

MINUTES OF THE MEETINGS OF CABINET

Any matters within the minutes of the Cabinet's meetings, and not otherwise brought to the Council's attention in the Cabinet's report, may be the subject of questions and statements by Members upon notice being given to the Democratic Services Lead Manager by 12 noon on Monday 18 May 2015.

**MINUTES OF THE MEETING OF THE CABINET
HELD ON 10 MARCH 2015 AT 2.00 PM
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,
SURREY KT1 2DN.**

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

Members:

*Mr David Hodge (Chairman)	*Mr John Furey
*Mr Peter Martin (Vice-Chairman)	Mr Mike Goodman
Mrs Mary Angell	*Mr Michael Gosling
*Mrs Helyn Clack	*Mrs Linda Kemeny
*Mr Mel Few	*Ms Denise Le Gal

Cabinet Associates:

*Mr Steve Cosser	Mrs Kay Hammond
*Mrs Clare Curran	*Mr Tony Samuels

* = Present

PART ONE
IN PUBLIC

45/15 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Mrs Angell, Mr Goodman and Mrs Hammond.

46/15 DECLARATIONS OF INTEREST [Item 2]

There were none.

47/15 PROCEDURAL MATTERS [Item 3]

a MEMBERS' QUESTIONS [Item 3a]

Questions from Mrs White and Mr Essex were received. The questions and responses are attached as **Appendix 1**.

Mrs White asked a supplementary question relating to the possible sale or retention of the properties and questioned why the Council could not make the necessary investment to bring the homes up to the standard required, as had been done by the private providers when homes of a similar nature were transferred some years ago.

The Cabinet Member for Adult Social Care responded saying that visits to the care home show that these homes needed considerable work undertaken and that there was no intention to sell the properties in the future.

Mr Essex asked a supplementary question about the cost benefit analysis within the original report on the care homes and queried whether there were plans to update this following the responses to the consultation as it could show that the financial case was not as strong.

The Cabinet Member for Adult Social Care responded by stating that this was not a financial case, it was about people and the care that they received.

48/15 PUBLIC QUESTIONS [Item 3b]

No questions were received from members of the public.

49/15 PETITIONS [Item 3c]

That the response to the petitions, as set out in **Appendix 2** be noted.

Mr Minal presented his petition on the closure of the care homes and asked the Cabinet to consider refurbishing the current care homes. He stated that he felt the homes were viable and valuable assets and that provided good value for money to the tax payer. He referred to the Care Act and asked the Cabinet to support his petition and expressed concern that the Council would face growing pressure on costs levied by private providers in the future.

Mr Couchman presented his petition and said that he was speaking on behalf of almost 4500 people. He asked the Cabinet to reflect on how long it had taken to collect the petition names and that there had been another 150 signatures added since the petition was submitted. He referred to the 'mums test' and stated that he felt that the care homes would pass this. He said that he agreed that the homes needed work but that there were other options available and that he did not accept the rationale for closure.

The Leader thanked both petitioners for the comments and referred them to the response, as set out in **Appendix 2**.

50/15 SURREY COUNTY COUNCIL RESIDENTIAL CARE HOMES FOR OLDER PEOPLE [Item 4]

On 21 October 2014 the Cabinet took a decision to consult on the future of six Surrey County Council residential care homes for older people. This followed a comprehensive review of the services provided, future commissioning requirements, and consideration whether Surrey County Council should continue to operate older people's residential care homes.

The homes under consultation were:

- Brockhurst in Ottershaw
- Cobgates in Farnham
- Domers in Caterham
- Longfield in Cranleigh
- Park Hall in Reigate
- Pinehurst in Camberley

The Leader of the Council opened the debate on this item by inviting non-Cabinet County Councillors that wished to speak on the issue to present their views to the Cabinet.

Mrs Sally Marks, County Councillor for Caterham Valley, began by recognising the good care that existed in the six care homes but she pointed out that the environment needed work. She raised concerns around moving

people and whether the re-provided care will be at least as good, if not better, than that should the homes be closed and wanted assurance that friendship groups and locations will be considered when placing people in alternative facilities. She particularly highlighted Dormers in Caterham and a specific concern around the position of the local hospice, St Catherine's and services they delivered to the community. She urged the Cabinet Member for Adult Social Care to ensure that Surrey's people, friends, neighbours and parents were at the centre of this decision.

Mr John Orrick, County Councillor for Caterham Hill, then spoke on this issue and expressed his sadness to see the recommendations set out in the submitted report. He talked about the Surrey brand and the value and trust within this and asked the Cabinet Member for Adult Social Care to ensure that the reablement provision and the hospice lease are fully considered in the plans for the future of Dormers in Caterham. He said that he would like to see the upmost care taken in re-providing care to residents and that staff are offered redeployment support.

Mr David Munro, County Councillor for Farnham South, spoke on the Cobgates care home and stated that he supported the recommendations reluctantly. He said that the care was excellent and it was a much loved facility that had served well but the building at Cobgates was not fit for the long term. He expressed concern that the site could be sold and care repositioned in the future. He acknowledged the extensive consultation that had taken place and said that there was good will in the town to ensure that Cobgates facilities would be available going forward.

The Leader of the Council thanked Members for their comments and asked the Cabinet Member for Adult Social Care to introduce the report and address the concerns raised by Members.

Mr Few stated that this was the most complex issue he had brought to a Cabinet meeting for decision since becoming a Cabinet Member. He said that the Cabinet needed to consider how best the Council could provide a quality and dignified care service to meet both the current and future needs of the elderly. He highlighted that Adult Social Care was responsible for the wellbeing and safeguarding of 23,648 of the County's vulnerable adults and that 37% of these residents fell between the ages of 18-64. He said that 813 young adults were currently in transition who will most likely be users of the service for the remainder of their lives. This had led to the service re-examining its role in providing modern facilities which would cater for future demand. He explained that this had been taken into account with the comments received from the consultation and the original proposal had been modified and now included a specific recommendation to consider the future use of the existing six sites for the use by Adult Social Care.

He declared his appreciation for the hard work often under difficult circumstances that the team led by the Interim Assistant Director, Service Delivery, had put in to this exercise since the announcement of the consultation in November 2014.

He also thanked all respondents who had taken the trouble to reply to the consultation documents and for the many helpful suggestions that were made.

He asked Members to consider the separate paper entitled "Surrey County Council Older People's homes: consultation Report dated 2 March 2015 which contained the full responses and replies made to the consultation.

He then made the following points:

- The majority of responses received related to current users of the homes not agreeing with the proposed option 4 which was to exit the provision of residential care homes for the elderly in the six remaining old people's residential homes.
- Current best practice was to assist the elderly to remain in their own homes among friends, family and community for as long as practicable. Once their condition deteriorated to such an extent that living at home was no longer possible, the next move would generally be to a nursing home.
- When the homes were first opened in the late 1960s and early 1970s the admission criteria required the presenting resident to be fully ambulant and continent, where the bedrooms were designed for residents who would only spend their nights in their bedrooms compared to residents today that spend the majority of their time in their bedrooms, which placed additional strain on the staff.
- Many of the residents had complex needs and some had multiple complex needs which placed exceptional strain on the facilities and this was one of the main reasons that a decision was made some time ago to restrict the admissions to the homes.
- When the decision to reduce capacity was made 8 years ago there was not a comparable reduction in the staff levels and this level had continued to be necessary to ensure the homes remain CQC compliant despite the obvious deficiencies in the accommodation.
- Going forward it was widely recognised that future provision of adult services will be more specialised including dementia care, reablement services and extra care facilities.
- It was well known that Adults services faced a continuing shortage in qualified staff. The service was currently running with a greater than 10 % vacancy factor and as a consequent it was expected that many of the staff would be transferred to other parts of the service where vacancies were still high.
- Many comments were received on the quality of care provided by the staff, which were fully acknowledged and Mr Few expressed the Council's thanks for their professionalism over this trying period.

The Deputy Leader stated that the decision was not easy and questioned whether the homes were not meeting needs and whether they were compliant with CQC standards and fit for the future particularly to those with mobility issues.

The Cabinet Member for Community Services challenged Mr Few and asked him to consider the significant impact on the residents and the impact moving them would have.

Mr Few replied that the level of renovations required would mean that residents would have to be moved twice and therefore it was not an option. In response to Mr Martin's question he stated that the staff provided a great

service in difficult circumstances but that the homes were well behind the average standard.

The Cabinet Member for Public Health and Health and Wellbeing said that he had visited all the homes in question and that they were built for a different time and place.

The Cabinet Member for Schools and Learning queried why option 3, to sell or lease the homes to another provider, was not viable. She also stressed the importance of respite and reablement care.

Mr Few responded by stating that the Council had been approached by other providers but that they had been interested in the care home sites not the current buildings.

The Cabinet Associate for Children, Schools and Families questioned whether there was sufficient capacity in the market in Surrey to accommodate people if the homes were closed, particularly in relation to Park Hall care home.

Mr Few said that Park Hall is in the fourth tranche of closing that that he was confident that alternative provision was available.

The Cabinet Member for Highways, Transport and Flooding commented on the combined experience that the Cabinet had with the Adult Social Care portfolio and that a number of the Cabinet had visited the homes and found the care to be extremely good and the residents happy. He raised concerns about the cost of refurbishment and the level of care if the service is provided elsewhere.

The Cabinet Member for Business Services raised concerns about the quality of care for respite, dementia and step down beds and urged further conversations with Clinical Commissioning Groups on this issue.

Mr Martin reflected that the service level was very good and that he had listened and read the report and annexes and it was clear that the condition of the homes meant they were not fit for purpose. He stated that he was reluctant to reject option 2 but if residents would have to be moved twice then this was not a good option and the same for option 3. He requested that should option 4 be approved then the next steps would have to be dealt with in a dignified and proper way.

Mr Few said that the Adult Social Care service would handle this with professionalism and that it would be phased over 3 years with each individual having had their wishes considered.

Mrs Clack stated that the buildings were letting the Council down and that much better could be provided. She recognised that the staff were highly valued and did a fantastic job and queried what would happen to them as a result of the homes closing.

He stated that there were huge opportunities for staff and that the Council would do everything possible to ensure that staff remained with Surrey County Council.

The Cabinet Member for Public Health and Health and Wellbeing referred to the Equalities Impact Assessments and that the impact on staff and residents had been fully assessed.

The Cabinet Associate for Adult Social Care said that he had worked closely with the Cabinet Member for Adult Social Care and looked at how the Council could best meet the care needs of the residents of Surrey and that he felt this was the best thing that could be done going forward.

The Cabinet Member for Schools and Learning also referred to the Equality Impact Assessments and in particular to Alzheimer's respite requirements being specifically looked at. Mr Few replied that there was no option but to look at this.

The Cabinet Associate for Assets and Regeneration asked the Cabinet Member for Adult Social Care to confirm he was satisfied with the Equality Impact Assessments and to confirm that there were not any obvious gaps. Mr Few confirmed that he was.

The Leader highlighted the concerns that had been raised around St Catherine's Hospice in Caterham and the ongoing work with the Clinical Commissioning Groups and voluntary sector and stated that the Council must not lose sight of these points. He said that this was about looking after people and not buildings and looking after the staff who were ambassadors for Surrey.

He went on to state that it was a complex and emotional issue where the care was good but the infrastructure was not.

RESOLVED:

1. That the decision to close residential care provision by Surrey County Council at Brockhurst be approved.
2. That the decision to close residential care provision by Surrey County Council at Cobgates be approved.
3. That the decision to close residential care provision by Surrey County Council at Dormers be approved.
4. That the decision to close residential care provision by Surrey County Council at Longfield be approved.
5. That the decision to close residential care provision by Surrey County Council at Park Hall be approved.
6. That the decision to close residential care provision by Surrey County Council at Pinehurst be approved.
7. That a phased implementation programme to move people to alternative services be undertaken, which must take account of best practice and be guided by individual assessments of those affected, including carers.
8. That suitable alternative services for each affected person in those homes closing be identified.

9. That further work be undertaken for each property to fully evaluate potential alternative use to meet future needs for adult social care.
10. That a full staff consultation begins, with the objective, where possible, of retaining existing staff skills and knowledge.

Reasons for Decisions:

After analysing all the consultation responses received and comments made in the individual meetings during the consultation period, and the council's review of services, the reasons for closure of the provision of in house residential care homes for older people are:

- The physical environment of the homes is not fit for purpose and cannot easily or quickly be made so. The poor quality of the environment impacts on the quality of care that can be offered.
- The demand for residential care for older people is changing as is their preference, with support, to continue living at home. Optimum occupancy cannot be achieved in any of Surrey County Council's six older peoples residential care homes due to the building limitations, which in part leads to low occupancy and higher staffing levels. This makes the continued delivery of services unsustainable.
- It will remain difficult to accept the range of referrals and complexity of need being presented unless the current facilities are significantly upgraded to the modern standards identified for dignified care delivery. To complete the required level of works, residents would need to temporarily relocate, potentially meaning two moves, at least if they were to return to the refurbished home.
- Residential placements made by the council in the independent sector make up 91% of the total funded placements by the council. Surrey is fortunate in having a diverse independent care sector offering quality services. The council has an ongoing relationship with the sector to ensure responsiveness to commissioning intentions. In the last year the council has placed 263 people in residential care and 857 in nursing care in independent sector provision. It has had high utilisation of its 905 block placement residential care beds. Investment in the council homes refurbishment does not compare favourably with commissioning existing alternative provision in the independent sector.
- A phased approach, based on individual assessment and plans, enables time to ensure appropriate alternatives are identified for each individual and carers, and to work with the independent sector market in a managed way.
- Employees within the homes are recognised as delivering a good quality of care in challenging environments. There has been investment in their training, and there is a wealth of skill and experience. The council will support staff to explore opportunities, seeking to retain skills and experience.

Should a decision be taken to close a home, any future use of that asset for Adult Social Care or the local community will need to be carefully assessed.

[Meeting closed at 3:30pm]

Chairman

Members' Questions

Question (1) from Mrs Fiona White (Guildford West) to ask:

As you are all aware, there have recently been two high-profile closures of care homes, one of which - Merok Park - is in Surrey and the other in Sutton has been used by Surrey County Council to place people in need of residential care packages. A search of CQC's website shows that 5 care homes within a 13 mile radius of Guildford have been reported as being Inadequate in one or more category. In view of this information, do the Cabinet Member for Adult Social Care and his cabinet colleagues believe that this is the right time to close council-owned residential homes, especially in view of the responsibility on Surrey to provide alternative care at very short notice in the case of a home being required to close?

Reply:

We are satisfied that the council would still be able to meet its responsibilities in relation to securing alternative care in the event of a home closure, if a decision is taken to close any of the older peoples in-house care homes.

When any home closes the welfare of residents is the primary consideration. The council has experience of moving people out of homes, including in emergency situations. Moves are managed in line with national best practice guidance. The council would support the residents and their families in accordance with the council's 'Community and Care Home Provider Closure Protocol 2014'.

Whilst the council acknowledges that this scenario is a possibility, it is not a frequent occurrence, and homes that close, or have been deemed inadequate, represent only a fraction of the number of independent care homes in Surrey.

91% of the council placements into residential care homes are made with the independent sector, with the remaining 9% in the councils residential care homes for older people. The council has been successful in working with the independent sector care market to source residential care

There are 6,490 residential care beds currently registered across the county (as at 29/01/15). In the past year 263 residential care placements and 857 nursing placements have been arranged in the independent sector. There has also been a high level of use of the council's 905 block placement residential care beds. In addition to these placements, there will have been many more people who fund their own care entering residential care homes in the independent sector during these times. This means that in most places, at most times, there is the capacity needed to meet the demand

**Mr Mel Few
Cabinet Member for Adult Social Care
10 March 2015**

Question (2) from Mr Jonathan Essex (Redhill East) to ask:

(1) Response to Surrey Residents

4,503 individuals have had their signatures presented to this meeting, advocating for a continued future of all of the six care homes in Camberley, Reigate, Caterham, Cranleigh, Farnham and Ottershaw. Why is the Cabinet considering implementation of the closure of the care homes, when this option received by far the broadest level of disagreement of all four options through the recent public consultation, with 87% of respondents stating that they did not support closure?

(2) Impact of Transfer of Existing Patients to New Homes

What specific safeguards would the Council put in place during any proposed movement of residents to eliminate all risk of mortality caused by the trauma of moving for elderly and vulnerable patients?

(3) Validity of Cost Benefit Analysis

The comparison of what is required to sustain these six care homes does not equate to the case for closure. Why has the refurbishment cost been based on en-suite while this may not be what would be provided should care for patients with the same needs be sought by Surrey County Council in the private sector?

Do the placement of residents with the same care needs in privately run care homes by Surrey County Council have the same specification as reflected in the full refurbished specification for these six care homes. In particular, does Surrey require all residents placed in private care homes to have en-suite bathrooms - as this requirement in particular underpins the cost estimates used for refurbishment, which is used to argue for these care homes to be closed?

Why was the value of respite, re-enablement and day care being not fully reflected in assessment of the level of utilisation of these six care homes, or the added-value of these services being combined with residential care being reflected in the assessment of the quality of care provided in these six care homes?

(4) Impact of Choice and Benchmarking Quality across Surrey Residential Care Contracts

How can the Cabinet ensure the people of Surrey that the closure of these facilities would not have the adverse impact on choice for elderly residents and their families?

How can the Council ensure that the same investment in stable management is provided in privately run care home alternatives when, Merok Park for example, one such privately run care home which could have been used as alternative provisioning, has just been closed down.

How can the Council ensure value-for-money for the private sector with the same degree of assurance without the hands-on experience and grasp of costs that comes from running the same services in-house?

Given that 91% of funded residential placements made by the Council are already within the independent sector, why does the Cabinet not consider the maintenance and expansion of alternative care options to be a priority for elderly residents and families in Surrey?

(5) Timing

Why has the Council chosen to consider this report at this particular time rather than wait until the full impact of the new Care Act is known?

Reply:

As the question is in several parts the responses are set out below under each part.

(1) Response to Surrey Residents

4,503 individuals have had their signatures presented to this meeting, advocating for a continued future of all of the six care homes in Camberley, Reigate, Caterham, Cranleigh, Farnham and Ottershaw. Why is Cabinet considering implementation of the closure of the care homes, when this option received by far the broadest level of disagreement of all four options through the recent public consultation, with 87% of respondents stating that they did not support closure?

Response

The decision to make the recommendations in today's Cabinet report has not been taken lightly. Two separate petitions have been received. In addition, there has been extensive consultation including conversations with people who live in and use the services provided at the homes, their families and carers. All of the feedback received from the consultation has been considered.

The reasons for the recommendations are contained within the Cabinet report.

(2) Impact of Transfer of Existing Patients to New Homes

What specific safeguards would the Council put in place during any proposed movement of residents to eliminate all risk of mortality caused by the trauma of moving for elderly and vulnerable patients?

Response

It is acknowledged that there are risks with moving any person, including planned moves. The Council has extensive experience of moving people such as when their care needs change, when a resident is moved to a home that is more local to family and in emergency situations, should they arise.

The welfare of residents is the primary consideration in the event of any home closure. It would be approached in a planned and carefully managed way over a period of time, and in line with national best practice guidance. This would include the involvement of residents, families, friends and staff from the closing home.

Each resident and their family would be supported by a Social Care Practitioner who will assess individual needs and discuss preferences, and help to choose an appropriate alternative service. The approach is by nature specific to each individual.

(3) Validity of Cost Benefit Analysis

The comparison of what is required to sustain these 6 care homes does not equate to the case for closure. Why has the refurbishment cost been based on en-suite while this may not be what would be provided should care for patients with the same needs be sought by Surrey County Council in the private sector?

Do the placement of residents with the same care needs in privately run care homes by Surrey County Council have the same specification as reflected in the full refurbished specification for these six care homes. In particular, does Surrey require all residents placed in private care homes to have en-suite bathrooms - as this requirement in particular underpins the cost estimates used for refurbishment, which is used to argue for these care homes to be closed?

Why was the value of respite, re-enablement and day care being not fully reflected in assessment of the level of utilisation of these six care homes, or the added-value of these services being combined with residential care being reflected in the assessment of the quality of care provided in these six care homes?

Response

The information provided during the consultation sets out the requirements that contributed to the estimated refurbishment costs. These encompass a wide range of factors and are not limited to or underpinned by en-suite facilities.

The focus of this process has been ensuring that services provide dignified care, appropriate to the changing level of need, for Surrey residents now and in the future. It has also been recognised that level of disruption for residents during a refurbishment or rebuild would be high due to temporary moves. In line with the Council's long term strategic vision, it is more appropriate to consider other models of service delivery.

The average level of use of service in the homes can be found at Annex 2 of the Cabinet report and includes average use of Day Care, Reablement and short stay services. These services and potential alternative provision have been considered throughout the process.

(4) Impact of Choice and Benchmarking Quality across Surrey Residential Care Contracts

How can Cabinet ensure the people of Surrey that the closure of these facilities would not have the adverse impact on choice for elderly residents and their families?

How can the Council ensure that the same investment in stable management is provided in privately run care home alternatives when, Merrick Park for example, one such privately run care home which could have been used as alternative provisioning, has just been closed down.

How can Council ensure value-for-money for the private sector with the same degree of assurance without the hands-on experience and grasp of costs that comes from running the same services in-house?

Given that 91% of funded residential placements made by Council are already within the independent sector, why does Cabinet not consider the maintenance and expansion of alternative care options to be a priority for elderly residents and families in Surrey?

Response

The Adult Social Care Commissioning Strategy for Older People 2011 – 2020, and supporting Market Position Statement for Older People's services, outlines Surrey County Council's vision as to what services it needs to commission to ensure services provided deliver dignified and flexible solutions and meet future needs in appropriate settings including the community.

Whilst the Council acknowledges that what happened at Merok Park is a possibility in the future, it is not a frequent occurrence, and homes that close, or have been deemed inadequate, represent only a fraction of the number of independent care homes in Surrey. All residential and nursing care provision, regardless of who provides it, is subject to the same Care Quality Commission (CQC) standards and inspection. One of CQC's key lines of enquiry is that a service is 'Well led'; covering management and leadership. The Council is committed to quality services which deliver dignified care across all sectors.

In the past year, 263 residential care placements and 857 nursing placements have been arranged in the independent sector, highlighting the ability to commission services at rates agreeable to the council.

(5) Timing

Why has the Council chosen to consider this report at this particular time rather than wait until the full impact of the new Care Act is known?

Response

The potential impact of the Care Act 2014 across adult social care is recognised, but will not affect the key reasons for the recommendations: changing demand for residential care, the increasing complexity of people's needs when referred and the current challenges to delivering dignified care.

In the further work to explore alternative models of delivery of adult social care services for each site, the impact of the Care Act will continue to be taken into account.

Mr Mel Few
Cabinet Member for Adult Social Care
10 March 2015

RESPONSES TO PETITIONS

The Petition concerning 'Save the Surrey 6 Care Homes'

It states: 'We the undersigned agree with the following statement.

Save the Surrey 6 care homes and re-develop them to provide the best care for the elderly community in Surrey'

Submitted by Mr Frank Minal on behalf of GMB

Signatures: 130

The Petition concerning 'Save Our Elderly Care Homes'

It states: 'We call on Surrey County Council to invest in the redevelopment and refurbishment (or rebuilding) of its six remaining in-house elderly care homes. Brockhurst in Ottershaw, Cobgates in Farnham, Longfield in Cranleigh, Dormers in Caterham, Park Hall in Reigate and Pinehurst in Camberley. We do not accept the rationale for closure of any of these homes. The quality and level of care in these homes is outstanding. What is needed is the political will to invest in their modernisation - not to close them.'

Submitted by Mr Paul Couchman on behalf of Save Our Services

Signatures: 4373

The Cabinet's response

Thank you for the petitions in support of the statements outlined above.

The decision to make the recommendations in today's Cabinet report has not been taken lightly. The recommendations include the closure of the six remaining in-house older people's residential care homes and find suitable alternative services for all current users in each of these homes.

The change in demand for residential adult social care services place the future viability of the six homes in doubt. This change in demand has been the main focus of the service along with the need to deliver quality, dignified care to older people, often with multiple complex needs.

In finalising the recommendations the validity of the four options proposed during consultation has been reviewed.

The reasons for the recommendations are:

- The demand for residential care for older people is changing as is their preference, with support, to continue living at home.

- Optimum occupancy cannot be achieved in any of these homes due to the building limitations, which in part leads to low occupancy and higher staffing levels. This makes the delivery of the services unsustainable.
- It will remain difficult to accept the range of referrals and complexity of need currently being received unless the current facilities are restructured to the modern standards identified for dignified care delivery. To convert these homes would require multiple moves for the residents which is not best practice and would not necessarily result in a satisfactory conclusion.
- 91% residential placements made by the council are made in the independent sector. There is a diverse independent care sector in Surrey offering quality services. The council has an ongoing relationship working with the sector to ensure responsiveness to commissioning intentions. In the last year the council placed 263 people in residential care and 857 in nursing care in independent sector provision. It has also had high utilisation of its 905 block placement residential care beds. Investment in the council homes, either by refurbishment or reconfiguration, does not compare favourably, nor provide best value, with commissioning existing alternative provision in the independent sector.

Should a decision be taken to close a home, any future use of that asset for Adult Social Care or the local community will need to be carefully assessed.

Mr Mel Few
Cabinet Member for Adult Social Care
10 March 2015

**MINUTES OF THE MEETING OF THE CABINET
HELD ON 24 MARCH 2015 AT 2.00 PM
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,
SURREY KT1 2DN.**

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

Members:

*Mr David Hodge (Chairman)	*Mr John Furey
*Mr Peter Martin (Vice-Chairman)	* Mr Mike Goodman
*Mrs Mary Angell	*Mr Michael Gosling
*Mrs Helyn Clack	*Mrs Linda Kemeny
Mr Mel Few	*Ms Denise Le Gal

Cabinet Associates:

*Mr Steve Cosser	*Mrs Kay Hammond
*Mrs Clare Curran	*Mr Tony Samuels

* = Present

**PART ONE
IN PUBLIC**

51/15 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Mr Few.

52/15 MINUTES OF PREVIOUS MEETING: 24 FEBRUARY 2015 AND 10 MARCH 2015 [Item 2]

The minutes of the meetings held on 24 February and 10 March 2015 were confirmed and signed by the Chairman.

53/15 DECLARATIONS OF INTEREST [Item 3]

There were none.

54/15 PROCEDURAL MATTERS [Item 4]

1 MEMBERS' QUESTIONS [Item 4a]

No questions from Members were received.

55/15 PUBLIC QUESTIONS [Item 4b]

A question from Mr Crews was received. The question and the response is attached as Appendix 1.

Mr Crews asked a detailed supplementary question which the Cabinet Member for Environment and Planning said would receive a response outside the meeting.

56/15 PETITIONS [Item 4c]

No petitions were received.

57/15 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]

No representations were received.

58/15 REPORTS FROM SELECT COMMITTEES, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]

Council Overview and Scrutiny Committee:

- (i) Recommendations relating to the Carbon and Energy Policy 2015 – 2019. The response from the Cabinet Member for Environment and Planning is attached as Appendix 2.
- (ii) Recommendations relating to Budget Monitoring. The response from the Leader of the Council is attached as Appendix 3.
- (iii) Recommendations relating to the Digital Transformation Progress Update. The response from the Cabinet Member for Business Services is attached as Appendix 4.

59/15 MEDIUM TERM FINANCIAL PLAN 2015 - 2020 [Item 6]

The Leader said that in February, the Cabinet had approved the Council's five year corporate strategy *Confident in Surrey's future* and that the overall budget and council tax precept for 2015/16 and indicative budgets for the following four financial years had been set at the full County Council meeting.

He said that before Cabinet today was the Medium Term Financial Plan (MTFP) 2015 – 2020, which set out the detailed service strategies that would deliver the overall corporate strategy, together with the detailed revenue and capital budgets for 2015/16 and indicative budgets for 2016/17 to 2019/20. These budgets included fees and charges, grant changes in the Final Local Government Settlement and the Equality Impact Assessment (EIA) of the savings proposals.

He also confirmed that the Council's strategy was focused on working in the long-term interests of Surrey and making sure residents remained healthy, safe and confident about their future and that the Council would concentrate on providing lasting support to those who needed it, supporting economic growth and ensuring residents get excellent, value for money services.

He was delighted to inform the Cabinet that savings of over £257m had been made in the past four years, and that the Council was forecast to make over £73m this year.

Finally, he said that the corporate goals would be achieved even though the Council faced huge financial pressures – in particular, rising demand for school places and adult social care and this would be achieved by:

- continuing to find new ways of doing things better,
- continuing to work with others to transform services and
- continuing to seek more devolved funding and powers.

The Leader of the Council invited each Cabinet Member to comment on the MTFP and the accompanying EIAs for their portfolios. They made the following points:

(i) **Deputy Leader:** He highlighted the four savings proposals that had been identified as requiring an EIA in the Chief Executive's service:

- the cross cutting communications review
- re-structure of libraries' staff
- reduction in the contingency budget for by-elections
- 5% reduction in the Policy and Performance Service

(ii) **Cabinet Member for Highways, Transport and Flooding** made the following points:

- That Highways had a good year, helped by the clement winter weather
- The aims and objectives for this service remained the same as last year, namely to keep Surrey's road network safe - Project Horizon was helping to deliver this objective
- Continued support for economic prosperity for residents and businesses
- That pro-active partnerships in Surrey were excellent
- Thanked officers for achieving financial savings in what had been a difficult year
- That EIAs had been undertaken for those confirmed savings that had been deemed as requiring one

Mr Harmer, Chairman of the Environment and Transport Select Committee had asked to speak on this item and said that his select committee had undertaken a detailed review of this service's budget. It was his opinion that £200K could be transferred from the streetlighting budget into winter maintenance, to create a 'reserve' pot of funding for severe weather emergencies. He also suggested that the process of involving select committees in budget scrutiny could be improved by reducing the number of briefings and having more confidential detailed analysis of the budgets following the February Council Budget meeting.

On the proposed virement of part of the streetlighting budget, the Cabinet Member's response was that it would either be considered alongside the carry forward requests – to be considered by Cabinet in April or at the MTFP refresh in July.

The Leader of the Council said that he always encouraged select committee chairmen to challenge the budget process. However, he considered that Member briefings were important to clarify the Council's direction of travel and could be used to form a basis to challenge the budget proposals in detail.

(iii) **Cabinet Member for Environment and Planning** drew attention to the following:

- The EIAs for this service: (i) Kerbside Improvement Programme, (ii) Environment and Infrastructure – future staff restructure, and (iii) joint healthcare waste collection and disposal contract
- Thanked officers for the excellent work undertaken this year
- Highlighted working with Surrey's 11 Boroughs and Districts on the Local Plans and strategic infrastructure
- Stated that by working with partners, one of the key goals would be to reduce household waste costs, develop waste processing and commence construction of the Eco park
- To achieve financial savings of £6.4m, including £2m savings from the Local Transport Review

(iv) **Cabinet Member for Children and Families** said that:

- Within the Children, Schools and Families Directorate, there were 7 savings proposals for 2015/16, of which 2 required EIAs: (i) Services for Young People, and (ii) ESG reduction and contract reduction
- Of the £96m gross revenue expenditure for 2015/16, £42.9m was allocated for Looked After Children and £22.5m for referral, assessment and care management
- Safeguarding continued to be a key priority for the service
- Support for the Early Help approach was crucial to the prevent escalation of need
- Increased number of children were on Child Protection Plans and also there were increasing numbers of young people with multiple complex needs
- There was work to extend the number of foster placements within Surrey, thereby minimising placing children in out of county foster care

(v) **Cabinet Associate for Adult Social Care (in the absence of the Cabinet Member for Adult Social Care)** made these points:

- That there were significant financial challenges for this service to achieve but that he was satisfied that the MTFP provided a sensible base to take those challenges forward
- The Council had received additional Government funding to help with the implementation of the Care Act. However, it was unlikely that the changes would be fully funded by Government
- Adult Social Care had met most of its savings targets. However, going forward achievement of further savings would require collaboration with Health partners
- The Directorate had identified 27 planned savings for 2015/16 – these had been grouped into five themes and an EIA had been undertaken for each of the themes

- Finally, he thanked staff in the service for meeting the financial challenges

(vi) Cabinet Associate for Children, Schools and Families said:

- That one of the key actions for Services for Young People in 2015/16 was to create opportunities for all 16/17 year olds in Surrey to participate in education, training or employment
- Also, the service needed to make savings of £2.6m from its budget in the forthcoming financial year and would adopt a business development strategy to help achieve the savings. An EIA had been completed, which set out nine points on how the savings would be achieved. It also included an action plan, which set out the action needed to maximise positive impact or mitigate any negative impact

(vii) Cabinet Member for Schools and Learning said that there were five key actions for 2015/16, which would support the Council's three corporate strategy goals:

- To deliver of £2.7m of savings from the Early Years budget
- To continue to work with Property and Planning to deliver an additional 2800 school places for September 2015 and that, despite receiving additional funding from Government, the Council was still expecting that there would be a funding shortfall for this provision
- To improve the educational outcomes for Surrey children – she reported that excellent progress had been made in the last few months
- To implement a special educational needs and disabilities strategy and action plan, which it was hoped would reduce costs by £4m by the end of 2015/16
- To improve educational outcomes for vulnerable groups
- Finally, she said that the Council would also be looking at possible savings within the Home to School Transport budget.

(viii) Cabinet Member for Community Services made these points:

- The aim of this service was to provide a range of relevant services which were needed by Surrey residents
- Within Culture Services, savings may be generated by staffing re-structures - there would be a consultation period during the summer, with a report in January 2016 detailing options
- That she was pleased to report the new joint arrangements with Buckinghamshire County Council re. the Trading Standards Services and the new joint committee would meet for the first time on 1 April 2015
- That the new Coroner's Court in Woking was operational and it was hoped that it could also be used to generate income for the County
- This year, the service was involved, in conjunction with the National Trust, with the Magna Carta anniversary programme

- Two savings proposals, within Customer and Communities Directorate had been identified as requiring an EIA. These were: (i) the reduction in Directorate Support staff and (ii) the removal of Local Committee Capital Allocations. The EIAs had been completed and had set out the challenges and mitigating action required.

(ix) Cabinet Associate for Fire and Police Services said:

- That none of the five separate initiatives put forward to deliver savings in 2015/16 required EIAs because they were continuation of previous identified savings
- She highlighted the excellent preventative work that Surrey Fire and Rescue (SF&R) was doing to keep Surrey's residents safe
- That the Public Safety Plan would be refreshed and would be considered and approved by Cabinet by April 2016

(x) Cabinet Member for Public Health and Health and Wellbeing Board made these points:

- There had been a large increase in the Public Health Budget this year, due to the County Council taking over responsibility for the 0-5 programme from the NHS this year
- Congratulated Health staff for the successful integration into working within the County Council
- That the Council had inherited contracts which needed to be re-tendered later this year and it was hoped that savings and better Value for Money could be achieved

(xi) Cabinet Member for Business Services drew attention to:

- Table 2 in the covering report, which set out the numbers of Full time equivalent (FTE) staff in Surrey
- Highlighted the challenges for the Finance Service in 2015/16, including the lack of a Comprehensive Spending Review beyond 2015/16
- Within HR, she said that the service would be reviewing the way that the Council paid and rewarded staff to support attraction and retention of talent
- That the key action in IMT was to deliver the IMT infrastructure to ensure that the Council's local and regional partnerships worked successfully to deliver efficiencies
- Key actions for other services included: (i) the launch of a new shared legal service across Surrey and East Sussex County Councils, (ii) fighting fraud and error to deliver financial benefits and to ensure that there was correct use of public money, (iii) delivery of school places

Drawing the discussion on the MTFP for 2015 – 2020 to a conclusion, the Leader of the Council drew attention to Table 3 in the covering report and said that 40% of the Council's capital expenditure in 2015/16 had been allocated to Schools Basic Need. He also considered that the inclusion of Table 2, the FTE numbers had been helpful and also drew attention to the paragraphs in the report relating to Treasury Management.

Finally, before asking Cabinet to vote on the recommendations, he referred to recommendation (3) and informed Members that by providing this funding for Brooklands Motor Museum, it had helped the museum to secure a £4.7m Heritage Lottery Grant.

RESOLVED:

1. That the 2015/16 service strategies that will deliver the Corporate Strategy 2015-20, as set out in Annex 1 to the submitted report, be approved.
2. That the detailed service revenue and capital budgets for the years 2015/16 and indicative budgets for 2016-20, including amendments resulting from the final Local Government Financial Settlement and other Government funding changes announced since 10 February 2015, as set out in Annex 1 to the submitted report, be approved.
3. That the match funding of the Brooklands Motor Museum contribution totalling £225,000 over five years, as set out in paragraph 18 of the submitted report, be approved.
4. That the initiative to increase volunteering from the New Models of Delivery Budget, costing £75,000 in 2015/16 and also in 2016/17, as set out in paragraph 19 of the submitted report, be approved.
5. That the publication of the service revenue and capital budgets as the Medium Term Financial Plan 2015-20 be approved.
6. That the fees & charges approved under delegated powers be endorsed and other fee and charge proposals, as set out in Annex 2 of the submitted report, be approved.
7. That the Equality Impact Assessment of the savings proposals within the directorate and service budgets, as set out in Annex 3 to the submitted report be noted.

Reasons for Decisions:

The 2015–20 MTFP is a five year budget that is aligned to the Corporate Strategy. It reflects assumptions about the current local and national financial, economic and political environment. The setting of a five year budget is a key element of the Council's multi-year approach to financial management. Regular reporting through the year will enable progress to be effectively tracked and managed.

The Corporate Strategy 2015-20 sets out the Council's key strategic goals of wellbeing, economic prosperity and residents' experience. The service strategies provide the detail on the goals and actions to achieve these strategic goals.

60/15 FINANCE AND BUDGET MONITORING REPORT FOR FEBRUARY 2015 [Item 7]

The Leader of the Council presented the budget monitoring report for month eleven of 2014/15, the period up to 28 February and said that the forecast revenue position was an underspend of £13.4m at year end. This was an improvement on January's forecast outturn of £7.9m underspend and included £6.2m of spending on planned service commitments that would continue beyond 2014/15.

He also said that the efficiencies forecast was £73.8m, up from £72.7m at 31 January. This was the fifth consecutive year that the Council had delivered over £60m of savings for Surrey residents and he thanked the Chief Executive, Strategic Directors and the S151 officer for their outstanding efforts which had resulted in achieving these savings.

He drew Cabinet's attention to the three items for their approval - the first being to use £22,362 of uncommitted Member allocations to make a grant to the Surrey Save Credit Union.

As he had said, at previous Cabinet meetings, the Council continued to face demand growth and funding reductions and had four key drivers to ensure sound governance to manage the finances and provide value for money.

These were:

1. Keep any additional call on the council taxpayer to a minimum

Currently, the end of year revenue forecast was for services to underspend by £13.4m and he believed that Cabinet's commitment to tight financial management and the actions of managers would make 2014/15 the fifth consecutive year that there would be a small underspend or a balanced budget.

2. Continuously drive the efficiency agenda

That, at the end of February, services forecast delivering efficiencies of £73.8m against a target of £72.3m and of these forecast efficiencies, over 94% were already achieved or on track.

3. Develop a funding strategy to reduce the council's reliance on council tax and government grant income.

That reducing reliance on government grants and council tax was key to balancing the Council's budgets over the longer term and the Revolving Infrastructure and Investment Fund had invested £6.7m so far this year and forecast delivering £0.4m net income.

4. Continue to maximise our investment in Surrey

Finally, he said that the Council's capital programme not only improved and maintained the Council's services, it was also a way of investing in Surrey and generating income for the Council and he stressed the importance of the Council doing everything it could to support Surrey businesses.

and future generations, as well as achieving value for money for residents today. Energy management was one of several ways that the County Council was bearing down on its operational costs to ensure more money goes to front line services, whilst ensure statutory responsibilities in this area were fulfilled.

He gave a detailed explanation of the way forward to 2019 and said that the policy set a target of 10% reduction in carbon emissions by 2019 against a 2013/14 baseline. He also considered that there were sound business cases in place to secure the necessary funding.

Finally, he said that one of the next steps would be a joint working partnership with Boroughs and Districts.

RESOLVED:

1. That the proposed Carbon and Energy Policy, as set out in Annex A to the submitted report, be approved.
2. That an action plan be developed, further to the policy's outline action plan, as set out in Annex A, section 7 to the submitted report, to implement the policy and deliver the carbon emissions reductions and associated cost savings.
3. That the Cabinet Member for Environment and Planning works in partnership with Surrey Boroughs and Districts to develop opportunities for joint working to reduce carbon emissions and energy costs of the public sector.

Reasons for Decisions:

Implementing the Carbon and Energy Policy will support the Council's aims, including providing improved cost control and value for money, demonstrating community leadership in relation to carbon emissions reduction and achieving wider benefits for Surrey's local economy and environment.

62/15 SURREY TRANSPORT PLAN - BOROUGH / DISTRICT LOCAL TRANSPORT STRATEGIES AND FORWARD PROGRAMMES (TRANCHE 1 AND 2) [Item 9]

The Cabinet Member for Highways, Transport and Flooding said that this report presented the outcomes of the development of eight Local Transport Strategies and Forward Programmes (LTS & FP) and made recommendations that the Cabinet endorsed the Local Transport Strategies and Forward Programmes as part of the Surrey Transport Plan, for ratification at the next County Council meeting.

He said that these strategies were important to the sustainability of Surrey's economy and had been produced in tranches. Tranche 1 and 2 have been completed. Tranche 3, comprising strategies for the three remaining Districts and Boroughs (Waverley, Runnymede and Guildford), would be produced as and when the relevant Local Plans were developed, so that the strategies captured the outcomes of the Local Plans and addressed their development aspirations.

The strategies were 'live documents' which would be updated at regular intervals to ensure they remained relevant and current. They had been developed in partnership with colleagues in Boroughs and Districts and on approval, they would become part of the Surrey Transport Plan and may be used as crucial evidence for future funding applications, such as Local Enterprise Partnerships.

The Cabinet Member for Environment and Planning praised the commitment of officers who had compiled these strategies and forward programmes – he considered that it was an excellent piece of work.

RESOLVED:

- (1) That Tranche 1 & 2 of the Local Transport Strategies and Forward Programmes and their suggested objectives be approved for:
 - Elmbridge
 - Epsom and Ewell
 - Mole Valley
 - Reigate and Banstead
 - Spelthorne
 - Surrey Heath
 - Tandridge
 - Woking

- (2) As part of the Surrey Transport Plan, the Local Transport Strategies and Forward Programmes be endorsed by Cabinet, for ratification by full Council.

Reasons for Decisions:

Delivering the Local Transport Strategies will support the County Council's priorities to promote sustainable economic growth and secure investment in infrastructure. The Local Transport Strategies will benefit Surrey residents and businesses by accommodating sustainable population growth, helping to boost the economy and limit the impact of transport and development on the environment.

The strategies adhere to using a place-based approach to plan for future sustainable economic growth and address existing problems on the network. By considering issues locally, the transport strategies have been able to identify issues which residents feel most affect them in each District and Borough.

The Local Transport Strategies and Forward Programmes also support the Environment & Infrastructure priorities, specifically Themes 1, 2 and 4.

63/15 CHILDCARE SUFFICIENCY ASSESSMENT (CSA) [Item 10]

The Cabinet for Schools and Learning said that the content of the report on the sufficiency of childcare and early education places for children under five years, and for school aged children was for noting due to the Children and Families Act 2014 placing a duty to report this annually to elected Members and to make the report available and accessible to parents.

She said that most childcare in Surrey was delivered via the private, voluntary and independent sector and that the County Council's Early Years and Childcare Service supported the development of new provision in areas of need. She drew attention to the Childcare Sufficiency Assessment 2014, which set out pre-school penetration rates in Surrey by ward, and said that this document would shape the future of the childcare service in Surrey.

In view of the feedback from parents, in relation to the affordability of childcare, considered the main barrier for all parents from using childcare and particularly for those on lower income, Members asked about funding. They were informed that in order to ensure that there were sufficient places, particularly in areas of greatest need, the Council had allocated the Early Years Childcare Service over £4m.

RESOLVED:

That the content of the Childcare Sufficiency Assessment report (CSA) be noted.

Reasons for Decisions:

The 2006 Childcare Act places a duty on Local Authorities (LAs) to make sure there are sufficient childcare places of high quality for parents that need them to allow them to work or to train. There also needs to be sufficient services for parents of eligible children to take up their offer of free early education, even for parents who are not working or training. Department for Education (DfE) Early Education and Childcare, statutory guidance for local authorities (September 2014) states that to secure sufficient childcare places, we should take account of the local childcare market, and the Children and Families Act 2014 places a duty to report annually to elected council members on how we are meeting this duty and to make the report available and accessible to parents.

64/15 ST FRANCIS CATHOLIC PRIMARY SCHOOL, CATERHAM [Item 11]

The Cabinet Member introduced the report, saying that this was the first of three school expansions on today's agenda, which would create an additional 400 primary school places in Surrey. She said that the Local Authority had a statutory obligation to provide sufficient school places to meet the needs of the population and there was also a demonstrable need to provide more catholic places in this area.

She referred to the Ofsted judgement of June 2014 for this school but said that she was satisfied that effective action to address the areas requiring improvement was underway.

The Leader of the Council expressed concern about the access road to the school and the proposed mitigating measures which has also been discussed at a recent Tandridge Local Committee meeting. He asked the Director of Legal and Democratic Services to clarify ownership of this access loop road.

RESOLVED:

That, subject to the agreement of the detailed financial information for the expansion as set out in the submitted Part 2 report, the business case for the provision of an additional 0.5 Form of Entry (105 places) primary places in Caterham be approved.

Reasons for Decision:

The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Caterham area.

65/15 THE GREVILLE PRIMARY SCHOOL, ASHTEAD [Item 12]

The Leader of the Council invited Mr Townsend, local Member for Ashtead to speak on this item. He began by stating that there were massive issues about the provision of primary school places in this area. He said that he was not against the expansion of this school but was concerned about the mitigation aspects and he also drew attention to the consultation process.

The Cabinet Member for Schools and Learning welcomed his comments and said that she knew this school and had attended local residents' meetings. She said it was a school currently rated 'Good' by Ofsted and that it was popular with parents. She acknowledged that the expansion would create a large primary school of 660 primary places, which would help meet the basic need requirements in the Ashtead area from September 2015.

She also informed Cabinet Members that the local catholic primary school was also being expanded to create additional faith places in the area.

It was agreed that mitigation and highways issues would be discussed within the Part 2 section of the meeting.

RESOLVED:

That, subject to the agreement of the detailed financial information for the expansion as set out in the submitted Part 2 report, the business case for the provision of an additional 1 form of entry (210 places) primary places in Ashtead be approved.

Reasons for Decision:

The school is a vital part of the Council's education offer in the local area. Increasing the number of school spaces within Ashtead is essential to ensure that the County Council performs its statutory duty of educating all resident pupils who request a school place.

66/15 MANBY LODGE INFANT SCHOOL, WEYBRIDGE [Item 13]

This report requested the approval of the Business Case for the expansion of Manby Lodge Community Infant School, from a two form of entry infant (180 places) to a three form of entry infant school (270 places), was presented by the Cabinet Member for Schools and Learning. She informed Cabinet that the creation of 90 additional places in Weybridge would help meet the basic need

requirements in the Weybridge area from September 2016. This would be a major, phased building project which involved demolition and rebuilding of the oldest part of the school. She also explained the reasons why other schools in the area had been discounted from the expansion.

The Leader of the Council asked if there was any possibility of re-modelling the new building to put the playground on the roof, thereby giving the opportunity to further expand the school.

RESOLVED:

That, subject to the agreement of the detailed financial information for the expansion as set out in the submitted Part 2 report, the business case for the provision of an additional form of entry, (210 places) at Manby Lodge Infant School, in Weybridge be approved.

Reasons for Decisions:

The proposal supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Weybridge area.

67/15 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 14]

RESOLVED:

That the decisions taken by Cabinet Members since the last meeting, as set out in Annex 1 of the submitted report, be noted.

Reasons for Decisions:

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

68/15 EXCLUSION OF THE PUBLIC [Item 15]

RESOLVED 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 paragraph 3 of Part 1 of Schedule 12A of the Act.

PART TWO – IN PRIVATE

THE FOLLOWING ITEMS OF BUSINESS WERE CONSIDERED IN PRIVATE BY THE CABINET. SET OUT BELOW IS A PUBLIC SUMMARY OF THE DECISIONS TAKEN.

69/15 ST FRANCIS CATHOLIC PRIMARY SCHOOL, CATERHAM [Item 16]

This Part 2 report contained the financial and value for money information which related to item 12.

Concern was expressed about the highways works due to be undertaken as a result of the proposed expansion of this school. Whilst it was noted that the highways improvements would benefit the adjoining Audley Primary School and Sunnydown SEN School, clarity was requested in relation to the ownership of this road.

RESOLVED:

1. That the business case for the project to expand St Francis Catholic Primary School by 105 places, at a total estimated cost, as set out in the submitted report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Strategic Director for Business Services, in consultation with the Cabinet Member for Schools and Learning, the Cabinet Member for Business Services and the Leader of the Council be approved.

Reasons for Decisions:

The proposal delivers and supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Carerham area.

70/15 THE GREVILLE PRIMARY SCHOOL, ASHTEAD [Item 17]

This Part 2 report contained the financial and value for money information which related to item 12.

Mr Townsend, Local Member for Ashtead also spoke on this item, the part 2 annex relating to the Greville Primary School. He informed Cabinet that the expansion of this school would be considered by the Council's Planning and Regulatory Committee on 25 March 2015 and requested assurance that if further mitigating factors came to light, that there would be funding available for them.

RESOLVED:

1. That the business case for the project to expand The Greville Primary School by 210 places, at a total estimated cost, as set out in the submitted report, be approved.
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Strategic Director for Business Services, in consultation with the Cabinet Member for Schools and Learning, the Cabinet Member for Business Services and the Leader of the Council be approved.

Reasons for Decisions:

The proposal delivers and supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Ashtead area.

71/15 MANBY LODGE INFANT SCHOOL, WEYBRIDGE [Item 18]

The Cabinet Member for School and Learning commended this Part 2 report, which contained the financial and value for money information relating to item 13.

Following a discussion about the proposed design and whether the option of increasing the schools size further could be achieved by putting the playground on the roof of the new building, it was agreed to amend recommendation (1) to ask officers to investigate this proposal.

RESOLVED:

1. That the business case for the project to expand Manby Lodge Infant School by 90 places, at a total estimated cost, as set out in the submitted report, be approved. However, it was agreed that officers would consider a redesign of the building so see whether increased numbers of children could be accommodated at this school
2. That the arrangements by which a variation of up to 10% of the total value may be agreed by the Strategic Director for Business Services, in consultation with the Cabinet Member for Schools and Learning, the Cabinet Member for Business Services and the Leader of the Council be approved.

Reasons for Decisions:

The proposal delivers and supports the Authority's statutory obligation to provide sufficient school places to meet the needs of the population in the Weybridge area.

72/15 PROPERTY TRANSACTIONS [Item 19]

Acquisition of a long leasehold interest of warehouse premises in Southampton

The Investment Strategy agreed by Cabinet in July 2013 was developed in response to the requirement for the Council to maintain its financial resilience in the longer term. In facilitation of the strategy, Cabinet approved the business case for the creation of a Property Company and associated subsidiaries in May 2014 in order to achieve a balanced property portfolio to generate an income to the council.

The Cabinet Member for Business Services highlighted the key points of this acquisition by the Councils property company and commended the recommendations to Cabinet.

The Cabinet Member for Public Health and the Health and Wellbeing Board requested that his vote against the acquisition was recorded.

RESOLVED:

1. That equity investment and a long-term loan to the County Council's wholly owned property company, for the amount stated in the submitted report be agreed
2. That Legal Services be authorised to agree appropriate contractual arrangements for the provision of financing on behalf of the Council, with funds to be released upon the completion of appropriate due-diligence in relation to the property acquisition.
3. That the County Council's wholly owned property company be authorised to acquire the long leasehold interest on a property on the Nursling Industrial Estate, Southampton for a purchase cost, including associated costs, as set out in the submitted report.

Reasons for Decisions:

The provision of financing to the Council's property company to facilitate the proposed investment acquisition is in accordance with the Council's Investment Strategy. The investment will deliver an ongoing income to the Council, enhancing financial resilience in the longer term.

73/15 PUBLICITY FOR PART 2 ITEMS [Item 20]

That non-exempt information relating to items considered in Part 2 of the meeting may be made available to the press and public, if appropriate.

[Meeting closed at 4.10pm]

Chairman

Public Question

Question from Peter Crews:

I refer to your written answers to my questions to the Cabinet on 24 February 2015. You state that the costs will include 'optimism bias adjustments'. Optimism bias adjustments are used in pre-feasibility and feasibility studies when firm costs have yet to be obtained. The Charlton Lane project has passed the tender stage and you should by now have firm costs for most of the capital, operational and maintenance works. I would have expected that you would now be estimating your project contingency sum using the Monte Carlo method. Please would you confirm whether optimism bias adjustments are still being used and, if so, what is the level of confidence attached to the adjustments which have been made?

Reply:

It is correct to assume that the costs of the Eco Park within the contract with SITA are now largely fixed and not subject to optimism bias. However, the two options being considered, which are being evaluated over a 25 year period, both include elements, where costs are not fixed, for example, merchant energy from waste and landfill costs beyond any current contractual arrangements and operational costs beyond the end of the SITA contract. Therefore, it is appropriate to apply a degree of risk adjustment to both options. We will continue to take advice from our specialist advisors on the appropriate treatment of risk but as the options analysis is not yet complete, we currently do not have the specific information that you have asked for.

**Mr Mike Goodman
Cabinet Member for Environment and Planning
24 March 2015**

CABINET RESPONSE TO COUNCIL OVERVIEW AND SCRUTINY COMMITTEE

**CARBON AND ENERGY POLICY FROM 2015 TO 2019
(considered by COSC on 29 January 2015)**

COMMITTEE RECOMMENDATIONS:

That:

- (a) the Cabinet reviews the targets set out in the Carbon and Energy Policy to ensure they are appropriately ambitious, and then adopts the policy.
- (b) the Council carries out a staff awareness campaign to highlight the costs and CO₂ emissions associated with current energy use and encourage the efficient use of energy.

RESPONSE:

(a) Ambition of the target

Further consideration has been given to the ambition of the target for a 10% net reduction in emissions.

The Council faces a number of challenges in delivering absolute emissions reductions including growth pressures from schools expansion to meet additional needs, increasing IT requirements; whilst at the same time facing reductions in government funding and the need to ensure acceptable rates of return on investment to the council. Further to this, the Council is changing its approach to financing energy efficiency measures in schools and in the future more schools will need to take on debt financing to deliver carbon savings (with associated cost savings funding the repayments) and subsequently delivering savings.

A 10% net emissions reduction is a challenging target for the Council in this context. Progress against the target will be subject to detailed review in Autumn 2016, considering emissions reductions in 2014/15 and 2015/16 since the 2013/14 baseline year, with a view to setting a higher target for the remaining period, if this can continue to deliver both carbon and cost benefit to the County Council.

(b) Staff awareness campaign

Work is now underway to launch and implement a staff awareness campaign to ensure we are using energy as efficiently as possible. This has included research into best practice in other organisations and assessing the opportunities for staff actions to influence energy consumption and the scale of benefit of behaviour change, in relation to the wide range of building structures and management systems in operation across the council's estate.

A campaign will be launched in spring 2015, involving the use of S-net and other communications channels, as appropriate to the target audience.

Mike Goodman
Cabinet Member for Environment and Planning
24 March 2015

Page 220

CABINET RESPONSE TO COUNCIL OVERVIEW AND SCRUTINY COMMITTEE

**BUDGET MONITORING
(considered by COSC on 4 March 2015)**

COMMITTEE RECOMMENDATIONS:

On 4 March 2015, the Committee received a verbal response from the Deputy Chief Finance Officer on the recommendations put to Cabinet. The Committee considered the response, and agreed to restate the following recommendations, with particular emphasis on the section in bold:

(b) That a Resource Allocation Rate of 75% be applied to the Friends, Family & Community Support programme in order to maximise the chances of exceeding the required full-year savings of 20%.

and

(h) That any reduction in the number of Children's Centres required to achieve the Early Years Service savings be not in **an area of significant deprivation or where necessary support is provided.**

RESPONSE:

The responses to the COSC recommendations set out in Annex 1 are as follows:

- (b) The 20% reduction in the Resource Allocation System is a 'stretch target'. This is a period of much change for the adult social care service and other factors will affect its success. Increasing the reduction target by a further 5% would not be a realistic target for the service to achieve.
- (c) Securing more Continuing Healthcare support for affected clients to reduce social care costs is a key aspect of the service's policy. The creation of the Clinical Commissioning Groups (CCGs) that have replaced the Primary Care Trusts has led to previously agreed processes having to be re-worked and agreed. To this end, a central CHC team has been created, funded through an Invest to Save bid, and a new senior manager is being appointed with the task of leading the negotiations with the CCGs.
- (d) A thorough review of energy cost inflation has led to a reduction of the assumption from 10% to 8%, leading to a further £90,000 saving in the Property Services budget. These assumptions will be periodically reviewed to ensure that the impact of any further market changes are captured in planning assumptions.
- (e) Officers have made a further review of the self insurance fund contribution. The new insurance contracts require that the Council insures the first £500,000 of any single claim to be self insured – an increase from £100,000. This has led to a significant saving on the premiums. Any further reduction in the contribution to the self insurance

fund will have to be considered following consideration of the impact of this increased self insurance limit. The triennial actuarial review is due in March 2016, and this would be an appropriate time to re-examine the level of contributions to the fund.

- (f) Officers have commenced work on investigating the SEND transport costs. This will be an area that is scrutinised further as a part of the summer refresh of the MTFP and the general 2016-21 business planning.
- (g) Third party funding and contributions are always considered and sought at the planning stage. The relationship with the District or Borough is vital for securing further funding through CIL.
- (h) The business case for the closure of Children's Centres is still being developed. The recommendations from this will form part of a future Cabinet report.
- (i) The savings targets for Early Years and Services for Young People in the MTFP were carefully considered as part of the 2015/20 business planning process. The Directorate wide budget and most other opportunities for savings were explored. However, given the level of savings required and the timings, these areas were considered to be the most appropriate.
- (j) The ring-fenced reserve was established two years ago as part of a multiyear approach to managing the rising cost of child protection referrals. This has been used to support the Children's Service budgets over the past three years and there has also been a base budget increase of £1m in 2015/16 to address this specific pressure on-going.
- (k) and (l) The savings targets for the Highways service in the MTFP were carefully considered as part of the 2015/20 business planning process. A number of opportunities for savings have been explored within the service and in the Select Committee review process. However, given the level of savings required and the timings, these areas were considered to be the most appropriate.

The Environment and Transport Select Committee will continue to work with the service on identify ways in which to minimise the impact of savings on service delivery and priorities.

David Hodge
Leader of the Council
24 March 2015

**CABINET RESPONSE TO COUNCIL OVERVIEW AND SCRUTINY
COMMITTEE**

**DIGITAL TRANSFORMATION PROGRESS UPDATE
(considered by COSC on 4 March 2015)**

COMMITTEE RECOMMENDATIONS:

That the Cabinet Member for Business Services works with the Leader of the Council and partner organisations to encourage all relevant partners and stakeholders to share data for use within the systems.

RESPONSE:

As highlighted by the Committee, engagement of Partners (e.g. Health and Districts and Borough Councils) is a key part of the next stages of the Vulnerable Adults project to ensure the inclusion of necessary data in the event of an emergency incident. The project team, with the help of the project board, chaired by the Head of Emergency Management are engaging with the relevant partners through existing networks and are pro-actively targeting key health providers. The Cabinet Member for Business Services fully supports this engagement programme, representing the project at a Member level where needed and will monitor progress.

**David Hodge / Denise Le Gal
Leader of the Council / Cabinet Member for Business Services
24 March 2015**

**MINUTES OF THE MEETING OF THE CABINET
HELD ON 28 APRIL 2015 AT 2.00 PM
AT ASHCOMBE SUITE, COUNTY HALL, KINGSTON UPON THAMES,
SURREY KT1 2DN.**

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

Members:

*Mr David Hodge (Chairman)	*Mr John Furey
*Mr Peter Martin (Vice-Chairman)	* Mr Mike Goodman
*Mrs Mary Angell	*Mr Michael Gosling
*Mrs Helyn Clack	*Mrs Linda Kemeny
*Mr Mel Few	*Ms Denise Le Gal

Cabinet Associates:

Mrs Clare Curran	*Mrs Kay Hammond
	*Mr Tony Samuels

* = Present

PART ONE
IN PUBLIC

74/15 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Mrs Curran.

75/15 MINUTES OF PREVIOUS MEETING: 24 MARCH 2015 [Item 2]

The minutes of the meeting held on 24 March 2015 was confirmed and signed by the Chairman.

76/15 DECLARATIONS OF INTEREST [Item 3]

There were none.

77/15 PROCEDURAL MATTERS [Item 4]

a MEMBERS' QUESTIONS [Item 4a]

A question was received from Mr Essex. The question and response is attached as Appendix 1.

Mr Essex said that he hoped that when the information was available, as much as possible should be released into the public domain and that he should be advised when this happened. This was agreed.

78/15 PUBLIC QUESTIONS [Item 4b]

Questions from Mr Crews and Mr Catt were received. The questions and the responses are attached as Appendix 2.

Mr Crews asked why Surrey County Council was spending large sums of money to build the Eco park when, in his view, the current waste disposal programme was adequate.

Mr Catt asked if the Cabinet would demand independent evidence which supported the assertions of the report regarding the comparative technical risks to actual service delivery of the two options considered, and the actual risk to the balance of the DEFRA waste improvement grant, as he had already provided.

The Leader of the Council said that both questions would be addressed as part of the discussion on the Amendment to the Waste Contract to deliver the Waste Strategy (item 6).

79/15 PETITIONS [Item 4c]

No petitions were received.

80/15 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]

No representations were received.

81/15 REPORTS FROM SELECT COMMITTEES, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]

There were none.

82/15 AMENDMENT TO WASTE CONTRACT TO DELIVER THE WASTE STRATEGY [Item 6]

Before handing over to the Cabinet Member for Environment and Planning to introduce the report, the Leader of the Council reminded Members that in October 2013, Cabinet had agreed to the terms of the Contract variation, subject to seven conditions being met.

The Cabinet Member for Environment and Planning then introduced the report on the amendment to the waste contract to deliver the Waste Strategy. He said that this was an important report and that he would give a detailed introduction to it.

He said that, in July 2013 the Cabinet took the decision to deliver the Surrey Waste Strategy, including the development of the Eco park by varying the council's long term contract with SITA. In agreeing to vary the Surrey Waste contract to deliver the Eco park, the Cabinet set out seven conditions that would need to be in place before the Council could consider building it and the

Cabinet would need to be assured that all seven conditions had been met. Today's report confirmed that all seven conditions have now been met. These conditions are outlined in paragraphs 3 to 39 of the submitted report.

Taking each condition in turn:

- Condition 1 - the Director of Legal and Democratic Services must confirm that the contract documents for signature were consistent with terms which related to the recommendations in the report of July 2013 and with the requirements of the EU Public Procurement regulations.

This condition was met in October 2013.

- Condition 2 - to divert the footpath to the North of the Eco park.

This condition was met on the 19 March 2014.

- Condition 3 - variation of planning permission to reflect the replacement of the gasification technology.

This condition was met on the 24 September 2014.

- Condition 4 - amendment required to the environment permit to reflect the replacement of the gasification technology.

This condition was met on 29 October 2014 when the Environment Agency issued the variation.

- Condition 5 - the fulfilment of outstanding planning conditions.

This condition was met when Surrey County Council's Planning and Regulatory Committee approved these on the 13 March 2015 and this was subsequently implemented by SITA Surrey.

- Condition 6 - outlined in paragraphs 8 to 30 of the submitted report was that Surrey County Council's Director of Finance would examine the final cost, decide if this represented Value for Money, was the lowest cost option and importantly, was it the most affordable within the council's Medium Term Financial Plan.

The Director of Finance has confirmed that this condition has now been met.

The assessment of the Director of Finance was based on advice from the Council's external financial advisor, Deloitte and Technical Advisor, Mott MacDonald. It has demonstrated that the variation to the waste contract to deliver the waste strategy, including the Eco park, represented the best value for money for the residents of Surrey. It also represented overall Value for Money for the public sector and it represented the most affordable solution to the Council. The financial report from Deloitte was a detailed and comprehensive analysis which follows HM Treasury Green Book guidance.

The Cabinet Member also drew Cabinet's attention to Annex 1 which described the assessment carried out by the Director of Finance and which also contained a summary of the key points from the Deloitte report, which informed that assessment. He said that there remained no material financial difference between the options, when excluding the benefit of Waste Infrastructure Grant. However, there were qualitative differences, which he would address later.

He drew Cabinet's attention to paragraph 10, Annex 1 which stated that the delays to the regulatory process since October 2013 had meant that the capital costs of the project had increased by £16.7m and this will be a direct cost to Surrey's residents, but even taken this into consideration the project still remained Value for Money.

- Condition 7 - that the contract must meet DEFRA's requirements.

He confirmed that officers have been working closely with DEFRA and had kept them informed of progress. DEFRA required evidence of SCC's Value for Money assessment and this was supplied to them together with information on SCC Waste Strategy.

DEFRA continued to support the County Council's waste contract, and therefore this condition has now been met and he drew Cabinet's attention to paragraph 32 of the submitted report.

In relation to the number of emails received, particularly about public health and the negative effect that the project will have on health, due to air quality, he said that this Council took the health of the Surrey public very seriously and considerable work had been done during the planning and regulatory stages to provide assurances on this matter. He drew attention to the public health implications which are outlined in paragraphs 57 to 60 of the submitted report.

He said that extensive modelling work had been conducted on air quality and submitted as part of the planning and permit process and these results demonstrated that the impact of emissions would be negligible. The Environment Agency said '*The permit will ensure a high level of protection is provided for the environment and human health.*'

He confirmed, that to provide further assurances to residents he had asked officers to investigate installing additional air quality monitoring equipment in the immediate area of the site and if a decision is taken to proceed with the Eco park then he would expect the equipment to be installed prior to commencement of the plant commissioning. Data from this equipment would be monitored by the Council and made available to the public.

Summing up, he said that this project had taken a number of years to get to this stage and officers and partners have worked hard to get to this point.

He considered that Surrey County Council and its partners had taken great strides in reducing recycling and re-using waste, and this development would help take the Surrey Waste Strategy forward for the benefit of the Surrey public and would also have wider benefits.

He was delighted to remind Members that the project would deliver 300 construction jobs and it was predicted to create 42 permanent jobs. It would also reduce over 40% of the HGV lorry movements compared with the current operation and produce enough green electricity to power more than 8,000 homes. The Eco park would provide an education centre for children and adults to help them understand waste and its operation. The area would also be landscaped and include the provision of a new footpath.

Finally, he said that Surrey would be more self sufficient in respect of its waste management and would deliver benefits for the Surrey public.

Questions and responses from other Cabinet Members are detailed below:

‘We have all received emails from local residents and councillors expressing a range of concerns about the Eco Park. What assurances can you give about these areas of concern?’

Recognition that residents had concerns about any potential impacts on health and the environment was a key point. However the Cabinet Member wished to reassure residents that the waste management industry was subject to very strict regulation to ensure that it did not cause pollution or harm.

The Eco Park would have to comply with an environmental permit issued by the environment agency which will *‘ensure a high level of protection is provided for the environment and human health’*.

The potential impact of the Eco Park on human health was considered extensively in the various officer reports to the council's Planning and Regulatory Committee
This conclusion was consistent with the advice from Public Health England.

On technical issues, he said that the process of gasification was well understood and the technology that would be used to clean up the emissions to ensure they met the standards in the environmental permit have been robustly tried and tested and was in operation at many other plants within the UK and worldwide.

‘Can you explain how the proposed development of the Eco Park will achieve wider benefits for the Surrey Economy?’

Firstly, he said that it would create 300 new jobs during the construction period which would represent a significant boost for the local economy. It was expected that there will be over 40 new long-term jobs created which are expected to include skills development and apprenticeship opportunities.

There would also be a significant reduction in congestion and impact on local roads and HGV movements would be reduced by over 40%.

The site will be self sufficient in energy and will export sufficient green electricity to power over 8000 homes.

It will also help the Council to be more self-sufficient in waste.

These wider benefits, when added to the contribution to Surrey's waste strategy, are the reasons why the Government continues to support Surrey's overall waste strategy including the Eco Park.

'Taking Mr Catt's comments into account, can you reassure Members that the project does represent overall value for money'

The Cabinet Member said that this is a complex assessment, which is why the Council had taken advice from specialist consultants, who have worked with council officers to conduct a most thorough value for money analysis. This work has enabled the Director of Finance to advise Cabinet that the option to proceed with the waste strategy including the Eco Park represents the best overall value for money to the public sector.

She had also advised that this also represented the most affordable solution for Surrey residents and provided a sound basis from which further service improvements and potential cost savings would be delivered.

'Residents have expressed concern that if we build the Eco Park it will discourage recycling as we will need to keep feeding the plant with waste and not develop other solutions. What assurance can you give me that this is not the case?'

He said that, in 2014/15 Surrey's districts and boroughs collected around 575,000 tonnes of waste from residents and local businesses. The proposed gasification plant at the Eco park would deal with around 55,000 tonnes of waste per year. Assuming that levels of waste remain static, the County would need to be recycling over 90% of the waste that was collected before there was insufficient waste to feed the gasifier and therefore, he didn't see any concerns over recycling as an issue.

He said that the County Council had been working with borough and district colleagues, in partnership to increase the level of recycling and whilst performance had improved, there were significant plans through the Surrey Waste Partnership to improve this further.

Finally, he was asked for confirmation that the Equality and Diversity implications, as set out in the Cabinet report on 23 July 2013, were still valid and that the Equality Impact Assessment would remain under review during the delivery phase of the Eco park. Also that this be included within the Terms of Reference, as set out in Annex 2 of the submitted report. This was agreed.

RESOLVED:

1. That all the necessary preconditions identified in the Cabinet report of 23 July 2013, as outlined in paragraphs 3 - 34 of the submitted report, have now been met.
2. That the assessment of the Director of Finance is that the cost of proceeding with the Waste Strategy, including the Eco Park, meets the value for money criterion and is the most affordable option available to the council.

3. That the council proceeds to issue the second Notice To Proceed (NTP2) in accordance with the contractual processes approved by Cabinet on 30 October 2013.
4. That the corporate revenue budget refresh in July 2015 will take into account the budgetary effect of delivering the Waste Strategy, including the Eco Park.
5. That the Strategic Director of Environment and Infrastructure puts in place the governance arrangements described in Annex 2 of the submitted report, and provides quarterly reports to the Cabinet Member for Environment and Planning and reports to Cabinet at key milestones by agreement between the Cabinet Member for Environment and Planning and the Leader of the Council.

Reasons for Decisions:

To authorise development of the Eco Park, an essential part of the Waste Strategy and a priority for the Council.

83/15 YEAR END FINANCIAL BUDGET OUTTURN 2014/15 [Item 7]

The Leader of the Council presented the Year End Financial Budget Outturn 2014/15 report, and said it was a month earlier than for 2013/14 and two months earlier than in 2010. He congratulated the finance service on this achievement.

He made the following points in relation to the Outturn Summary (revenue, efficiencies and capital):

- **Revenue underspend: £13.0m**, mainly due to services keeping expenditure to budget, achieving some 2015/16 savings early and generating new income.
- **Efficiencies achieved: £74.1m** against a target of £72.3m. This was the fifth consecutive year the Council had delivered over £60m of savings for Surrey's residents.
- **Revenue carry forward requests totalling £8.0m**, for spending on planned service commitments that continue beyond 2014/15.
- Excluding carry forwards, the underspend is £5.0m, which was less than 0.5% of the council's total expenditure.
- **Capital investment: £199.3m** invested, including £7.8m in long term investment assets.
- **Capital adjustment requests totalling £17.5m**, including: (i) prioritising nearly £9m schools schemes by bringing them forward; and (ii) ensuring nearly £6m is available to complete ongoing highways schemes and programmes.

He said the County Council had Earmarked Reserves totalling £107.1m at 31 March 2015 (down from £128.6m at 1 April 2014) mainly from drawing on the Budget Equalisation Reserve, to smooth funding fluctuations between years and also General Balances totalling £21.3m at 31 March 2015 (the same as at 1 April 2014).

As said at previous Cabinet meetings, he said that the Council continued to face demand growth and funding reductions and had four key drivers in place to ensure sound governance to manage the finances and provide Value for Money.

These were:

Keep any additional call on the council taxpayer to a minimum

The 2014/15 revenue outturn was an underspend of £13.0m, (£5.0m after carry forwards) and he believed that this Cabinet's commitment to tight financial management and the actions of managers had made 2014/15 the fifth consecutive year that the Council had a small underspend or a balanced budget.

Continuously drive the efficiency agenda

That, in 2014/15 services had achieved efficiencies of £74.1m against a target of £72.3m.

Develop a funding strategy to reduce the council's reliance on council tax and government grant income.

That reducing longer term reliance on government grants and council tax was key to balancing the Council's budget - the Revolving Infrastructure and Investment Fund had invested £7.8m and delivered £0.4m of net income.

Continue to maximise our investment in Surrey

Finally, he said that the County Council's capital investment not only improved and maintained services in Surrey, it generated income and in 2014/15, £199.3m had been invested.

Other Cabinet Members were invited to highlight the key points and issues from their portfolios, and referred to the detail, as set out in the Annex to the submitted report.

RESOLVED:

The report be noted, including the following:

1. That the council achieved £13.0m underspend for 2014/15, as detailed in Annex 1, paragraph 3 of the submitted report. This includes £8.0m of carry forward requests for spending on planned service commitments that continue beyond 2014/15. Excluding the carry forward requests, the underspend was £5.0m (less than 1% of the council's total expenditure budget of £1,675m).
2. That services achieved £74.1m efficiencies and savings, as detailed in Annex 1, paragraph 85 of the submitted report, up from £73.9m forecast at 28 February 2015 and the planned target of £72.3m.
3. That the council invested £199.3m through its capital programme in 2014/15, as set out in Annex 1, paragraphs 88 and 89 of the submitted report.
4. The council's year end: balance sheet, reserves and balances and debt analysis, as detailed in Annex 1, Appendix 1, paragraphs App17 to App 21 of the submitted report.

5. That £1.8m school virement requests, reflecting grant adjustments, as set out in Annex 1, paragraph 12 of the submitted report, be approved.
6. That £8.0m revenue carry forward requests and transfer funding to the Budget Equalisation Reserve, as detailed in Annex 1, paragraph 4 and Annex 2 of the submitted report, be approved.
7. That £5.0m transfer of the remaining revenue underspend to the Budget Equalisation Reserve, as set out in Annex 1, paragraph 4 of the submitted report, be approved.
8. That a £30,000 allocation from the Central Income & Expenditure budget to Surrey Arts, as detailed in Annex 1, paragraph 60 of the submitted report, be approved.
9. That a £0.4m transfer of Revolving Infrastructure and Investment Fund net income back into the fund, as detailed in Annex 1, paragraph 76 of the submitted report, be approved.
10. That £17.8m of capital programme adjustments, comprising £17.5m net effect of schemes brought forward and carried forward and £0.3m of extended schemes, as detailed in Annex 1, paragraph 88 and Annex 2 of the submitted report, be approved.

Reasons for Decisions:

This report is presented:

- to review and manage the budget outturn for the 2014/15 financial year in the context of a multi-year approach to financial management; and
- to approve final carry forwards to enable on-going projects to continue.

84/15 LEADERSHIP RISK REGISTER [Item 8]

The Cabinet Member for Business Services said that the Surrey County Council Leadership Risk Register was presented to Cabinet each quarter and this report presented the Leadership Risk Register as at 31 March 2015. It captured the Council's key strategic risks. To confirm that all strategic risks that faced the Council had been identified, the Cabinet had attended an informal risk workshop on 24 March, facilitated by the Director of Finance and attended by Strategic Directors and representatives of the Strategic Risk Forum.

Since it was last presented to Cabinet, it had been reviewed by the Audit and Governance Committee and other relevant bodies. Currently, there were 14 risks on the register, of which 13 had a high inherent risk level.

RESOLVED:

That the content of the Surrey County Council Leadership Risk Register, as set out in Annex 1 of the submitted report, be noted and the control actions put in place by the Statutory Responsibilities Network be endorsed.

Reasons for Decisions:

To enable the Cabinet to keep Surrey County Council's strategic risks under review and to ensure that appropriate action is being taken to mitigate risks to a tolerable level in the most effective way.

85/15 YOUTH JUSTICE STRATEGIC PLAN 2015 - 20 [Item 9]

The Cabinet Member for Children and Families highlighted the key points of this Plan for Cabinet and said that the refreshed Youth Justice Strategic Plan 2015 – 2020 covered a 5-year period and had been co-produced with Youth Justice Partnership Board (YJPB) members. It would be refreshed annually, reflecting any changes to the national and local youth justice landscape which impacted on the strategic priorities.

These strategic priorities were:

- Prevent Youth Crime
- Reduce Re-offending
- Safeguard young people from harm
- Protect the public from harm

In meeting the priorities, activity would include restorative justice approaches and the application of a clear safeguarding focus to prevent and reduce offending, improve victim satisfaction and raise public confidence.

She was pleased to report that Surrey had some of the most successful youth justice outcomes in England and Wales. For example, between April 2013 and 2014, Surrey had the lowest number of young people entering the criminal justice system for the first time per 100,000 of the population in England. This was a trend that had been established since 2011 through a strategic emphasis towards preventative and restorative interventions and meant that a Surrey young person was less likely to enter adulthood with a criminal record than anywhere else in the country.

Other Cabinet Members praised the achievements of Surrey's Youth Support Service (YSS) and mentioned:

- The visit of HRH Earl of Wessex to High Ashurst.
- The shared responsibility of YSS and Community Safety Partnerships and the need to ensure that local delivery plans were integrated and reflected the needs assessment of each Borough / District.
- The use of restorative justice as a cornerstone of the approach to youth crime in Surrey.

RESOLVED:

1. That the Youth Justice Strategic Plan for 2015 – 2020 be endorsed and recommended to full County Council for approval.
2. That Surrey Youth Support Service and the wider partnership be congratulated on the outstanding performance and outcomes achieved in the youth justice arena.

3. That the exceptional political support and leadership provided be acknowledged, in particular by the Cabinet Member for Children and Families and the Leader of the Council, and which has contributed to the above performance and outcomes.

Reasons for Decisions:

The council has a duty under the Crime & Disorder Act 1998 to formulate a Youth Justice Plan setting out:

- how youth justice services in their area are to be provided and funded; and
- how the youth offending team or teams established are to be composed and funded,
- how they are to operate and what functions they are to carry out.

The Youth Justice Strategic Plan 2015-2020 is designed to deliver a sustainable and effective youth justice system that enables improved outcomes and value for money for Surrey residents.

**86/15 REVISION OF STATEMENT OF COMMUNITY INVOLVEMENT (SCI)
[Item 10]**

The Cabinet Member for Environment and Planning said that the Statement of Community Involvement (SCI) was the County Council's public statement of how it engaged with the public and consultees on planning applications and planning policy documents, and that it was a statutory requirement to produce the SCI and to keep it up to date. He also drew attention to the Equalities Impact Assessment, Annex 2 to the submitted report.

RESOLVED:

That Cabinet recommends to full County Council the adoption of the revised Statement of Community Involvement (SCI).

Reasons for Decisions:

It is a statutory requirement to produce the SCI and to keep it up to date. The current SCI was adopted in 2006 and this revision takes account of changes in legislation and policy and the county planning authority's commitment to making best use of electronic communication.

87/15 CUSTOMER PROMISE - THE COUNCIL'S COMMITMENT TO DELIVERING EXCELLENT SERVICE [Item 11]

On 10 February 2015 County Council approved the Corporate Strategy and agreed that focusing on 'Resident Experience' was one of the organisation's three strategic goals.

The Cabinet Member for Community Services said that to better define Resident Experience, the Council had conducted comprehensive research including speaking to staff, Members and customers about what they thought

were the most important principles behind excellent customer service and this had been used to create the Council's new Customer Promise.

Four principles had emerged as being most important to people:

- Treating people in the right way
- Making it easy
- Keeping people informed
- Getting it right

These principles had been used to create the new Customer Promise.

The Leader of the Council said that this was an important document and that the Council had listened to staff and customers in relation to customer service.

RESOLVED:

That the new Customer Promise and the proposed steps to embed it into the organisation to improve 'Resident Experience' be endorsed.

Reasons for Decisions:

To maintain and improve customer service across the Council for the benefit of Surrey residents.

**88/15 PROCUREMENT OF ELECTRICITY AND GAS SUPPLIES FOR 2016 - 2020
[Item 12]**

Approval from Cabinet was sought to commit to flexible energy purchasing contracts through the LASER (Local Authorities in South East Region) framework for the provision of electricity and gas supplies on a rolling two year basis, to commence on 1 October 2016. The report provided details of the procurement process, including the results of the options appraisal, and demonstrated why the recommended contract award would deliver best value for money.

The Cabinet Member for Business Services said that the suppliers on the LASER framework were Npower for electricity and Total Gas & Power Ltd for gas. Several options had been considered in the process and option 6 – to procure via Central Purchasing Bodies had been selected.

She also drew Cabinet's attention to the fact that the Council had procured electricity and gas through LASER since 2009 and that over the last four years, £2.7m savings had been achieved.

Finally, she said that this was a flexible framework for the provision of electricity and gas supplies and that efficiency savings of £0.8m had been built into the Medium Term Financial Plan for 2015/16.

The Leader of the Council requested that this contract was scrutinised, on an annual basis, by the Council Overview and Scrutiny Committee.

RESOLVED:

1. That Surrey County Council commits to the energy purchasing contracts through the LASER Flexible Framework for the provision of electricity and gas supplies to commence on 1 October 2016 and to run until September 2020 on a rolling 2 year basis for the energy requirements of the council and in respect of participating schools following the receipt of appropriate warranties.
2. That SCC adopts, as part of the LASER framework, a mixed basket of Purchase in Advance (PIA), Purchase within Period (PWP), Fully Managed Service, Procurement Only Service and other purchase options as may be deemed suitable to manage energy price risk as appropriate to the needs of the end users and the nature of the energy supply.
3. That authority be delegated to the Head of Procurement and Commissioning and Chief Property Officer, in consultation with the Cabinet Member for Business Services to take necessary procurement decisions and award new contracts from 1 October 2016 to September 2020 on a rolling two year basis through the framework agreement for the supply of electricity and gas under a flexible procurement.
4. That SCC makes use of the added value services available from framework suppliers to LASER customers, such as data collection from automated meters, where it is cost effective to do so.

Reasons for Decisions:

A compliant Official Journal of the European Union (OJEU) tender process has recently been completed by LASER, resulting in 2 new contracts being awarded for Electricity and Gas supplies, permitting access by other public sector organisations from 1 October 2016 to 30 September 2020. The suppliers on the framework are Npower for electricity and Total Gas & Power Ltd for gas. Using the LASER framework for 2016-2020 will provide continuity for sites and best value for money for the council following a thorough options appraisal. A rolling two year commitment is preferred to a four year commitment as it affords the council more flexibility.

89/15 ESTABLISHING A DYNAMIC PURCHASING SYSTEM AND ACCEPTANCE OF INDICATIVE TENDERS FOR THE PROVISION OF SOCIAL CARE AND ACCREDITED LEARNING TRAINING [Item 13]

Introducing the report, the Cabinet Member for Business Services said that a Dynamic Purchasing System (DPS) was similar to a framework agreement, in which providers confirmed at the time of application that they would comply with the terms of the DPS and any call-off contract terms published at that time, in order to be accepted onto the supplier list. The DPS also provided additional benefit over a Framework arrangement by allowing Suppliers to join at any point during the duration of the DPS.

This report sought approval to establish a DPS, and accept indicative tenders for the provision of Social Care and Accredited Learning Training Services that were specifically targeted at **Page 236** Adult Social Care and Children,

Schools and Families. This training was currently delivered through contracts which will expire on 7 June 2015.

The Cabinet Member also said that the DPS would be available for use by Surrey's Boroughs and Districts, the Clinical Commissioning Groups, East Sussex County Council (and all its Districts, Boroughs and Health Authorities) and colleagues from the Police, Ambulance and Fire Services and that performance would be monitored through a series of key performance indicators.

Finally, she said that financial and value for money information was set out in a separate report for discussion in the Part 2 section of the meeting.

RESOLVED:

1. Following receipt of indicative tenders, the suppliers named in the report be accepted onto the Dynamic Purchasing System (DPS) for Social Care and Accredited Learning Training Services.
2. That authority be given to establish the DPS for an initial period of two years, with a possible extension of up to a further two years if the procurement approach continues to demonstrate value for money.
3. That authority be delegated to the Head of Procurement, together with the Cabinet Member for Business Services to further admit new suppliers, in accordance with the criteria laid out in the terms of the DPS, during the life of the agreement, which will not exceed four years in total.
4. Individual contracts be awarded through the DPS following a further competition, at which stage suppliers will have the opportunity to refine their offer and costs within the terms and conditions already agreed.

Reasons for Decisions:

The implementation of the Care Act is having a significant impact in the way Social Care staff work, and on their training needs to ensure compliance with the Act. In order to support its staff, the Council must provide innovative and flexible training ensuring they have the skills and knowledge to meet these challenges.

The existing contracts under which Social Care and Accredited Learning Training are delivered will expire on 7 June 2015. A full tender process, in compliance with the requirements of Public Contracts Regulations 2006 and the Council's Procurement Standing Orders has been completed, and the recommendations provide best value for money and will ensure that contracts are awarded that meet the need.

90/15 PROVISION OF SPECIAL EDUCATIONAL NEEDS HOME TO SCHOOL TRANSPORT - AWARD OF CONTRACT [Item 14]

The Cabinet Member for Schools and Learning informed Cabinet that, within Surrey, approximately 2700 children were transported daily to 23 special

schools in the county and that a proportion of this requirement was currently covered by Sole Provider contracts, some of which expire on 31 July 2015.

Approval was being sought to award two contracts for the provision of home-to-school transport services to AMK Chauffeurs Ltd and Waverley Hoppa Community Transport starting on 1 August 2015, for a five year period with the option to extend up to a further two years, to two schools; Portesbery School and Gosden House School. The savings of these new contracts were expected to be £184,000 in a full financial year.

The importance of consistency from the operators was stressed because parents and pupils with special educational needs wanted the same driver, escort and vehicle at the same time, each day.

The Cabinet Member said that, due to the commercial sensitivity involved in the award of the contract, the details of the evaluation process and scores, as well as full financial details were included as confidential information for discussion later in the meeting.

Finally, the Cabinet Member for Highways, Transport and Flooding drew attention to paragraph 18 of the report, relating to TUPE and requested that it should be noted that any decision would be subject to TUPE costs once they were understood.

RESOLVED:

1. 'Sole Provider' contracts for home-to-school transport, commencing on 1 August 2015, be awarded for provision of transport to the following school by the named supplier:
 - Portesbery School – AMK Chauffeur Drive Ltd (11 routes)
2. 'Individual' contracts for home-to-school transport, commencing on 1 August 2015, be awarded for provision of transport to the following school by the named suppliers:
 - Gosden House School – AMK Chauffeur Drive Ltd (15 routes)
 - Gosden House School – Waverley Hoppa Community Transport (4 routes)

The proposed contracts will be for a five year period, with the option to extend for further for two years if deemed necessary.

Reasons for Decisions:

Pupils with special educational needs often want consistency from their operator – the same driver, same escort and same vehicle, on time, each day. Parents want to know the driver will show compassion, patience and care towards their child, and know how to deal with their child's specific needs (anything from autism and severe learning or behavioural difficulties, to physical disabilities). Both schools have reported these benefits from the current Sole Provider contracts, of which AMK Ltd. is one of the incumbent providers.

The forecast savings for Financial Year 2015/16 were £127,000. The full year forecast savings were £184,000.

To summarise the objectives:

- Consistency of service delivery and operator accountability
- Strong relationship between the school and its transport provider
- Quality of service provision, as performance monitoring will be made easier with two operators
- Ensuring value for money for Surrey County Council.

91/15 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 15]

The Cabinet Member for Community Services drew attention to the decision that she had taken on 27 March 2015, in relation to the Community Buildings Grant Scheme and said that she was delighted that the County Council could award these grants to those Surrey Boroughs and Districts who were in the tripartite grant scheme.

RESOLVED:

That the decisions taken by Cabinet Members since the last meeting, as set out in Annex 1 of the submitted report, be noted.

Reasons for Decisions:

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

92/15 EXCLUSION OF THE PUBLIC [Item 16]

RESOLVED 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 paragraph 3 of Part 1 of Schedule 12A of the Act.

PART TWO – IN PRIVATE

THE FOLLOWING ITEMS OF BUSINESS WERE CONSIDERED IN PRIVATE BY THE CABINET. SET OUT BELOW IS A PUBLIC SUMMARY OF THE DECISIONS TAKEN.

93/15 ESTABLISHING A DYNAMIC PURCHASING SYSTEM AND ACCEPTANCE OF INDICATIVE TENDERS FOR THE PROVISION OF SOCIAL CARE AND ACCREDITED LEARNING TRAINING [Item 17]

The Cabinet Member for Business Services introduced the report, which contained the financial and Value for Money information relating to item 13. She said that the full details of the individual contract values during the life of

the Dynamic Purchasing System were not known at this stage because these would be subject to a further mini-competition.

RESOLVED:

1. Following receipt of indicative tenders, the suppliers named in the report be accepted onto the Dynamic Purchasing System (DPS) for Social Care and Accredited Learning Training Services.
2. That authority be given to establish the DPS for an initial period of two years, with a possible extension of up to a further two years if the procurement approach continues to demonstrate value for money.
3. That authority be delegated to the Head of Procurement, together with the Cabinet Member for Business Services to further admit new suppliers, in accordance with the criteria laid out in the terms of the DPS, during the life of the agreement, which will not exceed four years in total.
4. That individual contracts be awarded through the DPS following a further competition, at which stage suppliers will have the opportunity to refine their offer and costs within the terms and conditions already agreed.

Reasons for Decisions:

The implementation of the Care Act is having a significant impact in the way Social Care staff work, and on their training needs to ensure compliance with the Act. In order to support its staff, the Council must provide innovative and flexible training ensuring they have the skills and knowledge to meet these challenges.

The existing contracts under which Social Care and Accredited Learning Training are delivered will expire on 7 June 2015. A full tender process, in compliance with the requirements of Public Contracts Regulations 2006 and the Council's Procurement Standing Orders has been completed, and the recommendations provide best value for money and will ensure that contracts are awarded that meet the need.

94/15 PROVISION OF SPECIAL EDUCATIONAL NEEDS HOME TO SCHOOL TRANSPORT - AWARD OF CONTRACT [Item 18]

The Cabinet Member for Schools and Learning commended this Part 2 report, which contained the financial and Value for Money information relating to item 14.

RESOLVED:

1. That a 5 year fixed term and annual fixed price contract be awarded to AMK Chauffeur Drive Ltd at an estimated annual value, as set out in the submitted report, for the provision of home-to-school transport, to commence on 1 September 2015, for 26 routes to the following schools:

- PORTESBERY SCHOOL
- GOSDEN HOUSE SCHOOL

For years six and seven, the contract may be extended annually at the discretion of the Council, at pricing to be agreed between the parties.

2. That a 5 year fixed term and annual fixed price contract be awarded to Waverley Hoppa Community Transport Ltd at an estimated annual value, as set out in the submitted report, for the provision of home-to-school transport, to commence on 1 September 2015, for 4 routes to the following school:

- GOSDEN HOUSE SCHOOL

For years six to seven, the contracts may be extended annually at the discretion of the Council, at pricing to be agreed between the parties.

Reasons for Decisions:

A full tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders, through Lot 2 of the Client Service Dynamic Purchasing System has been completed, and the recommendations ensure the continuation of valued services for the children, their families and the schools as well as delivering increased value for money to the council.

95/15 PROPERTY TRANSACTIONS [Item 19]

The Cabinet Associate for Assets and Regeneration asked for Cabinet approval to authorise the sale of the property and adjoining land in the Leatherhead area to support the County Council's Investment Strategy. He confirmed that it was no longer required for service delivery nor capable of generating significant income.

RESOLVED:

1. That the sale of the property and land, as outlined on the attached plan in Annex 1, and as detailed the submitted report be approved.
2. That a 5% variation in the agreed sale price to reflect possible changes and circumstances as a result of the ongoing due diligence process be delegated to the Strategic Director for Business Services, in consultation with the Cabinet Member for Business Services and the Leader of the Council.

Reasons for Decisions:

The sale of the land and property is required to contribute towards the County Council's Investment Strategy and to dispose of land no longer required for service delivery nor capable of generating significant income.

96/15 PUBLICITY FOR PART 2 ITEMS [Item 20]

That non-exempt information relating to items considered in Part 2 of the meeting may be made available to the press and public, if appropriate.

[Meeting closed at 3.35pm]

Chairman

Member's Question

Question from Mr Jonathan Essex (Redhill East) to ask:

Could you please provide a breakdown of the Value for Money assessment summary included in Annex 1 of Agenda Item 6, as follows:

1. Details of the breakdown that leads to the summary presented in the report, to the level of detail able to be released into the public domain.
2. A breakdown of the Value for Money assessment based on the allocation of costs that relate to the three main elements of the Eco park: (i) the bulking waste facility, (ii) anaerobic digestion plant, and (iii) the gasification plant.
3. Details of the methodology employed for the Value for Money assessment. Please confirm what the difference in Value for Money for the 'terminate the waste contract and re-procure a contract to develop infrastructure' refers to and whether this was for waste disposal infrastructure or whether it could be for material recycling facilities in Surrey.
4. An explanation of each item in the 'total movement in Value for Money margin' that is included in the table under paragraph 9 of Annex 1.
5. A breakdown of the summary of the 'quantified risk adjustment' in the table in paragraph 19, including to the key areas of uncertainty identified in the report.
6. Confirm the extent to which the items listed in the sensitivity analysis have been included in either the quantified risk assessment or overall Value for Money assessment.

Reply:

The responses are in the same orders of the questions:

1. Officers are currently working with Deloitte to produce the information in a form that can be released into the public domain. I expect that to be available within days.
2. The structure of the contract payment mechanism means that the council pays one unitary charge for all the capital infrastructure. The contract with SITA is a fully integrated contract and Value for Money assessment is based on the total cost of managing waste over the 25 year evaluation period. However, Annex 1 identifies the overall capital cost of the Eco park.
3. The Value for Money analysis has been performed using an accounting model developed by our financial advisors Deloitte. This involves taking base assumptions on waste flows over a 25 year period and applying costs directly from SITA's contract financial model or as agreed with the council's technical advisors in order to generate a 25 year cost.

Discounting has been applied to generate a Net Present Value cost. Risk adjustments have been made in accordance with Treasury Green Book Guidance.

The option to 'terminate the waste contract and re-procure a contract to develop infrastructure' which was considered in 2013, involved terminating the existing contract with SITA and re-procuring a new contract for delivery of an Eco Park at Charlton Lane. Given the historical difficulties of obtaining planning consent for Energy from Waste plants and the fact that planning consent had already been granted for an Eco Park in 2012, we considered this to be the most likely and viable option for the infrastructure element of any new contract.

4. See explanations below

'Waste treatment site operating and capital costs'

This item is the cost of capital repayment and the cost of operating all of the contract facilities including the Eco Park, waste transfer stations and community recycling centres.

'SITA contract termination costs (allowing for capital development to date and other costs)'

This item relates to contractor liabilities for capital expenditure for redevelopment of CRC's and waste transfer stations as well as capital expended to date under the first phase of the Eco Park development, agreed by Cabinet in October 2013. It also includes costs incurred by the delay in developing the Eco Park and the claw back of SITA discount which was predicated on the development of the Eco Park.

'Other changes including updated assumptions'

This item is the net effect of changes in assumptions since October 2013, for example as a result of updated tonnage projections, changes to landfill cost projections as a result of Government announcements on landfill tax since October 2013 and updated information on the costs of dealing with process residues.

'Merchant EfW and AD site costs.'

This item is the net effect of changes to gate fee assumptions for merchant AD and energy from waste facilities. The gate fee information is based on updated market intelligence and advice from the council's technical advisors.

5. The main areas to which a risk adjustment was applied related to operating costs, landfill costs, including gate fee and tax, merchant energy from waste gate fee, merchant AD gate fees, termination costs and APCR disposal costs.
6. The quantitative Value for Money analysis includes the base case assumptions as stated in this section of the report. The sensitivity analysis has been included to provide the Cabinet with transparency in

respect of areas of further specific areas of risk so that they can be taken into account in the decision making process.

Mr Mike Goodman
Cabinet Member for Environment and Planning
28 April 2015

Public Questions

Question (1) from Peter Crews:

The Value for Money assessment for the Charlton Lane project considers only two options:

1. To build the Eco Park.
2. To terminate the contract with SITA and procure a new contract using merchant energy from waste capacity outside of Surrey.

As I understand it, the cost of each option is being estimated as the total cost of operating Surrey's waste disposal programme over the next 25 years, expressed at a net present value.

My questions are:

1. How can an assessment based on these two options alone demonstrate that the Eco Park represents Value for Money? Option 2 is not a proper yardstick against which to assess Value for Money because it includes the punitive costs associated with termination of a 25-year PFI contract. An assessment based on Options 1 and 2 can only come to one conclusion: it is better to build almost anything rather than terminate SITA's contract. That is not a meaningful Value for Money assessment for the proposed works.
2. Will Option 1 increase the current overall cost of Surrey's annual waste disposal programme (which has considerably reduced the amount of landfill)? Surely the only way the Charlton Lane project can provide Value for Money is if the cost of waste disposal using the plant is less than disposing of the same waste by any other means. In other words, the Value for Money assessment should demonstrate that the construction of the Eco Park will reduce the overall cost of Surrey's annual waste disposal programme. If this is not the case, Option 1 delivers negative value for money and the project should not be built.

Reply:

1. The assessment has focussed on the two lowest costs viable options identified in earlier assessments and has followed methodology approved by our external financial advisor.
2. The options available to the council are to build the Eco Park as part of the SITA contract or to terminate the SITA contract and re-procure a new contract including merchant waste treatment capacity. The annual cost of dealing with waste in both of these options is expected to increase compared with the current position as a result of market forces, inflation and waste volume pressures. However as set out in the Cabinet report, in quantitative terms, there is not considered to be any material difference in the value for money of the two options.

Mr Mike Goodman
Cabinet Member for Environment and Planning
28 April 2015

Question (2) from Brian Catt:

My question requires context, so this comes first:

The financial assessment, presented to you today, includes three assertions regarding the Eco Park that I question the fact of the DEFRA grant, the risk assessment and the conclusions from them.

The report states that we have real alternatives elsewhere, at a similar cost, with better energy recovery. I suggest this makes the safe and proven alternative clearly the best value at the lowest risk.

We simply do not need a risky gasifier to get the job done best.

Yet the risky option is recommended, with another £8.5m in ROC downsides undetermined, and without delivery risk as a serious consideration, rather the relative suitability of the provider.

It seems irrational to prefer untried experiments in municipal waste disposal to proven alternative solutions at a similar cost, solutions that can already deliver DEFRA approved energy recovery levels in safe and proven facilities, with no actual delivery risk, with qualifying energy recovery levels - at a similar NPV. This is your responsibility in this decision.

Why take such a large and avoidable financial risk that has no upside for Surrey County Council and a £8.5m possible downside TBD?

N.B. There is NO evidence that the Outotec design will be any safer or more functional than the former Dargavel design, also recommended to you by officers as "safe and proven".

Waste legislation, and SCC's own Waste Plan, justified this plan. This expects R1 qualifying energy recovery from the waste fuel to justify such an investment, not available from the inefficient disposal design proposed at Charlton Lane.

Secondly, it is stated that the rough NPV parity between options makes the retention of DEFRA's waste support grant a relevant "qualitative" matter in this decision.

In fact, appropriate waste treatment alternatives to the gasifier at the Eco Park ARE acceptable to DEFRA as a basis for paying the balance of their grant to Surrey, per DEFRA's own clear public and FOI statements on the matter, details recently supplied to you individually.

There is no hard connection between delivering the gasifier, or the Eco Park, and the DEFRA grant, only qualifying infrastructure. So:

QUESTION: As in paragraph 54, Councillors have a fiduciary responsibility to take a prudent and reasonable decision on this matter.

Will the Cabinet consider the best value for Surrey based on the report's relative cost and risks of delivering a safe, proven, risk free and technically superior service elsewhere to an equally expensive, risky and ultimately

unnecessary experiment at the Eco Park, excluding the DEFRA waste grant from the judgement, and in the knowledge that the Eco Park carries an extra £8.5m in downside risk if ROCs are not awarded? This award yet to even be pre- accredited, 2 years after the initial application. I suggest this loss is probable, in my professional opinion, based on OFGEM's specification.

Reply:

The Cabinet will consider best value for Surrey as set out in the report. As the report details the Eco Park is not significantly different in financial value for money terms to the other option considered when excluding the Waste Infrastructure Grant but is clearly the best option when taking into account other relevant qualitative factors and the risks associated with them. The report makes clear that there is a reasonable expectation of receipt of ROCS and that even if this were not the case this is unlikely to make a material difference to the Value for Money position .

Mr Mike Goodman
Cabinet Member for Environment and Planning
28 April 2015