

Notice of Meeting

Resources and Performance Select Committee

**Date & time**

Thursday, 20
January 2022 at
10.00 am

Place

REMOTE &
INFORMAL MEETING

Contact

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Chief Executive

Joanna Killian

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



Please note: that due to the COVID-19 situation the Chairman has decided that this meeting will take place remotely and will therefore be an informal meeting of the Select Committee.

Please be aware that a link to view a live recording of the meeting will be available on the Committee's webcasting library page on the Surrey County Council website. This page can be accessed by following the link: <https://surreycc.public-i.tv/core/portal/webcasts>

If you would like a copy of this agenda or the attached papers in another format, e.g. large print or braille, or another language please either call 020 8541 9122, or email kunwar.khan@surreycc.gov.uk

Elected Members

Nick Darby (Chairman), Will Forster (Vice-Chairman), David Harmer, Robert Hughes (Shere), Rebecca Jennings-Evans (Lightwater, West End and Bisley), Robert King (Egham), Steven McCormick (Epsom Town and Downs), John Robini (Waverley Borough Council), Tony Samuels, Lesley Steeds, Hazel Watson and Jeremy Webster

TERMS OF REFERENCE

The Committee is responsible for the following areas:

- Finance
- Orbis Partnership Functions
- 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

Purpose of the item:

To receive any apologies for absence and substitutions.

2 MINUTES OF THE PREVIOUS MEETINGS: 17 DECEMBER 2021

(Pages 5
- 14)

Purpose of the item:

To review the minutes of the previous meeting. The minutes will be formally agreed as a true and accurate record of proceedings at the next public meeting of the Select Committee.

3 DECLARATIONS OF INTEREST

Purpose of the item:

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

Purpose of the item: To receive any questions or petitions.

NOTES:

1. The deadline for Members' questions is 12:00pm four working days before the meeting (*14 January 2022*).
2. The deadline for public questions is seven days before the meeting (*13 January 2022*).
3. The deadline for petitions was 14 days before the meeting, and no petitions have been received.

- 5 DIGITAL BUSINESS AND INSIGHTS PROGRAMME UPDATE** (Pages 15 - 38)
- Purpose of the item:**
- To provide an update on the Digital Business & Insights programme including its projected benefits.
- 6 TREASURY MANAGEMENT STRATEGY**
- Purpose of the item:**
- For the Select Committee to review and comment on the 2022/23 Treasury Management Strategy (TMS) – **Report to follow.**
- 7 AGILE OFFICE ESTATE STRATEGY** (Pages 39 - 68)
- Purpose of the item:**
- The overall intention is for the Committee to have sight of the office estate proposals in advance of any further reports being submitted to Cabinet, to provide review and support for key recommendations as well as highlighting any areas of concern.
- N.B There are Part 2 annexes to this item.
- 8 EXCLUSION OF THE PUBLIC**
- That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.
- 9 AGILE OFFICE ESTATE STRATEGY** (Pages 69 - 182)
- This Part 2 report contains information which is exempt from Access to Information requirements by virtue of paragraph 3 – Information relating to the financial or business affairs of any particular person (including commercially sensitive information to the bidding companies).
- 10 COMMERCIAL INVESTMENT PROPERTY** (Pages 183 - 198)
- Purpose of report:**
- To scrutinise the Council's commercial investment property.
- 11 PUBLICITY OF PART 2 ITEMS**
- To consider whether the items considered under Part 2 of the agenda should be made available to the Press and public.

12 FORWARD WORK PROGRAMME AND RECOMMENDATION TRACKER

(Pages
199 -
230)

Purpose of the item:

For the Select Committee to review the attached Forward Work Programme and Recommendation Tracker, making suggestions for additions or amendments as appropriate.

13 DATE OF THE NEXT MEETING: 14 APRIL 2022

The next meeting of the Resources and Performance Select Committee will be held on 14 April 2022 at 10:00am.

**Joanna Killian
Chief Executive**

Published: Wednesday, 12 January 2022

MOBILE TECHNOLOGY AND FILMING – ACCEPTABLE USE

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Thank you for your co-operation

MINUTES of the meeting of the **RESOURCES AND PERFORMANCE SELECT COMMITTEE** held at 10.00 am on 17 December 2021 at .

Elected Members:

- * Nick Darby (Chairman)
- * Will Forster (Vice-Chairman)
David Harmer
- * Robert Hughes
Rebecca Jennings-Evans
- * Robert King
- * David Lewis
- * David Lewis
- * Steven McCormick
Rebecca Paul (Vice-Chairman)
- * John Robini
Tony Samuels
- * Lesley Steeds
- * Hazel Watson
- * Jeremy Webster

(* =present at the meeting)

36/21 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

David Lewis of Camberley attended as a substitute for Rebecca Jennings-Evans. David Lewis of Cobham attended as a substitute for Tony Samuels.

37/21 MINUTES OF THE PREVIOUS MEETINGS: 17 SEPTEMBER 2021 [Item 2]

The minutes of the Resources and Performance Select Committee held on 17 September 2021 were reviewed and there were no comments. Minutes to be agreed at the next public meeting.

38/21 DECLARATIONS OF INTEREST [Item 3]

None received.

39/21 QUESTIONS AND PETITIONS [Item 4]

None received.

40/21 2022/23 DRAFT BUDGET REPORT AND MEDIUM-TERM FINANCIAL STRATEGY TO 2026/27 [Item 5]

Witnesses:

Leigh Whitehouse, Deputy Chief Executive and Executive Director Resources
Marie Snelling, Executive Director, Customers and Communities
Anna D'Alessandro, Director, Corporate Finance and Commercial
Rachel Wigley, Director Finance, Insights & Performance
Nicola O'Connor, Strategic Finance Business Partner
Mark Hak-Sanders, Strategic Finance Business Partner

Officers introduced a summary of the item and outlined the key aspects of the report pointing out that all budget assumptions and work undertaken for the Medium-Term Financial Strategy (MTFS) included the Council's priorities and community vision for 2030.

Key points raised during the discussion:

1. The Chairman asked what would be the impact of the proposed budget reductions or efficiencies on residents and the Council's service delivery. Officers said that an entire budget package was being produced with updated impact assessments to take into account any changes to service delivery. They added that where the service had identified equality implications, impact assessments would be drafted alongside these in addition to being presented to the relevant Select Committee and Cabinet as part of the future approval process.
2. The Chairman added that it was not only detail that was required but the impact of changes to services in general. It would be advantageous to assess the effect on residents in relation to efficiencies as early as possible. Officers agreed that the considering the implications of efficiencies were an important part of the design process.
3. The Chairman asked if all Members could expect a further briefing following the finance settlement announcement. Officers confirmed that they would be happy to brief members further once all budget implications had been worked through.
4. The Chairman asked if the cost in terms of the National Insurance increase was known. Officers said that the total cost to Surrey County Council before any other implications was £2.5m.
5. A Member asked how items would be selected in relation to the Twin Track budget setting process given that it would be likely that their remits would cross Select Committees. Officers said that they were mindful of the need to present items to the Budget Task Group in addition to more than one Select Committee.
6. A Member asked what assumptions had been built in in terms of staffing cost and any increases. Officers said that the draft budget assumed a 2% inflationary pay rise across each year of the Medium-Term Financial Strategy but discussions were ongoing and needed to reflect any changes in the final budget.
7. A Member enquired how the recruitment of professional staff, particularly in the two social care areas could be improved. Officers said that work regarding pay and rewards had been undertaken and that a three-year programme was in consideration. The recruitment of social care staff and those in children's services were at the forefront of this work as these areas were reliant on agency staff currently.
8. A Member asked how would further increases to the Council Tax be presented to taxpayers already concerned about their personal finances. Officers agreed that there was a national cost of living crisis and, unfortunately, Surrey residents would feel these pressures too.

Council Tax was seen by the Government as a part of the solution to the pressures on Adult Social Care.

9. A Member asked how the Council could be confident that budget consultation responses from residents were truly representative. Officers explained that population data had been used as a comparator ensuring a rigorous and robust process that was statistically representative of the population. A Member suggested that the last date for responses of 28 December 2021 might not be a suitable time to motivate residents to respond due to Christmas. Officers agreed to take this feedback on board.
10. A Member asked what was being done to join services and boroughs and districts offering different council tax support to residents. Officers said that this had been considered in detail during the last 18 months and that the aim was to share budget information widely going forward but there were limitations due to the nature of the two-tier system. Officers added that the Council's ambitions in terms of the green agenda proactively sought to work and succeed in working collaboratively.
11. A Member asked why more money was being put into reserves whilst at the same time increasing borrowing, and could the Council borrow less and not increase reserves instead. Officers said the Council didn't externally borrow until there was a need to do so. The Council's reserves were used to minimise the amount borrowed, so in terms of interest costs every pound in reserve would offset interest costs until that money was required to fund the capital programme. Although the numbers in reserve seem significant, it would not be beneficial to reduce them and increase the risk profile of the Council's finances over the medium-term.
12. A Member asked if earmarked specific reserves that remained unspent were actually required as reserves for those purposes while remain unused. Officers said that the level of reserves held were reviewed annually as part of the budget report and that the Section 151 officer had to be satisfied that they were at a prudent level. In previous years, the Council had set itself on a course that would see reserves depleted to the point where it wouldn't be sustainable. With this in mind, the current level of reserves were proportionate to the level of risks that the authority faced. By comparison to the recommendations of external auditors, the Council had reasonable but not excessive level of reserves.
13. A Member asked what advice had been given on the amount of contingency that should be held back. Officers said that there was no external advice specifically regarding contingencies.
14. A Member asked what percentage level of reserves did Surrey have. Officers confirmed that approximately 15% of the net revenue budget was held in reserve. This amount excluded reserves for very specific purposes, which would effectively be technical reserves.
15. A Member noted the IT overspend of £3m relating to delayed 'go-live' of the MySurrey Enterprise Resource Planning (ERP) implementation

and asked if it had been included on the budget and if so where. Officers explained that Cabinet would be presented with a paper later this month on the cost of the delay to the My Surrey system implementation. That impact had been felt in both the capital and the revenue budget. Some of the impact occurred in the current financial year and would be factored in the budget monitoring report for the current financial year. Where the impact falls in 2022/23 it was not currently factored into the draft budget being scrutinized today, but would be reflected in the final budget proposals, subject to any comments or changes arising from the upcoming Cabinet discussion.

16. A Member asked if the Council had completed an assessment of other similar council's corporate costs to undertake an effective comparison as it would be useful to be able to understand how our costs compare to other similar councils. Officers said the subject of benchmarking was an important one and while there was a lot of work relating to costs of frontline services, it was a complex area due to a lack of availability of comparable data. It was difficult to access the costs of other local authorities and there was added complexity as different structures were involved. However, work was being undertaken to build local networks and have useful discussions to enable more focus on this. A Member asked if a consultancy company specialising in benchmarking could be tasked for this purpose. Officers said that this wasn't currently under consideration and benchmarking was being looked at within current resources however it was something to think about going forward.
17. A Member asked if borrowing was assigned to relevant departments instead of centrally would more effort be made to reduce the cost. Officers said that this was in the early stages of consideration. The first stage this year had been to advise services of the costs of borrowing and it was being decided whether to take it to the next stage.
18. A Member asked what the reasons for non-delivery of a few efficiencies were and was there a similar risk within the current budget particularly when one looked at red rated savings with higher risks in the draft budget. Officers said that the forecast for 2021/22 was that £4.1m of efficiencies were deemed to be undeliverable at this point, with approximately half of that being in Adult Social Care. The impact of COVID-19 was a theme across the non-delivery in 2021/22 and it would continue to be an underlying theme in 2022/23. Officers added that the budget had been set with assumptions on several factors, COVID-19 being one of them.
19. A Member asked what Surrey County Council was doing to ensure project controls and encouraging joined up working as this was an area where money could be saved. Officers said it had been recognised that one of the Council's challenges was to ensure effective working across services and there had been little progress to date. The aim was for the Twin Track approach to help deliver this joined up working more effectively
20. The Vice-Chairman asked if the budget consultation could be held earlier in the budget setting process so that concepts and results could be considered in good time. Officers said this could be considered if

appropriate but that the purpose of the information was to be informative rather than precise and specific and that there was a balance to be struck in providing information that was broad and engaging to gain a full understanding of all complexities.

21. The Chairman thanked Members for their enquiries and officers for their presentations and responses.

Recommendations:

In appreciating the work undertaken to prepare the draft budget 2022-23 and Medium-Term Financial Strategy (MTFS) to 2026/27, the Resources and Performance Select Committee recommends that:

1. As a matter of agreed budget setting process every year, following the details of the Local Government Finance Settlement usually in mid-December, the Section 151 Officer provide a written briefing note to all Members with details of any impact on the Surrey County Council finances, service delivery and effect on its residents.
2. The Cabinet is requested to ensure that a comprehensive, truly representative and early budget consultation with residents and key stakeholders should form an integral part of the Council's budget setting process each year with findings communicated to all Members and made available to Select Committees with draft budget papers. The initial budget consultation process should conclude first before a draft budget is presented to the Council's Select Committees. The deadline for the current call for evidence be extended from 28 December 2021 to allow residents and stakeholders more time to comment and engage after the festive and the New Year period.
3. From the Council's borrowing cost point of view, the Cabinet should carefully examine to ensure that the effect of borrowing result in a real return, particularly any commercial borrowing ought to cover return on its investment.
4. The Cabinet to ensure that an assessment is undertaken of all Surrey's Borough and District Council's Local Council Tax Support to ensure any increase in Surrey County Council's share of Council Tax is affordable to all residents.
5. To further support collaborative working, to avoid any silos and to ensure proper oversight and effective budget scrutiny next year, the Cabinet is requested to ensure that the Resources and Performance Select Committee and its Budget Task Group (with all Select Committee representation) will be provided with:
 - a. Regular in-year up-to-date finance monitoring updates throughout the year – particularly when there are significant and material changes – in order to be assured that assumptions made and expectations derived from the budget 2022-23 and MTFS 2026-27 (where relevant) will be met in practice;

b. Early communication and understanding of 2023/24 draft budget with high-level assessment of effect on residents;

c. Meaningful details about the budget efficiencies with overarching Budget Impact Assessments (including any impact on service delivery, residents, corporate and organisational priorities, Equality Diversity & Inclusion (EDI) and staffing etc.) be provided to Select Committees and the Budget Task Group where appropriate before the draft budget is formally presented to Select Committees. This should happen earlier than November to ensure members have sufficient time to understand, make further enquiries and add real value to the scrutiny process;

d. Commentary and comparison of corporate costs of the Council with similar authorities;

41/21 PROPERTY PROGRAMME UPDATE (FACILITIES MANAGEMENT - FORWARD MAINTENANCE, SURPLUS ASSETS AND DISPOSALS WORKSTREAM) [Item 6]

Witnesses:

Natalie Bramhall, Cabinet Member for Property and Waste

Leigh Whitehouse, Deputy Chief Executive and Executive Director, Resources

Simon Crowther, Director, Land and Property

Graham Glenn, Head of Acquisitions & Disposals

Brian Boundy, Facilities Management

Officers summarised the Forward Work Maintenance and Surplus Assets and Disposals Workstream papers previously. Forecast works were outlined in addition to planned work in children's homes and adult care homes. All work undertaken supported the Greener Futures delivery plan to achieve net zero by 2030.

Key points raised during the discussion:

1. The Chairman asked for an indication of the amount of money being considered for children's homes. Officers explained that there was a range of £2.7m and £4.3m which would consider the long-term hold of the property or the medium-term strategy.
2. The Chairman asked if there could be more focus on keeping assets in good repair. Officers explained that to manage the estate they were putting in place a risk-based maintenance regime as opposed to a reactive approach.
Based on that risk and knowledge of our asset condition, officers plan to put together a program of works for next year and subsequent years that will meet that that need.
3. The Chairman asked if officers were satisfied they had the required resources in relation to the surplus assets disposal workstream. Officers said that they had extra colleagues joining the team in

February and were reviewing some of the supply chain activities in terms of external resources. This would be brought through on the forward plan for a procurement.

4. The Vice-Chairman asked if more information was available regarding the spending on external resources secured to bridge the shortfall in capacity.
Officers said that the external consultants, Turner and Townsend, were brought in to support specifically selected projects. They had worked with the capital development team and the relationship had been utilised to then provide additional resources where there were vacancies within the project surveying team, bolstering capacity to deliver the projects that were in the pipeline. The Vice-Chairman asked how much Turner and Townsend were paid. Officers explained that they were paid on a fee basis, at a commercially agreed rate per project and value of those projects.
5. The Chairman queried the reference to maintenance in children's homes and the excessive amount of time taken for some repairs to be completed. Officers said that temporary solution were provided but that sometimes there were delays with supply chains and the manufacturing of items that needed to be replaced.

Recommendations:

The Resources and Performance Select Committee recommends that Cabinet Member for Property and Waste ensures that appropriate maintenance and repairs to the County Council owned properties are not deferred.

42/21 CABINET MEMBER UPDATE - CABINET MEMBER FOR PROPERTY (NATALIE BRAMHALL) [Item 7]

Witnesses:

Natalie Bramhall, Cabinet Member for Property

Leigh Whitehouse, Deputy Chief Executive
Simon Crowther, Director – Land and Property
Brian Boundy, Facilities Management

The Cabinet Member for Property and Waste summarised the Property Update Report including an overview of capital delivery followed by capital projects.

Key points raised during the discussion:

1. The Vice-Chairman asked if the service was on track to deliver all identified projects and asked which ones were causing the most challenges. The Cabinet Member for Property said that the service

was on track to deliver all items identified as priorities and added that The Priory School was likely to cause the most challenges.

2. The Vice-Chairman asked what was the total value of the disposal of any assets identified by services as surplus to requirement. The Cabinet Member for Property said that the figure from the surplus assets on the balance sheet was £35m excluding an investment opportunity that would be completing imminently.
3. A Member asked if the September 2023 delivery date for The Priory School was achievable. An officer explained that a contractor had recently been engaged under a pre-construction services agreement for the project and they provided a construction plan and timeline to deliver the project by September 2023.
4. The Chairman asked what reassurances were there that good project management was implemented in all cases to avoid costly delays. Officers said that design processes were being followed for all projects and stakeholders were signing off at the end of each stage. Design consultations were taking place with each department throughout to ensure any problems were identified in good time.
5. The Chairman wished the service luck with the ambitious projects that were to be delivered and asked if the Select Committee could have regular updates including being notified of any issues arising which could cause delays. The Chairman also requested site visits if practical to enable a genuine understanding of the projects being discussed. The Cabinet Member for Property and Waste agreed that site visits would be helpful

43/21 FORWARD WORK PROGRAMME AND RECOMMENDATION TRACKER [Item 8]

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

44/21 DATE OF THE NEXT MEETING [Item 9]

The next meeting will be held on 20 January 2022 at 10am

Meeting ended at: 1:01pm

Chairman

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Resources & Performance Select Committee



20 January 2022

DIGITAL BUSINESS & INSIGHTS PROGRAMME UPDATE

Purpose of report: To provide an update on the Digital Business & Insights programme including its projected benefits.

Executive Summary:

1. This report provides an update on delivery progress by the Digital Business & Insights (DB&I) programme since 24 September DB&I Strategic Programme Board, when it was agreed to develop a revised plan based on delaying go-live from December 2021 to April 2022. It also provides an update on the risks (see Annex 1), budget status and on the potential benefits from the programme (see Annex 2).
2. The full background including root causes of the delayed go-live is provided in the Digital Business & Insights Programme Cabinet Report, which is included in Annex 3 and was approved at Cabinet on 21 December 2021. The Cabinet report also secured the required additional funding of £3.2m to deliver the remainder of the programme, comprising £1.25m in revenue and £1.91m in capital costs. The financial implications to the council of the additional costs are described in the Budget Update section of this report.
3. Regular progress updates have been provided to the DB&I Strategic Programme Board and as of mid-September, the Finance and Procurement work streams remained on track for December go-live. However, at this time the following two key issues emerged and meant that the December go-live was no longer achievable:
 - Data migration – the quality of migrated data received in September was of insufficient quality and completeness to enable effective User Acceptance Testing (UAT), which is the process by which the council tests and confirms acceptance of the new solution. This severely impacted the coverage and pace of testing that could be conducted in the time available across all work streams.
 - HR requirements scope – The volume of new or clarified HR (Human Resources) requirements, which emerged during the Build stage and also the need for additional

forms for external customer payroll users, extended the Build timescales and caused a backlog of work for Unit4. The delay to build for HR had a consequent impact on the start and pace of UAT for HR & Payroll.

4. Significant progress has been made since the re-plan was completed in October with improved performance and control around the delivery of data migration, which has enabled considerable momentum to build in UAT. Progress has also been made in HR, with the prioritised build for April go-live being completed by Christmas and a clear plan being in place to complete remaining lower priority build for implementation during the early post go-live life support period. Payroll parallel running (PPR), which is the process by which the programme will ensure that MySurrey (the council's name for the new Unit4 ERP system) pays people correctly, also continues but with ongoing challenges in aligning System, Applications and Products (SAP) with MySurrey staff data to enable an effective payroll comparison. These issues are continuing to be worked through and it is expected that a satisfactory match will be achieved before progressing to a third cycle of PPR in the New Year.
5. The programme will continue at full pace to complete delivery of UAT and PPR by early February but there remains material risk to achieving the April go-live, in particular due to the current status of PPR and also the volume of user acceptance testing still outstanding. A Cutover Readiness Checkpoint scheduled on 28 January will assess delivery confidence for April go-live and determine next steps, i.e. whether to progress the cutover plan to start the transition from SAP to MySurrey or whether an alternative plan will be required for consideration by DB&I Strategic Programme Board in February.

Background:

6. The Digital Business & Insights programme is implementing a new Enterprise Resource Planning (ERP) system, which will manage the council's back-office finance, procurement and HR and payroll processes. The contract to implement the new ERP system was awarded to Unit4 to implement their ERP system as a fully integrated solution to replace the council's existing SAP system.
7. The implementation programme commenced in September 2020 with an ambitious 15-month programme to complete full go-live of the new system by December 2021. In September 2021 it became clear that the December timescale was no longer achievable and that a re-plan was required. Following

a review of potential go-live options, the DB&I Strategic Programme Board approved a re-plan for the programme to go-live in full in April 2022. A Cabinet report explaining the reasons for the delay, the revised plan and seeking required funds was approved at the 21 December 2021 Cabinet meeting.

8. At the time of writing a deed of variation to the original Unit4 contract has been drafted for signing, which sets out the revised implementation milestone schedule and associated payments. The deed also includes some additional clauses that describe the governance process in the event of further delay to a key milestone if Unit4 wish to claim that a supplier non-performance has been caused in full or in part due to the council not fulfilling a contractual responsibility. These clauses are designed to help the council and Unit4 avoid a dispute over liability in the event of any further delay beyond the April go-live and ensure a continued focus on successful delivery.

DB&I Progress Update

9. A detailed revised plan was developed by Unit4 in early October reflecting the revised go-live date. In order to ensure alignment with council-led workstreams, the revised plan was shared with council workstream leads to revise their plans and resolve any dependency issues with Unit4 by the end of October. The re-planning exercise concluded with a Programme Reset Meeting held on 2 November, where the confirmed revised plan was formally communicated to programme stakeholders. The revised plan was also shared via engagements with in-scope corporate management teams.
10. The December 2021 Cabinet report explains that data migration and HR requirements scope were two key issues that emerged by mid-September and directly resulted in the delayed go-live. There has been the following progress with these issues since October:
 - Data migration – Unit4 provided additional management and technical resource for this stream and the joint council and Unit4 team organisation has been improved to expedite issue resolution. This has included establishing a data migration tracker to improve monitoring of the status of delivery and clearly identified business data subject matter experts for each data item to help resolve any questions or issues that arise during data migration. Fresh data for UAT cycle 5 is currently in the process of being loaded during w/c 20 December to enable UAT cycle 5 to start from 7 January.

- HR requirements scope – Unit4’s revised plan included additional capacity to complete the outstanding build required for HR by 24 November. Good progress has been made but this timeline has been further delayed to 24 December due to the volume of work to be completed. To ensure no further slippage, a prioritisation exercise has been completed and critical and high priority processes, which affect peoples’ pay or are high volume, will be completed by Christmas and included for the April go-live. Other in-scope processes will be built and tested between January and March and will be implemented during the post go-live support period, which ends on 4 July. A strict triage process is also in place to review all new requirements if they are identified to ensure that only essential new features are built for April go-live.
11. User Acceptance Testing (UAT) completed cycle 3 on schedule on 19 November and started cycle 4 on 2 December. This was just over a week later than the planned 22 November start for cycle 4 due to slight delays in UAT data being ready to commence testing. Testing activity is progressing well in cycle 4 but with the volume of tests and the Christmas break it is likely that a significant number of tests will need to be rolled over into cycle 5, which commences execution on 7 January. By the 21 December, 381 tests of a total to do of 1052 had been completed. Of these tests, 322 passed and 59 failed. The additional volume of tests in cycle 5 increases the risk that further time will be required, which will extend User Acceptance Testing into February.
 12. Payroll parallel running (PPR) started its second of three cycles on 25 November. The scope of PPR2 is to run comparisons of corporate and local authority schools’ staff pay for June between MySurrey and SAP. Unfortunately, there was a three-week delay in starting to run the PPR2 comparison due to issues encountered in rolling forward the staff payroll data from May to June. Progress is currently being closely monitored and the expectation is that a satisfactory payroll match will be achieved. However, to mitigate the risk that this may not be the case, an alternative approach may be adopted using a fresh copy of SAP data to be taken on 24 December.
 13. The integration workstream, which is responsible for integrating MySurrey with other council line of business systems, has completed integrated system testing and has started UAT of financial integrations (payments, journals, invoices and Adult Social Care customers) on the 15 December. This is one month later than planned due to

various issues including data, access and changes in MySurrey and source systems that have resulted in required re-testing. Delivery risk remains due to the volume of UAT to be completed and also delays in Unit4 delivery of HR integrations, where mapping and development of these integrations is now one month behind schedule.

14. A Cutover Readiness checkpoint milestone on the 28 January 2022 has been included in the revised outline implementation plan, which forms part of the contract deed of variation. This will ensure that a set of objective criteria will be used to determine whether the programme is ready to progress the deployment activities required in preparation for go-live. A Go-live Readiness checkpoint key milestone on the 25 March 2022 has also been included, which provides equivalent objective criteria and will be used to determine whether the programme is ready to progress go-live in April.
15. In summary, significant progress has been made on the programme since the re-plan in early October with UAT having now developed considerable momentum. All aspects of the Finance and Procurement build is expected to be complete by Christmas and have progressed into UAT. There is now greater control around HR requirements and we have clarity on the scope of delivery for April go-live and what will follow during the post go-live support period. There is also better control around data migration due to the implemented improvements described above. However, there remains material risk to achieving the April go-live, in particular due to the status of PPR and also the volume of user acceptance testing still to be completed due to the prior delays.
16. The programme will continue to progress user acceptance testing at maximum pace to complete cycle 4 and progress cycle 5 to complete by the end of January. The Cutover Readiness Checkpoint on 28 January will then be used to assess delivery confidence to determine next steps including achievability of the April go-live date.

Benefits Update

17. The DB&I programme's full business case was approved at Cabinet in July 2020 and identified the following financial and non-financial benefits. As an enabler of these benefits, it was agreed that the programme would capture and drive benefits alongside wider agile and digital transformation across the council. The expectation at the time and still is that these programmes will generate significant efficiencies that will translate into cashable savings.

Type of Benefit	Detail
Financial Benefit (Enabling potential savings)	<ul style="list-style-type: none"> • Avoided £4m capital cost of upgrading the existing SAP hardware, which would be required for an in-house hosted solution. • Improved processes through automation and self-service, and changes to ways of working will create efficiencies and potentially enable a reduction in back-office staff costs in the future within these areas: <ul style="list-style-type: none"> ○ Professional corporate functions: Finance, HR & OD, Shared Services Procurement. ○ Business Operations administrative staff. ○ Business support teams within directorates. • Improved technologies may potentially reduce the number of IT support staff required to support the SaaS-based technology in the future. • Increased income from new and retained customers of Business Operations due to an improved SaaS ERP user experience.
Non-Financial Benefit	<ul style="list-style-type: none"> • In addition to the areas above, there will be efficiencies for council managers and staff through the implementation of intuitive digital manager and employee self-service processes. • More time for staff in support services to focus on higher value activities, adding insight and expertise rather than navigating inefficient processes. • Improved management decision making through reporting and analytics capabilities available through a SaaS solution, including integration and analysis of financial and non-financial data. • Increased flexibility of SaaS subscription licences, enabling improved scalability (ability to flex to accommodate changes in requirements) • Continuous improvement and future proofing of the solution through planned SaaS ongoing upgrades. • Improved agile / flexible working through improved access to the corporate system remotely via appropriate devices.

Source: DB&I Full Business Case Cabinet Report (July 2020)

18. A structured benefits realisation approach has been followed to capture specific financial and non-financial benefits over the life of the programme. As part of this process, benefits have been prioritised and business owners identified to take responsibility for measuring, baselining and driving the realisation of their potential benefits. The benefits realisation stream reports into the Corporate Benefits Board, where DB&I benefits are considered in aggregate alongside benefits from other corporate programmes with the objective of collectively delivering cashable budget savings.

19. At the time of writing, potential annual ongoing benefits have been identified so far at £2m, which relate to potential efficiencies that subject to validation may enable budget savings. In summary, these potential annual efficiencies comprise the following. Further explanation is included in Annex 2, Table 1.
 - Improved reporting: £200k
 - Efficiencies from improved employee self-service: £1.7m
 - Efficiencies from improved supplier self-service: £54k
 - Efficiencies in support: £29k
 - Total: £2m

20. In addition to these efficiency benefits, a direct and indirect cost avoidance benefit of £4.5m has been identified, resulting from the improved contract management enabled by the programme's implementation of the Proactis solution. Some of the direct financial element of this benefit is planned to be delivered through the Twin Track - Contract Management business case. Further explanation is included in Annex 2, Table 2.
21. Regular reviews of benefits will continue to be undertaken for the remainder of the programme. Following go-live, the benefits will be handed over to the benefit owners and their realisation as cashable savings will be governed by the Corporate Benefits Board, in aggregate with efficiencies collectively identified from other corporate programmes. An example of this already happening is in Business Operations, where benefits are being considered from the DB&I programme and other corporate programmes in aggregate to inform the development of the Business Operations target operating model.

Programme Budget Update

22. The programme's cost forecast at the time of writing remains aligned with the funding request approved by Cabinet in December 2021. Details of the funding request, including financial implications, are included in the DB&I Programme Re-plan Cabinet report.
23. In summary, the total revised implementation cost is estimated to total £25.54m, comprising £8.87m in revenue and £16.68m in capital costs. This represents an increase of £3.2m, or 14%, compared to the original implementation budget of £22.39m approved by Cabinet in July 2020. This £3.2m increase comprises an additional £1.25m in revenue costs and £1.91m in capital costs.
24. As set out above the costs of delay impact both the capital and revenue budgets, with the impact being in both the current and next financial years.
25. The additional one-off revenue funding of £1.25m is already factored into the 2021/22 budget monitoring position and will be included in the final 2022/23 budget when it is presented to full Council for approval in February. The costs are containable within the contingency budget held in the Corporate Income & Expenditure budget envelope without requiring increases to the draft 2022/23 budget previously presented to Cabinet.

26. The additional capital required has been built into the draft capital programme. The resultant additional borrowing costs will be funded from within the Central Income and Expenditure budget initially, on the basis that once ongoing efficiencies are realised as a result of the new system, these costs are off-set before the recognition of efficiencies against other service budgets.
27. The costs of the implementation of the programme will be more than offset by the recurring nature of the potential benefits as set out in para 17 and Annex 2.

Next Steps

28. The programme will continue to deliver to the revised plan with the aim of completing User Acceptance Testing and Payroll Parallel Running activities by the end of January. At that point, a Cutover Readiness Checkpoint will be completed on the 28 January to assess readiness to progress with the cutover plan for an April go-live.
29. If the Cutover Readiness Checkpoint in January determines that the programme is not yet ready to progress the cutover plan, a report setting out the findings from the Checkpoint review and an alternative plan, including a recommended new go-live date if required, will be presented to DB&I Strategic Programme Board for consideration and approval in early February.
30. If the Cutover Readiness Checkpoint determines that the programme is ready to start cutover, the cutover plan will be progressed and the establishment and financial structure freeze in SAP will be implemented from 4 February (two months before go-live) as agreed by DB&I Strategic Programme Board.

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

Sources/background papers:

- DB&I Programme Re-plan Cabinet Report (December 2021)
- DB&I Full Business Case Cabinet Report (July 2020)

Annex 1 - Key risks:

1. The known key programme risks shown below remain consistent with those documented in the DB&I Programme Re-plan 21 December Cabinet report with the exception of an additional third operational risk.

Category	Risk Description	Mitigation Activity
Operational	<p>There is a risk that the programme's final payroll go-live slips beyond April 2022 meaning that SAP payroll would be required for the 2022/23 tax year.</p>	<ul style="list-style-type: none"> • The possible continued use of SAP during 2022/23 requires the completion of required patches to the SAP system by the IT & Digital team in advance of April 2022. • Cost of contractor resources (£72k) in the council's team to complete the required patches. • Continuation of the SAP Support & Maintenance contract into 2022. (£579k additional cost to the council)
	<p>There is a risk that there will be a drop in the level of service from Business Operations for SCC and other customers during the cutover in March and April (Year End) and early life of the new system.</p>	<ul style="list-style-type: none"> • Cutover Lead to lead detailed planning of delivery of initial pay runs in Unit4, working closely with Business Operations management team, as part of cutover planning process. • Clear roles, responsibilities and resourcing for business readiness and communication and engagement both for internal users and with external customer organisations.
	<p>There is a risk that the BAU support team will have difficulty aligning to the very different set of support processes and characteristics of the Unit 4 system after (in many cases) many years of SAP experience</p>	<ul style="list-style-type: none"> • Secondment of existing ERP Support team members to DB&I programme team for duration of implementation. • Additional 4 FTC Unit4-experienced support resources for the 1st 18 months of MySurrey operation. • Unit4 Transition Manager support to ensure readiness of ERP support team prior to go-live. • Additional contractor to be procured to complement the security stream from January through to go-live.
Financial	<p>There is a risk of further delay to the programme's go-live date beyond April 2022.</p>	<ul style="list-style-type: none"> • Detailed planning for April go-live across the programme and ongoing focus on managing delivery progress against the plan across workstreams. • Mitigations to address the root cause issues of delay as summarised in Annex 1 of the DB&I Programme Re-plan Cabinet Report (December 2021)

		<ul style="list-style-type: none"> • A contract variation will be agreed with the supplier, which reflects the revised milestones and new go-live date and enables the council to fully exercise its rights according to the contract in the event of any further delay.
	<p>There is a risk that the programme is not ready to go-live with the full scope of Payrolls by April (i.e. Corporate, Schools and Bureau customers).</p>	<ul style="list-style-type: none"> • Detailed review and planning of required business preparation for dual running for payroll in SAP and MySurrey for period of delay. • If required, re-plan to extend Payroll delivery beyond April with heavily reduced team to cover Payroll elements only.
Strategic	<p>There is a risk that there is a resource availability & capacity issue in the corporate business, IT&Digital and directorates to be able to meet their required time commitment to deliver the programme.</p>	<ul style="list-style-type: none"> • Resource requirements by programme phase have been shared with business stakeholders and there is ongoing communication at the workstream level to share detailed plans and agree resource allocations. • Backfill requirements for UAT and Deployment stages provided and business roles to be in place from start of UAT.
	<p>There is a risk that the programme will be unable to complete all critical reporting requirements within the available implementation timeline and budget.</p>	<ul style="list-style-type: none"> • A prioritised plan for report development has been developed and agreed, which focuses on critical reporting needs required for go-live. • Recruitment of specialist Report Developer resources and additional support from Unit4 is being provided to deliver report requirements. All associated costs are included in the funding request.
	<p>There is a risk of a high volume of ongoing requested changes to the solution within HR, impacting delivery and the achievement of the April go-live date</p>	<ul style="list-style-type: none"> • Strong governance including triaging of any changes requested during UAT to progress only those where they are critical for go-live.
	<p>There is a risk that there is resistance to change from staff in adopting the new system and processes, impacting benefits realisation.</p>	<ul style="list-style-type: none"> • Focused communication and engagement to drive the change, maximise adoption of the new solution and realise its benefits.

Annex 2 – Potential Benefits (Identified as at 15 December 2021):

Table 1 - Potential Efficiency Benefits

No.	Benefit Title	Description	Efficiency (p.a.)
1	Improved reporting	<ul style="list-style-type: none"> Efficiencies in producing reports in Finance as they will be available as a suite. Improved ability to create bespoke reports will also improve financial understanding and increase efficiency of services 	£200k
2	Improved employee self-service including time administration	<ul style="list-style-type: none"> Employees will have greater control over own information. Employees enter their own time administration such as overtime and work schedule for line managers automated approval. Enhanced automated self-service inclusive of personal details including equalities & diversity information, leave management, claiming expenses. Release professional users to focus on higher value add activities. 	£1.7m
3	Improved supplier self-service	<ul style="list-style-type: none"> Reduced transactional work for supplier registration, checks and updates in Business Operations as suppliers have responsibility for maintaining their own information using the Proactis portal. 	£54k
4	Supplier support efficiencies	<ul style="list-style-type: none"> Reduced helpdesk support for suppliers as a result of suppliers using the Proactis portal to self-serve and contacting the Proactis helpdesk to resolve issues if required. 	£29k
Total			£2m

Table 2 – Potential Overspend Cost Avoidance Benefit

1	Overspend avoidance through improved contract management	<ul style="list-style-type: none"> The £4.5m figure is based on delivering a cost avoidance benefit equating to 1% of the council's total commercial contract spend of £450m, which relates only to those contracts managed through the Proactis system. This is a conservative estimate in comparison with studies undertaken by the World Contracting & Commerce organisation, which estimates that up to 9.2% of a contract's value can be lost "leakage" due to poor contract management practices. The solution will replace the current manual and off-system approaches to contract management across the organisation, enabling the council to drive greater value and avoid value leakage on contracts by: <ul style="list-style-type: none"> Providing a consistent approach to managing contract spend through greater visibility of spend in one place and ensuring correct controls exist to ensure that actions are undertaken when spend limits on contracts are met. The new system will ensure new purchase requisitions are checked against the contract, both its value and what can be purchased 	£4.5m
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		<p>against the contract. This will provide better control, helping to avoid cost overruns on contracts and ensuring compliance with public sector procurement regulations.</p> <ul style="list-style-type: none">○ Supporting contract managers in managing their contracts driving value through notifications of required contract management tasks (e.g. renewals, delivery milestones, delivery compliance reviews, invoice compliance reviews). <ul style="list-style-type: none">● The Proactis system will also allow the supplier to have access to its contracts and associated payments. This will help to ensure:-<ul style="list-style-type: none">○ The contractual documentation is correct.○ A clear contractual scope has been agreed.○ Contract change management is maintained.○ Disputes over pricing are resolved quickly.○ Contract ownership is established & maintained.	
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SURREY COUNTY COUNCIL

CABINET

DATE: 21 DECEMBER 2021



REPORT OF CABINET MEMBER: BECKY RUSH, DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND RESOURCES

LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR FOR RESOURCES

SUBJECT: DIGITAL BUSINESS & INSIGHTS PROGRAMME RE-PLANNING

ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES

Purpose of the Report:

This report presents a funding request to complete the remaining stages of the implementation programme to replace the council's existing corporate (enterprise resource planning or ERP) system and go-live in April 2022. This is the system used to manage the organisation's business critical Finance, HR, Payroll and Procurement processes.

Full detailed financial implications are included in Part 2 of this report.

Recommendations:

It is recommended that Cabinet:

1. Approve the £1.25m revenue and £1.91m capital funding required for the project extension to complete go-live of the new Unit4 ERP system in April 2022.

Reason for Recommendations:

The recommendation to approve the funding request will enable the programme to complete the implementation of the Unit4 ERP system and deliver its benefits. This includes addressing urgent technical drivers for change, while also enabling the council to achieve its ambitions to transform services, drive efficiencies, improve management decision making and to fully enable a flexible and mobile workforce.

Executive Summary:

Background

1. The Digital Business & Insights programme to implement a new Enterprise Resource Planning (ERP) system commenced in September 2020 following approval of the full business case at Cabinet in July 2020. The new ERP system will manage the councils' back-office finance, procurement and HR and payroll processes, replacing

the current system that manages these processes, which is provided by SAP. The contract to implement the new ERP system was awarded to Unit4 Ltd and aimed for an ambitious fifteen month implementation programme which would have led to the new system going live in full in December 2021.

2. The implementation programme is currently underway and has been managed in two phases. Phase One comprised the implementation of a standalone strategic procurement solution, Proactis, which successfully went live in July 2021 and includes supplier relationship management, sourcing and contract management. Phase Two comprises the implementation of the Unit4 ERP solution, including the full scope of finance, procurement, human resources and payroll processes, together with Proactis, as a fully integrated solution. The scope of Phase Two also includes the integration of the new ERP solution with the council's line of business systems.
3. In addition to the successful Proactis implementation in Phase One, the programme has made considerable progress with delivery in Phase Two. The solution design for Phase Two was successfully approved by the council on schedule in December 2020 and by mid-September 2021 the project had completed the core build for finance and procurement processes. Testing activity was underway at this time, including both testing of the system to ensure it has been built in line with the agreed design and also User Acceptance Testing (UAT) by representatives from the business. In parallel to these activities, Payroll Parallel Running (PPR), which tests whether the new system will pay people correctly, was progressing and has subsequently successfully completed the first of three PPR cycles.
4. Regular progress updates have been provided to the DB&I Strategic Programme Board, the programme's senior officer-level governing body, throughout the implementation and as of mid-September, the Finance and Procurement work streams remained on track for December go-live. However, at this time the following two key issues emerged and meant that the December go-live was no longer considered achievable:
 - a. Data migration – the quality of the migrated data received in September for UAT was of insufficient quality and completeness to enable effective testing, severely impacting the coverage and pace of activity. An analysis of the cause of the problems found issues in identifying the correct data in the existing system (SAP) for submission for transformation into the new system, issues with determining how the council's data needs to be transformed for use in Unit4 and also some gaps in the council's data. Organisation and resourcing constraints within the data migration team also impacted how quickly these issues were being addressed.
 - b. HR requirements scope – The volume of new or clarified requirements, which emerged during the Build stage when business stakeholders were able to physically see the solution for the first time, extended the Build timescales and caused a backlog of work for the supplier. In some HR areas this problem was exacerbated by changes in council personnel involved with the programme. In addition, a key assumption agreed during the high-level design stage regarding re-use of the same forms across both council and external customer payroll users was invalidated. By September it became clear that the combined impact of these issues was increasing the build workload for the supplier and causing delays to the start of UAT for HR &

Payroll, rendering the December go-live unfeasible.

Revised Plan

5. DB&I Strategic Programme Board met in late September to consider the following two alternative options for go-live:
 - a. Option 1 – Go-live with Finance, Procurement and Corporate HR & Payroll and Local Authority Schools Payroll in February 2022. Delay Bureaus (external customers) Payroll and other deferred HR features to April 2022.
 - b. Option 2 – Go-live for Finance, Procurement, HR & all Payrolls in April 2022.
6. A further third option was considered by the programme team but discounted as unfeasible prior to the Strategic Board meeting due to the delays in data migration. This option was to go-live with Finance and Procurement in December 2021 and go-live with Corporate HR & Payroll in February 2022 followed by Local Authority Schools and Bureaus Payroll in April 2022.
7. DB&I Strategic Programme Board approved option 2 to go-live with the full scope in April 2022, which was consistent with the recommendation of the programme team, who considered option 1 as unfeasible or at best as being at too high risk of further slippage based on the status of delivery at the time of the meeting. In addition, option 2 has the following benefits:
 - a. Avoids the significant complexities and costs associated with a staggered go-live, which would result from the required parallel running and maintenance of existing (i.e. SAP) and new systems (i.e. Unit4 ERP) and their integration with 3rd party systems. Costs would relate to additional resources, training and additional use of 3rd party systems to enable dual SAP and Unit4 running during February and March 2022.
 - b. Provides further time to address data migration issues and complete testing to a high standard, building confidence in the system across business stakeholders.
 - c. Simpler data migration as with a clean Year End go-live there is no longer a need to migrate year-to-date payroll data.
 - d. Ensures sufficient time available for preparing for the change both within the council and for local authority schools and other external customers, reducing delivery risk.
 - e. Lower hidden costs than other options. Option 2 will have higher core DB&I programme costs compared to option 1 but the latter option would incur higher hidden costs (e.g. additional resources, training and licencing of 3rd party systems required for dual running).
8. Following approval of option 2, the council's programme team worked with Unit4 to develop a detailed revised plan based on delivering go-live in April 2022. In addition, the joint team identified and analysed the key delivery challenges and developed mitigations to reduce the risk of further delays to the programme. A summary of key delivery challenges and agreed mitigations is provided in Annex 1.
9. A revised and fully resourced plan has been agreed with Unit4, with the following key milestones to complete the final stages of the programme. A variation to the implementation services contract with Unit4 will also be completed to ensure

appropriate obligation and risk ownership on the supplier to ensure the successful delivery in line with these revised delivery milestones.

No.	Milestone	Date
1	<u>Remaining Build & Authorised Change Controls Complete</u> – All build rectifications from testing and authorised change controls have been completed.	24 th December 2021
2	<u>Integrated System Testing Complete</u> – All supplier testing of the system has been completed to the council's satisfaction, including all required witnessing, and a Test Certificate has been issued.	7 th January 2022
3	<u>User Acceptance Testing Complete</u> – all user acceptance testing activities and resolution of test issues have been completed. A Test Certificate has been issued.	3 rd February 2022
4	<u>Payroll Parallel Running Complete</u> – all payroll parallel running has been completed for corporate, local authority schools and external customers, meeting the council's agreed acceptance criteria.	28 th January 2022
5	<u>Cutover Readiness Checkpoint Complete</u> – agreed business and technical criteria, which are required to be in place by this date to progress cutover, have been met.	28 th January 2022
6	<u>Go-live Readiness Checkpoint Complete</u> – agreed business and technical criteria, which are required to be in place by this date to progress go-live, have been met.	25 th March 2022
7	<u>Go-live Complete</u> - the final Phase Two implementation go-live has been completed.	4 th April 2022
8	<u>Post Go-live Support Complete</u> - all post go-live support activities and resolution of all post go-live support issues have been completed. Support for the new solution has moved into BAU.	4 th July 2022

Consultation:

10. Senior stakeholder representatives from the DB&I programme team, business and IT & Digital were consulted in the review of the pros and cons of each go-live option from a business and technical perspective. In addition, senior and Director-level stakeholder representatives from across the organisation were also engaged in assessing the options and selecting the preferred April 2022 go-live date at DB&I Strategic Programme Board in September. The Corporate Leadership Team were engaged and updated on the revised go-live date and status of the re-planning activities being conducted with Unit4.
11. The Cabinet Member for Resources, the Council Leader, Chair and Vice Chairs of the Resources & Performance Select Committee were engaged and updated on the approach and status of the re-planning exercise. The Resources & Performance Select Committee has provided ongoing oversight of the programme and a further update report will be brought to the committee meeting in January 2022.

Risk Management and Implications:

12. The following risks have been identified in relation to the revised go-live date including planned mitigating activities. Programme management will ensure that risks are owned and managed effectively on an ongoing basis by the DB&I Strategic Programme Board and other senior stakeholders as appropriate to ensure continued focus on their status and their effective mitigation.

Category	Risk Description	Mitigation Activity
Operational	There is a risk that the programme's final payroll go-live slips beyond April 2022 meaning that SAP payroll would be required for the 2022/23 tax year.	<ul style="list-style-type: none"> The possible continued use of SAP during 2022/23 requires the completion of required patches to the SAP system by the IT & Digital team in advance of April 2022. Cost of contractor resources (£72k) in the council's team to complete the required patches. Continuation of the SAP Support & Maintenance contract into 2022. (£579k additional cost to the council)
	There is a risk that there will be a drop in the level of service from Business Operations for SCC and other customers during the cutover in March and April (Year End) and early life of the new system.	<ul style="list-style-type: none"> Cutover Lead to lead detailed planning of delivery of initial pay runs in Unit4, working closely with Business Operations management team, as part of cutover planning process. Clear roles, responsibilities and resourcing for business readiness and communication and engagement both for internal users and with external customer organisations.
Financial	There is a risk of further delay to the programme's go-live date beyond April 2022.	<ul style="list-style-type: none"> Detailed planning for April go-live across the programme and ongoing focus on managing delivery progress against the plan across workstreams. Mitigations to address issues as summarised in Annex 1. A contract variation will be agreed with the supplier, which reflects the revised milestones and new go-live date and enables the council to fully exercise its rights according to the contract in the event of any further delay.
Strategic	There is a risk that there is a resource availability & capacity issue in the corporate business, IT&D and directorates to be able to meet their required time commitment to deliver the programme.	<ul style="list-style-type: none"> Resource requirements by programme phase have been shared with business stakeholders and there is ongoing communication at the workstream level to share detailed plans and agree resource allocations. Backfill requirements for UAT and Deployment stages provided and business roles to be in place from start of UAT.
	There is a risk that the programme will be unable to complete all critical reporting requirements within the available implementation timeline and budget.	<ul style="list-style-type: none"> A prioritised plan for report development has been developed and agreed, which focuses on critical reporting needs required for go-live. Recruitment of specialist Report Developer resources and additional support from Unit4 is being provided to deliver report requirements. All

		associated costs are included in the funding request.
	There is a risk of a high volume of ongoing requested changes to the solution within HR, impacting delivery and the achievement of the April go-live date	<ul style="list-style-type: none"> Strong governance including triaging of any changes requested during UAT to progress only those where they are critical for go-live.
	There is a risk that there is resistance to change from staff in adopting the new system and processes, impacting benefits realisation.	<ul style="list-style-type: none"> Focused communication and engagement to drive the change, maximise adoption of the new solution and realise its benefits.

Financial and Value for Money Implications:

13. The total increased revenue and capital costs of delivering the programme to the revised April 2022 go-live date are summarised in the table below. The total cost increase of £3.2m comprises £1.25m in revenue costs and £1.91m in capital costs. The total cost increase of £3.2m represents a 14% increase on the original planned total implementation budget of £22.4m between 2020/21 and 2023/24.

14. The revenue cost increase includes £718k to meet the required full year SAP support and maintenance costs for the 2022 calendar year. A full breakdown of the costs is included in Part 2 of this report, having been excluded here due to commercial sensitivity.

15. The July 2020 Cabinet Report provided an estimated cost of delay of £1.6m if go-live was delayed by two months beyond December 2020. Based on the same assumptions, the estimated cost of a delay of four months to April 2022 would have equalled £3.2m. Including the £718k annual SAP support and maintenance cost the equivalent estimate for a delay of four months would have totalled £3.9m.

Baseline Total DB&I Programme Implementation Budget – Approved at Cabinet in July 2020

£000's	2020/21	2021/22	2022/23	2023/24	Total
Revenue Costs	1,942	2,724	1,593	1,358	7,616
Capital Costs	6,008	8,763	-	-	14,770

16. The budget set out above includes the implementation stage budgets for 2020/21 – 2021/22 and the projected operational expenditure to manage and maintain the new systems on an ongoing basis from 2022/23 onwards. This is contained within the IT&D revenue budget envelope.

Revised DB&I Programme Implementation Revenue Costs (April 2022 Go-live)

£000's	2020/21	2021/22	2022/23	2023/24	Total
Revenue costs of items not impacted by delay	1,942	2,724	1,593	1,358	7,616
Additional revenue costs due to delay	-38	456	831	-	1,249
Total Revised Revenue Costs	1,903	3,180	2,424	1,358	8,865

Revised DB&I Programme Implementation Capital Costs (April 2022 Go-live)

£000's	2020/21	2021/22	2022/23	2023/24	Total
Capital costs of items not impacted by delay	6,008	8,763	-	-	14,770
Additional capital costs due to delay	-249	1,938	220	-	1,909
Total Revised Capital Costs	5,758	10,701	220	-	16,679

DB&I Programme Implementation Cost Increase Resulting from Delay (April 2022 Go-live)

£000's	2020/21	2021/22	2022/23	2023/24	Total
Total Revenue cost increase	-38	456	831	-	1,249
Total Capital cost increase	-249	1,938	220	-	1,909

17. The additional capital investment requirement of £1.91m will result in additional revenue borrowing costs of £143k per annum over the next 15 years. In the short term, these costs are containable within the existing Corporate Income & Expenditure budget envelope. However, the expectation is that as the efficiencies set out in paragraph 19 below are realised, these ongoing revenue borrowing costs will be offset, prior to the recognition of efficiencies against other service budgets.
18. The additional revenue requirement of £1.25m is proposed to be funded from the corporate contingency budget. This budget is held to offset unexpected expenditure and mitigate inherent risks within the budget. The DBI implementation is a corporate programme bringing improvements across the Council. It is felt appropriate to utilise this corporate budget to cover these one-off corporate additional costs and enable the completion of the implementation of the new Unit 4 ERP system. The £1.25m is containable within the existing Corporate Income and Expenditure budget envelope but the utilisation of the contingency element reduces the amount available to off-set any projected Council overspends and enhances the need for Council services to be delivered within budget envelopes.
19. The programme has made good progress in identifying, measuring and baselining the potential efficiency benefits of the new system and this work is ongoing and will be developed further following completion of UAT. At the time of writing, potential total annual benefits so far have been identified at £6.5m, with £2m of this figure being related to potential efficiencies that subject to validation may enable budget savings. This benefits information will be used to inform potential aggregate efficiencies across wider corporate programmes (e.g. Agile Organisation and Digital transformation) and are expected to generate significant cashable savings across the council.
20. The Digital Business & Insights Programme is a highly complex implementation programme, which has made excellent progress since its start in September 2020. The causes of the delay are well understood by the programme team and associated mitigations have been planned and are in place. It is recommended that the additional required funding is approved in order to complete remaining activities and go-live in April 2022 for the following reasons:

- a. To deliver the benefits of the new system as early as possible. Work to identify and quantify the potential efficiency benefits of the programme has progressed well and will inform the process to realise cashable savings across the organisation alongside other corporate programmes (e.g. Agile and Digital Programmes).
- b. To avoid the uncertainty and disruption for the organisation resulting from a further delay to the implementation of this system and organisational change.
- c. To avoid further high ongoing monthly running costs of the programme for each additional month of delay.
- d. To enable any other council IT projects and plans to progress, which are relying on the completion of the Unit4 implementation as a dependency (e.g. for going live with integrations with the new ERP system).

Section 151 Officer Commentary:

21. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
22. The Section 151 Officer acknowledges the delay on the implementation of the new ERP solution and supports the request for additional funding required to ensure the revised go-live date can be achieved. The additional one-off revenue funding of £1.25m is containable within the contingency budget held in the Corporate Income & Expenditure budget envelope.
23. The additional capital budget will be built into the capital programme. The resultant additional borrowing costs will be funded from within the Central Income and Expenditure budget initially, on the basis that once ongoing efficiencies are realised as a result of the new system, these costs are off-set before the recognition of efficiencies against other service budgets.

Legal Implications – Monitoring Officer:

24. See Part 2 of this report.

Equalities and Diversity:

25. The council was mindful of its equalities duties under the Equality Act 2010 in carrying out the tender process and in letting the contract to Unit4 Ltd with due regard to the need to eliminate discrimination in age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

26. Surrey County Council is committed to providing its services in a way that promotes equality of opportunity at every possibility. The requirements specification developed for the procurement and the contract document stipulate that Unit4 will comply with the relevant Equality and Diversity legislation. It is expected that Unit4 are fully committed to equality and diversity in their service provision and will ensure compliance with all anti-discrimination legislation.
27. This programme includes the replacement of the existing ERP system at the council. The Equalities Impact Assessment included in Annex 2 has identified potential impacts from implementing a new system for staff with disabilities. The procurement specification included specific business requirements to ensure the new system complies with the council's minimum standards for accessibility, as stipulated by the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. An effective change management approach that includes communication and training provision for staff with disabilities is being followed for implementation.

Other Implications:

28. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report
Environmental sustainability	No significant implications arising from this report
Compliance against net-zero emissions target and future climate compatibility/resilience	No significant implications arising from this report
Public Health	No significant implications arising from this report

What Happens Next:

29. Following Cabinet approval the programme team will continue to focus on completing User Acceptance Testing and Payroll Parallel Running activities to complete by the end of January 2022. The team will then progress the plan to prepare for and deliver the cutover to the new Unit4 ERP system for go-live in April 2022.

Report Author: Andrew Richards, Digital Business & Insights Programme Director, Tel: 07918 168968

Consulted:

Corporate Leadership Team.

Digital Business & Insights Programme Board:

- Director of Corporate Finance
- Director of Procurement
- HR Insight, Intelligence & Governance Manager
- Assistant Director of Business Operations
- Chief Information Officer
- Assistant Director Systems & Transformation (Children, Families & Learning)
- Assistant Director Quality Relationships (Children, Families & Learning)

Head of Resources & Caldicott Guardian (Health, Wellbeing & Adult Social Care)

Business Improvement & Consultancy Team Manager (Highways, Environment, Transport & Infrastructure)

Enterprise Applications & Portfolio Manager (Transformation, Partnerships & Prosperity)

Capital Programme Panel

IT Governance Board

Team Managers from Business Operations (transactional Finance & Procurement, HR & Payroll).

DB&I Programme Solution Architect

Annexes:

- Annex 1 – Key Delivery Challenges & Agreed Mitigations.
- Annex 2 – Digital Business & Insights Programme Equalities Impact Assessment.
- Part 2 Annex

Sources/background papers:

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

Annex 1 – Summary of Key Challenges and Mitigations

30. COVID / Remote Working – 99% of the project has been delivered remotely whereas Unit4 planned the project based on 70% of work being delivered onsite. Additional co-located working has started and will be increased to improve collaboration. Additional Unit4 walkthroughs and support is also being provided to the council in preparation for user acceptance testing.
31. Data quality & migration – To address the issues summarised in paragraph 4, capacity within the supplier team has been increased to deliver data migration and the joint council and Unit4 team organisation has been improved to speed up issue resolution with clearly identified data experts as single points of contact.
32. User Acceptance Testing & HR requirements management – The delayed data migration and HR and payroll build has had a knock-on impact on UAT progress. To mitigate this, additional Unit4 walkthroughs and support is being provided to enable effective council preparation for UAT and effort is being focused on resolving data migration issues. Triage meetings are being held to review any new requested HR changes to ensure only essential features for go-live are progressed to build. UAT timelines have been extended to the end of January.
33. Technical Environment Management – There has been misalignment between Unit4 and council-led work streams regarding the management of technical environments which has led to inefficient working. To mitigate this, Unit4 have provided a clear technical environment process map to clearly communicate the process and an environment usage log, which clearly tracks the status, previous and planned refreshes and changes made to all technical environments.
34. Integration – Changes to integration requirements and the high complexity of integrations encountered have resulted in increased mapping effort and delivery risk for Unit4. Additional support from Unit4 for delivery of integrations is under review.
35. Internal Audit support – Throughout the programme Internal Audit have conducted independent audits of different aspects of delivery (e.g. programme governance, testing, integration, data migration) and provided recommendations for consideration by the programme. This helpful support will continue over the life of the programme to further mitigate delivery risk.

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RESOURCES AND PERFORMANCE SELECT COMMITTEE

20 January 2022

**AGILE OFFICE ESTATE STRATEGY****Introduction:**

1. It has been requested that the Resources & Performance Select Committee add the Surrey County Council - Agile Office Estate (AOE) strategy to its January Agenda.
2. As requested, the Agile Office Programme Cabinet report (Part 1 and Part 2, plus annexes), submitted to and approved by Cabinet in December 2021, is attached to this report.
3. The overall intention is for the Committee to have sight of the proposals in advance of any further reports being submitted to Cabinet, to provide review / support for key recommendations as well as highlighting any areas of concern.

Agile Office Estate strategy

4. In January 2021, Cabinet approved an outline Agile Office Estate Strategy and the development of a detailed programme to deliver the urgent transformation required between now and 2024/25.
5. As a workstream of the Agile Organisation Programme, it was recognised that Surrey County Council's office estate was unaffordable and no longer fit for purpose. More now than ever, as we emerge from the impacts of the COVID-19 pandemic, the Council continues to recognise the increased need to evolve towards becoming an agile organisation to help support the achievement of a sustainable future for Surrey County Council.
6. In December 2021 Cabinet approved the funding and implementation of the final element of the Agile strategy. The report details a recommended programme of activity, defining the size and location of the future office estate designed in such a way as to deliver future flexibility and best value whilst offsetting upfront costs against long-term annual revenue savings.

7. Post-Cabinet it was requested that the strategy be brought to the Resources & Performance Select Committee for further review, utilising the existing Cabinet report, but with specific additional questions, as set out below.

- a. **Question:** *“what condition report is available for Quadrant Court to show what repairs or improvements are needed (i.e. to show how the £17m figure in the Cabinet papers has been arrived at).”*

Answer: The condition / costings for the basic remodelling and refurbishment is detailed in Annex 1 Quadrant Court DRAFT RIBA Stage 1 Report (a Part 2 document).

However, as noted in the Cabinet report, now that the overarching strategy has been approved further work is required to review the wider Surrey County Council and partner property requirements in the North-west quadrant of Surrey and identify the best value option to meet this need.

- b. **Question:** *“what form of notice is needed for each of the 7 leases which we either will or wish to bring to an end. In these cases, to show whether a Borough or District is the Landlord, what notice is needed and a current dilapidations estimate. For the Leatherhead property (Fairmont?), it will be the dilapidations estimate (plus condition survey) and details of any break conditions (unless simply a question of negotiation with the Landlord). If the latter, the end date and rent liability would be needed.”*

Answer: Refer to Annex 2: Property Leases (a Part 2 document)

- c. **Question:** *“what the intentions are as to who will be in overall control of achieving the desired aims”*

Answer: As the Cabinet Member for Land & Property, Councillor Natalie Bramhall has oversight of strategy. Governance will continue to be maintained as part of the overarching Agile Organisational Programme (AOP), reporting to the Agile Organisational Programme Board (with the Senior Responsible Officer as the Executive Director of Resources). Underneath this, the Agile Office Estate Steering Group (AOESG) within Land and Property will manage delivery of the property related elements.

The Agile Organisation Programme Board (AOPB) has senior representation from across all relevant departments of the Council and meets monthly; the AOESG meets twice a month and reports to the AOPB.

From a people perspective, to ensure the new estate workspace delivers the inclusivity aims to support Surrey County Council staff, the AOP Programme Director ensures organisational-wide engagement and direct representation on the Council's Equality Diversity & Inclusion (EDI) forum.

d. **Question:** “please provide a breakdown of how the £2.2m annual saving is achieved, and how/why this differs from the £3m figure produced some while ago (but referred to in the Cabinet papers).”

Answer: The breakdown of the ongoing £2.2m per annum efficiency achievable is as follows:

	£m
Reduction in lease costs by 25/26	(3.8)
Additional running costs of hubs and spokes	0.5
Borrowing costs of capital requirement	0.7
Reduced income from existing tenants (Ranger House & Dakota)	0.4
Net Annual Efficiencies	2.2

The previous early estimation of circa £3m of annual efficiencies did not factor in the loss of income from tenants or the total borrowing costs, as the extent of the capital works necessary were not known.

Conclusions:

8. Please refer to recommendations below.

Recommendations:

9. Maintain oversight of programme delivery against planned timeline.

10. Provide review and recommendations to support the North-West recommendation report which is due to go to Cabinet in Q2 2022.

Next steps:

11. The programme of activity will be resourced, such that both the property-related and staff / official’s engagement activities can be progressed. Refer to Background source paper 7: Agile Office Programme Annex 4: Staff consultation and engagement strategy (Part 2 document).

12. A detailed review of the North-West quadrant demand (detailed engagement with impacted service and staff in locality) and all available options to meet Service

needs will be undertaken. This will conclude in an additional report being brought back to Cabinet in Q2 2022 with a recommended and costed preferred option.

13. Reporting to the Resource and Performance Select Committee via the embedded governance structure through the Agile Organisational Programme Board (Executive Director of Resources as the Senior Responsible Officer) with the Agile Office Estate Steering Group managing delivery.

Report contact

Matthew Pizii, Land & Property, Surrey County Council

Contact details

07815 987416

Annexes

Annex 1: Quadrant Court DRAFT RIBA Stage 1 (Part 2 document)

Annex 2: Property Leases (Part 2 document)

Background sources/papers

AOE report, Part 1 and Part 2, submitted to Cabinet December 2021:

1. Part 1 Agile Office Programme FINAL
2. Part 1 Agile Office Programme Annex 1: Outline Agile Office Estate Strategy
3. Part 2 Agile Office Programme FINAL
4. Part 2 Agile Office Programme Annex 1: Detail of recommended office estate transformation programme
5. Part 2 Agile Office Programme Annex 2: Options summary Hub and Spokes
6. Part 2 Agile Office Programme Annex 3: Commercial investment appraisal of North West and South West core hubs
7. Part 2 Agile Office Programme Annex 4: Staff consultation and engagement strategy
8. Part 2 Agile Office Programme Annex 5: Agile Office Estate Financial modelling

**SURREY COUNTY COUNCIL CABINET DATE: 21
DECEMBER 2021**



REPORT OF CABINET MEMBER: NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY MEMBER

LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR FOR RESOURCES

SUBJECT: AGILE OFFICE PROGRAMME

ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES

Purpose of the Report:

In January 2021, Cabinet approved an outline 'Agile Office Estate Strategy' (Annex 1) and the development of a detailed programme to deliver the urgent transformation required between now and 2024/25.

As a workstream of the Agile Organisation Programme, it was recognised that Surrey County Council's office estate was unaffordable and no longer fit for purpose. More now than ever, as we emerge from the impacts of the Covid-19 pandemic, the Council continues to recognise the increased need to evolve towards becoming an agile organisation, to help support achieving a sustainable future for Surrey County Council.

This paper completes the draft strategy, setting out a recommended programme of activity defining both size and location of the future office estate. It should be noted that programme offsets upfront costs and provides long term annual revenue savings.

Agreement is sought for the recommended medium to long term programme of change set out in this paper and approval of the capital and revenue investment required to deliver the programme over the next five years.

Recommendations:

It is recommended that Cabinet:

1. Approves the recommended programme of activity (see paragraph 15) to deliver a reduced office estate footprint alongside essential transformational investment to deliver workspaces across the county that support the Council's agile organisation objectives. Further details are set out in the Part 2 report.
2. Agrees a total capital budget envelop of up to £21.8m to fit out the remaining core facilities and priority localised workspaces, to the Council's Agile workspace standards.
3. Approves immediate allocation (from the £21.8m envelop) of £4.7m to drive forwards the programme activity (noting that further work will be undertaken to test the scope

and available options for provision of core workspace in the North West quadrant – an additional paper will then be brought back to Cabinet in Q2 2022 with a recommended option and draw down from the remaining £17m capital funding).

4. Approves the use of the Budget Equalisation Reserve to finance the £7.2m of one-off revenue costs of change to enable delivery of the estate transformation programme from 2021-2025 and deliver revenue efficiencies of approximately £2.2m per annum from 2024/25 onwards.
5. Approves the arrangements by which a variation of up to 10% and maximum of £500k of total capital value may be agreed by the Director of Land & Property in consultation with the Cabinet Member for Property, the Cabinet Member for Corporate Resources, and the Executive Director of Resources. If the variance exceeds £500k, a further Cabinet report will be submitted to seek approval for additional capital funds.
6. Delegates the procurement of appropriate supply chain partners to enable delivery of all services associated with the above recommendation, in accordance with the Council's Procurement and Contract Standing Orders, to the Executive Director of Resources and the Director of Land and Property.

Reason for Recommendations:

January 2021: Cabinet approved the outline Agile Office Estate Strategy which made the broad case for change, setting out key drivers and key targets. Specifically, the current corporate office estate was deemed to be:

- Of generally low quality, that does not efficiently support the adoption of Agile modern working practices.
- Expensive compared to industry benchmarks and expensive to maintain.
- High in its carbon output with poor energy efficiency.
- Relatively poorly located and under-utilised.

The strategy set out the components of a new office estate for Surrey County Council based on the evidence from a review of the existing estate and of the opportunities for new ways of working. Whilst the outline strategy was approved, it concluded that further analysis was required before the volume and location of space could be finalised (refer to Table 1 below).

Following January's paper, agile workforce analysis has enabled detailed option reviews to meet demand and the development of a detailed five year programme of rationalisation and modernisation which will deliver an office estate that is flexible enough to support Services as they change office-based working practises to adopt agile ways of working; provides modern, healthy, accessible space to meet the needs of Surrey County Council and its partners; financially sustainable; and more energy efficient. Specifically, the following benefits will then be realised:

- i. Revenue savings of circa £2.2m per annum from 2025/26.
- ii. Flexibility for future increase/decrease workspace without acquiring additional assets.
- iii. Improved quality for healthy, accessible space for staff, partners, and residents.
- iv. Increased value of estate, mitigation against spiralling maintenance costs, leasable unused space, generating revenue or supporting partners to deliver.
- v. Balanced geographical coverage across Surrey (aligns to greener travel plan).

- vi. Support Net Zero ambition by 2030, by improved median energy efficiency and efficient operation.
- vii. A network of modernised touchdown/delivery facilities, developed via a placebased approach to meet Service needs, develop partnership opportunities, and deliver maximum benefit to local communities.

Executive Summary:

1. The key dependencies, which required further analysis (as agreed in January’s Cabinet) to complete the outline Agile Office Estate strategy, are set out in Table 1 in prioritised order with summarised action undertaken:

Table 1: Key dependencies/next steps as defined in the January 2021 Cabinet report.

Activity	Approach	Action since January
Review District and Borough leased properties	Work to be led by the Agile Organisation Programme team to engage with staff and teams based in the ten local offices, to identify future working requirements and opportunities for consolidation.	High level engagement with senior service leads to test proposals. Both lease and service impacts have been assessed and the detail used to prepare this paper.
Explore Opportunities for Partner Co-location	Engagement with partners led by Land and Property, supported by the development of IT infrastructure design and inter-operability standards led by IT and Digital.	Extensive partner engagement has been undertaken and a place-based approach to shared space is starting to be delivered, with the first leasing to NHS at Woodhatch Place.
Explore potential development of Consort House	Agile Organisation Programme team to engage with staff and teams at Consort House to identify future working requirements.	High level engagement undertaken to test outline proposals with senior service leads. Identified service requirements to inform design of specific adaptations at Woodhatch Place to facilitate future relocation.
Assimilate results of other workstreams to inform search for southern hub	Land and Property to work with Agile Organisation Team to identify demand and appropriate space requirements for fourth hub and to produce options for fulfilling.	Assessment undertaken to establish potential opportunities with service and commercial analysis of property solutions with Ranger House being identified as the best value option.
Review options for exiting Fairmount	Agile Organisation Programme team to engage with staff and teams at Fairmount in preparation for the end of the lease in 2025.	High level engagement undertaken to test outline proposals with senior service leads. Detailed staff consultation and engagement plan for initiation, as set out in the Part 2 report – subject to Agile Office Estate cabinet approval in December

Review of children's social teams at Ashley Park House	Agile Organisation Programme to engage with staff and teams at Ashley Park House to inform the decision about whether to exercise the break clause in 2024.	No direct engagement. Detail engagement plan for initiation, as set out in the Part 2 report, subject to Agile Office Estate cabinet approval in December.
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Strategic Overview

2. The Agile Organisation Programme is the delivery vehicle for the Agile Office Estate, bringing together enablers of Agile working (Change, Technology, Process, Travel and Workspace) to ensure an integrated approach in supporting other Council initiatives, including:
 - i. Greener Futures by ensuring that access and facilities promote the use of sustainable travel options and help reduce carbon emissions.
 - ii. One Public Estate and taking a 'Place' approach by ensuring that the use of property assets is integrated and meets different requirements of Services to deliver for the local community and partnership working.
 - iii. Equality, Diversity and Inclusion (EDI) promotion through ensuring spaces, facilities and technology can be used effectively by all, without compromise to working in an Agile way.
 - iv. Leadership development that is based on outcomes, maximising the benefits of digital and tech to work in a truly Agile way.
3. The Agile Organisation Programme has already delivered significant change and benefit to Surrey County Council. During Covid, the programme drove the exit of County Hall using change management to work with Services to embed Agile ways of working, capture critical Service needs and support increased efficiency. Successfully relocating staff to newly adapted Agile Office locations including Woodhatch Place and Dakota. This impacted approximately 1,700 staff of the circa 5,000 staff who have some use of offices.
4. The Agile Organisation Programme is an enabler and delivery vehicle for the Agile Office Estate. To realise the organisational benefits from the changes required to the physical estate, the programme must continue to deliver Service focussed moves, people change and support.
5. The strategy recommended in this paper sets out an approach to transforming Surrey Council Council's office estate, delivering improvements and future flexibility for both staff and residents. Through a connected programme approach this is affordable. If not adopted, the Agile Organisation Programme will be unable to fully deliver the change management, which will mean that the savings to support wider Council office estate priorities will not be achieved.

Demand Analysis

6. Following further engagement with Services and working in an indefinite period of Covid environment, the traditional office workspace is no longer required solely for day-to-day provision of desks. There is now far higher demand for space that facilitates meetings, collaboration and added value activities, complementing remote working in the community or from home.

7. Recognising that circa 5,000 of 11,000 Surrey County Council employees who traditionally were office-based, over the last 12 months, considerable analysis of customer/resident demand and consultation with Service leads has been undertaken to identify the most appropriate locations for staff to be based, particularly those teams that are providing a service to a distinct geographical area. These bases will meet the specific needs, but also act as a network of standardised Agile workspace to enable all Surrey County Council staff to work where best for them and their customers and not necessarily the same location every day.
8. Table 2 sets out the localities across Surrey and the minimum number of staff (FTE) that will need to be able to access workspace/facilities in those localities. In all instances it is critical to have a presence to serve the residents (in particular, Children and Adult Services) in these localities. This is based on existing team structures and volume, so will be continually reviewed at each stage of the proposed Agile Office Estate plan.

Table 2: Current FTE space requirement by locality

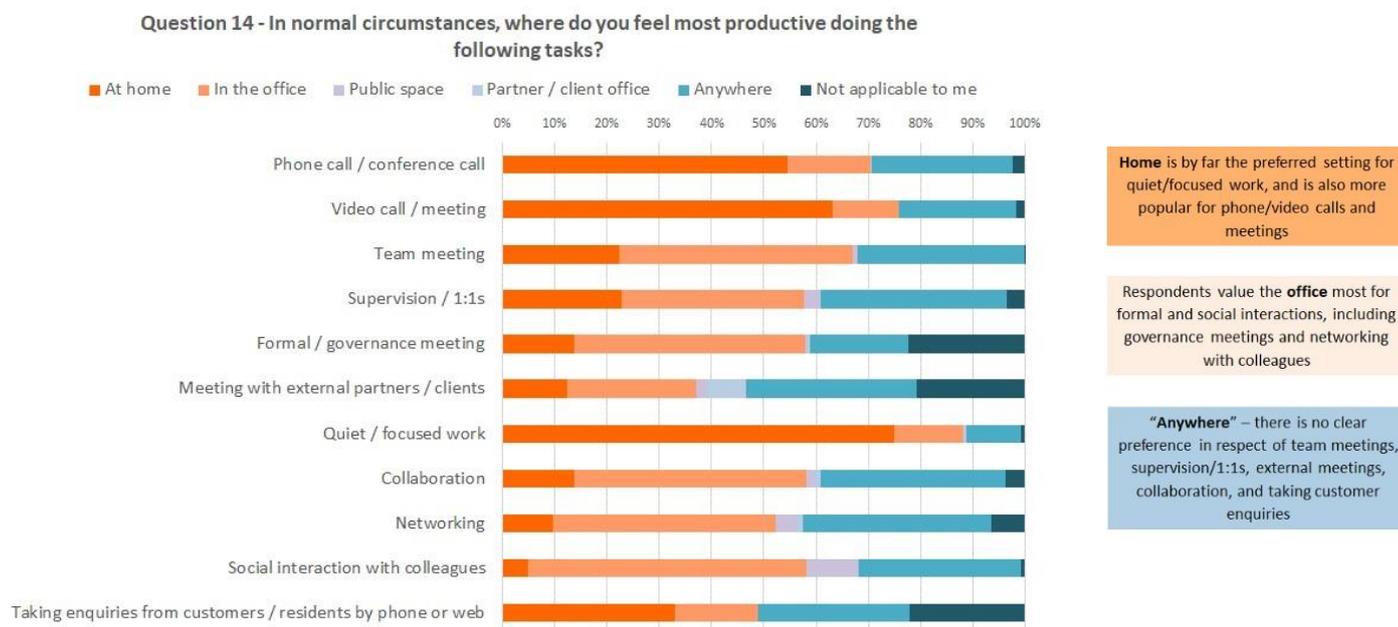
Region	Locality	FTE
North East	Elmbridge	726
	Epsom and Ewell	101
	Spelthorne	0
South West	Guildford	686
	Waverley	80
South East	Reigate and Banstead	1,920
	Mole Valley	344
	Tandridge	69
North West	Woking	1,349
	Runnymede	58
	Surrey Heath	78
	Total	5,411

9. Although some localities have smaller levels of demand, analysis has shown a critical need for core workspace in those each geographical quadrant, especially the North West and South East localities. Without this provision the service model for both Children and Adult Services in particular, becomes less effective as travel times increase (for both staff and residents) and the opportunity for teams to support each other decreases.
10. The Agile Office Estate programme set out in this paper has been designed to meet the requirements shown above, as well as having flexibility to be able to accommodate changes in the organisation as well as the ability to enable staff to work from a wide network of locations across the county.

Ways of Working

11. Analysis supports the proposed move to Agile working, with office utilisation for no more than 50% of per member of staff on average per week.
12. Staff surveys indicate that most staff currently, and will continue to, make use of office space a couple of times per week on average. Polls of Council staff (Jul 20 – Jan 21 during Covid pandemic) indicated that over 80%, are working more effectively through a mix of workspaces, with a minority of time in the traditional office location. Like many other industries, Council staff feedback indicates that many staff feel more productive doing quiet and focused work at home and anticipate using the office spaces for activities requiring connection, collaboration, creativity and some formal meetings.
13. This aligns with thinking and research emerging from both local government and other sectors. Whilst this will not apply equally to all roles as for some it is necessary to be on site more often or not possible to work from home, as an overall headline, it conveys the magnitude of the shift in anticipated working patterns. This supports the recommendations to provide a wide spread of accessible Agile work-settings across the county to support all staff to best deliver.
14. The results below are for illustration and are from a poll of staff from County Hall (mix of Services) and the Environment, Transport & Infrastructure Directorate (ETI). A more recent poll of staff based in Woking (mainly Adults and Children’s Services) showed similar results.

Illustration: Results from office staff survey, mix of Services and Directorates, Summer/Autumn 2020.



Agile Office Estate programme

15. Incorporating this analysis into the asset strategy set out in January 2021, the following programme was recommended to deliver the right space, at the right time in the right place:
- a. Reduce the size of the existing office estate from circa 50,000m² to circa 26,000m², based on demand analysis and agile working styles. The retained freehold modernised estate will change the way and pace that the Council adapts to workforce requirements. It will enable the flexibility to continue to adapt post-Covid. If occupancy is sustained at lower levels, then additional capacity will be leased to generate additional rental income.
 - b. Retain core facilities, one in each of the four regions of the county alongside smaller workspaces in priority areas to support Service delivery based on workforce demand and analysis of the existing estate, and best investment value for the Council.
 - c. Invest in facilities to continue the modernisation of the workspace already achieved at Woodhatch Place and Dakota, that is healthy, accessible workspace that meets the need of the Services and partner organisations, providing the facilities required to work in an agile way and deliver for residents. Investment in modernisation and standardisation will also enable efficiencies/savings through modern, dynamic facility management.
 - d. Manage delivery through a phased approach to minimise Service disruption whilst downsizing from the existing leased footprint and delivering refurbished Agile workspace/touchdown facilities, where there are high numbers of client and Service users. This is a particular requirement for Social Care teams.

Benefits

16. The preferred option will enable the following benefits to be delivered:
- a. **An efficient and affordable office estate:** It will ensure the best use of Council resources and reduce unnecessary costs, delivering an estate that is affordable both now, and in the future, through the consolidation of services within a reduced number of buildings within Surrey. Maintenance and operational costs will reduce as the estate footprint is reduced. In addition, as there is built-in additional capacity to enable future adaption at best value, spare workspace is already being leased to public sector partners (such as the NHS in Woodhatch Place).
 - b. **Ongoing revenue efficiencies:** This programme will provide ongoing revenue efficiencies, over and above the borrowing costs associated with the required capital investment, enabling the Council to realise revenue efficiencies of approximately £2.2m per annum, achievable by 2024/25.
 - c. **A core of complementary, modern Agile workspace:** It will support the ongoing transformation of working styles with approximately 50% of staff-time spent working in an office space and 50% remotely (a figure which is anticipated to continue to change as Agile work practises embed and greater efficiencies are realised from the estate). Staff will benefit from a standardised, agile, office

environment that is fit for purpose, meets current industry standards and is flexible to adapt to future changes in working practice and partnership relationships. Facilities in each quadrant will also provide additional bespoke elements, for example, Woodhatch Place has lecture/training facilities. Other areas offer greater connectivity and different forms of environments to make the most of their individual attributes in addition to the standardised agile workspace design.

- d. **Fully Accessible Offices:** The core office facilities have been identified with accessibility in mind. As part of the proposed capital refurbishment projects, fully accessible enhancements will be made to all core buildings in line with the EDI programme.
- e. **Energy Efficiency:** Investment will follow environmental standards in line with the greener future agenda enabling development of a sustainable corporate office estate that will support the Council to deliver on its vision for Net Zero carbon by 2030. Balancing investment alongside affordable improvements and as part of the Agile Organisation Programme supporting new working methods which also reduce the daily requirement for staff to commute.

17. Overall, this programme generates a net positive financial benefit to the Council whilst also funding and resolving multiple related un-budget pressures, including:

- a. **Embedding Agile Transformation:** Resourcing to prepare the workforce to change to agile ways of working as the workplace is modernised.
- b. **Enabling historical commitments:** To relocate Service teams from both Fairmount House and Consort House (a commitment linked to the Woodhatch Place acquisition), by creating the new space required in core hubs, realising a capital receipt in relation in Consort House and reduced leasehold costs relating to Fairmount.
- c. **Funding dilapidations liabilities:** Including move costs and lease surrender costs (where relevant), this is estimated at a total of £3.94m (an unbudgeted pressure due to be incurred when exiting leasehold properties).
- d. **Resolving backlog maintenance:** Through both estate reduction in size and investment in retained facilities.

Consultation:

18. In the development of the programme and supporting business case, views and inputs have been sought from a range of stakeholders including:

- Industry expertise and contractors
- Executive Directors
- Cabinet members with portfolio responsibilities and local interests.
- Partner organisations (NHS CCG)
- Targeted groups of Surrey County Council staff through the Agile Organisation Programme

Risk Management and Implications:

19. Refer to Part 2 of the report.

Financial and Value for Money Implications:

20. The capital cost of the scheme is £21.8m over the next three years. These costs cover the capital fit-out of the remaining two core quadrant offices plus some future investment in priority localised workspaces to enable service delivery.

Table 3: Capital Investment

Capital Investment					
	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m
North West quadrant facility agile fit out	0.300	0.950	11.850	3.900	17.0
Ranger House agile fit out			2.500		2.5
Spoke fit out			2.300		2.3
TOTAL CAPITAL COST	0.300	0.950	16.650	3.9	21.8
Funded by:					
Third Party					0.0
Government Grant					0.0
Revenue Funding					0.0
SCC Funding Required	-0.300	-0.950	-16.650	-3.900	-21.8
TOTAL FUNDING	-0.300	-0.950	-16.650	-3.9	-21.8

21. There is £18.2m provisionally allocated in the capital pipeline to this scheme, so the request is to approve the move of this pipeline funding to the capital programme and to increase it by £3.6m to reach the total investment requirement of £21.8m. The borrowing costs associated with this borrowing requirement is included in Table 4.

22. The capital investment details are commercially sensitive and are set out in the Part 2 of the report. Given that circa 90% of the capital investment is focused on refurbishing two core buildings additional carbon cost analysis has been undertaken.

23. As a result of the capital investment which enables to movement of staff from existing leasehold offices, significant ongoing revenue efficiencies are anticipated to be delivered, as set out in Table 4.

Table 4: Revenue Implications

Revenue Implications	2021/22	2022/23	2023/24	2024/25	Annual from	TOTAL One Off Costs £m
	£m	£m	£m	£m	2025/26 £m	
Existing Lease costs	3.39	3.49	3.60	3.71	3.82	
Preferred Way forward Lease Costs	3.33	2.96	1.41	0.10	0.00	
Leasing Cost Efficiencies	-0.06	-0.53	-2.19	-3.60	-3.82	
Ongoing additional building costs - QC, Ranger House & spokes	0.00	0.00	0.28	0.44	0.45	
Loss of income from existing commercial tenants - Dakota & Ranger House	0.00	0.00	0.09	0.23	0.40	
Borrowing Costs - delay to exit from Consort	0.33	0.30	0.00	0.00	0.00	
Borrowing Costs of capital investment	0.01	0.04	0.60	0.74	0.75	
Total Efficiencies	0.28	-0.19	-1.23	-2.19	-2.22	
One-Off Costs:	2021/22	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m	
One-off costs of change - Resource costs	0.29	1.29	1.25	0.45		
One-off costs of change - move costs, delapidations, lease surrender	0.25	0.30	3.12	0.27		
TOTAL One-Off Costs	0.54	1.59	4.37	0.72	0.00	7.22
Net Efficiencies	0.82	1.41	3.14	-1.47	-2.22	

24. It is proposed that the one-off costs of change (£7.2m) is funded from the Budget Equalisation Reserve to enable the Council to recognise the total revenue efficiencies from these proposals within the Medium Term Financial Strategy.

25. Financial assumptions:

- i. Existing lease costs are assumed to increase year-on-year by inflation.
- ii. Additional running costs are assumed for the additional space in Ranger House and the locality spokes, which off-sets the reduction in current costs of the leasehold properties.
- iii. North West quadrant facility agile fit out capita costs have been modelled on the existing Quadrant Court facility as a baseline. The running costs at Quadrant Court are assumed to remain as is for utilities and facilities management costs, an increase in the business rates has been assumed.
- iv. The use of space at both Dakota and Ranger House that is currently occupied by a commercial tenant is shown as a reduction in income to the Council in the numbers above.
- v. The financial modelling assumes that both Consort House and Thameside are disposed of by April 2023. The disposals were committed to as part of the acquisition of Woodhatch Place. The numbers above include additional borrowing costs relating to the delay in anticipated disposal. If disposal were to be deviated from then it would need to be ensured that the associated borrowing costs were at least covered by any increased rental income from retaining and leasing out the properties.
- vi. Space requirements are modelled on 50% occupancy (compared to existing footprint). If post-pandemic working practices show a sustained level below this, then there would be additional capacity available to optimise rental income by leasing space to third parties.
- vii. Dilapidation assumptions, move costs and lease surrender costs (where relevant) have been estimated by external experts at £3.94m (exact amounts subject to final negotiations with landlords).

Section 151 Officer Commentary:

26. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium term financial outlook beyond 2021/22 remains uncertain. The public health crisis has resulted in increased costs which may not be fully funded. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
27. The Section 151 Officer supports the proposals set out in this paper, to create four corporate office hubs supported by a number of localised spokes, enabling a significant reduction in the leasehold office estate. The efficiencies achievable as a result of these proposals will be factored into the Medium Term Financial Strategy. The use of the Budget Equalisation Reserve to finance the one-off revenue costs of change will enable the full revenue efficiencies to be realised from the outset of the programme and also covers the cost of change required to achieve the ambitions of the wider agile organisation programme as well as delivering the activities set out for the Agile Office Strategy.

Legal Implications – Monitoring Officer:

28. In January 2021, Cabinet approved an outline 'Office Estate Strategy' and the development of a detailed programme to deliver an urgent transformation to the office estate. This paper now sets out a recommended programme of activity for the future office estate, which includes retaining the freehold interest of existing assets, undertaking refurbishment works to existing assets to ensure facilities are fit for purpose as well as granting leases where capacity is above requirements which will provide additional income for the Council.
29. The Council is empowered by legislation to pursue the proposals set out in this paper:
- Under Section 123 of the Local Government Act 1972, local authorities have the power to dispose of land in any manner they wish (the proposal to grant leases where capacity is above requirements is deemed to be a disposal), subject to the disposal being for the best consideration reasonably obtainable. The Council should ensure that the price for any such disposal is 'market value' to comply with Section 123 of the Act.
 - As freehold owner of the assets, the Council is able to undertake refurbishment works subject to any required consents.
30. As the proposals include the need to procure supply chain partners, Procurement colleagues should be consulted to ensure legal and procedural requirements are adhered to.
31. Cabinet is under fiduciary duties to local residents in utilising public monies and in considering this business case Cabinet Members will want to satisfy themselves that the proposals and financial implications represent an appropriate use of the Council's resources.

Equalities and Diversity:

32. There is no impact on the Equality Impact Assessment. However, this proposal will ensure that the buildings improved upon are compliant to all accessibility regulations and laws and will be in line with the gender equality standards. As a responsible modern employer this strategy will ensure that Surrey County Council is providing the right workspace for all its staff to best deliver, through a wide range of multiple accessible work settings across the county – supporting all staff those who have the ability to work from home and those who don't - as we evolve our Agile workforce.

Other Implications:

33. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	<p>Meeting rooms used in office buildings for Service consultation will have improved privacy and be more practical for service use.</p> <p>The estate transformation will improve the consultation and working areas required by corporate parenting or looked after children. Specifically, the proposed programme will target the corporate office facilities utilised by the service to ensure they meet current and future needs.</p>
Safeguarding responsibilities for vulnerable children and adults	<p>Meetings rooms used in office space for Service consultation will have improved privacy and be more practical for service use.</p> <p>The office estate transformation will improve the consultation and working areas for employees and residence of vulnerable children or adults.</p> <p>The office estate programme will be drive from organisational wider engagement with services through the Agile Workforce programme to ensure it is shaped by and meets demand to enable efficient service delivery</p>

Compliance against net-zero emissions target and future climate compatibility/resilience	<p>In 2019 Surrey declared a climate emergency and SCC has an ambition to achieve a net zero carbon Corporate Estate by 2030 to support a net zero carbon Surrey by 2050. Annual CO2 emissions across the council are currently over 18,833 tonnes, that's 2.5 million cubic metres a year, approximately the space of 24,683 double decker buses. It would take the annual growth from around half a million trees to offset this carbon footprint. We have committed to planting 1.2 trees by 2030. But this offsetting is only one part of a package of measures.</p> <p>The dated and poorly maintained corporate office estate is a net contributor this carbon footprint producing over 10302 tons of CO2 equivalent per year which is 55% of the total Surrey County Council targeted footprint for reduction by 2030, something which needs to be addressed if the net zero 2030 target is to be reached.</p>
Environmental sustainability	Surrey has an ambition to achieve a net zero carbon Corporate Estate by 2030 The programme will include consideration of all options to rationalise or invest in the estate to support delivery of this ambition.
Public Health	Surrey's council office buildings will all be compliant and safe for both employees and the public.

Carbon Investment Cost

34. As part of the program of works, where we are retaining existing assets, we will look to consider optimal carbon reduction through our refurbishment work, supporting Surrey County Council's ambition to be Net Zero by 2030.
35. Ranger house for example currently contributes about 1% of the total corporate estate emissions.

Intervention case

36. Refurbishment of the buildings to improve efficiency in electricity use and heating use through insulation, will achieve 15%-32% emissions reduction. Switching to complete heating via heat pumps will achieve 94% emissions reductions from heating. All measures will reduce 86% of Ranger house annual greenhouse gas emissions, reducing the projected carbon cost per year in 2030. This cost could be further reduced through generating renewable energy from solar to supply the energy requirements of the buildings.

Interventions and impact

Site	Energy efficiency emissions reduction from gas / electricity	Heat pump installation emissions saving	Emissions remaining from electricity use by 2030 tonnes CO2e	Annual Cost of Carbon from 2030
Ranger House	32%	94%	16	£1,511

37. The Council is targeting a carbon neutral estate by 2030; directly moving towards more efficient buildings where affordable and offsetting carbon via alternative methods, with environmental standards in line with the greener future agenda. Indirectly, the estate contributes to carbon production, mainly through staff travel.
38. Through investment in the modern workplace, linkages with agile working collaboration with touchdown spaces, and locating assets in the right place, the Council can significantly reduce the associated travel impact.
39. Cost analysis has shown that a staged investment in improvements to energy efficiency delivers best value, where refurbishment of existing assets is undertaken.

What Happens Next:

1. Subject to approval of funding the Agile Office Estate implementation programme will be formally initiated.
2. The programme of activity will be resourced, and both the property related and staff / official's engagement and activity can be progressed as set out in Annex 4.
7. A detailed review of the North West quadrant demand (detailed engagement with impacted service and staff in locality) and all available options to meet service needs will be undertaken. This will conclude in an additional report being brought back to Cabinet in Q2 2022 with a recommended, costed option and associated request to draw down from the remaining £17m capital funding).
3. Governance will continue to be maintained, reporting to the Agile Organisational Programme Board (Executive Director of Resources as the Senior Responsible Officer) with the Agile Office Estate Steering Group managing delivery. The Programme Director will also ensure organisational wide engagement as the strategy develops over the next 4 years, through direct representation on the Council's EDI forum. -----

Report Author: Matthew Pizii, CAM, Corporate Landlord Department, Tel: 07815 987416

Consulted:

Cllr Natalie Bramhall, Cabinet member for Property
 Surrey County Council Corporate Leadership team
 Leigh Whitehouse, Executive Director for Resources
 Surrey County Council Senior departmental leads
 External specialists
 Public sector partner organisations

Annexes:

Annex 1: Outline Agile Office Estate Strategy (Approved Annex to Jan 2021 Cabinet paper)
 Part 2 Report

Sources/background papers:

Cabinet Report January 2021: [Agile Office Estate Strategy Item 21/21](#)

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Outline - Agile Office Estate Strategy
(Approved Annex to Jan 2021 Cabinet paper)

Introduction

This paper sets out the initial and outline Agile Office Estate (AOE) Strategy for Surrey County Council. The purpose of the outline strategy is to gain agreement for the overall direction of travel in relation to our office estate. Further engagement with services and partners is required to test the hypotheses and proposals set out in the paper, which will lead to a finalisation of a complete AOE strategy in summer 2021.

The strategy sets ambitious targets across several different domains which will shape implementation and act as measures of its success.

Steps have already been taken towards addressing the challenges within the County Council's office estate, with the move out of County Hall and relocation of the Civic Heart back into the County of Surrey. The analysis in the strategy uses April 2020 as the baseline position, and therefore provides an overview and a context of the steps already taken towards realising the objectives set out herein.

Summary

The County Council's office estate has evolved over time with some but not a completely coordinated approach. This has brought about a situation where the current corporate office estate is no longer fit for purpose and subject to several weaknesses. The most striking example of many of these characteristics is County Hall, which has been outside of the County boundaries since 1965.

The Agile Office Estate Strategy proposes to address these issues by adopting a strategically led approach to transforming the county council's office estate. Using the move out of County Hall as the initial catalyst, we will work towards the establishment and maintenance of a corporate office estate that is better value, in better condition, supports our Greener Future ambitions, and is better located for its current purposes.

To provide adequate coverage for the whole county, a proposed model based on four main office hubs is planned, along with necessary numbers of satellite offices for touchdown or ultra local working requirements. To further develop and refine the strategy, engagement will be undertaken with services and partners to consider operational impacts as well as specific financial and property considerations. Engagement with key strategic public sector partners is intended to identify the possibility of the county council office estate providing adequate space for those organisations as well as our directly employed staff. This could aid collaboration across organisations as well as delivering shared benefits across the public sector in Surrey.

The strategy will deliver efficiencies in the medium term and on an ongoing basis but will require upfront capital investment to bring it about and may also lead to increased revenue costs in the short term before ongoing savings are realised.

The following benefits will be targeted through the work of the strategy:

- Reduce overall spend on the office estate by c£3m per annum
- Reduce overall space from c50,000m² to c20,000m²
- All offices to be within the County
- Carbon emissions to fall from 2,600 tonnes per annum to net zero by 2030

Background and Context

Analysis undertaken on the council's existing office estate has demonstrated several shortcomings, which are the result of a failure to manage the estate in a coherent and strategic manner, and which are ultimately resolvable by implementing an evidence based and strategically aligned approach to the development and maintenance of the estate.

Since 1965, Surrey County Hall has been located outside of the County’s boundaries, a unique and unwelcome position for a local government body. Beyond this though, the location of offices is imbalanced across the county. Efforts have been made over time to ensure that community-based teams are located close to the point of service delivery, and sometimes co-located with delivery partners. However, this piecemeal approach has resulted in a lack of generally accessible office space across large portions of the county.

Furthermore, it has also contributed to a scenario where the cost of the office estate is above the industry benchmark. In part this is because of a high proportion of leasehold property in the portfolio, which is generally more expensive than freehold equivalents. Counter-intuitively, despite this high cost, the condition and quality of the estate is poor. There is also a significant maintenance backlog, and this is growing over time. The importance of energy efficiency and buildings which contribute to the council’s climate change agenda has also grown in recent years. The aged and poorly maintained estate is unsurprisingly under performing in this regard too.

Against this backdrop, the nature of office space and the requirement for it have changed significantly, with the development of technology that makes being physically ‘in the office’ progressively less important. The adaptations that have been made in working approaches over the past year due to the restrictions arising from the Covid 19 pandemic have significantly accelerated this agenda, even though the conditions they impose are not a blueprint for the future. The past year has demonstrated the validity of assumptions made in the council’s agile working strategy about the ability to work remotely, which leads to a need for significantly less office space, and a change in what office space will be used for. Such developments also make it easier to envisage effective co-location with public sector partners, with the possibility of the county council using its capacity and scale to provide a wider public service office estate, beyond its own direct needs.

Our Existing Estate

At the beginning of the 2020/21 financial year, the council’s office estate consisted of the following eighteen buildings:

Site Name	Location	Tenure	Gross Internal Area (m2)
County Hall	Out of County	Freehold	24,795
Quadrant Court	Woking	Freehold	7,940
Consort House	Reigate and Banstead	Freehold	3,381
Fairmount House	Mole Valley	Leasehold	3,187
Merrow	Guildford	Freehold	2,056
Wray Park	Reigate and Banstead	Freehold	1,569
Epsom Local Office	Epsom and Ewell	Leasehold	913
Ashley park House	Elmbridge	Leasehold	900
Waverley Local Office	Waverley	Leasehold	789
Esher Local Office	Elmbridge	Leasehold	760
Guildford Local Office	Guildford	Leasehold	724
Reigate and Banstead Local Office	Reigate and Banstead	Leasehold	573
Woking Local Office	Woking	Leasehold	331

Surrey Heath Local Office	Surrey Heath	Leasehold	326
Mole Valley Local Office	Mole Valley	Leasehold	299
Oxted Local Office	Tandridge	Leasehold	241
Runnymede Local Office	Runnymede	Leasehold	179
Thameside Centre	Spelthorne	Freehold	47
		Total	49,011

Space

County Hall dominates in terms of space, with 51% of the overall office space relating to that building. Including County Hall, in terms of total space, 81% of the portfolio is Freehold and 19% Leasehold.

In addition, much of the estate has very traditional and now out-dated configurations which are poorly aligned with the sort of flexible space required to support the council's ambition to be an 'agile' organisation. Space per employee is quite generous, but it is based predominantly around fixed desks (making up 85% of office space for employees) with much lower levels of collaboration space.

Value for Money

In cost terms, the ratios are very different: 56% of the cost relates to Freehold, and 44% to Leasehold. The total budgeted annual running cost of the estate is estimated to be just over £7.5m. In addition, the backlog maintenance is current estimated at £39m. Addressing this backlog would result in an annual cost of the estate of around £9.5m per annum

In relation to leased space, 45% of current rentals are above the market benchmark for their area, without evidence of a corresponding high level of quality.

Environmental Sustainability

The County Council has set a target for the County to become carbon neutral by 2050, and for the office estate, which currently produces 2,600 tonnes of Carbon per year, to be carbon neutral by 2030. Significant and rapid progress is required to achieve the target reduction in the next decade.

A New Direction

In late 2018, the Leader of the Council made a commitment to return the County Council's "Civic Heart" to the county itself. This ambition sought to right an issue that has been present for over five decades, since Kingston was incorporated into Greater London as part of a redrawing of local government boundaries. As well as moving the county council's functions closer to the residents they are designed to serve, this move has provided a once in a generation opportunity to re-imagine the office requirements for the county council. Plans are in train for County Hall to be vacated, with the office closing at the end of December 2020, sale plans progressing well, and an aim to entirely vacate the site by the end of March 2021.

Measures to establish the new Civic Heart were well developed by early 2020. A provisional arrangement had been made to acquire a site in Woking (Midas House), which would provide decant space for some staff from County Hall and which would host the in county Civic Heart functions. The acquisition was dependant on several related matters which were suddenly thrown into uncertainty by the advent of the Covid 19 pandemic in early 2020. Consequential third party moves on which the acquisition depended were no longer possible, and the proposed deal for Midas House therefore fell through.

Although this presented a material and immediate challenge regarding the planned timetable for moving out of County Hall, it also presented an opportunity to take a wider look at our estate. Not all staff from County Hall were envisaged to be allocated to Woking as a new

base, and numerous other challenges existed within the office portfolio that would have to take a back seat to the Civic Heart development. In Spring 2020, the County Council therefore had the opportunity to take a very different look at its entire office estate.

Key Drivers

The analysis above sets out a series of key drivers that provide the need and the impetus for the new Agile Office Estate:

Financial	The current estate is expensive, with significant and prohibitive backlog maintenance costs
Location	The Council's HQ and largest office has been outside of the county for over five decades. Coverage across the County is uneven
Environmental	The estate lacks modern environmentally friendly buildings and is a sizable contributor to our overall emissions
Quality and suitability	Office quality is generally quite poor, and is not well aligned to our vision of an agile way of working
One Public Estate	Our buildings are not set up to allow co-location and collaboration with partners, despite an appetite to explore this

These imperatives will help us to deliver an office estate that supports our refreshed organisational strategy:



The Agile Office Estate – Modernisation Proposal

We want to use the decision to move out of County Hall and to relocate the Civic Heart to act as a catalyst for a transformation in our office estate. We believe that a model centred around four main office hubs, and a reduced number of satellite offices, which would aim to make better use of our operational estate, will help us to respond to the key drivers and to achieve our objectives in relation to the estate.

An office hub in each geographical quadrant of the county will act as a focal point and ensure that we have a presence closer to all residents. We need to review and rationalise our leasehold estate, exploring the ability to consolidate into the hubs, or to utilise space created by the complementary transformation of our operational estate. To facilitate stronger

partnership working, we want to explore the potential to accommodate partners within our estate in a way that facilitates closer working and collaboration, through co-location and the provision of collaborative space.

Modernisation will allow us to transform the environmental impact of our buildings, and to work towards the target of being carbon neutral by 2030. It can help us generate efficiencies and to avoid a significant future cost by removing the maintenance backlog.

Our targets will be to:

Financial	Reduce annual running costs by £3m Eradicate the £39m maintenance backlog, and avoid that cost to the County Council
Location	Operate from an estate entirely within the County, and with the Civic Heart in Surrey itself.
Environmental	Hit the 2030 target for a net - carbon neutral office estate (this would include residual emission would be offset by natural or engineered sinks) Improve the median energy efficiency
Quality and suitability	Develop a fully agile office estate Shifting the balance between fixed desk and collaborative space from 85/15 to 50/50.
One Public Estate	Develop inter-operability for partners within our estate Let space to partners on either VFM or service benefit grounds.

Implementing the Strategy

The information about the current office estate set out above uses April 2020 as a baseline position. During this financial year we have already made some decisions that take us closer towards realising the objectives.

Closing County Hall

Since changes to local government boundaries in 1965, Surrey County Hall has been outside of the County's boundaries. In December 2018 the Leader of the Council announced his intention for the council to move back into the county by the end of 2020. In late 2019, a meeting of the Council endorsed this plan.

Work to exit County Hall has progressed through 2020 despite the impact of the Covid 19 pandemic. It closed as an operational office on 31 December 2020. The disposal of the site for redevelopment sensitive to its listing status and historical importance is underway and expected to result in sale by the end of March 2021.

The close of County Hall makes an immediate impact on the targets being pursued via this strategy in the following areas:

Area of Impact	County Hall Contribution
Financial	A gross (before re-provision of space) reduction in cost of £2.1m Removal of significant backlog maintenance liability

Location	Removal of all out of county office space
Environmental	Gross reduction in Carbon Emissions of 804 tonnes per annum
Quality and suitability	Removes 24,795m ² of poor-quality office space largely unsuited to agile and collaborative working.

Removing County Hall from the council's office estate portfolio makes a significant contribution to the aims of this strategy. The removal such a significant proportion (51%) of overall office space obviously provoked a need for the identification of additional space within the County, as well as a suitable location for the Civic Heart.

As outlined above, the initial plan developed through 2019, and part of the decision at Council to approve the move from County Hall, centred on the acquisition of an office in Woking (Midas House).

County Hall Decant and the Four Hub Model

Review work on the wider estate was beginning in conjunction with the decision not to proceed with the acquisition of Midas House. Only Quadrant Court in Woking was identified as a suitable property within the existing portfolio for a potential future office hub.

Without County Hall, the total size of the office estate reduced to 24,116m², of which 62% was Freehold and 38% Leasehold. Whilst the disposal therefore addressed some elements of the strategy, it worsened other aspects, for example reducing the Freehold proportion of the portfolio. It could not of course address the lack of good quality space elsewhere in the portfolio.

The need to decant staff from County Hall also triggered the requirement for rapid progress on the establishment of space in the north of Surrey in order to provide a smoother transition for staff moving from within South West London. The review also identified a medium term space imperative in the east of Surrey, with a major leasehold property (Fairmount) due to expire in 2024, and an opportunity to develop another freehold property in the area (Consort House in Redhill).

Acquisition of Woodhatch Place

In early 2020/21, the Council was able to complete the purchase of the former Canon HQ in Woodhatch near Reigate. The site was identified as the ideal option for relocation of the Reigate Priory school, as well as providing the opportunity for further service development such as accommodation with care and support for older people.

The offices on site were initially identified as a potential solution to the medium term need for space in the east of the county, providing a solution to the lease expiry at Fairmount, and allowing the potential development of the Consort House site to be progressed. The subsequently renamed Woodhatch Place provided an excellent opportunity to develop an eastern office hub, representing the second in addition to Quadrant Court in the west. However, following the purchase of the site, and the decision to halt the purchase of Midas House, Woodhatch Place was also identified as the location for the new Civic Heart, and to provide decant space from County Hall, and from part of the Surrey Fire and Rescue Service HQ at Wray Park. The building was therefore refurbished to provide accommodation for these purposes in the first instance and is on track to open in January 2021.

Woodhatch Place will provide 10,178m² workspace fully aligned to the council's vision of agile working. It will act as an initial test bed for agile configuration, which will be used to inform the layout of the rest of the estate. It will also host the Civic Heart. As a Freehold building, it helps reduce our overall average space cost. A more modern building that won awards for its environmental sustainability, it will also help us cut emissions and work

towards a more environmentally friendly estate. Ownership means that we can continue to work to improve this over time as well.

The Acquisition of the Dakota Building

A significant search for office space was undertaken in the north of the county to meet the separate but potentially complementary objectives of identifying short term decant space for staff from County Hall, and to provide a northern office hub within Surrey.

The Dakota building in Brooklands near Weybridge was identified as an opportunity to meet both objectives. Immediate space of 2,109m² is available, rising to a potential 3,224m² if all tenanted space is released. It is a recently refurbished, modern office space with good environmental credentials.

The building will allow the decant of staff from County Hall, and provide additional space for touch down and collaboration, along with the necessary space to accommodate staff from rationalisation of the wider leasehold office estate.

Summary

The key actions of exiting and disposing of County Hall, and the acquisition and fit out of Woodhatch Place and Dakota as new agile working hubs will see the County Council entering 2021/22 with an office estate that is much closer to the ideal laid out in this strategy, and the platform on which to develop it further. The next step is to utilise this platform to realise the overall objectives set out within this strategy.

Progressing the Strategy

The establishment of three agile working office hubs in the County addresses the immediate need for space and provides headroom to be able to rationalise our wider office estate. Broadly speaking there are four main areas of opportunity:

East of County

As identified in the original business case for the acquisition of Woodhatch Place, there is a need to provide alternative office space for staff currently based at Fairmount House no later than when the lease expires in 2025. In addition, the freehold ownership at Consort House represents an opportunity to decant staff from that building and to develop the site. The combined space in these two buildings is 6,568m², and total annual running costs are £1.813m per annum. Current staff numbers are 790.

Wider Leasehold Estate

Amongst the eighteen office locations that the county council began 2020/21 with, ten are 'local offices' with space leased from Districts and Boroughs. These offices represent a total of 5,135m² office space, and an annual cost of just over £1.5m. Decisions were taken for operational reasons to base teams in these locations. However, the advent of more agile working, plus the potential space at new office hubs, mean that it is timely to review the need for this space, including its cost and the amount of space taken. Work to develop touch down and collaborative space as part of new community hub spaces in the operational estate may offer another alternative source of space.

Ashley Park House – Children's Social Care

In 2019 the County Council took leasehold space in Walton on Thames to provide accommodation for children's safeguarding teams supporting communities in the north of the county. The space was taken at above market rates, but the operational importance attached to the use was concluded to justify the premium being paid. That applied in financial terms, but equally in terms of an investment in the improvement of children's services.

The lease on the space runs until 2029, with an optional break in 2024. There were strong operational reasons for locating the teams at Ashley Park House, and from a service perspective it has made a very positive impact. If there is no change to the wider operational context then any decision to exercise the break at Ashley Park House would not appear to be prudent or attractive in 2024. If, however good alternative space exists that achieves the same aims, and the service can operationally be able to move, then the option should be reviewed. No decision can be taken on this at the current time and a full analysis would be required in two to three years' time. The cost of the space at Ashley Park House is £0.45m per annum.

Co-Location with Partners

Through the development of a modern, fit for purpose agile office estate, the county council will be well placed to explore opportunities to co-locate partner functions within our buildings. As partners including Surrey Heartlands NHS, Surrey Police, and District & Boroughs review their requirements for office space, there are likely to be a number of opportunities for the exploration of co-location arising. Sub-letting space to partners is likely to be able to deliver a financial return for the county council, but also to deliver efficiencies for the wider public purse in Surrey. In addition, and with potentially greater return, it could facilitate closer integration and closer working, or just more effective collaboration between different organisations.

The extent to which any of these different options can be progressed will inform the overall amount of space required within the office estate. Further dialogue with partners and analysis of space requirements, office design space and infrastructure implications, including IT standards and digital interoperability, needs to be done on each before we finalise the plan for the office hubs.

Next Steps

This document sets out the components of a new agile office estate for Surrey County Council. It is rooted in the evidence produced from analysis of our existing estate and of the opportunities for new ways of working that are present and further emerging. The strategy is described as outline at this stage, because it requires further and detailed analysis of a wider set of issues before the volume and location of space can be finalised.

There are set of key dependencies that need to be explored, as set out below:

Activity	Approach	Priority
Review District and Borough leased properties	Work to be led by the Agile Organisation Programme team to engage with staff and teams based in the ten local offices, to identify future working requirements and opportunities for consolidation.	1
Explore Opportunities for Partner Co-location	Engagement with partners led by Land and Property, supported by the development of IT infrastructure design and inter-operability standards led by IT and Digital.	1
Explore potential development of Consort House	Agile Organisation Programme team to engage with staff and teams at Consort House to identify future working requirements	2
Assimilate results of other workstreams to inform search for southern hub	Land and Property to work with Agile Organisation Team to identify demand and appropriate space requirements for fourth hub and to produce options for fulfilling	2
Review options for exiting Fairmount	Agile Organisation Programme team to engage with staff and teams at Fairmount in preparation for the end of the lease in 2025	3

Review of children's social teams at Ashley Park House	Agile Organisation Programme to engage with staff and teams at Ashley Park House to inform the decision about whether to exercise the break clause in 2024	3
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Resourcing and Value for Money Implications

As set out above, the Agile Office Estate Strategy represents an opportunity to avoid significant capital expenditure to make good the maintenance backlog of £39m, and to generate savings of up to £3m in annual revenue costs relating to the estate. There has already been progress towards the realisation of potential savings through the imminent disposal of County Hall, which will significantly reduce the backlog maintenance.

Whilst the strategy is being implemented, resources will need to be dedicated to its delivery, and costs may in the short-term increase as properties are brought on stream in advance of further properties being rationalised. It is proposed to provide resources from earmarked reserves to fund some of these up-front costs, with amounts drawn down reported to Cabinet via the regular corporate budget monitoring report.

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RESOURCES AND PERFORMANCE SELECT COMMITTEE

20 January 2022



Forward Work Programme (FWP) and Recommendation Tracker (RT)

Purpose of report: To review and agree the Forward Work Programme (FWP). To track recommendations and requests made by the Select Committee.

Introduction:

1. The Forward Work Programme (FWP) and Recommendation Tracker (RT) update is a standing item on the agenda of the Select Committee.
2. The FWP covers the expected activity in 2021/22 (Annex A).
3. The RT tracks recommendations made by the Committee (Annex B).
4. The FWP includes regular items, task and reference groups updates and the additional items the Select Committee would like to engage with in coming months. 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 essential additional items as needed from time to time. There should be no more than two task groups taking place concurrently.

Recommendations:

5. The Select Committee is recommended:
 - a) To review and agree the Forward Work Programme (Annex A);
 - b) To make any appropriate suggestions for possible amendments including programming of in-depth session and other agenda items; and
 - c) To monitor the update provided in Recommendation Tracker (Annex B).

Next Steps:

The Select Committee reviews its Forward Work Programme and Recommendation Tracker at each of its meetings.

Kunwar Khan
 Scrutiny Officer | Democratic Services | Law and Governance
 Surrey County Council | Kunwar.Khan@surreycc.gov.uk

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Resources and Performance Select Committee Forward Work Programme 2021 – 2022

**Resources and Performance Select Committee | Chairman: Cllr Nick Darby | Scrutiny Officer: Kunwar Khan
Democratic Services Assistant: Laila Laird**

Date of Meeting	Type of Scrutiny	Issue for Scrutiny	Purpose	Outcome	Relevant Organisational Priority	Cabinet Member/Lead Officer
14 April 2022	Scrutiny	Strategic and Capital Investments Update	To receive an update on the Council's Strategic and Capital Investment portfolio.	To ensure scrutiny oversight, and to consider/receive assurances about transparency and best value for money.	Growing a sustainable economy so everyone can benefit, empowering communities	Leigh Whitehouse Executive Director of Resources
	Policy Development and Review	HR & OD Update	To receive a report about the important area of Human Resource and Organisational Development (HR&OD), which sits within the Select Committee's remit.	To provide oversight and feedback concerning any challenges, issues and progress within HR&OD.	Empowering communities	Paula Leach, Strategic Director for People & Change
	Performance Management	Performance Monitoring session Update (Notes - date TBC)	To publish the notes of the most recent Performance Monitoring session.	To make a record of the Performance Monitoring session publicly available.	Empowering communities	Kunwar Khan, Scrutiny Officer

	Scrutiny	Procurement Modernisation Project	On a suggestion from the Cabinet Member for Finance and Resources, to bring the Procurement Modernisation Project to the Select Committee, and in order to inform Members on a number of major procurement contracts currently ongoing.	For the Select Committee to gain greater understanding and assurance on procurement modernisation.	Growing a sustainable economy so everyone can benefit Empowering communities	Becky Rush, Deputy Leader and Cabinet Member for Finance and Resources Darron Cox Director - Procurement
13 July 2022	Pre-decision scrutiny	Digital Infrastructure Strategy (TBC)	For the Select Committee to receive the Strategy before it goes to Cabinet, in accordance with the following recommendation that came from the December 2020 Select Committee meeting: “The Select Committee recommends that it receives the Digital Infrastructure Strategy, before the strategy is finalised, for scrutiny at a future meeting.” An email update (attached below) was sent to Members on 17 August 2021.  Digital Infrastructure Briefing Note 130821	For the Select Committee to have the opportunity to provide feedback and input before the Strategy is presented to Cabinet.	Empowering communities	Amanda Richards, Network and Asset Management Group Manager Michael Coughlin, Executive Director, Partnerships, Prosperity & Growth Rhiannon Mort, Head of Economic Infrastructure

	Scrutiny	Equality, Diversity and Inclusion (EDI) Review	For the Select Committee to review the work undertaken since previous scrutiny of the draft plan by the Select Committee in January 2021, and then the Cabinet decision to approve the plan, made in February 2021.	To receive an update and monitor progress since this was last reported to the committee.	Tackling health inequality, empowering communities	Tim Oliver, Leader of the Council Katie Stewart, Executive Director of Environment, Transport and Infrastructure and EDI programme sponsor
	Scrutiny	Customer Services Update (NOT ON THURSDAY)	To receive an update report following the Customer Experience Task Group's recommendations to receive such an update report, plus any relevant new information.	To seek reassurance.	Empowering communities	Mark Nuti, Cabinet Member for Communities Marie Snelling, Executive Director of Customer and Communities
7 October 2022	Scrutiny	Digital Exclusion Report	To receive a report about digital exclusion as discussed on 17 September 2021 Select Committee meeting.	To enable the Select Committee to monitor and seek reassurance that all residents feel supported by the Council. Nobody, particularly elderly and vulnerable are not left behind due to emphasis on digital/technology and the use of chatbots.	Growing a sustainable economy so everyone can benefit, empowering communities	Mark Nuti, Cabinet Member for Communities; Marie Snelling, Executive Director of Customer and Communities

	Scrutiny	Commercial Investment Portfolio	To receive information on the Commercial Property Investment Portfolio, as requested by the Chairman, including information on external professional advice received by the Council with regards to acquisition of commercial properties.	Oversight and exercise critical friend function, to ensure transparency and good value for money within the investment portfolio.	Growing a sustainable economy so everyone can benefit	Natalie Bramhall, Cabinet Member for Economic Development and Property; Simon Crowther, Director of Land and Property
	Policy Development and Review	Agile Office Estate Strategy Review	To enable the Select Committee to review the Strategy in accordance with the following recommendation of the County Hall Move and Agile Programme Task Group: "The Resources and Performance Select Committee receive the Council's Office Strategy on an annual basis, ensuring in particular that the carbon neutral targets are achieved."	To provide oversight and monitoring.	Growing a sustainable economy so everyone can benefit, empowering communities	Simon Crowther, Director of Land and Property
9 December 2022	Scrutiny	IT & Digital Update	To review the Information Technology and Digital (IT&D) Service and any updates, following on from a previous overview of the service provided at the 18 March 2021 Select Committee meeting.	For the Select Committee to receive greater understanding and assurance on the work of the IT&D Service.	Growing a sustainable economy so everyone can benefit, empowering communities	Matt Scott, Chief Information Officer

	Scrutiny	Data Insights Transformation Programme	To receive an update about Data Insights Transformation Programme.	To assure the Select Committee of informed decision-making; assurance that there is a robust business intelligence function in place that is underpinned with up to date and relevant information.	Empowering communities	Rachel Wigley, Director of Financial Insight, Gary Strudwick, Head of Business Intelligence
Task and Finish Groups; Member Reference Groups						
Timescale	Type of Scrutiny	Issue for Scrutiny	Purpose	Outcome	Relevant Organisational Priority	Membership
On-going, yearly budget monitoring	Budget scrutiny	Budget Task Group	To enable in-depth scrutiny of the 2022/23 budget, cutting across the remits of all four Select Committees.	To ensure that the 2022/23 budget offers good value for money in all the Council's service areas, enabling the best outcomes for residents.	Growing a sustainable economy so everyone can benefit	<u>Membership:</u> <ul style="list-style-type: none"> • Nick Darby (Chairman) • Ayesha Azad • Liz Bowes • Will Forster • John O'Reilly • Lance Spencer • Buddhi Weerasinghe • Robert Evans
September 2021 to 2022 (Ongoing until a further notice by the Chairman)	Oversight and assurance	Accommodation with Care and Support (Informal Group led by the Chairman and supported by Vice Chairs)	To ensure value for money and greater understanding about the processes of the Accommodation with Care and Support programme, focusing on the Property aspects.	To provide assurance for Members on the progress, value for money and outcome for residents of the Accommodation with Care and Support programme.	Growing a sustainable economy so everyone can benefit, tackling health inequality	<u>Membership:</u> <ul style="list-style-type: none"> • Nick Darby • Will Forster

To be received in writing and informal briefing sessions					
8 November 2021	Cyber Threat	For the Select Committee to receive information on the cyber threat - request made at the 18 March 2021 meeting.	The Select Committee is informed, and assurances considered regarding the cyber threat and how this affects the Council (completed).	Empowering communities	Matt Scott, Chief Information Officer
January 2022 Date TBC	Treasury Management Strategy	For the Select Committee to receive information on the Treasury Management Strategy (TMS) as part of the 2022/23 budget process.	For the Select Committee to offer any input or recommendations on the TMS.	Growing a sustainable economy so everyone can benefit	Mark Hak-Sanders, Strategic Finance Business Partner
Date TBC by the service.	Equality, Diversity and Inclusion (ED&I)	For the Select Committee to receive an update on the implementation and progress of the Council's ED&I plan.	For the Select Committee to review the progress and offer any input and feedback.	Growing a sustainable economy so everyone can benefit, empowering communities	Michael Coughlin, Executive Director, Partnerships, Prosperity & Growth

Standing Items

- **Forward Work Programme (FWP) and Recommendations Tracker:** Review of the Select Committee's forward work programme, and monitoring of the Select Committee recommendations and actions.

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- **Notes of Performance Monitoring Session:** A record of the most recent informal Performance Monitoring session (conducted every 2-4 months). >

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RESOURCES AND PERFORMANCE SELECT COMMITTEE ACTIONS AND RECOMMENDATIONS TRACKER

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KEY			
	No Progress Reported Yet	Action In Progress	Action Completed

Date of meeting	Item	Recommendations/Actions	Responsible Officer/Member	Update/Response
17 December 2021	2022/23 Draft Budget Report and Medium - Term Financial Strategy - to 2026/2027	<p><u>Recommendations:</u> Select Committee recommends that:</p> <ol style="list-style-type: none"> 1. As a matter of agreed budget setting process every year, following the details of the Local Government Finance Settlement in usually mid-December, the Section 151 Officer provide a written briefing note to all Members with details of any impact on the Surrey County Council finances, service delivery and effect on its residents. 2. The Cabinet is requested to ensure that a comprehensive, truly representative and early budget consultation with residents and key stakeholders should form an integral part of the Council's budget setting process each year with findings communicated to all Members and made available to Select Committees with draft budget papers. The initial budget consultation process should conclude first before a draft 	<p>Becky Rush, Cabinet Member for Finance and Resources</p> <p>Leigh Whitehouse, Deputy Chief Executive</p>	The requests have been sent to the Deputy Chief Executive for information and response

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		<p>budget is presented to the Council's Select Committees. The deadline for the current call for evidence be extended from 28 December 2021 to allow residents and stakeholders more time to comment and engage after the festive and the New Year period.</p> <p>3. From the Council's borrowing cost point of view, the Cabinet should carefully examine to ensure</p> <p>4. that the effect of borrowing result in a real return, particularly any commercial borrowing ought to cover return on its investment</p> <p>5. The Cabinet to ensure that an assessment is undertaken of all Surrey's Borough and District Council's Local Council Tax Support to ensure any increase in Surrey County Council's share of Council Tax is affordable to all residents.</p>		
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		<p>6. To further support collaborative working, to avoid any silos and to ensure proper oversight and effective budget scrutiny next year, the Cabinet is requested to ensure that the Resources and Performance Select Committee and its Budget Task Group (with all Select Committee representation) will be provided with:</p> <ul style="list-style-type: none"> a. Regular in-year up-to-date finance monitoring updates throughout the year – particularly when there are significant and material changes – to be assured that assumptions made and expectations derived from the budget 2022-23 and MTF5 2026-27 (where relevant) will be met in practice; b. Early communication and understanding of 2023-24 draft budget with high-level assessment of effect on residents; c. Meaningful details about the budget efficiencies with overarching Budget 		
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		<p>Impact Assessments (including any impact on service delivery, residents, corporate and organisational priorities, ED&I and staffing etc.) be provided to Select Committees and Budget Task Group where appropriate before the draft budget is formally presented to all Select Committees. This should happen earlier than November to ensure Members have sufficient time to understand, make further enquires and add real value to the scrutiny process;</p> <p>d. Commentary and comparison of corporate costs of the Council with similar authorities;</p>		
17 December 2021	Property Programme Update	<p><u>Recommendations:</u> The Resources and Performance Select Committee recommends that Cabinet Member for Property and Waste ensures that appropriate maintenance and repairs to the</p>	Leigh Whitehouse, Deputy Chief Executive	The request has been sent to the Deputy Chief Executive for information and response

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		County Council owned properties are not deferred.		
17 September 2021	Cabinet Member Priorities Update – Tim Oliver	<p><u>Recommendations:</u> The Select Committee recommends that:</p> <ol style="list-style-type: none"> 1. Cabinet is to consider how Surrey County Council engages with organisations that undertake political lobbying and/or are involved in matters that some might consider controversial; 2. Surrey County Council should ensure that any impact on other protected characteristic groups are identified and carefully taken into consideration before finalising the Trans at Work policy; 3. The Trans at Work policy is to be presented to the Select Committee prior to being finalised; 4. More focus is to be given to the range of topics covered in internal 	<p>Leader of the Council</p> <p>Leader of the Council</p> <p>Leader of the Council</p> <p>Leader of the Council</p>	<ol style="list-style-type: none"> 1. The Leader’s office has informed the Leader and it is now under consideration. 2. The Leader’s office has informed the relevant team. 3. The Leader’s office has alerted the relevant team.

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		<p>communications in the daily media email update to Members. In particular, all references articles in the daily media briefing to be made accessible to all Members;</p> <p style="background-color: yellow;">5. A report on digital exclusion is to be provided to this Select Committee at a future meeting.</p> <p><u>Actions:</u></p> <p>1. Deputy Cabinet Member to the Leader to provide more information on how the Council trains and monitors officers carrying out recruitment interviews to ensure they have EDI awareness and adhere to best practice;</p> <p>2. Democratic Services officers to share councillor diversity analysis conducted after the May 2021 election with the Select Committee;</p> <p>3. Executive Director of Resources to provide information on how the Council is</p>	<p>Leader of the Council/Scrutiny Officer</p> <p>Deputy Cabinet Member to the Leader</p> <p>Scrutiny Officer</p> <p>Executive Director of Resources</p>	<p style="background-color: lightgreen;">4. The Communication team has provided a response.</p> <p style="background-color: yellow;">5. This will be added to the Select Committee's forward plan in future.</p> <p style="background-color: lightgreen;">1. A service response has been provided.</p> <p style="background-color: lightgreen;">2. This information has been shared with the Select Committee</p> <p style="background-color: lightgreen;">3. The Executive Director's team has been contacted.</p>
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		Members by the service at an appropriate time.		
		<u>Action:</u> Executive Director of Customer and Communities to provide information on the level of traffic on the Esendex system.	Marie Snelling, Executive Director of Customer and Communities	Service Directorate is working on this.
23 June 2021	Informal Induction Session	<u>Actions:</u> <ol style="list-style-type: none"> 1. Cabinet Member for Communities to give figures on the chatbot for circulation to the Select Committee 2. Director of HR&OD to provide information on apprenticeship levies and how these can be used more effectively 3. Head of Business Intelligence to explore the possibility of contacting the LGA about obtaining benchmarking information on other councils 	Cabinet Member for Communities Director of HR&OD Head of Business Intelligence	<ol style="list-style-type: none"> 1. The Cabinet Member's response has been sent to the Chairman and is annexed to this tracker. 2. Response: "What is your strategy to make sure that we don't have to return so much of the levy money in the future?" <ul style="list-style-type: none"> • Developed system to forecast levy transfer spend and plan funds available

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				<p>for transfer accurately</p> <ul style="list-style-type: none"> • Developed Levy Transfer Guiding Principles for 21/22 to formalise process for levy transfers and target priority groups • Supported launch of Transfer to Transform with £100k pledge of unused levy funds - £57,000 has so far been committed to Surrey organisations through this initiative and we have the option to pledge further funds if available • Promoted levy transfers at the Surrey Charities
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				<p>Forum in April 2021 which has so far resulted in committing levy transfers of £49,000 to support 3 Surrey charities with apprenticeships</p> <ul style="list-style-type: none"> • Current levy transfer forecast for 21/22 c.£160k • Current levy transfer forecast for 22/23 c.£120k • Recruited Talent and Apprenticeship Adviser to support Surrey schools to access and spend levy funds • Promotion of apprenticeships to hiring managers and existing employees”
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				<p>3. The possibility of obtaining benchmarking information from the LGA was explored and it was concluded that it would not be practical to provide LGA benchmarking data, given that the data available relates largely to service areas outside of this Select Committee's remit (e.g. Adult Social Care, Fire and Rescue). However, a wider benchmarking report is currently being compiled by the Business Intelligence team, and this will be</p>
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				shared with the Select Committee once ready and signed off by the Corporate Leadership Team, and will continue to be shared with the Select Committee on an annual basis.
18 March 2021	Digital Business and Insights Update	<u>Actions:</u> 1. The DB&I Programme Director to include an update on the delivery of DB&I programme benefits in the next DB&I report to the Select Committee; 2. The DB&I Programme Director to raise integration of the upgraded pensions service and the DB&I programme with the integration lead and confirm to the Select Committee that these are integrated.	DB&I Programme Director	1. The Programme Director has been made aware of this, and it will be included in the future report request. 2. The Programme Director's response has been circulated to the Select Committee, confirming that the full scope of

**RESOURCES AND PERFORMANCE SELECT COMMITTEE
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				integration requirements for pensions are included in the DB&I programme's delivery plan.
18 March 2021	IT and Digital Update	<p><u>Recommendations:</u> The Select Committee recommends that:</p> <ol style="list-style-type: none"> The Select Committee is involved in the development of performance monitoring arrangements, where relevant, in the IT&D service; The next IT&D update includes more information about the Happy Signals platform. 	<p>Head of Business Intelligence</p> <p>Chief Information Officer</p>	<ol style="list-style-type: none"> The Head of Business Intelligence has stated that this recommendation will be included as part of the wider corporate performance review for 2021/22, and that an update would be shared at a later date. The Chief Information Officer has been notified about this and a reminder will be

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		<p>3. The IT&D service is to arrange a private briefing for the Select Committee on the cyber threat.</p>		<p>included in the next report request.</p> <p>3. A briefing has been organised for 8 November 2021.</p>
18 March 2021	Property Programme Update	<p><u>Recommendations:</u> The Select Committee recommends that:</p> <p>1. An update report be provided at its September or December 2021 meeting;</p> <p>2. Local/Joint Committees have a standing property scrutiny [information] item at their informal/private meetings, to ensure that councillors and the Council's Land and Property service exchange information on local property</p>	<p>Director of Land and Property</p> <p>Head of Community Partnerships and Engagement</p>	<p>1. The Land and Property team have been made aware of this and the report request will be sent out in due course for the December 2021 meeting.</p> <p>2. Information sharing between the Land and Property service and councillors directly is an important principle,</p>

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		<p>projects, requirements and opportunities for development and disposals, to achieve the best outcomes for residents.</p>		<p>in order to increase openness and accessibility of information for Members. The Director of Land and Property will ensure that property information is shared with divisional Members on a quarterly basis, as noted in the response to the 18 December 2020 action for the Draft Budget item (see below).</p>
		<p><u>Action:</u> The Director of Land and Property to ensure the list of properties for each Member's division has been sent to all Members and to resend if necessary.</p>	<p>Director of Land and Property</p>	<p><u>Action:</u> As 18 December 2020 action for the Draft Budget item (below), the Director of Land and Property is to ensure a list is sent to every</p>

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				Member as part of the quarterly property update, and confirm to Democratic Services once this is complete.
21 January 2021	Final 2021/22 Budget	<u>Recommendation:</u> The Select Committee recommends that a report on the budget consultation is presented to the Budget Task Group early in the consultation process, and that Members' views are taken into account when conducting the consultation.	Director of Insight, Analytics and Intelligence	Information on the budget consultation will be presented to the Budget Task Group in September 2021.
18 December 2020	Scrutiny of 2021/22 Draft Budget and Medium-Term Financial Strategy to 2025/26	<u>Action:</u> The Strategic Finance Business Partner to request that local divisional Members are in future advised of property proposals in advance of changes. [It was agreed after the meeting that the Director of Land and Property is in fact the responsible officer for this action.]	Director of Land & Property	An officer in Land and Property will send a list of key properties in each division and advise of any updates in advance of changes as requested. This will be sent directly from the Land and Property team to the individual Member every quarter. The quarterly update will not include details on every property related activity within the division, but will include key

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				useful information such as developments and disposals, wherever possible, in order to increase openness and accessibility of information for Members.
18 December 2020	Broadband in Surrey	<p><u>Recommendation:</u> The Select Committee recommends that it receives the Digital Infrastructure Strategy, before the strategy is finalised, for scrutiny at a future meeting.</p> <p><u>Action:</u> The Engagement Manager to work in partnership with the communications team to provide materials that Members can use on their social media, newsletters or email signatures to promote the broadband programme and community fibre partnerships.</p>	<p>Michael Coughlin, Director of Economic Growth and Prosperity</p> <p>Dawn Redpath?, Project Manager – Superfast Surrey Broadband Programme (formerly Engagement Manager)</p>	<p><u>Recommendation:</u> The strategy will be presented to the Select Committee prior to being taken to Cabinet for decision making in due course.</p> <p>A briefing note providing an update on Digital Infrastructure was sent to all Members on 17 August 2021, which can be found</p> <div style="text-align: center;">  <p>Digital Infrastructure Briefing Note 130821</p> </div> <p>here:</p>

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				<p>The relevant Cabinet Member also sent a note to the Committee with details about the Gigabit Voucher Campaign Information.</p> <p>The status of the Strategy continues to be monitored, and a date has not yet been set for it to go to Cabinet.</p> <p><u>Action:</u> Response as of July 2021: “In April 2021, the Government launched a new Gigabit Broadband Voucher Scheme. Whilst the value (£1,500 per residential premises and £3,500 per business premises) of the vouchers remained the same as the previous scheme, the Government revised the number of postcodes that</p>
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				<p>are eligible for this scheme, basing its decision on Ofcom's Area 3 designation.</p> <p>We planned to launch a new campaign in June to target eligible postcodes but before this could happen, Openreach made several major announcements about their future rollout plans. These included many exchanges that covered the same Area 3 postcodes that were eligible for Government voucher funding.</p> <p>Whilst residents have still continued to investigate the scheme, we have held off or the moment from doing any significant communication activities around it. It is believed that by October</p>
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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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				<p>there will be sufficient clarity for SCC to undertake a campaign to premises in eligible postcodes. At this time, we will be providing Members with publicity materials to promote the Gigabit voucher scheme.</p> <p>In the meantime, SCC's Digital Infrastructure webpage (Digital infrastructure coverage in Surrey - Surrey County Council (surreycc.gov.uk)) is highlighted to Members. This provides a summary of current publicly announced plans and schemes and it is updated on a regular basis." The action will be followed up in October 2021.</p>
8 October 2020	Property Programme Update	<p><u>Action:</u> The Director of Strategic Land and Property Assets to provide detail of contingency plans in</p>	Simon Crowther, Director of Land and Property	This will be included in the Property report to the Select

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		the next property programme update to the Select Committee.		Committee at its December 2021 meeting.
18 October 2019	Quarterly Performance Report (Q1 2019/20)	<u>Recommendation:</u> 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/Head of Business Intelligence	As of September 2021, a benchmarking report is being prepared and will be shared with the Select Committee once it has been signed off by officers.

Annex 1: Information on the chatbot

What is the chatbot?

Sur-i is our digital assistant for School Admissions!

In technical terms, it's a conversational Artificial Intelligence (AI) platform we have used on the council's website to provide a more personalised online experience for parents and carers who have a question or want to find out information about school admissions.

Sur-i helps residents navigate our website and signposts them to relevant information. For more complex queries, it can also hand a person over to an agent for a live web chat.

Essentially, we are making it easier for parents/carers to find the information they need!

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The chatbot runs 24/7 and means people can contact us at a time and place that suits them, giving our residents the ability to self-serve more easily.

This was a proof of concept and part of our efforts to trial new technologies to improve the overall Digital Customer Experience for our residents, creating a more personalised experience online. It was a fantastic team effort - a collaboration between our Digital, Customer Service and Education Teams, all working together to find new and innovative ways to deliver services to our customers. It went live in November 2020.

Why School Admissions?

We receive lots of enquiries about school admissions, which is not surprising as it can be a source of worry for parents who are keen to get their child into the school of their choice!

Last year we received over 1.2 million web visits to the Education & School pages of our website and almost 40,000 calls to our contact centre. These calls were centred at peak times of the school year, creating high demand which meant that parents could experience longer waiting times to get their enquiries answered.

We wanted to make it as easy as possible for parents and carers to find information online, get their questions answered quickly and reduce the need for them to have to call us if they didn't need to.

How has it been working?

We've had a fantastic response to the prototype. In the first few months of operation, we had over 20,000 unique conversations with the chatbot, with each user asking an average of 7 to 8 questions. We also currently have a 95% customer satisfaction rate!