide to residents of Surrey at risk.

Summary of any financial implications

The cost to SCC will be £64,403.00.
It is anticipated that this will be funded out of the COVID-19 funding SCC is receiving from central government.

Declarations of conflicts of interest

None

Consultation/Process Followed

Decision taken in consultation with the Head of Strategy, the Strategic Lead for Partnerships, Policy & Commissioning, the Strategic Finance Business Partner for TPP & Resources, the Executive Director for Transformation, Partnerships & Prosperity and the Cabinet Members for Member for Community Safety, Fire and Resilience.

Background Documents

Exempt:

Cabinet report 31 st March 2020 setting out the council's response to Covid-19.	
--	--

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JUNE 2020****REPORT OF: MRS MARY LEWIS, CABINET MEMBER FOR CHILDREN, YOUNG PEOPLE & FAMILIES****LEAD OFFICER: DAVE HILL, EXECUTIVE DIRECTOR FOR CHILDREN, FAMILIES, LIFELONG LEARNING AND CULTURE****SUBJECT: CHILDREN'S IMPROVEMENT UPDATE****SUMMARY OF ISSUE:**

Children's services in Surrey were judged by Ofsted in May 2018 to be in a critical state. As a result Ofsted are carrying out a series of 'Monitoring Visits' approximately every 3-4 months, focussing on a different part of the service each time, and assessing the quality of practice for supporting and safeguarding children and families in Surrey.

Since last reporting to Cabinet at the 28 January 2020 meeting, the fifth scheduled Ofsted Monitoring Visit to our services has been cancelled; this was due to take place on 7 & 8 April 2020 however all Ofsted inspections are currently suspended due to the COVID-19 pandemic. The improvement programme is continuing to be delivered at pace despite the impact from the pandemic and shift of resources to support frontline services.

The service has embarked upon a comprehensive transformation programme with a major restructure of children's services completing last year to support the shift to a model based on early support and prevention. An update is provided here on the continued improvement of Surrey's children's services focussed on the impact of previously delivered improvements on frontline practice and the lived experiences of the children and families we support.

The COVID-19 pandemic has affected work across the service. This report provides further information on the impact of the pandemic on the improvement programme and the priorities for the Children, Families, Lifelong Learning & Culture (CFLLC) directorate. The directorate plan has been revised this month and further detail is included here.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet reviews and agrees to the revised priorities and directorate plan for the Children, Families, Lifelong Learning & Culture directorate as described in paragraphs 21-33.
2. Cabinet notes the overall findings and feedback from the recent quality assurance activity included in this report and the impact on frontline children's services resulting from delivery of the Children's Improvement Plan.
3. Cabinet receives a further report at the September 2020 meeting – to include an update on the children's improvement programme and the next steps for the re-inspection of Surrey's children's services by Ofsted.

REASON FOR RECOMMENDATIONS:

It is not yet known when the next Ofsted Monitoring Visit or full re-inspection will take place following cancellation of the 7 & 8 April 2020 visit. The 'Annual Conversation' with Ofsted is scheduled for 11 June 2020 when we expect to have further clarity on how the inspection programme will proceed.

The revised directorate plan has been updated to reflect the evolving situation with the COVID-19 pandemic. While significant effort and resources are working to manage and mitigate the impact of the pandemic, we are committed to delivering the vital improvement priorities also included in the directorate plan.

As outlined in the main section of the report, the improvement programme is progressing well with Surrey's children's services successfully delivering the actions from the improvement plan to address Ofsted recommendations from the 2018 full inspection. There are comprehensive scrutiny arrangements already in place for 2020 with involvement from Surrey County Council (SCC) officers, Members, partner agencies, the Department for Education (DfE) and other key stakeholders.

DETAILS:

Ofsted Monitoring Visits

1. As previously reported to Cabinet, following Ofsted's judgement in 2018 that Surrey's children's services were 'inadequate', Ofsted conduct regular 2 day 'Monitoring Visits' to assess our services, frontline practice and the delivery of key improvements. We have so far had 4 of these visits (as listed below) with the findings reported to Cabinet and the Select Committee:
 - Visit 1: September 2018 – focus on Child Protection
 - Visit 2: January 2019 – focus on Looked After Children and Corporate Parenting
 - Visit 3: June 2019 – focus on Children's Single Point of Access (C-SPA)(i.e. the 'front door')
 - Visit 4: October 2019 – focus on Assessment and Family Safeguarding
2. Ofsted's next Monitoring Visit had been scheduled for 7 and 8 April 2020. With agreement from the Lead Inspector, this next visit was due to be treated like a full inspection so we were not aware of the services due to be inspected. Our position at the time of last reporting on the subject to Cabinet was that following this fifth visit, Ofsted would then assess whether Surrey's children's services are ready for a full re-inspection.
3. Understandably Ofsted notified us in March 2020 that the Monitoring Visit could not take place due to the COVID-19 pandemic. All inspection activity has been suspended except where there are immediate and urgent safeguarding concerns. At the time of writing this report, we do not yet have a confirmed date for the next Monitoring Visit or confirmation on whether this will in fact be rescheduled; there is a possibility that Ofsted will instead carry out the full re-inspection without a fifth Monitoring Visit.
4. Children's services are continuing to deliver the improvement priorities with a detailed quality assurance programme in place to identify and address practice weaknesses. We will welcome the external review of our progress and feedback from inspectors when Ofsted confirm the next steps for the inspection programme.

Ofsted Annual Conversation

5. Although the inspection programme has been suspended, we do maintain regular contact with the Ofsted Lead Inspector and Regional Leads. On 11 June 2020 the CFLLC Leadership Team will be meeting with Ofsted inspectors for our 'Annual Conversation' (or Annual Engagement meeting). The annual conversations take place alongside the Monitoring Visit inspection routine – it is not a replacement for a focussed visit and all authorities hold this meeting each year.
6. This meeting will cover general updates from children's social care, education and Special Education Needs & Disabilities (SEND) services with a focus on the impact of covid-19, changes to frontline practice since last year and planning for the return to more normal working, including preparations for anticipated increased demand for services.
7. Further information, including feedback from Ofsted and any further insight into next steps for the inspections, can be provided to Cabinet Members following the Annual Conversation in June.

Commissioner for Surrey's Children's Services

8. At the time of reporting to Cabinet in January 2020, we shared the final report from Trevor Doughty, Commissioner for Surrey's Children's Services, to the Minister (Undersecretary of State for Education or equivalent) and the Department for Education. It has now been confirmed by the DfE that Trevor's role as Commissioner has now ended following the positive findings outlined in that report.
9. Trevor Doughty has continued to support our improvement journey in an advisory capacity since then and his involvement will continue until at least December 2020. We welcome this additional support and advice to help the Council fully embed the changes already delivered as we continue our journey to providing good and outstanding children's services in Surrey.

Children's Improvement Update

10. The service has embarked upon a comprehensive transformation programme with a major restructure of children's services completing last year to support the shift to a model based on early support and prevention. The significant internal and external scrutiny of the improvement programme shows the huge amount of progress made to improve and demonstrates that Surrey's children's services are progressing well on the improvement journey. **Our improvement programme has continued** over the last few months throughout the COVID-19 pandemic and related 'lockdown' and while some resources have shifted to support other parts of the service, improving frontline practice is critical to our journey to providing good and outstanding services for the children, young people and families that we support. **It therefore remains a priority for the CFLLC directorate throughout this pandemic.**

Focussing on the Impact of our Improvement Programme

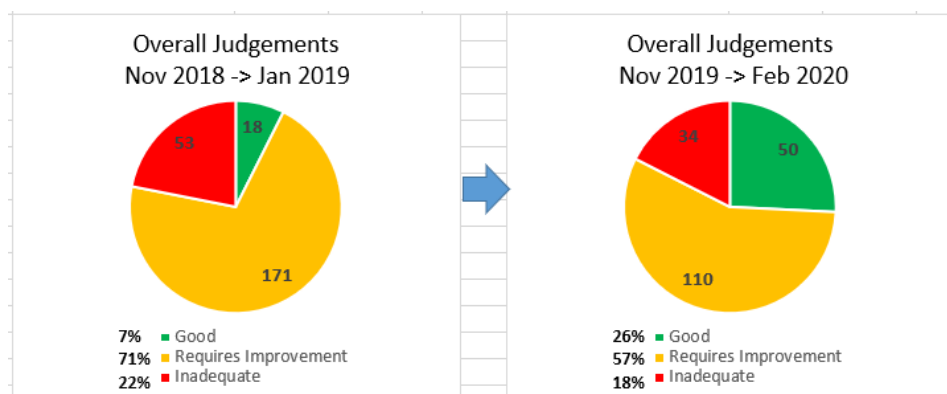
11. As reported in January 2020, delivery of the 'Children's Improvement Plan' actions – to address the 18 Ofsted recommendations from the May 2018 full inspection report – has progressed at a significant pace and the action plan is now fully delivered. Our

focus of the improvement work has now shifted to have a greater focus **on the impact of the work** and it was therefore agreed that the Safeguarding Partnership would lead on providing the required oversight and strategic direction from January 2020 onwards.

12. In order to get a detailed understanding of what impact our improvements have had on frontline practice and the lived experience of service users, the directorate is carrying out significant quality assurance activity (working alongside the frontline services), this includes:
- Monthly Case Audit Programme: To review large numbers of children's individual cases to ascertain the quality of practice, identify improvements and work with Social Workers and Managers to improve practice.
 - Themed Auditing: Where significant improvements have been delivered against the Children's Improvement Plan, the Quality Assurance division conduct detailed analysis of the impact of the work to identify further actions to be undertaken where required.
 - Focussed Mock Inspections: 2-day sessions focussed on individual services to identify further improvements, good practice to be implemented elsewhere and key themes to be addressed at a strategic level.

Monthly Case Audit Programme

13. The audit programme introduced in November 2018 provides the opportunity to review the quality of practice and effectiveness of the work being undertaken with children and their families. A selection of cases identified from a cross-section of children's services teams are audited each month along with several re-audits (of cases previously judged to be 'inadequate').
14. There have been **1088 audits completed** within the audit programme to date. Regular highlight reports are produced outlining the findings of the programme and importantly – the actions taken as a result.
15. There is significant insight gained from this work on the quality of our practice and part of our recent assurance work has been to assess the trends observed in the quality of practice and the impact of the improvement work. Some highlights are included here and further in-depth analysis can be provided to Cabinet if required:
- a. The first aspect to highlight is the change in average overall audit judgements since the Monthly Case Audit Programme began.
 - I. In the first 3 months of the programme, just 7% of completed audits were judged as good and 22% were judged as inadequate. In the most recent 3 months of the programme, 26% of audits were judged as good (a significant shift) and 18% were judged as inadequate.



- b. This trend clearly demonstrates that the significant change in the quality of practice has shifted far more children's cases into 'good practice' from 'requires improvement'. The shift in 'Inadequate' practice has not been as evident across the services. We are still finding too much inadequate practice during case audits (a position further evidenced through the Mock Inspection Programme as well).
- c. The service carried out a deep-dive into 'Inadequate' audits in each service. This activity showed that there is still variability in the Management Oversight for driving the improvements forward in order to improve practice in individual cases. We have seen that where management oversight is limited or where the audits are not being discussed with managers during Supervision – we are finding that practice is often not improving. The cases where there is good oversight evident on the record and where managers are clearly discussing the improvement plans with social workers tend to show faster and more substantial improvement in the quality of practice and thereby an improvement in the overall judgement (e.g. to 'Requires Improvement' or to 'Good').
- d. Where cases have experienced multiple lead social workers (and/or Team Managers) this has often led to a reduction in the quality of practice. A common theme for cases judged to be 'Inadequate' is high staff turnover and limited handover when this does occur.
- e. It is also important to note that we are still auditing cases where there are significant legacy issues due to long-term poor practice. This impacts a relatively small number of children's cases however it is being identified during case audits. Our audits review a case for at least the previous 12 months and while a significant amount of improvement work has been delivered in that time, frontline services were just completing the restructure at this time last year and the improvement of services is an ongoing iterative process.
- f. We have consistently received positive feedback from Ofsted regarding this programme as demonstrated in the Lead Inspector's comments from the latest report:
- "An extensive audit programme continues to provide managers with a comprehensive and accurate assessment of the quality of social work practice and frontline management oversight. The significant time and effort invested in a high standard of quality assurance activity is a cornerstone of*

continuing effective improvement work. Inspectors agreed with the findings of a small sample of audited cases they evaluated and recognised the rigour and quality of the local authority's auditing work."

Thematic Auditing

16. The Quality Assurance and Performance division have committed to deliver a comprehensive programme of thematic auditing to inform and assure ourselves we are delivering an improved standard of practice across the system and to take action where to further improve where necessary. These audits are a critical element in learning and improvement and allow for the better understanding of practice in a specific service area. They provide an opportunity to look at the quality of work that is undertaken with children and families. These consist of an agreed number of audits completed on a bespoke audit tool relevant to the area of scrutiny.
17. To date the following thematic audits have been completed:
 - Permanency for Children
 - Private Fostering
 - Pathway Planning for Children Looked After and Children Leaving Care
 - Children Missing from Home, Placement or Education
 - Children Placed at Home with Parents Subject to a Care Order
18. The findings from these thematic reviews are attached here for Cabinet (*see ANNEX A - Quality Assurance and Inspection Readiness Thematic Report April 2020 FINAL*).
19. The following thematic audits are also underway:
 - Placement Stability
 - YOS & Early Help
 - Supervision
 - FGC & Family Network Meeting
20. Findings from the thematic auditing work and other activity across the Quality Assurance (QA) division are routinely reported to the Safeguarding Executive as part of their ongoing oversight & scrutiny of the improvement programme for Surrey's children's services. The leads for each service area audited (Service Managers, Assistant Directors and Directors) develop an action plan in response to the findings and these are tracked and supported with regular updates provided to QA Leads.

Priorities for the CFLLC Directorate

21. Our purpose is to ensure that Surrey's children and families get the help and support they need at the right time, enabling children and young people to be safe and feel safe, healthy, have great education, skills and employment opportunities and make good choices about their wellbeing. Our ambition is that children and young people can live, learn and grow up locally. The directorate aims to work with all our multi-agency partners and in true partnership with children and families to provide them with access to a range of services that tackle inequalities in outcomes, support independence and enhance their lives.

22. Our services are right at the very heart of achieving the **Community Vision for Surrey in 2030** and **Organisation Strategy 2020-25**, and central to this is strengthening and increasing our early intervention and prevention work, and investing locally, in a planned way, to bring children and young people closer to home. We work with some of the most vulnerable residents in the county, who are experiencing an inequality in outcomes, and are at times in their lives when they need our help and support. We touch almost every community with our support and services, which range from children's social care, services for children with special education needs and disability, through to registration services, and schools and libraries, which are often at the centre of our communities. We are working hard to support residents to help themselves and each other within their community whilst providing more integrated services that are more effective, efficient and seamless for residents.
23. The global Coronavirus (COVID-19) pandemic has seen the communities that we live and work in change overnight and has required us to be resilient and adaptable in our approaches to working with people and the services that we provide. The directorate plan for CFLLC has recently been reviewed and updated to reflect the evolving situation regarding the COVID-19 pandemic.
24. We have seven strategic priorities for 2020/21 alongside our ongoing business as usual responsibilities within the directorate. These are:
- Response to the Coronavirus Pandemic
 - Starting well: first 1000 days
 - Children's Services Improvement
 - SEND and additional needs transformation
 - Emotional Health and Wellbeing
 - Libraries and Cultural Services transformation
 - Enabling our people, utilising our technology and embedding equality and diversity for all
25. The directorate has extensive breadth and depth in the services and support it delivers. As we develop and deliver our seven strategic priorities, we will maintain a relentless focus on:
- Culture, Practice and Outcomes
 - Supervision
 - Developing Front Line Managers
 - Staff Wellbeing
 - Technology, Resources and Systems
 - Partnerships
26. The directorate's priorities are articulated in the attached visual (see *ANNEX B - CFLLC Directorate Plan Visual - May 2020*). Further information on the key activities and 'what success looks like' is included below for each strategic priority.

27. Response to the Coronavirus Pandemic

a. Planned Activities:

- I. Provide support to enable the most vulnerable people to 'shield' from the virus and ensure their welfare;
- II. Keep up to date and reflect fast paced National Guidance and Policy changes in our services;
- III. Address potential workforce capacity issues, including through staff redeployment to business-critical roles;
- IV. Adapt procedures, data reporting, and the way we work, alongside partners, to safeguard children, young people & families, and to ensure staff are appropriately protected;
- V. Continue to support external providers of services for children and families in their response to the pandemic. They are key partners providing critical services.
- VI. Collaborate with all partners to adapt together and provide support to families during the pandemic;
- VII. Where possible, plan and mitigate for pressures on services and staff caused by changes in working arrangements, staff absence and potential surges in demand for services;
- VIII. Capture and learn from the positive solutions, to inform improvements to how we work in the future;
- IX. Consider how to empower families and communities to be stronger and support themselves as we move towards recovery;
- X. Work with educational settings, libraries and cultural services to re-open on a needs-assessed basis to ensure the safety of vulnerable groups, young people and service users;
- XI. Prepare Registrar Offices for adapting to General Register Office (GRO) directives and re-opening to the public.

- b. What does 'success' look like: Children, young people and families continue to receive appropriate levels of support throughout the pandemic and can eventually adjust to life beyond the pandemic. The level of usage of quality services by service users is moving towards the level before the pandemic or a level close to i.e. proportion of young people in educational settings and measures for those using registration and library services.

28. Starting Well: First 1000 Days

a. Planned Activities:

- I. Developing integrated commissioning with health;
- II. Prevention and early intervention focus such as: immunisations, breastfeeding, accident prevention & first aid, dental hygiene, social communication, emotional wellbeing, weight management;

- III. A graduated response for early help and SEND support, with multi-partner community hubs;
 - IV. Developing family and community resilience, including accessible information;
 - V. Parenting & Attachment
 - VI. Whole system approach to supporting families affected by domestic abuse.
- b. What does 'success' look like: Increase in vaccination rates. Improved mental health support surrounding pregnancy. Improvement in school readiness. Reduction in children in need.

29. Children's Services Improvement

- a. Planned Activities:
- I. Implementing the Helping Families Early Strategy in partnership, including a clear offer for practitioners and families;
 - II. Maximising the potential of our youth centres in partnership with the community, voluntary and faith sector;
 - III. With partners, fully embedding the Family Safeguarding model;
 - IV. Enabling children to live closer to home through increasing available placements in Surrey including; capital investment in residential homes, Mockingbird programme for foster carers;
 - V. Recruiting and developing our workforce, including being agile;
 - VI. Improvements to our youth offending service, responding to issues highlighted in the 2019 HMIP inspection.
- b. What does 'success' look like: Reduction in re-referrals to children's services and the number of child protection plans in place. Reduction in number of Looked After Children placed out of county. Vacant posts filled contributing to a reduction in caseloads. Confident and skilled workforce.

30. SEND and Additional Needs Transformation

- a. Planned Activities:
- I. Deliver a strong system for children with SEND and additional needs, across Health, LA and Education. Develop SEND System graduated response and early support, which supports mainstream inclusion more. Develop Early Years Intervention Strategy and an Autism Strategy.
 - II. SEND Operational Improvements – improvement of casework and caseloads. Workforce development to ensure staff are skilled and confident. Develop Front Door, Local Offer and transport governance arrangements to support decision making.
 - III. Commissioning and market management, including capital investment to ensure local, maintained provision is available, and incorporating the needs of this cohort into commissioning of emotional health and wellbeing services.

IV. SEND Transitions – post 16 provision and preparation for adulthood.

- b. What does 'success' look like: Timely and effective identification and support that meets needs at the earliest opportunity, reducing the demand overall and specifically on high cost, high need interventions. Promoting resilience and independence to reduce ongoing need for support and delivering improve outcomes. Children, young people and family voices help shape the system to get the best results. Children live, learn and grow up locally and achieve their full potential, due to the right support being available in education settings.

31. Emotional Health and Wellbeing

- a. Planned Activities:
 - I. Award of a new Emotional Wellbeing and Mental Health service contract;
 - II. Continued transformation work to trial new models of delivery;
 - III. Continue to develop system integration that supports collaborative working.
- b. What does 'success' look like: New services commissioned providing appropriate services that meet the needs of children and young people in Surrey. Further reduction in overall referrals, back-log and shorter waiting lists. Strong, respectful, trusting and honest relationships across the system, including all providers and stakeholders.
- c. June 2020 Procurement Update: The Emotional Wellbeing and Mental Health Transformation Programme has been delayed slightly by the impact of the Covid-19 pandemic but remains a priority both for the Council and for our partners. A paper was taken to Committees in Common on 28 May 2020 which contained recommendations to approve the service specification, launch a Light Touch Open Tender process leading to award of a new contract to start in April 2021, and significant additional investment of £6M per annum to support radical transformation of emotional wellbeing and mental health services (with a focus on early intervention). Half of the additional investment will come from the Council and half from Surrey Clinical Commissioning Groups (CCGs). All recommendations were approved and the procurement process was launched on 8 June. The intention is to make a recommendation for contract award in October which will allow 5 months for mobilisation before the contract start date of 1 April 2021.

32. Libraries and Cultural Services Transformation

- a. Planned Activities:
 - I. Engage residents and partners in the co-design of the future model of library services;
 - II. Develop an approach to increase the impact of our services in delivering health, learning, cultural & social well-being and economic prosperity;

- III. New offer from Lifelong Learning and Cultural Services for vulnerable learners, children missing education and Not in Education, Employment or Training (NEETs);
- IV. Increase in co-delivery across adult learning, libraries, heritage and arts services and with children's and education services;
- V. Identify new partners locally and nationally to co-locate/deliver shared services in our buildings.

b. What does 'success' look like: Wide range of staff, residents and partners participate in co-design activities. Increasing take up of services. Improvements to library services identified through the co-design are supported by communities and partners. The contribution of libraries, arts, adult learning and heritage in Surrey to health learning, cultural/social well-being and economic prosperity mapped and understood. Evidence of community support for improvements when implemented with a number of new activities/events delivered by community and partners in libraries.

33. **Enabling our people, utilising our technology and embedding equality and diversity for all**

a. Planned Activities:

- I. Developing our staff and embracing difference;
- II. Embracing agile working;
- III. Recommissioning our education management system;
- IV. Equal opportunities recruitment;
- V. Further integration of staff to support close partnership working – particularly between health and social care;
- VI. Adapt and be responsive to challenges that emerge and learn from the positive ways of working that evolve from these.

b. What does 'success' look like: Staff feel supported and enjoy working for the directorate. Staff are enabled with the most up to date technology and supported to learn from the agile approach being modelled in the North East Quadrant. Recruitment of a diverse range of skills, experience and backgrounds.

CONSULTATION:

34. The Surrey Children's Improvement Plan was developed between officers from the Children, Families, Lifelong Learning and Culture directorate, representatives from Surrey Police, Surrey School Phase Councils, health services including the CCGs and providers and colleagues from the third sector. Ofsted inspectors and representatives from the DfE were consulted on the content of the improvement plan in 2018 - and progress made since then – on a regular basis.

35. Progress addressing the key areas of improvement across children's services continues to be scrutinised by the Children, Families, Lifelong Learning and Culture Select Committee on a regular basis (see paragraph 19). Since last reporting to Cabinet on this subject, updates have been given to the Select Committee by the Cabinet Member for Children, Young People and Families on 21 January 2020 and 26 March 2020 to provide the opportunity for scrutiny of the priority areas of work, the

budget position and the performance of services. The information included in this report is also being shared with the Select Committee on 25 June 2020 for scrutiny.

36. Overall scrutiny and oversight of the improvement work and the delivery of the Children's Improvement Plan was transitioned to the Safeguarding Partnership from the Ofsted Priority Action Board (OPAB) from January 2020 onwards. This is following agreement from OPAB board members, the Independent Chair, the Safeguarding Partnership Executive, the Children's Commissioner (and now advisor) and the DfE representative.
37. As part of the audit programme (reported in paragraphs 13-20) a sample of children and families whose cases are being audited are routinely contacted to get feedback on their experience interacting with children's services. We seek feedback on what they found worked well and any suggestions for how we could do things differently in future. This usually includes any involved partner agencies as well.

RISK MANAGEMENT AND IMPLICATIONS:

The quantity of change happening across the children's services operation leads to reduced performance across the service.

- Senior Officers understand that this is a challenging programme of transformation. We have high expectations that our staff will be able to provide the high quality service children in Surrey deserve. Additional resources have been deployed across the services during this period of rapid transformation and improvement.
- Several of the Ofsted Monitoring Visit reports over the last 12-18 months have commented on the improving learning and quality assurance culture which enables managers to have a detailed and accurate view of front line practice and related performance. The high level of both internal and external scrutiny on the services enables managers to take corrective action if performance drops within a particular service.
- Each of the Quadrant Assistant Directors has monthly performance meetings with all of their managers to maintain expectations about compliance. We have built in additional capacity for 18 months (from April 2019 to September 2020) – extended from 12 months - in the Front Door, in Assessment and in Family Safeguarding to lend resilience as new ways of working

	with families and with partners continue to embed.
Wider stakeholder groups involved in the provision of children's services and related support for vulnerable children and their families may not be fully engaged or committed to working collaboratively to ensure the successful delivery of the Surrey Children's Improvement Programme and wider Transformation plans.	<ul style="list-style-type: none"> Partnership representation is vital and this view is supported by the recommendations following Ofsted's 2018 inspection of children's services. A cross-partnership 'Improvement Plan Delivery Group' was established in 2018 and this group reported regularly to the Ofsted Priority Action Board on progress. Continued oversight and scrutiny of the improvement work is transitioning to the Safeguarding Partnership from January 2020 and this group includes key stakeholders across the partnership. Robust terms of reference have been agreed and all partners are held to account by the Independent Chair.
Failure to transform the provision of children's services and related support for vulnerable children and their families through collaborative engagement and commitment of the wider stakeholder groups leads to children being left in harmful situations and damaged reputation	<ul style="list-style-type: none"> Surrey Children's Safeguarding Partnership continuing to ensure improvements are delivered and embedded across all agencies. Close working with Department for Education and Ofsted to inform Children's improvement strategy. New Family Safeguarding model developed to strengthen relationships with vulnerable children and families. Surrey Children's Services Academy co-ordinating recruitment, learning and development across agencies. Monitoring of change through quality assurance and performance management across Children's services to ensure performance and quality of service delivery is maintained. Surrey Safeguarding Children Partnership relaunched and becoming embedded in assuring the system and driving learning

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

38. There are no direct financial implications relating to the Surrey Children's Improvement Plan. All improvement work is being delivered using existing resources and revenue budgets where required.

SECTION 151 OFFICER COMMENTARY

39. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook is uncertain as it is heavily dependent on decisions made by Central Government. With no clarity on these beyond 2020/21, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term. As such, the Section 151 Officer supports the progress of the Children's Improvement Plan which will be delivered within existing revenue budgets factored into the Medium-Term Financial Strategy.
40. The proposed additional investment (referenced in 31.c) is to be split evenly between SCC and the NHS with each contributing an additional £3m. The £3m from SCC will need to be built into the 2021/22 Medium Term Financial Strategy process as this is developed over the next few months.

LEGAL IMPLICATIONS – MONITORING OFFICER

41. This update is provided for information and does not require any decision. In his original report to the Secretary of State the Commissioner highlighted the importance of the role of Members in the delivery of the improvement plan. Members will need to consider the progress of the continuing Improvement Plan as set out in this report.
42. The requirements in respect of the frequency of Ofsted inspection visits have been temporarily relaxed until 30 September 2020 as a result of the Adoption and Children Act (Coronavirus) (Amendment) Regulations 2020.

EQUALITIES AND DIVERSITY

43. There are no direct equalities implications arising from this report but any actions taken need to be consistent with the council's policies and procedures.

CORPORATE PARENTING/LOOKED AFTER CHILDREN IMPLICATIONS

44. The re-inspection of children's services by Ofsted in February/March 2018 rated the 'children looked after and achieving permanence' service as Requires Improvement. 5 (of the 18) recommendations from the inspectors specifically relate to services for looked after children; several actions in the Children's Improvement Plan have addressed these issues. In addition, the Corporate Parenting Board, chaired by the Lead Member for Children, Young People & Families, continue to oversee the relevant improvement work for these services.

SAFEGUARDING RESPONSIBILITIES FOR VULNERABLE CHILDREN AND ADULTS IMPLICATIONS

45. The Children's Improvement Plan outlines the work required to address all recommendations from Ofsted following the re-inspection of children's services. Up to 10 of the recommendations describe work required to address failings in our practice to safeguard vulnerable children.

WHAT HAPPENS NEXT:

46. The CFLLC leadership team will be meeting with Ofsted representatives on 11 June 2020 for the 'Annual Conversation'. It is not expected that Ofsted will provide confirmed dates for a Monitoring Visit or re-inspection at this point however we do anticipate some indication of when this may happen and what format the next inspection of Surrey's children's services will take.
47. Oversight and scrutiny of the improvements to children's services will continue to take place at the Surrey Safeguarding Children's Partnership (Executive group) and the Children, Families, Lifelong Learning & Culture Select Committee.

Contact Officer:

- Dave Hill, Executive Director for Children, Families, Lifelong Learning and Culture. dave.hill@surreycc.gov.uk
- Howard Bromley, Programme Manager - Children, Families, Lifelong Learning & Culture. howard.bromley@surreycc.gov.uk

Consulted:

- Mary Lewis, Cabinet Member for Children, Young People & Families
- Simon Hart, Independent Chair of the Surrey Safeguarding Children's Partnership
- Surrey Children's Safeguarding Partnership – Executive Group
- Ofsted Priority Action Board (OPAB)
- Trevor Doughty, Advisor (formerly Commissioner) for Surrey's children's services

Annexes:

- ANNEX A - Quality Assurance and Inspection Readiness Thematic Report April 2020 FINAL
- ANNEX B - CFLLC Directorate Plan Visual - May 2020

Sources/background papers:

- Ofsted Monitoring Visit letter 18.12.2019 ([link to Ofsted website](#))
 - 'Update on Ofsted and the Children's Commissioner Inspections' at the 21 January 2020 ([Item 7](#)) meeting of the Select Committee.
-

This page is intentionally left blank

Annex A: Quality Assurance and Inspection Readiness Thematic Overview Report April 2020

1. Introduction

The Quality Assurance and Performance division have committed to deliver a comprehensive programme of thematic auditing to inform and assure ourselves we are delivering an improved standard of practice across the system.

Findings from the thematic auditing work and other activity across the Quality Assurance division are routinely reported to the Safeguarding Executive as part of their ongoing oversight & scrutiny of the improvement programme for Surrey’s children’s services. Feedback and follow-on actions resulting from the Executive meetings are discussed with the relevant Director where required.

This report brings together the key findings from the range of thematic audits that have been undertaken since January 2020 by the Quadrant based Inspection Leads. The focus of the thematic audits was agreed as part of the Inspection Readiness programme.

These thematic audits are one aspect of our quality assurance activity and should be seen alongside other measures in place to monitor the effectiveness and impact of practice.

Thematic audits (sometimes referred to as “deep dives”) are a critical element in learning and improvement and allow for the better understanding of practice in a specific service area. They provide an opportunity to look at the quality of work undertaken with children and families. These consist of an agreed number of audits completed on a bespoke audit tool relevant to the area of scrutiny.

To date the following have been completed:

- Permanency for Children
- Private Fostering
- Pathway Planning for Children Looked After and Children Leaving Care
- Children Missing from Home, Placement or Education
- Children Placed at Home with Parents Subject to a Care Order

The emerging themes from these in-depth reviews are included below.

2. Permanency Process Review

2.1. A total of 61 children’s cases were audited (North West 15; North East 15; South West 16; and South East 15). The inspection leads have spoken with managers, practitioners, IROs and business support as part of the audit process. The interim report highlighted that the 4 Quadrants were not influenced in their working by the permanency planning and tracking guidance.

2.2. Some of the key findings from the audit are detailed below and include quotes from managers and practitioners on the impact of the work *(for more detailed findings in respect of each Quadrant please see Midway Thematic Report January 2020)*.

- Permanency planning meetings are not being managed effectively to ensure drift and delay is limited.
- There is a lack of evidence that permanency policy is followed and driving our planning in respect of children and young people.
- A permanence plan is not always in place by the second looked after review meeting.
- The spreadsheets being used for tracking all children is different in each Quadrant and does not provide a clear overview of what the outcomes/plan/tracking is for children considered at the PPM.
- Tracker PPMs are not routinely booked and are not held within 1 month (for under 5s) or 3 months (for over 5s). This impacted on the progress of parallel care planning being considered, discussed or progress monitored.
- Court timescales are adhered to and the court process appears to drive the permanence planning.
- The voice of the child and parents were not always evident within PPMs.
- Limited evidence of FGC's being used to identify family and friends to be assessed early on in our involvement.
- Limited evidence of supervision and management oversight and only when children are in proceedings the Court timetable is prioritised.
- The Social Worker and Team Manager do not always attend the PPMs.

2.3. What is evident is that the 4 Quadrants are not influenced in their working by the permanency planning and tracking guidance. There is evidence of a lack of understanding amongst some staff around the Permanence Policy and what is expected. This can be improved upon by raising awareness of the requirements and being consistent in the use of key documents across the Quadrants. Within each Quadrant the Inspection Leads have identified practice issues to be addressed and they will continue to work to support the implementation of solutions alongside staff. The statements below come from a range of practitioners interviewed.

- *"The PPM meetings are more robust in terms of the key expectations, with a refined focus on tackling issues of drift and poor planning. The chair is able to hold other Service Managers to account for poor practice issues and will escalate to Assistant Directors if needed."*
- *"In terms of the social workers' understanding of Permanency Planning, since the initial discussions that we held with the team after the recent Mock Inspections there has been a significant improvement. Workers are aware of triple planning and can refer to flow charts and guidance which is displayed in their work area."*
- *"There is an openness to consider alternative views, acceptance of needing to read policies in more detail and following those in practice. Staff have reported back how useful the related policies and procedures are."*

2.4. The actions identified from the interim thematic audit report (January 2020) have been progressed and include:

- The permanency tracking tool has been revised and it is now possible to automatically book children's cases for review, and to easily collate and report on information for this cohort of children and young people.
- A revised referral form & minutes form has been devised for PPM.

- Draft terms of reference have been devised outlining the purpose and focus of PPMs. This includes a recommendation for the collation of information on a quarterly basis to be provided to ADs & PLT on the number of children reviewed, the outcomes, themes and any practice issues identified.
- Permanency Workshops were arranged to take place in all quadrants. 3 of the 5 workshops were delivered last month however the final 2 have been postponed due to the impact of Covid-19. An interim solution is to disseminate key information to practitioners, managers and Chairs/IROs.
- All of the above has been shared with ADs for comment (6th April 20) and discussed at PLT prior to implementation across the Quadrants.

Next Steps: Quality Assurance will undertake a further review in approximately 6 months.

3. Private Fostering

- 3.1. 21 children's (12 female and 9 male) private fostering arrangements have been audited. This was based on reviewing children's and adult carer's case records, as well as speaking directly with social workers and meeting with the Team Manager responsible for Private Fostering.
- 3.2. Some of the key findings included:
 - Initial visits were primarily completed within the required timescale once a notification had been received but subsequent visits were not routinely carried out in timescale.
 - Children are generally seen regularly and alone.
 - Contact arrangements between the child and their family were clearly identified.
 - Where there were any specific health issues and needs for the child these were addressed with the carers and identified how they would manage and monitor their needs.
 - Educational provision was in place for all of the children audited.
 - Management oversight and supervision was variable in both frequency and quality.
 - There were a small number of cases where safeguarding concerns were not effectively risk assessed.
 - Assessments varied in quality, there was a lack of evidence of analysis, curiosity and challenge. They did not always fully explore the carer's parenting capacity to meet the child's needs, or seek the views of child's parents and involved extended family members.
 - Health and safety checks were referenced as being completed but this was not always supported by a copy of the document being available on the case records.
 - Lack of consistency around undertaking DBS checks on all adults/those over 16 in the household and also tracking and referencing the outcome of the DBS checks on the case records.
 - There was limited evidence of the LA's engagement with parents, or encouraging a written agreement to be made between the parent and private foster carer to set out the expectations.
 - Practice standards need to be consistently applied, for example suitability of accommodation, whether the child or young person has their own room/bed.
 - Where operational teams are involved with a child placed in private fostering arrangement, practice was not always joined up in terms of communication and information sharing and how this informs the plans for the child.

- The need to raise awareness of private fostering both internally and in the wider community.

3.3. The following recommendations were made in response to the audit findings:

- A review of the existing Private Fostering policy will be undertaken - to include a review of the awareness raising letter and a guidance document for initial visits and assessments.
- To review and agree a clear set of practice standards to assist practitioners in their role of assessing carers and determining the carers' suitability and that of the accommodation.
- For the Family & Friends Team to agree a protocol of joint working where children are allocated in the Family Safeguarding teams.
- To agree an escalation process to alert of any safeguarding concerns.
- To devise an 'awareness raising programme' that targets those organisations that regularly refer international students, and internally with social work teams.
- To ensure there is oversight from the Children's Workforce Academy in providing any relevant training for practitioners within the Family and Friends Team.
- To identify ways to meet any training/support needs of private foster carers.

Next Steps: The Service Manager has implemented an action plan in taking into account the recommendations:

1.	Review of policy and procedures across fostering and assessment teams.	Clear structure and procedure across the county and to enable accountability. It is clear who should escalate concerns and how these are escalated.	SM / Team Managers/ SSW	09/09/2020
2.	Agree practice standards and implement a Private Fostering Panel to review assessments.	Implementation of PF panel to ensure consistent quality and expectations of assessment. Panel member will include safeguarding SM.	SM / Team Managers/ SSW	09/09/2020
3.	100 % of IV and assessments are to be compliant and met within time scales. To be added to the assessment tracker with Business support.	Assessment to be added to monthly tracker, so that SM is able to track by compliancy and Business Support are able to track and ensure all checks are followed through.	Business Support Manager/TM and SM.	09/09/2020
4.	PF awareness programme to be part of the wider strategy for Fostering.	A rotating programme of raising awareness in the community and locally to be		01/04/2020

		included in the wider marketing Strategy.		
--	--	--	--	--

4. Pathway Planning for Looked After Children and Children Leaving Care

- 4.1. A thematic audit focusing on pathway plans has been undertaken to review how practitioners prepare young people once they turn sixteen to help them make the transition from care to independent life and into adulthood.
- 4.2. A cohort sample was undertaken from each Quadrant (including Looked After, Care Leaver and CWD Teams). A bespoke audit tool was devised and the audit process included consulting with social workers, personal advisers, managers and where appropriate young people. A total of 91 pathway plans were audited as part of the thematic process.
- 4.3. The key findings from the audit are as follows:
- Majority of the plans are undertaken with young people but there was a lack of evidence that the completed plans are routinely shared with young people.
 - The quality of pathway plans was variable, the focus was not always on actually preparing them for independence in sufficient detail.
 - A range of young people of differing needs, was captured in the cohort sample, there was evidence of some young people progressing well and coping with living independently be they in further education, training or working; care leaver parents (both as mothers and fathers) and those struggling with managing the transition.
 - A difference was observed in the quality of plans completed for those under 18 and those over 18 completed by personal advisers (PAs). In general, the PAs were more confident in talking about the young person's needs and the pathway plan process than social workers from the looked after teams.
 - Plans would benefit from clearly setting out the young person's needs and capabilities so that it additionally informs for example, any recommended move into semi-independent or supported lodgings.
 - There was limited evidence that young people were being supported to take ownership of their plans and level of understanding around the purpose of the plan. There was limited understanding of the young person's history and how this impacts on them as young adults.
 - Plans should be more personalised and limit the use of generic phrases and links. Plans did not always evidence an analysis or partnership working to show that work completed will be meaningful and support young people through the transition to adulthood. Plans should evidence the incremental steps taken to supporting the young person to acquire the range of life skills will need.
 - The management oversight in respect of quality assuring plans and authorising them was variable.
 - For IROs to have a more prominent role in quality assuring that young people are involved in completion of their plans and the purposefulness of those plans.
 - For young people with limited leave to remain the pathway plans did not consistently incorporate planning on the basis if they remain in the UK and equally if they are refused leave to remain.
 - Preparation for independence needs to start earlier, as there were examples where care leavers did not have the requisite skills to manage and sustain living independently even as they approached the ages of 21 and 25.

- For plans to include contingency planning, for example, young people know what to do and where to go in an emergency, or if do not pursue further education but decide to take a gap year in the event they do not obtain their required results.
- Clarity is not always provided across the care leaver teams about how and when to end our involvement with care leavers post 21, leading to inconsistencies in practice.

4.4. Recommendations:

- i) For the report to be shared with the Service Manager Children's Workforce Academy to consider the audit findings to feed into the wider training offer to social workers and personal advisers in respect of preparation for independence.
- ii) Inspection leads to dip sample the quality and purposefulness of plans in 4 months' time.

5. Children Missing from Home, Placement or Education:

5.1. This thematic audit focussed on children who had reports as being missing from home and placement with an additional cohort of children who are 'missing' from Education due to no school placement. Ten percent of children who had a missing episode during this time were randomly selected for the audit.

5.2. The key findings from this audit included:

- When the missing episode was 'started correctly', the process in terms of completing the RHI was consistently completed, including the management oversight. There were gaps observed in the consistency of recording key information within the missing episode which creates difficulty in terms of understanding whether practice standards were followed.
- Quality of safety plans was variable and not consistently recorded within the missing episode. Supervision did not consistently develop the safety plans further, address or review action points. When safety plans were of good quality the family and professional network were able to get a clear understanding of how to safeguard the child.
- The threshold for holding a strategy meeting where there had been 3 missing episodes within a 90 day period was not consistently understood or followed.
- For children who are looked after an intervention meeting commonly takes place when there are longer/significant absences and for children who repeatedly go missing.
- This audit found that the response to and service provided to children who are missing from home and placement, and in some instances no education placement, continues to be inconsistent and compliance with practice standards it not always met.
- RMM's are mostly taking place for children when threshold is met, and the recording of these meetings is easy to locate within case notes.
- Professional curiosity and triangulation of the reasons why children are missing will assist the analysis, however there is more work needed to consistently achieve this. When more professionals are involved, such as the IRO this area of practice was stronger.
- Recording and monitoring of children missing from education was assessed to require a lot of improvement. The auditors formed the view from reading children's records that the right level of priority is not placed on education, creating drift and limited understanding of the role that social workers have had in improving educational outcomes for these children.

5.3. Areas for Practice Improvement:

- Safety plan to be clearly outlined in the RHI, specifically within management oversight.
- Safety plan to be reviewed on a regular basis and analysed within supervision and updated within the child's case summary.
- Ensuring relevant information following missing episodes are correctly recorded in Missing Episode case notes.
- It is important to record who is the first person to see the child in the RHI, whether it is the Police officer, worker at the residential unit etc.
- If the child does not engage with the RHI, clear evidence about the reasons behind this and analysis of the impact on the child is essential. Policy states that all attempts should be made to engage the child including completing the RHI at a statutory visit if necessary.
- If RHI is allocated to a worker who is not allocated to the child there should be analysis within management oversight as to why that decision has been made and any discussions had with the allocated social worker to understand the needs of the child.
- Keep safe work to be undertaken with children. This was provided by an independent fostering agency and would appear a valuable piece of direct work when engaging children and managing risk.
- There should be a clear education pathway to shore up the gaps to ensure that children's education is not disrupted to prolonged periods of time.
- There should be clear plans in place, and reviewed at regular intervals, to discuss and agree a way to address and manage education issues.
- There needs to be standardised recording of intervention meetings to ensure that it is possible to track the timeliness of these meetings in line with practice standards.

6. Children Placed at Home with Parents Subject to a Care Order

6.1. This audit is based on a cohort of 10 children and is in the process of being concluded. Alongside the case audit, there was consultation with social workers, IROs and managers.

6.2. The key themes include:

- Social workers listened to the views of the child/young person about returning home.
- Supervision frequency and quality was variable and does not consistently guide and reflect on the work being progressed.
- Where the return home was unplanned the Local Authority's initial response was timely.
- Where overnight contact was in place prior to the child's return home this provided the family to begin making adjustments and address the impact on the child and the rest of the family in the home.
- Where children have returned to parents in an unplanned way with a subsequent assessment this tends to ratify placement rather than assess its suitability in terms of meeting the child needs.
- There was an absence of written agreements with parents, addressing how they intend to safeguard their child once home.

- There was an absence of contingency planning in the event of placement breakdown, practice in this area was noted to be more re-active to situations and with less of a focus on forward planning.
- Agency checks are not consistently evidenced as being completed in respect of the parent/carer and adults within the household, or for those in regular contact with the child.
- Where there was information on mental health or substance misuse this tended to be self-reported by the parent/carer with a lack of verification to follow up the information.
- The need to evidence the detail of the direct work and preparation undertaken with the child/ young people for their return home.

6.3. Recommendations:

- Supervision and management oversight to be delivered in line with procedural guidance to limit drift and delay, review the plan and guide work, quality assessments that include agency checks, risk assessment, focus on parenting capacity and the ability to safeguard and promote the child's welfare, IRO consultation; as well as ensuring that due process is followed and authorisation obtained by Assistant Director.
https://www.proceduresonline.com/surrey/cs/using_this_manual.html

7. Future Thematic Audits

The following thematic audits are underway:

- Placement Stability – led by the Inspection Leads
- YOS & Early Help – led by the Practice Audit and Standards Team
- Supervision – led by the Principal Social Worker
- FGC & Family Network Meeting – led by the Practice Audit and Standards Team

Document Author / Contact Details:

Carol Adamson, Strategic Improvement Lead
Quality Assurance Service
carol.adamson@surreycc.gov.uk
07890 529783

Document Date:

13th May 2020

Annex B - CFLLC Directorate Plan

2020/21 Strategic Priorities

These are the key strategic priorities for the CFLC directorate and many of us will contribute to these throughout the year. The significant work maintaining important business-as-usual services for our residents are in addition to these priorities.

LIBRARIES & CULTURAL SERVICES

Transformation

- ✓ Develop our **future model of library and cultural services** with residents, to ensure **sustainable, joined up and accessible** services that **support the community**, and in particular some of **those more vulnerable** in society.

EMOTIONAL HEALTH & WELLBEING

Commissioning

- ✓ Continuous **transformation of the current Child and Adolescent Mental Health Service (CAMHS)**, and **re-commissioning the CAMHS contract** ready for April 2021

RESPONSE TO COVID-19 PANDEMIC

- ✓ Working with partners to ensure that **families remain safe**, have **access to essentials** and to support services if required. Working to ensure **children can access education in as safe a way as possible**, balancing against the risks.



STARTING WELL IN LIFE

First 1,000 days

- ✓ Working with partners in an **integrated** way particularly with health colleagues to ensure that **every child has an optimal start**

SEND & ADDITIONAL NEEDS

Transformation

- ✓ Deliver a **strong system** across Health, the Local Authority and Education, for children and young people with special educational needs, additional needs and disabilities, with a focus on **inclusion in mainstream education** with the **right support at the right time**, and **access to education provision within their own community and within Surrey**

CHILDREN'S SERVICES

Improvement

- ✓ Continuing our journey of improvement and responding to, and preparing for, Ofsted and other inspections. This includes **embedding the Family Safeguarding Model** and **addressing ongoing staff recruitment and retention**.

This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JUNE 2020



REPORT OF: MR COLIN KEMP, DEPUTY LEADER

LEAD OFFICER: KATIE STEWART EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE

SUBJECT: HOUSING INFRASTRUCTURE FUND FORWARD FUNDING – APPROVAL TO APPOINT A DESIGN CONSULTANCY TO UNDERTAKE THE PRELIMINARY DESIGN FOR THE PROPOSED A320 NORTH OF WOKING SCHEME

SUMMARY OF ISSUE:

The Housing Infrastructure Fund (HIF) Forward Funding is a £5.5 billion government capital grant programme which was launched in 2017 to help to deliver up to 300,000 new homes in England in response to the national shortage of good quality accessible housing. Grant funding is awarded to local authorities on a highly competitive basis for new infrastructure – including transport links, flood defences, environmental mitigations and the like – to unlock the supply of new homes in the areas of greatest housing demand.

As one of four bids to the HIF from the county, Surrey County Council (SCC) in conjunction with Runnymede Borough Council (RBC) submitted a bid to the HIF in March 2019 to facilitate the provision of 3,687 additional homes currently included within the Runnymede Local Plan. Following a comprehensive and detailed due diligence process by Government, the Ministry of Housing, Communities & Local Government (MHCLG) confirmed in March 2020 that SCC has been awarded £41.8 million for the resulting A320 North of Woking scheme. This funding is lower than the £44.1 million for which SCC bid, as the funding excludes the St Peter's Roundabout junction on the A320 which is instead to be delivered by developers delivering the associated housing at this location through a separate development process. The award letter is attached at Annex 1.

Whilst the funding award is a positive step forward for the shared ambitions of SCC and RBC, there are several risks currently with the project that need to be mitigated and which officers are working to resolve before SCC signs the Funding Agreement. However, in the interim, there is a need to commence work on the project as early as possible, and before the full Funding Agreement is signed with MHCLG, to ensure the project can be delivered to the required timetable.

For this reason, approval is required from Cabinet to incorporate the Scheme within the Council's capital delivery programme to allow preliminary design to be undertaken in the development of the scheme prior to the signing of the Funding Agreement with MHCLG. The cost of this design work is being shared between SCC and RBC. If the Funding Agreement is signed, this cost will be fully rechargeable to the scheme funding. No further spend on the project will be made until a further report is brought to Cabinet in September with recommendations on the signing of the Funding Agreement.

RECOMMENDATIONS:

It is recommended that:

1. Approval be given to appoint an appropriate and suitable design consultancy to undertake the preliminary design work, with an estimated cost of £0.73m incurred by Surrey County Council, in advance of a full funding agreement being entered into with MHCLG;
2. Agreement that a further report be brought to Cabinet in September 2020 regarding progress with the terms and conditions of the funding agreement and to seek full approval for the scheme; and
3. Authority be given to officers to commence initial negotiations for the acquisition of third-party land, it being understood that this may need to progress to compulsory purchase where necessary, which would be subject to both the signing of the Funding Agreement by SCC and a further Cabinet Member resolution.

REASON FOR RECOMMENDATIONS:

The decisions recommended will enable the early work to develop the project to commence in a way that will ensure that the project has the best opportunity to meet the challenging HIF spend timetable of March 2024. It will also enable some of the currently identifiable risks to be better understood and mitigated before Cabinet are asked for a decision for SCC to give full approval for the scheme and to sign the proposed funding agreement.

DETAILS:**Background**

1. The A320 North of Woking is an arterial corridor south of Chertsey in Surrey connecting a number of villages, international business locations, a regional hospital and Junction 11 of the M25 in the area between Ottershaw to the south and Chertsey to the north. It currently suffers from significant congestion, and this constraint is preventing new growth from sites that will feed on to the road and access the hospital, retail centres and the Strategic Road Network.
2. To support sustainable growth in this area, highway capacity improvements are required to five road junctions, including the M25 junction itself, and 4 associated link roads are necessary therefore to allow 7 sites to be released from the Green Belt to deliver 3,687 new homes. Critically, these essential highway improvements will enable the strategic infrastructure necessary to allow the adoption of the Runnymede 2030 Local Plan.

Project Details

3. An integrated package of infrastructure investments has been identified to address the above issues which forms the basis of the successful HIF bid. The project seeks to achieve the following objectives:
 - To facilitate the development of 3,687 homes across the seven identified sites by 2030;
 - To enable delivery of 1,188 new affordable homes to meet the recognised housing demand by 2030;

- To ensure the timely delivery of Longcross Garden Village and its associated Enterprise Zone by 2030; and
 - To increase capacity at the identified junctions and links along the A320 corridor to address the anticipated increase in traffic volume to 2030, in order to provide a safe and balanced level of provision for all road users by 2024.
4. The project scope shown in Annex 2 is based on indicative concept designs at this stage and comprises works to the junctions and links as detailed below. The exact detail of works is subject to change as the preliminary and detailed designs are developed to accommodate constraints due to land availability and acceptability. The scope of the scheme includes the following links and junctions set out below:
- a. Junction 1: A320 Chilsey Green Road / St Ann's Road / B388 Thorpe Road / Staines Road
 - b. Junction 6a & 6b: A320 Guildford Road / Green Lane & A320 Guildford Road / Holloway Hill
 - c. Junction 10: A320 Guildford Road / Murray Road / Chobham Road
 - d. Link 1: Guildford Road (Outside Salesian School)
 - e. Link 2: Guildford Road (Holloway Hill to Bittams Lane)
 - f. Link 3: Guildford Road (St Peter's Way to Chobham Road)
 - g. Link 4: St Peter's Way and M25 Junction 11
5. In relation to Link 4 St Peter's Way and M25 Junction 11, there have been further discussions since the original bid was submitted to Homes England between RBC and Highways England in relation to the Runnymede Local Plan. These discussions are likely to change the scope and costs of the works required and further engagement with Highways England is already ongoing to determine the exact requirements necessary to support the growth in traffic, from the housing developments, at this junction.
6. It is also worth noting that there are a number of constraints that have been identified and need to be managed throughout scheme delivery which include:
- The need to ensure that traffic can continue to use the A320 throughout the project delivery period with minimal disruption and delay;
 - The need to ensure that the improvements to the Ottershaw Roundabout section does not exacerbate the severance between local residents, village shops and the community hall;
 - The need to ensure that St Peter's Hospital and the Ambulance Centre continue to operate without any adverse impacts caused by the project delivery works; and
 - The need to ensure that works undertaken meet the requirement that the A320 serves as a Highways England strategic diversion route in the event of an incident on the M25 between J10 and J1.

Project costs, funding and next steps

7. The total project cost is estimated to be £41.8 million. The HIF funding therefore provides a vital and critical part of the funding package required to deliver the above project.
8. The HIF funding has been awarded by Homes England to SCC as the accountable body; however, delivery of the project will clearly require partnership working with the borough council and relevant authorities such as Homes England and Highways England. As such, in signing the funding agreement to accept and deliver the HIF funding, SCC will need to be satisfied that the necessary agreements are in place and the necessary clarity is achieved in respect of individual accountabilities within the overall project to ensure that SCC's risks are mitigated in delivering the project.
9. These risks, and the steps to be taken to mitigate these risks, are set out below:
 - The first of these principal risks is a need to ensure that there is an agreement in place with RBC as the local planning authority to the delivery of the housing units indicated in the successful HIF bid of 3,687 units. This will be secured through the development of a Memorandum of Understanding with RBC.
 - Further, there is a need to understand the additional works that Highways England have proposed in relation to Link 4 St Peter's Way and M25 Junction 11. There have been further discussions since the original bid was submitted to Homes England between RBC and Highways England in relation to the Runnymede Local Plan. These discussions suggest that the scope and costs of the works required may need to change, and to this end, further engagement with Highways England is planned to determine what is required to support the growth in traffic at this junction.
 - Finally, there is the risk of the very tight timescale for delivery of the project objectives, with the current deadline of March 2024. As an immediate priority, the County Council are seeking to negotiate a reasonable extension to this deadline to reflect the 12-month delay in receiving the Government's decision on the funding. In the interim, officers are developing the options for an accelerated delivery programme which meets the current deadline.
10. Whilst the Cabinet Member and officers are progressing the above actions to try to mitigate the above risks, it is critical that preliminary design works are commenced if this challenging timetable is to be met. This initial design work will also refine the estimated project costs. This design work is to be funded by SCC, with contribution from RBC.
11. Further, it is also critical that initial negotiations for the acquisition of third-party land are commenced as soon as possible, again in order to ensure that the delivery of the project has the best possible chance of meeting the HIF timetable. These negotiations may need to progress to compulsory purchase if necessary; however, any land purchase would be subject to both the signing of the Funding Agreement by SCC and a further Cabinet Member resolution.

CONSULTATION:

12. SCC will be undertaking the appropriate local consultation on the proposed highway improvements as part of the scheme delivery process. The consultation may be undertaken in conjunction with RBC.

RISK MANAGEMENT AND IMPLICATIONS:

13. The processes for ensuring that risks are being managed effectively will be the same as the process that is currently used by SCC to design and to deliver major highway schemes.
14. A number of key risks have already been identified:
- Delivery of the full scheme within the HIF Forward Funding timescale of March 2024 is challenging. To further exacerbate what would have already been a challenging timetable, the time to deliver the scheme has effectively been reduced by one year due to the late decision on funding by MHCLG and subsequently impacted by Covid-19.
 - Potential additional costs due to the Runnymede and Highways England agreement as part of the Local Plan process for additional works at J11 M25.
 - Potential implications of delayed delivery of the housing and the impact on the funding agreement and the possible need for a back to back Memorandum of Understanding with Runnymede.
15. These risks will be addressed in the next report to Cabinet when hopefully adequate mitigation will have been identified and agreed with both Runnymede, Homes England and Highways England.
16. In respect of the decision sought in this Cabinet report to enable officers to commission the preliminary design of the project to enable it to progress, there is one principal risk of which Members should be aware: If the funding agreement is not signed in due course, the costs of the scheme design proposed in this report would need to be met by SCC.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

17. To develop the preliminary design and therefore refine the current cost estimate for the project, a design consultant needs to be appointed. This work needs to commence in advance of agreeing detailed funding terms with MHCLG.
18. To this end, officers have already, in consultation with procurement, identified an appropriate design consultancy to undertake preliminary design works to ensure that there is minimal time loss in developing and supporting the delivery of the project by the funding window.
19. The anticipated total cost of the design work required is £1.23m, of which £0.73m is to be met by SCC and £0.5m is to be met by RBC. Therefore, the estimated cost expected to be incurred by SCC prior to signing a Funding Agreement is £0.730m. Once a Funding Agreement has been signed, it is anticipated that costs incurred to that point, and future scheme costs, will be met from Housing Infrastructure Fund grant. However, if the scheme does not proceed, any cost incurred up to that point could need to be met by SCC.
20. Subject to the signing of the funding agreement, the proposed project detailed at para 4 will be fully funded through the HIF forward funding budget. This would include covering the design costs detailed above.

21. The financial aspects of this project have been scrutinised in detail by Homes England's bid assessment team.
22. The Business Case has identified that the Net Present Value (NPV) of the additional housing benefits, monetised using the land value uplift, is £345 million compared to the option of doing nothing. The assumed Gross Development Value (GDV) for the scheme is £1.74 billion.

SECTION 151 OFFICER COMMENTARY

23. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain as it is heavily dependent on decisions made by Central Government. With no clarity on these beyond 2020/21, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
24. The Section 151 Officer notes that the A320 North of Woking is expected to be fully grant-funded through the HIF, at an estimated cost of £41.8m. Details will be provided in a further report seeking Cabinet approval to the wider scheme, including funding conditions, later in the year.
25. Approving capital spend of £0.73m will allow further scheme development to proceed in advance of agreeing detailed funding terms with Homes England. Discussions between Highways officers and Homes England indicate that these costs can be met from future grant, once funding terms have been agreed. If this is not possible, or if the scheme does not proceed, Surrey County Council could need to fund these costs itself.

LEGAL IMPLICATIONS – MONITORING OFFICER

26. Section 1 of the Localism Act 2011 provides SCC with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. The general power of competence allows the SCC to apply for the funding described in this report and to procure a contractor/contractors to undertake the works described.
27. Funding awarded must be spent in accordance with all legal requirements, which will include state aid, public procurement law, wider public law (including the Public Sector Equality Duty), and planning law. SCC has obligations under the overarching funding agreement, including the delivery of objectives within agreed timeframes.

EQUALITIES AND DIVERSITY

28. SCC will undertake an Equality Impact Analysis for the scheme on completion of the preliminary design in line with the Council's Equality Duty. At this stage, SCC is satisfied that there are no identified negative Equality implications arising from the

proposals. The benefits of the delivery of necessary infrastructure to support housing in principle applies equally to all individuals including those within protected characteristic groups.

29. Further opportunities to make improvements for those with relevant protected characteristics, including disability and age, will be taken at the detailed design stage, when appropriate design features can be incorporated, and other opportunities considered to promote inclusivity for access and transport.

WHAT HAPPENS NEXT:

Surrey County Council will:

- Progress the preliminary design of the scheme
- Seek Highways England agreement on the scope of the additional Link 4 St Peter's Way and M25 Junction 11 improvements that is required
- Negotiate a legal agreement between SCC and MHCLG encompassing all relevant terms and conditions of the award including commitments by RBC relating to the delivery of housing units
- Seek engagement with Homes England on the current deadline for the project of March 2024

SCC will bring a Report to Cabinet in September 2020 in relation to the Homes England forward funding conditions and to seek full scheme approval.

Contact Officer:

Lyndon Mendes, Transport Policy Team Manager

Tel: 0208 541 9393, lyndon.mendes@surreycc.gov.uk

Annexes:

Annex 1 – Confirmation of funding letter from Ministry of Housing, Communities & Local Government

Annex 2 – Map Showing Scope of Highways Infrastructure Improvements

Sources/background papers:

None

This page is intentionally left blank



Ministry of Housing,
Communities &
Local Government

Joanna Killian
Chief Executive
Surrey County Council

joanna.killian@surreycc.gov.uk

Emran Mian
Decentralisation and Growth

**Ministry of Housing, Communities & Local
Government**

Fry Building
2 Marsham Street
London

SW1P 4DF
Tel: 0303 444 3430

E-Mail: emran.mian@communities.gov.uk

12 March 2020

Dear Joanna,

Housing Infrastructure Fund Forward Funding - HIF/FF/600 – A320 North of Woking

I am pleased to confirm that Surrey County Council has been awarded £41.8 million for its A320 North of Woking Housing Infrastructure Fund Forward Funding scheme.

We will work with you and your team over the coming weeks and months to progress this scheme through further due diligence and into contract. As part of the contract, you will need to agree to a set of funding conditions. These include both standard conditions for all Forward Funding schemes, and bespoke conditions for each project. In addition, you will need to sign up to an Assurance Framework, which will be proportionate for the size and complexity of this scheme. A list of the conditions for your scheme will be sent by my team.

Through the assessment due diligence process the funding amount for this scheme has been amended from the original ask of £44.1 million. We will provide more information on this through the conditions on the scheme, and can discuss further if helpful.

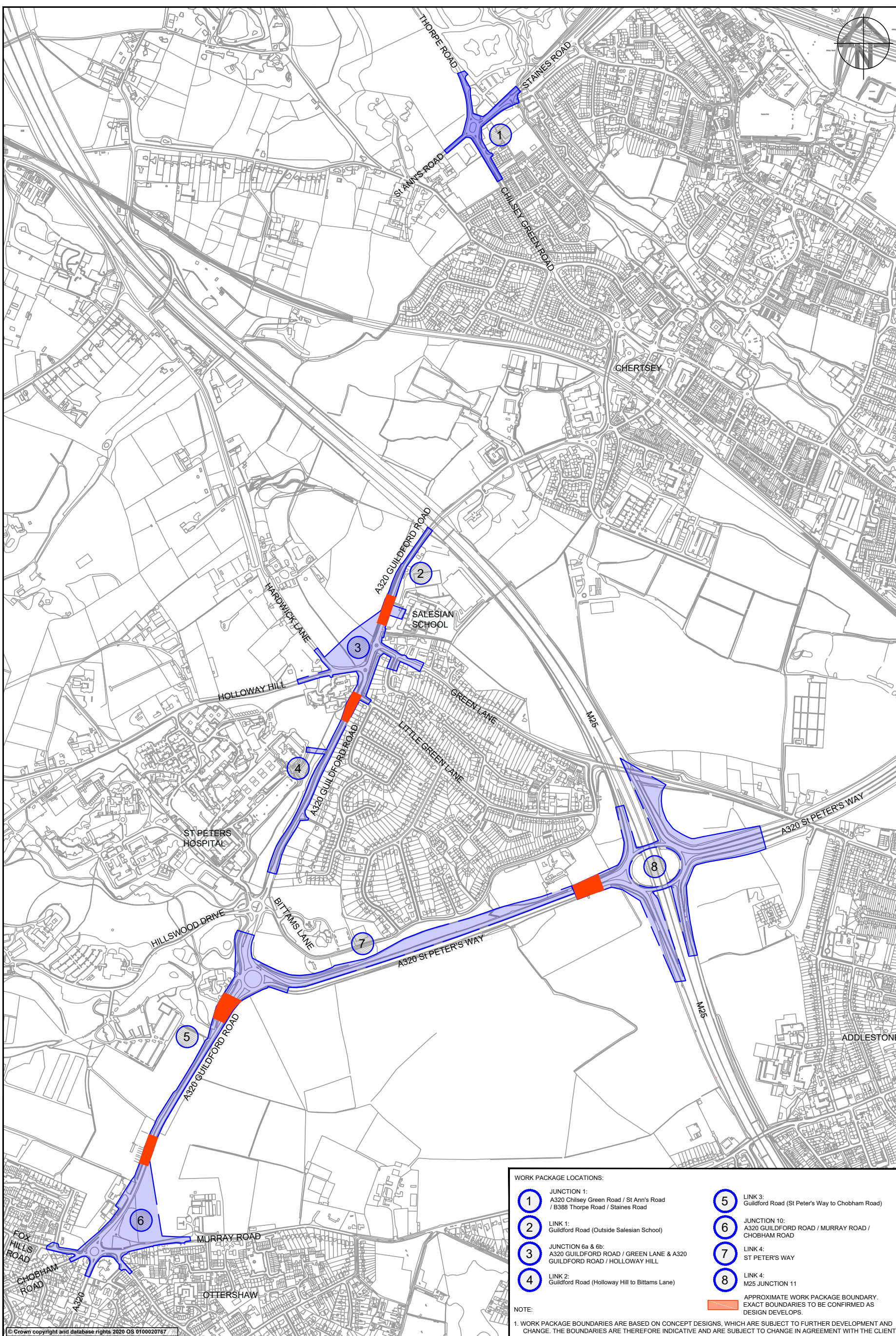
Thank you for leading housing growth in this area. We look forward to working with you, and my team will be in contact with you shortly to discuss next steps.

Yours sincerely,

Emran Mian
Director General, Decentralisation and Growth
Ministry for Housing, Communities and Local Government

OFFICIAL SENSITIVE - COMMERCIAL

This page is intentionally left blank



C:\bms\arcadis-uk-09\dms09362\10037594-ARC-GEN-ZZ-SK-HE-00004.dwg



This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JUNE 2020



REPORT OF: MRS NATALIE BRAMHALL, CABINET MEMBER FOR ENVIRONMENT & CLIMATE CHANGE

LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR - ENVIRONMENT, TRANSPORT & INFRASTRUCTURE

SUBJECT: RETHINKING WASTE – SURREY COUNTY COUNCIL’S WASTE COMMISSIONING STRATEGY

SUMMARY OF ISSUE:

The current Waste PFI contract with Suez provides for the treatment and disposal of all local authority collected waste arising within the county. This contract expires in September 2024, and Surrey County Council (SCC) needs to commission new service arrangements. The proposed Waste Commissioning Strategy and associated programme of activity will shape those new arrangements, including the infrastructure, ways of working with our district and borough collection authorities, and the services procured.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. approves the development of a Waste Commissioning Strategy;
2. approves the proposed outcomes for the Waste Commissioning Strategy, to:
 - a) Meet Surrey County Council’s Waste Disposal Authority (WDA) statutory duties.
 - b) Maximise the financial sustainability of waste management in Surrey.
 - c) Reduce the carbon impact of waste collection and disposal.
 - d) Maximise the integration of waste management in the county.
3. approves the programme proposed for the development of the strategy and re-procurement of the waste disposal contract; and
4. within this programme, approves the review of the variable elements of the funding mechanism through which the county council funds the Surrey Environment Partnership and the Waste Collection Authorities.

REASON FOR RECOMMENDATIONS:

The development of a Waste Commissioning Strategy as set out will enable the Council to fulfil its statutory obligations as a Waste Disposal Authority more effectively and will set a framework in which to work with partners and districts and boroughs in achieving a more efficient and financially sustainable approach to the management of waste in the county. Further, it will enable the Council to properly assess and identify ways of achieving the carbon reduction targets set out in the Council's recently adopted Climate Change Strategy.

DETAILS:

Background

1. The current Waste PFI contract with Suez provides for the treatment and disposal of all local authority collected waste arising within the county, around 500,000 tonnes a year, and includes the design, build, finance and operation of the Surrey Eco Park.
2. The contract covers the operation of all Community Recycling Centres (CRCs), Waste Transfer Stations (co-located with CRCs), and the handling and onward transport of all waste arisings. This includes all kerbside residual, garden and food waste collected by the district and borough councils and ultimately all kerbside Dry Mixed Recyclables (DMR from nine councils are currently included, with two more in transitional arrangements).
3. The design of the Eco Park at Shepperton comprises an anaerobic digester to treat food waste, an advanced thermal treatment plant (gasifier) to treat residual waste and a materials bulking facility alongside the existing CRC. The first two of these facilities remain under construction. As such, most of the total 200,000 tonnes per year of residual waste is currently being treated at facilities outside of Surrey in the South East of England.
4. This Waste PFI contract expires in September 2024, and the Council therefore needs to commission new service arrangements.
5. Surrey has made great strides in recycling and waste management since the Suez contract was let back in 1999. Yet there is much we can and should change when commissioning new waste contracts not least because the landscape has changed in waste management since the current contract was let. The need to re-procure these arrangements therefore provides an opportunity to rethink not only the services that the Council commissions to dispose of waste, but also to work with partners to review the infrastructure and governance of how waste is managed more broadly across the county.

International and national context

6. Waste is a global industry with recycled materials forming part of the commodities market exported to meet demand for manufacturing materials. In the last twenty years, recycling commodity markets have risen sharply, driven by a value in foreign exports, and subsequently fallen back when those same markets imploded. Even today export materials for recycling have a rather chequered record and both the costs of treating recyclates and the uncertainties of end destinations means there is a need to rethink how waste is managed.

7. In responding to these challenges and its broader ambitions to tackle climate change, the UK Government's plan is to become a world leader in using resources efficiently and reducing the amount of waste we create as a society. It is aiming to prolong the life of the materials and goods that we use, and move society away from the inefficient 'linear' economic model of 'take, make, use, throw' – enabling the move to a more circular economy, building on the existing waste hierarchy of 'prevention, preparing for re-use, recycling, other recovery, and disposal'.
8. To this end, the Resource and Waste Strategy for England was published in 2018, and since that time, the Department for Environment Food and Rural Affairs (Defra) have been engaging stakeholders on a number of proposals that were set out in that Strategy. These include consistency of collections across the country which will likely make weekly food waste collections mandatory (already adopted in Surrey), possibly make green garden waste collections free of charge (Surrey councils all charge for collections, but it is free at CRCs), and may lead to separate paper/card collections (Surrey Councils collect this material mixed apart from Reigate & Banstead Council).
9. Defra is also developing detailed proposals with stakeholders for 'Deposit Return Schemes' for cans, bottles and glass, as well as 'Extended Producer Responsibility' for other waste. The proposed changes will have a significant impact on council waste collection and disposal services.
10. The next round of Defra consultations is not expected until Autumn 2020, with legislation potentially being introduced in 2021-22 and implementation from 2023. The national response effort to the Coronavirus may delay this further. However, SCC needs to develop its Waste Commissioning Strategy now to guide the procurement for 2024.
11. As such, assumptions will be made based on engagement with Defra and other key stakeholders involved in the development of Government policy in this area to ensure that SCC's re-procurement of services and, wider activity to support a review of waste management in the county, is developed to align as much as possible with the emerging national policy context.

Local context

12. In two tier areas like Surrey, waste disposal and collection responsibilities are split between the upper and lower tier authorities respectively. In Surrey, there is partnership working in place between SCC as the waste disposal authority and the district and boroughs as the collection authorities in the form of the Surrey Environment Partnership (SEP), which aims to manage Surrey's waste in the most efficient, effective, economical and sustainable manner.
13. The SEP is responsible for the development of a Joint Municipal Waste Management Strategy (JMWMS) which has enabled the development of a more joined up approach to how waste is managed in the county, with common communications, all households receiving food waste and, similar dry mixed recycling, collections.
14. However, significant challenges remain to the efficient management of waste in the county. Not only is there a need to address the county's resilience to global waste

and recycling market challenges and its ability to meet national policy aspirations, but there are specific local issues that authorities continue to face.

15. Although the county is one of the best performing in the country in respect of recycling rates at around 55%, its performance has remained stubbornly static over the last five years or so, falling 10% points short of the SEP's target of 70% recycling and recovery rate, which includes some street sweepings and non-clean wood not counted nationally. Achieving greater waste reduction is largely down to behavioural change, for instance, in enabling the reduction of recyclable materials in residual waste. The last waste compositional analysis, and more recent data shows that roughly 40,000 tonnes of food waste which could be recycled was going into residual waste. This represents the single largest opportunity to reduce the amount of residual waste.
16. Costs of waste management have also increased in recent years, and there are clear opportunities for a more efficient approach to two tier financial mechanisms which are currently in place, with estimates of up to £9 to 12m across the waste management system having been estimated by the SEP in previous analysis.
17. In addition, there is a need to review the infrastructure for waste treatment that is employed by SCC. This infrastructure includes the Community Recycling Centres (CRCs), Waste Transfer Stations (WTSs), Material Recovery Facilities (MRFs) and other treatment facilities.
18. Further, there is a need to learn lessons from the county's existing PFI contract. In the face of the potential for far reaching and imminent change on a number of fronts, modern public service contracts for the medium to long term management of waste have to be far more responsive and flexible.
19. Finally, there is a need to ensure that the county's waste management aligns with and supports the aspirations of the now-approved Surrey Climate Change Strategy, which sets a net zero carbon target for the county by 2050. Its strategic priorities for waste include minimising the creation of waste and working with partners to develop practical, innovative and effective methods for increasing reuse and recycling rates.

Developing a Waste Commissioning Strategy

20. In order to ensure that SCC commissions an effective approach to the treatment of waste moving forward, it is proposed that a Waste Commissioning Strategy is developed to identify how to minimise the amount of residual waste we treat, the infrastructure required, and options for delivering waste management system efficiencies with district and borough councils, to deliver the desired outcomes, the procurement process, and a timeframe.
21. Because of the need to ensure the proposed Waste Commissioning Strategy is in place to guide the re-procurement of the Council's waste services before the expiry of the current contract in 2024, it will be developed in advance of the next refresh of the SEP's JMWMS. The joint strategy was due a refresh in 2019/20, but this has been postponed until after the full implications of the national strategy are known – which is likely to be after 2020. It is therefore proposed that the SCC Waste Commissioning Strategy is undertaken in a way that complements the later refresh of the joint strategy.

22. The outcomes for the proposed Waste Commissioning Strategy are set out below:

- a. Meet Surrey County Council's Waste Disposal Authority (WDA) statutory duties.
- b. Maximise the financial sustainability of waste management in Surrey.
- c. Reduce the carbon impact of waste collection and disposal.
- d. Maximise the integration of waste management in the county

23. In identifying how to deliver these outcomes, the proposed strategy will address not only the re-procurement of SCC's WDA services, but the wider approach to waste management in Surrey, including the governance and financial mechanisms in place between the WDA and collection authorities in Surrey, as well as the infrastructure to support effective waste management across the county.

Strategy and procurement programme and timetable

24. The provisional timetable over the next year is as follows. During the period July to September 2020 officers will develop the Business Case and options appraisal to identify the infrastructure needs and treatment capacity. From October to December 2020 we will refine the project by running a workshop with key stakeholders, including SEP officers and Members to get agreement to what we want to procure and then seek SCC Cabinet approval on the Commissioning Strategy.

25. During January to April 2021 officers will set out how we are going to procure the services, engaging with industry and partners, soft market testing and market analysis. We will conduct a further workshop with stakeholders, including SEP officers and Members on how we would procure considering options on lots, length of contract, in house options, local authority companies etc. From May 2021 the procurement process will start, issuing contract notices to tender for services that need to go out to market.

26. The provisional programme assumes the longest timetable of an 18-month Competitive Dialogue procurement, which includes a three-stage dialogue and deselection process, planning and site selection for any infrastructure, leading to contract award in 2024. However, the Commissioning Strategy will also consider alternative approaches including dividing the service into separate packages which could be procured in a much shorter timescale. In fact, residual waste treatment is currently treated in this way with market testing and sub-contracts awarded in under a year through the Waste PFI. Further, engagement with other councils will be undertaken, which may lead to inter-authority agreements or co-ownership service models that may fall into a timescale somewhere between these timescales.

CONSULTATION:

27. From January to March 2020, SCC undertook a series of meetings with key officers in Surrey districts and boroughs and with Joint Waste Solutions and SEP to assess views on a series of issues, including opportunities for closer joint working between SCC and the districts and boroughs; aspirations for future collection arrangements; infrastructure provided by SCC (including CRCs and WTSs); and commercial opportunities that could jointly be developed in the future.

28. During April 2020, SCC met with neighbouring WDAs to understand what opportunities there may be for collaboration for up to 150,000 to 200,000 tonnes a

year of residual waste treatment, and any other waste areas that may be of mutual interest. It was found that some municipal contracts may have spare capacity, and others may consider working together to realise new facilities on sites with planning permission. These options will be explored as the strategy is developed.

29. Further engagement will be undertaken as the Strategy is developed with representatives from District and Borough Councils on the Board, officer and member workshops and soft market testing for appropriate elements of the service.

RISK MANAGEMENT AND IMPLICATIONS:

30. If an appropriate Commissioning Strategy is not adopted, there is a risk of not having a suitable framework for the development of the re-procurement of waste disposal services in Surrey, leading to poor outcomes. If SCC does not complete its procurement process before the end of the existing Waste PFI contract, it risks being unable to meet its duties as a WDA.
31. SCC has commenced the commissioning process in good time to ensure service continuity in 2024.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

32. The programme will aim to achieve savings in the delivery of the Council's statutory obligations as WDA. Savings identified in the Commissioning Strategy will be developed as part of the Medium Term Financial Strategy for the Environment, Transport and Infrastructure (ETI) Directorate.

SECTION 151 OFFICER COMMENTARY

33. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook is uncertain as it is heavily dependent on decisions made by Central Government. With no clarity on these beyond 2020/21, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term. As such, the Section 151 Officer supports the proposed development of a Waste Commissioning Strategy, including identification of financial opportunities and a review of financial mechanisms. The costs associated with developing the Strategy are expected to be met within council's existing Medium Term Financial Strategy, and the outcomes of the Strategy will be reflected in future financial plans.

LEGAL IMPLICATIONS – MONITORING OFFICER

34. The report sets out the statutory duties the County Council is required to meet as waste disposal authority through the proposed waste commissioning strategy. Support for the strategy and procurement exercise is currently being put in place from specialist external legal firms experienced in all aspects of waste procurement and contracting.

EQUALITIES AND DIVERSITY

35. An Equality Impact Assessment will be required as part of the Procurement process for residents accessing the Community Recycling Centres.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

36. An Environmental Sustainability Assessment (ESA) will be required for the procurement. As part of the Options Appraisal process, we will evaluate the current and proposed carbon impact of waste collection and disposal, using the WRATE (Waste and Resources Assessment Tool for the Environment methodology).

WHAT HAPPENS NEXT:

37. The Executive Director of ETI will establish suitable Board and Governance arrangements with representatives from Surrey Chief Executives and the Surrey Environment Partnership.
38. The Board will develop the Waste Commissioning Strategy in accordance with the desired outcomes agreed by Cabinet, including developing Option Appraisal Criteria for recycling/ composting performance, infrastructure deliverability, system cost efficiencies, circular economy and carbon impact and report back to Cabinet next year on the proposed procurement options.

Contact Officers:

Richard Parkinson, Environment Delivery Group Manager,
richard.parkinson@surreycc.gov.uk

Mark Allen, Interim Waste Programme Manager, mark.allen@surreycc.gov.uk

Consulted:

Managing Director, Joint Waste Solutions

Officer Chair of the Surrey Environment Partnership

Sources/background papers:

- Annex 1 - Re-thinking Waste consultation, Surrey Environment Partnership, Officers' Group, 4 June 2020
 - Annex 2 - Waste reduction and financial arrangements, Surrey Environment Partnership, Officers Group, 4 June 2020
-

This page is intentionally left blank

Annex 1

Re-thinking Waste consultation

SEP Officers' Group

4 June 2020

1. Summary

- 1.1 SCC has started the process of re-commissioning its waste disposal service early by consulting with all the District and Borough Councils in the County. The information gathered from this consultation has been brought to share with the SEP for further discussion. Once finalised, the conclusions will then be used to inform SCC's waste commissioning strategy to facilitate service improvements.

2. Background

- 2.1 Surrey County Council (SCC) has started to consider how it will manage its waste disposal function when the current contract with Suez comes to an end in September 2024. SCC is developing a commissioning strategy to inform the procurement process and core to this strategy will be to understand the appetite for closer joint working between SCC and the district and borough councils through the Surrey Environment Partnership. In addition SCC will need to understand the ambitions of districts and boroughs with regard to their collection services and in particular how they think they will be affected by the measures proposed in the Government's emerging Resource and Waste Strategy. Lastly SCC needs to understand the requirements for any future infrastructure to deal with waste in Surrey.

- 2.2 During January-March 2020 SCC undertook a series of meetings with key officers and members in the districts and boroughs and with Joint Waste Solutions / Surrey Environment Partnership (SEP) to sound out their thoughts and concerns on the following issues:

- 2.3
- Issues and opportunities for closer joint working between SCC and the districts and boroughs and the role of the SEP - building on experiences and models of joint working elsewhere in the country. Testing these models with partner authorities.
 - Current arrangements for collection including the term and degree of flexibility of existing contracting arrangements or fleet services.
 - Aspirations for future collection arrangements and consideration on how these might be affected by the emerging Resource and Waste strategy.
 - Views on the current services and infrastructure provided by SCC (CRCs and Waste Transfer Stations) and what new services or infrastructure would be required in the future.
 - Commercial opportunities, particularly those arising from the development of infrastructure such as for bulking and processing material arising from deposit return or extended producer responsibility obligations. Including potential models of delivery with and without the private sector.

- 2.4 All of this requires close working and coordination with the SEP, who are already starting to look at these issues, particularly those relating to the potential impact of the government's Resource and Waste Strategy on waste collection systems.
- 2.5 The information gathered from this 'discovery' phase has been brought together into this report to share with members of the SEP for further discussion. Once finalised, the report will then be used to inform SCC's waste commissioning strategy.

3. Findings

- 3.1 The main points from this 'discovery phase' are:
- 3.2
- The next phase of Government consultations on Consistency, the Deposit Return Scheme and Extended Producer Responsibility will determine the collection strategies.
 - Waste Transfer Stations in general, and Slyfield Guildford, in particular, are critical waste infrastructure.
 - Increasing WTS opening hours could facilitate different collection patterns.
 - The SCC proposal for a new MRF/WTS/ bulking facility is supported.
 - The financial risk to WCAs of any transfer of the WDA statutory duties is a significant area of concern.
 - WCAs support being involved in the SCC Disposal contract procurement.
 - There are commercial opportunities around Trade Waste and Depot based bulking and transfer for the Deposit Return Scheme.
 - The preferred time to implement any collection changes will be at the end/renewal point of existing arrangements.

4. Aspirations for future collection arrangements

- 4.1 Most Councils are awaiting the next phase of Government consultations on Consistency, the Deposit Return Scheme and Extended Producer Responsibility. However, one WCA is planning to restrict residual waste collection capacity.

5. Views on current and new infrastructure

- 5.1 Waste Transfer Stations (WTS) are a key interface between the WDA and WCAs, and the reduction of queueing times, and travel distances are very important, having a significant impact on collection round efficiency in terms of lost time and cost. Slyfield, Guildford WTS is recognised as being at the edge of its operational limits.
- 5.2 In addition, increasing WTS opening hours to facilitate different collection patterns, including two shifts or four long days, as well as bank holiday periods, provides opportunities for new ways of working.
- 5.3 The SCC proposal for a new MRF/WTS/ bulking facility was generally supported, but it was also recognised that operating a MRF and accessing national and global markets presented their own challenges. A full site options appraisal will need to be conducted but two sites were proposed: Randals Road, Leatherhead and Trumps Farm, Longcross.
- 5.4 Community Recycling Centres (CRCs), especially the re-use shops, were praised, new sites supported and closures were understood, but opposed.

6. Opportunities for closer joint working

- 6.1 The joint work undertaken by JWS for the SEP was recognised and praised, especially around communications, flats and the use of targeted data.
- 6.2 The support of the Surrey Chief Executives group for closer joint working was recognised as essential.
- 6.3 The financial risk to WCAs of any transfer of the WDA statutory duties was a significant area of concern. Whilst there is no increase in risk to the Surrey Taxpayer, the scale of the WDA budget is much greater than a WCA budget. This is especially the case for disposal and treatment, but less so for CRC and Transfer operations.
- 6.4 The Financial Arrangements between the WDA, WCAs and the SEP are due for review in 2020/21. It was noted that the variable payments do not provide much incentive and the material profit sharing has been overtaken by global market costs.
- 6.5 There was support for the WCAs to be involved in the SCC disposal procurement, and recognition that how this was structured would affect future opportunities for closer joint working.

7. Commercial opportunities

- 7.1 The commercial opportunities around Trade Waste were clearly recognised, with examples of best practice in Surrey, as were the opportunities for Depot based bulking and transfer for the Deposit Return Scheme. A number of WCAs were considering establishing Local Authority Companies.

8. Current arrangements for waste collection

- 8.1 The core fleet, containers, and factors affecting flexibility are summarised below in Table 1.
- 8.2 The factors affecting flexibility include whether a service is in-house or contracted out, whether the fleet is owned/leased and the dates when these arrangements expire or renew. From a cost point of view the preferred time to implement any changes will be at the end/renewal point of the existing arrangements.

9. Conclusions

- 9.1 SCC has started the process of re-commissioning its waste disposal service early by consulting with all the District and Borough Councils in the County. The proposed SCC waste commissioning strategy will consider how best to fulfil SCC's statutory obligations as a Waste Disposal Authority more effectively and will set a framework in which to work with partners and districts and boroughs in achieving a more efficient and financially sustainable approach to the management of waste in the county.
- 9.2 Most Councils are awaiting the details of Consistency, the Deposit Return Scheme and Extended Producer Responsibility. However the County Council has to procure new arrangements to replace its Waste PFI contract which expires in 2024. SCC needs to develop its Waste Commissioning Strategy prior to this. Once the implications of the national strategy are confirmed, the Joint Municipal Waste Management Strategy could then be reviewed and updated.

- 9.3 SCC has an essential role to play in developing WTS infrastructure, especially at Slyfield, Guildford and a new MRF/WTS/bulking facility. Increasing WTS opening hours would enable WCAs to re-think their collection arrangements.
- 9.4 Closer involvement of the Surrey Chief Executives group and WCAs in the SCC Disposal procurement is an opportunity to practice closer joint working, and facilitate service improvements.

10. **Recommendations**

- 10.1 SCC develops its Waste Commissioning Strategy prior to its procurement and, in the light of the outcomes from the national Resource and Waste Strategy, the Joint Municipal Waste Management Strategy is reviewed and updated later.
- 10.2 SCC should pursue the improvement of WTS infrastructure, particularly at Slyfield, Guildford and a new MRF, and increase WTS opening hours to facilitate new collection patterns.
- 10.3 SCC should fully involve District and Boroughs in the WDA procurement and the Surrey Chief Executives should be invited to sponsor an element of this.

Table 1. WASTE COLLECTION ARRANGEMENTS – Surrey Waste Collection Authorities March 2020

Current arrangements for collection – Core fleet, containers and flexibility

Waste Collection Authority	Core Fleet	Standard Collection (DMR=Dry Mixed Recycling)	Flexibility
Elmbridge	Single body x9 Narrow body x3 Food x5 Hard to reach x1	180l/240l Residual two weekly 180l/240l DMR two weekly Food caddy weekly 240l garden two weekly chargeable	JWS – Amey Open backed fleet New Fleet August 2017 for 9.5 years
Epsom & Ewell BC	Domestic 70:30 front pod x8 Garden x2 Trade x1	180l/140l Residual weekly 240l DMR (no glass) weekly Glass box weekly Food caddy weekly 240l garden two weekly chargeable	DSO Split body fleet Fleet leased until 2027 Weekly collection Bin and box
Guildford BC	Domestic 70:30 split back x14 Garden x3.5 rounds Trade x4 rounds– mixed of podded and single body RCVs flats x2 Hard to reach x2 4.2t trucks	240l Residual two weekly 240l DMR two weekly Food caddy weekly 240l garden two weekly chargeable Weekly WEEE, Batteries and Textiles In cab data Participation survey 3 yearly	DSO Split body fleet Fleet capital replacement 2020

Mole Valley	Single body x5 Narrow body x3 Mini twin pack x6 Food x2 Hard to reach x1	240l Residual two weekly 240l DMR two weekly Food caddy weekly 240l garden two weekly chargeable	JWS – Amey Open backed fleet New Fleet August 2018 for 9.5 years
Reigate & Banstead	Domestic 70:30 split back x17 Garden x3-4 Trade x2 Flats x2	140l Residual two weekly 140l DMR (no paper) two weekly Paper box weekly Food caddy weekly 240l garden two weekly chargeable	DSO Split body fleet In cab data - Bartec Fleet staged replacement over two financial years 2019/20 to 2020/21 Bin and Box
Runnymede BC	Domestic x6.5 Food x3 Garden x1.2 Trade x0.8	240l Residual two weekly 240l DMR two weekly Food caddy weekly 240l Garden chargeable Flats weekly Residual	DSO Open backed fleet In cab data - Bartec New fleet April 2020 - 7 year replacement Subject to Committee from June 2021: Collect 1 Residual bin only, multiple Recycling Replacement standard 180l Residual bin Flats two weekly Residual/Recycling Expand Trade

Spelthorne	Domestic x7 open back +1 70:30 split back Garden x2 Hard to reach x1 Food, textile, WEEE x3 Trade Nil – setting up new service to include underground bin round	240l Residual two weekly 240l DMR two weekly Food caddy weekly 240l Garden chargeable High rise flats DMR & Residual up to 4 times per week	DSO Open backed fleet Fleet Leased for 6 years until 2023
Surrey Heath	Single body x6 Narrow body x1 Food x3	180l Residual two weekly 180l DMR two weekly Food caddy weekly 240l garden two weekly chargeable	JWS host – Amey New Fleet February 2018 for 9.5 years
Tandridge	Domestic x10 Under-used x1 Bulk flats, schools and banks x1 Garden x2 Narrow access x1	180l Residual two weekly 240l DMR two weekly Food caddy weekly 240l garden two weekly chargeable	Biffa Existing contract 1 year extension to move from manual sack to wheeled bin Existing fleet food Pod New contract(or) commences October 2020 New fleet TBC but likely: Urban rounds separate Food fleet Rural rounds Food Pod or 70:30 split
Waverley	Domestic single body x10 Food x6 Split body x2 Post route optimization: Domestic single body x9 Food x5 Split body x2	240l Residual two weekly 240l DMR two weekly Food caddy weekly 240l garden two weekly chargeable	Biffa 2019 for 8yrs plus two 8yr extensions Single body primary fleet Separate food fleet In cab data

Woking	Single body x7 Narrow body x3 Food x3 Hard to reach x2	240l Residual two weekly 240l DMR two weekly Food caddy weekly 240l garden two weekly chargeable	JWS – Amey New Fleet September 2017 for 9.5 years
--------	---	---	--

27 April 2020
V3.1

Annex 2

Waste reduction and financial arrangements

SEP Officers' Group

4 June 2020

1. Summary

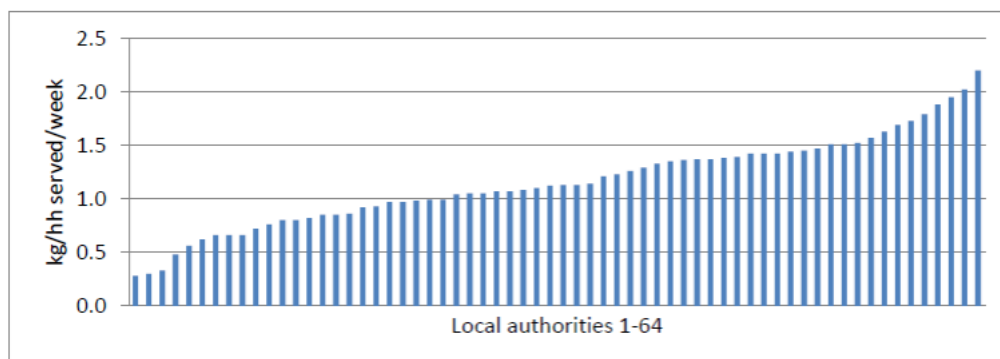
- 1.1 This report develops an overarching residual waste reduction strategy, based on food waste data. If all collected food waste is recycled there is a maximum potential saving of around £4million in disposal costs. Taking into account participation rates and increased collection costs there is an estimated £2million-£3million potential waste management system cost saving in Surrey. The Partnership is recommended to review the variable part of the current financial mechanism to incentivise food waste collection and reduce DMR contamination.

2. Introduction

- 2.1 An analysis by WRAP in 2014 (See Figure below) of the performance of household food waste collections from across the UK identified 'indicative yields' for food waste with separate weekly collections of 1.5 kg/HH served/week. Food Waste Collection data from five collection rounds for one month in 2019 indicate that Surrey is performing well when compared nationally with Food Waste collections yielding 1.65kg per household served. Using this marker Surrey is clearly above average, although national performance will have changed in the last six years.

2.2

Figure 3.1 Yield from separate weekly food waste collections from selected local authorities (N.B. each column represents a separate local authority) (WRAP 2014)



- 2.4 Please note that the WRAP data above is at least six years old and includes poor performing systems such as food collected with garden waste, and weekly residual.

3. Waste Compositional Analysis – 2016/17

- 3.1 The Surrey Waste Partnership commissioned MEL Research to conduct a Waste Compositional Analysis during 2016. This was carried out in two phases; Phase 1 was carried out in June (Q1 2016/17) and Phase 2 in November (Q3 2016/17). In both Phase 1 and Phase 2, MEL looked at the composition of residual waste based on samples taken separately from both houses and flats within each District and Borough. The Phase 1 and Phase 2 results were then combined to provide two distinct sets of composition data for each District & Borough; one for houses and one for flats. Within each of these datasets, a breakdown was provided by both primary and secondary material classification; the primary category defines the overall waste stream (e.g. paper and card, plastics), and the secondary category provides a more specific definition to show, for example, the quality of paper or the type of plastic in question.
- 3.2 The potential for additional recycling - by primary material category and District & Borough are shown in the Tables 1 and 2 below.
- 3.3 It should also be noted that the tonnages used to calculate the capture rate here are not the same as those used to calculating the recycling rate published in Waste Data Flow. This is because the composition analysis looks at what was actually found in the waste samples analysed.
- 3.4 The analysis shows that in 2016-17 there was a potential 45,000-46,000 tonnes of food waste for recycling in the local authority collected waste in Surrey.

4. Waste Composition Analysis – 2020/21

- 4.1 The Surrey Environment Partnership have budgeted £100,000 for another compositional analysis in 2020. This study will look at the composition of residual household waste, and bring the food waste analysis up to date, since the last study was carried out in 2016/17.
- 4.2 Sampling for the waste composition analysis was planned to take place in two phases in 2020/21. However, the timeline for taking samples will have to be delayed, partly due to the current lockdown, and because samples would not be representative of a 'normal' situation. The SEP is developing the specification and sampling strategy. To compare with previous years and avoid seasonal changes affecting the results the analysis will be re-planned to take place in November 2020 and June 2021.

5. Potential cost savings

- 5.1 The Food Waste tonnages for 2019-20 are shown in Table 3. This shows that since 2016-17 separately collected food waste has increased by 7,000 tonnes (from 32,000 to 39,000 tonnes a year). It is reasonable to assume that there is currently around 40,000 tonnes of Food Waste in the residual waste stream. A more accurate figure will be known once the 2020/21 waste compositional analysis is available.
- 5.2 SCC's current cost of treating residual waste is £129 per tonne including transport. The cost of sending and treating food waste at a third party Anaerobic Digestion (AD) facility is averaging £35 per tonne currently including transport. Where food waste is treated at the Eco Park AD, SCC pays a fixed amount regardless of any tonnage plus the variable processing costs of about £13 per tonne excluding transport.
- 5.3 Assuming the Eco Park AD is operational the potential treatment cost saving benefit of food waste over residual waste will be around £100 per tonne. For 40,000 tonnes a year, this represents a maximum potential saving of around £4million in disposal costs. Taking into account participation rates and increased collection costs there is an

estimated £2million-£3million potential waste management system cost saving in Surrey.

6. Current Food Waste collections

- 6.1 As a result of the Corona lock down, food waste tonnages have increased and while this is largely being driven by workplaces and schools being closed, we may see a positive ongoing increase in usage of caddies after things return to normal.
- 6.2 Surrey has Food Waste collections in all eleven WCAs and has a good record of improving performance through the use of data led targeted interventions resulting in a strong national performance.
- 6.3 For example in 2018-19 the Surrey Environment Partnership campaign that included applying 'no food waste' stickers to 255,000 bins, evaluated well with 80% of residents saying the campaign encouraged them to use their food waste caddy and resulted in a 3.7% increase in average daily tonnages post campaign resulting in a £200,000 annual saving.
- 6.4 The SEP has work already underway to develop trials of targeted interventions following a Eunomia report that investigated successful trials being undertaken elsewhere in the UK. The approach is to use data to identify specific behaviours that we can try to influence through tightly targeted communications and engagement. For the new programme the SEP will continue to deliver the current programme of data driven intervention trials to increase recycling of food waste. The targeted intervention trials are currently on hold.

7. Dry Mixed Recycling – Contamination Reduction

- 7.1 The SEP's work programme for 2020-21 includes a focus on contamination reduction. Contamination of dry mixed recycling (DMR) with other materials reduces the quality of recycling and can lead to loads being rejected. The following work is being developed to help tackle contamination: Identifying the causes of contamination and contamination hotspots, using data lead intelligence; Determining potential interventions, based on the evidence available; Trialling interventions in smaller areas, and then developing and rolling out successful ones in additional areas, eg training crews as part of a continued approach to managing contaminated bins.
- 7.2 Benefits include: Trialling interventions can determine the most effective solutions and the chance to evolve the delivery of these to maximise on impact; Data lead interventions will help identify hotspots and processes that could be improved to reduce contamination; A reduction in contamination rates and rejected loads, will in turn improve recycling rates and reduce disposal costs.
- 7.3 The SEP have allocated an estimated budget of £10,000. Initial work is underway, with interventions being trialled and a wider roll out to take place across the year.
- 7.4 Initial sampling at one MRF from October-December 2019 showing the Food Waste elements are shown in Table 4. below. This shows that an average of 3.95% of the Dry Mixed Recycling is Food Waste. This is contamination in it's own right, but in addition food waste has the potential to contaminate DMR especially paper and card, further increasing the overall contamination rate.
- 7.5 The SEP has established an officer working group to look at improving system processes between recovery outlets and collection and disposal authorities to manage DMR contamination. This is currently ongoing, as the team works to define the scope. Linked to this, the team are currently reviewing data to ascertain the viability of

targeted interventions that could tackle the contamination of DMR. However, the trialling of such interventions on the ground will have to put on hold until it is deemed safe to carry out this work.

8. Financial Arrangements

- 8.1 Financial and operational support from SCC and the partnership is available to any authority looking to move towards what the partnership feels are optimal collection systems. Separate food waste collections were introduced in Surrey by the districts and boroughs from 2010 with financial support from the County Council. SCC remains committed to reducing the system costs of waste management in Surrey.
- 8.2 Surrey County Council as the waste disposal authority (WDA) for Surrey makes payments to district and borough councils in their capacity as waste collection authorities. SEP is currently funded by top-slicing some of these payments. This current financial mechanism was put in place for a period of three years from 2018/19 to 2020/21. This means that a new funding arrangement is needed from April 2021 onwards.
- 8.3 In 2017 Surrey County Council's Cabinet resolved to change the financial arrangements for recycled waste with district and borough councils from Recycling Credits to a mix of variable and fixed elements: Variable payments for a share of gate fee savings on Dry Mixed Recyclables (or a transitional arrangement) and a share of future savings; and, fixed payments for recycling services based on the number of households within each authority area.
- 8.4 The variable payment is a mechanism for sharing savings that arise from future improvements (e.g. increases in recycling and/or reductions in residual waste). The principle of this mechanism is that the saving should be calculated based on changes in the actual cost of dealing with all waste streams, compared to a baseline year (2017/18), with the payment split 40:40:20 between the WDA, WCAs and the SEP.
- 8.5 The original waste funding mechanism Projected and Actual payments, with revised and forecast figures for 2019/20 and 2020/21 are shown below in Table 5. The most significant cost variation of £2.6M is due to the global market conditions for sales of Dry Mixed Recycling. However, collection, contamination and MRF operations will also be a factor.
- 8.6 During 2020/21 there is a need to review these financial arrangements and agree funding for 2021/22 onwards. This represents an opportunity to develop a mechanism to incentivise food waste composting, and reduce DMR contamination.
- 8.7 SEP Members Group agreed that Interim arrangements need to be agreed by SCC by the end of Summer 2020 in order for the financial implications to be known in time for autumn budget setting.

9. Recommendation

It is recommended that: the SEP keep the stability of the current fixed payments and review the variable payments to maximise Food Waste recycling and reduce the contamination of Dry Mixed Recycling.

10. Next steps

The SEP should form an officer group to review the variable payment mechanism and consider what is required to increase food waste capture, reduce DMR contamination

and deliver a net waste management system cost saving in Surrey. The officer group should report back in time for the 2021-22 budget setting process.

Table 1. Extract from Waste Compositional Analysis 2016

2016 Potential for additional recycling - by primary material category and District & Borough**Recycling potential - by primary material**

Material	Potential for recycling (tonnage)					Recyclable potential (%)		
	Recyclable - Kerbside	Recyclable - Bring banks / CRCs	Not recyclable	Total	Total recyclable	Recyclable - Kerbside	Recyclable - Bring banks / CRCs	Not recyclable
Paper and Card	10,319	1,130	10,563	22,012	11,449	46.9%	5.1%	48.0%
Plastics	9,006	0	15,343	24,349	9,006	37.0%	0.0%	63.0%
Glass	4,046	0	556	4,603	4,046	87.9%	0.0%	12.1%
Textiles	5,026	3,084	1,153	9,263	8,110	54.3%	33.3%	12.4%
Metals	2,795	2,171	279	5,245	4,966	53.3%	41.4%	5.3%
Wood	0	2,575	0	2,575	2,575	0.0%	100.0%	0.0%
Offensive Waste	0	0	21,388	21,388	0	0.0%	0.0%	100.0%
WEEE	791	2,140	41	2,972	2,931	26.6%	72.0%	1.4%
Garden waste	7,156	0	0	7,156	7,156	100.0%	0.0%	0.0%
Food waste	45,399	0	2,843	48,242	45,399	94.1%	0.0%	5.9%
Hazardous	65	95	488	649	161	10.1%	14.7%	75.2%
Miscellaneous	0	1,197	23,387	24,584	1,197	0.0%	4.9%	95.1%
Total	84,603	12,392	76,042	173,037	96,995	48.9%	7.2%	43.9%

Table 2. Extract from Waste Compositional Analysis 2016

Kerbside food waste tonnages and food waste capture rates by District & Borough				
District / Borough	Residual	Recycled	Total	Capture rate
Elmbridge	6,124	3,868	9,992	38.7%
Epsom & Ewell	2,954	1,936	4,889	39.6%
Guildford	5,160	3,572	8,732	40.9%
Mole Valley	3,490	2,208	5,698	38.7%
Reigate & Banstead	5,523	4,212	9,736	43.3%
Runnymede	4,873	2,028	6,901	29.4%
Spelthorne	5,282	2,040	7,322	27.9%
Surrey Heath	2,312	3,185	5,497	57.9%
Tandridge	2,959	2,838	5,797	49.0%
Waverley	4,898	2,614	7,512	34.8%
Woking	2,774	3,514	6,288	55.9%
All Surrey	46,350	32,015	78,365	40.9%

Table 3. Food Waste Collected 2019-20

	Food Waste Collected (tonnes)												Total
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	
Elmbridge BC	395	417	369	417	395	414	437	399	398	486	358	428	4912
Epsom & Ewell BC	225	239	205	237	227	235	239	197	195	276	175	199	2649
Guildford BC	358	389	355	370	356	361	404	379	377	440	338	374	4499
Mole Valley DC	228	229	210	246	221	230	256	230	253	287	229	249	2868
Reigate & Banstead BC	373	407	355	390	382	360	404	376	384	464	356	398	4649
Runnymede BC	197	204	182	212	194	196	213	197	205	239	183	208	2430
Spelthorne BC	211	227	199	226	204	212	235	218	234	254	207	227	2655
Surrey Heath BC	291	303	291	368	299	275	325	305	304	357	286	302	3708
Tandridge DC	226	232	217	234	229	229	263	236	249	297	236	258	2905
Waverley BC	305	297	264	223	278	272	337	313	345	411	305	343	3693
Woking BC	317	352	302	346	315	311	343	315	328	406	291	329	3955
Total	3,126	3,295	2,948	3,269	3,100	3,096	3,456	3,165	3,270	3,918	2,965	3,315	38,923

Table 4. Summary of MRF contamination sample October-December 2019

Supplier	Surrey CC														
Raw Material	Comingled Glass - Loose														
Date	01/10/2019	02/10/2019	04/10/2019	08/10/2019	09/10/2019	11/10/2019	14/10/2019	16/10/2019	17/10/2019	24/10/2019	25/10/2019	28/10/2019	Grand Total	End Process	
Food	4.55%	3.95%	8.04%	1.51%	0.76%	6.72%	1.43%	0.51%	1.36%	2.55%	6.06%	1.12%	3.23%	Not Recycled	
Date					01/11/2019	04/11/2019	05/11/2019	12/11/2019	15/11/2019	19/11/2019	22/11/2019	26/11/2019	Grand Total	End Process	
Food					14.50%	7.13%	7.38%	5.11%	1.74%	0.00%	6.87%	1.15%	5.01%	Not Recycled	
Date				02/12/2019	06/12/2019	10/12/2019	12/12/2019	13/12/2019	18/12/2019	20/12/2019	23/12/2019	27/12/2019	Grand Total	End Process	
Food				6.77%	1.25%	4.15%	0.88%	7.62%	3.61%	2.81%	2.66%	2.35%	3.58%	Not Recycled	
													Sample Average		
													3.95%		

Table 5. Waste Financial Mechanism – updated with Forecasts and Revised estimates for 2019/20 and 2020/21

Costs to SCC	Actual costs to SCC			Projected costs to SCC		Forecast	Revised	Variance	Variance
	2016/17	2017/18	2018/19	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Payments to Districts & Boroughs (including SEP Financial Mechanisms)									
Fixed payment (net)			£3,207,682	£2,207,682	£1,207,682	£2,840,182	£1,840,182	£632,500	£632,500
SEP variable payment - disposal cost savings shared with WCAs			£125,891	£125,891	£125,891	£150,000	£150,000	£24,109	£24,109
Transitional payment where WCA continues to manage their kerbside collected recyclables			£2,524,522	£1,543,376	£835,655	£1,425,304	£849,231	-£118,072	£13,576
Payment for gate fee savings where SCC manages kerbside collected recyclables			£168,535	£134,394	£134,394	£0	£0	-£134,394	-£134,394
Recycling credits	£8,625,142	£7,696,531	£107,415	£107,415	£107,415	£130,232	£134,139	£22,817	£26,724
Food waste payment (paid in lieu of recycling credits)	£774,821	£719,160							
One-off payment from the WCA to SCC		-£1,077,261							
Performance Reward Grant	£191,615	£200,000							
Net sum received by WCAs	£9,591,578	£7,538,430	£6,134,045	£4,118,758	£2,411,037	£4,545,718	£2,973,552	£426,960	£562,515
SEP funding - amount diverted from WCA payments	£216,088	£240,000	£632,500	£632,500	£632,500	0	0	-£632,500	-£632,500
SEP variable payment - disposal cost savings shared with SEP			£62,945	£62,945	£62,945	0	0	-£62,945	-£62,945
Total cost to SCC	£9,807,666	£7,778,430	£6,829,490	£4,814,203	£3,106,482	£4,545,718	£2,973,552	-£268,485	-£132,930
Cost to SCC of managing DMR material	£244,593	£1,169,849	£1,884,846	£3,460,649	£4,593,003	£4,579,914	£7,244,795	£1,119,265	£2,651,792
Total cost to SCC dependent on recycling tonnages	£10,052,259	£8,948,279	£8,714,336	£8,274,852	£7,699,485	£9,125,632	£10,218,347	£850,780	£2,518,862
Other costs to SCC for county-wide work									
SEP funding - fixed contribution	£466,747	£250,000	£57,500	£172,500	£172,500	0	0	-£172,500	-£172,500
Project spend	£72,073	£32,794	£59,111						
Contribution to SEP staff salaries & expenses	£49,380	£57,324	£43,352						
SCC staff salaries & expenses	£440,000	£440,190	£437,326						
Contribution to JWS costs (includes staff, office & projects)			£38,232	£459,615	£492,359	£632,500	£651,475	£172,885	£159,116
Total cost to SCC	£1,028,200	£780,308	£635,521	£632,115	£664,859	£632,500	£651,475	£385	-£13,384
Overall cost to SCC	£11,080,459	£9,728,587	£9,349,857	£8,906,967	£8,364,344	£9,758,132	£10,869,822	£851,165	£2,505,478

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JUNE 2020****REPORT OF: MR MATT FURNISS, CABINET MEMBER FOR TRANSPORT****LEAD OFFICER: KATIE STEWART, EXECUTIVE DIRECTOR FOR ENVIRONMENT, TRANSPORT AND INFRASTRUCTURE****SUBJECT: SURREY LANE RENTAL SCHEME****SUMMARY OF ISSUE:**

The county of Surrey suffers with traffic congestion during peak periods, particularly at congestion hotspots. In fact, Surrey's congestion levels are 25% higher than the average for the South East region as a whole. This congestion is exacerbated when utility companies and highway authorities, undertake works on the highway, closing or limiting traffic flows, particularly at peak times.

A lane rental scheme, by which organisations working on the highway pays into a fund for such usage, can be applied to the most congested sections of the road network. Such a scheme provides a strong financial incentive for those working on the highway, including the Council for its own works, to avoid undertaking works on these roads at peak times, thereby reducing further impact at congestion hotspots.

RECOMMENDATIONS:

It is recommended that:

1. Surrey County Council undertake a consultation as prescribed in the Department for Transport Lane Rental Schemes Guidance for English Local Highway Authorities with a view to introducing a lane rental scheme. Subject to the results of that consultation having been taken into account and a scheme being considered appropriate to make a submission to the Secretary of State for an Order to bring a scheme into legal effect.
2. The Director for Infrastructure and Delivery in consultation with the Cabinet Member for Transport is given delegated authority to approve the commencement of a lane rental scheme once the Secretary of State approval has been obtained.

REASON FOR RECOMMENDATIONS:

Surrey County Councils' Community Vision for Surrey in 2030 has an aspiration that "Journeys across the County are easier, more predictable and safer". A lane rental scheme will help us achieve this aspiration. Analysis from pioneer lane rental schemes, introduced by Transport for London (2012) and Kent County Council (2013) demonstrate clear benefits from a scheme. These benefits are derived from behaviour changes by organisations undertaking works, to avoid lane rental charges, and additional control by both Authorities to coordinate works.

DETAILS:

Lane Rental Scheme

1. A lane rental scheme is a legislative scheme, brought into legal effect through a legal Order, to allow the Council, acting as the highway authority to charge organisations undertaking street works or road works for the time their works occupy specified streets of the highway (up to £2,500 per day). This is commonly referred to as “lane rental”. Surplus funds can be used to reduce the disruption and other adverse effects caused by street works.
2. Surrey’s introduction of a permit scheme in 2013 was a progressive increase in the ability of the Council to manage and coordinate works as part of its network management duty, and to minimise disruption. A lane rental scheme will complement this permit scheme by providing greater financial incentive to encourage organisations to improve their planning, work outside of peak times and reduce the duration of their work.
3. The provision for a lane rental scheme is provided through the Street Works (Charges for Occupation of the Highway (England)) Regulations (2012) (“the regulations”). These regulations set out the framework for the application of lane rental on a street; this includes which streets lane rental can be applied to, how charges can be applied and how revenues from charges can be used.
4. An Order in the form of a statutory instrument to bring a lane rental scheme into legal effect must be issued by the Secretary of State for Transport. The Department for Transport’s (DfT’s) Guidance¹ sets-out the criteria and process for the Council to apply to the Secretary of State for this order. The review process is carried out by the DfT.
5. There are currently two operational lane rental schemes in effect in the UK: Transport for London Lane Rental Scheme (from June 2012) and Kent Lane Rental Scheme (from May 2013). Both of these pioneer schemes were invited to form part of an initial UK Government trial.
6. In April 2015, the Department for Transport commissioned a research company to evaluate the impact and effectiveness of the two pioneer lane rental schemes. This evaluation² determined that both schemes had been implemented effectively.
7. In 2017, the Government undertook a consultation on the future of lane rental schemes, and subsequently announced plans in February 2018 to allow other local highway authorities to submit proposals to operate lane rental schemes.
8. In their published Guidance, the DfT state that the prospective lane rental network should cover no more than 5% of the total network length, unless any increase can be clearly justified. The DfT’s Guidance also states that Secretary of State approval for a scheme would be subject to certain conditions:
 - The Authority would need to have a well-run permit scheme already in place;
 - The scheme would also apply to the Authority’s own works, with real money charges being applied for these works;
 - Any charges should incentivise works outside of peak times; and

¹ <https://www.gov.uk/government/publications/street-works-lane-rental>

² <https://www.gov.uk/government/publications/street-works-lane-rental-evaluation>

- A scheme should be trialled before ‘go live’, and;
- Schemes should be reviewed annually to ensure charges remain proportionate and are applied to the most congested roads.

Benefits of a Lane Rental Scheme

9. The expected benefits from a lane rental scheme are primarily derived from the financial incentive that results in behavioural changes by organisations undertaking works. For instance, it is expected that the length of time a work site on the highway is unoccupied would be reduced, in that organisations would want to reduce the level of the charge applied. As a result, organisations are more likely to complete works to the correct standard first time to avoid a return visit, and/or and undertake work outside of peak periods or overnight.
10. The Street Works Lane Rental Evaluation produced for the Department for Transport, summarises observations from both the London and Kent schemes. The key observations are in both cases, the scheme achieved an improvement in average journey times and journey time reliability and a reduction in serious and serve disruption in the areas in scope.
11. The most recent lane rental scheme monitoring report from TfL³ (to 31 March 2019) demonstrates several clear benefits compared with the start of the scheme:
 - 84% of utility works avoided a charge, and therefore were undertaken outside of traffic-sensitive times;
 - the average number of collaborative works sites where more than one organisation utilises the site at the same time have increased by 65%;
 - there has been a 28% increase in planned utility works that take place overnight; and
 - customer satisfaction related to roadworks have experienced significant improvements, including reports of “un-manned sites”.
12. A successful lane rental scheme should result in all relevant works being undertaken outside of traffic sensitive times, and therefore no charges applied. However, in practice it is not always possible to undertake works outside of traffic sensitive times and will likely need to be applied, as found in both London and Kent.
13. A Lane Rental Scheme may therefore generate a surplus once running costs have been deducted from income received, but a lane rental scheme should not be viewed as an additional source of revenue for the Council. In fact, the regulations make clear that the “[charging] Authority must apply the net proceeds for purposes intended to reduce the disruption and other adverse effects caused by street works.” The DfT’s Guidance provides further examples on the areas that could apply for this application of such surplus:
 - Investment in innovation and developing new products or disruption saving techniques;
 - Trials of new techniques and products;
 - Installing “pipe subways” or ducting that enables apparatus to be accessed more easily and without causing disruption to traffic;
 - Measures to improve the quality or accessibility of records about the location of underground pipes, wires and other apparatus;

³ <https://tfl.gov.uk/info-for/urban-planning-and-construction/our-land-and-infrastructure/lane-rental-scheme>

- Measures to help abate noise, pollution or safety hazards arising as a result of works
- Repairing potholes caused by utility street works; and
- Implementing extraordinary measures to mitigate congestion caused by works, especially major works projects.

SCC officers will work with utility company representatives so that both are actively involved in deciding how net revenues are applied. SCC are required to demonstrate the governance arrangements that will be put in place to ensure compliance with the legislation.

14. Finally, it is worth noting that whilst it has been shown that lane rental schemes can have significant benefits, the findings of the lane rental evaluations and monitoring reports include observations which could be viewed as disbenefits of a scheme and should be considered carefully in any decision to introduce a scheme:
- a move towards out-of-hours working as a result of the charges may lead to other social issues, such as noise and health and safety considerations;
 - organisations may be incentivised to delay non-urgent planned maintenance work to their assets where this would be liable for a lane rental charge;
 - there are additional costs for promoters to mitigate for lane rental charges, which can include additional employee and equipment costs; and
 - the costs to major works, especially highways major scheme works, for which the County Council may be responsible, can result in significant additional costs for the overall scheme. This is demonstrated by TfL where 99% of their works avoid a charge, however they still incur around £2million of charges because of high-duration major scheme work.

Surrey Lane Rental Network

15. In their Guidance, the DfT state that the prospective lane rental scheme “must focus on those critical parts of the highway network and demonstrate that it is no more than 5% of its network [total length] ... and provide clear evidence and justification if it wants to apply lane rental to more than 5% of its network.”
16. Analysis undertaken by the Council’s Traffic & Streetworks Team, in collaboration with a specialist consultancy *Open Road Associates*, has identified the most congested sections of network in Surrey and ones that could be subject to lane rental.
17. With consideration of the analysis and DfT’s Guidance, this lane rental network has been defined as a core network, which comprises 5%, and an extended network, which comprises a justifiable additional 3%. If accepted the total lane rental network in Surrey would comprise approximately 8% of the total network should the Secretary of State accept the justification provided within the submission.
18. Models (estimates) created for this lane rental scheme, e.g. estimates of income from charges, have been based on this proposed network. However, the proposed lane rental network and associated models may be subject to change as a result of further analysis and the submission to the Secretary of State and therefore are indicative only at this stage.

Operating a Lane Rental Scheme

19. Based on the proposed lane rental network, a scheme could impact around 2,500 works across the entire lane rental network (8%). These works amount to approximately 8,940 days of highway occupation during a year.
20. For the Council to administer these works under a lane rental scheme it is estimated that an additional 7 posts will need to be recruited. There are currently 30 members of staff in the Streetworks Team, so this is an increase of 23% of staff in the Streetworks Team:
 - 3 x Senior Streetworks Officers, who will monitor works taking place on the network to ensure adherence to the scheme;
 - 3 x Senior Network Coordinators, who will be responsible for coordinating works and other events on the lane rental network; and
 - 1 x Streetworks Technical Officer, who will be responsible for the increased administration of a lane rental scheme, including finances and the governance of surplus income.
21. The additional cost of these resources can be recovered from any income received from lane rental charges, as a *reasonable cost* allowed within the Regulations.
22. Several models have been developed to estimate income from lane rental charges. These models use historic works data and estimate behavioural changes by those undertaking works to avoid the charges.
23. The models have been developed using a combination of monitoring reports from operational schemes in London and Kent, and experience from the Council's Traffic & Streetworks Team.
24. The DfT's Guidance is clear that "levels of charges set out in any proposed scheme will need to be fully justified in each case ... it will not be sufficient for scheme promoters simply to apply the maximum charge level without clear justification."
25. Taking the DfT Guidance into consideration, the Council proposes to set the following charge structure:
 - £2,500 per day where works involve a road closure; and
 - £1,500 per day where works otherwise involve any form of impact to normal traffic flows.
26. The table below provides a summary of how the lane rental scheme would have applied to works undertaken between 2017 and 2019, including the durations and expected charges, delineated for highways and utility works based on the models produced. These figures take into consideration expected changes to working behaviours to avoid charges, and scheme discounts to incentivise these behaviour changes and mitigate for any possible scheme dis-benefits.

Table 1: Summary of historic schemes analysis against proposed lane rental scheme

Estimated Numbers per Year	Section of the lane rental network (LRN)	SCC Highways Work	Utility Work	All Work (Total)
Total number of works undertaken on the proposed lane rental network	Core (5%)	784	958	1,742
	Extended (6-8%)	379	391	770
	Total LRN (8%)	1,163	1,349	2,512
Total duration (days) of works undertaken on the proposed lane rental network	Core (5%)	2,584	3,675	6,259
	Extended (6-8%)	1,231	1,450	2,681
	Total LRN (8%)	3,815	5,125	8,940
Estimated lane rental charges	Core (5%)	£856,300	£1,036,863	£1,893,163
	Extended (6-8%)	£416,663	£382,575	£799,238
	Total LRN (8%)	£1,272,963	£1,419,438	£2,692,400

27. As shown in Table 1, if the scheme were applied to the proposed network over the historic period analysed, the expected income from charges would be up to approximately £1.9million for the core lane rental network, which could increase to approximately £2.7million if lane rental is applied to the total proposed lane rental network (8%).
28. Of these charges, around £850,000 to £1.3million are for SCC highways works which would be a cost to the authority. Given Surrey's aspiration to increase the capital investment into the highway network in Surrey, this may attract additional lane rental charges not included in this estimate.
29. Where works are re-designed to mitigate lane rental charges, it should also be noted that it is likely that organisations, including SCC's own highways contractors, will incur additional costs to work within the lane rental scheme and for any mitigation measures for instance to work overnight or increase resources.
30. As detailed above, the administration of the scheme will be recovered from the surplus income received from these charges, which an annual evaluation will be used to justify.
31. It should be noted that a permit fee cannot be charged against works which incur lane rental charges but permit fees can be adjusted to ensure the permit scheme remains cost neutral year-on-year as required by legislation.

32. Analysis by Open Road Associates utilising models prepared for the DfT to undertake national evaluation of legislation, estimates an impact of £64m to society as a result of traffic disruption from works on the proposed Surrey lane rental network. This analysis also shows that the Surrey permit scheme has already reduced impacts to society of traffic disruption by one third. The introduction of a lane rental scheme has the potential to reduce this impact by up to another third.

CONSULTATION:

33. The DfT's Guidance sets out a formal consultation that must be undertaken by a local highway authority prior to making an application to the Secretary of State to run a lane rental scheme. This consultation is planned for a period of 3 months, between July and September 2020. The stakeholders to be consulted include;

- Those organisations who undertake works on the highway,
- Secretary of State
- Department for Transport
- relevant regulatory authorities, including Ofgem, Ofwat, Ofcom and the Health and Safety Executive
- Passenger transport providers; and
- Emergency services

RISK MANAGEMENT AND IMPLICATIONS:

34. The key risks in this decision are outlined below in table 2:

Table 2: Key Risks

Risk	Mitigation
<p>The Secretary of State does not approve the submission to introduce a lane rental scheme in Surrey.</p> <p>Surrey would not realise the benefits of the scheme and Council resources applied to the pre-scheme work would be wasted.</p>	<p>This risk is being mitigated through early engagement with the Department for Transport by Council officers to ensure due process is undertaken in the pre-submission stages and to ensure the submission is fit-for-purpose.</p>
<p>The timescales to implement the scheme are impacted by due process and/or external events, such as COVID19.</p> <p>This could result in a delay for the Council to realise the benefits of the scheme. In addition, the Council may require increased resource, at cost, to undertake additional work as a result of this risk.</p>	<p>This risk is being mitigated through early engagement with the Department for Transport by Council Officers.</p> <p>Council Officers are ensuring the pre-scheme activities provide the necessary regulatory requirements to avoid any delays, such as the need to reconsult.</p>
<p>Regulatory changes, or political change, results in the withdrawal or amendment to lane rental schemes.</p> <p>Surrey County Council cannot proceed with the introduction of a lane rental scheme.</p>	<p>Mitigation measures for this risk are clearly limited; however the likelihood of this occurring is deemed very low.</p> <p>Current lane rental schemes in London and Kent demonstrate clear benefits, therefore support the continuation of the regulations.</p>

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

35. The direct cost borne by the Council to operate the scheme if the recommendations above are agreed is seven additional staff as set out above. However, whilst the

scheme is not designed specifically to generate an income stream, analysis and experience of existing schemes do suggest that sufficient income will be generated to cover these additional staff costs. As such, the costs of operating the scheme will be covered by scheme income and will not cause budgetary pressures.

36. As set out in paragraphs 28 and 29 of this report, lane rental fees and costs of mitigation measures will be incurred on SCC's own works, and these costs will need to be managed within the existing revenue and capital works budgets.

SECTION 151 OFFICER COMMENTARY

37. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain as it is heavily dependent on decisions made by Central Government. With no clarity on these beyond 2020/21, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
38. The primary purpose of a lane rental scheme is to reduce traffic congestion, with associated benefits to the Surrey economy. The financial implications for SCC, including the cost of operating the scheme and additional costs of undertaking works on the highways, are detailed in paragraphs 35 and 36.
39. Any surplus income resulting from the scheme after meeting operating costs must be used to reduce disruption and other adverse effects of street works, for which a governance process will be established.

LEGAL IMPLICATIONS – MONITORING OFFICER

40. Section 74A of the New Roads and Street Works Act 1991 ("NRSWA") enables highway authorities to charge street works undertakers a daily charge for each day during which their works occupy the highway. This is commonly referred to as "lane rental".
41. The Street Works (Charges for Occupation of the Highway) (England) Regulations 2012 made by the Secretary of State for Transport under sections 74A and 104 of NRSWA provide for the payment of charges, by reference to the duration of works, by an undertaker to an approved local highway authority ("an Approved Authority") when executing certain street works.
42. The power for local highway authorities to implement and operate a lane rental scheme in England is subject to the approval of the Secretary of State.
43. Any local highway authority making an application to the Secretary of State to run a lane rental scheme will need to have carried out a full consultation amongst a wide variety of stakeholders on the draft scheme including the authority's cost-benefit analysis, proposed charging regime and detailed evaluation scheme.
44. Once a scheme has been submitted to the Department for Transport the Secretary of State can approve it, with or without modifications or reject it.

45. The Department for Transport will assess an application and let authorities know the outcome within 30 days of receipt. If the application is successful, it will take approximately three months to prepare and finalise the Order which will be a Statutory Instrument and for it to come into effect.

EQUALITIES AND DIVERSITY

46. Table 3 shows protected characteristic groups, with a potential impact and the nature of any impact to that group from the introduction of a lane rental scheme.

Table 3: Impact on protected characteristic groups

Protected Characteristic Group	Potential for Impact	Positive or Negative Impact
Disability	Yes	Positive
Gender reassignment	No	Not Applicable
Marriage or civil partnership	No	Not Applicable
Pregnancy and maternity	No	Not Applicable
Race	No	Not Applicable
Religion or belief	No	Not Applicable
Sexual orientation	No	Not Applicable
Sex (gender)	No	Not Applicable
Age	No	Not Applicable

47. A full Equalities Impact Assessment is not required as there is no significant change to the way works on the highway are undertaken other than an anticipated improvement in both the planning of works and timeliness of execution of works, both of which may have a positive impact for the 'Disability' Protected group. No further changes to any protected groups are anticipated.

48. The DfT's Guidance states "representative bodies for road users, including representatives of disabled people," must be included within the formal consultation process.

PUBLIC HEALTH IMPLICATIONS

49. A lane rental scheme should have a positive effect on traffic flow, in mitigating traffic queues across the County, and therefore have an associated positive impact to reducing CO2 emissions and therefore air quality.

WHAT HAPPENS NEXT:

50. The following milestones are from the current project implementation plan. It should be noted that many of the timescales are based on estimates set out by the Department for Transport, such as the time required for the Secretary of State to prepare the legal Order for the Council once a scheme has been agreed:

- Undertake formal consultation with various stakeholders (July 2020 to September 2020)
 - Submit an application to introduce a lane rental scheme to the Secretary of State (October 2020)
 - Obtain approval from the Secretary of State to introduce a lane rental scheme (November 2020)
 - Obtain approval to proceed from the delegated Cabinet Member (November 2020)
 - Undertake the necessary changes, including recruitment, to operate a lane rental scheme (complete by January 2021)
 - Commence a lane rental scheme trial (January 2021)
 - Develop governance arrangements for lane rental surplus (complete by March 2021)
 - Bring a lane rental scheme into legal effect (March 2021)
-

Contact Officer:

Matthew Jezzard, Traffic & Streetworks Manager. Tel: 01483 517453

Consulted:

A full formal 3-month consultation will be undertaken following SCC Cabinet approval to progress a proposed Lane Rental Scheme through to submission to the Secretary of State. SCC Officers and Cabinet Members have been kept advised on scheme development progress and principles of scheme proposals.

Annexes:

None.

Sources/background papers:

- The Street Works (Charges for Occupation of the Highway) (England) Regulations 2012
 - <http://www.legislation.gov.uk/ukxi/2012/425/contents/made>
 - Lane Rental Scheme. Guidance for English Local Highway Authorities, published by the Department for Transport (July 2019)
 - <https://www.gov.uk/government/publications/street-works-lane-rental>
 - Street Works Lane Rental Evaluation. A report to the Department for Transport. December 2015
 - <https://www.gov.uk/government/publications/street-works-lane-rental-evaluation>
 - Transport for London Lane Rental Scheme. Monitoring Report – 1 April 2018 to 31 March 2019.
 - <https://tfl.gov.uk/info-for/urban-planning-and-construction/our-land-and-infrastructure/lane-rental-scheme>
-

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JUNE 2020



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

LEAD OFFICER: EXECUTIVE DIRECTOR RESOURCES (S151 OFFICER)

SUBJECT: 2020/21 MONTH 1 (APRIL) FINANCIAL REPORT

SUMMARY OF ISSUE:

This report provides the details of the County Council's 2020/21 financial position as at 30 April 2020 (M1) for revenue and capital budgets, and the expected outlook for the remainder of the financial year. M1 is a high-level review focussing on risks, opportunities and the impact of COVID-19.

Key Messages – Revenue

- At M1, the Council is forecasting a balanced service business as usual (BAU) financial position, against the budget approved by Council in February 2020. **Details are set out in Table 1.** Net risks to the balanced BAU forecast of £10m are identified in paragraph 8.
- At M1, a deficit of c£21m is forecast against the Government COVID-19 funding. If there is no additional Government funding, the deficit will need to be mitigated by additional efficiencies or use of the Contingency budget. The full impact of COVID-19 on the Council is very much dependent on the extent of lockdown, social distancing measures and any additional Government funding. **Details are set out in Table 2.** In addition to the £21m forecast deficit, net COVID-19 risks of £4m are identified in paragraph 9.
- The Council has received £47m of general COVID-19 funding. £0.9m was used to fund 2019/20 COVID-19 costs, with the balance carried forward into 2020/21.
- Two specific grant allocations have also been received:
 - COVID-19 Bus Service Support grant (£0.5m) to support bus operators to continue appropriate services during the outbreak.
 - Infection Control grant (£19.2m) - The first tranche of £14.4m (75%) must go straight to all care homes in Surrey. The second tranche of £4.8m (25%) is contingent on the first being used in its entirety for infection control measures. There is some discretion with the allocating the second tranche, but it has to be used across care providers for infection control.
- We have also received notification of an allocation for the Emergency Active Travel Funding. Allocations are indicative, authorities will need to show they have swift and meaningful plans to

re-allocate road space to cyclists and pedestrians in order to receive any money. SCC indicative allocations are £1.7m for phase one, and £6.8m for phase two, an indicative total of £8.5m.

- The main purpose of the initial phase one funding is to promote cycling as a replacement for journeys previously made by public transport.
 - Work must commence within four weeks of receiving the initial allocation and be completed within eight weeks of starting.
 - The second phase of funding will be released in the Summer.
- Whilst there is a reasonable chance of the contingency built into the budget being able to contain the additional unfunded pressures arising from COVID-19, this significantly weakens our planned ability to deal with business as usual risks in the financial year, with some knock on effects for the ability to do so in future years too. Should the totality of risks identified arise then we would see the Council move into an overspend position.
 - To guard against this and to protect the Council's financial position, we need to ensure that the sound principles of budget management established over the last two years are reasserted following the unusual period at the start of the Covid crisis when some normal controls were rolled back. Work is also taking place to ensure that robust plans are in place to deal with the ongoing impact of the crisis on the Council's finances.

Key Messages - Capital

- The Council approved a capital budget for 2020/21 of £175.7m in February 2020. At M1, Services were asked to re-profile the budget to recognise the impact of COVID-19 on scheme delivery. This has resulted in capital spend forecast of £159m; net slippage of £16.7m. The forecast will continue to be reviewed monthly and the budget may be reset when the impact of COVID-19 is clearer. Details are set out in **Table 3**.

RECOMMENDATIONS:

The Cabinet is asked to:

1. Note the Council's forecast revenue and capital budget positions for the year
2. Note the confirmed increase to the Public Health grant due to the initial Agenda for Change (AfC) uplift and the revision to the Public Health budget approved by the Executive Director – Resources, (para 10 -12)
3. Support the transfer of the school surplus balance relating to Darley Dene Primary School to its successor academy of £427,554 revenue and £11,543 capital (para 16)

REASON FOR RECOMMENDATIONS:

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

Revenue Budget

- At M1, the Council is forecasting a balanced service business as usual (BAU) financial position, against the budget approved by Council in February 2020. Against the Government's COVID-19 funding, a deficit of c£21m is forecast.
- Table 1** below shows the forecast revenue budget outturn for the year by Service, including COVID-19 related spend.

Table 1 - Summary revenue budget forecast variances as at 30 April 2020

Directorate	Cabinet Member(s)	Forecast at M1 £m	20/21 Budget £m	20/21 Variance £m
Adult Social Care	S Mooney	372.1	372.1	0.0
Public Health	S Mooney	30.2	30.2	0.0
Children, Families, Lifelong Learning and	M Lewis / J Iles	244.4	244.4	0.0
Environment, Transport, & Infrastructure	M Furniss / C Kemp / N Bramhall	133.6	133.6	0.0
Community Protection	D Turner-Stewart	36.2	36.2	0.0
Transformation, Partnerships and Prosperity	T Oliver / Z Grant-Duff	17.4	17.4	0.0
Resources	M Few / Z Grant-Duff	66.2	66.2	0.0
CV-19	T Oliver / M Few	20.6	0.0	20.6
Central Income & Expenditure	M Few	(900.0)	(900.0)	0.0
Overall Total		920.7	900.1	20.6

Note: The Public Health grant is now shown within Central Income & Expenditure.

Note: Numbers have been rounded which might cause a difference.

COVID-19 costs

- Table 2** below analyses the COVID-19 forecasts by Directorate and type of pressure, totalling the c£21m overall deficit. The overall deficit consists of a gross pressure of c£67m, offset by £46.1m of Government COVID-19 Funding (the balance after 19/20 spend).
- This represents the latest forecast at the end of M1. The financial impact of COVID-19 is under continual assessment. There are timing differences between the M1 position and the May Ministry of Housing, Communities and Local Government Housing (MHCLG) DELTA return, as reported to Cabinet on 26 May 2020.
- The c£21m COVID-19 deficit reported at M1 was revised to £27m for May's MHCLG return, which was reported in detail to Cabinet on 26 May 2020. The c£6m difference consists of a c£10m increase in forecast spend, offset by an improved income position (c£2m) and an improved efficiency programme position (£2m). The position is under continual review and is likely to change in subsequent months.

Table 2 – COVID-19 Forecast costs analysed by Directorate as at 30 April 2020

Directorate	Gross Exp £m	Loss of Income £m	Efficiency Prog Risk £m	Gross Pressure £m	Government Grant £m	20/21 Forecast at M1 £m
Adult Social Care	12.1	1.0	7.4	20.5		20.5
Public Health	0.5		0.0	0.5		0.5
Children, Families, Lifelong Learning and Culture	1.3	4.3	7.9	13.5		13.5
Environment, Transport, & Infrastructure	2.1	0.3	0.5	2.9		2.9
Community Protection	0.2		0.4	0.6		0.6
Transformation, Partnerships and Prosperity	0.5		0.6	1.1		1.1
Resources	1.4	8.4	1.0	10.8		10.8
Local Resilience Forum (LRF) Cell expenditure	8.9			8.9		8.9
Central Income & Expenditure	4.5	3.4		7.9	(46.1)	(38.3)
Total CV19	31.5	17.4	17.8	66.7	(46.1)	20.6

6. The forecast pressure of COVID-19 of c£67m (before applying the grant funding) consists of:

Gross expenditure of £31.5m, primarily:

- £12.1m of Adult Social Care spend, including supporting care providers (£9.5m), increased spend on care packages (£2.0m) and increased staffing costs to manage demand (£0.6m)
- £1.3m of CFLC spend, including the cost of providing free school meals for children over the Easter holidays (£0.5m) and additional staffing to cover increased caseload (£0.7m)
- £2.1m in ETI including additional waste management activities including increased household waste tonnages (£1.6m) and costs for standing-down and pausing highway schemes (£0.5m)
- £1.4m in Resources including expected increase in legal costs (£0.5m) and expected cost of additional cleaning in care homes and fire stations (£0.5m).
- £8.9m Local Resilience Forum (LRF) Cell expenditure, including Personal Protective Equipment (PPE) (£7.2m) and costs to convert Headley Court into a suitable facility for use by the NHS (£1.0m)
- £4.5m Hardship fund payments to suppliers for across the authority but held in Central Income and Expenditure

Lost income of £17.4m, primarily:

- £1.0m in Adult Social Care due to a reduction in assessed charging income and the possibility of increased write-offs in Adult Social Care (ASC) debt.
- £4.3m in Children, Families, Lifelong Learning & Culture (CFLC), across various services including Surrey Outdoor Learning & Development (SOLD), Surrey Arts, Adult Learning and Registrars
- £8.4m in Resources, including rental income (£0.9m) and School Meals (£7.3m)
- £3.4m in Central Income and Expenditure relating to loss of commercial letting income due to letting holidays and impact on dividends from Halsey Garton.

Risks to the efficiency programme of £17.8m, primarily:

- £7.4m in Adult Social Care care package efficiencies across multiple client groups
- £7.9m in CFLC, including Special Education Needs & Disabilities (SEND) (£4.3m) and Clinical Commissioning Group (CCG) Funding (£2m).

Risks and Opportunities

7. At M1, Directorates have identified net risks of £10m relating to service business as usual and £4m relating to COVID-19. Where possible, services will take action to mitigate these risks and maximise the opportunities available to offset them.

8. **Service business as usual risks and opportunities (£10m) consist of:**

Risks of £15m:

- £6.2m in Environment, Transport & Infrastructure (ETI) – Potential cost pressures in waste disposal and recycling (£3.5m); delayed delivery of prior year savings including street lighting contractual savings (£2.2m); spending pressures carried forward from 2019/20 (£0.5m)
- £4.2m CFLC – Activity driven pressures due to external placements (£1.2m) and Dedicated Schools Grant (DSG) High Needs block overspend (£1m); Health efficiencies not fully being delivered due to COVID-19 (£2m)
- £4.6m Community Protection – Fire Pensions modified scheme – potential requirement to make backdated pension contributions and set up an annuity funded pension scheme. Although a provision exists, a residual risk has been identified (£3.7m); Potential costs to support the delivery of transformation plans (£0.9m)
- £0.5m Transformation, Partnerships and Prosperity (TPP) – Emerging pressure to support economic recovery

Offset by opportunities of £5m:

- £5.2m ASC- utilising 2018/19 carry forward one-off (£3.2m); expected increased Better Care Fund funding but awaiting final settlement (£2m).

9. **COVID-19 risks and opportunities (£4m) consist of:**

Risks of £16m

- £13.8m direct costs of COVID-19, including potential increases in care costs of £12.7m
- £1.1m staff cover due to absence and extra costs in equipment
- £2.1m loss of income

Offset by opportunities of £12m

- £8.9m ASC – COVID-19 Integrated Care System bids with NHS – discussions on going with CCGs to confirm if this funding can be accessed from the NHS (£8.9m)
- £3.1m CFLC - Home to school transport costs down due to home schooling (after paying 50% to support the provider economy). The potential for increased transport costs when schools are re-opened is currently being assessed and may negate this opportunity
- £0.3m Resources – reduction in building running costs whilst buildings are closed

Increases in revenue Government grant

10. On 27 June 2018, the Agenda for Change (AfC) multi-year pay and contract reform deal (pay award) was agreed by the NHS Staff Council (a partnership of NHS trades unions and NHS Employers). This included an incremental uplift for all staff working for NHS organisations. In the financial years 2018/19 and 2019/20, Surrey NHS providers were able to claim for this increase from central government for all staff eligible. It was not clear who would pay for 2020/21 onwards. Providers requested clarity for 2020/21 and this was confirmed on 17 March 2020 when the Public Health (PH) grant was announced and the circular stated “The grant in 2020/21 includes an adjustment to cover the estimated additional AfC pay costs of eligible staff working in organisations commissioned by local authorities, or by the local authority, to deliver public health services.”
11. The PH grant was increased from £35.6m to £38.0m (an increase of £2.4m). In line with the Financial Regulations, Executive Director – Resources has agreed to increase the Public Health service budget by £0.8m to £31m in order to fund the initial Agenda for Change pay uplift. Decisions about the unallocated funding will be taken when the impact of COVID-19 becomes clearer.
12. Surrey County Council currently commissions the following NHS organisations to deliver services and provisional figures for their AfC pay uplifts are as follows:

Organisation	Services delivered	AfC provisional figure
Surrey and Borders Partnership (SaBP) NHS Trust	CAMHs and substance misuse	£0.2m
Children and Family Health (CFH) Surrey	0-19 services and therapies	£0.5m
Central and North West (CNWL) London NHS FT	Sexual health services	£0.1m
		Total £0.8m

Capital Budget

13. In February 2020, Council approved a capital budget of £175.7m. **Table 3**, below, provides a summary of the forecast full-year outturn as at M1, showing net forecast slippage of £16.7m. This follows a reprofiling exercise that took place at M1 to capture the impact of COVID-19 on delivering the Capital Programme.

Table 3 - Capital Programme Reprofile at M1

Strategic Capital Groups	Cabinet Member(s)	Forecast £m	Budget £m	Variance £m
Property				
Property Schemes	M Few	57.1	78.5	(21.4)
ASC Schemes	S Mooney	1.9	1.9	0.0
CFLC Schemes	M Lewis / J Iles	1.7	1.7	0.0
Property Total		60.6	82.0	(21.4)
Infrastructure				
Highways and Transport	M Fumiss / C Kemp / N Bramhall	78.3	70.5	7.8
Environment	N Bramhall	1.8	2.6	(0.7)
Community Protection	D Turner-Stewart	3.8	3.8	0.0
Infrastructure Total		83.9	76.8	7.1
IT				
IT Service Schemes	M Few / Z Grant Duff	14.2	15.9	(1.8)
CFLC - EMS	M Lewis / J Iles	0.3	0.9	(0.6)
IT Total		14.5	16.8	(2.3)
Total		159.0	175.7	(16.7)

14. The net slippage of £16.7m consists of:

- **Property**

- £21.4m: this slippage is across the majority of the programme and relates to the impact of social distancing on construction, and a shortage of materials and labour supply. The slippage may be offset by pipeline schemes which, once approved, will be included in the budget.

- **Infrastructure**

- £1.4m of slippage in ETI; Illuminated Street Furniture (£0.8m) and Rights of Way Capital Spend (£0.7m), delays relating to COVID-19.
Offset by:
- £8.4m ETI – Highways and Transport – increased spend on LEP schemes at M1, against a budget of £3.3m approved in February. However, an amount of £14.1m is also earmarked in the capital pipeline. The budget will be amended when spend more certain against the pipeline as the year progresses.

- **IT**

- £0.6m CFLC; relating to delays in implementing the Education Management System and;
- £1.8m Resources - slippage due mainly to device refresh as a result of lockdown and the Agile working project re-scoping

15. Capital Programme estimates will continue to be refined in subsequent months as our understanding of the impact of COVID-19 evolves.

Schools balances

16. Darley Dene Primary School converted to a sponsored academy on 1 Feb 2020 on the Secretary of State's instructions, following an OFSTED judgement of inadequate. The school had a surplus on conversion date of £427,554 revenue and £11,543 capital.
17. Whilst these are significant balances, the in-year operating deficit is over £200k so this would only provide enough cover for another two years if costs are not reduced.
18. There are significant maintenance works, such as security access systems, CCTV, IT servers, and children's play space which require addressing through these funds.
19. In addressing poor performance, staff costs have increased due to a number of supply teacher and agency appointments required to manage short term staffing requirements. In order to ensure high quality appointments a number of these have also incurred agency finder fees.
20. As this was a forced conversion of an inadequate school, the Council can choose whether or not to transfer the surplus. It is proposed that the full surplus is transferred to the successor academy, which will support the continuing improvement needed at the school as outlined above.

CONSULTATION:

21. Executive Directors and Cabinet Members have confirmed the forecast outturns for their revenue and capital budgets.

RISK MANAGEMENT AND IMPLICATIONS:

22. Risk implications are stated throughout the report and each relevant director or head of service has updated their strategic and or service risk registers accordingly. In addition, the Leadership Risk Register continues to reflect the increasing uncertainty of future funding likely to be allocated to the Council and the sustainability of the Medium Term Financial Strategy. In the light of the financial risks faced by the Council, the Leadership Risk Register will be reviewed to increase confidence in Directorate plans to mitigate the risks and issues.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

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

SECTION 151 OFFICER COMMENTARY:

24. The Section 151 Officer confirms the financial information presented in this report is consistent with the Council's general accounting ledger and that forecasts have been based on reasonable assumptions, taking into account all material, financial and business issues and risks.
25. The Council has a duty to ensure its expenditure does not exceed resources available. It is drawn to Members' attention that the Council continues to face ongoing uncertainty about future funding,

demand pressures and efficiencies. Within this context the Council will continue to develop and implement plans to ensure the delivery of services are contained within resources.

LEGAL IMPLICATIONS – MONITORING OFFICER:

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

EQUALITIES AND DIVERSITY:

28. Any impacts of the budget monitoring actions will be evaluated by the individual services as they implement the management actions necessary. In implementing individual management actions, the Council must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
29. Services will continue to monitor the impact of these actions and will take appropriate action to mitigate additional negative impacts that may emerge as part of this ongoing analysis.

WHAT HAPPENS NEXT:

30. The relevant adjustments from the recommendations will be made to the Council's accounts.

Contact Officer:

Leigh Whitehouse, Executive Director of Resources
020 8541 7246

Consulted:

Cabinet, Executive Directors, Heads of Service

This page is intentionally left blank

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JUNE 2020



REPORT OF: MR MEL FEW, CABINET MEMBER FOR FINANCE

LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR OF RESOURCES

SUBJECT: FINANCE IMPROVEMENT PROGRAMME CLOSURE REPORT

SUMMARY OF ISSUE:

In May 2018 the former Leader and Chief Executive commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a review of the council's finances and finance function.

In response to the review, a Finance Improvement Programme (FIP) was put in place to address the issues raised. The plan for the FIP was approved by Cabinet in September 2018 and this report provides an update and recommends closure of the FIP.

RECOMMENDATIONS:

It is recommended that:

1. Cabinet approves the closure of Finance Improvement Programme.
2. Cabinet endorses the continued focus of the Finance Service on improvements (both people and process), learning from others and a culture of no complacency.
3. Cabinet recognises the importance of the organisation's continued focus on its financial discipline and endorses the further development of the Finance Academy to continue to address and develop financial management capabilities across the organisation.
4. Cabinet notes the progress made on the Digital, Business & Insights programme and recognises the importance of this programme in the further work required to improve financial processes and data insights.
5. Cabinet thanks the members of the External Assurance Panel, recognising the importance of their involvement, honest feedback, experience and expertise throughout the programme.

REASON FOR RECOMMENDATIONS:

The collective commitment to stabilising the financial position of the Council was demonstrated when the finance improvement plan was supported by the Cabinet in September 2018. Since then a new medium-term financial strategy has been developed, aligned to the Community Vision for Surrey and a balanced budget has been set for consecutive years that does not rely on the use of reserves.

Having achieved the ambitions of the action plan and addressed the issues raised by the CIPFA report, these recommendations enable the closure of the programme and ensure a

continued focus on the development of, and investment in, financial management skills across the whole organisation, to ensure that excellent financial management is at the heart of all our decision making.

BACKGROUND

1. In 2018, Surrey County Council's (the Council) finances were in a precarious position and the council was at risk of circumstances that could have prompted the issuing of a s114 notice. The Council had relied on use of reserves to balance the budget in four successive years and had not addressed the underlying causes of its financial situation. In May 2018, CIPFA were commissioned by Surrey to examine whether the Finance function at the time had the right capacity, skills and competencies; and the extent to which the Council had moved forward in delivering against its budgeted savings challenge.
2. The CIPFA report was presented to Cabinet in September 2018. It concluded that a major transformation of the Finance function was needed to meet the Council's ambitions and sustain sound financial stewardship of the Council's resources. Cabinet approved an action plan (Appendix 2) to address the issues raised in CIPFA report and the Finance Service launched the Finance Improvement Programme (FIP) to deliver against this plan.
3. The Finance Improvement Programme has delivered a number of substantial achievements over the last 18 months, ensuring a strong project approach has been taken to address the urgent need to re-build financial resilience across the organisation. The significant progress made in building a financial discipline that is fit for purpose and addresses the financial challenges the Council faces, should not be underestimated.
4. The actions set out in the Finance Improvement Plan have been completed, and the project is now recommended for closure. At this point, it is appropriate to reflect on the progress that the County Council has made since September 2018.
5. A fundamental risk for an authority that has significant financial challenges is that the effort required to manage them diverts leadership and management capacity from the achievement of the council's core objectives. Good financial management is a pre-requisite of any successful County Council, but it is never an end in itself. In optimal circumstances it is simply a way of operating that permeates all business and is an intrinsic element of the organisational culture that guides behaviours and decision making.
6. The success of the Finance Improvement Programme can be seen in the shift from a focus on delivering in-year savings to having the foundations in place to allow the adoption of a £1.4bn capital programme, designed to achieve a step change in the quality of assets used to deliver public services, to establish financially sustainable service delivery, and protect large areas of the County from flooding risk, a project that has been seeking funding for five years. This includes the creation of a Community Project Fund to regenerate high streets and enable investment in communities over the medium term.
7. It can also be seen in the way that the County Council has been able to respond to the Covid 19 public health crisis, by prioritising public health concerns, confident that its finances can take the weight of that additional burden.

8. This report sets out how we have collectively improved the financial outcomes achieved by the County Council, strengthened processes and practices, raised our financial management capabilities, and shifted aspects of our organisational culture to ensure that financial management is seen as an essential and core component. A full closure report is attached at Appendix 1.

FINANCE IMPROVEMENT PROGRAMME

9. In 2018/19, the Council was facing a £20m budget overspend on top of an already budgeted for use of £20m of reserves. It was on the edge of a s114 notice and in year savings of £40m had to be delivered within 6 months to stabilise the situation. CIPFA had identified a number of key factors that it believed had contributed to the Council's financial situation in 2018:
- A lack of confidence in the financial estimates and progress reports submitted by the Finance Service. This had arisen due to weaknesses in the underlying performance data that had generated volatility in the estimates presented.
 - Underachievement of budgeted savings in recent years
 - A risk averse culture whereby there was little incentive to challenge existing practices or to raise standards of financial management.
 - A lack of financial discipline across the Council. Budget delegations had not been formalised, leading to limited accountability and ownership amongst budget holders. As a consequence, there was a lack of granularity in a number of the estimated financial pressures and changes facing the Council, and considerable uncertainty over the delivery of some key planned savings.
 - Orbis had not provided sufficient quality of service, economies of scale or resilience in the Finance function and uncertainty was inhibiting further integration.
10. An action plan was developed (Appendix 2), in consultation with CIPFA, and agreed by the Cabinet in September 2018. The action plan focused on specific actions required to address the following:
- Building a financial discipline that is fit for purpose, by:
- building the skills and capabilities of the Finance Team;
 - building the processes and systems needed to provide timely, reliable financial data efficiently to Cabinet;
 - building on the credibility and authority of financial reports to Members & CLT;
 - raising standards of financial awareness across the service directorates.
- Addressing the financial challenges that the Council faced, by:
- securing consensus on the scale of the challenge;
 - delivering sufficient savings in 2018-19;
 - setting a realistic balanced budget for 2019-20;
 - delivering a balanced budget in 2019-20; and
 - delivering a strategy to achieve a sustainable budget for 20/21.
11. A dedicated project team was put in place to implement the action plan. This commenced with a wide consultation exercise with teams across the organisation - 'Voice of the Customer.' As a result of this exercise the action plan was iterated and added to and the 'Finance Improvement Programme' was launched. The programme roadmap is set out in Appendix 3.

12. The Programme team worked early on with senior finance staff to develop a mission statement that would capture the way in which objectives were to be fundamentally redefined and engagement with the organisation refreshed and reinvigorated. The mission statement was road tested and further refined with the wider finance team and with budget manager partners in service directorates. The end result was an agreed mission statement to achieve:

A financially sustainable County Council with a strong culture of financial management, accountability and evidence-based decision-making across the organisation...

... enabled by a trusted, proactive and insightful Finance Service operating at the heart of the organisation.

This vision has guided the work of the programme over the last 18 months.

13. A rigorous Programme approach was taken, including: a Member Board chaired by the Cabinet Member for Finance; a cross-service Officer Board chaired by the s151 officer; a Finance Improvement Group to lead the work; a Member Reference Group to support the officer work, liaising with other members; and an External Assurance Panel to provide senior peer challenge, guidance and support.
14. The External Assurance Panel was set up by the Chief Executive and the four members are current or former Directors of Finance in the Public Sector, with track records of achieving financial turnarounds in their organisations. It provided the Chief Executive with independent assurance about the transformation, by challenging and supporting the Finance Leadership Team. The Panel met with the Finance Leadership Team on a regular basis over the course of eighteen months. From the start, an open and honest approach was established with the Panel about the changes needed and the scale of the challenges faced, including those that arose along the way.
15. These governance arrangements reflected a number of key points. First of all the absolute commitment from senior members and officers to address the issues identified by CIPFA, including allowing the work required to be properly prioritised and resourced; and secondly the willingness and desire to be open and welcoming of external scrutiny of the work being undertaken, which was an important statement of intent in terms of the wider organisational culture and a commitment to become a more outward looking organisation willing and eager to learn from the best that others have achieved.

ACHIEVEMENTS AND OUTCOMES

16. The FIP has tackled all aspects of the change programme. There were six main components to achieving the changes necessary. These components are interrelated and mutually self-supporting. Changes to processes and structures in the finance team were of fundamental importance, but equally so was raising the profile of financial management, and establishing credibility and trust in the finance function across the council:
- ***Finance service restructure***, including designing and appointing a new Finance Leadership Team and restructuring the department from top to bottom, recruiting people with the desired behaviours.
 - Implementing a ***business partnering approach*** and culture

- Developing a **knowledge, skills and behaviours framework** to ensure the finance team had the skills and behaviours needed of a modern financial function
- **Co-designing a Partnership Agreement** with services, to define the roles and responsibilities and mutual expectations
- Designing and developing a **Finance Academy** to support both the finance team and financial management skills across the organisation, including elected members
- Making **improvements to processes and financial reporting**

Details of the development and achievements in each of these areas is set out in detail in the FIP closure report (Appendix 1).

17. More fundamentally, the FIP has addressed each of the issue raised in the CIPFA report and made the necessary changes to deliver real change in the finance culture and real benefits to the Council's finances.
18. **Surrey's Financial position** - The CIPFA report concluded that unexpected increases in demand and a failure to deliver a significant proportion of the planned savings in 2017-18 undermined the credibility of the financial estimates reported for 2018-19. The report confirmed that despite repeated cost reductions, the expected increase in service pressures meant that, as things stood, the Council would not have sufficient reserves to meet its expected budget gap in 2019-20, necessitating short-term spending cuts that could adversely impact on services. While there was a focus on delivering savings in 2018-19, there was no 'plan B' to deal with unanticipated demand increases or the possible failure to deliver some of the proposed savings.
19. The Council responded by implementing a difficult in-year savings plan, producing Directorate budget envelopes requiring additional savings not only to mitigate against the projected overspend but also to negate the planned use of reserves. These were regularly monitored and the achievability scrutinised. In addition, Budget Assurance Statements were implemented to establish clear budget responsibility and accountability.
20. Building on these foundations, the budget set for 2019/20 was focused on two important benchmarks: that it was realistic and achievable, and that it avoided the general use of reserves to make it balance. The Budget for 2020/21, continues on this trajectory and moves us closer towards the overall financial objective of sustainability. Significantly, this budget represents a shift from the defensive short-term outlook that has typified the Council's financial plans for several years, and replaces it with a proactive, investment led approach to delivering for Surrey residents and to achieving medium-term sustainability.
21. The Council has achieved successive balanced budgets, without a reliance on reserves or one-off funding sources, alongside an ambitious Financial Strategy aligned to the delivery of organisational and service plans. This turnaround has been achieved by finance professionals acting as business partners to the organisation, with an emphasis on engagement, insight and joint problem-solving; and supporting this with investment in people, their skills and behaviours through our innovative Finance Academy.
22. The Finance Improvement Project has also instigated the following changes to further improve the Council's financial position:

- a commitment to assess future budgets against a best practice framework;
- enhanced the Council's ongoing financial resilience by adding to the General Fund Reserve and increasing the 20/21 contingency, following a positive outturn position for 2019/20;
- assessing the position of the Council, utilising the CIPFA Resilience Index, compared to other County Councils. Our analysis of the index shows improvement in our position between 2017/18 and 2018/19 (2019/20 data not yet available);
- significant changes made to the capital budgeting, monitoring and reporting processes, strengthening governance and transparency of reporting;
- redesign and embedding of the Council's commercial approach.

23. **Financial Accountability Culture Change** - The CIPFA report said there was a lack of financial discipline across the Council. Budget delegations had not been formalised, leading to limited accountability and ownership amongst budget holders.

24. In an important demonstration of the authenticity of the efforts to refresh the working relationship between Finance and Service Directorates, the fundamentally important Partnership Agreement for Excellent Financial Management was co-designed by a group of service and finance managers working together. The content, tone, and even title of the agreement was developed jointly and with the importance of it resonating with budget managers across all services at the forefront of the approach. Following consultation with directorate leadership teams, and agreement by CLT, it was signed off by the corporate leadership team in July 2019.

25. The Agreement sets out our ambition to achieve six key financial management outcomes:

- The best use of financial resources in meeting organisational objective
- A culture of accountability where managers and members take money really seriously, and balance this against their other responsibilities and objectives
- A grip on the county council's finances, drawing on high quality financial information, aligned with activity and performance information
- Great strategic and operational decision-making, based on sound and credible financial analysis and insight
- Self-reliance among budget managers making use of effective tools, guidance and systems
- Strong relationships underpinned by mutually understood roles, constructive challenge and collaborative problem-solving

26. The 'Partnership Agreement for Excellent Financial Management' recognises that Finance cannot achieve these ambitions alone and that everyone has a role to play in ensuring excellent financial management is at the core of all our decision making. It therefore sets out the respective roles and responsibilities and a series of mutual expectations about how this can be achieved. Finance Business Partners are now members of each Directorate Leadership team, working together with services to deliver the improvements they need, and contributing much more than just a finance perspective, really adding value.

27. **Finance Service** – The CIPFA report concluded that the team was too passive in its approach. The team was focused on day-to-day tasks rather than strategic priorities.

The 'Voice of the Customer' work also reflected this perception. By co-designing both the Partnership Agreement and the Finance Academy, the Finance service is actively addressing this and pro-actively rebuilding trust with services.

28. The restructuring of the team focused around the business partnering approach, ensuring that the knowledge, skills and behaviours required of a modern finance function were demonstrated throughout the process. The recognition and unleashing of the talent within the finance team, augmented by some excellent external recruitment, and the time and space for reflection that it offered were vital to resetting the relationship with the wider council, including elected members, and to achieving the recovery of trust and a reputation for professional excellence.
29. The way in which the Finance function has been able to quickly react and adapt to the response to the COVID pandemic, reflects the improvement in the resilience of the service. The team has been able to work as business partners across the organisation to enable rapid responses to service needs. Activities to date have included:
 - a) keeping up to date on national government guidance and funding/grant changes for our services;
 - b) addressing potential workforce capacity issues, including establishing a Finance Team for the Surrey Local Resilience Forum through staff redeployment to these business-critical roles;
 - c) established supplier support processes, including flowchart of processes and established Panels and weekly log of decisions for Cabinet/CLT, including hardship support to the voluntary, community and faith sector;
 - d) provided guidance on Government support for businesses;
 - e) continued to support all services and the Surrey Local Resilience Forum, providing urgent financial advice for decision-making;
 - f) reported pressure on finances (costs/loss of income) and risks through weekly updates to Operational Group and CLT, which fed into the Delta Returns to MHCLG;
 - g) working with services on likely scenarios, including potential surges in demand for services, against core planning assumptions to review the 20/21 budget and develop 21/22 and beyond;
 - h) established a County Council Covid Collaboration Group, hosted by SCC;
 - i) co-ordinating the Public Finance implications of the Surrey Recovery Co-ordination Group;
 - j) capture and learn from the experience by talking to staff, to inform improvements to how we work in the future.
30. **Financial Management Skills** - The CIPFA report stated there was a risk averse culture whereby there was little incentive to challenge existing practices or to raise standards of financial management. The Finance Academy is a direct response to this and is designed to improve the skills and knowledge of all involved – finance staff, service managers and elected members.
31. The Finance Academy is a different approach to a learning and development programme and is based on a number of design principles which were developed alongside representatives from across the organisation. The aspiration for the Finance Academy platform to be a single point of reference for all financial management related

material, including case studies, best practice examples and hints and tips on our systems and processes.

32. **Orbis Partnership** – The CIPFA report said that uncertainties surrounding the role of Orbis, the slow pace of integration within Orbis and a lack of clarity on forward plans was a hindrance to change within the Finance Team.
33. In order to accelerate the recovery within the Finance team, further integration within Orbis was paused, and the subsequent restructure embedded a shift back to a sovereign finance team for the Council. This was less a reflection on the potential through the shared service partnership, and more a recognition that clearer focus on the particular challenges faced by the Council was required, this was also reflected in the independent review carried out of the Orbis partnership. Some Centres of Expertise remain, in areas where integration has worked well. In these specific areas, we have retained partnership arrangements and continue to have good and close working relationships with Orbis partners.
34. **Processes, Data & Reporting** - The CIPFA report indicated that the Finance team was relying heavily on 'workarounds', proxy measures and broad assumptions due to the lack of reliable performance data.
35. Engagement with both the finance team and services on financial data and processes resulted in a number of targeted work streams to deliver:
 - 'Quick Wins' – immediate improvements helping to improve experiences within the team and those of our budget holders;
 - an intensive review of our budget monitoring process, including detailed process mapping;
 - review and update of our monthly reports to both Directorate Leadership Teams and the Corporate Leadership team;
 - Launch of the Digital, Business and Insight Programme (DB&I).
36. The DB&I Programme commenced about a year ago to upgrade or replace the existing Enterprise Resources Planning system (currently SAP), which is used to manage the organisation's business critical Finance, HR, Payroll and Procurement processes. The programme is now at an advanced stage of the procurement process.
37. The aim of the programme is to deliver a more modern, intuitive and efficient back office system and processes to enable the council to achieve its transformational ambitions to drive service transformation, improve management decision making through easily accessible data and insight, and to have a flexible and mobile workforce.
38. This programme will have a significant impact on the ability of Finance to move to Phase 2 of delivering best practice process improvements in terms of insightful, timely and understandable information for rapid management decision-making. Finance is therefore an important contributor to this project.
39. **Culture change**- The CIPFA report said there was insufficient focus on raising performance standards.

40. The finance team have developed a clear focus on continuous improvement, dedicating time to develop and evaluate improvement initiatives, including creating specialist roles and developing the Finance Academy. We reach out to colleagues to utilise their skills and experience and act upon their feedback. We formally review ourselves against the CIPFA Financial Management Model at regular intervals.
41. Having achieved a dramatic turnaround in 18 months, we are now setting our ambitions much higher. Instead of looking inward and becoming complacent, we are restless in our pursuit of the best ideas from elsewhere, being inspired by them and aiming to exceed expectations.
42. In addition, we have been shortlisted for Finance Team of the Year at the Public Finance Awards 2020.

STAKEHOLDER FEEDBACK

43. In the initial phase of the FIP in 2018, baseline data was collected as part of the 'Voice of the Customer' activities. Recently, the Finance Team have re-visited this work to understand any changes, as we look to close FIP.
44. Two surveys were constructed, one for Finance staff and one for budget holders. Both were based on a set of 30+ statements drawn from the CIPFA Financial Management Model, with respondents being asked to score the extent to which they agree with each statement on a scale of 1-4 (where 4 = strongly agree). The statements are divided into five domains: Core, Plan, Decide, Manage and Monitor.
45. Finance Staff - In 2018 the overall average score was 2.57 out of 4.00. The recent survey showed an overall increase of 11% to 2.88, with all 5 domains seeing an increased score. Individual statements which require further attention relate to using external best practice, pricing, financial processes and financial systems. These areas will be focused on as part of ongoing continuous improvement and are largely addressed by projects already in progress, such as DBI and a review of fees and charges.
46. Budget Holders - The largest increase in score related to the development of a financial strategy to sustain the organisation's medium and long term financial health. Statements relating to financial processes and systems and budget accountability require further improvement. The Finance Team will look to address these through the continued role out of the 'Financial Management Partnership Workshops' through the Finance Academy and through the DBI project.
47. The outcome of these surveys will be used to set a new baseline of the progress we have made. Going forward we will survey our services/colleagues/partners about their views on the finance service regularly to gauge genuine continuous improvement over the next few years.

LESSONS LEARNED

48. The Finance Improvement Programme has demonstrated the importance of having a strong project framework and governance arrangements surrounding a service transformation. In addition, the project has benefited greatly from a recognition of:

- a) the importance of resourcing the senior leadership capacity in the service, resourcing the change team and having impact measures running alongside the programme to monitor progress on an ongoing basis;
- b) the importance of investing in the talent we had in the team while also making sure that we were unstintingly demanding in external recruitment, to make sure every important decision strengthened rather than weakened the team;
- c) the role of the External Assurance Panel in keeping us honest, and the powerful impact of positive feedback from such experienced external figures on the team as well as the insight and advice offered;
- d) how important it was to use the co-production approach;
- e) the impact of being absolutely open about and accepting of the challenges, sharing these and not being complacent about the need to change;
- f) sharing progress, both in terms of challenges and achievements, with officer and member colleagues, so that the whole journey was a joint one.

EXTERNAL ASSURANCE PANEL FEEDBACK

49. The External Assurance Panel was set up by the Chief Executive to provide independent assurance about the Finance Improvement Programme, by challenging and supporting the Finance Leadership Team. The External Assurance Panel have met and engaged with the Surrey Finance Leadership Team on a regular basis over the last 18 months.
50. Feedback from the Panel: *The Finance Leadership Team have been open with us about the changes needed and the journey they are on. They have been enthusiastic and determined, but also willing to look outwards and learn from others, asking our advice about difficult issues they were experiencing.*
51. *Over the last 18 months, we have witnessed the journey of the Financial Improvement Programme, from plans to delivery. It has tackled all aspects of the change programme: looking at the skills and behaviours needed of a modern finance function; implementing a Business Partner culture; designing and appointing a new Leadership Team; restructuring the department from top to bottom and recruiting people with the desired behaviours; co-designing a Partnership Agreement with services; making improvements to processes; and designing a Finance Academy to support the Finance team and services, as well as elected members. Morale has improved and there is a buzz in the wider team.*
52. *Most crucially, they have radically improved the finances of Surrey by working with the services. The Council's financial outlook has improved materially over the past eighteen months and reserves are higher than was anticipated by the previous Medium Term Financial Plan.*
53. *Even with this change, there is no complacency in the team. The External Assurance Panel will continue to meet with the Finance Leadership Team in 2020 as they continue the transformation and improvement.*
54. The External Assurance Panel comprises:
- Mike Lockwood (Chairman)
 - Brian Roberts, Finance Commissioner for Northamptonshire County Council
 - Andrew Burns, CIPFA Associate Director
 - Jane West, Chief Operating Officer, London Borough of Havering
 - (previously Margaret Lee, Executive Director for Corporate and Customer Services, Essex County Council)

CONSULTATION:

55. Feedback from stakeholders, both Finance staff and budget holders, is included in this report. In addition, the Member Reference Group has been regularly updated on the progress of the FIP and supports the closure of the FIP programme.

RISK MANAGEMENT AND IMPLICATIONS:

56. The FIP has addressed all risks, both financial and reputational, raised on the CIPFA report and has embedded risk management in the financial strategy.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

57. The cost of the FIP, recruitment and ongoing improvements has been funded from within the MTFS.

SECTION 151 OFFICER COMMENTARY

58. The s151 Officer is content that the FIP has achieved the necessary changes recommended in the CIPFA report, both in terms of financial culture but also of financial sustainability.

LEGAL IMPLICATIONS – MONITORING OFFICER

59. There are no significant legal implications arising from the report.

EQUALITIES AND DIVERSITY

60. There are no equality or diversity implications associated with this report.

Contact Officer:

Rachel Wigley, Director of Financial Insight, 07970 977984

Consulted:

Executive Director of Resources
 Corporate Leadership team
 Cabinet Member for Finance & Property
 Member Reference Group
 Finance Staff
 Budget Holders
 External Assurance Panel

Annexes:

Appendix 1 Closure report
 Appendix 2 Finance Improvement Action Plan
 Appendix 3 Programme Roadmap

Sources/background papers:

Financial Improvement Plan Report, Item 8, Cabinet 25 September 2018

Finance Improvement Programme Closure Report – June 2020

Contents

1.	Introduction.....	13
2.	CIPFA report.....	13
3.	Financial Improvement Programme	14
3.1	The Programme mission statement	15
3.2	Business partner approach.....	15
3.3	Partnership agreement.....	16
3.4	Restructure	17
3.5	Finance Academy/Behaviours, skills & knowledge.....	18
3.5.1	Service Managers/Budget Holders	18
3.5.2	Elected Members.....	18
3.5.3	Finance Service	19
3.6	Review of processes	19
3.6.1	Digital, Business & Insights (DB&I) Programme	20
4.	Achievements and outcomes	20
4.1	Culture change.....	20
4.2	Surrey’s Financial position – Revenue and Capital	21
4.2.1	Revenue Budget.....	21
4.2.2	2020/21 General Fund Reserves.....	22
4.2.3	Efficiencies Programme	23
4.2.4	2019/20 Closure of Accounts.....	23
4.2.5	CIPFA Resilience Index	23
4.2.6	Capital Budgeting and Reporting	24
4.2.7	A Commercial approach.....	25
5.	Stakeholder Feedback	26
6.	External Assurance Panel feedback.....	27
7.	Lessons Learnt	27
8.	Continuous Improvement.....	29

1. INTRODUCTION

In 2018, Surrey County Council's finances were in a precarious position and the council was on the verge of issuing a s114 notice. The Council had relied on use of reserves for many years to balance the budget and had not tackled the underlying causes of its financial situation.

In May 2018, CIPFA were commissioned by Surrey to examine whether the Finance function at the time had the right capacity, skills and competencies; and the extent to which the Council had moved forward in delivering against its budget savings challenges. The CIPFA report is contained in Appendix 2.

The CIPFA report concluded that a major transformation of the Finance function was needed to meet the Council's ambitions, as well as sustaining sound financial stewardship of the Council's resources. Cabinet in September 2018 approved an action plan put forward to address these issues. The Financial Improvement Programme (FIP) was launched and as a result of early consultation with stakeholders the action plan was iterated and added to. Appendix 3 sets out the FIP roadmap.

The actions set out in the Finance Improvement Programme have been completed, and the project is now recommended for closure. At this point, it is appropriate to reflect on the progress that the County Council has made since September 2018.

A fundamental risk for an authority that has significant financial challenges is that the effort required to manage them diverts leadership and management capacity from the achievement of the council's core objectives. Good financial management is a pre-requisite of any successful County Council, but it is never an end in itself. In optimal circumstances it is simply a way of operating that permeates all business and is an intrinsic element of the organisational culture that guides behaviours and decision making.

The success of the Finance Improvement Programme can be seen in the shift from a focus on delivering in-year savings to having the foundations in place to allow the adoption of a £1.4bn capital programme designed to achieve a step change in the quality of assets used to deliver public services, to establish financially sustainable service delivery, and protect large areas of the County from flooding risk, a project that has been seeking funding for five years. It can also be seen in the way that the County Council has been able to respond to the Covid 19 public health crisis, by prioritising public health concerns, confident that its finances can take the weight of that additional burden.

This report sets out how we have collectively improved the financial outcomes achieved by the County Council, strengthened processes and practices, raised our financial management capabilities, and shifted aspects of our organisational culture to ensure that financial management is seen as an essential and core component.

2. CIPFA REPORT

In 2018/19, Surrey County Council was facing a £20m budget overspend and was set to use £20m of reserves in order to balance the year's revenue budget: the fourth year that this kind of measure had been necessary. It was on the edge of becoming the second local authority to issue a s114 notice and needed to deliver in year savings of £40m, within 6 months, in order to stabilise the situation. CIPFA's report confirmed the extent of the problems and identified a number of key factors that had contributed to Council's financial situation:

- A lack of confidence in the financial estimates and progress reports submitted by the Finance Service. This had arisen due to weaknesses in the underlying performance data that had generated volatility in the estimates presented.
- Underachievement of budgeted savings in recent years

- A risk averse culture whereby there was little incentive to challenge existing practices or to raise standards of financial management.
- A lack of financial discipline across the Council. Budget delegations had not been formalised, leading to limited accountability and ownership amongst budget holders. As a consequence, there was a lack of granularity in a number of the estimated financial pressures and changes facing the Council, and considerable uncertainty over the delivery of some key planned savings.
- Orbis had not provided sufficient quality of service, economies of scale or resilience in the Finance function and uncertainty was inhibiting further integration.

3. FINANCIAL IMPROVEMENT PROGRAMME

The Finance Improvement Programme (FIP) was developed, in consultation with CIPFA, to address the issues raised in their review. The focus of the plan was on:

- Building a financial discipline that is fit for purpose by
 - up-skilling and re-structuring the Finance team,
 - improving the quality of financial estimates generated, and
 - raising standards of financial management across the Council.
- Addressing the financial challenges that the Council faced by
 - securing consensus on the scale of the financial challenges ahead,
 - delivering sufficient savings in 2018-19,
 - as well as setting and delivering a balanced budget for 2019-20 whilst meeting statutory duties.

A rigorous Programme approach was taken, including: a Member Board chaired by the Cabinet Member for Finance; a cross-service Officer Board chaired by the s151 officer; a Finance Improvement Group to lead the work; a Member Reference Group to support the officer work, liaising with other members; and an External Assurance Panel to provide senior peer challenge, guidance and support.

The External Assurance Panel was set up by the Chief Executive and the four members are current or former Directors of Finance in the Public Sector, with track records of achieving financial turnarounds in their organisations. It provided the Chief Executive with independent assurance about the transformation, by challenging and supporting the Finance Leadership Team. The Panel met with the Finance Leadership Team on a regular basis over the course of eighteen months. From the start, an open and honest approach was established with the Panel about the changes needed and the scale of the challenges faced, including those that arose along the way.

These governance arrangements reflected several key points:

- the absolute commitment from senior members and officers to address the issues identified by CIPFA, including allowing the work required to be properly prioritised and resourced; and
- the willingness and desire to be open and welcoming of external scrutiny of the work being undertaken, which was an important statement of intent in terms of the wider organisational culture and a commitment to become a more outward looking organisation willing and eager to learn from the best that others have achieved.

3.1 The Programme mission statement

The Programme team worked early on with senior finance staff to develop a mission statement that would capture the way in which objectives were to be fundamentally redefined and engagement with the organisation refreshed and reinvigorated. The mission statement was road tested and further refined with the wider finance team and with budget manager partners in service directorates. The result was an agreed mission statement to achieve:

A financially sustainable County Council with a strong culture of financial management, accountability and evidence-based decision-making across the organisation...

... enabled by a trusted, proactive and insightful Finance Service operating at the heart of the organisation.

This vision has guided the work in the programme over the last 18 months.

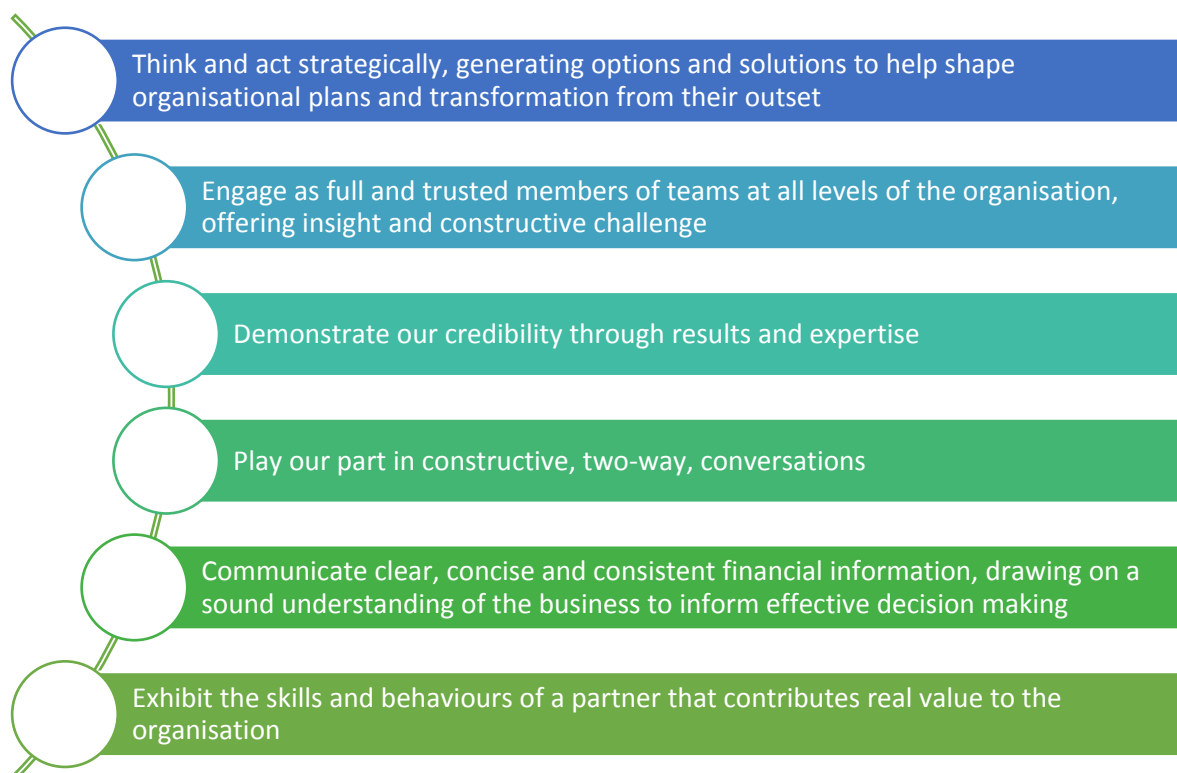
The programme involved six major components to achieve the changes necessary. These components are interrelated and mutually self-supporting. Changes to processes and structures in the finance team were of fundamental importance, but equally so was raising the profile of financial management and establishing credibility and trust in the finance function across the council.



3.2 Business partner approach

The Finance Service has adopted a business partnering approach to supporting the Council. This has been a key building block to many of the other aspects of the Finance Improvement Programme. As business partners, Finance aims to be a trusted, proactive and insightful Finance Service operating at

the heart of the organisation. To achieve this, a set of expected behaviours was developed and the Finance service are committed to embedding these:



The vision and commitment to business partnering is further supported by the Finance Service strap line 'Successful Together'.

3.3 Partnership agreement

The Finance Service recognised that it could not adopt an effective Business Partnering approach alone. It needed to engage with the rest of the Council and listen to the feedback of the services it supports.

Improving the organisations financial management arrangements is one of the focus areas of our Organisational Strategy and recognises that in order to be a modern and confident organisation delivering value for money services, there needs to be clarity about the financial management roles and responsibilities. There also needs to be an understanding about how finance and services work together in partnership across the organisation to achieve this.

In an important demonstration of the authenticity of the efforts to refresh the working relationship between Finance and Service Directorates, the fundamentally important Partnership Agreement was co-designed by a group of service and finance managers working together. The content, tone, and even title of the agreement was developed jointly and with the importance of it resonating with budget managers across all services at the forefront of the approach. The partnership Agreement was signed off by the Corporate Leadership Team in July 2019, following consultation with Directorate Leadership Teams.

The Agreement sets out the ambition to achieve six key financial management outcomes:

- The best use of financial resources in meeting organisational objective;

- A culture of accountability where managers and members take money really seriously, and balance this against their other responsibilities and objective;
- A grip on the county council's finances, drawing on high quality financial information, aligned with activity and performance information;
- Great strategic and operational decision-making, based on sound and credible financial analysis and insight;
- Self-reliance among budget managers making use of effective tools, guidance and systems;
- Strong relationships underpinned by mutually understood roles, constructive challenge and collaborative problem-solving.

The Partnership Agreement recognises that Finance cannot achieve these ambitions alone and that everyone has a role to play in ensuring excellent financial management is at the core of all our decision making. It therefore sets out the respective roles and responsibilities and a series of mutual expectations about how this can be achieved. Strategic Finance Business Partners are now members of each Directorate Leadership Team, working together with services to deliver the improvements they need, and contributing much more than just a finance perspective, really adding value.

3.4 Restructure

The business partnering approach provided the building blocks for the recent restructure of the Finance Service. The Finance Leadership Team structure was completed by March 2019 and the whole of the Finance Team was then restructured, with the new structures live from 1 November 2019.

The restructuring of the team, the recognition and the unleashing of the talent within the finance team, augmented by some excellent external recruitment, and the time and space for reflection that it offered were vital to resetting the relationship with the wider council, including elected members, and to achieving the recovery of trust and a reputation for professional excellence.

The commitment to embedding business partnering was at the core of the Finance restructure and resulted in a recognition that a modern Finance Team needed to be professionally and technically competent in finance and accounting skills but also needed to develop the 'softer skills' required to be an effective business partner.

As a result, a Behaviours, Skills and Knowledge Framework was developed which sets out the expectations for each level within the service and this was used as the basis for the assessments and interviews carried out for the restructure.

The CIPFA report said that Orbis had not provided sufficient quality of service, economies of scale or resilience in the Finance function and uncertainty was inhibiting further integration.

In order to accelerate the recovery within SCC finance, further integration within Orbis was paused, and the restructure embedded a shift back to a sovereign finance team for SCC. This was less a reflection on the potential through the shared service partnership, and more a recognition that clearer focus on the particular challenges faced by SCC was required. Where integration works well, for example in treasury management, VAT advice, insurance and financial assessments of organisations, we have retained partnership arrangements and continue to have good and close working relationships with Orbis partners.

3.5 Finance Academy/Behaviours, skills & knowledge

Underpinning the whole of the Finance Improvement Project is the Finance Academy. This recognises that changing the way the service works, improving processes and re-engaging with services needs to be supported by investment in the financial management skills and capabilities of the whole organisation.

The Finance Academy is a different approach to a learning and development programme and is based on a number of design principles, which were developed alongside representatives from across the organisation. The content on the Finance Academy platform will come in many forms but will be accessible anytime and from anyplace. Much of the content is short, recorded pieces that can be re-visited when required. The aspiration for the Finance Academy platform to be a single point of reference for all financial management related material, including case studies, best practice examples and hints and tips for systems and processes.

The CIPFA report stated that *'Securing the commitment of everyone connected to Surrey County Council to resolving the financial difficulties faced' will be critical to overcoming its financial challenges'*, the Finance Academy is a direct response to that and is designed to improve the skills and knowledge of all involved – finance staff, service managers and elected members.

3.5.1 Service Managers/Budget Holders

The priority area for the Finance Academy was the numerous budget holders across the organisation (c 300). The first phase of 'Financial Management Partnership Workshops' were designed and piloted with a group of budget holders representing a number of services. These were developed in line with the Finance Academy design principles and are based around a series of pre-recorded videos, including:

- The Financial Context of the Council
- The Finance Partnership Agreement
- Constructive Challenge
- Revenue Budget Monitoring

These sessions importantly train budget holders alongside the finance business partners who support them to help to embed the partnership agreement, enhance relationships and develop a common understanding.

3.5.2 Elected Members

A three stage approach to refreshing and developing the financial understanding of our elected Members has been developed:

- Fundamentals Programme – aimed at all Members, and consisting of three modules:
 - Introduction to Local Government Finance
 - How Financial Governance Works at SCC
 - Accessing & Interpreting Financial Information at SCC
- Insights Programme – aimed at members holding specific roles (eg scrutiny committee, audit & governance)
- Strategic Finance Programme – aimed at Cabinet Members

Modules 1 & 2 of the Fundamentals Programme was delivered in late 2019 / early 2020. Module 3 was scheduled to be delivered in March, but was postponed due to the COVID-19 outbreak and the initiation of lock-down. Attendance at these sessions was not as high as had been hoped (each session was held three time in three different locations), although feedback of those that attended was very positive. Members were asked to complete a feedback form and score a number of aspects of the training either Very good, good, adequate or poor.

Feedback: % of feedback forms scored as 'Good' or 'Very Good'

	Good or Very Good	
	Module 1	Module 2
	%	%
Achievement of event aims and objectives	90%	81%
Delivery of the event by the presenters	90%	94%
Quality of the presentation, ie PowerPoint slides	90%	100%
Suitability of the venue	78%	76%
Pre-event administration	81%	94%
Would you recommend the event to colleagues?	95%	94%
Attendance	13	21

Videos of the slides from all 3 modules, along with voice overs of summarised content are available on the Members Portal. This is aimed to both broaden the reach of the sessions delivered but also enable the content to be revisited where necessary.

3.5.3 [Finance Service](#)

The Finance Academy also recognises the importance of a Finance Service committed to continual professional development, as has initiated the following:

- Developed a skills, knowledge and behaviours programme to ensure that there are opportunities to develop skills in line with the expectations of the framework which originated as part of the Finance restructure, and builds of the skills required within the Partnership Agreement for Excellent Financial Management;
- Re-established the Finance trainee scheme, ensuring that we are bringing in new talent to the organisation, working towards their professional CIPFA qualification in the form of an apprenticeship;
- Developed cohorts within the Finance team, bringing people together with similar ambitious or at similar stages in their career, to self-assess and put together learning and development requirements so that programmes can be designed to specific needs;
- Development sessions for the Finance Leadership Team, devoting dedicated time to developing themselves into a high performing team.

3.6 [Review of processes](#)

As part of the FIP, one of the key themes was to make improvements to the financial processes, including when and how we engaged with services to share budget monitoring information, improving reporting and linking it to what service data is telling us.

We asked both the finance team and services what financial data and process improvements they believed were required. This resulted in several targeted work streams:

- ‘Quick Wins’ – the change champions within Finance led on a number of improvements that could be made without the need for significant investment in time or resources, bringing about some immediate improvements helping to improve experiences within the team and those of our budget holders.
- An intensive review of our budget monitoring process, including detailed process mapping – this work assisting in identifying some of the quick wins and will also be used as we look to further improve these processes and how they interact with other systems, alongside the Digital Business and Insights Programme.
- Review and update of our monthly reports to both Directorate Leadership Teams and the Corporate Leadership Team.
- Launch of the Digital, Business and Insight Programme.

3.6.1 [Digital, Business & Insights \(DB&I\) Programme](#)

The DB&I Programme commenced about a year ago to upgrade or replace the existing SAP system at Surrey County Council. The programme is now at an advanced stage of the procurement process to replace the existing corporate Enterprise Resource Planning system, which is used to manage the organisation’s business critical Finance, HR, Payroll and Procurement processes.

The aim of the programme is to deliver a more modern, intuitive and efficient back office system and processes to enable the council to achieve its transformational ambitions to drive service transformation, improve management decision making through easily accessible data and insight, and to have a flexible and mobile workforce.

This programme will have a significant impact on the ability of Finance to move to Phase 2 of delivering best practice process improvements in terms of insightful, timely and understandable information for rapid management decision-making. Finance is an important contributor to this project.

4 ACHIEVEMENTS AND OUTCOMES

The programme has tackled all aspects of the change programme: looking at the skills and behaviours needed of a modern finance function; implementing a Business Partner culture; designing and appointing a new Leadership Team; restructuring the department from top to bottom and recruiting people with the desired behaviours; co-designing a Partnership Agreement with services; making improvements to processes; and designing a Finance Academy to support the Finance team and services, as well as elected members.

More fundamentally, it has addressed each issue raised in the CIPFA report and made the necessary changes to deliver real change in the finance culture and real benefits to the Council’s finances.

4.1 Culture change

The CIPFA report said there was a risk averse culture whereby there was little incentive to challenge existing practices or to raise standards of financial management. There was a lack of financial discipline across the Council. Budget delegations had not been formalised, leading to limited accountability and ownership amongst budget holders. As a consequence, there was a lack of granularity in a number of the estimated financial pressures and changes facing the Council, and considerable uncertainty over the delivery of some key planned savings.

The components for the Finance Improvement Project addressed the need for culture change in relation to both financial accountability and the culture within the Finance Service.

- Financial Accountability - the 'Partnership Agreement for Excellent Financial Management' sets out the expectations and roles across the organisation to ensure that financial management responsibilities are defined and understood. In addition, the Finance Academy presents a learning and development programme to further development and enhance financial management skills and capabilities.
- Finance Service: The restructuring of the team focused around the business partnering approach, ensuring that the knowledge, skills and behaviours required of a modern finance function were demonstrated throughout the process. The recognition and unleashing of the talent within the finance team, augmented by some excellent external recruitment, and the time and space for reflection that it offered were vital to resetting the relationship with the wider council, including elected members, and to achieving the recovery of trust and a reputation for professional excellence.

This turnaround has been achieved by finance professionals acting as business partners to the organisation with an emphasis on engagement, insight and joint problem-solving; and supporting this with investment in people, their skills and behaviours through our innovative Finance Academy.

The Finance Team now have a clear focus on continuous improvement, dedicating time to develop and evaluate improvement initiatives, including creating specialist roles and developing the Finance Academy.

Becoming more outward looking, the Finance Team will continue to reach out to colleagues to utilise their skills and experience and act upon their feedback and formally review the service against the CIPFA Financial Management Model at regular intervals.

Having achieved a dramatic turnaround in 12 months, we are now setting our ambitions much higher. Instead of looking inward and becoming complacent, we are restless in our pursuit of the best ideas from elsewhere, being inspired by them and aiming to exceed expectations.

Most crucially, we have, by working with the services, radically improved the finances of Surrey. We have achieved a balanced budget and an ambitious Financial Strategy to deliver organisational and service plans. The Council's financial outlook has improved materially over the past twelve months and reserves are higher than was anticipated by the previous Medium-Term Financial Plan.

In addition, we have been shortlisted for the Public Finance Team Award 2020.

4.2 Surrey's Financial position – Revenue and Capital

The CIPFA report said there was a lack of confidence in the financial estimates and progress reports submitted by the Finance Service. This had arisen due to weaknesses in the underlying performance data that had generated volatility in the estimates presented and an underachievement of budgeted savings in recent years.

4.2.1 Revenue Budget

When we commenced our transformation journey 18 months ago the Council's finances were in a very challenging position, so challenging in fact that we were rapidly heading down the path of issuing a s114. The 2018/19 budget was set with a short-term focus and was unachievable; there was a culture of using Reserves to balance budgets where savings were not delivered, and Reserves were running low.

Roll-forward one year and following an in-year recovery plan to not use Reserves, which ended a period where reserves had fallen for three successive years. The budget set for 2019/20 was focused on two important benchmarks: that it was realistic and achievable, and that it avoided the general use of Reserves to make it balance.

The Budget for 2020/21 builds more strongly on this foundation and moves us closer towards the overall financial objective of sustainability. Significantly, this budget represents a shift from the defensive short-term outlook that has typified the Council's financial plans for several years, and replaces it with a proactive, investment led approach to delivering for Surrey residents and to achieving medium-term sustainability.

This shift is most evident in our revised Capital Programme and the ambition laid out within it. This increase in investment is not a reflection of any expectations that our medium-term funding perspective will be any easier, but instead a recognition that investment in the right infrastructure can help keep the on-going costs of service delivery sustainable and within available resources, as well as delivering the transformational change set out in the Council's 2030 Vision.

Working with our External Assurance Panel, we have committed to assessing future budgets against a best practice framework. The six hallmarks and an assessment of progress against these in setting the 2020/21 budget and MTFs are detailed in the table below.

Self-assessment against the Hallmarks of building the Budget

Hallmark	Self-Assessment
The budget has a medium-term focus which supports the Strategic Plan	<ul style="list-style-type: none"> Transformation funding was built into the budget to deliver the Organisation Strategy over the medium-term to support the delivery of efficiencies. Ambitious capital investment. The revenue implications of borrowing were built into the budget
Resources are focused on our vision and our priority outcomes	<ul style="list-style-type: none"> A Feasibility budget was created and directed to accelerate the delivery of the capital ambition and therefore outcomes for residents.
Budget not driven by short-term fixes and maintains financial stability	<ul style="list-style-type: none"> Moving away from funding transformation from flexible capital receipts to the use of revenue budget, with 75% of the transformation budget funded through revenue.
The budget is transparent and well scrutinised	<ul style="list-style-type: none"> The 2020/21 Draft Budget was scrutinised at individual Select Committees. Service efficiencies and pressures were provided in greater detail applicable to each Committee.
The budget is integrated with the Capital Programme	<ul style="list-style-type: none"> The Capital Programme includes proposals that help deliver efficiencies over the medium-term in key revenue demand areas e.g. ASC and SEND provision. The revenue budget includes all the borrowing costs of funding the Capital Programme.
The budget demonstrates how the Council has listened to consultation with local, people, staff and partners	<ul style="list-style-type: none"> A residents' survey was undertaken in December and the feedback incorporated into efficiency proposals. We consulted with partners from the business and voluntary, community and faith sectors.

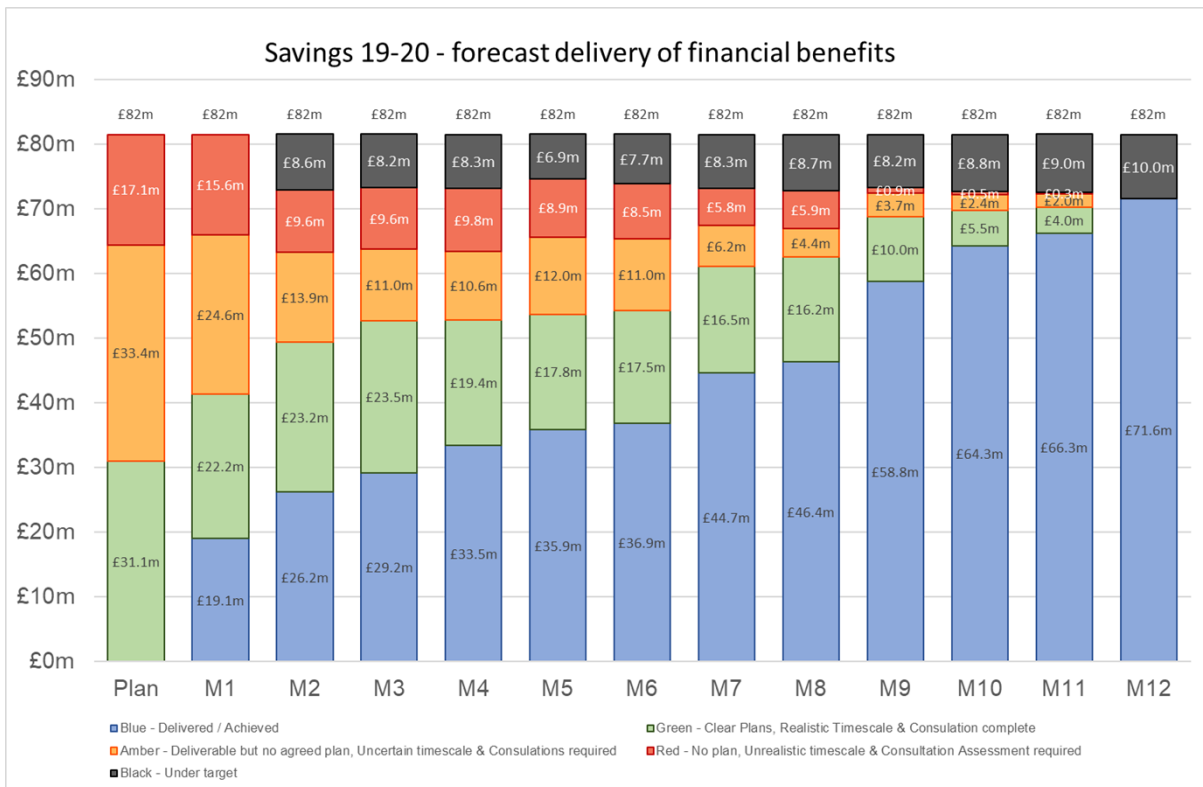
4.2.2 [2020/21 General Fund Reserves](#)

For a number of years, the Council had been used to balancing budgets with the use of General Fund Reserves. From 2018/19 the Council set a balanced budget without the use of Reserves for the first

time in some time. This practice has continued into subsequent years. Giving a healthy outturn position for 2019/20 (£0.2m surplus) we were able to further build the Council’s resilience into the medium-term by adding to both the 2020/21 Contingency and General Fund Reserve. £2.5m was added to the 2020/21 Contingency (available for general use), bringing the total to c£32m. Additionally, £2.8m was added to the General Fund Reserve, bringing the total Reserve to £24.1m (an increase of 13%). This was in line with our ambition to ensure appropriate cover of risks against our net revenue budget.

4.2.3 [Efficiencies Programme](#)

In order to balance the budget for 2019/20 the Council had to deliver a significant level of efficiencies. The Council achieved £72m of the £82m of required efficiencies (88%), the balance of £10m was substituted by one-off alternative savings. Achievement throughout the year is shown in the table below:



4.2.4 [2019/20 Closure of Accounts](#)

Early and ongoing dialogue with external auditors regarding the timetable for the audit and delivery of the final audit opinion, has proved invaluable. Despite having opportunity to delay the production for the draft Accounts to August (as suggested by MHCLG), the Council has not availed itself to that extension. The draft Accounts were submitted to External Audit by 31st May and the audit is progressing, as close as possible to the original timetable.

4.2.5 [CIPFA Resilience Index](#)

In 2018, CIPFA announced it was working on a Financial Resilience Index, aimed at supporting good practice in the planning of sustainable finance. In December 2019, CIPFA made the index publicly available for the first time. The index did not come with CIPFA’s own scoring, ranking or opinion on the financial resilience of an authority. However, users of the index had the ability to undertake comparator analysis drawing their own conclusions. The tool consists of nine primary and six secondary indicators.

Our analysis of the index, comparing the Council against all other County Councils, shows an improvement in our position between 2017/18 and 2018/19. We do not yet have information for

2019/20. The extent to which indicators present as 'higher risk' has reduced and the number of indicators presenting on the 'lower risk' side of the scale has increased.

The greatest area of strength for Surrey is in the primary indicator of Council Tax Requirement as a proportion of net revenue expenditure. The Council ranks highest of all County authorities. Presumably, the rationale behind this indicator is that Council Tax is a stable form of income so authorities with a higher ratio on this measure face less exposure to changes in other funding streams, for example central grant funding.

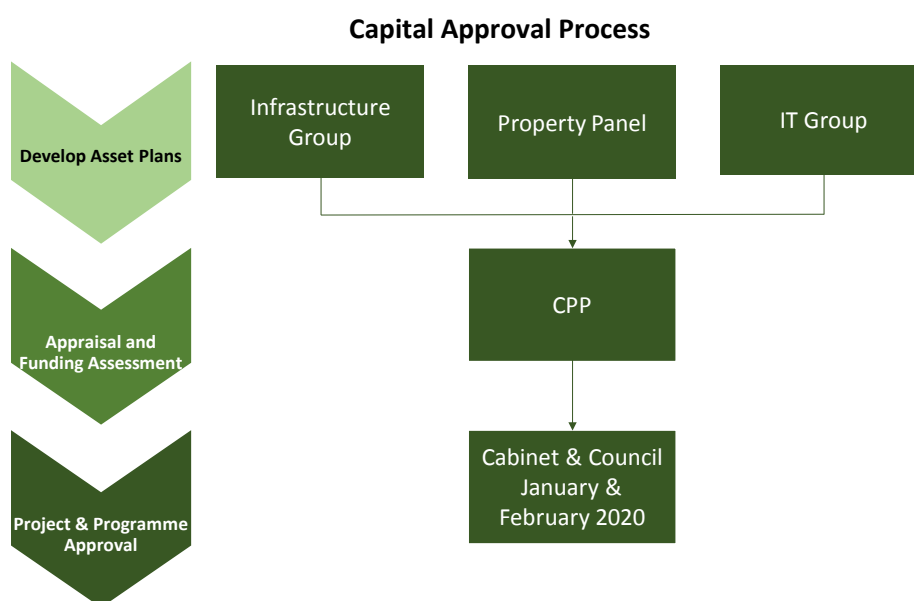
The primary indicators showing improvement for the Council, i.e. those moving towards the lower risk side of the index between 2017/18 and 2018/19, mostly relate to reserves measures. The most notable improvement being the 'Reserves Sustainability' measure which is an indicator of the rate of depletion of Reserves. The improvements reflect the concerted effort the Council made in 2018/19 to reduce the reliance on reserves to balance the revenue budget.

4.2.6 [Capital Budgeting and Reporting](#)

In 2019, Surrey embarked on a significant change to its capital budgeting, monitoring and reporting processes. There was a lot to change as the entire end-to-end processes needed updating and to be reflective of our ambition. We embarked on reviewing and updating all our processes, with more work still to be done as we move forward. We are however in a much better place, where we have a much firmer grip on ensuring how and when projects and programmes are delivered.

The planning process to develop the Capital Programme was built around organisational priorities and is fully integrated with the revenue budget process. The officer-led Capital Programme Panel (CPP) produced a framework for a renewed capital strategy which focused upon a set of criteria including alignment with strategic priorities, outcomes for residents, deliverability and value for money.

To ensure affordable, value for money capital solutions and to reduce the risk of unplanned slippage, the governance and delegation around Capital Programme appraisal and approval has also been updated. CPP constituted three Strategic Capital Groups based on core expenditure budget envelopes (Property, Infrastructure and IT) as shown in the diagram below. These Groups were tasked with developing the new Capital Programme for 2020/21 and over the medium-term based on an asset planning approach.



The approach has allowed the review of the existing asset base with a view to identifying the optimal medium-term asset requirement to enable service delivery which meets the needs of residents.

Additional capital spend needed to achieve the optimal asset base has been captured in the programme.

An ambitious Capital Programme of this nature necessarily includes projects and programmes at various stages of development. The programme therefore comprises two clearly defined elements:

- A capital budget which was approved by Council in Feb 2020, and
- A capital pipeline of schemes which represent the Council's wider ambitions for capital spend, including areas that require further development and scrutiny before they are included in the capital budget.

An ambitious Capital Programme built around organisational priorities and integrated with the revenue budget represents a major milestone, but organisational benefits will only be realised if the Programme is delivered. Managing that delivery requires continuous development of our approach to monitoring, reporting and corrective action. This will develop during 2020/21 and beyond, based on:

- Drawing a clear link between financial progress and the delivery of scheme milestones, capturing deliverables alongside the financial forecast
- Reporting deviations from plan in good time to propose and agree corrective actions
- Promoting a culture where forecasts are based on a realistic assessment of what can be delivered
- Establishing a monthly profile of capital budget, spend and forecast to inform realistic forecasting.

Our approach to reporting and monitoring will be developed and delivered in partnership with service managers and Members, starting with Month 1 and iterating throughout the year.

4.2.7 [A Commercial approach](#)

Another significant change to how we do business in Surrey has been a complete redesign and embedding of our commercial processes.

Corporate Finance are consulted on commercial property options to ensure any Capital outlay is within the overall Capital programme. We have introduced rigorous modelling of all parameters, supported by a robust business case in line with the HMT Green Book model.

Below is a summary of some of the projects that have been initiated and supported to date.

In addition, a review of our fees and charges policy is underway. A desktop exercise has been undertaken to review all the income received by SCC and identify those income streams over which SCC can have further influence. The identified income streams are to be reviewed in more detail with the relevant Strategic Finance Business Partner aiming to;

- understand the operational environments highlighting any progress that may have been made to date
- challenging on any areas where SCC is behind the benchmarking data, or not maximising income
- identify potential areas of opportunity
- Build this into the annual budget setting process

5 STAKEHOLDER FEEDBACK

In the initial phase of the FIP in 2018, baseline data was collected as part of the 'Voice of the Customer' activities. Recently, the Finance Team have re-visited this work to understand any changes, as we look to close FIP.

Two surveys were constructed, one for Finance staff and one for budget holders. Both were based on a set of 30+ statements drawn from the CIPFA Financial Management Model, with respondents being asked to score the extent to which they agree with each statement. The statements are divided into five domains: Core, Plan, Decide, Manage and Monitor.

- Finance Staff – about 30 finance staff were asked to complete the survey. Names were chosen to replicate those who had completed it in 2018, where possible, to provide a direct comparison. Where 2018 respondents have since left the organisation, staff with similar responsibilities were selected.
- Budget Holders – about 50 budget holders were asked to complete the survey. These were also chosen to replicate those attending customer workshops in 2018.

Finance Staff - 25 staff completed the survey (22 in 2018). Respondents were asked to score each statement on a scale of 1-4 (where 4 = strongly agree, an average overall score is therefore 2.5). In 2018 the overall average score was 2.57 out of 4.00. The recent survey showed an overall increase of 11% to 2.88.



The average score for Core and Plan statements show significant improvement. Plan was the weakest score in 2018 and it's now in line with the others. All three other domains also show a good level of improvement (8-9%).

Individual statements showing the largest improvement are in accountability, skills, financial strategy, transformation and manager engagement.

Individual statements which require further attention relate to using external best practice, pricing, financial processes and financial systems. These areas will be focused on as part of our ongoing continuous improvements and are largely addressed by projects already in progress such as DBI and a review of fees and charges.

Budget Holders - The 2018 workshops did not “score” the statements directly, but used them to identify areas of strength and weaknesses – hence direct comparisons with 2018 are more limited.

In the recent survey, the average score was 2.95, with no domain scoring less than 2.8. Comparing to 2018, the statements that were rated as “strong” remain those scoring highly in the recent survey. The development of a financial strategy to sustain the organisation’s medium and long term financial health, has seen the largest increase, being rated low in 2018 and achieving a score of 3.06 more recently.

Only three statements scored less than 2.5. These related to financial processes and systems and budget accountability. The Finance Team will look to address these weaknesses through the continued role out of the ‘Financial Management Partnership Workshops’ through the Finance Academy and through the DBI project.

We will use the progress we have made to set a new baseline and survey our services/colleagues/partners about their views on the finance service regularly to gauge genuine continuous improvement over the next few years.

The following quote from the Chief Executive reflects the progress made:

“When I arrived in Surrey 24 months ago one of my key priorities was to get the council’s finances right. Our financial challenge was well-publicised, the organisation was propping its budget up with use of reserves in a fundamentally unsustainable way, and the Capital Investment Programme was not driven by the organisation’s strategy. Turning this around has been one of the council’s key achievements on its improvement journey so far – setting a budget for consecutive years that do not rely on reserves, and building a new medium-term financial plan aligned to our community vision for Surrey for 2030. The Finance Team has been integral to this turnaround – picking themselves up after a critical external review and re-engaging with the wider organisation to provide insight and to work with staff to devise the solutions that achieve our objectives. One of my mantras is to “assume we are all adults” – that people who work for the council are capable, mature and have good intent – and Finance colleagues here have worked tirelessly to escape the “parent-child” diktats that often characterise relationships elsewhere. Partly as a consequence there has been a transformation in budget accountability, with managers now demonstrating real ownership of our financial position. There is more to be done to develop and embed financial management skills across all levels of our organisation, but I am confident that the Finance team will help us build these further”.

6 EXTERNAL ASSURANCE PANEL FEEDBACK

The External Assurance Panel was set up by the Chief Executive to provide independent assurance about the Finance Improvement Programme, by challenging and supporting the Finance Leadership Team. The External Assurance Panel have met and engaged with the Surrey Finance Leadership Team on a regular basis over the last 18 months.

Feedback from the Panel:

The Finance Leadership Team have been open with us about the changes needed and the journey they are on. They have been enthusiastic and determined, but also willing to look outwards and learn from others, asking our advice about difficult issues they were experiencing.

Over the last 18 months, we have witnessed the journey of the Financial Improvement Programme, from plans to delivery. It has tackled all aspects of the change programme: looking at the skills and

behaviours needed of a modern finance function; implementing a Business Partner culture; designing and appointing a new Leadership Team; restructuring the department from top to bottom and recruiting people with the desired behaviours; co-designing a Partnership Agreement with services; making improvements to processes; and designing a Finance Academy to support the Finance team and services, as well as elected members. Morale has improved and there is a buzz in the wider team.

Most crucially, they have radically improved the finances of Surrey by working with the services. The Council's financial outlook has improved materially over the past eighteen months and reserves are higher than was anticipated by the previous Medium Term Financial Plan.

Even with this change, there is no complacency in the team. The External Assurance Panel will continue to meet with the Finance Leadership Team in 2020 as they continue the transformation and improvement.

The External Assurance Panel comprises:

- Mike Lockwood (Chairman)
- Brian Roberts, CIPFA Associate Director of Local Government and Finance Commissioner for Northamptonshire County Council
- Andrew Burns, CIPFA Associate Director
- Jane West, Chief Operating Officer, London Borough of Havering
- (previously Margaret Lee, Executive Director for Corporate and Customer Services, Essex County Council)

7 LESSONS LEARNT

The Finance Improvement Programme has demonstrated the importance of having a strong project framework and governance arrangements surrounding a service transformation. In addition, the project has benefited greatly from a recognition of:

- the importance of resourcing the senior leadership capacity in the service, both during periods of change when there were temporary vacancies in the team, but also on an ongoing basis to ensure there is capacity to dedicate towards transformational activity alongside the importance of delivering business as usual activities;
- the importance of resourcing the change team, in relation to specialist programme management, but also in areas of specific expertise such as Occupational development and business process mapping;
- the importance of having impact measures running alongside the programme to monitor progress on an ongoing basis. This ran alongside the council's financial performance which was demonstrably improving and therefore creating credibility;
- the importance of investing in the talent we had in the team while also making sure that we were unstintingly demanding in external recruitment, to make sure every important decision strengthened rather than weakened the team;
- the role of the External Assurance Panel in keeping us honest, and the powerful impact of positive feedback from such experienced external figures on the team as well as the insight and advice offered;
- how important it was to use the co-production approach (for both the Partnership Agreement and the Finance Academy design principles), this negated the need to persuade others of the solution proposed as it was developed together;
- the impact of being absolutely open about and accepting of the challenges, sharing these and not being complacent about the need to change;

- sharing progress, both in terms of challenges and achievements, with officer and member colleagues, so that the whole journey was a joint one.

8 CONTINUOUS IMPROVEMENT

The Finance Service wants to put continuous improvement at the forefront of all that it does and has committed to continue to learn from others and look outwards to learn the best from other organisations. Collaborations across county councils have been established and will continue to be developed.

In addition, we will continue to conduct a budget “wash up” each year to learn lessons from the process to ensure improvements each time.

The Finance Team will use the progress made to set a new baseline and survey services, colleagues and partners about their views on the finance service yearly. This will then be repeated to gauge genuine continuous improvement over the next few years.

Surrey County Council Finance Improvement Plan

Version:	Owner	Date
1.0	K Kilburn	28 August 2018
2.0	K Kilburn	11 September 2018

The following pages outline the responsibilities and suggested tasks, actions and deliverables for the following:

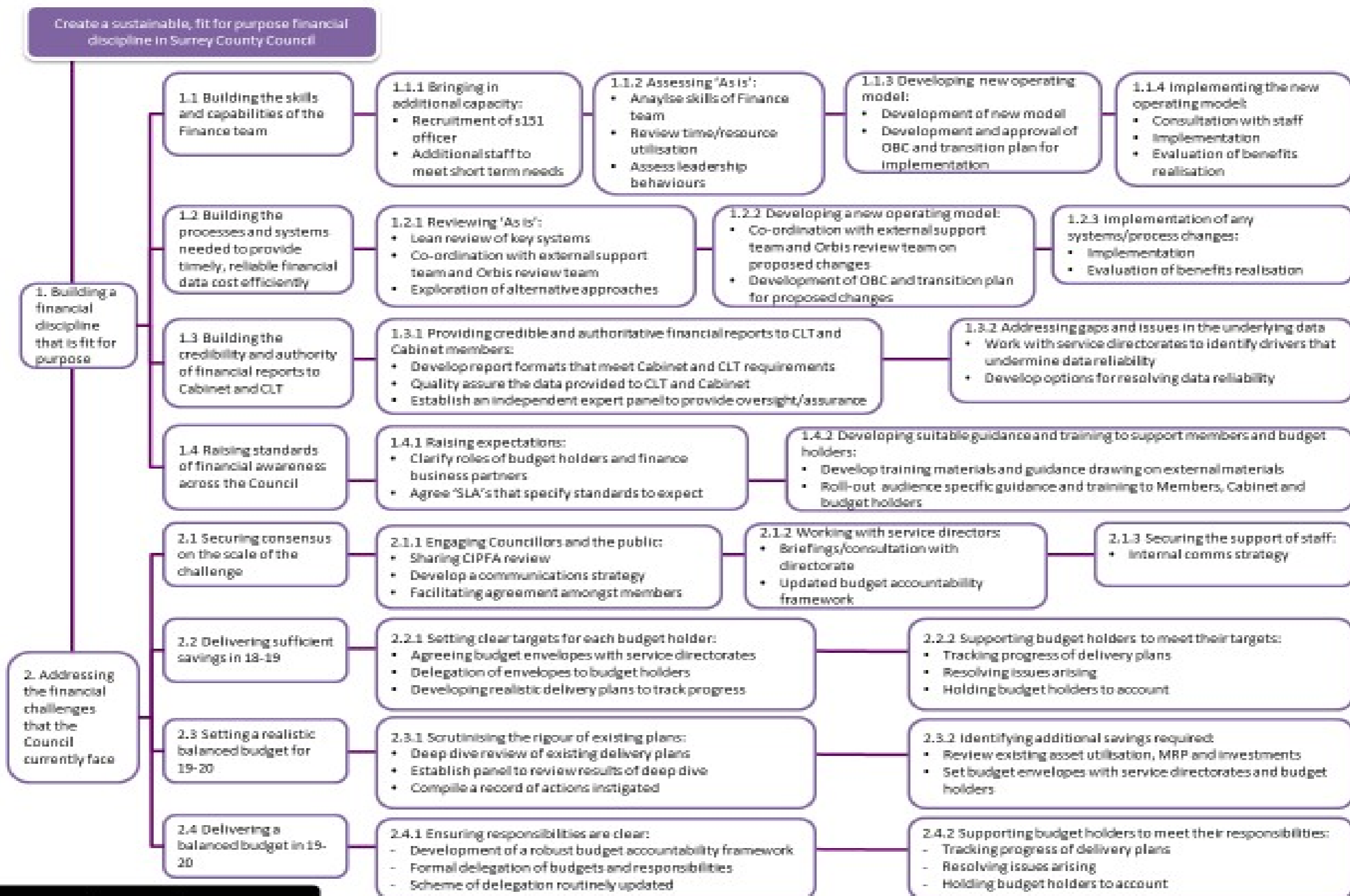
Annex 1:	The Cabinet.....	4
Annex 2:	CLT.....	7
Annex 3:	Finance	11

Key

David Hodge – DH
Colin Kemp –CK

Joanna Killian- JK
Tracie Evans-TE
Michael Coughlin – MC

Leigh Whitehouse- LW
Kevin Kilburn – KK
Andy Wood- AW



Surrey Finance Improvement Plan: Cabinet – roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Progress
1. Building a financial discipline that is fit for purpose						
1.1 Building the skills and capabilities of the Finance team	<ul style="list-style-type: none"> The Leader to determine a Cabinet lead for Finance 	DH	<ul style="list-style-type: none"> To provide strategic/political direction on the implementation of the improvement plan 	<ul style="list-style-type: none"> To continually review the capabilities of Cabinet and other Members to fulfil their roles, in support of the Leader 	<ul style="list-style-type: none"> Leader to consider named Councillor with responsibility for oversight of the Council's finances 	Completed
	<ul style="list-style-type: none"> To appoint an interim s151 officer 	DH /JK/ /AW	<ul style="list-style-type: none"> To ensure there is suitable, authoritative financial leadership in the Council 	<ul style="list-style-type: none"> To review and approve a suitable candidate 	<ul style="list-style-type: none"> Council approval of appointment of s151 officer 	Completed & permanent appointment made
	<ul style="list-style-type: none"> Review and approval of a new operating model for the Finance team 	DH/JK	<ul style="list-style-type: none"> To develop a more dynamic Finance function that can drive change more effectively 	<ul style="list-style-type: none"> Consideration and approval (subject to changes) of the proposed operating model Consideration and approval (subject to changes) of the transition plan to implement the new model 	<ul style="list-style-type: none"> Approval of the proposed operating model and transition plan 	Completed - Restructure completed & co-designed Partnership Agreement in place.
1.2 Building the processes and systems needed to provide timely, reliable financial data efficiently to Cabinet	<ul style="list-style-type: none"> Review and approval of all FBCs to update existing financial processes and systems where appropriate 	Change Management Board	<ul style="list-style-type: none"> To free up resources and provide the data to enable the Finance function to drive change more effectively 	<ul style="list-style-type: none"> Consideration and approval (subject to changes) of any business cases to update existing financial processes and systems Change Constitution as necessary 	<ul style="list-style-type: none"> Approval of business cases where applicable Council approve changes to Constitution 	Completed – new reporting timetable and formats for DLTs, CLT & Cabinet. Ongoing - DBI project to drive further process improvements
	<ul style="list-style-type: none"> Determining the future role of Orbis in the Council's financial resilience plans 	Cabinet/CLT	<ul style="list-style-type: none"> To establish how Orbis might deliver better economies of scale, generate centres of expertise and/or improve the resilience of the finance function 	<ul style="list-style-type: none"> Consideration of the recommendations arising from the E&Y review 	<ul style="list-style-type: none"> Tbd – dependent on the outcomes of the current review 	Completed - 31Ten review completed and recommendations implemented
1.3 Building the credibility and authority of financial reports to members and CLT	<ul style="list-style-type: none"> Specifying expectations on the timing and format of financial reports 	DH/ JK /AW	<ul style="list-style-type: none"> To ensure the Finance team are clear on how reports to Cabinet should be prepared and presented 	<ul style="list-style-type: none"> To consider and specify expectations of what is required from Finance progress To agree and approve a report format and arrangements 	<ul style="list-style-type: none"> An agreed format and process for financial reporting that meets CLT and Cabinet requirements 	Completed – new reporting formats agreed & S151 commentary reviewed for consistency
	<ul style="list-style-type: none"> Approval of an expert panel 	DH/JK	<ul style="list-style-type: none"> To provide quality assurance for reports and briefings to Cabinet 	<ul style="list-style-type: none"> To approve the appointment of an expert panel to provide additional guidance/advice on financial issues To agree to take note of any recommendations from the expert panel when considering the financial implications of an issue 	<ul style="list-style-type: none"> Approval of the terms of reference for the panel Consideration of the advice from the expert panel at Cabinet 	Completed - External Assurance Panel set up and providing ongoing support
1.4 Raising standards of financial awareness across the service directorates	<ul style="list-style-type: none"> Developing Cabinet members' financial awareness 	DH/LW/AW/JK	<ul style="list-style-type: none"> To provide sufficient challenge and scrutiny in order to raise and maintain standards and performance of the Finance team and budget holders 	<ul style="list-style-type: none"> To encourage members to attend the training provided To support the establishment of on-going coaching/mentoring for members on finance issues 	<ul style="list-style-type: none"> Attendance at the proposed finance training event The appointment of coaches/mentors 	Ongoing -Finance Academy - Fundamentals programme delivered (attendance low). Insights & Strategic Finance modules to follow (delayed by COVID pandemic)
	<ul style="list-style-type: none"> Encouraging financial scrutiny in decision-making across the Council 	DH /JK/LW/AW	<ul style="list-style-type: none"> To raise the profile and importance of good financial management across the Council 	<ul style="list-style-type: none"> To reinforce the importance of financial scrutiny by demanding Finance input on all proposals submitted by service directorates To clarify Cabinet member responsibilities on financial issues 	<ul style="list-style-type: none"> Agreement to revised arrangements on such issues 	Ongoing - Budget proposals for 20/21 considered by relevant scrutiny panels. Review of improvements being sought for 21/22
	<ul style="list-style-type: none"> Developing financial awareness amongst all Councillors 	DH/JK/AW	<ul style="list-style-type: none"> To enable all Councillors to understand the financial pressures facing Surrey CC 	<ul style="list-style-type: none"> Arrange an engaging and effective finance briefing session for all Councillors Approval of periodic financial briefing updates for all Councillors 	<ul style="list-style-type: none"> An initial briefing session for all Councillors Periodic briefings thereafter 	Completed – all Member briefings on Council's financial position

Surrey Finance Improvement Plan: Cabinet – roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
2. Addressing the financial challenges that the Council currently face						
2.1 Securing consensus on the scale of the challenge	<ul style="list-style-type: none"> To review and approve the draft improvement plan 	DH/JK	To ensure the improvement plan is comprehensive and deliverable	<ul style="list-style-type: none"> To review the CIPFA findings To discuss/question the proposed actions To confirm agreement subject to any changes required To approve a communications strategy for public engagement on the issue 	<ul style="list-style-type: none"> An agreed improvement plan that is accepted by all relevant parties An approved communications strategy to support the improvement plan 	Completed – FIP programme launched. Member Board & Member Reference Group established
2.2 Delivering sufficient savings in 2018-19	<ul style="list-style-type: none"> Approval of budget envelopes to secure additional savings in 2018-19 	DH /JK/ /AW	<ul style="list-style-type: none"> To support CLT in minimising the risk of having to rely on reserves 	<ul style="list-style-type: none"> To discuss and consider the budget envelopes To approve the targets, subject to any changes required To underline the importance of meeting these targets in subsequent meetings with budget holders 	<ul style="list-style-type: none"> Formal approval of revised budgets 	Completed – in-year additional savings plan linked to budget envelopes. Outturn position did not require use of reserves.
2.3 Setting a realistic balanced budget for 19-20	<ul style="list-style-type: none"> Arrangements for the scrutiny and approval of existing planned savings 	Cabinet / CLT	<ul style="list-style-type: none"> To ensure that there are suitable governance arrangements in place to scrutinise and provide clear direction on how savings will be realised 	<ul style="list-style-type: none"> Task Budget Working Group with responsibility for reviewing and approving: <ul style="list-style-type: none"> proposals to mitigate the impact of pressures and demands on service costs business cases for transformational savings and how they will be realised the delivery of the additional savings required 	<ul style="list-style-type: none"> Formal approval of proposals 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Scrutiny committees briefed on proposed savings plans
	<ul style="list-style-type: none"> Setting budget envelopes for 2019/20 	DH/JK	<ul style="list-style-type: none"> To identify and approve sufficient savings to meet the new targets in the 2019/23 MTFP 	<ul style="list-style-type: none"> To discuss and consider the budget envelopes To approve the targets, subject to any changes required To underline the importance of meeting these targets in subsequent meetings with budget holders 	<ul style="list-style-type: none"> Acceptance of the 2019/20 budget plan 	Completed.
	<ul style="list-style-type: none"> To examine any proposed changes in the use of assets, investments, loans and reserves Generate investment income to support revenue challenges 	DH /TE/LW/ JK Investment Board	<ul style="list-style-type: none"> To consider proposals to improve the financial stability of the Council within the constraints of proper public financial management 	To examine and make decisions on: <ul style="list-style-type: none"> The utilisation of the existing asset base and any changes proposed The Council's investment policy/portfolio and any changes proposed Any plans to capitalise existing revenue expenditure Any changes to the MRP policy and existing loans Any changes in the proposed utilisation of earmarked reserves 	<ul style="list-style-type: none"> Timely consideration of any papers submitted to Cabinet 	Completed - Asset Strategy Board and Shareholder Investment Panel established to oversee all investment activity. Capital governance arrangements reviewed and improved.
2.4 Delivering a balanced budget in 19-20	<ul style="list-style-type: none"> Maintaining governance oversight of delivery against plans 	Change Management Board	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council Where progress is at risk of slipping, corrective actions will be required 	<ul style="list-style-type: none"> To task Budget Working Group with periodic reviews of responsibilities and delegations To instigate corrective actions where applicable 	<ul style="list-style-type: none"> Terms of reference for the sub-committee Maintenance of an up to date action log 	Completed - Budget set without reliance on reserves. Positive outturn position achieved.
2.5 Deliver a strategy to achieve a sustainable budget for 2020/21	<ul style="list-style-type: none"> Work with CLT on implementing transformational change, improvements and new ways for working to reduce the Council's cost base 	Cabinet	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council Where progress is at risk of slipping, corrective actions will be required 	<ul style="list-style-type: none"> Undertake a zero-based budgeting or equivalent exercise to build cost base of Council. 		Completed - Budget set without use of reserves. Transformation programme refreshed. Impact of COVID being assessed.

Surrey Finance Improvement Plan: CLT Roles and Responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
1. Building a financial discipline that is fit for purpose						
1.1 Building the skills and capabilities of the Finance team	<ul style="list-style-type: none"> To bolster the skills of the current Finance team through recruitment 	JK/AW/MC	<ul style="list-style-type: none"> To ensure there is suitable, authoritative financial leadership in the Council 	<ul style="list-style-type: none"> To interview and recruit a suitable s151 officer To recruit and appoint suitably qualified finance staff to fill identified gaps 	<ul style="list-style-type: none"> Recruitment and appointment s151 officer Recruitment and appointment of suitable qualified finance staff 	Completed - Permanent s151 recruited, Finance Leadership Team restructured, Knowledge, Skills & Behaviours Framework established and embedded.
	<ul style="list-style-type: none"> Developing a new operating model for the Finance Team 	LW/KK	<ul style="list-style-type: none"> To develop a more dynamic Finance function that can drive change more effectively 	<ul style="list-style-type: none"> To commission external support to undertake a review of the skills and capabilities of the team and how it compares to best practice To review the proposed operating model and associated transition plan. To secure political approval to proceed from Cabinet 	<ul style="list-style-type: none"> A report from external advisors on the proposed changes to the Finance team Approval of the proposed operating model and transition plan 	Completed - Restructure completed & co-designed Partnership Agreement in place. Finance Academy in place to ensure continued focus on professional development.
	<ul style="list-style-type: none"> Implementing a new operating model for the finance team 	LW/TE/MC	<ul style="list-style-type: none"> To transform the existing Finance function 	<ul style="list-style-type: none"> Establishing a project team to oversee the transition 	<ul style="list-style-type: none"> A project implementation team 	Completed
1.2 Building the processes and systems needed to provide timely, reliable financial data cost efficiently	<ul style="list-style-type: none"> Scrutiny and approval of any OBCs to update existing financial processes and systems 	LW	<ul style="list-style-type: none"> To free up resources and provide the data to enable the Finance function to drive change more effectively 	<ul style="list-style-type: none"> Consideration and approval (subject to changes) of any business cases to update existing financial processes and systems To secure political approval to proceed from Cabinet 	<ul style="list-style-type: none"> Approval of business cases where applicable 	Completed – new reporting timetable and formats for DLTs, CLT & Cabinet. Ongoing - DBI project to drive further process improvements
	<ul style="list-style-type: none"> Determining the future of Orbis 	MC	<ul style="list-style-type: none"> To establish how Orbis might deliver better economies of scale, generate centres of expertise and/or improve the resilience of the finance function 	<ul style="list-style-type: none"> Consideration of the recommendations arising from the E&Y review 	<ul style="list-style-type: none"> Tbd – dependent on the outcomes of the current review 	Completed - 31Ten review completed and recommendations implemented
1.3 Building the credibility and authority of financial reports to members and CLT	<ul style="list-style-type: none"> Specifying expectations on the timing and format of financial reports 	JK/AW	<ul style="list-style-type: none"> To ensure the Finance team are clear on how reports to CLT should be prepared and presented incl. those for onward direction to Cabinet 	<ul style="list-style-type: none"> To consider and specify expectations of what is required from Finance progress To reconcile CLT expectations with those of Cabinet members To agree and approve a report format and arrangements 	<ul style="list-style-type: none"> An agreed format and process for financial reporting that meets CLT and Cabinet requirements 	Completed – new reporting formats agreed & S151 commentary reviewed for consistency
	<ul style="list-style-type: none"> Appointment of an expert panel to provide additional financial assurance on issues 	DH/JK/LW	<ul style="list-style-type: none"> To provide an additional source of assurance on financial issues until the Finance team is sufficiently reorganised to have secured the full confidence of CLT and Cabinet 	<ul style="list-style-type: none"> To develop and agree the terms of reference for the panel To identify and recruit suitable participants To identify secretariat support to facilitate and support meetings (AF/HW) To secure the approval of the Cabinet to such arrangements 	<ul style="list-style-type: none"> Cabinet approved terms of reference Regular meetings attended by the named participants 	Completed - External Assurance Panel set up and providing ongoing support
	<ul style="list-style-type: none"> Quality assurance of financial data 	JK/LW	<ul style="list-style-type: none"> To assure Cabinet on the rigour and reliability of the data provided 	<ul style="list-style-type: none"> To commission external consultants to review and validate key information on the planned savings in 2019-20 To establish a Budget Working Group to review the rigour of the planning assumptions for future financial year savings 	<ul style="list-style-type: none"> Briefing papers from consultants on the results of each review The ToR for the Budget Working Group sub-committee tasked with overseeing financial estimates 	Completed - Internal review of all savings plans, CLT focused sessions, utilised EAP for external review. Select committees reviewed additional in-year savings.

Surrey Finance Improvement Plan: CLT Roles and Responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
1.4 Raising standards of financial awareness across the service directorates	<ul style="list-style-type: none"> Encouraging financial scrutiny in decision-making across the Council 	LW/AW	<ul style="list-style-type: none"> To raise the profile and importance of good financial management across the Council 	<ul style="list-style-type: none"> To commission Finance to develop a budget accountability framework that sets out the governance, processes, meetings and accountabilities required to set, monitor and manage budgets To reinforce the importance of financial scrutiny by demanding Finance input on all proposals submitted by service directorates To task HR with ensuring the accountability framework is reflected in existing job descriptions, performance appraisal arrangements etc To recognise instances of good financial management and to challenge where performance is below standard 	<ul style="list-style-type: none"> A budget accountability framework A paper to Cabinet on proposed changes Instigating HR to integrate the budget accountability framework into appraisal processes Periodic CLT discussions on the financial awareness demonstrated by staff in order to identify corrective actions needed or to reward progress 	Completed - Budget Accountability Statements designed and embedded. Partnership Agreement sets out mutual expectations & roles & responsibilities.
	<ul style="list-style-type: none"> Developing guidance and mentoring for Cabinet members on financial issues 	LW/AW	<ul style="list-style-type: none"> To support Cabinet members in scrutinising and raising performance standards of the Finance team and budget-holders 	<ul style="list-style-type: none"> Commission consultants to develop and run a suitable training course and provide on-going coaching & mentoring 	<ul style="list-style-type: none"> Appointment of consultants Provision of courses 	Completed - External L&D consultancy to aid Finance Academy development. Ongoing - Member training offer
	<ul style="list-style-type: none"> Developing financial awareness amongst all Councillors 	LW/AW	<ul style="list-style-type: none"> To enable all Councillors to understand the financial pressures facing Surrey CC To recognise role of scrutiny in raising awareness of financial matters and pressures 	<ul style="list-style-type: none"> Review and approval of the finance briefing session developed for all Councillors Review and approval of the periodic financial briefing updates for all Councillors 	<ul style="list-style-type: none"> An initial briefing session for all Councillors Periodic briefings thereafter 	Completed - All Member briefings on budget proposals & financial position.
2. Addressing the financial challenges that the Council currently face						
2.1 Securing consensus on the scale of the challenge	<ul style="list-style-type: none"> To review and approve the draft improvement plan 	JK/CLT	<ul style="list-style-type: none"> To ensure the improvement plan is comprehensive and deliverable 	<ul style="list-style-type: none"> To confirm agreement subject to any changes required To prepare an internal communications strategy for how to brief budget holders and staff on the challenges faced 	<ul style="list-style-type: none"> An agreed improvement plan that is accepted by all relevant parties An approved communications strategy to support the improvement plan 	Completed
	<ul style="list-style-type: none"> To prepare an external communications strategy for engaging the public on the financial pressures facing the Council 	Head of Comms/ LW	<ul style="list-style-type: none"> To minimise the risk of public concerns disrupting progress To support Cabinet in explaining why further savings are required 	<ul style="list-style-type: none"> The development of an agreed communications strategy Briefing to service directors and Cabinet on the key messages in the communications strategy 	<ul style="list-style-type: none"> A communications strategy on the budget pressures facing the Council 	Completed - Consultation and engagement as required for proposed efficiencies
2.2 Delivering sufficient savings in 2018-19	<ul style="list-style-type: none"> Approval and dissemination of budget envelopes to secure additional savings in 2018-19 	JK/AW/KK	<ul style="list-style-type: none"> To clarify responsibilities of budget holders 	<ul style="list-style-type: none"> To secure explicit agreement of service directors to the revised targets at away day in Sept 2018 To collate data on how targets will be delivered in practice To ensure service directors make suitable delegations through Budget Accountability Statements (BAS) to Budget holders To brief budget holders on their responsibilities 	<ul style="list-style-type: none"> Formal approval of revised budget envelopes by CLT Discussion at 'away day' in September Signed BAS from every budget holder Briefing sessions with budget holders 	Completed – in-year additional savings plan linked to budget envelopes. Outturn position did not require use of reserves.

Surrey Finance Improvement Plan: CLT Roles and Responsibilities

Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
	<ul style="list-style-type: none"> Supporting budget holders to develop robust delivery plans 	MC/LW/KK	<ul style="list-style-type: none"> To increase the likelihood of targets being met 	<ul style="list-style-type: none"> To underline the importance of meeting the targets in subsequent meetings with budget holders To establish a Budget Working Group to oversee progress in the delivery of savings and cost mitigation plans 	<ul style="list-style-type: none"> Establishment of a subcommittee/panel to oversee delivery of targets A log of decisive, collective actions to address issues raised by Cabinet, budget holders and Finance 	<p>Completed – budget accountability statements designed and embedded. CLT focused sessions and in-year savings discussed at scrutiny committees.</p>
	<ul style="list-style-type: none"> Supporting budget holders to deliver the planned savings 	LW/KK	<ul style="list-style-type: none"> To identify issues sufficiently early to enable corrective actions to be instigated 	<ul style="list-style-type: none"> To hold regular CLT and sub-committee/panel meetings to monitor progress To take decisive, collective action as soon as issues arise To notify Cabinet, Finance and budget holders of any changes required 	<ul style="list-style-type: none"> Regular meetings of key staff An action log of changes required 	
2.3 Setting a realistic balanced budget for 19-20	<ul style="list-style-type: none"> The scrutiny and approval of existing planned savings, transformational savings and the management of pressures and demands 	CLT / AW/LW/KK	<ul style="list-style-type: none"> To ensure that existing plans remain on track 	<p>Establish a sub-committee with responsibility for reviewing and approving:</p> <ul style="list-style-type: none"> proposals to mitigate the impact of pressures and demands on service costs business cases for transformational savings and how they will be realised the delivery of the additional savings required Service directorates to affirm the expected savings and pressures/demands and any changes that may be required Commission 'deep dive' reviews of any material changes in the figures 	<ul style="list-style-type: none"> Formal approval of proposals 	<p>Completed – budget accountability statements designed and embedded. CLT focused sessions and savings discussed at scrutiny committees.</p>
	<ul style="list-style-type: none"> To explore opportunities for additional savings, such as the use of assets, investments, loans and reserves Align with work and outcomes from Growth Commission Secure additional investment and asset-based income 	TE	<ul style="list-style-type: none"> To minimise the impact on service delivery of the additional savings required 	<p>To commission reviews to examine:</p> <ul style="list-style-type: none"> The utilisation of the existing asset base and any changes proposed The Council's investment policy/portfolio and any changes proposed Any plans to capitalise existing revenue expenditure Any changes to the MRP policy and existing loans Any changes in the proposed utilisation of earmarked reserves 	<ul style="list-style-type: none"> Review papers by the those commissioned to examine an issue Timely consideration of any proposals submitted 	<p>Completed - Asset Strategy Board and Shareholder Investment Panel established to oversee all investment activity</p>
	<ul style="list-style-type: none"> Setting budget envelopes for 2019/20 	CLT/AW/LW/KK	<ul style="list-style-type: none"> To identify and approve sufficient savings to meet the new targets in the 2019/23 MTFP 	<ul style="list-style-type: none"> To agree the budget envelopes at a service directorate level To formally delegate budgets to service directors and to task them with delegation to budget holders 	<ul style="list-style-type: none"> Agreed Budget Accountability Statements for 2019-20 with every budget holder 	<p>Completed – budget envelopes developed and Budget accountability Statements signed off</p>
2.4 Delivering a balanced budget in 19-20	<ul style="list-style-type: none"> Maintaining an up to date record of who is responsible for delivering each aspect of the MTFP 	LW/KK	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council 	<ul style="list-style-type: none"> To task a sub-committee with periodic reviews of responsibilities and delegations To notify Finance of any changes in managerial responsibilities To instigate corrective actions where applicable 	<ul style="list-style-type: none"> Terms of reference for the subcommittee Maintenance of an up to date action log 	<p>Completed - Budget set without reliance on reserves. Positive outturn position achieved. Budget accountability strengthened through Partnership Agreement, Finance Academy training and budget accountability statements.</p>
	<ul style="list-style-type: none"> Regular progress tracking 	CLT/LW	<ul style="list-style-type: none"> To maintain collective progress in achieving the targets specified To identify issues sufficiently early to enable corrective action 	<ul style="list-style-type: none"> Regular CLT a meetings to monitor progress To share good practices and encourage peer pressure on budget holders to deliver To maintain a log of actions required by whom in order to mitigate the risk of targets being missed To seek explanations form finance and budget holders on actions taken and whether risks have been managed effectively. 	<ul style="list-style-type: none"> Regular meetings Regular briefings to service directors A log of actions required/taken 	

Surrey Finance Improvement Plan:

Finance Roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
1. Building a financial discipline that is fit for purpose						
1.1 Building the skills and capabilities of the Finance team	<ul style="list-style-type: none"> To bolster the skills of the current Finance team through recruitment 	LW/KK	<ul style="list-style-type: none"> To ensure there is suitable, authoritative financial leadership in the Council 	<ul style="list-style-type: none"> To prepare an induction for the new s151 officer To support the recruitment and induction of additional suitably qualified finance staff 	<ul style="list-style-type: none"> Induction package for additional finance staff 	Completed - Finance Leadership Team restructured.
	<ul style="list-style-type: none"> Assessing the strengths and weaknesses of the existing Finance team 	LW	<ul style="list-style-type: none"> To examine the people skills and capacity of the existing Finance team 	<ul style="list-style-type: none"> To commission external support to review the existing finance team. The ToR to include: <ul style="list-style-type: none"> A review of leadership skills and behaviours A skills analysis of the finance team A skills analysis of budget holders A time/activity review of the finance function Comparison of 'as is' with best practice, To engage the finance team in the review so that they have the opportunity to contribute and feel consulted 	<ul style="list-style-type: none"> A clear specification of work to be delivered Regular meetings between finance staff and the external support A report that outlines the strengths and weaknesses of the Surrey finance team 	Completed – Restructure complete. Knowledge, Skills & Behaviours Framework established and embedded. Finance Academy in place to ensure continued focus on professional development.
	<ul style="list-style-type: none"> Developing a new operating model for finance business and budget planning, and finance business partnering 	LW/KK	<ul style="list-style-type: none"> To develop a more dynamic Finance function that can drive change more effectively 	<ul style="list-style-type: none"> The development of a proposed operating model Consultation with finance staff and CLT on the proposed model The development of a proposed transition plan. The development of a learning and development strategy for finance staff 	<ul style="list-style-type: none"> A proposed operating model for the Finance team that meets Surrey's future needs A costed transition plan for how the new model will be implemented A learning and development strategy for finance staff 	Completed – Finance restructure built upon adoption of business partnering. Knowledge, Skills & Behaviours Framework established and embedded. Finance Academy in place to ensure continued focus on professional development.
	<ul style="list-style-type: none"> Implementing a new operating model for the finance team 	LW	<ul style="list-style-type: none"> To transform the existing Finance function 	<ul style="list-style-type: none"> Working with external support, HR etc to implement the transition plan To arrange regular meetings with staff to maintain morale and focus during transition 	<ul style="list-style-type: none"> Tbd – dependent on the results of the review 	Completed – Partnership Agreement sets out roles and responsibilities and mutual expectations.
1.2 Building the processes and systems needed to provide timely, reliable financial data cost efficiently	<ul style="list-style-type: none"> Reviewing data quality to improve service planning 	LW/KK	<ul style="list-style-type: none"> To address the procedural and systems issues that have contributed to the uncertainties in financial data 	<ul style="list-style-type: none"> To commission consultants to undertake a review that: Compares processes and systems in Surrey with those used elsewhere Tests data reliability and timeliness Supports budget holders in developing business case proposals for changes in process and/or systems where necessary 	<ul style="list-style-type: none"> A report that concludes on the suitability of data systems in each directorate Business case proposals for changes where necessary 	Completed – Voice of the customer and detailed budget monitoring process review Ongoing - DBI project to drive further process improvements
	<ul style="list-style-type: none"> Determining the future of Orbis 	LW	<ul style="list-style-type: none"> To establish how Orbis might deliver better economies of scale, generate centres of expertise and/or improve the resilience of the finance function 	<ul style="list-style-type: none"> To provide financial advice into the review of whether: <ul style="list-style-type: none"> Existing Orbis function offers better economies of scale than alternative shared service options The centres of expertise in Finance are offering added value Whether there is sufficient resilience in the Surrey finance team 	<ul style="list-style-type: none"> A review by E&Y 	Completed - 31Ten review completed and recommendations implemented
1.3 Building the credibility and authority of financial reports to members and CLT	<ul style="list-style-type: none"> Developing a report format and process that meets the needs of Cabinet and CLT 	AW/LW	<ul style="list-style-type: none"> To ensure that Cabinet and CLT have the data and advice needed to make evidence-based, timely decisions 	<ul style="list-style-type: none"> To consult with Cabinet and CLT on their expectations and requirements To develop reporting processes and formats that meet those needs 	<ul style="list-style-type: none"> An agreed format and process for financial reporting that meets CLT and Cabinet requirements 	Completed – new reporting timetable and formats for DLTs, CLT & Cabinet.

Surrey Finance Improvement Plan: Finance Roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
	<ul style="list-style-type: none"> Support to the expert panel established to provide additional financial assurance to CLT and Cabinet 	LW/KK	<ul style="list-style-type: none"> To provide timely access to information so that the panel are able to review and follow up issues as they arise 	<ul style="list-style-type: none"> To provide papers and access to officials or other information as required To maintain a log showing actions taken on recommendations made by the expert panel 	<ul style="list-style-type: none"> An action log of recommendations from the panel 	Completed – External Assurance Panel set up and regularly consulted, in an honest and transparent manner.
	<ul style="list-style-type: none"> Quality assurance of financial data 	LW/KK	<ul style="list-style-type: none"> To assure Cabinet on the rigour and reliability of the data provided 	<ul style="list-style-type: none"> To support consultants in reviewing and validating key information on the planned savings in 2018-19 To provide briefing and other papers to the subcommittee tasked with reviewing the rigour of the planning assumptions for future financial year savings 	<ul style="list-style-type: none"> Attendance at review meetings with consultants Briefings to the sub-committee tasked with overseeing financial estimates 	Completed – provided information and responses to scrutiny of 18-19 savings.
1.4 Raising standards of financial awareness across the service directorates	<ul style="list-style-type: none"> Encouraging financial scrutiny in decision-making across the Council 	AW/LW/KK	<ul style="list-style-type: none"> To raise the profile and importance of good financial management across the Council 	<ul style="list-style-type: none"> To develop a budget accountability framework that sets out the governance, processes, meetings and accountabilities required to set, monitor and manage budgets To scrutinise all proposals to CLT and Cabinet submitted by service directorates and to flag up any that have bypassed such an arrangement To periodically raise with CLT instances of good practice/poor performance in financial management by budget holders 	<ul style="list-style-type: none"> A budget accountability framework Periodic briefings to CLT 	Ongoing – Finance culture change to encourage external input and benchmarking. Regularly consult with stakeholders for honest feedback and to measure progress.
	<ul style="list-style-type: none"> Developing guidance and mentoring for Cabinet members and Councillors 	LW/AW	<ul style="list-style-type: none"> To enable all Councillors to understand the financial pressures facing Surrey CC 	<ul style="list-style-type: none"> Working with consultants to develop training, guidance and briefing notes on financial awareness that are bespoke to Surrey's needs 	<ul style="list-style-type: none"> Support to the appointed consultants 	Ongoing -Finance Academy - Fundamentals programme delivered (attendance low). Insights & Strategic Finance modules to follow (delayed by COVID pandemic)
2. Addressing the financial challenges that the Council currently face						
2.1 Securing consensus on the scale of the challenge	<ul style="list-style-type: none"> To prepare and maintain the draft improvement plan 	LW	<ul style="list-style-type: none"> To ensure the improvement plan is comprehensive and deliverable 	<ul style="list-style-type: none"> To develop an improvement plan and associated OBC To regularly update the improvement plan to reflect changing circumstances To notify CLT of any actions that have slipped or might otherwise materially impact on the improvement plan 	<ul style="list-style-type: none"> An agreed and up to date improvement plan that is accepted by all relevant parties Exception reports to CLT on any changes required 	Completed – FIP programme launched. Member Board & Member Reference Group established
2.2 Delivering sufficient savings in 2018-19	<ul style="list-style-type: none"> Approval and dissemination of budget envelopes to secure additional savings in 2018-19 	AW/KK	<ul style="list-style-type: none"> To clarify responsibilities of budget holders 	<ul style="list-style-type: none"> To circulate a template and gather returns in order for service directors to have transparency on the targets required ahead of the away day in Sept 2018 To map the returns to the MTFP in order to ensure that the planned savings are sufficient To support service directors in delegating their budget envelopes to budget holders by late September 2018 To collate and analyse Budget Accountability Statements in order to report to CLT on any omissions, or inconsistencies. 	<ul style="list-style-type: none"> Completed templates by each service director Discussion at 'away day' in September Signed BAS from every budget holder Briefing sessions with budget holders 	Completed – in-year additional savings plan linked to budget envelopes. Outturn position did not require use of reserves.

Surrey Finance Improvement Plan: Finance Roles and responsibilities

Work Package	Task	Responsible Owner	Purpose	Actions	Deliverable	Deadlines/Progress
	<ul style="list-style-type: none"> Supporting budget holders to develop robust delivery plans 	LW/KK	<ul style="list-style-type: none"> To increase the likelihood of targets been met and for issues to be brought to attention of CLT 	<ul style="list-style-type: none"> CIPFA and Finance to meet budget holders to discuss/review plans CIPFA and Finance to provide guidance to budget holders on what constitutes good practice in risk management of savings plans Reports to be reviewed by panel/sub-committee established by CLT 	<ul style="list-style-type: none"> Regular reports to internal panel Guidance to each budget holder 	Completed - budget accountability statements and savings discussed at scrutiny committees. Regular discussions with External Assurance Panel.
	<ul style="list-style-type: none"> Supporting budget holders to deliver the planned savings 	LW/KK	<ul style="list-style-type: none"> To identify issues sufficiently early to enable corrective actions to be instigated 	<ul style="list-style-type: none"> Regular progress meetings with budget holders Exception reports to CLT on any issues arising Preparation of a year end assessment of progress made in achieving targets set 	<ul style="list-style-type: none"> Exception reports to CLT Year end assessment of performance by budget holders 	Ongoing – support to budget holders via business partnering approach and Finance Academy budget holder workshops
2.3 Setting a realistic balanced budget for 19-20	<ul style="list-style-type: none"> The scrutiny and approval of existing planned savings, transformational savings and the management of pressures and demands 	AW/LW/KK	<ul style="list-style-type: none"> To ensure that savings in the transformational plans will be realised To ensure that the pressures and demands facing each directorate are adequately estimated and managed/mitigated To ensure that existing planned savings are likely to be delivered 	<ul style="list-style-type: none"> To review each business case and brief the Change Management Board on any issues on the timing, achievability or scale of projected savings To conduct a 'deep dive' of the projected figures and mitigations for review by the relevant sub-committee To examine the delivery plans of each service directorate 	<ul style="list-style-type: none"> Briefing paper on business cases to the Change Management Board Briefing papers on pressures and changes and planned savings 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Scrutiny committees briefed on proposed savings plans
	<ul style="list-style-type: none"> To explore opportunities for additional savings, such as the use of assets, investments, loans and reserves 	LW/KK	<ul style="list-style-type: none"> To minimise the impact on service delivery of the additional savings required 	<p>To support the teams tasked with reviewing:</p> <ul style="list-style-type: none"> The utilisation of the existing asset base and any changes proposed The Council's investment policy/portfolio and any changes proposed Any plans to capitalise existing revenue expenditure Any changes to the MRP policy and existing loans Any changes in the proposed utilisation of earmarked reserves 	<ul style="list-style-type: none"> Briefing to CLT on any issues arising with the proposals developed by each commissioned team 	Completed - ASB and SHIP established to oversee all investment activity. Capital governance arrangements reviewed and improved.
	<ul style="list-style-type: none"> Setting budget envelopes for 201920 	AW/KK/LW	<ul style="list-style-type: none"> To identify and approve sufficient savings to meet the targets in the MTFP 	<ul style="list-style-type: none"> To circulate a template to each service director on how the targets will be met To provide assurance to CLT that any duplication of savings have been eliminated and that there are suitable delivery plans in place to rely on the proposals submitted To prepare Budget Accountability Statements to be circulated to service directors and budget holders 	<ul style="list-style-type: none"> Circulated template Assurance to CLT on consistency and completeness of returns 	Completed.
2.4 Delivering a balanced budget in 19-20	<ul style="list-style-type: none"> Maintaining an up to date record of who is responsible for delivering each aspect of the MTFP 	LW/KK	<ul style="list-style-type: none"> To ensure there is suitable ownership across the Council 	<ul style="list-style-type: none"> To maintain an up to date and comprehensive central record of delegations and responsibilities To notify CLT of any gaps or inconsistencies in the Budget Accountability Statements signed by service directors and budget holders 	<ul style="list-style-type: none"> Scheme of delegation Exception reports on BAS omissions/inconsistencies 	Completed - Budget set without reliance on reserves. Positive outturn position achieved. Budget accountability strengthened through Partnership Agreement, Finance Academy training and budget accountability statements.
	<ul style="list-style-type: none"> Supporting budget holders to meet their responsibilities 	KK	<ul style="list-style-type: none"> To provide timely guidance to budget holders 	<ul style="list-style-type: none"> To provide timely advice to budget holders on any issues/concerns raised To facilitate the sharing of good practices/feedback at service directorate team meetings 	<ul style="list-style-type: none"> Monthly briefing notes 	



Programme Roadmap

Phase 2 – Transform and integrate

A financially sustainable County Council with a strong culture of financial management, accountability and evidence-based decision-making across the organisation...
 ...enabled by a trusted, proactive and insightful Finance Service operating at the heart of the organisation.

March 21

Streamlined, standardised and automated processes
 Good quality data enables evidence based decision making

October 20

All financial information is accessible, relevant and timely
 Whole organisation acts to ensure effective data quality
 Optimal decision making enabled by finance insight

March 20

Culture of accountability
 Strategic, proactive and insightful support
 Budget holders have appropriate financial skills
 Finance operates as an empowered, motivated and brilliant team

Phase 1 – Getting the basics right

October 19

Finance restructure complete
 Clear roles and responsibilities
 Early Improvements delivered
 Access to required Learning and Development

March 19

New Finance Leadership Team
 Clearly defined Strategic Finance Business Partners
 19/20 budget set without reserves

Objectives

- Building the skills of finance staff & budget holders
- Building a culture of stronger budget holder accountability
- Building a culture of strategic, proactive & insightful business partnering
- Increased Member confidence in finances
- Improved financial systems & processes
- Strategy for involvement with Orbis Finance

SCC operates from a sustainable financial position

This page is intentionally left blank