

**MINUTES OF THE MEETING OF THE CABINET
HELD ON 21 JUNE 2016 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 Helyn Clack	Mrs Linda Kemeny
*Mrs Clare Curran	* Ms Denise Le Gal
*Mr Mel Few	Mr Richard Walsh

Cabinet Associates:

*Mr Tim Evans	*Mrs Kay Hammond
*Mrs Mary Lewis	*Mr Tony Samuels

* = Present

**PART ONE
IN PUBLIC**

Prior to the start of the meeting, the Leader of the Council asked colleagues to remember and reflect on the life of Jo Cox, MP, who had been tragically killed outside her constituency surgery office.

118/16 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Mrs Kemeny and Mr Walsh.

119/16 MINUTES OF PREVIOUS MEETING: 24 MAY 2016 [Item 2]

The minutes of the meeting held on 24 May 2016 were confirmed and signed by the Chairman.

120/16 DECLARATIONS OF INTEREST [Item 3]

There were none.

121/16 PROCEDURAL MATTERS [Item 4]

1 MEMBERS' QUESTIONS [Item 4a]

No Member questions were received.

122/16 PUBLIC QUESTIONS [Item 4b]

A question was received from Mrs Susan Darling and a response is attached as Appendix 1.

123/16 PETITIONS [Item 4c]

No petitions were received.

124/16 REPRESENTATIONS RECEIVED ON REPORTS TO BE CONSIDERED IN PRIVATE [Item 4d]

No representations were received.

125/16 REPORTS FROM SCRUTINY BOARDS, TASK GROUPS, LOCAL COMMITTEES AND OTHER COMMITTEES OF THE COUNCIL [Item 5]

Three reports were received from the Council Overview Board relating to:

1. Investment Strategy: Property Portfolio (Appendix 2). The Cabinet response is attached as Appendix 3.
2. Annual Report of the Shareholder Board (Appendix 4). The Cabinet response is attached as Appendix 5.
3. Trust Fund Task Group Report (Appendix 6). The Cabinet response is attached as Appendix 7.

Mr Cosser, Chairman of the Council Overview Board was invited to speak and made the following comments:

1. Investment Strategy: Property Portfolio: That he would take the Cabinet's response back to the Board for a collective response. He said that the Board was not against the over-arching policy, however, to date he considered that the Investment Strategy had been disappointing and that the Cabinet should examine the performance of it on an annual basis.
2. Annual Report of the Shareholder Board: That there were some concerns about the new delivery mechanisms, which had changed governance arrangements and he considered that scrutiny was now being done by the Shareholder Board and not the Scrutiny Boards.
3. Trust Fund Task Group Report: He said that the Council Overview Board had undertaken an excellent piece of work in reviewing the management arrangements of the Council's Trust Funds and that he supported the Cabinet's amendment in relation to the Henrietta Parker Trust and the Tulk Fund Trust, that these two funds should be added to the two excepted funds already named and not be transferred to the Community Foundation for Surrey. He asked for confirmation, which was given in principle, that the Cabinet agreed with the other Council Overview Board's recommendations.

One report was received from the Economic Prosperity, Environment and Highways Board relating to the Highways and Transport: Revised Asset Management Strategy (Appendix 8). The Cabinet Member response is attached as Appendix 9.

126/16 SUSTAINABILITY AND TRANSFORMATION PLANS [Item 6]

Introducing this report, the Cabinet Member for Wellbeing and Health said that the Sustainability and Transformation Plans (STPs) represented the next milestone in delivering commitments made in the five year forward view to create a NHS which was not only sustainable but one that also improved health outcomes and provided a better experience for patients.

She said that local authorities, as commissioners of social care, had a pivotal role to play in establishing STPs that were successful place-based systems of care and which responded to the needs of local populations. For local authorities across England this would require significant co-operation with Clinical Commissioning Groups (CCGs) and other partners, in order to drive ever closer integration of health and social care services.

She informed Cabinet that with six CCGs and three STP footprints spread across a number of local authority areas, the landscape of health and social care delivery in Surrey would be complex. She said that over the last three years, the County Council had built lasting relationships with its CCG partners which would enable close collaboration across the three STP footprints, in order to deliver effective and integrated place based systems.

This strong relationship and shared understanding with the CCGs was already evident, as demonstrated by the fact that the County Council's Chief Executive had been asked to chair Surrey Heartlands STP Transformation Board. Surrey was also at the forefront of ensuring that Members were sufficiently engaged in the work of developing the STPs with all of the footprints having already been considered by both the Health and Wellbeing Board and the Wellbeing and Health Scrutiny Board.

She commended the recommendations, within the report, to Cabinet.

The Leader of the Council highlighted the risk implications, as detailed in paragraph 18 of the submitted report.

RESOLVED:

1. That the update on the emerging NHS Sustainability and Transformation Plans (STPs) be noted.
2. That authority be delegated to the Chief Executive, in consultation with the Leader of the Council and Cabinet Member for Wellbeing and Health, to sign off the STPs on behalf of the Council through its membership of the relevant STP Transformation / Programme Boards.

Reasons for Decisions:

The deadlines and tight timescales for the preparation and submission of NHS Sustainability and Transformation Plans necessitate the recommendation included in this report to delegate authority to sign off the STPs on behalf of the Council ahead of the deadline for submission to NHS England.

127/16 WEST EWELL INFANT AND NURSERY SCHOOL [Item 7]

In the absence of the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Children and Wellbeing said that this report requested approval for the business case for the conversion of West Ewell Infant and Nursery School from a 4FE infant school with 360 places plus a 100 nursery places, to a 2 form entry Primary (420 primary places plus 52 nursery). This would reduce the number of Key Stage 1 and nursery places at the school by half but would add 240 junior places into the planning area.

This expansion formed part of an area re-organisation of primary schools within Ewell that sought to deliver around 600 additional primary places across three schools and would help meet the basic need requirements in the Ewell and NW Epsom primary planning areas from September 2017.

She confirmed that West Ewell Infant and Nursery School was a popular and successful school, which delivered high quality education and had been rated 'outstanding' by Ofsted at its last inspection. With reference to the consultation process, she said that the proposals had been favourably received with 85% of written responses in favour of the proposal.

The Cabinet Member for Business Services and Resident Experience highlighted the fact that the County Council had to find 11,000 additional school places over the next five years and this expansion would deliver 600 additional primary places. She confirmed that the funding for it was included within the Medium Term Financial Plan.

RESOLVED:

That, subject to the agreement of the detailed financial information for the expansion as set out in Part 2 of this agenda, the business case for the provision of an additional two forms (240 places) of junior places in Ewell planning area 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 Epsom and Ewell borough.

128/16 LINDON FARM, ALFORD - BUSINESS CASE FOR SUPPORTED LIVING ACCOMMODATION FOR ADULTS WITH AUTISM [Item 8]

There was growing demand for, and a shortage of, accessible accommodation with care and support for young adults with autism and high support needs in Surrey.

Introducing this report, the Cabinet Member for Adult Social Care, Wellbeing and Independence said that this paper set out the business case for the construction of long term supported living accommodation for ten young adults at Lindon Farm and sought Cabinet approval for capital investment. It set out how the development would deliver better outcomes by enabling

young people to live in Surrey near their families and support network, in specialist accommodation with appropriate space and access to activities.

He said that other options had included providing for more than 10 individuals but were discounted because Transforming Care did not recommend large groups of adults with autism and high support needs living in a single development because of the risks of it becoming an institutional facility.

The building would be designed by the appointed architect, in consultation with all relevant stakeholders and the financial information relating to the business case was set out in a Part 2 report to be considered later in the meeting.

Finally, he said that this approach aligned with the Council's strategic goal of 'wellbeing' and the accommodation with care and support strategy, and also supported the national direction of travel set out in the Transforming Care Programme.

Other Members had an opportunity to comment on the proposals and were pleased to support this investment. A summary of the Equality Impact Assessment had been included within the report and stated that there were no potential negative impacts that could not be mitigated.

RESOLVED:

1. That agreement to invest to build long term supported living accommodation for ten adults with autism and high support needs at Lindon Farm be approved.
2. That authority be delegated to the Chief Property Officer, in consultation with the Cabinet Member for Business Services and Resident Experience for awarding the contract for developing the site and construction of the supported living accommodation.
3. That authority be delegated to the Strategic Director for Adult Social Care and Public Health, in consultation with the Cabinet Member for Adult Social Care, Wellbeing and Independence to award the contract for the provision of care services to the residents once construction has been completed.

Reasons for Decisions:

The site offers an opportunity to build supported living accommodation for ten adults with autism and high support needs to:

- Enable individuals to live in Surrey near their families and support network, rather than out of county.
- Provide supported living accommodation with appropriate space and a range of activities for residents, whilst they are also supported to be part of their local community.
- Deliver long term savings in the provision of their care and support.

129/16 HIGHWAYS AND TRANSPORT ASSET MANAGEMENT STRATEGY [Item 9]

The Cabinet Member for Highways, Transport and Flooding introduced the report, stating that Surrey was one of the first authorities to develop an Asset Management Plan in 2005 (STAMP) and that it was refreshed in 2014 and now must be revised again so that it was in line with best practice.

He said that the Department of Transport (DfT) had introduced changes to the way they fund local highway authorities (the 'Incentive Element'), which meant that those who are not applying sound asset management principles would receive a 15.5% reduction in highway maintenance funding by 2021. In terms of the funding Surrey received, this would mean a reduction in funding of £4.3 million over this period if the Council could not demonstrate that an effective approach was not being applied.

Operation Horizon was forecast to reduce the length of Surrey's road network that were in need of structural repair from 17% in 2013 to 12% in 2018. As a result of the success of this programme, the Council's depreciation modelling indicated that over the next 15 years levels of investment between roads and other assets should be rebalanced to achieve the greatest overall benefits for Surrey in the long-term.

He informed Cabinet that in developing the revised Strategy, there had been consultation with Members to determine their priorities using a tool called 'You Choose'. He also drew attention to the risk management and implications, as set out in paragraph 12 – 15 of the submitted report and also tabled a revised last sentence for paragraph 15, as detailed:

'The delivery of the strategy may be at risk to varying degrees, in the event that any/all of the above ~~becomes an~~ ~~if any/all of these~~ risks materialise, unless additional funding is provided by central government and/or the council, the programmes of work described in paragraph 9 would be reviewed.'

And also a **revised recommendation 3, with additional wording in Bold and Italics:**

'Agrees that minor future amendments to the strategy, ***within the overall resource allocation***, can be made by the Strategic Director of Environment and Infrastructure in consultation with the Cabinet Member for Highways, Transport and Flooding.'

Finally, he commended the approval of a new 15-year Highways and Transport Asset Management Strategy to Cabinet.

Other Cabinet Members considered that the Highway and Transport Asset Management Strategy was a helpful document which clearly set out the Council's priorities and strategic goals for the highways network.

The Leader of the Council was pleased to report that the maintenance backlog had reduced over the last five years and also that the communication process with residents had improved over this period, since Project Horizon had taken place.

RESOLVED (as amended):

1. That the 15-year Highway and Transport Asset Management Strategy, as set out in Annex 1 to the submitted report, be approved.
2. That the revised allocation of capital budgets from 2017 onwards as outlined in paragraph 20 of the submitted report, be approved.
3. That minor future amendments to the strategy, within the overall resource allocation, can be made by the Strategic Director of Environment and Infrastructure, in consultation with the Cabinet Member for Highways, Transport and Flooding.

Reasons for Decisions:

To ensure that we manage our assets effectively with the resources available, and that this is aligned to our business plan, delivers the councils corporate goals, and reflects national best practice.

The success of Operation Horizon to reduce the length of the network in need of structural repair to 12% means we can now rebalance investment across the different asset types to achieve the best outcomes for Surrey over the next 15 years.

To enable us to demonstrate to the Department for Transport (DfT) that we have embedded asset management principles into our core policies and procedures. This will help deliver value for money and ensure our DfT funding allocations are not reduced unnecessarily.

130/16 AWARD OF A CONTRACT FOR SHORT TERM VEHICLE HIRE [Item 10]

Surrey County Council had various needs for vehicle access so that employees can carry out essential Council business. Access to vehicle hire provision ensured that services were supported to deliver statutory duties and this included usage by adult and children's residential care homes, and the Surrey highways service.

The Cabinet Member for Business Services and Resident Experience said that the current contract for vehicle hire was directly awarded to the incumbent provider, Automotive Leasing on 1 August 2015 and in preparation for the expiry of the current contract, a competitive tendering process had been completed using a Crown Commercial Services Vehicle Hire Framework. The outcome of the process was set out in this report, with the financial and value for money implications set out separately in a Part 2 report later in the agenda.

She said that eight expressions of interest had been received, with five companies subsequently submitting tenders and that the proposal was to award the contract in three lots.

RESOLVED:

That the contract be awarded to the following three suppliers:

- Lot 1: Europcar, for the provision of passenger car hire, light commercial vehicles, general on road and 4x4. The Contract to commence on 1 August 2016.
- Lot 2: 4 x 4 with off road capability: Scot Group Ltd, trading as Thrifty Car and Van Rental are recommended for award. The Contract to commence on 1 August 2016.
- Lot 3: UK Minibus hire: Sixt Hire Ltd is recommended supplier for award. The contract to commence on 1 August 2016.

Reasons for Decisions:

A comprehensive procurement process using the Crown Commercial Services pre-established Vehicle Hire Framework was conducted. This has involved Surrey County Council conducting a mini-competition in accordance with Surrey County Council's own Procurement Standing Orders and also in adherence to the relevant legislative requirements. The recommendations provide best value for money for the Council following a combined quality/price evaluation process.

The bid from the preferred suppliers offers saving and value for money over the full contract term. Full financial details are included in Part 2 of this report. In summary, the lifetime contract value is £2.6m and this represents a saving of £48,000 in the first year.

The preferred suppliers have demonstrated they are able to deliver the high standard of service expected by Surrey County Council and will work with the Council over the full contract duration to make continuous improvements and add value.

**131/16 AWARD OF A CONTRACT FOR LEASE AND FLEET MANAGEMENT
[Item 11]**

Surrey County Council had various needs for lease vehicles and fleet management services and the Cabinet Member for Business Services and Resident Experience said that the current contract for lease and fleet management was awarded to Automotive Leasing on 1 August 2015. She said that in preparation for the expiry of the current contract a competitive process in the form of a closed mini-competition had been undertaken using a Crown Commercial Services Framework.

The outcome of the process was set out in this report, with the financial and value for money implications set out separately in a Part 2 report later in the agenda.

RESOLVED:

That the contract for the provision of lease vehicles and fleet management services be awarded to Automotive Leasing Ltd (trading as Leaseplan).

Reasons for Decisions:

A comprehensive procurement process using a Crown Commercial Services Framework was conducted. This has involved conducting a mini-competition in accordance with Surrey County Council's Procurement Standing Orders and in adherence to EU Procurement Contract Regulations. The recommendations provide best value for money for the Council following a combined quality and price evaluation process.

The bid from the preferred supplier offers value for money over the full contract term. Full financial details are included in Part 2 of this report.

The preferred supplier has demonstrated they are able to deliver the high standard of service expected by Surrey County Council and will work with the Council over the full contract duration to make continuous improvements and add value.

132/16 ANNUAL REPORT OF THE SHAREHOLDER BOARD [Item 12]

As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council established a Shareholder Board, which reports annually to the Council. The Leader of the Council requested Cabinet approval for the Annual Report of the Shareholder Board, which would be presented to full County Council at its meeting on 12 July 2016.

RESOLVED:

That the Annual Report of the Shareholder Board, attached as Annex A to the submitted report, be endorsed and that the Cabinet present the report to Council at its meeting on 12 July 2016.

Reasons for Decisions:

To inform the Council about the activities of the Shareholder Board.

The Shareholder Board has been established in accordance with best practice governance to ensure effective oversight and alignment with the strategic objectives and values of the Council.

133/16 ANNUAL GOVERNANCE STATEMENT 2015/16 [Item 13]

Introducing the Annual Governance Statement, the Cabinet Member for Business Services and Resident Experience said that it provided a comprehensive assessment of the Council's governance arrangements, which, once signed by the Leader of the Council and the Chief Executive, would be incorporated in the Statement of Accounts. She also confirmed that there was a statutory duty to review it annually.

Referring to the section of the Statement relating to Transparency and Stewardship, she was pleased to report that an Effective Audit opinion had been given, following the annual internal audit of Organisational Ethics which was the highest grading that could be achieved.

She also informed Cabinet that the Annual Governance Statement had been considered by the Audit and Governance Committee on 26 May 2015. Both the Leader of the Council and the Chief Executive had attended that meeting. During discussions at that meeting some minor changes had been agreed and that committee was satisfied with the governance arrangements and therefore, commended it to Cabinet for publication with the Council's Statement of Accounts.

The Cabinet Associate for Community Safety considered that this Statement was succinct, easy to read and clearly set out the County Council's corporate aims and objectives, including partnership working.

The Cabinet Member for Wellbeing and Health referred Cabinet to the focus 2016/17 and stressed the importance of strong governance arrangements, which would support the increasing number and scale of challenges that the County Council was facing.

Finally, the Leader of the Council informed Members that openness and accountability was at the centre of everything that the Council did. He also highlighted increasing demand for Adult Social Care services and school places as key pressures facing the County Council.

RESOLVED:

1. That the 2015/16 Annual Governance Statement, attached as Annex A to the submitted report, be approved and signed by the Leader of the Council and the Chief Executive for inclusion in the Statement of Accounts.
2. That the Audit and Governance Committee continue to monitor the governance environment and report to the Cabinet, Cabinet Member or Scrutiny Board as appropriate.

Reasons for Decisions:

There is a statutory duty to annually review and report on governance through an Annual Governance Statement. The identification of areas for focus and continuous improvement ensures high standards of governance.

134/16 FINANCE AND BUDGET MONITORING REPORT FOR MAY 2016 [Item 14]

The Leader of the Council presented the budget monitoring report for the first two months of the 2016/17 financial year, covering the period up to 31 May 2016. He said that overall, a forecast of £1.3m underspend this year end was expected and that all services forecast a balanced outturn or small underspend but it was still early in the financial year and services may yet encounter budget issues.

However, services were on track to achieve their planned efficiencies. The risk rating of the total of efficiencies they planned to deliver this year had improved slightly from the Medium Term Financial Plan position. He

considered that achieving these savings was important to ensure the Council maintained a balanced and sustainable budget in the future.

On revenue, he said that he was confident that Cabinet's support for managers' actions would make this the seventh consecutive year that there would be a small underspend or balanced outturn across the Council.

On efficiencies, he informed Members that at the end of May, services forecast delivering all of their £83.5m efficiencies.

Finally, on capital summary, he said that the £638m capital programme for 2016-21, improved and maintained services, invested in Surrey and generated income for the Council and that the Council forecast making £209m capital investment in its services this year. He also considered that reducing reliance on government grants and council tax was key to balancing the budgets over the longer term and that the Revolving Infrastructure and Investment Fund was part of this strategy.

Other Cabinet Members were given the opportunity to highlight key points and issues from their portfolios.

RESOLVED:

That the report be noted, including the following:

1. That the forecast revenue budget for 2016/17 was a £1.3m underspend, as set out in the Annex, paragraph 1, of the submitted report.
2. That forecast efficiencies and service reductions for 2016/17 were £83.5m, as set out in the Annex, paragraph 20, of the submitted report.
3. That the Adult Social Care Service had reviewed the hourly charge for provision of extra care services operated in-house by the Council and updated it to reflect these services' current operating costs and that the revised hourly charge would be £16.10, as set out in the Annex, paragraph 10, of the submitted report.
4. That the transfer of £4.8m from the Investment Renewals Reserve to the Budget Equalisation Reserve, as set out in the Annex, paragraph 8, of the submitted report, be approved.
5. That the following Highways and Transport capital virements be approved:
 - £0.66m from bridge strengthening to highways maintenance, as set out in the Annex, paragraph 28, of the submitted report.
 - £1.03m from Government grants to highways maintenance, as set out in the Annex, paragraph 29, of the submitted report.
 - £1.71m from highways maintenance to strategic economic plan schemes, as set out in the Annex, paragraph 30, of the submitted report.

Reasons for Decisions:

This report is presented to comply with the agreed policy of providing a monthly budget monitoring report to Cabinet for approval and action as necessary.

135/16 LEADER / DEPUTY LEADER / CABINET MEMBER DECISIONS TAKEN SINCE THE LAST CABINET MEETING [Item 15]

The Annex which set out the decisions taken by individual Cabinet Members since the last meeting of the Cabinet was tabled at the meeting. Members were given the opportunity to comment on them.

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.

136/16 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.

137/16 WEST EWELL INFANT SCHOOL (EPSOM AND EWELL) - BASIC NEED EXPANSION PROJECT [Item 17]

In the absence of the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Children and Wellbeing said that this report contained financial and value for money information relating to item 7.

She said that window replacement and other repair works funded from the planned maintenance programme would take place at the same time.

RESOLVED:

1. That the business case for the project to expand West Ewell Infant and Nursery School by 240 places, at a total 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 be agreed by the Deputy Chief Executive and Strategic Director for Children, Schools and Families, in consultation with the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Business Services and Resident Experience and the Leader of the Council.

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 Ewell and NW Epsom area.

138/16 LINDON FARM, ALFOLD [Item 18]

This report set out the business case for the construction of long term supported living accommodation for ten young adults at Lindon Farm, Alfold. The Cabinet Member for Adult Social Care, Wellbeing and Independence drew attention to the financial details as set out in the submitted Annex and requested Cabinet approval for the capital investment.

RESOLVED:

1. To fund investment, as detailed in the submitted report, to build long term supported living accommodation for ten adults with autism and high support needs at Lindon Farm.
2. That authority be delegated to the Chief Property Officer, in consultation with the Cabinet Member for Business Services and Resident Experience for awarding the contract for developing the site and construction of the supported living accommodation.
3. That authority be delegated to the Strategic Director for Adult Social Care and Public Health, in consultation with the Cabinet Member for Adult Social Care, Wellbeing and Independence to award the contract for the provision of care services to the residents once construction has been completed.

Reasons for Decisions:

The site offers an opportunity to build supported living accommodation for ten adults with autism and high support needs to:

- Enable individuals to live in Surrey near their families and support network, rather than out of county.
- Provide supported living accommodation with appropriate space and a range of activities for residents, whilst they are also supported to be part of their local community.
- Deliver long term savings of £0.4m per annum in the provision of their care and support.

139/16 AWARD OF A CONTRACT FOR SHORT TERM VEHICLE HIRE [Item 19]

The Cabinet Member for Business Services and Resident Experience said that this report set out the commercial and financial details relating to item 10 on the agenda and that the Resolution and Reasons for Decisions, were as set out in the Part 1 report.

**140/16 AWARD OF A CONTRACT FOR LEASE AND FLEET MANAGEMENT
[Item 20]**

The Cabinet Member for Business Services and Resident Experience said that this report set out the commercial and financial details relating to item 11 on the agenda and that the Resolution and Reasons for Decisions, were as set out in the Part 1 report.

141/16 WOKING TOWN CENTRE REGENERATION [Item 21]

The Cabinet Member for Business Services and Resident Experience introduced this report and reminded Cabinet that it had agreed in September 2012 that Surrey County Council (SCC) would participate in a Joint Venture Company, Bandstand Square Developments Ltd, with Woking Borough Council (WBC) and Moyallen Ltd to regenerate Woking Town Centre.

She also drew attention to a typo and tabled an amended last sentence to paragraph 27 of the report, as detailed below:

'However S.13 of the Local Government Act 2003 prohibits it from mortgaging or charging any of its own property as security for money which it has borrowed or otherwise owes and no ~~debtor debt or creditor~~ has priority over any other.'

RESOLVED:

1. That the increase in the Phase 1 loan funding requested be provided to Bandstand Square Developments Ltd.
2. That the Director of Legal, Democratic and Cultural Services be authorised to approve appropriate contractual amendments to extend the loan facility.

Reasons for Decisions:

The increase in the loan facility provided by Surrey County Council (SCC) has been requested in order to provide the finance necessary to bring forward enabling works and to complete the procurement of a prime construction contractor. These activities are in addition to the previously agreed Phase 1 works which delivered the land acquisition required for the development, the planning consents necessary and the construction of a new Fire Station.

The full project will deliver a large scale regeneration of the town centre, improving the long-term viability of the existing retail offer in the town and attracting external investment to develop further housing.

SCC's financing costs associated with providing the Phase 1 loan facility will be offset by interest payments received from the Joint Venture.

142/16 PROPERTY TRANSACTIONS [Item 22]

The Cabinet Member for Business Services and Resident Experience informed Cabinet that consideration of this property acquisition had already been through the Investment Advisory Board and commended its approval to Cabinet.

RESOLVED:

1. That Surrey County Council provides equity investment and a long-term loan up to the sum stated, to its wholly owned property company, Halsey Garton Property (HGP) Ltd, as outlined in paragraphs 10 to 12 of the submitted report.
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 HGP be authorised to acquire the long leasehold interest in the property for a purchase cost including associated costs of purchase, as detailed 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 and provides an asset that will contribute to the creation of a diversified portfolio over time to spread risk.

The investment will deliver an ongoing income to the Council, enhancing financial resilience in the longer term.

143/16 PUBLICITY FOR PART 2 ITEMS [Item 23]

It was agreed that non-exempt information may be made available to the press and public, where appropriate.

[Meeting closed at 3.20pm]

Chairman

Public Questions

Question (1) from Susan Darling:

What is the legal position and Surrey County Council policy on decisions of Cabinet and/or Council which have been adopted on the basis of information provided in Council papers which is subsequently found to be wrong or unproven.

Reply:

Councillors are required to take reasonable decisions, informed by all relevant material considerations and disregarding any irrelevant matters. This is evidenced by information provided in reports to meetings and by oral presentations and deliberations at meetings. The legal position flows from an analysis of these and any other relevant legal requirements at the time, and so can only be determined on a case by case basis. Bearing in mind the legal position it would not be sensible to have a written policy for the specific circumstances outlined in Mrs Darling's question.

**Mr David Hodge
Leader of the Council
21 June 2016**

COUNCIL OVERVIEW BOARD

Item under consideration: INVESTMENT STRATEGY: PROPERTY PORTFOLIO

Date Considered: 1 June 2016

1. At its meeting on 1 June 2016 the Council Overview Board reviewed the performance of the Council's investment strategy and property portfolio.
2. The Board supported the principle of a broad portfolio of investments to provide a revenue stream for the Council, but expressed disappointment with the returns achieved to date.
3. In a part two discussion the Council Overview Board queried the levels of return on a number of the investments made in property by the Council and by its property company, Halsey Garton, since the investment strategy was agreed.
4. The Board did not feel that the figures contained in the confidential annex were easy to reconcile with the figures provided to Cabinet when taking individual investment decisions. The Board considers that it would be helpful to have a clearer analysis of what the Cabinet had originally anticipated in terms of income and what had been realised on a year by year basis.
5. **The Board agreed the following recommendation to the Cabinet:**

That a report be presented to the Cabinet on an at least annual basis with a transparent and accessible summary of actual income compared to anticipated returns, to enable the Cabinet to review the performance of the investments made and consider whether any adjustments need to be made to the investment strategy.

STEVE COSSER
Chairman of the Council Overview Board

CABINET RESPONSE TO COUNCIL OVERVIEW BOARD

INVESTMENT STRATEGY: PROPERTY PORTFOLIO (considered by Council Overview Board on 1 June 2016)

COMMITTEE RECOMMENDATIONS:

That a report be presented to the Cabinet on an at least annual basis with a transparent and accessible summary of actual income compared to anticipated returns, to enable the Cabinet to review the performance of the investments made and consider whether any adjustments need to be made to the investment strategy.

RESPONSE:

I would like to thank the board for their comments and scrutiny of the reports provided which outlined progress being made to deliver an income from property investment in the longer term. I would also like to thank the board for their support and confirm that the returns are in line with expectations. The Investment Strategy is managed on behalf of the council by the Investment Advisory Board who consider detailed reports on performance once per quarter. Summary financial information about the Investment Strategy is included in the Finance and Budget Monitoring report reviewed by Cabinet on a monthly basis.

**David Hodge
Leader of the Council
21 June 2016**

COUNCIL OVERVIEW BOARD

Item under consideration: ANNUAL REPORT OF THE SHAREHOLDER BOARD

Date Considered: 1 June 2016

1. At its meeting on 1 June 2016 the Council Overview Board considered the Shareholder Board's annual report with the Leader and Deputy Leader of the Council alongside the Strategic Finance Manager, who also acts as Secretary the Shareholder Board, as witnesses.
2. The Council Overview Board discussed the governance structure and noted the overlap in membership with the Cabinet as the Shareholder Board and Investment Advisory Board are effectively sub-groups of the Cabinet. The Council Overview Board highlighted the problematic scenario whereby the individual financial performance of the companies could not be scrutinised directly by the Council Overview Board.
3. The Council Overview Board considered the performance information submitted on each of the companies in the annual report with the Shareholder Board representatives and noted the difficulties faced by Surrey Choices in particular and identified this organisation for further scrutiny.
4. The Scrutiny Board considered the level of detail provided on the financial results of the companies to be insufficient. The Board therefore asks that the Cabinet support its request that the future presentation of financial information to the Council Overview Board should be improved, including the addition of a column showing the return on the investment/capital for each company.

STEVE COSSER
Chairman of the Council Overview Board

CABINET RESPONSE TO COUNCIL OVERVIEW BOARD

**ANNUAL REPORT OF THE SHAREHOLDER BOARD
(considered by Council Overview Board on 1 June 2016)**

COMMITTEE RECOMMENDATIONS:

6. The Scrutiny Board considered the level of detail provided on the financial results of the companies to be insufficient. The Board therefore asks that the Cabinet support its request that the future presentation of financial information to the Council Overview Board should be improved, including the addition of a column showing the return on the investment/capital for each company.

RESPONSE:

I would like to thank the board for their comments and scrutiny of the Shareholder Board report. The Shareholder Board will continue to provide information to the Council Overview Board in so far as this is publically available and not commercially sensitive.

**David Hodge
Leader of the Council
21 June 2016**

COUNCIL OVERVIEW BOARD

Item under consideration: TRUST FUND TASK GROUP REPORT

Date Considered: 1 June 2016

At its meeting on 1 June 2016 the Council Overview Board considered the report of its Trust Fund Task Group. Members of the Task Group alongside the Deputy Director of Finance discussed the findings with the rest of the Board.

The Board discussed the proposals formulated by the Task Group and agreed that they offered the best opportunity to bring the trusts managed by the Council back into effective use.

The Board agreed that the Community Foundation for Surrey was the best organisation to administer the funds as they have the expertise and track record to ensure the funds are delivered to those in need and as closely to their original objectives as possible.

The Board also noted that as the Council may become the trustee of new funds in the future that a policy should be in place for the transfer of these funds too.

The Board agreed the following recommendations and asks the Cabinet to agree:

- a) That trust funds for which the County Council is the sole trustee, excluding the Lingfield Guest House and Looked After Children funds, be transferred to the Community Foundation for Surrey (CFS), and that officers be authorised to begin the liaison with the CFS to ensure this is actioned at the earliest possible date.
- b) That a further report outlining the proposals in relation to those trust funds where the Council is not the sole trustee be submitted in due course, following discussions with the other trustees.
- c) That, where a new trust fund is bequeathed to the Council, the presumption should be that the trust fund is transferred - under the same principles recommended for the current trust funds - to the Community Foundation for Surrey.

Subject to Cabinet agreement to the above recommendations the Council Overview Board will monitor these arrangements on an ongoing basis and make recommendations to the Cabinet as appropriate.

STEVE COSSER
Chairman of the Council Overview Board

CABINET RESPONSE TO COUNCIL OVERVIEW BOARD

TRUST FUND TASK GROUP REPORT

(considered by Council Overview Board on 1 June 2016)

COMMITTEE RECOMMENDATIONS:

The Board agreed the following recommendations and asks the Cabinet to agree:

- c) That trust funds for which the County Council is the sole trustee, excluding the Lingfield Guest House and Looked After Children funds, be transferred to the Community Foundation for Surrey (CFS), and that officers be authorised to begin the liaison with the CFS to ensure this is actioned at the earliest possible date.
- d) That a further report outlining the proposals in relation to those trust funds where the Council is not the sole trustee be submitted in due course, following discussions with the other trustees.
- c) That, where a new trust fund is bequeathed to the Council, the presumption should be that the trust fund is transferred - under the same principles recommended for the current trust funds - to the Community Foundation for Surrey.

Subject to Cabinet agreement to the above recommendations the Council Overview Board will monitor these arrangements on an ongoing basis and make recommendations to the Cabinet as appropriate.

RESPONSE:

Cabinet has carefully considered the recommendations of the Council Overview Board following its receipt of the Trust Fund Task Group Report on 1 June 2016 and wishes to make the following amendment:

That in view of the considerable work which has been undertaken in recent months by Cabinet Members and officers in respect of the Henrietta Parker Trust, including scrutiny by the Education and Skills Board, and the Tulk Fund Trust for which a report was considered at the Cabinet Meeting on 26 April, 2016, these two funds should be added to two excepted funds of Lingfield Guest House and Looked After Children and not be transferred to the Community Foundation for Surrey, and that the activities of these two additional trusts be reviewed after two years to ensure that they have been properly managed and have disbursed funds to suitable projects in accordance with their respective aims and objectives.

**Mary Lewis, Cabinet Associate for Children, Schools and Families Wellbeing, on behalf of Linda Kemeny, Cabinet Member for Schools, Skills and Educational Achievement
21 June 2016**

ECONOMIC PROSPERITY, ENVIRONMENT AND HIGHWAYS BOARD

**Item under consideration: HIGHWAYS AND TRANSPORT - REVISED
ASSET MANAGEMENT STRATEGY [Item 9]**

Date Considered: 9 June 2016

Key points raised during the discussion:

- The board were updated on revisions to the asset management strategy for the highways and transport service. It was stated that the strategy had to be refreshed so it was in line with best practice and enabled the service to receive maximum funding from the Department of Transport (DfT).
- Members of the board congratulated officers on the strategy produced. The Board were invited to email the Director of Highways with any locally specific comments they may have.
- The board discussed the strategy in detail and asked for clarification where appropriate.
- It was explained that the revised asset management strategy supported the delivery of the services 5 year strategic business plan 2016-21 which in turn was aligned to the councils corporate priorities.

Recommendation:

The Economic Prosperity, Environment and Highways Board recommends that Cabinet endorse and approve:

- a. the Asset Management Strategy
- b. the revised allocation of capital budgets from 2017 onwards
- c. that any minor future amendments to the strategy can be made by the Strategic Director of Environment and Infrastructure in consultation with the Cabinet Member for Highways, Transport and Flooding Recovery.

**David Harmer
Chairman of the Economic Prosperity, Environment and Highways
Board**

**CABINET RESPONSE TO ECONOMIC PROSPERITY, ENVIRONMENT
AND HIGHWAYS BOARD**

**HIGHWAYS AND TRANSPORT – REVISED ASSET MANAGEMENT
STRATEGY (considered by Economic Prosperity, Environment and
Highways Board on
9 June 2016)**

COMMITTEE RECOMMENDATIONS:

The Economic Prosperity, Environment and Highways Board recommends that Cabinet endorse and approve:

- a. the Asset Management Strategy
- b. the revised allocation of capital budgets from 2017 onwards
- c. that any minor future amendments to the strategy can be made by the Strategic Director of Environment and Infrastructure in consultation with the Cabinet Member for Highways, Transport and Flooding Recovery.

RESPONSE:

We agree that it is important that we manage our highway assets in the most efficient and effective way possible within the available budgets to ensure that residents get the best value for money in terms of highways services. We also believe that it is important that the County is able to demonstrate to the Department for Transport that we are managing our highway assets in accordance with national best practice to ensure that we achieve the maximum level of capital funding available. The Asset Management Strategy and revised allocation of capital budgets will help to ensure that these priorities are met.

May I thank the Economic Prosperity Environment and Highways Board for their comments and their continued interest in maintaining a safe road network in Surrey.

**John Furey
Cabinet Member for Highways, Transport and Flooding
21 June 2016**