

Notice of Meeting

Resources and Performance Select Committee

**Date & time**

Thursday, 8 October
2020 at 10.00 am

Place

REMOTE MEETING
Streaming here:
<https://surreycc.public-i.tv/core/portal/home>

Contact

Kunwar Khan, Scrutiny
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Chief Executive

Joanna Killian

We're on Twitter:
[@SCCdemocracy](https://twitter.com/SCCdemocracy)



If you would like a copy of this agenda or the attached papers in another format, eg large print or braille, or another language please email kunwar.khan@surreycc.gov.uk.

This meeting will be held in public and remotely. If you would like to attend and you have any special requirements, please contact Kunwar Khan, Scrutiny Officer.

Elected Members

Mr Nick Harrison (Chairman), Mr Will Forster (Vice-Chairman), Mr Graham Knight (Vice-Chairman), Ms Ayesha Azad, Mr Mark Brett-Warburton, Mr Graham Ellwood, Mr Tim Hall, Mr Naz Islam, Rachael I. Lake, Dr Peter Szanto, Mr Chris Townsend and Mrs Hazel Watson

TERMS OF REFERENCE

The Committee is responsible for the following areas:

- Finance
- Orbis Partnership Functions including Orbis Public Law
- HR&OD
- IT and Digital
- Business Ops
- Property
- Procurement
- Equalities and Diversity
- Internal/External Communications
- Legal and Democratic Services
- Customer Services

AGENDA

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive any apologies for absence and substitutions.

2 MINUTES OF THE PREVIOUS MEETING: 1 JULY 2020

(Pages 5
- 36)

To agree the minutes of the Resources and Performance Select Committee held on 1 July 2020 as a true and accurate record of proceedings.

3 DECLARATIONS OF INTEREST

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

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

NOTES:

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

4 QUESTIONS AND PETITIONS

To receive any questions or petitions.

NOTES:

1. Due to the Covid-19 pandemic all questions and petitions received will be responded to in writing and will be contained within the minutes of the meeting.
2. The deadline for Members' questions is 12:00pm four working days before the meeting (*2 October 2020*).
3. The deadline for public questions is seven days before the meeting (*1 October 2020*).
4. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

5 PROPERTY PROGRAMME UPDATE

(Pages

- 37 - 60)
- Purpose of the report:** To receive an update about the Council's property.
- 6 PERFORMANCE REPORT** (Pages 61 - 78)
- Purpose of the report:** To provide an overview of progress against a set of key performance indicators that fall within the remit of the Resources and Performance Select Committee.
- 7 FINANCE IMPROVEMENT PROGRAMME** (Pages 79 - 106)
- Purpose of the report:** To receive the Council's Finance Improvement Programme (FIP) as considered by the Cabinet.
- 8 DIGITAL BUSINESS AND INSIGHTS** (Pages 107 - 118)
- Purpose of the report:** To receive an update on the Council's Digital Business and Insights (DB&I) programme.
- 9 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME** (Pages 119 - 130)
- Purpose of the item:** For the Select Committee to review the attached Recommendations Tracker and Forward Work Programme, making suggestions for additions or amendments as appropriate.
- 10 DATE OF THE NEXT MEETING**
- The next meeting of the Resources and Performance Select Committee will be held on 18 December 2020.
- 11 PRIVATE WORKSHOP**
- Budget Scrutiny: review of the Council's current financial position and core planning assumptions.

Joanna Killian
Chief Executive

Published: Monday, 28 September 2020

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MINUTES of the meeting of the **RESOURCES AND PERFORMANCE SELECT COMMITTEE** held at 10.00 am on 1 July 2020 as a REMOTE MEETING.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 8 October 2020.

Elected Members:

- * Mr Nick Harrison (Chairman)
- * Mr Will Forster (Vice-Chairman)
- * Mr Graham Knight (Vice-Chairman)
- * Ms Ayesha Azad
- * Mr Chris Botten
- * Mr Mark Brett-Warburton
- Mr Graham Ellwood
- * Mr Bob Gardner
- * Mr Naz Islam
- * Rachael I. Lake
- * Dr Peter Szanto
- * Mr Chris Townsend

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

The meeting was delayed and started at 10:19am. Apologies were received from Graham Ellwood.

2 MINUTES OF THE PREVIOUS MEETINGS: 24 JANUARY 2020 [Item 2]

The minutes were agreed as a true record of the meeting.

3 DECLARATIONS OF INTEREST [Item 3]

Rachael Lake declared an interest as a family member is an employee of Surrey County Council.

4 QUESTIONS AND PETITIONS [Item 4]

Cllr Jonathan Essex submitted a question in advance of the meeting, which can be found in the meeting agenda, alongside officers' response.

As a supplementary question, Cllr Essex asked for details of what had been submitted to government and Local Enterprise Partnerships (LEPs) as alluded to in paragraph two of the prior response, and how the Council was integrating the actions of the approved climate strategy with the economic strategy, including building insulation and sustainable transport, the two areas with the highest employment potential according to the Local Government Association report mentioned.

A written copy of the Executive Director's response and the schemes submitted to the LEPs are annexed to these minutes.

5 2019/20 OUTTURN, COVID-19 COSTS & FUNDING & BUDGET LESSONS LEARNED [Item 5]

Witnesses:

Anna D'Alessandro, Director of Corporate Finance

Mel Few, Cabinet Member for Resources

Leigh Whitehouse, Executive Director of Resources

Rachel Wigley, Director of Financial Insight

Key points raised during the discussion:

1. The Director of Corporate Finance presented headlines of the report. At outturn of the financial year 2019/20, a small surplus of £200,000 had been delivered on revenue. All services had contributed to this surplus. £2.6m had been added to the contingency, as well as £2.8m that had been added to the general fund reserve. In 2019/20, £82m of efficiencies had to be delivered, and there was slippage of £9.5m, comparing favourably to slippage of £22m in 2018/19.
2. The Director continued to explain that there had been two tranches of Covid-19 funding from government, totalling £47m. Of that, £900,000 had been spent on Covid-related costs and income loss in 2019/20, and the rest would be carried forward to 2020/21. A 'Delta 2' return had been submitted to the Ministry of Housing, Communities and Local Government (MHCLG) on 15 May. Work conducted with finance business partners had identified that £4.3m of efficiencies would be undeliverable because of Covid. The reporting to MHCLG was consistent with what other counties were reporting.

Ayesha Azad joined the meeting at 10:33am.

3. After the 2020/21 budget, the Finance team had conducted an extensive 'wash-up' exercise in partnership with Democratic Services around Select Committee involvement in the budget process. For the 2021/22 budget, Select Committees would be involved in the process more and earlier, conducting two rounds of scrutiny in September-October and December. The 2021/22 budget would be discussed at the first round of budget scrutiny in September/October 2020 and the second round in December 2020.
4. A Member noted that there had been an improvement in the final month of the year, with £5.6m additional savings. He asked why this had come so late and whether services were holding back savings until the end of the year. The Director of Corporate Finance said that the latter was not the case and services worked hard to achieve efficiencies all year. Sometimes efficiency needs did not become clear until the end of the year, as well as certain events that could only be undertaken at year-end from a Corporate Finance perspective. She acknowledged that the Council still had some way to go to refine forecasting. The Cabinet Member for Resources added that paragraph six of the report showed explanations for the delivery of efficiencies in month 11.
5. A Member remarked that in the years she had been a Surrey county councillor, she did not remember Special Educational Needs and Disabilities (SEND) ever coming within budget, despite promises that the numbers would be brought under control. Were there assurances that it would now be under control without this being detrimental to young people? The Director of Financial Insight responded that there

was now a transformation programme board chaired by Julie Iles as well as other relevant scrutiny. In 2019/20, there had been a £29m overspend had been projected; in reality, the overspend had been £1m higher than this, at £30m. The SEND overspend target for 2020/21 was £24m, and at the moment the Council was on target to achieve this; it was a top priority. The Executive Director of Resources acknowledged the long-standing nature of this issue and said it was a high-value and volatile area. At the moment, the Council was stuck between not being able to recognise SEND as a general fund pressure and not being funded for the pressure as part of the schools delegated budgets. In relation to the above point, a Member commented that surely projecting an overspend every year meant that the budget was incorrect in the first place. Was the Council being overoptimistic or setting our budget incorrectly? The Director of Financial Insight explained that SEND expenditure was funded through the dedicated schools grant (which came from the government), so in effect the Council was not being given enough government funding for SEND. New rules had been brought in that prohibited the Council from using its general fund for SEND expenditure. The Council was trying to bring SEND costs down. The Executive Director added that the Council was providing for the overspend and setting it aside on the balance sheet.

6. A Member referred to the £900,000 recovery relating to Children's services and asked what this entailed. The Director of Financial Insight replied that she did not have that information to hand and would respond to this outside the meeting.
7. The topic of performance data, particularly with regards to areas that fell outside this Select Committee's remit, was raised, and the Executive Director said that he was working on bringing performance data to other Select Committees.
8. Regarding Covid-19 related costs, a Member asked whether the Council had now received funding from the government for the Test and Trace system. Considering that Surrey was a leader in the South East, and that Surrey County Council's normal Public Health grant was one of the lowest in the country, the £3.5m Test and Trace funding seemed quite low. Would the Council supplement this using its own budget? The Executive Director responded that the funding was based on historic Public Health grant allocations, which could be problematic for Surrey County Council due to its low funding in the past. If more was needed, the same principles would apply as other Covid related spending. The Member enquired whether there was an indicative budget on how much Test and Trace would cost in total – how much more or less than £3.5m would it be? The Executive Director said that at the moment they were waiting for the Test and Trace plan to be finalised; once it was, they would conduct the appropriate reviews to ensure there was sufficient funding.
9. A Member queried whether there had been any feedback from the government on the Council's monthly Covid costs submissions. The report states that the Delta 2 submission to MHCLG (in May 2020) had forecast unmet efficiencies due to Covid of £15.8m, but that this had since been revised to £4.3m. A Member raised this and asked why this had changed. The Director of Corporate Finance said work had been done to determine in which services efficiencies would not be delivered, and the £4.3m represented unmet efficiencies in adult social care (ASC). She would share details of the movement from £15.8m to £4.3m. For Delta 1 (April 2020), there had not been a steer from

central government on how to fill in the Delta form, leading to discrepancies between different Local Authorities (LAs), so Grant Thornton had been commissioned by the County Councils Network to compare different LAs, which had since led to increased consistency.

10. A Member asked how infection control funding from government was distributed to care homes. The Executive Director explained that Surrey had been allocated around £19m for infection control in care homes, three quarters of which would be channelled straight to care homes. The remaining quarter could only be distributed to care homes once they had reached certain criteria to demonstrate implementation of effective infection control.
11. A Member praised the Council's initiative in setting up the Seacole Centre at Headley Court¹ and asked whether the building and equipment were leased or purchased. The Director of Financial Insight replied that the Council's involvement in that had been to prepare the building for the NHS, so the Council's spending on that would be fully reimbursed by the NHS. The Executive Director added that Headley Court was a privately owned property that had been leased until November at the earliest. The equipment was all owned by the NHS.

Recommendations:

1. That a summary of the following be presented in the next report at the October Select Committee meeting:
 - a. the latest financial situation around COVID-19 and the latest information regarding the government's Test and Trace programme;
 - b. the updated assessment of the impact of COVID-19 on Surrey County Council's short- and medium-term financial position; and
 - c. the financial support being provided to the Council's most vulnerable.

Actions/further information to be provided:

1. The Director of Financial Insight to provide details on the £900,000 recovery in Children's services;
2. The Director of Corporate Finance to share details of why the forecast efficiencies unmet due to Covid changed from £15.8m (Delta 2) to £4.3m.

6 MIDAS HOUSE CANCELLATION DECISION [Item 6]

Witnesses:

Michael Coughlin, Executive Director of Transformation, Partnerships and Prosperity

Key points raised during the discussion:

1. The Executive Director introduced the report. It focused on the decision to cancel the move of County Hall to Midas House in Woking, which was taken under the uncertainty of Covid. There were four key strands to the decision: the impact on staffing, digital capabilities, property implications, and communications and change management.

¹ One of the Nightingale hospitals set up to ensure sufficient capacity for Covid patients.

The Moving Closer to Residents (MCTR) programme would continue to be progressed in autumn 2020.

2. A Member remarked that the decision to cancel the move to Midas House appeared to have been made very quickly. The Select Committee wished for more detail on this decision – firstly, the revised timetable for the move of County Hall. Would the County Hall still be based in Kingston after the May 2021 election? The Executive Director responded that the Council would continue to market the current County Hall building in Kingston in the uncertain property market, working with the Royal Borough of Kingston upon Thames. Surrey County Council was also reviewing its wider property portfolio in line with quantitative and qualitative research on how staff had been working during the pandemic. It was, however, impossible to put a strict timeframe on the programme at the moment.
3. A Member referred to the £183,000 figure of costs associated with the cancelled move to Midas House. This was detailed in the answer to a Member's question at the full Council meeting on 19 May 2020, which was annexed to the report on the agenda for this Select Committee meeting. Was this figure still up to date and comprehensive, and what was the current budget allocation? The Executive Director said that £183,000 was the final cost and fees; no further costs had been incurred since the cancellation decision.
4. A Member asked what the primary reason for cancelling the decision was. Had the Council been unsure anyway and used Covid as an excuse? The Executive Director stated that Midas House had been a serious contender, and the Council would not have progressed as it did if it had not been serious. However, the pandemic hit as negotiations progressed beyond heads of terms into deeper legal considerations, and with the acceleration of the number of staff members working from home, it became clear that the Council was not going to need a building of the size or nature of Midas House. The decision was made quickly in order not to incur any more costs. There were no other, hidden reasons. The strategic intent remained to move staff out of the Kingston County Hall.
5. A Member expressed concern about how the cancellation would affect the Council's credibility among councillors and, principally, the general public. He asserted that the communications regarding what happened had been poor and Surrey's credibility had been damaged. There would be credibility issues with any future move of County Hall. The Executive Director accepted the Member's comments on communications – when the decision was taken on 23 April 2020, the country was in lockdown because of Covid, so the Midas House communications may have been lost among other communications. The Council had communicated with staff, but it might not have conducted enough public communications. No one could be sure about the impact of Covid in the future, but the Council was attempting to plan for the future wherever possible.
6. A Member remarked that there had been issues with Midas House all along; for example, there was not a space for a council chamber, and there had been issues with the tenants moving out. Was due diligence conducted before the Council made the initial decision to move there, and what learning had been taken from the experience to ensure that there due diligence was conducted in future? The Executive Director said that the Council had considered 18 buildings across the county and taken a range of factors into account. The decision had been

brought to Cabinet and this Select Committee, and there was a specific working group assigned to the programme. Midas House had not been the wrong building at the time; rather Covid and lockdown had brought about change on a large scale. The extent to which staff were able to work and conduct meetings from home changed the amount of office space that would be needed going forward.

7. A Member expressed concern about the impact on staff, some of whom had made lifestyle changes or financial decisions based on the anticipated move to Midas House, such as early redundancy or moving house. Had the impact on staff been looked into? The Executive Director declared that the Council was committed to taking staff into account, and an all-staff survey on agile working was being undertaken. The Council wished to enable staff to work from home or near home where appropriate, and have access to an office if necessary. The communications effort would be informed by this work. The Member acknowledged that this was a positive way to conduct the programme in future, but it did not take into account the way staff had been affected by the cancellation already.
8. A Member suggested that the cancellation could have a net financial benefit for the Council, because office space may have less value in future due to the decrease in demand since the pandemic.
9. A Member indicated that there had been issues with the energy efficiency of Midas House. Would energy efficiency be a factor in the selection of a new County Hall building? The Executive Director affirmed that as the Council had adopted the climate change strategy, energy efficiency would be key in any new building. Moreover, while there had been issues with the energy efficiency of Midas House, the Council had begun work on how it would improve this.
10. A Member asked whether Woking was the only location the Council was considering for a new County Hall location. The Executive Director confirmed that the intention remained for Woking to be the prime location. The Council had undertaken travel analysis for staff, in which it had found Woking and Guildford would involve similar travel times and ease of access for staff, in particular for staff living in and around Kingston upon Thames. While Woking remained a preference, there would be further review when the working from home data was analysed. A number of Members suggested that locations other than Woking, including Guildford and other areas of the county, should be considered. The new County Hall should be accessible not only to staff, but to residents too. Another Member said that MCTR entailed a move to a number of different buildings, not only the new County Hall, and challenged the effectiveness of the way the Council had conducted its travel analysis. Woking and Guildford may be less accessible from areas other than Kingston. She suggested that the Council should look at travel times between each office site and staff members' homes. The Executive Director responded that he believed the analysis involved the home postcodes of staff working at County Hall. He acknowledged, however, that this did not include staff working at other Council offices.
11. A Member expressed concern that the Council had continued far into the process of preparing to move to Midas House, spending £183,000, without realising that there were tenants it could not move. The Executive Director said that the Council had known about the tenancy issue throughout the process, and that Woking Borough Council, the current owners of Midas House, had been transparent about it.

Woking Borough Council had been confident that two out of the three tenants would have left by May 2020, and while the other tenant would remain there a little longer, Surrey County Council had been confident that they would also move out in due course. However, this had become much more difficult when the pandemic struck.

12. A Member reflected that the Council must have learnt from this experience and the risk involved in the move of County Hall, and requested to see a list of protocols that had been modified and updated to take into account due diligence.

Recommendations:

The Select Committee:

1. Recommends that a comprehensive update report about the new County Hall/Civic Hub be presented to the Moving Closer to Residents Task Group for its October meeting;
2. Supports the principle of the Moving Closer to Residents programme;
3. Recommends at present that the Council's new Civic Heart should be based in either Woking or Guildford to ensure a consistent message to staff and residents and reassure staff that have already made a decision on their future.

Actions/further information to be provided:

1. The Executive Director of Transformation, Partnerships and Prosperity to share a list of protocols for the move of County Hall.

7 QUARTERLY PERFORMANCE REPORT (Q4 2019/20) [Item 7]

Witnesses:

Paul Booker, Corporate Health and Safety Lead Manager

Anna D'Alessandro, Director of Corporate Finance

Jackie Foglietta, Director of Human Resources and Organisational Development (HR and OD)

Susan Grizzelle, Head of Customer Services

Marie Snelling, Director of Transformation

Gary Strudwick, Head of Business Intelligence

Rachel Wigley, Director of Financial Insight

Key points raised during the discussion:

1. Discussion began on the HR section of the report. A Member noted that there were a number of unmet targets and asked what steps were being taken to address this. Were witnesses content with the range of targets and progress? The Director of HR and OD stated that the targets were set at the right level. Some were set by government – for example, the target on apprenticeships (HROD 06) – and were therefore out of the Council's control, while others were set through the transformation programme, and some took into account national benchmarking. Apprenticeships as a percentage of the workforce had stood at less than one percent 18 months ago, so progress had been made. She acknowledged that the target for indicator HROD 03 (percentage of staff under 30) was a stretch target, and the Council had been underperforming on that indicator for a number of years, but was continuing to work on attracting young people. Also, the public sector as a whole should be aiming for lower sickness levels (HROD 04). HROD 05 (off payroll workers as % of workforce) had been set up by the corporate leadership team in response to Members' concerns

on interim and agency workers. The number of off payroll workers increased slightly as a result of transformation work in SEND and the Agile programme.

2. The Director of HR and OD continued to explain that Councils had shown a one percent increase in their workforce from 1 March 2020 to 1 May 2020 due to the Covid pandemic. However, overall the Council had seen a steady decrease of employees in the last year (2019-2020). The Covid pandemic had also helped the Council to recruit to some areas where historically it had struggled, such as apprenticeships and healthcare assistant roles. On the other hand, colleges had been closed for some time due to Covid, so those undertaking apprenticeships had been unable to work on the qualification for some time.
3. A Member asked the director what could be done to continue to improve the uptake of apprenticeships. The Director explained that apprenticeship levy funding could only be used on training, so the Council still had to fund apprenticeship salaries. The Local Government Association (LGA) was lobbying government for more funding. She was of the opinion that the government had asked a lot of LAs by setting a 2.5% target for apprenticeships as a percentage of the workforce.
4. A Member stated that in 2018/19, there had been 407 employees earning over £50,000 per year; in 2019/20, this had risen to 558 employees. The Member proposed that the Council monitor the number of staff members on high salaries. The Director of HR and OD suggested that the People, Performance and Development Committee could look into this at their next meeting; however, it was noted that the Resources and Performance Select Committee should also remain updated on this, particularly with regard to the affordability of the transformation programme.
5. A Member observed that the indicator Customer 01 (ASC referrals to preventative services) had no target. She enquired when a target would be produced. The Head of Customer Services explained that it was difficult to formulate a target for this indicator, because in some cases referrals to partner organisations (as opposed to Surrey County Council ASC) were more effective and less expensive. A review was being conducted with Surrey ASC.
6. A Member asked whether all Health and Safety incidents were reviewed. The Corporate Health and Safety Lead Manager responded that all incidents reported should be reviewed. The reason the figure for indicator Health & Safety 04 (percentage of incidents reviewed) was only at 93% could be to do with timing and turnover of reviewing managers.
7. A Member noted that there were no targets for all but one of the Health and Safety indicators, and suggested that the target for these should simply be continuous improvement against the same quarter last year. The Corporate Health and Safety Lead Manager said that ideally the target would be zero incidents, but this was not realistic. He would take on board the Member's suggestion and look into continuous improvement targets for the future. Another Member suggested that the target should be 100% or zero (depending on the indicator), and if this was not met, this should be explained in an annotation. It was agreed that this could be the long-term target, while improvement on the previous year could be a short-term target.

8. A Member proposed that employee injury lost time (Health & Safety 05b) should be shown as a ratio rather than an absolute number. The Corporate Health and Safety Lead Manager informed Members that the Council assembled data around injury and incident rates, and this could be supplied at the next meeting of the Select Committee.
9. The Head of Business Intelligence introduced himself. He was new to the role and was aiming to move toward a more digital, visual, live reporting style using a software called Tableau, helping to create a transparent performance culture across the Council. The ambition was for Surrey to be an example of best practice. The Head of Business Intelligence welcomed Members' input into the new design and reset of performance reporting.
10. A Member said he would like to see the next level down of performance monitoring tools within services. The Cabinet Member for Corporate Support indicated that the new performance data style would allow Members to interact with and query data more easily; this could help the Select Committee stay up to date and identify areas of scrutiny. The Chairman suggested that Members should also look into the new performance style outside of formal committee meetings.
11. Moving onto the Transformation section of the report, a Member asked for reassurance that there was a system to ensure that staff working from home had an adequate internet connection, desk set-up and other equipment. Did the Council cover staff's internet costs? The Director of Transformation said that she recognised the swiftness with which staff had been asked to work from home, and it had not been perfect for everyone. Corporate leadership was discussing the issues mentioned and thinking about the next steps as part of the Agile programme.
12. A Member remarked that if the Council was going to transform and become more agile, it had to find suitable platforms to conduct business and broadcast to the public. Even today's meeting had been delayed in starting due to issues with the webcasting. The Director of Transformation replied that while there had been some issues with WiFi and bandwidth during the period of working from home due to lockdown, there had been examples of good use of technology, such as the outbound calls to shielded people. There was much further to go in developing the technology to enable agile working.
13. A Member questioned what system would be used to measure performance on the pathway of care programme. The best performing county council seemed to be Rutland; what could be learned from them? The Director of Transformation replied that that improvements would continue to be made on this programme, and there was a focus on supporting independence.

Recommendations:

1. The Select Committee is to be consulted on the new format of the report and a private workshop for members be arranged by the service area;
2. The Select Committee is to receive the Organisational Portfolio Risk Register as part of the aforementioned workshop, including details of how the Council is embedding a new risk management culture.

Actions/further information to be provided:

1. The Corporate Health and Safety Lead Manager to look into the possibility of having continuous improvement compared to the same quarter last year as a target for Health and Safety indicators;
2. The Corporate Health and Safety Lead Manager to provide data on injury and incident rates at the October meeting of the Select Committee.

8 CABINET MEMBER PRIORITIES UPDATE [Item 8]

Witnesses:

Mel Few, Cabinet Member for Resources

Zully Grant-Duff, Cabinet Member for Corporate Support

Key points raised during the discussion:

1. Starting with the Cabinet Member for Corporate Support's portfolio, a Member asked whether the funding for the 700 laptops and deployment of Microsoft Teams (as mentioned in the report) was part of transformation expenditure or the Covid budget. The Cabinet Member explained that it was funded by transformation expenditure, as the rollouts were effectively a continuation of aspects of the transformation programme that had already been in the pipeline, just at an accelerated pace due to Covid. Some schemes, however, such as deploying technology to other organisations like Surrey Police, had been funded through the Covid budget.
2. The Select Committee raised the topic of remote care at home. The Cabinet Member for Corporate Support detailed that remote care was embedded into the Digital Strategy ambition and the lockdown had accelerated it further, as many people were not able to leave their homes. The remote care at home project looked at how artificial intelligence could be used in preventative services, to reduce pressure on acute health services. From a digital perspective, it represented an example of partnership working; Surrey County Council had a new Joint Strategic Chief Digital Officer, Katherine Church, who simultaneously fulfilled the same role at Surrey Heartlands, allowing the Council to look across both health and digital services, while also integrating ASC. The next stage of work would involve 1,000 of the most vulnerable households in Surrey.
3. Members expressed awareness of some failures in developing remote care at home. A Member asked whether the Cabinet Member for Corporate Support could assure the Select Committee that the Council would be using available technology and could overcome challenges; for instance, GDPR issues had to be considered. The Cabinet Member said that the implementation of remote care at home was being controlled by the Council and health partners and within that there would be contractual obligations for third parties, particularly relating to the databases. Funding came from Surrey County Council ASC and Public Health funding.
4. A Member stated that it would be useful when adopting the remote care system to find out which other councils or providers already used such a system and build on a system that already worked, rather than reinventing the wheel. The Cabinet Member for Corporate Support replied that Surrey County Council had put together the technology they were using at the moment, such as devices to measure temperature and heartrate. In future, there may be algorithms, databases and specialised devices for other measures made by third

parties. She did not have benchmarking with other LAs, but could refer the Select Committee to health partners who could give more information on this. The Council had not reinvented the wheel in the sense that the technology was already used by the NHS in Surrey, and had just been expanded and adapted by the Council in partnership with Surrey Heartlands. She acknowledged the Member's point, and added that, fundamentally, the Council had provided a service to vulnerable residents in a short space of time.

5. Moving onto the portfolio of the Cabinet Member for Resources, a Member asked if there were cost benefits and a timetable for the ERP (enterprise resource planning) replacement. What was driving the replacement? The Cabinet Member replied that the current SAP system was out of date and would cease to be supported by other software in the future. A report would be coming to the July Cabinet meeting about proceeding with a cloud service project as a better system.
6. A Member noted that at the end of month 1 of 2020/21, a risk of £15m had been identified, as well as a Covid-related risk of £16m. How confident was the Cabinet Member for Resources that these risks could be managed? The Cabinet Member stated that it was too early to say at the moment, but that the Council was looking at resetting the budget. On Covid, the Cabinet Member did not believe it would be possible to close those gaps without further government assistance. The area with the biggest Covid funding issue was ASC, due to the spread of Covid in care homes during the pandemic. Regarding business as usual, each service had a budget cap, and the Council was working towards achieving that.
7. A Member asked whether the possibility of a second peak of Covid was being taken into account when developing the 2021/22 budget. The Cabinet Member for Resources responded that he had given broad indications on what services should focus on during the pandemic, and this was open to change going forward.

Actions/further information to be provided:

8. The Cabinet Member for Corporate Support to provide details of health partners who can give more information on remote care at home in other LAs.

9 TRANSFORMATION PROGRAMME UPDATE [Item 9]

It was agreed that the questioning for this item would be conducted in written form after the meeting. The questions and answers are annexed to these minutes.

Mark Brett-Warburton left the meeting at 1:13pm.

10 TASK AND FINISH GROUP UPDATES [Item 10]

The Select Committee noted the minutes of the Customer Experience Task Group.

11 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 11]

The Select Committee noted the Recommendations Tracker and Forward Work Programme.

12 DATE OF THE NEXT MEETING [Item 12]

The next meeting of the Resources and Performance Select Committee would be held on 8 October 2020 at 10:00am.

Meeting ended at: 1.15 pm

Chairman

Response to Cllr Jonathan Essex's supplementary question

Michael Coughlin, Executive Director of Transformation, Partnerships and Prosperity:

"The Coast to Capital and LEP schemes, some of which were submitted to government, are attached.

Since the Surrey Climate Change Strategy (CCS) was endorsed at Cabinet in April, officers have been working on the approach to its effective delivery. With input from a number of partners and officers from across the Council, this has focused on how partners and the Council can best use recovery efforts and investment to accelerate the ambitions set out in Surrey's Greener Future, building on the work of the Member Task Force.

This has included consideration of the role that Government must play and we are discussing and developing joint lobbying opportunities with District and Borough Councils and other partners including ADEPT, with reference to the recommendations in recent publications by the Committee for Climate Change and other sources. We have also responded to the recent funding calls issued by Government, which have been designed to accelerate green economy and carbon reductions through Placed-based approaches.

With regards to building insulation and sustainable transport, whilst we are in the Covid-19 pandemic, the economic development strategy is in an interim form. Over the Summer and into the Autumn we will be working to ensure those links are pulled together ahead of bringing the strategy back in a fuller form next year.

Our developing economic strategies and plans are being informed by the opportunities which are presented by the climate change agenda. Initial research suggests that Surrey will benefit from around 28,000 new local 'green jobs' by 2050 with particular strengths emerging in the area of low emission vehicles and infrastructure. We will be working with partners across skills, business and research to ensure we are able to capitalise on the opportunities this and other clean growth developments present".

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Accelerated projects

LEP: C2C									
BASIC INFO - Accelerated Capital Projects									
Project Name	LGF Project Reference Number (if applicable)	Project type Please select from drop down	Project Summary (~100 words) - Narrative about project - Local interest	Existing competitive process?	Location (local authority)	Location by postcode if known	Priority ranking	Total capital £ ask (E)	
East Surrey College Advanced Technology Centre	N/a	Skills	The project intent and outcomes are rooted in the critical need to reskill and upskill local adults and young people to achieve sustainable employment within the engineering and construction sectors. The project establishes a three-storey advanced technology training centre (ATC) with pathways from basic levels for new entrants and includes an innovative rail engineering training facility. Trainees will learn on the latest technologies with structured integration into local employment. The ATC is of significant local interest to trainees and employers, sited at the College base in Redhill on the edge of Gatwick and with direct transport routes into London.	No	Reigate and Banstead, Surrey	RH1 2JX		£	4,604,312
NESCOT refurbishment	N/A	Skills	Nescot offers a discrete range of university-level qualifications using a different model than traditional universities. The college delivers HE to nearly 1,000 under the Nescot banner, with approximately 320 students studying for degrees at Nescot Epsom campus. Nescot degrees are validated by the Universities of Surrey, Kingston, Greenwich and West London. The College also holds Institutional accreditation with the Open University and is developing a BA degree in Entrepreneurship to be validated by the OU and delivered from early 2021 and a BA honours in Social and Community Work for delivery in 2021/22. It is planned that both ordinary degrees will progress on to Masters Degrees. The programs, which will each be delivered to 90 students, (180 total), will be delivered at weekends for on campus delivery and virtually for mid-week delivery to facilitate the time constraints of working students. The project will see the refurbishment of the HE common room and study centre; it has been specified, costed and tendered and would have formed part of the colleges 2019/20 capital programme for build at Easter 2020. The project became undeliverable due to the impact and additional cost of Covid19 on both the potential contractor and college. The works, which would have significantly improved the quality of provision of the new BA degrees as well as growth in the wider HE offer are now unaffordable. Works include improving the energy efficiency of the building, improved IT provision and the incorporation of 6 individual learning pods as well as up to date social and learning space to support up to 180 new learners on the new programs described above as well as existing HE provision. If reinstated with funding the project can be delivered over the summer of 2020.	No				£	140,000

DELIVERABILITY						
Project Status	Planning (Y,N/ N/A)	Where no planning is in place but is required- when is it expected & at what stage is it the process?	Anticipated full project deliverability by January 2022? (Y,N)	Any risks/blockers to delivery beyond funding?	Forecast spend 20/21 (include accelerated scenario for existing projects)	Forecast spend 21/22 (include accelerated scenario for existing projects)
Board approval – anything from OBC onwards as these require formal board approval and can trigger first payments including, for example, for further project development	Yes	The College is in the final stages of filing a planning application. There is considerable support for this project and at the pre application meeting the proposal was very well received. The planning application was originally scheduled to be filed in April, but due to the pandemic, some of the surveys were delayed. However these are now complete and the planning application will be filed in early July.	Yes	The College has been working on this project for the past year at least and has ensured risks as far as possible have been identified. We have not had any further risks identified by our various suppliers and stakeholders. There fore the only risks readily identifiable would be those out of the College's control. For example : a second wave of COVID 19	£ 2,960,962	£ 1,643,350
Accelerate existing project	Yes		Yes		£ 140,000	

Existing Projects to be accelerated						CAPITAL FUNDING ASK BY YEAR (£)	
EXISTING SPEND PROFILE			ADJUSTED SPEND PROFILE				
20/21	21/22	2022+	20/21	21/22	2022+	20/21	21/22
£ 922,000	£ 1,383,003	£ 2,299,312	£ 2,960,962	£ 1,643,350	£ -	£ 2,960,962	£ 1,643,350
£ -	£ -	£ -	£ 140,000	£ -	£ -	£ 140,000	

ALL PROJECTS
OTHER PROJECT FUNDING (£)

Local authority funding (£)	Other public funding (£)	Private funding (£)	Third sector funding (£)	Other funding (inc in kind) (£)	Funding required but source not yet identified (£)	Is this funding fully-committed? (Y/N)	If not fully committed, please set out current position/issues	Total project cost (£)
£ -	£ -	£ -	£ -	£ -	£ -	No	The College is committed to costs to take it up to the Planning stage, the approval for RIBA Stage 4 plans is due to take place as the project gets filed for planning.	£ 4,604,312
								£ 140,000

Strategic Fit with Funding Criteria							
Objective 1: Growth and Jobs (Y/N)	Objective 2: Green Recovery (Y/N)	Priority interest area 1: modernising town and city centres (Y/N)	Priority interest area 2: Physical infrastructure to improve the local economy (Y/N)	Priority interest area 3: Human Capital including business support (Y/N)	Priority interest area 4: Innovation ecosystem (Y/N)	Priority interest area 5: Digital connectivity (Y/N)	Summary on how the project meets one or both of the fund objectives and how it meets one or more of the 5 priority interest areas
Yes	Yes	No	Yes	Yes	Yes		The project meets both strategic objectives. The Gatwick Diamond economic area is suffering devastating job losses that are predicted to deepen. As a quality, established skills training provider, this project maximises the critical, pivotal strategic role the College plays in local business support, job creation/retention and economic regeneration. Trainees will train within a facility benefiting from sustainable technologies enabling their integration into learning. The project meets PIAs 2, 3, 4 by providing an innovative skills solution to local businesses, a high focus on sustainable green technology integration and a deliverable boost to local employment. It will be based within easy walking distance of the town of Redhill and serve as a physical embodiment of confidence and growth for the local economy. The building is planned to be fully equipped with state of the art Wifi connectivity and access to its learners, so whilst there isn't a direct connection to providing digital connectivity capacity, there is a utilisation of connectivity enabling suppliers to competitively engage in the project and provide employment and skills to their work force.
Yes	No	No	Yes	Yes	Yes	Yes	The study programs and the project itself meet LEP priorities in terms of social capital, health and well being, job creation and preservation, and the increase/improvement of learning space for new learners.
							Nescot has a proven track record of delivery on projects part funded by the LEP in support of LEP priorities.

OUTPUTS							
Jobs Created	Additional construction jobs	Jobs Safeguarded	Housing units delivered	Sqm commercial floorspace	Area of new or improved learning/training flooespace	Number of new learners assisted	Other Key output metric
9 Teaching and support roles in the new facility	We have requested this number from the supply chain.	3 Teaching roles	0	0	872sq mtrs	We would anticipate delivering to circa 378 learners per annum, however for a prudent forecast we have estimated delivering to 250 students, which according to the old Skills funding agency inversment appraisal looks at a 20 year period - a prudent estimate of the benefit would deliver learning to 5000 students.	

VALUE FOR MONEY (if available)

BCR	Present value of public costs	Present value of total cost	Present value of benefits	Key assumptions (to include additionality, optimism)	Qualitative VFM Summary (why is this VFM, what benefits are counted inc non-montetary benefits)
<p>1.07 - Model used Skills funding agency Investment Appraisal Summary which measures NPV at 3.5% over 20 years Note: The assumptions used in this model reflect curriculum delivery in a normal working environment and not in the current environment with social distancing rules. The assumption is that the social distancing rules will be fully released in 18months when theis project is due to come on line.</p>	<p>4,916,310 present value of project</p>		<p>4,604,312 present value of investment</p>	<p>Initial Capital Cost The College provide the land from their existing site. A cost plan has been produced by Woodley Coles LLP, detailing the envisaged costs to provide the new facility, based upon recognised industry standards.</p>	

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New projects

LEP: C2C and EM3							
BASIC INFO - New Shovel Ready Capital Projects							
Project Name	Project type Please select from drop down	Project Summary (~100 words) - Narrative about project - Local interest	Existing competitive process?	Location (local authority)	Location by postcode if known	Priority ranking	Total capital £ ask (£)
High streets of the future: Enhanced pop up/pilot active travel measures (EM3 LEP - joint project with Hampshire CC)	Transport	Active travel measures & road safety measures that together will enable the county to more comprehensively move toward socially distanced reopening of the economy, whilst enabling a trial of the evolution to a greener transport system. These measures will build on the DfT grant tranches, but look to build as part of a comprehensive move toward a more permanent future of the high street. We will include potential for innovative solutions such as e-bikes and the like which could provide important connection to linking people to employment/low cost intra-locality transport to work. Coordinating with Hampshire CC for EM3-wide programme and potentially C2C linking to their Safer Towns work. Also exploring the potential to develop vacant properties on high streets into we work/we learn spaces for business and skills providers to interact/co-locate – again part of vision of the future of the high street.		Surrey County Council			£1.5M
High streets of the future: Enhanced pop up/pilot active travel measures (C2C LEP)	Transport	Active travel measures & road safety measures that together will enable the county to more comprehensively move toward socially distanced reopening of the economy, whilst enabling a trial of the evolution to a greener transport system. These measures will build on the DfT grant tranches, but look to build as part of a comprehensive move toward a more permanent future of the high street. We will include potential for innovative solutions such as e-bikes and the like which could provide important connection to linking people to employment/low cost intra-locality transport to work. We will work with West Sussex for our towns with strong links to Gatwick airport.		Surrey County Council			£ 2,000,000
A217 resilience Project	Transport	The project aims to improve the reliability and resilience of this key principal road. Design will complement the work that was completed in phase 1 of the A217 Resilience Project, which undertook major drainage improvements and provided structural repairs and complete carriageway resurfacing, with robust materials aimed at maximising longevity. Phase 2 will follow a similar strategy of providing major repairs that will reduce the impact of flooding and the endless cycle of unscheduled reactive maintenance that disrupts and delays traffic. Phase 2 proposes to prioritise identified locations. This will reduce disruption and delays caused by frequent reactive maintenance/unavailability of the routes due to flooding, thus supporting economic growth and jobs through provision of a reliable key route and supporting green recovery through long term resilient road surface.	No	Surrey County Council			£ 1,500,000

DELIVERABILITY

Project Status	Planning (Y,N/ N/A)	Where no planning is in place but is required- when is it expected & at what stage is it the process?	Anticipated full project deliverability by January 2022? (Y,N)	Any risks/blockers to delivery beyond funding?
N/A	No		Yes	No
N/A	No		Yes	No
Pipeline – a project proposal that has come forward (in response to a call or whatever) but has not been through any of the formal processes included below.	No		Yes	None

CAPITAL FUNDING ASK BY YEAR (£)		ALL PROJECTS								
		OTHER PROJECT FUNDING (£)								
20/21	21/22	Local authority funding (£)	Other public funding (£)	Private funding (£)	Third sector funding (£)	Other funding (inc in kind) (£)	Funding required but source not yet identified (£)	Is this funding fully-committed? (Y/N)	If not fully committed, please set out current position/issues	Total project cost (£)
£ 250,000	£ 1,250,000									£ 1,500,000
£ 500,000	£ 1,500,000									£ 2,000,000
£ 665,000	£ 1,335,000	£ 500,000								£ 2,000,000

Strategic Fit with Funding Criteria

Objective 1: Growth and Jobs (Y/N)	Objective 2: Green Recovery (Y/N)	Priority interest area 1: modernising town and city centres (Y/N)	Priority interest area 2: Physical infrastructure to improve the local economy (Y/N)	Priority interest area 3: Human Capital including business support (Y/N)	Priority interest area 4: Innovation ecosystem (Y/N)	Priority interest area 5: Digital connectivity (Y/N)	Summary on how the project meets one or both of the fund objectives and how it meets one or more of the 5 priority interest areas
Yes	Yes	Yes	Yes	No	No	No	Active travel measures & road safety measures will enable our towns and places to move toward socially distanced reopening of the economy.. They support our Greener Futures agenda and delivery of the Climate Change Strategy, enabling residents to make sustainable and safer journeys.
Yes	Yes	Yes	Yes	No	No	No	Active travel measures & road safety measures will enable our towns and places to move toward socially distanced reopening of the economy.. They support our Greener Futures agenda and delivery of the Climate Change Strategy, enabling residents to make sustainable and safer journeys.
Yes	Yes	No	Yes	No	No	No	The premise behind all of the resilience schemes is providing resilience on key routes to improve the reliability of the route to reduce disruption and delays caused by frequent reactive maintenance/unavailability of the routes due to flooding. The project meets 2 key criteria – supporting economic growth and jobs through provision of a reliable key route and supporting green recovery through long term resilient road surface rather than frequent reactive measures. In part the investment would improve physical connectivity, thus improving the local economy. This scheme will also link with future active travel projects (subject to funding).

OUTPUTS

Jobs Created	Additional construction jobs	Jobs Safeguarded	Housing units delivered	Sqm commercial floorspace	Area of new or improved learning/training floorspace	Number of new learners assisted	Other Key output metric
							Length of road to be resurfaced 5.4km Highway wetspot locations resolved or mitigated - 5no

VALUE FOR MONEY (if available)

BCR	Present value of public costs	Present value of total cost	Present value of benefits	Key assumptions (to include additionality, optimism)	Qualitative VFM Summary (why is this VFM, what benefits are counted inc non-monetary benefits)

TRANSFORMATION PROGRAMME UPDATE

Witnesses:

Michael Coughlin, Executive Director, TPP

Marie Snelling, Director of Transformation

Overall Questions

Question (1): What is the role of the 'Transformation Assurance Board'? Mention is made of benefits models and document templates – could we see those documents, please?

Response:

The Transformation Assurance Board is a senior office level board, chaired by Marie Snelling (Director for Transformation) which drives and assures key transformation programmes, ensuring that planned benefits (financial and operational) are tracked and delivered.

The Board meets monthly to review progress across the transformation portfolio, providing support, challenge and assurance, drawing in relevant officers as required in order to unblock risks and issues. It escalates any significant issues or decisions to CLT. The headline performance and progress the Board tracks is then featured in the regular monthly budget reports (financial benefits position) and corporate performance report (overall progress of programmes).

The other templates referenced are operational and are used to ensure projects are delivered in a consistent manner.

Question (2): In the Organisation Portfolio there are costs of £6.6m and savings of £8.5m – £7m of this is in Land & Property. What does this saving of £7m in property consist of? Are the savings at risk because of COVID-19?

Response:

The £7m is a forecast of savings that can be made over the medium-term period in relation to land and property transformation, based on the investment of seed funding to pursue key projects. We currently still expect to achieve these particular efficiencies over the medium term in spite of the disruption from Covid-19. We will review this further as part of the overall work to develop a refreshed MTFs and transformation programme for 2021/22 onwards over the autumn and winter.

Individual Programmes

Agile Workforce, £2.2m investment

Question (3): How is the money to be spent? Is it for hardware or software or is it people rolling out projects, or is there property expenditure included as well? How much would this be on top of existing expenditure?

Response:

The investment is in a combination of all three; hardware, software and people rolling projects out. This will provide the right devices, common systems and skills to ensure the successful delivery and adoption of the programme. This investment is to enable and enhance the way we use technology in the future, so is on top of existing expenditure.

Question (4): Presumably, the programme has been accelerated by COVID-19 - how has this been taken on board and the programme updated?

Response:

Yes, the programme has been accelerated by Covid-19. This has been managed and overseen by connecting the Agile Programme to the council's Covid-19 Operations Board. Key activities were prioritised to meet Covid-19 related needs. We established a laptop workstream to prioritise and distribute approx. 700 laptops in 10 weeks. We also accelerated the rollout of Microsoft Team increasing user numbers to approx. 7,000.

Question (5): As a lot more staff will be working from home for the foreseeable future. As a responsible employer what measures have we put in place to ensure they are supplied with proper equipment (e.g. comfortable office chair, fast WiFi) to cope with video and audio meetings, and an appropriate work environment? Are staff able to claim expenses on certain spends, such as phone minutes and reasonable costs?

Response:

In the initial stages of the pandemic and in response to the Government's instruction that people should work from home unless they were unable to, we made available to staff the use of council equipment (monitors, chairs, desks) for use in their homes where needed. We have maintained the ability to work from council buildings for any member of staff experiencing difficulties working from home as a result of their personal circumstances. Staff working from home will in many cases realise savings from commuting and so there is no plan to reimburse the cost of utility bills. Staff are however able to make use of

HRMC's tax relief available to people who have to work from home on a regular basis and we have promoted this, signposting staff to the relevant section of the HMRC website.

Digital, £2.3m investment

Question (6): How is the money to be spent? Is it for hardware or software or for people rolling out projects?

Response:

It's a combination of all three. This will provide the right devices, systems and skills to ensure the successful delivery and adoption of the programme.

Question (7): The Digital Strategy approved by the Cabinet includes many projects which would appear to be beyond the digital programme costings as such, and presumably included in other IT budgets. How are the priorities for each area assessed, approved and monitored?

Response:

In order to assess, approve and monitor the progress against the Digital Strategy the Digital Board has been established. This is to enable all workstreams that contribute towards the Digital Strategy to report progress, request support and manage risk. All assessments are made against the strategic priorities set out in the Digital Strategy, which itself supports the goals in the council's organisation strategy and vision for 2030.

Question (8): The Cabinet report discussed a refresh of the Digital Transformation Programme after the approval of the Strategy; is this now available and can we see a full list of projects within the programme?

Response:

The revised set of projects within the programme is being finalised, with work currently taking place to assign the resources across key priorities. This will be completed in the coming weeks so can be shared after the summer recess.

Question (9): Why do remote care at home and the Single Point of Contact sit under the digital portfolio? It might be expected that they sit under ASC and Children’s services, respectively

Response:

Although the technology for these opportunities sits within the Digital Programme, the operations, processes and service users that benefit from these technologies are of course within the realm of the frontline services.

Digital technologies are most effective when a collaborative approach to solving a problem is taken. Consequently, the Digital programme will build strong relationships and work with services to understand the key problems that need to be solved. This will include the processes, practices and operations that need to be changed and the digital technologies that can best enable these new ways of working such as “single point of contact”.

Moving Closer to Residents, £0.3m investment, benefits £0.6m

Question (10): This seems very modest - how is the disposal of County Hall and the capital investment for the new civic centre in Surrey is treated? Can this be explained?

Response:

As set out in the report to the Committee, due to Covid-19 the Moving Closer to Residents programme is now paused.

The numbers referenced reflected plans as they existed prior to Covid-19 and set out in the [report to Cabinet](#) in late 2019 (noting that the £0.3m was a specific revenue investment component allocated from the council’s transformation fund to support change management, not the full capital business case)

Resources and Performance Select Committee

8 October 2020

Commercial Investment Portfolio update Land & Property

Patricia Barry, Director, Land & Property

patricia.barry@surreycc.gov.uk



SURREY
COUNTY COUNCIL

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Halsey Garton Residential (HGR)	19
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Future key lines of enquiry	For discussion

Overview

Summary : impact of COVID-19

UK investment market overview

- Less than 50% of tenants paid rent on time on June Quarter day
- Retail and Leisure sectors continue to be hardest hit, due to the national lockdown earlier in the year and ongoing restrictions which prohibit many businesses from trading fully
- In the Retail sector, collection rates 7-days post the Quarter day are still at only 42%
- For the year to date, 71 brands have declared insolvency; an increase of 58% against the whole of 2019

Surrey response

- At the start of lockdown, we initiated a weekly governance meeting to assess and map the key risks to the portfolio, implementing strategies at local level to manage and mitigate risk, and navigate the portfolio through the pandemic
- Our proactive approach and by working collaboratively with our tenants has resulted in the investment portfolio achieving collection levels significantly above the national market average for a mixed-use portfolio, with June Quarter currently at a combined 74%
- The office market has proved to be resilient, with rent collection in the investment portfolio at 99% save for one significant tenant
- Generally, discussions with most tenants and operators have been productive; payment plans have been agreed with a small number of tenants to defer rental payments in the short-term
- The national moratorium to protect tenants from eviction due to non-payment of rent has recently been extended by the Government to the end of 2020 (originally due to end on 30 September)

Trading vehicles

- Investments are held in three trading vehicles wholly owned by Surrey County Council:

SCC

Within Surrey and which contribute to an economic outcome or provide for future service use

9 Assets

Value : £131m

Gross Inc. : £6.9m

Halsey Garton Investment

Investment for income return and outside of Surrey

17 Assets

Value : £268m

Gross Inc. : £17.4m

Halsey Garton Residential

Residential properties held for income return both inside and outside of Surrey*

23 Assets

Value : £2.4m

Gross Inc. : £0.3m

* Note: first assets only transferred August 2020 into HGR from SWT.

Investment strategy to date

- 2013 : SCC Investment Strategy approved by Cabinet to :

"Enhance the council's financial resilience in the longer term"

- Primary purpose to deliver an ongoing income stream
- Generated from a diversified and balance portfolio of investments
- Strategy also:
 - Provides the means to make investments that support economic growth in the county
 - Retains assets and invest to enhance income generation
- 2017 : Strategy reviewed by Cabinet who re-confirmed ambition to continue to grow the portfolio
- 2019 : Investment Strategy reviewed as part of Asset & Place review and Portfolio 'held' at current levels of investment
- Portfolio value will fluctuate annually due to the inherent size of the portfolio with leases coming to an end (reduction in value) to new leases being instructed (value increases)
- SCC book value has no impact on revenue returns

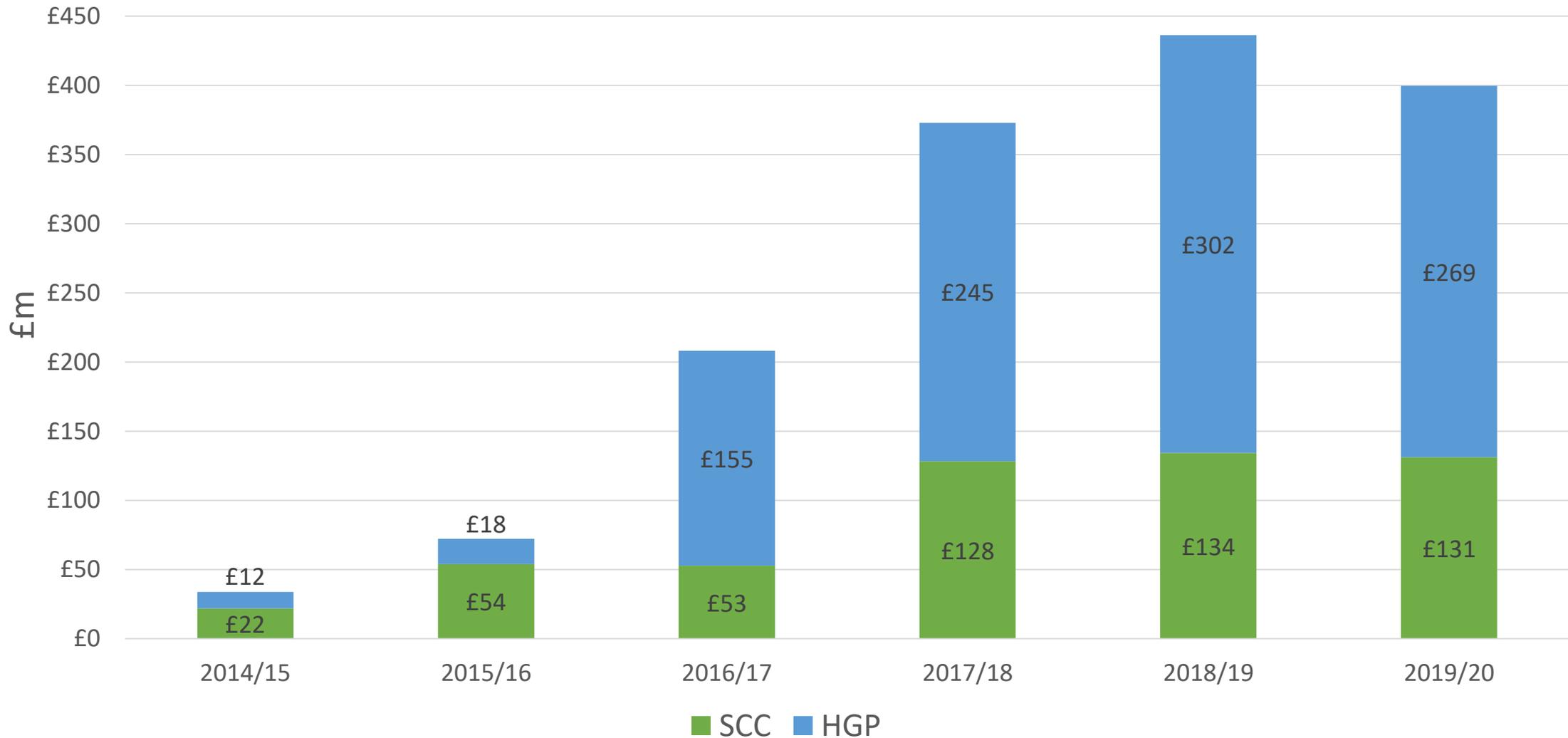
Combined portfolio generates :-

- £11.6m revenue contribution to the council from the profit of the SCC portfolio (£3.1m) and loan arbitrage on the HGPI portfolio (£8.5m)
- In Council tax terms £11.6m would equate to £22.91 (1.5%) per year on the average Council Tax bill
- Based on the interest rates attributable to the funding, and the returns gained, the portfolio continues to contribute to the service delivery of the council at this time

Wider Land & Property actions

- Targeting a refresh of the Asset & Place Strategy to Cabinet by Christmas 2020
- Strategy seeking to update and capture new wider corporate values and commitments
- Seeking to integrate multiple strategies into one key over-arching document

Investment portfolio value

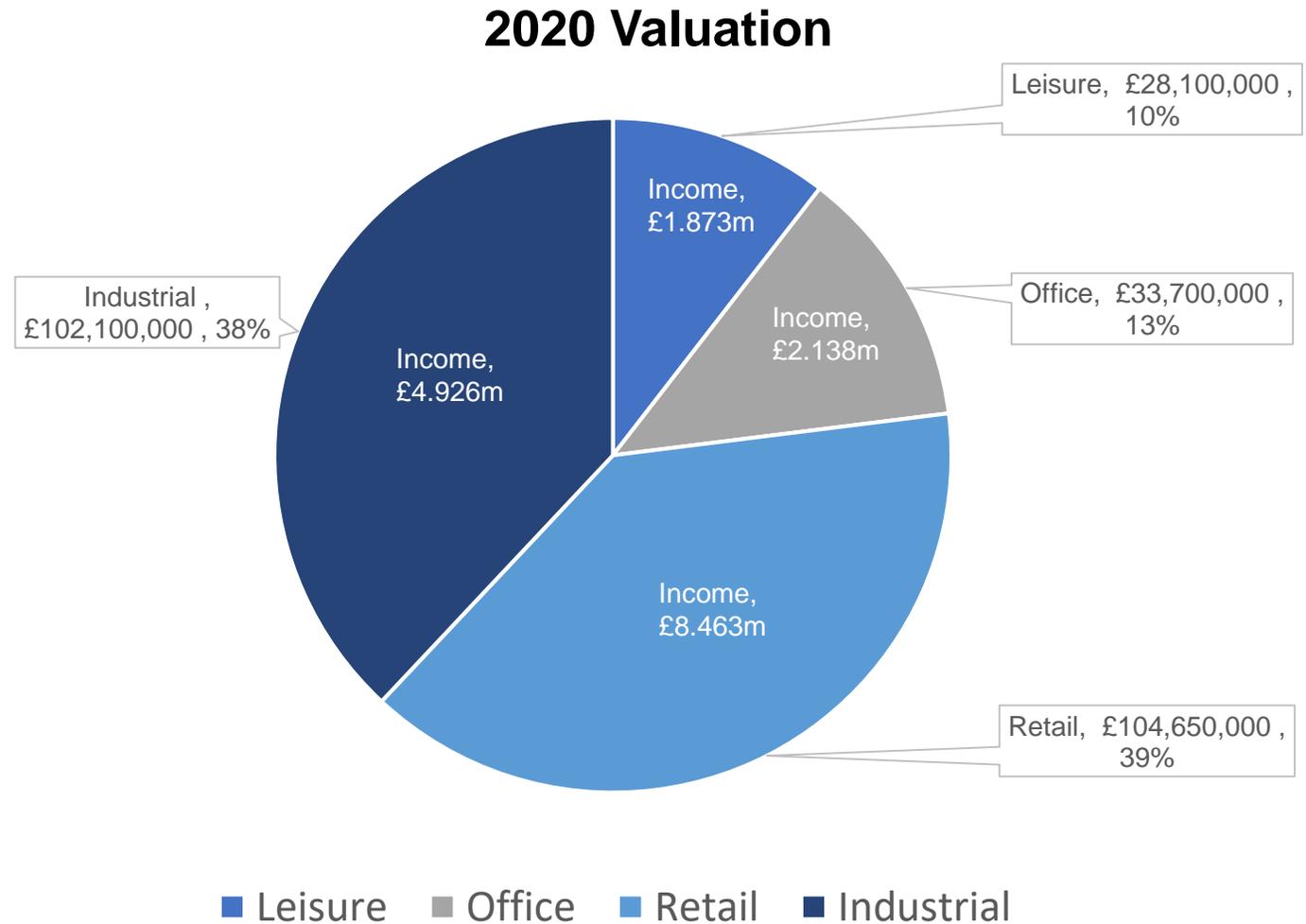


Halsey Garton Investment

(HGI)

Halsey Garton Investment

- 17 assets
- Total purchase price : £313m
- Current income : £17.4m



Property	Town	Purchase Date	Asset Class	Current Income	March 20 Value
Avon Rubber	Melksham	01/11/2015	Industrial	£813,700	£13,850,000
Blenheim Park	Nottingham	01/08/2017	Industrial	£586,049	£12,200,000
Hawkley Drive	Bristol	01/04/2016	Industrial	£495,000	£14,400,000
Wiggs House	Salford	01/07/2016	Industrial	£522,000	£8,900,000
Manton Wood Business	Worksop	01/05/2016	Industrial	£530,000	£8,450,000
Symphony	Barnsley	01/12/2018	Industrial	£1,980,000	£44,300,000
Aztec West	Bristol	01/06/2016	Office	£1,314,425	£19,700,000
Solaris Court	Milton Keynes	01/12/2018	Office	£824,499	£14,000,000
Debenhams	Winchester	01/03/2017	Retail	£738,381	£7,850,000
B&Q Statham Street	Macclesfield	01/12/2016	Retail Warehouse	£495,839	£5,650,000
Malvern Shopping Park	Malvern	01/09/2017	Retail Warehouse	£4,102,655	£45,000,000
Oakgrove Retail Park	Milton Keynes	01/12/2016	Retail Warehouse	£1,360,501	£26,250,000
Washford Mills	Redditch	01/03/2016	Retail Warehouse	£547,681	£6,450,000
Willowbrook Retail Park	Loughborough	01/11/2016	Retail Warehouse	£1,218,426	£13,450,000
Friar Street	Worcester	01/11/2016	Leisure	£777,742	£8,000,000
Travelodge	Stratford-upon-Avon	01/11/2016	Leisure	£538,893	£9,100,000
Travelodge	Hatfield	01/10/2018	Leisure	£557,350	£11,000,000
				£17,403,141	£268,550,000

Retail

- In general, retail assets have reduced in value due to difficult retail market in the last 3 years
- Malvern Retail Park : £30m (40%) drop in value since purchase due to the deterioration of the retail market resulting in the properties now being over-rented.
- Winchester : Single let to Debenhams who have entered into a CVA. Value reduced by £8.1m (50%). Offers received for a range of alternative re-development options which aim to retain value and income

Leisure

- Hatfield and Stratford-upon-Avon : let to Travelodge who have entered into a CVA. Values reduced by £1.125m (10%) and £100k (1%) respectively. Nine offers received on each property from alternative operators to break the Travelodge lease and re-let the existing property which will maintain or increase the current level of income

HGI : Income impact due to COVID-19

- Urgent SHIP governance weekly rent review meeting created to implement pre-active income recovery initiatives
- March Quarter rent collection : £3.75m (80%)
- June Quarter rent collection : £3.92m (81%)
- Proactive action from AM advisors to maximise Q2 rent payments
- Payment plans to defer rent agreed with multiple tenants to ease pressures of COVID-19 including whilst maintaining overall income
- Travelodge, New Look, Pizza Hut, Debenhams in CVA which is impacting on income
- Bensons for Beds in Administration

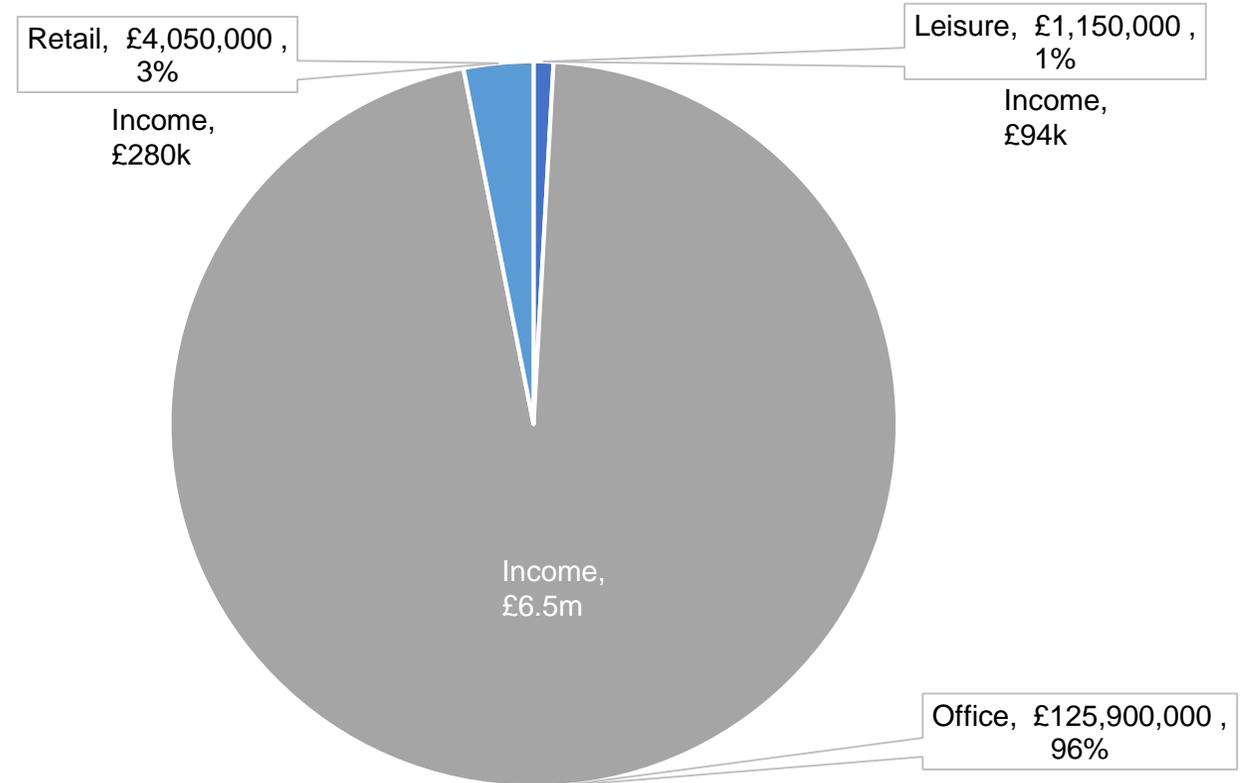
Surrey County Council

(SCC)

Summary : SCC

- Nine assets
- Total purchase price : £131m
- Current income : £6.8m

2020 Valuation



■ Leisure ■ Office ■ Retail

Property	Town	Purchase Date	Asset Class	Current Income	March 20 Value
Abbeymoor Golf Club	Chertsey	01/09/2012	Leisure	£93,936	£1,150,000
L3, 2 &3 Gatwick Road	Crawley	01/03/2014	Office	£2,571,000	£54,250,000
Nexus 4 Gatwick Road	Crawley	01/03/2014	Office	£479,254	£23,750,000
Aviva, Pixham Lane	Dorking	01/02/2016	Office	£1,993,000	£25,000,000
Park Lodge	Dorking	01/05/2018	Office	£215,612	£3,400,000
Ranger House	Guildford	01/04/2013	Office	£1,112,774	£18,000,000
Bridgehead House	Ashtead	01/12/2013	Office	£139,000	£1,500,000
61 High Street	Staines	01/04/2014	Retail	£200,000	£2,150,000
161-162 High Street	Egham	01/04/2013	Retail	£80,000	£1,900,000
				£6,884,576	£131,100,000

Office

- Nexus, Crawley : 40% of the office space remains vacant since the building was completed. Valuation impact due to current voids
- Pixham end, Dorking : Valuation impacted by Aviva imminent lease end, however this is underpinned by redevelopment options

Retail

- Staines : Valuation reduced by £500k (18%) due to HSBC lease end in October and no renewal agreed. Redevelopment options including offices above are currently being reviewed
- Kingfisher House, Egham : Valuation reduced by £200k (9.5%) due to vacant offices above and short lease let to Iceland. Potential re-gear to be agreed and redevelopment of office being reviewed

SCC : Income impact due to COVID-19

- Urgent SHIP governance weekly rent review meeting created to implement pre-active income recovery initiatives
- March Quarter rent collection : £1.1m (59%)
- June Quarter rent collection : £1.29m (59%)
- Payment plan to defer rent with L3 which totals £0.825m (41%)
- Net income has been impacted by landlord contribution to the service charge e.g. upgrade and repairs required outside of the scope of service charge resulting in landlord contributions

Halsey Garton Residential

(HGR)

TRANSFER 1

- Former Surrey Wildlife Trust leased properties transferred to HGR in August 2020
- 23 houses purchased on a 40-year lease for £2.243m
- 18 currently let and managed by local agents, Curchods
- 2 currently vacant
- 3 properties long-term void and awaiting re-development
- £1.2m ring-fenced to bring these properties up to decent homes standard over the next 5 years

TRANSFER 2

- Residential Company Lets (RCL)
- Internal governance underway to support transfer
- Net Capital Receipt : £14.7m
- These are residential properties which are leased to occupiers under a company name for administrative purposes
- 85 properties in this portfolio, including:
 - 3 leasehold properties
 - 5 secure tenancies
 - 15 properties linked to schools

In-house delivery : next steps

Batch 1 : Four sites yielding 46 homes

- HSBC, High St., Staines : residential conversion of upper 2 stories, resulting in 5 flats
- Iceland, High St., Egham : residential conversion of upper 2 stories, resulting in 10 flats
- Dene St., Dorking : residential conversion of Adult Learning Centre into 8 flats and 4 new-build houses
- Rockery Rd, Staines : new-build scheme of 19 flats

Next steps

Next steps

- Currently prioritising value protection within the funds
- Practical approach to tenant rent requests. Payment plans to defer rent have been set-up with multiple tenants to ease the burden of COVID-19 in the short-term whilst protecting overall income
- Lease re-gears being pursued to increase term certain of the portfolio to reduce short-term risk
- Rent collection remains high, particularly considering the weighting of retail in the portfolio
- Options Appraisal being undertaken to review alternative options and initiatives to protect and add value. Each investment asset being assessed for alternative use/redevelopment.
- Working with external consultants including planning, architecture and investment advisory to generate contingency plans.
- Contingency plans created to underpin the value of the asset and prepare asset ready for implementation initiatives as and when required.
- Long-term strategy being implemented to avoid knee-jerk reaction to short-term, un-realised valuation losses and works towards increasing income and value over the next 5-10 years
- Exploring future housing delivery programme

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Resources & Performance Select Committee

Performance Report

Surrey County Council

8th October

Introduction

- The report is presented on the new format, as agreed at the select committee workshop on 9th September 2020
- Data is no longer presented on a quarterly basis, where possible the most up to date result for each KPI is included in the report [as at the end of July 2020].
- The performance report focuses on the key lines of enquiry for this Committee:
 - Customers
 - HR&OD
 - Finance
 - Risk
 - Transformation

Performance Highlights

The distribution of ratings in this report is as follows (data as at the end Jul 2020):

3 indicators are rated as RED. Of these:

- 1 indicator does not have a previous position to track performance improvement [as this is the first reporting period of the year]
 - TRN 01 - EFFICIENCIES: Overall planned financial efficiencies are achieved - latest confirmed efficiencies against in-year target
- 0 indicators are showing a reduction in performance from the previous position
- 0 indicators have shown no change in performance from the previous position
- 2 indicators have shown performance improvement from the previous position
 - HROD 08: Apprenticeship levy 12 months forecast spend (excluding schools)
 - HROD 07: Apprenticeships as % of workforce

5 indicators are rated as AMBER

7 indicators are rated as GREEN

2 indicators have no target in place, and 3 KPIs are in development or the data is not currently available

Finance update and narrative is available on slides 9 to 11

Additional information for the Transformation programmes is included in Annex 1 [slide 12]

Customers

↑ Performance improvement
 → No change
 ↓ Reduction in performance

Theme	Performance Indicator	Latest result	Latest target	Change from previous result	Current quarter trend or Quarterly trend if there is no monthly data (Blue=Target, Orange=Actual)												
Customer experience - providing residents and customers with a more consistent experience, maximising our use of digital technology to make the experience seamless, easy & automated where appropriate	CUST 01: % residents satisfied with the customer service they receive [Good to be HIGH]	95% July 2020	90% July 2020	→ 95% June 2020	<table border="1"> <caption>Quarterly trend for CUST 01</caption> <thead> <tr><th>Month</th><th>Actual (%)</th><th>Target (%)</th></tr> </thead> <tbody> <tr><td>May</td><td>100</td><td>100</td></tr> <tr><td>Jun</td><td>100</td><td>100</td></tr> <tr><td>Jul</td><td>100</td><td>100</td></tr> </tbody> </table>	Month	Actual (%)	Target (%)	May	100	100	Jun	100	100	Jul	100	100
	Month	Actual (%)	Target (%)														
	May	100	100														
	Jun	100	100														
Jul	100	100															
CUST 03: First time resolution rate [Good to be HIGH]	80% July 2020	80% July 2020	→ 80% June 2020	<table border="1"> <caption>Quarterly trend for CUST 03</caption> <thead> <tr><th>Month</th><th>Actual (%)</th><th>Target (%)</th></tr> </thead> <tbody> <tr><td>May</td><td>80</td><td>100</td></tr> <tr><td>Jun</td><td>80</td><td>100</td></tr> <tr><td>Jul</td><td>80</td><td>100</td></tr> </tbody> </table>	Month	Actual (%)	Target (%)	May	80	100	Jun	80	100	Jul	80	100	
Month	Actual (%)	Target (%)															
May	80	100															
Jun	80	100															
Jul	80	100															
CUST 02: % of key transactions completed via digital self-service [Good to be LOW]	51% July 2020	N/A	↑ 42% June 2020	<table border="1"> <caption>Quarterly trend for CUST 02</caption> <thead> <tr><th>Month</th><th>Actual (%)</th><th>Target (%)</th></tr> </thead> <tbody> <tr><td>May</td><td>60</td><td>100</td></tr> <tr><td>Jun</td><td>42</td><td>100</td></tr> <tr><td>Jul</td><td>51</td><td>100</td></tr> </tbody> </table>	Month	Actual (%)	Target (%)	May	60	100	Jun	42	100	Jul	51	100	
Month	Actual (%)	Target (%)															
May	60	100															
Jun	42	100															
Jul	51	100															
CUST04: Number of adult social care referrals to community preventative services [Good to be HIGH]	547 July 2020	N/A	↓ 553 June 2020	<table border="1"> <caption>Quarterly trend for CUST04</caption> <thead> <tr><th>Month</th><th>Actual</th><th>Target</th></tr> </thead> <tbody> <tr><td>May</td><td>500</td><td>600</td></tr> <tr><td>Jun</td><td>553</td><td>600</td></tr> <tr><td>Jul</td><td>547</td><td>600</td></tr> </tbody> </table>	Month	Actual	Target	May	500	600	Jun	553	600	Jul	547	600	
Month	Actual	Target															
May	500	600															
Jun	553	600															
Jul	547	600															

Residents

↑ Performance improvement
 → No change
 ↓ Reduction in performance

Theme	Performance Indicator	Latest result	Latest target	Change from previous result	Current quarter trend or Quarterly trend if there is no monthly data (Blue=Target, Orange=Actual)
Customer experience - providing residents and customers with a more consistent experience, maximising our use of digital technology to make the experience seamless, easy & automated where appropriate	RES01: Satisfaction with the way the Council runs things (Residents Survey) (Good to be HIGH)	68% June 2020	TBC*	↑ 52.8% Mar 2019	
	RES02: Satisfaction that the Council offers good value for money (Residents Survey) (Good to be HIGH)	53% June 2020	TBC*	↑ 35.2% Mar 2019	

HR and OD 1

↑ Performance improvement
 → No change
 ↓ Reduction in performance

Theme	Performance Indicator	Latest result	Latest target	Change from previous result	Current quarter trend or Quarterly trend if there is no monthly data (Blue=Target, Orange=Actual)	
Develop the capacity and capability of our workforce to achieve outcomes for Surrey residents, creating a high performance culture and driving wholesale transformational change	HROD 08: Apprenticeship levy 12 months forecast spend (excluding schools) (Good to be HIGH)	68.8% July 2020	100% July 2020	↑ 67.5% June 2020		
	HROD 07: Apprenticeships as % of workforce (Good to be HIGH)	0.19% July 2020	2.30% July 2020	↑ 0.16% June 2020		
	<p><i>Our measures on workforce (like most councils) have suffered a great impact due to the Coronavirus pandemic. Recruitment of new apprenticeships and young people, who are amongst the worst hit by the global crisis, has been challenging for all of us. This has meant a slow start for 20/21, and we are hopeful that once conditions normalise in Sep for the new academic year, our numbers will look healthier. There has been a 85% decrease in apprenticeship vacancies across sectors, and the government has announced the 'Plan for Jobs' that provides financial support to businesses to enable the appointment of more apprentices, and presented initiatives such as: (i) Incentive payments for employers who hire an apprentice between 1 August 2020 and 31 January 2021, and (ii) Additional £1,000 funding for 16-18 year olds/19-24 year olds with EHC Plans to help meet the extra costs associated with their hiring.</i></p>					
	HROD 05: Off payroll workers as % of workforce (Good to be HIGH)	5.3% July 2020	5% July 2020	↓ 5.6% June 2020		
	HROD 03: % staff under 30 (Good to be HIGH)	13.6% July 2020	16% July 2020	→ 13.6% June 2020		

HR and OD 2

↑ Performance improvement
 → No change
 ↓ Reduction in performance

Theme	Performance Indicator	Latest result	Latest target	Change from previous result	Current quarter trend or Quarterly trend if there is no monthly data (Blue=Target, Orange=Actual)
Develop the capacity and capability of our workforce to achieve outcomes for Surrey residents, creating a high performance culture and driving wholesale transformational change	HROD 09: BAME Staff (%) (Good to be HIGH)	10.2% July 2020	12% July 2020	↑ 10.1% June 2020	
	HROD 01: Number of employees (FTE)	6916 July 2020	6407 July 2020	↓ 6873 June 2020	
	HROD 04: Sickness (days per FTE) (Good to be LOW)	6.07 July 2020	6.25 July 2020	↑ 6.22 June 2020	
	HROD 06: Off payroll spend as % of total staffing spend (excluding schools) (Good to be LOW)	9.99% July 2020	10% July 2020	↑ 10.14% June 2020	
	HROD 02: Voluntary turnover (%) (Good to be LOW)	7.52% July 2020	13% July 2020	↑ 10.51% June 2020	

Transformation 1

↑ Performance improvement
 → No change
 ↓ Reduction in performance

Theme	Performance Indicator	Latest result	Latest target	Change from previous result	Current quarter trend or Quarterly trend if there is no monthly data (Blue=Target, Orange=Actual)
Oversee the delivery of the council transformation programme and achievement of the planned financial and non-financial benefits for 2020/21	TRN01: EFFICIENCIES: Overall planned financial efficiencies are achieved - latest confirmed efficiencies against in-year target. (Good to be HIGH)	£12.7m July 2020	£24.3m Full year target	Change indicator not available until Q2	
	Transformation efficiencies are currently marked RED as a result of COVID-19 impacts, with 27% of the overall target at risk of non-delivery for this very reason. The TSU is working to maximise the efficiencies that can be achieved this year, though savings that cannot be met will factored in to the annual transformation programme refresh in the context of PSR at the end of the year.				
	TRN 02: COSTS: Overall planned financial costs are on target - latest confirmed costs in-line with budget (Good to be in line with budget)	£2m July 2020	£22.7m Full year target	Change indicator not available until Q2	

Please note - specific transformation programme indicators are still in development and as such are subject to further updates and changes. It is anticipated these will be included in future iterations of this report.

Annex 1 includes the most recent version of the individual transformation programme updates and progress reports. If this format is useful an update will be provided regularly to this Committee.

BUDGET MONITORING POSITION – as at Period 4

Directorate	Directorate Budget	Full Year Projection (end of M4)	Change since previous period	Trend Graph	Narrative on change from previous period
Adult Social Care	£385m	-£0.1m Underspend	↑ -£0.1m		£4.4m underspend on current commitments forecast to be offset by a £4.3m increase in Older People care package expenditure due to the estimated cost of care packages following hospital discharge transferring back to ASC from temporary CV-19 funding
Public Health	£31m	£0.3m Overspend	↓ £0.3m		Increase in CV-19 costs of £0.3m, above allocated funding
Children, Families and Lifelong Learning	£195m	£7.3m Overspend	↓ £2.6m		Increase in SEND High Needs Block placements and additional CV-19 costs
Environment, Transport & Infrastructure	£132m	£3.4m Overspend	→		No change since previous month
Community Protection	£37m	£0.9m Overspend	↓ £0.3m		Increases in Coroners costs of £0.1m and other CV-19 costs projected increase of £0.2m
Community & Transformation	£16m	-£0.5m Underspend	↓ £0.4m		Reduction in income from registrars and increases to COVID related costs

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This will provide the committee with a summarised view of the full monthly budget monitoring report which is presented to cabinet. Should members of the Resources & Performance Select Committee require more information they should refer to that full budget monitoring report.

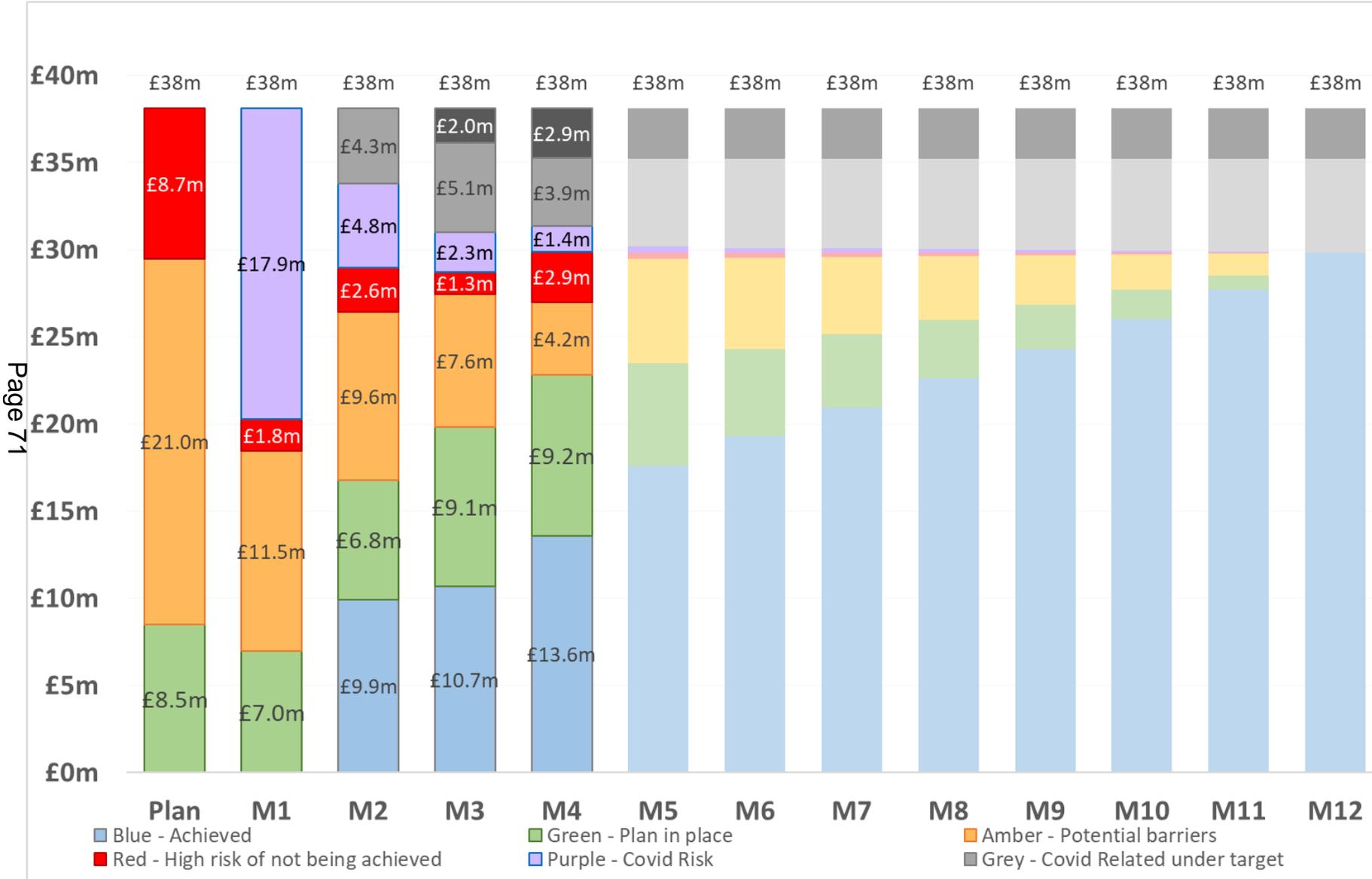
BUDGET MONITORING POSITION – as at Period 4

↑ Performance improvement
 → No change
 ↓ Reduction in performance

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Directorate	Directorate Budget	Full Year Projection (end of M4)	Change since previous period	Trend Graph	Narrative
Strategy & Commissioning	£56m	-£1m Underspend	↑ -£0.1m		Reduction in costs of home to school transport
HR & Communications	£8m	-£0.1m Underspend	→		No change since previous month
Deputy CEX	£2m	On Budget	→		No change since previous month
Resources	£75m	£0.6m Overspend	↓ £0.5m		Increased loss of income from school meals due to COVID-19 (£0.4m) & overspend relating to Orbis Joint Operating budget of £0.1m.
Central Income & Expenditure	£83m	-£2m Underspend	↑ -£2.0m		Reduced employer's pension contributions.
Efficiencies not delivered due to COVID	-	£0.4m Overspend	↑ -£4.7m		ASC - reduction in unachievable efficiencies (CV-19) from £5.1m to £3.5m, which have been absorbed within the Directorate's budget, giving an overall improvement of £5.1m, offset partially by increased non-achievement in other services
TOTAL COUNCIL POSITION	£1,020m	£9.1m Overspend	↑ -£2.8m		Service areas are projecting a full year £9.1m overspend . There remains significant uncertainty in the forecast, particularly due to the impact of CV-19 in CLF. This will continue to be kept under close review throughout the year.

Efficiency Programme – as at Month 4



At M4, of the total £38m efficiency programme:

- £3.5m of ASC transformation efficiencies are unachievable due to CV-19 (improvement of £1.6m from M3) but will be absorbed by underspends elsewhere in ASC

- £0.4m of Resources efficiencies have been flagged as unachievable due to CV-19 (in Business Ops)

- £2m undeliverable from joint placement reviews with health

- £0.9m of ETI efficiencies are delayed: bus lane enforcement & changes to the treatment of the parking surplus

Annex 1

Transformation programme updates
and key deliverables for April 2021

People Portfolio

Programme	Look back (March-September 2020)		Look ahead (October 2020-April 2021)
	CV19 impact	Summary comments (as at September 2020)	To be delivered by April 2021 (position statements)
Libraries and Culture	Partially continued and evolved	The digital workstream has accelerated, and digitally enabled co-design (discovery and engagement) is being actively explored. Reviews of arts, heritage and adult learning have not started.	<ul style="list-style-type: none"> ✓ Should the public engagement to redesign library services have identified straightforward easy to develop ideas these will be in the implementation phase. ✓ More significant, longer term proposals will have been identified along with a plan established for testing and scaling up.
SEND Transformation	Mostly continued	Strategy, analysis and planning work is now picking up pace. Operational improvement and Front Door are moving from design into delivery. Virtual engagement with families continuing.	<ul style="list-style-type: none"> ✓ The programme of essential activity to improve business as usual across Local Authority SEND operations will be significantly progressed, and impact on quality of service delivery will be visible. ✓ The partnership 0-4 SEND and All-age Autism strategies will be in their final stages of development.
Stronger Communities	Mostly paused	Close collaboration with communities and VCS has continued through the COVID-19 response, and the programme is being refreshed to include a focus on health inequalities.	<ul style="list-style-type: none"> ✓ Approach and strategy for Stronger Communities agreed across Surrey County Council, building on the county-wide experience and response to the COVID-19 pandemic, with partners being brought on board.
Customer	Partially continued	Projects being carefully prioritised around the COVID-19 Community Helpline, with the Learners SPA (Single Point of Access) and EU accessibility project two priorities.	<ul style="list-style-type: none"> ✓ Customer Services will continue to build on the portfolio of services through calls, Web Sites, Web Chat and Chatbots. ✓ During this period it will be necessary to review the approach to remote / agile working as the current solution must be considered temporary.
Family Resilience – Youth Offer Consultation	Continued with some delays	The Youth Offer project has moved into implementation. No Wrong Door project continuing virtually.	<ul style="list-style-type: none"> ✓ There will be a clear position statement for each of the Youth Centres reflecting the consultation decisions. ✓ Should the consultation decision effect the staff roles, by April 2021 the service will have been redesigned and the changes will be in the implementation phase.
ASC Market Management	Mostly continued	The programme is heading towards BAU transition, activities restricted to support functions continuing, Central Placements Team implemented. Phase 2 approved and mobilising.	<ul style="list-style-type: none"> ✓ Stage 2 of the programme will deliver: enhanced market intelligence and benchmarking; ✓ Revision of Market Positioning Statements (MPS) ✓ Stakeholder management and communications plan ✓ Revised contracts with suppliers

People Portfolio (cont....)

Programme	Look back (March-September 2020)		Look ahead (October 2020-April 2021)
	CV19 impact	Summary comments (as at September 2020)	To be delivered by April 2021 (position statements)
Adult Mental Health	Partially paused	Establishment of the hospital discharge team has been achieved, and plans are being put in place for all other workstreams to resume when able to.	<ul style="list-style-type: none"> ✓ Restructure of Mental Health, including implementation of the recommendations from the service models review, to be completed.
Accommodation with Care and Support	Continued with some delays	Virtual market engagement for Pond Meadows was successful. Recruitment and preparation for Independent Living reviews is starting to pick up.	<ul style="list-style-type: none"> ✓ Contract awarded for Extra Care Housing provider to deliver one scheme identified through Invitation to Tender. ✓ Delivery models agreed for 4 sites identified for Extra Care Housing schemes. ✓ Delivery models agreed for 3 sites identified for Independent Living schemes.
ASC Practice Improvement	Evolved with some delays	Strength Based Practice training is being delivered virtually. Targeted reviews impacted, but some are now being conducted via telephone. Operational improvements to Reablement have progressed.	<ul style="list-style-type: none"> ✓ A developed workforce promoting people's independence and wellbeing, through embedding a strengths based approach across the whole of Adult Social Care. ✓ New standard hourly rate for personal assistants fully implemented to enable effective direct payments, increasing choice and control for residents. ✓ An improved reablement service delivering a therapy led and full 7-day reablement offer. ✓ More people with reviewed care and support packages that are appropriate, proportionate and outcome focused to meet needs.
Learning Disabilities and Autism	Partially paused and evolved	Targeted reviews a progressing well. Developing plans to better support carers and community alternatives to day centres.	<ul style="list-style-type: none"> ✓ Learning Disabilities and Autism service established, with a developed workforce promoting people's independence and wellbeing by using a strengths based approach across the service. ✓ Targeting reviews to provide appropriate and proportionate care and support that meets people's needs and achieves positive results for them. ✓ Delivering initiatives providing the right interventions to increase the number of people in independent living.
Emotional Wellbeing and Mental Health	Continued	Procurement of EWMH provider continued, development of new service model and expected improvements developed.	<ul style="list-style-type: none"> ✓ New EWMH service launched – this will begin a period of significant change but will not happen overnight. Much will depend on the outcome of the procurement, but we know that there will be a much bigger role for our local VCFS organisations and a much stronger focus on Early Intervention support (taking learning from transformation work).

People Portfolio (cont....)

Programme	Look back (March-September 2020)		Look ahead (October 2020-April 2021)
	CV19 impact	Summary comments (as at September 2020)	To be delivered by April 2021 (position statements)
Preparing for Adulthood	Partially continued	Focus is on contingency planning for young people in residential placements, subsequent programme delivery dependent on resourcing and provider availability.	<ul style="list-style-type: none"> ✓ Implementation of changes to the way educational placements are made, using the PFA guidance to support our strategy and to enable, where possible, young people to move back to Surrey to receive their educational support, near to their families, friends and local community. ✓ Continuing Care in children's will be much better understood and where this is appropriate and necessary, young people will receive this higher level of health involvement to fully support their needs. ✓ Increase in placements relating to life skills or employment pathways.
Domestic Abuse	Re-started	Following some fantastic COVID-19 response work including increased Refuge capacity, momentum is starting to build on the transformation prototypes.	<ul style="list-style-type: none"> ✓ Increased refuge accommodation in Surrey in response to the anticipated demand in response to Covid-19. This provision will include full wraparound support offered in the existing refuges to ensure survivors are supported fully over a longer period time that they will be living in there. ✓ Support the 'Recovery Phase' of the pandemic by ensuring services that can support DA survivors e.g. the roll out of A&E Independent Domestic Violence Advisor (IDVAs) in Surrey's Hospitals are prioritised. The introduction of IDVAs in Surrey's A&E settings will provide DA survivors with an additional opportunity to seek help. ✓ Surrey will have for the first time a Domestic Abuse Perpetrator Strategy which will outline how Surrey will work as a Partnership to provided perpetrators with the opportunities to change and hold them to account for their behaviour. There will also be an introduction of a pre-conviction perpetrator programme in Surrey to stop and prevent the cycle of abuse.

Place Portfolio

Programme	Look back (March-September 2020)		Look ahead (October 2020-April 2021)
	CV19 impact	Summary comments (as at September 2020)	To be delivered by April 2021 (position statements)
Countryside	Continued	First phase market research complete for families, findings being used to develop future site plans. Second phase research underway focused on disabilities and areas of deprivation. Newlands Corner design proposals complete. Work initiated with property to review existing events booking processes, and review broader estate. Rebranding developed.	<ul style="list-style-type: none"> ✓ Commercial plan for Norbury Sawmill submitted to Cabinet ✓ Website changes and social media comms to support new branding ✓ Infrastructure improvements (signage, benches tables) ✓ Car Park improvements ✓ Assessment complete of countryside property estate & future use
Creating ETI	Continued	31ten consultancy commissioned to develop blueprint for future directorate. Vision and outcomes agreed with ETI DLT, and work initiated on culture and agile working.	<ul style="list-style-type: none"> ✓ Development programme as identified can be delivered and changes to some working practices can be implemented and built on learning from the COVID response. ✓ New structure in place and new roles built into MTFS.
Climate Change	Continued	Microsite live. Meetings taken place with Environment Cabinet members and officer leads at 9 of 11 D&Bs looking at joint working opportunities. Reigate & Banstead and C2C LEP have endorsed SCC Climate Strategy. Green Homes Local Authority Delivery (GHLAD) consortium bid has been submitted.	<ul style="list-style-type: none"> ✓ Projects developed for the Government's £1B Public Sector retrofit fund ✓ 2nd Design Challenge ✓ Solar PV Business Case ✓ Draft Renewable Energy Strategy ✓ Climate Change training for officers and members embedded
Rethinking Transport	Delayed	EV charging assessment complete, recommendation to establish working group with D&Bs to be presented to members. Rescoping for a pilot relating to active travel in schools agreed with LGA. Revised Business Case for EV buses approved. Future bus network considerations and proposed next steps prepared for CLT.	<ul style="list-style-type: none"> ✓ Draft Local Transport Plan delivered ✓ 4 Local Cycling & Walking Plans delivered (additional 6 to be delivered 2021-2023) ✓ Active travel in schools pilot delivered
Rethinking Waste	Continued	New Programme Manager onboarded and work started on plan and options for re-procurement. Second resource due to start in November focused on behaviour change and partnership working. Commissioning Strategy approach approved by Cabinet.	<ul style="list-style-type: none"> ✓ Commissioning Strategy agreed by Cabinet ✓ Refocused and additional campaigns & marketing ✓ Planning Application to replace/improve Slyfield CRC submitted, and drafted for other sites/developments ✓ Automatic number plate recognition cameras at CRCs

Place Portfolio (cont...)

Programme	Look back (March-September 2020)		Look ahead (October 2020-April 2021)
	CV19 impact	Summary comments (as at September 2020)	To be delivered by April 2021 (position statements)
Highways Re-procurement	Continued	Procurement strategy prepared for Cabinet.	<ul style="list-style-type: none"> ✓ OJEU notice issued and negotiation commenced with suppliers.
Community Protection & Fire	Continued	Statement of Assurance agreed with Cabinet Member and published on website. All data and feedback from staff engagement submitted to Brunel for assuring the implementation of Phase 2. Phase 1a – Brunel held workshop with SLT and staff delivering actions from recommendations raised through Phase 1 Assurance to align processes/mapping with stakeholder expectations. Feedback and learning from Implementation of Phase 2 has been brought together and workshop held with SLT to discuss initial changes that can be made as a result of feedback. New workstream established and funding allocated for Coronial service.	<ul style="list-style-type: none"> ✓ 2x themed Fire inspections between September – November 2020 ✓ Assurance completed by Brunel University for phase 1 & 2 changes ✓ Health & Safety and Coroners service reviews completed ✓ Key resources recruited for Coroners workstream ✓ Plan established for Coroners workstream ✓ Business case explored regarding new body storage facility (final proposal to be prepared May 2021)
Being more Entrepreneurial	Continued	Programme in start up; overarching programme brief & approach for innovation capability agreed. Business Case agreed for HR traded services to schools, and second paper drafted to propose a broader unification of how SCC sells and markets school traded services. Innovation workshop held and opportunities being reviewed and classified for further development. Shared pipeline established with commercial finance.	<ul style="list-style-type: none"> ✓ Priority focus areas agreed ✓ Business cases developed for agreed initiatives
Economic Growth	Continued	Consultation launched for new structure to deliver Economic Growth ambitions. 10 year ambitions for Economic Growth shared with CLT.	<ul style="list-style-type: none"> ✓ New structure delivered ✓ Underpinning plans to support ambitions drafted

Organisation Portfolio

Programme	Look back (March-September 2020)		Look ahead (October 2020-April 2021)
	CV19 impact	Summary comments (as at September 2020)	To be delivered by April 2021 (position statements)
DB&I (Digital Business & Insights)	Continued	ERP preferred bidder appointed. Business Analysis work commenced in August 2020. Aligning DB&I and Agile change management so they support each other.	<ul style="list-style-type: none"> ✓ Detailed design and implementation of new ERP underway ✓ Benefits baselining underway in parallel with detailed design ✓ Outgoing data from SAP cleansed and prepared for transfer to new system
Digital	Continued	Strong capabilities are now built. Improved alignment with People and Place Portfolios with progress on a number of key projects such as TEC (Tech Enabled Care)	<ul style="list-style-type: none"> ✓ Deliver a number of outcome driven / improvement digital programmes ✓ Culture shift to delivering benefits-driven projects based on service requests implemented ✓ Clarity around benefits realisation ✓ Spend and outputs delivered to plan for the f/y
Agile (Tech)	Accelerated	Accelerated by C-19. All IT projects reviewed. Use HROD "Our Conversation" findings to inform wider approach. Forms a key part of the AOP programme (see below)	<ul style="list-style-type: none"> ✓ 'Add Any Device' Policy in place for mobile working ✓ Infrastructure aligned with land & property strategy ✓ Windows 10 deployment complete
Land & Property	Continued	Transformation work is in start up while implementation of an Integrated Workplace Management System is in planning. Aligning property technology with IT&D. Forms a key part of the AOP programme (see below)	<ul style="list-style-type: none"> ✓ Implementation of new data management system underway ✓ Culture change embedding ✓ Corporate landlord model implemented
Data Insights	Delayed	Outline Business Case developed and approved. Moving to next phase of detailed design.	<ul style="list-style-type: none"> ✓ Evidence-based approach to data/insights into residents' use of services/linking of databases across Surrey/ social research workstreams in place
Resources Directorate Improvement	Continued	New programme of works being defined to transform Finance, Procurement, Property, Legal Services, IT&D, Business Ops, Internal Audit. Will be based on Business Partnering model.	<ul style="list-style-type: none"> ✓ Clear service improvement plans developed ✓ Business partner ethos further embedded ✓ Improved processes and polices to support front line services ✓ Clear plans for automation and exploitation of new ERP system
Agile Organisation Programme (AOP)	New	Replaced the MCTR programme and brings together key elements, of digital, L&P, HR workforce and agile technical elements, this new programme will be delivered in two phases, with the first being the move out of County Hall and setting up the Civic Heart in Woodhatch by end of 2020 and second about longer term ways of working for staff	<ul style="list-style-type: none"> ✓ Move all teams out of County Hall and relocate to suitable alternative office space ✓ Provide L&P with space requirements data that informs the Property Capital Strategy ✓ Continue to enable staff to work remotely and effectively ✓ Link to revised organisational and workforce strategies to drive modern and effective ways of working ✓ Change management of processes/IT/Leadership/working styles in wider deployment across SCC

**RESOURCES AND PERFORMANCE
SELECT COMMITTEE
DATE: 8 OCTOBER 2020**



**FINANCE IMPROVEMENT PROGRAMME
CLOSURE REPORT**

Purpose of report:

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.

Introduction:

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 (Annex 1) 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 Projects Fund to 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.

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 (Annex 1), 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 Annex 2.

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 from 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**

17. More fundamentally, the FIP has addressed each of the issues 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-19 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:

- keeping up to date on national government guidance and funding/grant changes for our services;
- addressing potential workforce capacity issues, including establishing a Finance Team for the Surrey Local Resilience Forum through staff redeployment to these business-critical roles;
- 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;
- provided guidance on Government support for businesses;
- continued to support all services and the Surrey Local Resilience Forum, providing urgent financial advice for decision-making;
- 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;
- 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;
- established a County Council Covid Collaboration Group, hosted by Surrey County Council;
- ensuring that the Public Finance implications of the Covid-19 pandemic were considered in the Surrey Recovery Co-ordination Group;
- captured and learned 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 is 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 and Cabinet has agreed to replace the existing Enterprise Resources Planning system, which is used to manage the organisation's business critical Finance, HR, Payroll and Procurement processes.

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 has 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 DB&I 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 DB&I 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:

- 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;
- 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;
- 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.

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 (*from October 2019*)
- (*until September 2019* Margaret Lee, Executive Director for Corporate and Customer Services, Essex County Council)

Conclusions:

55. 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, which does not rely on the use of reserves.

56. 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.

Recommendations:

- 57. The Finance Improvement Programme is closed;
- 58. Members of the External Assurance Panel are thanked, recognising the importance of their involvement, honest feedback, experience and expertise throughout the programme.

Next steps:

- 59. There is a continued focus by the Finance Service on improvements (both people and process), learning from others (for example, asking questions on best practice, through webinars, joining local and national groups etc) and a culture of no complacency.
- 60. The importance of the organisation's continued focus on its financial discipline is recognised and there is further development of the Finance Academy to continue to address and develop financial management capabilities across the organisation.
- 61. The importance of the Digital, Business & Insights programme is recognised in the further work required to improve financial processes and data insights.

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Sources/background papers: Financial Improvement Plan Report, Item 8, Cabinet 25 September 2018

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

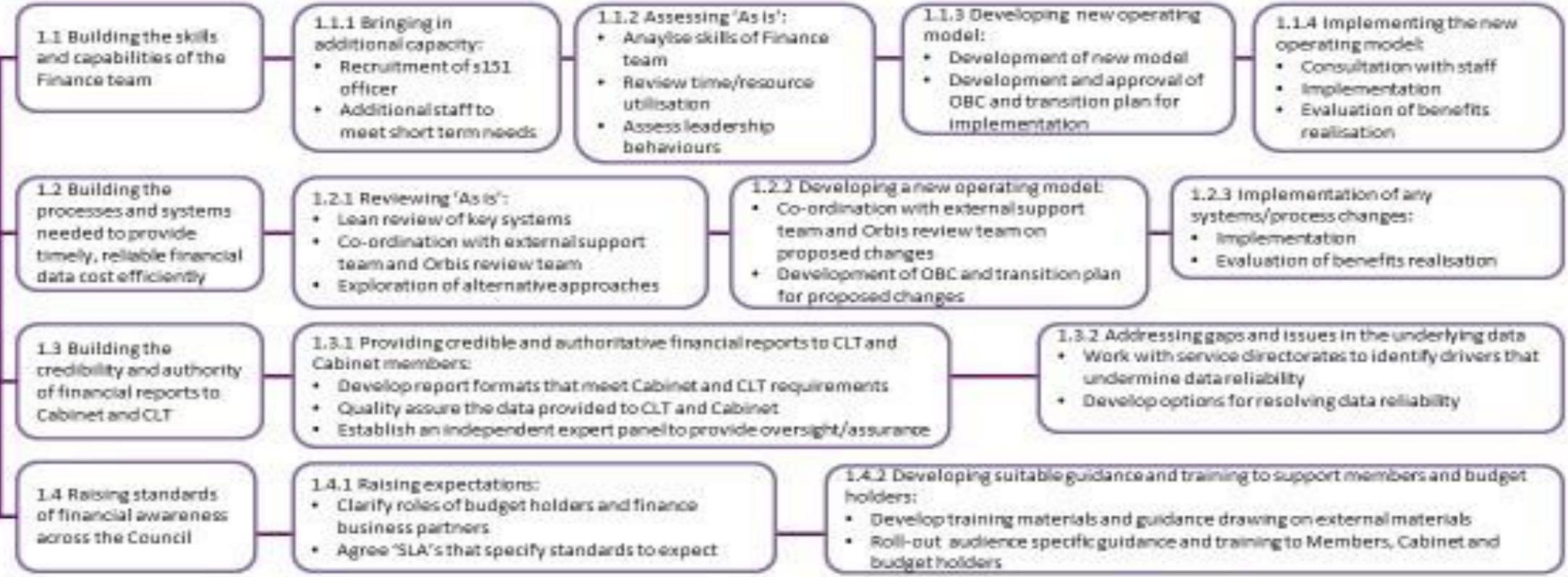
David Hodge – DH
Colin Kemp –CK

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

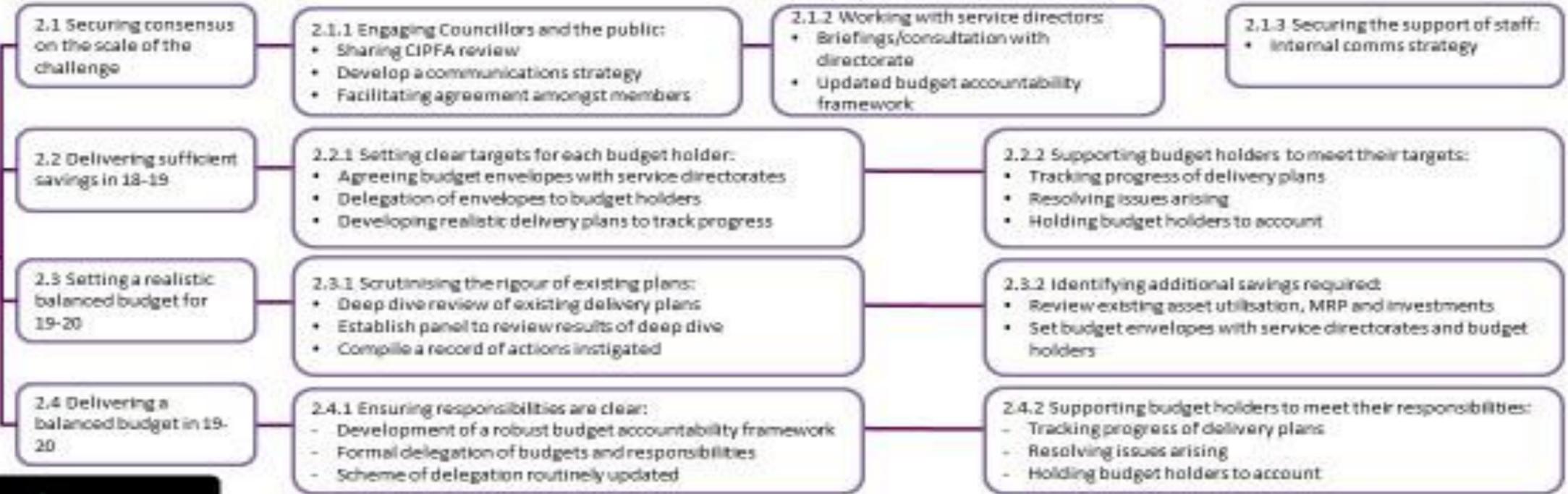
Leigh Whitehouse- LW
Kevin Kilburn – KK
Andy Wood- AW

Create a sustainable, fit for purpose financial discipline in Surrey County Council

1. Building a financial discipline that is fit for purpose



2. Addressing the financial challenges that the Council currently face



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 - DB&I 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 - DB&I 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 - DB&I 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

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

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

Phase 1 – Getting the basics right

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.

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

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**RESOURCES AND PERFORMANCE
SELECT COMMITTEE
DATE: 8 OCTOBER 2020**



**DIGITAL BUSINESS & INSIGHTS
PROGRAMME UPDATE**

Purpose of report: To provide an update on the Digital Business & Insights programme including a summary of the background, objectives, benefits, scope, governance, organisation, plan and key risks.

Introduction:

1. The Digital Business & Insights programme was initiated in July 2019 and has now successfully completed a restricted OJEU (Official Journal for the European Union) procurement process to select a Software-as-a-Service (SaaS) Enterprise Resource Planning (ERP) system and associated implementation partner services. This is a corporate system that will manage the organisation's business critical finance, procurement and HR & payroll processes.
2. The procurement process was commenced following Cabinet approval of the Digital Business & Insights (DB&I) outline business case in October 2019, which was based on the indicative costs and benefits of upgrading or replacing the council's existing ERP system, SAP.
3. Following the successful completion of the procurement evaluation and the identification of the preferred bidder, the business case was updated based on firm supplier costs and submitted to Cabinet in July 2020 to gain a decision to award the contract to Unit 4 for provision of their SaaS ERP software, implementation services and to commence implementation. The implementation services will be delivered by Embridge Consulting, Unit 4's preferred implementation partner.
4. Following Cabinet approval and contract completion, the implementation project formally started to mobilise on 7th September 2020 with the aim of delivering go-live by December 2021. This report provides a summary of what the project is aiming to achieve, how it is being organised and the outline plan for implementation.

Strategic drivers:

5. The DB&I outline business case Cabinet report of October 2019 describes the strategic drivers for this change in full. In summary, the drivers for change relate to the following three main areas:
- Technical imperative – the council's existing server hardware has reached end-of-life and is on expensive extended support, with costs increasing every year. The current system was implemented in 2004, is out-of-date and on an old technology roadmap which will no longer be supported by the vendor, SAP PLC, beyond 2030. This deadline was extended by SAP from 2025 during the procurement process.
 - Transformation agenda – the current system will not enable the council to achieve its transformational ambitions to drive service transformation, improve management decision-making through easily accessible data and insight, and to fully enable a flexible and mobile workforce.
 - Business Operations external customers (e.g. schools) – for the council to retain existing customers of its payroll service and attract new business, smoother back-office processes with improved digital self-service and user experience are required.

Objectives:

6. This is a transformation programme and will include the end-to-end review of the finance, procurement and HR & payroll processes that are in-scope for the new SaaS ERP system. The programme is aiming to deliver this vision...

A step change in the user experience, empowering people with accurate and insightful data for enhanced, intelligent decision-making.

...and the following high-level business outcomes:

- Intuitive digital self-service processes.
 - Increased automation of transactional processes.
 - Single trusted source of accurate and timely data.
 - Improved evidence-based decision making through the ability to slice, dice and analyse data.
 - Increased process efficiencies in back-office professional and administrative support functions.
7. To deliver these objectives, the project will be informed by the following design principles, which have been approved by the DB&I Strategic Programme Board and were included in the July 2020 Digital Business & Insights Cabinet report:
- Maximise self-service for both staff and customers through intuitive and accessible processes.
 - One source of data to inform effective decision making.
 - Ease of access and security through single sign-on.
 - Adoption of SaaS standard best practice processes.
 - Minimum customisation.
 - Opportunities for process automation are maximised.

- Review complete/end-to-end processes to ensure maximised efficiencies.
- Fully exploit opportunities to combine and analyse financial and non-financial data to inform decision making.
- Continuous improvement is embraced - enabled through on-going planned SaaS upgrades – and thus future-proofing our workforce.
- Strengthen our commercial activity and provide flexibility to scale as appropriate.

Scope & exclusions:

Scope

8. In summary, the following aspects are in-scope for the programme.
- Processes - The programme includes within scope the following top-level finance, procurement and HR & payroll processes for end-to-end review as part of the implementation of the new SaaS ERP system.

Finance	HR & Payroll	Procurement
<ul style="list-style-type: none"> • Accounts Payable • Accounts Receivable • Fixed Assets • Projects • Cash and Bank (including Treasury) • General Ledger • Taxation • Reporting & Planning • Travel & Subsistence • Business Intelligence / Analytics <p><u>Optional:</u> E-invoicing (currently managed by Taulia system)</p>	<ul style="list-style-type: none"> • Planning • Recruit (process optimisation) • Develop • Reward • Retire • Employee Information • Payroll • Business Intelligence / Analytics 	<ol style="list-style-type: none"> 1. Sourcing (below regulatory threshold) 2. Contract Management 3. Order & Receipt 4. Business Intelligence / Analytics

- Unit 4 Public Sector Model – The implementation approach is based on the council adopting Unit 4’s Public Sector Model, which includes predefined Local Government business processes across the solution, with pre-configured build and supporting collateral.
- Users – All Council users of the existing SAP system and existing external customers of Business Operations that use the same system for payroll, e.g. schools and academies.

- Business change – The council will lead on business change, following the approved Business Change & Engagement Approach, but with guidance and support from Embridge Consulting over the course of the implementation.
- Integration – The required interfaces between the SaaS solution modules and the Council's line-of-business systems will be implemented using the Council's existing Dell Boomi integration hub. Detailed interface requirements will be developed by the Integration work stream but will include existing integrations with the Council's SAP system and any new required interfaces.
- Data Migration – All required activities (extract, transform and load) and tools to migrate from the existing systems to the SaaS ERP system.
- Data Cleansing – Cleansing of data quality issues as part of the ongoing DB&I Data Cleansing project. During the implementation project, reports will be developed using the supplier's tools to identify data cleansing issues to be addressed as part of this project.
- Knowledge transfer – The Unit 4 methodology has a strong focus on knowledge transfer throughout with formal upfront familiarisation training, super user and systems administrator training and support for development of end-user training including provision of a training environment. Knowledge will also be transferred and reinforced through the council's involvement throughout the project.
- Hypercare support – Provision of three months of hypercare support, which is an enhanced level of support for the Council during the first three months of using the new system after each go-live.
- Transition to Business-as-usual support – Effective planning and delivery of required activities and deliverables to ensure a smooth transition to the Council's internal support following completion of the implementation project.
- Data archiving – Procurement and implementation of a 3rd party solution to archive legacy SAP data, which is required to be retained but will not be migrated to the Unit 4 ERP solution. The configuration of data archiving requirements for data stored in the new SaaS ERP solution is also within scope of the programme.

Exclusions

9. The following aspects are out-of-scope for the programme:
 - Strategic sourcing (above regulatory threshold), which is currently managed by the Council's In-Tend system. This is currently under review and may be brought into scope.
 - Learning management, which is managed by the Council's SAP Success Factors system.
 - Recruitment, which is managed by the Council's Tribepad system.
 - Orbis partner collaboration - This is a Surrey County Council-only implementation project including the council and the current external customers of SCC's payroll service.

Implementation plan:

Implementation approach

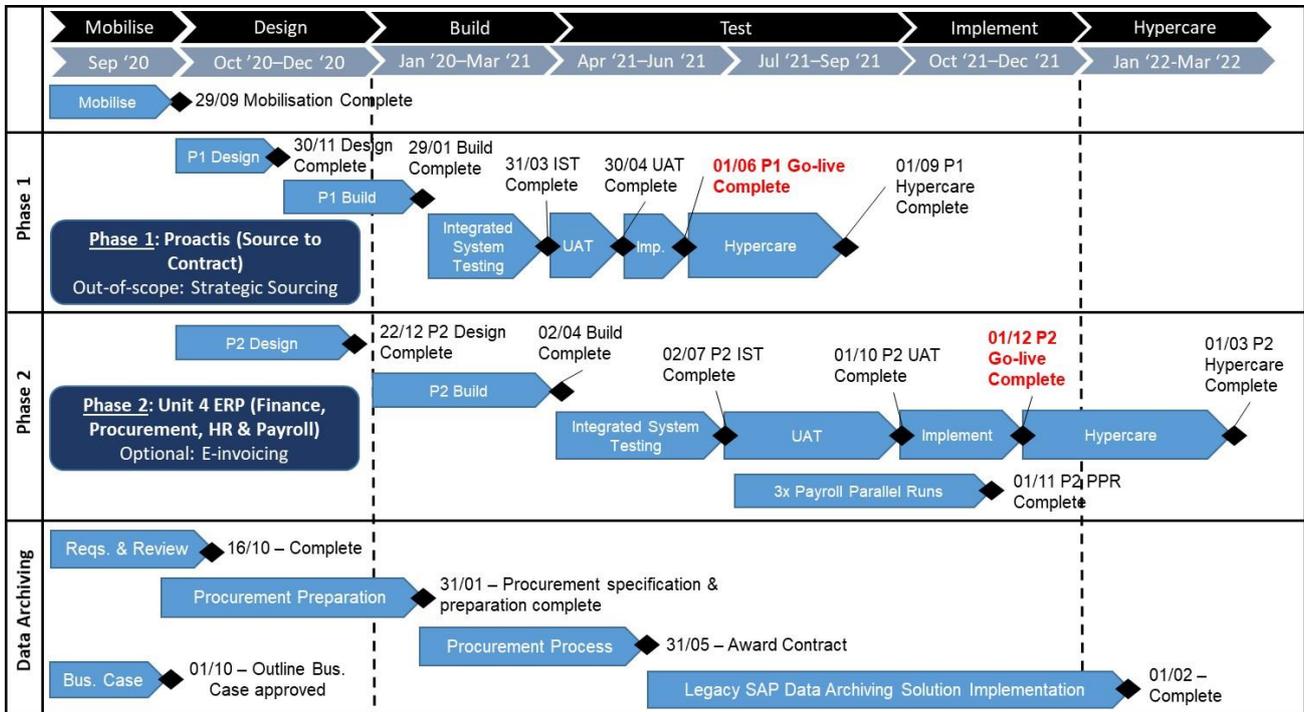
10. The implementation project is based on a two phased approach, with Phase 1 go-live being completed by 1st June 2021 and Phase 2 go-live by 1st December 2021. A phased approach will enable the council to realise the benefits of a standalone solution for procurement sourcing and contract management early in the project, in advance of the implementation of all other finance, procurement and HR & payroll modules by 1st December 2021.
11. The supplier's project approach comprises a series of stages for managing the implementation with controlled progression between each stage using governance gateways. At each gateway the council will need to confirm that the agreed exit criteria, for example completion of key deliverables or satisfactory performance during testing, have been met before the project can progress to the next stage. This will ensure that robust governance control is in place over delivery and that a project stage cannot be started until all key deliverables from a preceding stage have been completed to the council's satisfaction.
12. The project approach will have a strong focus on effective knowledge transfer to the council's team and is based on providing hands-on experience of the new system throughout the project. Embridge Consulting will provide the council's team with familiarisation training at the start of the project, demonstrations of the software throughout the Design and Build phases, full training and hands-on experience of the system during the User Acceptance Testing phase. This approach will ensure that the council's key business users are fully familiar and confident to lead the delivery of training in the new system to end users and that the council's support team acquire the required skills and confidence to support the new system following completion of the post go-live support period.

Outline implementation plan

13. The plan below shows the contractual top-level implementation milestones for Phases 1 and 2. These milestones form the critical path for delivering the implementation project. Other interim milestones covering supplier, council deliverables and communication and engagement align to the delivery of the stages for each phase as shown below but are not shown here for simplicity.
14. The Data Archiving work stream forms a separate parallel project to the main ERP implementation project but with significant interdependencies, particularly in the area of data migration. The Data Archiving work stream timelines shown below are indicative and subject to the approval of an outline business case, delivery of

a procurement process and the agreed timing for the start of an implementation project during 2021.

DB&I Programme – Outline Implementation Plan



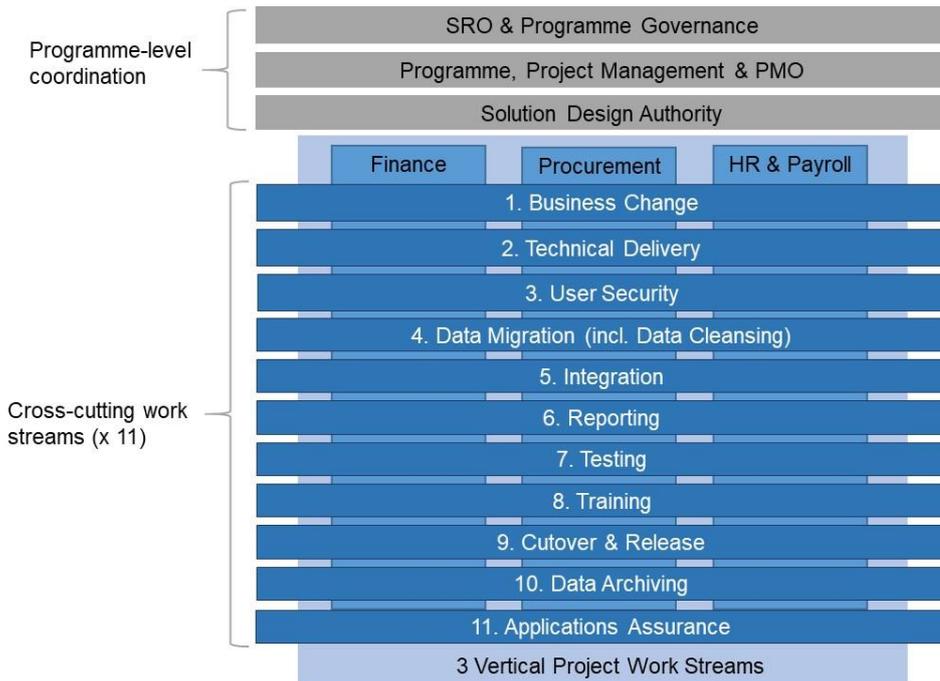
Note: UAT stands for User Acceptance Testing, the final stage of testing where the council will test the solution and ensure it fully meets our business requirements prior to implementation and go-live.

Organisation & governance:

Organisation

- 15. The SaaS ERP implementation and associated transformation will be delivered through one implementation project comprising vertical work streams for Finance, Procurement and HR & Payroll with eleven cross-cutting work streams, coordinated at the programme-level as shown below. Each work stream will have its own Council Lead and team that will work collaboratively with the supplier team.

DB&I Organisation Approach



Governance

16. The implementation project will have a three-tier governance framework including a Strategic Board, Delivery Board and Working Groups as follows:
 - Strategic Programme Board - Accountable sponsoring group with overall responsibility for the effective running of the programme, approving key deliverables and leading the transformational change.
 - Programme Delivery Board - Group with responsibility for driving effective delivery of the implementation, fulfilling the role of Solution Design Authority, managing escalated issues and risks and making delivery decisions that impact across work streams.
 - Functional & Technical Working Groups - Working group for each work stream, tracking progress, making work stream-level decisions and managing issues and risks.

17. The governance approach is based on management by exception, meaning that team members will be empowered to make decisions at the right level in the framework to enable efficient decision-making and to maintain the required pace of delivery.

DB&I Programme Governance Framework

Accountable sponsoring group with overall responsibility for the effective running of the programme, approving key deliverables and leading the transformational change
Meets monthly & as needed

Group with responsibility for driving effective delivery of the implementation, fulfilling the role of Solution Design Authority, managing escalated issues and risks and making delivery decisions that impact across work streams
Meets monthly & as needed

Working group for each work stream, tracking progress, making work stream-level decisions and managing issues & risks.
Meets weekly



18. Additionally, daily update meetings will be run at the work stream level to ensure effective collaboration between team members and to facilitate delivery progress against plan.

Costs & benefits:

19. The total capital cost of the implementation is £14.8m over two years, comprising £3m in staffing and £11.8m in non-staff costs. Of the total capital cost, £6m will fall during 2020/21 and £8.8m during 2021/22. This capital requirement has been added to the capital programme, following approval of the Cabinet paper in July 2020.
20. The total revenue cost of the implementation is £1.9m over two years, comprising £1.3m in staffing and £0.6m in non-staff costs. Of the total revenue cost, £0.6m will fall during 2020/21 and £1.3m during 2021/22. The revenue costs for 2020/21 are being contained within existing budgets and a draw down from the Digital Business & Insights programme reserve, which was set up for this purpose as part of the 2019/20 outturn recommendations. Future revenue implications will be built into the Medium-Term Financial Statement as part of the financial planning process.
21. The high-level identified benefits for the programme are described below. The programme will identify specific benefits, agree benefit owners and manage their reporting in line with the corporate benefits realisation approach. There will be a handover as part of project closure to benefits owners who will be responsible for realising any efficiencies enabled by the programme.

Type of Benefit	Description
Financial Benefit	<ul style="list-style-type: none"> • <u>Cost avoidance</u> - Avoided £4m capital cost of upgrading the existing SAP hardware, which would be required for an in-house hosted solution. • <u>Business efficiencies</u> - Improved processes through automation and self-service, and changes to ways of working will create efficiencies and

<p>(Enabling potential savings)</p>	<p>potentially enable a reduction in back office staff costs in the future within these areas:</p> <ul style="list-style-type: none">○ Professional corporate functions: Finance, HR & OD, Shared Services Procurement.○ Business Operations administrative staff.○ Business support teams within directorates. <ul style="list-style-type: none">● <u>ERP support efficiencies</u> - Improved technologies may potentially reduce the number of IT support staff required to support the SaaS-based technology in the future.● <u>Increased income</u> from new and retained customers of Business Operations due to an improved SaaS ERP user experience.
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Key risks:

No.	Category	Risk Description	Pre-mitigation Rating	Mitigation Activity	Owner
1	Strategic	There is a risk that that Covid-19 significantly impacts implementation team productivity due to constraints on face-to-face working	High	A hybrid approach will be adopted including face-to-face and remote using MS Teams for governance meetings and workshops as required. Covid-19 risk assessments will be undertaken as required for high risk individuals prior to use of allocated office space.	DB&I Programme Director
2	Strategic	There is a risk that there is resistance to change including adoption of the standard best practice SaaS processes	High	Development of a Vision and Design Principles, clarifying the strategic ambition, with strong sponsorship from Strategic Programme Board. Empowerment of the programme's Business Process Leads to make design decisions. Effective governance to control decisions on any customisation requirements.	DB&I SRO
3	Strategic	There is a risk that there is a capacity issue in the corporate business, IT & Digital and directorates to be able to meet their required time commitment to deliver the programme.	High	The business case is based on a dedicated and fully resourced core council project team. Other required resources have and will be requested early from relevant services as part of business as usual support for transformation initiatives.	Strategic Programme Board (Corporate & Directorate Leads)

4	Strategic	There is a risk that dependencies on integration with directorate systems are not effectively identified and implemented, impacting the delivery of end-to-end processes with directorates and benefits realisation.	Medium	Focus on ensuring all integration requirements are identified & included. Directorate representatives are engaged in the programme to ensure dependencies are effectively managed.	DB&I Integration Lead
5	Strategic	There is a risk that dependencies between DB&I and other wider Corporate Transformation initiatives are not managed effectively, impacting delivery & causing confusion.	High	Alignment in communication and engagement and business change management approach between DB&I and wider corporate transformation initiatives.	DB&I SRO (Corporate Portfolio Manager)
6	Operational	There is a risk that there will be a drop in the level of service from Business Operations for the council and other customers during the implementation and early life of the new system	High	Effective business change management and communication with customers to manage expectations throughout delivery of the programme	Assistant Director of Business Operations
7	Financial	There is a risk that the completion of the implementation phase slips into Q4 2021/22, which will result in the council incurring the full cost of SAP support & maintenance for 2022 (£700k), which becomes due in January 2022.	High	Provide notice to SAP by September 2021 to end support & maintenance contract by January 2022. If go-live is delayed, short-term support options will be explored.	SAP Contract Manager

Next steps:

22. Complete the Mobilisation phase through approval of the Council's Project Initiation Document at DB&I Strategic Programme Board on 2nd October and commence delivery of the Design stage in October.
23. Deliver the Design stage by 22nd December, gaining approval for an agreed Solution Design document prior to the start of the Build stage in January 2021.
24. Further updates will be provided to the Resources & Performance Select Committee in April 2021 following completion of the Design and Build stages and in October 2021 following completion of User Acceptance Testing. An additional final update will be provided to the Committee in February 2022 following final go-live and completion of two of the three months of post go-live support.

Report contact: Andrew Richards, Interim Digital Business & Insights Programme Director.

Contact details: Andrew.richards@surreycc.gov.uk

Sources/background papers:

- Digital Business & Insights Full Business Case Cabinet Report (July 2020)
- Digital Business & Insights Outline Business Case Cabinet Report (October 2019)

Resources and Performance Select Committee

8 October 2020



Forward Work Programme and Recommendations Tracker

The forward work programme is a standing item on the agenda of the Select Committee. It has been revised to cover expected activity in coming months as well as to track recommendations made by the Committee. It differentiates between standing items, task and finish groups reporting together with additional items the Select Committee would like to engage with from time to time. This approach should enable the Select Committee to consider planning and resourcing for its scrutiny and overview work across the year whilst retaining enough flexibility to consider additional items as needed from time to time.

Recommendations:

The Select Committee is recommended:

1. To review the attached recommendations tracker attached as Annex B as well as the forward work programme, making suggestions for additions or amendments including programming of Budget and County Hall Move and Agile Programme (CHAP, previously MCTR) task and finish in-depth reviews and other agenda items. The forward work programme has been separated from the action tracker and is attached as Annex A;
2. To agree the update as contained in the forward work programme;
3. To note the property update report;
4. To note and scrutinise the council's performance report. The outcome of consideration by the Select Committee is expected to provide high-level scrutiny of performance and service delivery measures ensuring accountability of decision-makers and possible identification of potential areas for in-depth scrutiny and to provide oversight;
5. To note a paper on the closure of finance improvement programme and a separate digital business and insights update report arising out of that review;

6. Separately, to note and scrutinise a presentation about draft budget assumptions in a private session at the conclusion of 8 October Resources and Performance Select Committee meeting. This session is not part of the formal meeting and will be treated as a stand-alone private session and not as a Part 2 section of the committee meeting.

Next Steps:

The Select Committee reviews its recommendations tracker and forward work programme at each of its meetings.

Report contact

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Resources and Performance Select Committee Forward Work Programme 2020

Resources and Performance Select Committee

Chairman: Nick Harrison, Scrutiny Officer: Kunwar Khan, Democratic Services Assistant: Xanthe McNicol

Date of Meeting	Scrutiny Topic	Description	Outcome	Cabinet Member/Lead Officer
8 October 2020	2020/21 Budget – Initial Assumptions*	To receive an update about the initial financial assumptions concerning the next year's budget.	To scrutinise the early financial assumptions concerning the next year's budget and to provide relevant feedback before the draft proposals are fully developed for the next year's budget.	Anna D'Alessandro, Director of Corporate Finance
8 October 2020	Property Programme Update	To receive an update about the Council's properties.	To consider the latest available information about the Council's properties and to provide feedback and oversight.	Patricia Barry, Director of Strategic Land & Property Assets
8 October 2020	Finance Improvement Programme	To receive the Council's Finance Improvement Plan (FIP) as considered by the Cabinet.	To provide oversight and seek input of external partner.	Rachel Wigley, Director of Financial Insight
8 October 2020	Digital Business and Insights (DB&I)	To receive a report on the Council's DB&I programme.	To gain deeper understanding of the programme's implementation.	Anna D'Alessandro, Director of Corporate Finance
9 December 2020	Budget Proposals 2021/22**	To receive the draft budget proposals for 2021/22.	To scrutinise the Council's budget proposals, to provide feedback and to make/agree the recommendations.	Anna D'Alessandro, Director of

Resources and Performance Select Committee Forward Work Programme 2020

				Corporate Finance
9 December 2020	County Hall move and Agile Programme Update	To receive an update about the Agile programme and the progress on acquiring a suitable building for the new County Hall/Civic Centre in Woking.	To monitor the progress of the Agile programme, including acquiring a suitable building for the new County Hall/Civic Centre in Woking.	Leigh Whitehouse, Executive Director - Resources
9 December 2020	Broadband in Surrey	To review the access and improvements to broadband in Surrey	To monitor and provide input about the access and improvements to broadband in Surrey.	Amanda Richards, Network and Asset Management Group Manager
To be confirmed	Strategic and Capital Investments - Update Report	To receive an update about the Council's strategic and capital investments, including any changes due to Covid-19.	To scrutinise property progress and capital investments more extensively as requested by the Select Committee previously.	Patricia Barry, Director of Strategic Land & Property Assets
To be confirmed	Capital Budget and Revenue Consequences*	To better understand the relationship of the Council's capital and revenue budget provisions and the revenue consequences of the capital budget.	To provide more effective finance scrutiny, input and feedback.	Anna D'Alessandro, Director of Corporate Finance
Task Groups				
	Topic:	Description:	Timeline:	Membership:
	Budget	Scrutiny of the Council's annual budget throughout the process from start to finish.	First met in August 2019, now looking at the overall budget including the impact of the Covid-19 pandemic on the Council's budget and finances. The most recent	Graham Knight (Chair), Mark Brett-Warburton,

Resources and Performance Select Committee Forward Work Programme 2020

			<p>meeting was on 24 September 2020 and an early budget assumption report/presentation will be provided in private to the RPSC at the conclusion of its 8 October meeting. In addition, the Select Committee will also receive and scrutinise 2021/22 draft budget at its December 2020 meeting.*</p> <p>The Select Committee had already received and scrutinised budget/year-end finance reports at its July, meeting.</p>	<p>John Furey (co-opted for asset/property work only), Nick Harrison (ex-officio), Ed Hawkins, Peter Szanto</p>
	<p>Moving Closer to Residents (MCTR), now proposed to be renamed County Hall move and Agile Programme (CHAP)</p>	<p>Scrutiny of the Council's headquarters relocating to a new county hall together with reviewing the progress and implementation of its agile working transformation programme.</p>	<p>First met in August 2019 and again in November 2019. Work was significantly impacted by Covid-19 but key updates are provided to the Select Committee wherever applicable. The Task Group is due to meet on 7 October 2020.</p>	<p>Will Forster (Chair), Ayesha Azad, Tim Hall, Nick Harrison, Rachael Lake, Chris Townsend</p>
Task Groups on Hold				
	Topic:	Description:	Timeline:	Membership:
	<p>Customer Experience Transformation</p>	<p>A deep dive review of the Customer Experience transformation programme in order to support and champion its successful delivery going forwards.</p>	<p>First met on 4 February 2020 and met three times thereafter undertaking considerable amount of work, the last meeting was held on 4 April 2020. Work is now postponed due to Covid-19 pandemic and will resume when/if possible.</p>	<p>Nick Harrison (Chair), Will Forster, Bob Gardner, Chris Townsend, Richard Walsh</p>

The Covid-19 situation continues to have a profound effect on the way we work and prioritise – this situation is intended to be reflected in this Forward Work Programme, which was originally agreed in January 2020, reviewed at July meeting and refreshed as of October 2020. As a standard practice, no more than two task and finish/sub-groups should operate concurrently, and any additional meetings should be avoided or held informally.

Resources and Performance Select Committee Forward Work Programme 2020

Standing Items

- **Periodic Update on Cabinet Member priorities:** For the Select Committee to receive a periodic update on work that has been undertaken by Cabinet Members and areas of priority work/focus going forward. No update at October 2020 meeting to accommodate other agenda items.
- **Performance Report:** High-level scrutiny of performance of the Council ensuring accountability of decision-makers and identification of potential areas for in-depth scrutiny.
- **Recommendations Tracker and Forward Work Programme:** Monitor Select Committee recommendations and requests, as well as, its forward work programme.

* *Subject to confirmation by the finance/relevant team*

** *Subject to the approval of the draft budget by the Executive*

RESOURCES AND PERFORMANCE SELECT COMMITTEE ACTIONS AND RECOMMENDATIONS TRACKER

The recommendations tracker allows Committee Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each meeting. Once an action has been completed, it will be shaded green to indicate that it will be removed from the tracker at the next meeting.

KEY			
	No Progress Reported	Action In Progress	Action Completed

		efficiencies unmet due to Covid changed from £15.8m (Delta 2) to £4.3m.		circulated to the Select Committee.
1 July 2020	Midas House Cancellation Decision	<p>Recommendations:</p> <p>The Select Committee:</p> <ol style="list-style-type: none"> 1. Recommends that a comprehensive update report about the new County Hall/Civic Hub be presented to the Moving Closer to Residents Task Group for its October meeting; 2. Supports the principle of the Moving Closer to Residents programme; 3. Recommends at present that the Council's new Civic Heart should be based in either Woking or Guildford to ensure a consistent message to staff and residents, and reassure staff that have already made a decision on their future. <p>Actions:</p> <ol style="list-style-type: none"> 1. The Executive Director of TPP to share a list of protocols for the move of County Hall. 	Executive Director of Resources	<ol style="list-style-type: none"> 1. The Task Group will be presented with the Full Council report on the Woodhatch decision. 2. The recommendation has been sent to the ED. 3. The recommendation has been sent to the ED for a response. It will be discussed at the upcoming Task Group meeting <ol style="list-style-type: none"> 1. The Executive Director of Resources has met with the Chairman of the MCTR Task Group.

RESOURCES AND PERFORMANCE SELECT COMMITTEE ACTIONS AND RECOMMENDATIONS TRACKER

The recommendations tracker allows Committee Members to monitor responses, actions and outcomes against their recommendations or requests for further actions. The tracker is updated following each meeting. Once an action has been completed, it will be shaded green to indicate that it will be removed from the tracker at the next meeting.

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		more information on remote care at home in other LAs.	Cabinet Member for Corporate Support	circulated to the Select Committee.
24 January 2020	Scrutiny of Revenue and Capital Budget 2020/21	For the Director of Corporate Finance to organise for TMS training to be repeated.	Director of Corporate Finance	The training had been organised but had to be postponed due to Covid-19. It has been rescheduled for 9 November 2020.
16 December 2019	Quarterly Performance Report (Q2 2019/20)	The Customer Experience Task Group is to examine the RS 01 and RS 02 indicators and work on how they can be improved.	Chairman of the Task Group	The Task Group met with officers working on the residents' survey and this was included in the update of the July Select Committee meeting (delayed from April due to Covid-19).
18 October 2019	Quarterly Performance Report (Q1 2019/20)	The Select Committee is to receive on an annual basis information on how Surrey County Council's performance compares with other councils.	Director of Intelligence, Analytics and Insight	The Select Committee's request has been forwarded to the Director and the possibility of including this in future reports will be examined as performance reporting is reviewed.
18 October 2019	Transformation Programme Update	The Select Committee is to explore ways to deep dive into customer experience.	Scrutiny Officer	The work of the Customer Experience Task Group has commenced and the Select Committee continues to be

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				updated periodically (however, work was delayed due to Covid-19).
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