

MINUTES of the meeting of the **COUNCIL OVERVIEW BOARD** held at 10.00 am on 21 September 2016 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on 3 November 2016.

Elected Members:

- * Mr Steve Cosser (Chairman)
- * Mr Eber A Kington (Vice-Chairman)
- * Mr Mark Brett-Warburton
- Mr Bill Chapman
- * Mr Stephen Cooksey
- Mr Bob Gardner
- * Mr Michael Gosling
- * Dr Zully Grant-Duff
- * Mr David Harmer
- * Mr Nick Harrison
- Mr David Ivison
- * Mr Colin Kemp
- Mrs Hazel Watson
- * Mr Keith Witham
- Mrs Denise Saliagopoulos

Ex officio Members:

Mrs Sally Ann B Marks, Chairman of the County Council
Mr Nick Skellett CBE, Vice-Chairman of the County Council

*present

58/16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Bill Chapman, Bob Gardner and Hazel Watson.

59/16 MINUTES OF THE PREVIOUS MEETING: 6 JULY 2016 [Item 2]

- A member of the board made comments with regards to item 53/16 of the previous minutes. On paragraph 5 of the minutes, in the last sentence to include 'allows' after means, so to read, 'ensuring that the authority cannot borrow more than its means allows'.
- On paragraph 7 of the minutes, in the last sentence to remove acquire and replace with 'receive', so to read 'the authority was projected to receive dividends'.
- Subject to the amendments, the minutes were agreed as a true record of the meeting.

60/16 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest made.

61/16 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions submitted to the board.

62/16 FINANCIAL SUSTAINABILITY AND BUDGET PLANNING 2017- 2022 [Item 8]

A revised Annex 1 was tabled at the beginning of the meeting.

Witnesses:

Denise Le Gal, Cabinet Member for Business Services and Resident Experience
Kevin Kilburn, Deputy Director of Finance

Key points raised during the discussion:

1. The Chairman explained that this item would be taken first on the agenda as the Cabinet Member for Business Services and Resident Experience was due at another meeting at 10.30am.
2. The Chairman explained that a financial sustainability and budget planning paper had been agreed at Cabinet on 20 September 2016 with all recommendations being agreed except recommendation 8 which had some minor changes made.
3. The Cabinet Member for Business Services and Resident Experience briefly introduced the report to the Board. She explained that the Council was in a financially unprecedented situation and was facing great budgetary challenges especially with the adults and children's social care budgets. There was great concern amongst the Cabinet and this had been raised with local MPs and the Chancellor of the Exchequer. It was further explained that the four year settlement decision would be delegated to the Leader after discussions with the Cabinet had taken place. The Cabinet were minded to refuse the four year offer even though originally it had been welcomed. Accepting the four year offer would mean Surrey tax payers would be funding other parts of the country in year 4 of the deal. The cabinet member also explained that the council's budget planning is considering two scenarios – A&B, where A included the known pressures and savings while B included a £20m 'shock'.
4. A Member of the Board queried if it was wise for the Leader to take a decision regarding the four year settlement on his own without any consultation. Furthermore it was queried whether this decision would be taken in public. The Cabinet Member for Business Services and Resident Experience explained that discussions regarding the settlement had taken place with the Cabinet and the Leader is minded to refuse the offer, which would be discussed at Full County Council on 11 October, prior to a decision being made. The Cabinet are willing to

Speak with Members about this further. The Board were reassured that in terms of assessing risk the Leader would be consulting further with the Chief Executive. The Cabinet Member for Business Services and Resident Experience would confirm whether this decision would take place in public in due course.

5. A Member of the Board raised concerns that a great element of what the Cabinet were pursuing relied on the Government having a change of heart even though it was clear that there were trust issues between both parties. Furthermore, there seemed to be no clear plans in place if the Council refused the settlement offer. It was further explained that the county was prepared for the worst case scenarios and the Cabinet had held a number of workshops to look into these scenarios.
6. Queries were raised around a potential additional 6% precept to adult social care. It was explained that there was no intention to have an extra precept and the 6% figure was being used to illustrate the level of demand faced by adult social care. There was potential to raise funding through the Municipal Bonds Agency although the Board pointed out that this was limited to capital not revenue funding.
7. The Board commented that although the Government was Conservative and so were all of the Surrey MPs, there was no greater sympathy towards Surrey County Council's financial position. The Cabinet Member for Business Services and Resident Experience stated that the Cabinet had met all Surrey MPs regarding this matter so they can understand Surrey's financial situation but they could only influence the Government to a certain extent.
8. The Board asked for more clarification around the business rate consultation and what this would mean for the county. The Deputy Director of Finance explained that two consultation papers had been received on business rates. Currently 50% of local rates are delegated to the local authority and the remainder is retained by Government. If the Government was thinking about allowing local authorities to keep 100% of business rates they would look to pass on additional responsibilities. If the council was to be given an increase in business rate revenues it would insist that this was to firstly fund current responsibilities rather than taking on extra responsibilities.
9. Referring to paragraph 34 of the report, the Chairman welcomed Cabinet's recommendation requesting scrutiny boards to test the assumptions within proposals. A Member of the Board raised concerns that finance sub group meetings had been set up to test assumptions but these had subsequently been cancelled as relevant information was not available. The Chairman stated that Members with any concerns around this should raise it with him.
10. Referring to the revised Annex 1 some Members commented that the document was suggesting extra savings to be achieved in 2017/18 when in fact savings could not even be achieved in 2016/17. The Deputy Director of Finance explained that the two scenarios represented the case where the Council did not get any support from Government and could not meet financial pressures.

11. It was explained that there was ongoing work to address the council's financial concerns and Scrutiny Boards have the opportunity to scrutinise these proposals. A Member stated that it was important that Scrutiny Boards are involved in the process and are given the opportunity to comment on any plans. The Chairman reinforced the point that all Cabinet Members had been given cash envelopes within which to develop proposals which they would be bringing to each Scrutiny Board for feedback.
12. The Deputy Director of Finance explained that there had been an increase to the Legal and Democratic Services revised cash limit for 2017/18 because of the upcoming County Council elections. Furthermore there had been an increase to the central income and expenditure budget due to the additional funding of capital programmes.
13. There was concern raised by the Board regarding the Leader being given the delegated responsibility to make the final decision regarding the four year settlement offer. Some Members also commented that they believed this decision should be made in public. The Deputy Director of Finance explained that Cabinet had suggested that they would not be accepting the offer and the decision will be reported to full council. The section 151 officer cannot take any decision but can only advise the leader.
14. The Chairman explained that although Cabinet agreed all recommendations in the report there had been an amendment to one of those recommendations which allowed the Leader to accept or decline the governments offer as soon as possible after the full council meeting of 11 October 2016 (Annex 2). A list of revised recommendations was tabled at the meeting as Annex 2.
15. The Chairman stated that we should formally welcome the Cabinet request for Scrutiny Board's support with testing financial assumptions.

Recommendations:

- a. The Board recommends that the Leader should make the decision regarding acceptance or refusal of the governments four year settlement offer in public at a Leaders Decision making meeting so council members can make any representations as necessary.

63/16 SURREY COUNTY COUNCIL'S APPROACH TO CONSULTATION [Item 11]

Witnesses:

Tim Vamplew, Research & Consultation Manager
Rich Stockley, Senior Manager – Research & Intelligence
Pat Hindley, Campaign Communications Manager
Paul Millin, Travel & Transport Group Manager

Key points raised during the discussion:

1. Members raised a query around costs involved with consultations and if there was any financial benefit of running consultations centrally. The Senior Manager stated that there was no annual cost figure available as each department runs their own consultations. Obtaining this figure would be difficult especially as the majority of cost involved was officer time.
2. A Member queried what the benefit of setting up a 'champion's network' would be. It was explained by officers that setting up this network would combat officer isolation and allow officers to network for more support on consultation work. The network is about connecting up people rather than creating new roles.
3. Officers stated that many lessons are learnt from setting up consultations. Officers carry out an evaluation as to how things have been done well and what could have been done better although it was recognised that not all services use the support offered by the Research & Intelligence team. Guidance on carrying out consultations with best practice was available on Snet and training courses were also offered to officers. Officers were also signposted to other courses outside of the county council including courses run by Surrey University.
4. A Member queried whether work had been done to analyse common trends both positive and negative. The Senior Manager stated that 90% of the time consultations go badly because people do not use the expertise of the Research & Intelligence team and are inexperienced at running consultations.
5. Listing some examples, a Member raised concerns that some consultations had been ineffective and hard to access for residents. The Board asked how officers ensured that all residents were reached as part of the consultation process. The Senior Manager explained that sampling was an issue and that the same residents or groups did often appear. The Campaign Communications Manager stated that in consultations where officers wanted a wider response, the Communications team would work with officers through various means to achieve this. Various channels of communications were used and targeting activity was also undertaken but it was recognised that evaluation after the consultation was essential to see how things had progressed.
6. The Board expressed the view that sometimes consultations felt like they were based on pre-determined outcomes. The Senior Manager recognised that perception but explained that this would be counterproductive for the council. It was explained that in some cases it might not be appropriate to consult whereas in others there is a statutory or legal obligation to do so, however, this scenario can only be addressed if the central team is approached in the first instance.
7. It was recognised that the Local Transport Review had been a huge success and was far reaching. The Travel & Transport Group Manager stated that his team had worked closely with the communications team

to ensure all key audiences were factored into the consultation. The online option allowed for responses to be analysed quickly but as part of the Local Transport Review easy read and large font consultation leaflets were also made available. The Travel & Transport Group Manager confirmed that the Communications and Research & Intelligence teams were good for signposting services to other consultations that had been carried out effectively.

8. Members queried whether the team advised officers on timings for consultations. The Senior Manager recognised that appropriate timings were essential and the team did not have any knowledge about the recent street lighting consultation. The Campaign Communications Manager stated that August was usually not a preferable time to consult.

Michael Gosling left the meeting at 11.40 am

9. A Member questioned how all residents could contribute when consultations were mostly online. For those people with no online access, work was undertaken to ensure hard copies of consultations were made publicly available.
10. The Chairman said that in difficult financial times there may be merit in setting up a task group to look at how best to carry out consultations across the county. The Board agreed to the setting up of this task group. The Chairman confirmed that recommendations listed in the report would be deferred to the task group to consider.

Resolved:

- a. That COB in conjunction with members from the Resident Experience Board convene a task group to investigate how consultations could be best run across the council.

64/16 INTERNAL AUDIT: REVIEW OF PROPERTY ASSET MANAGEMENT SYSTEM INCOME MODULE [Item 9]

Colin Kemp and Mark Brett-Warburton left the room at 11.55am

Colin Kemp returned at 12.02pm

Mark Brett-Warburton returned at 12.05pm

Witnesses:

Claire Barrett, Deputy Chief Property Officer
Nigel Jones, Performance Manager
Siva Sanmugarajah, Lead Auditor
David John, Audit Performance Manager

Key points raised during the discussion:

1. Members raised concerns that money had been lost from not having a proper method of recording money owed to the Council. Furthermore

questions were raised as to why the audit opinion recorded 'no position'. The Deputy Chief Property Officer explained that the Property Asset Management System (PAMS) had been live since September 2015 and the interface between the system and SAP was the only element of the system that was not working. The officer emphasised that there had been no loss of rental income due to the interface not working. There had been opportunity costs to officers through duplication of inputs to both PAMS and SAP. PAMS would continue to be developed and work to align the system with East Sussex County Council would be considered.

2. A Member queried a key finding in the audit report which stated that the absence of a senior officer on maternity leave with no replacement meant that the project was delayed. The Performance Manager stated that the decision not to go live with the system was due to stakeholder involvement rather than officer cover. He went on to further explain that stakeholders involved in the project decided to delay implementation as processes in place necessitated more work.
3. It was explained that the final module of PAMS was implemented and went live in September 2015. The system gives officers access to all the information held by the property service. The service decided to go live with the system to enable officers to gain experience with the system.
4. The Lead Auditor explained that PAMS had been implemented module by module over the past few years, with the Income Module being the final one to 'go live' in September 2015. Although this module had been partially 'live' since September 2015, it was not possible for the auditor to review the whole system, including the interface and hence the auditor did not feel that it was reasonable to give an audit opinion on a system that was not fully operational. The auditor however, agreed to re-visit this area once the system has been fully operational for a reasonable period of time.
5. Members raised concerns over the lack of senior management ownership of the project. The Performance Manager stated that an IMT project manager was taking the lead on the project but was no longer involved in the project. For this reason the service has been liaising with stakeholders and has organised two meetings in October to agree a plan for the introduction of the system.
6. A Member queried why the service was developing a bespoke interface and not purchasing an already developed system. It was explained that due to the specialist nature of the work being done it was preferable to have a bespoke system in place.
7. The Performance Manager explained that in total there were 800 properties from which property services collected rent. The details of these properties can be found in the PAMS system

Resolved:

The Board agreed that the service will report its progress against the high priority recommendations to Democratic Services, and a failure to meet improvement targets would result in a further report to the Board.

65/16 INTERNAL AUDIT: SURREY YOUTH CENTRES - GOVERNANCE AND BUSINESS MANAGEMENT ARRANGEMENTS [Item 10]

Witnesses:

Ben Byrne, Head of Early Help
David John, Audit Performance Manager
Jan Smith, Community Youth Work Service Manager
Tasneem Ali, Lead Auditor

Key points raised during the discussion:

1. The Chairman of the Board expressed his concerns with the findings of the audit report and queried whether the Head of Early Help thought enough was being done to train people and ensure they are being held to account. The Head of Early Help recognised there were failings but work was being done with audit to address these failings. Training has been identified with colleagues and new processes had been introduced. The management team recognised more should have been done to support colleagues. The Head of Early Help went onto explain that there had been a degree of significant change within the service which had impacted the findings.
2. The Audit Performance Manager welcomed the comments made by the Head of Early Help and stated that the audit findings had been accepted early on by the service. He explained that process and financial management issues are not new to the council and there had not been any guidance for front line staff on cash management. In the circumstances staff were doing their best but it was vital for training to be undertaken.
3. Some Members stated that they did not take any comfort from the actions being proposed in the audit plan and recognised that this could have a great impact on public confidence in the council. The Head of Early Help stated that he was committed to making a change and would work with audit to ensure improvements are made.

Colin Kemp left the meeting at 12.40pm

4. The Community Youth Work Service Manager explained that the service was on target with the audit management action plan. Training had been organised with staff on cash handling and full structures and support were in place for staff. The service had recently undergone a mini training session on recording VAT correctly.
5. Members of the Board queried when a follow up review on the audit could be undertaken. It was agreed with the Audit Performance Manager that a follow up could be done in 3 months and a fuller review in 6 months. Once completed this could come back to the board for review.

Resolved:

The Board agreed that the service would bring an audit update report to the Council Overview Board at a date to be agreed.

66/16 SCRUTINY BOARD TASK GROUP SCOPING DOCUMENTS [Item 7]

Key points raised during the discussion:

1. The board approved the scoping documents for both task groups. The Chairman queried whether the early help task group set up by the social care services board would be in a position to complete its work programme by December 2016.

67/16 RESPONSES FROM THE CABINET TO ISSUES REFERRED BY THE SCRUTINY BOARD [Item 5]

Key points raised during the discussion:

1. The Chairman reported that the Municipal Bond Agency recommendations had been accepted by Cabinet with minor amendments which were acceptable.
2. The Chairman stated that he had recently been given copies of the minutes and reports from the Investment Advisory Board and would report back to the board on their content in due course.

68/16 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 6]

Key points of discussion:

Recommendations Tracker

1. With regards to recommendation A12/2016, the Chairman explained that the scoping document for the 'scrutiny in a new environment' task group would be shared with members by the end of the week. The Chairman would also be inviting members of the board to sit on this task group.
2. The tracker was noted.

Forward Work Programme

1. The Chairman explained that the review of Cabinet member priorities had been scheduled as an item for the November board meeting. The Chairman went on to say that he would be meeting with his counterpart from East Sussex to discuss the scrutiny of Orbis. Members raised concerns that it had originally been agreed for both authorities to do joint scrutiny work of Orbis but this had not yet been scheduled. The Chairman stated that he would be discussing this when he meets with his counterpart.

2. Members were asked to report to the Chairman on any items they wished to have included in the forward work programme for December.
3. It was explained that the agency staff policy and contract monitoring item had been deferred to the December board meeting.

69/16 DATE OF NEXT MEETING [Item 12]

The next formal meeting of the board will take place at 10.00am on Thursday 3 November 2016.

A Private budget meeting has been arranged for the board on Thursday 6 October 2016 at 10:00am. The Vice-Chairman will be chairing this meeting.

Meeting ended at: 1pm

Chairman

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Services' revised cash limits 2017/18 to 2020/21

Scenario A - revised cash limits	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Delegated Schools	457.7	457.5	457.5	457.5	457.5
Schools and SEND	170.8	166.7	165.2	165.9	166.2
Children's services	104.7	103.9	101.1	96.8	94.4
Commissioning and Prevention	89.7	82.9	79.7	79.3	79.1
Adult Social Care	429.5	409.0	401.8	398.6	398.9
Environment and Planning	86.3	84.7	85.1	88.8	90.4
Central Income and Expenditure	60.0	68.9	75.9	81.4	84.0
Highways and Transport	51.9	51.9	51.2	51.6	52.2
Fire and Rescue Service	46.8	44.3	45.4	43.4	43.3
ORBIS Joint & managed budgets	97.7	96.4	92.2	92.3	94.0
Public Health	38.8	36.5	34.2	32.8	32.5
Cultural Services	22.7	22.4	21.9	21.9	22.0
Legal and Democratic Services	9.0	10.0	8.5	8.4	8.4
Trading Standards	3.7	3.6	3.5	3.5	3.5
Customer Services	3.6	3.5	3.4	3.4	3.4
Strategy and Performance	3.6	3.5	3.4	3.4	3.3
Community Partnership and Safety	3.0	2.9	2.8	2.8	2.8
Communications	2.0	1.9	1.8	1.8	1.8
Coroner	1.8	1.7	1.7	1.7	1.8
Directorate support	1.1	1.0	1.0	1.0	1.0
Strategic Leadership	1.0	1.0	1.0	1.0	1.0
Emergency Management	0.5	0.5	0.5	0.5	0.5
Total expenditure	1,686.0	1,654.8	1,638.8	1,637.8	1,641.9

Scenario B - revised cash limits	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Delegated Schools	457.7	457.5	457.5	457.5	457.5
Schools and SEND	170.8	165.3	163.7	164.5	164.7
Children's services	104.7	101.7	98.8	94.6	92.1
Commissioning and Prevention	89.7	82.0	78.8	78.4	78.3
Adult Social Care	429.5	400.6	393.4	390.2	390.5
Environment and Planning	86.3	82.9	83.3	87.0	88.6
Central Income and Expenditure	60.0	68.9	75.9	81.4	84.0
Highways and Transport	51.9	50.9	50.2	50.5	51.2
Fire and Rescue Service	46.8	43.5	44.6	42.7	42.5
ORBIS Joint & managed budgets	97.7	94.6	90.4	90.5	92.2
Public Health	38.8	35.6	33.3	31.9	31.7
Cultural Services	22.7	22.2	21.7	21.7	21.8
Legal and Democratic Services	9.0	9.8	8.3	8.2	8.2
Trading Standards	3.7	3.5	3.5	3.5	3.5
Customer Services	3.6	3.4	3.3	3.3	3.3
Strategy and Performance	3.6	3.5	3.4	3.3	3.3
Community Partnership and Safety	3.0	2.8	2.8	2.7	2.7
Communications	2.0	1.9	1.7	1.7	1.7
Coroner	1.8	1.7	1.7	1.7	1.7
Directorate support	1.1	1.0	1.0	1.0	1.0
Strategic Leadership	1.0	1.0	1.0	1.0	1.0
Emergency Management	0.5	0.5	0.5	0.5	0.5
Total expenditure	1,686.0	1,634.8	1,618.8	1,617.8	1,621.9

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1. That the context and background to the County Council's financial prospects over the medium term, as set out in paragraphs 15 to 22 of the submitted report, be noted.
2. The achievement of £329m efficiency savings over the last five years and the further planned savings of £361m over the next five years be noted.
3. The impact of additional funding on the Council's financial sustainability, as set out in paragraph 35 of the submitted report, be noted.
4. The revised cash limit budgets for each service in the absence of additional funding from government grants, council tax, or business rates; or further savings, as detailed in paragraph 33 and annex 1 of the submitted report be approved.
5. That Cabinet Members and officers develop proposals on delivering services within the revised cash limits for a future Cabinet meeting, as set out in paragraph 33 of the submitted report.
6. The development of proposals to the Government for additional funding through the adult social care precept, business rates retention and for school places, as set out in paragraph 35 of the submitted report, be approved.
7. That Cabinet would welcome a County Council view before a decision is taken on the Government's four year settlement offer, and that an item seeking that view be included (in accordance with Article 8.2(c) of the Constitution) in Cabinet's report to Council on 11 October 2016.
8. That the executive decision to accept or decline the Government's four year settlement offer, as set out in paragraph 41 of the submitted report, be delegated to the Leader of the Council, for decision as soon as possible after the full Council meeting of 11 October 2016.
9. Subject to further minor adjustments agreed by the Chief Executive in consultation with the Leader of the Council, the Council's own response to the 100% Business Rates Retention consultation be approved, and the joint response from the 3SC local authorities, as detailed in paragraph 48 of the submitted report, be endorsed.
10. That Scrutiny Boards examine the key budget proposals and report back to Cabinet, as detailed in paragraph 34 of the submitted report.

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