

4 November 2016

Dear David and David,

**Scrutiny of Surrey Choices**

Over the last six months each of our committees/boards has been interested in looking into our local authority trading companies and Surrey Choices in particular. The Audit & Governance Committee raised concerns about further investment in the company in light of past governance failures in a letter to the Council Overview Board Chairman in April 2016. Subsequently, the Council Overview Board reviewed the Shareholder Board's oversight of the performance of Surrey Choices, as well as the other local authority trading companies, and in June the Council Overview Board recommended further scrutiny of Surrey Choices following the approval of its new business plan by the Shareholder Board.

In the meantime increased funding has been awarded to the company through the normal budget planning processes of the Adult Social Care and Public Health service. This obviously did not require approval from the Shareholder Board and we believe this process represents a significant risk to the Council. We will be seeking assurance about the ongoing suitability of the company to provide the services required by Adult Social Care and the realisation of financial benefits as envisaged in its original business plan.

As the chairmen of the Audit and Governance Committee, Council Overview Board and Social Care Services Board we have requested that details of the increased demand on Surrey Choices and the resultant variance to its contract with Adult Social Care be provided to the Social Care Services Board. Following receipt of this information and the approval of the new business plan we will aim to develop a programme to co-ordinate appropriate scrutiny across each of our committees/boards to assure Members that Surrey Choices is the right vehicle for delivering service and that it is adequately scrutinised.

We are therefore seeking your co-operation in realising this aim and would welcome a response to the issues raised on the adequacy of the governance process and the suitability of Surrey Choices to continue to deliver services to Adult Social Care. The Council Overview Board further expects to review the revised business plan at its 14 December meeting and would welcome appropriate attendance of Shareholder Board members to be able to respond to the concerns.

Additionally, the Council Overview Board has convened a task group to test the scrutiny function's arrangements to scrutinise new and emerging service models including local authority trading companies which will report in early 2017.

Yours sincerely,

Steve Cosser  
**Chairman**  
**Council Overview Board**

Stuart Selleck  
**Chairman**  
**Audit & Governance Committee**

Keith Witham  
**Chairman**  
**Social Care Services Board**

Cc.

Ann Charlton, Director of Legal, Democratic & Cultural Services

Helen Atkinson, Strategic Director Adult Social Care & Public Health

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