

CABINET – 28 FEBRUARY 2017

PROCEDURAL MATTERS

Member Questions**Question (1) from Mrs Hazel Watson (Dorking Hills):**

It has been reported that representatives of the County Council have recently met with representatives of the Mayor of London and Transport for London to discuss cross border train services between Surrey and London, and took the opportunity to raise the issue of cross border bus services and, in particular, the 465 bus service at the meeting.

Can the Leader please set out the background to the discussions with regard to the 465 bus service and, in particular, confirm whether the County Council or Transport for London has raised the issue of a possible reduction in the subsidy provided to the 465 service or whether one or other authority has requested to reduce their share of the subsidy following a retendering process with the result that the service could terminate at Leatherhead (i.e. be withdrawn between Leatherhead and Dorking). Please also provide figures for the amount of subsidy that SCC has paid to TfL each year since 2010 for the 465 bus route.

Furthermore, can the Leader confirm whether he will maintain the 465 service at its current level and also maintain the subsidy both in monetary amount and the percentage share of the total subsidy if an increase in subsidy is required following the retendering of the service, and will he seek to ensure that the Mayor of London and Transport for London will do the same?

Reply:

Discussions with the Mayor of London's Office and Transport for London (TfL) have taken place which considered a range of issues of common interest, including cross border bus services.

These discussion are on-going.

We are committed within our budget to protecting the important bus services in Surrey. The 465 is an important and valued route used by our many residents. Officers have been asked to find a solution, and this review continues.

The financial agreement with TfL encompasses nine cross boundary routes, with a contribution of £250k made by this council to TfL in 2016/17.

Mr David Hodge CBE
Leader of the Council
28 February 2017

Question (2) from Mr Will Forster (Woking South):

Will the Council confirm the value of the Highways Contract Management (Lot 5) Contract? I understand that my local Highways team, North West Surrey, has taken the lead on managing and reviewing the Lot 5 Contract.

Could the Council confirm how much in time and resources from this local team has been spent on the Lot 5 Contract and highway flooding issues since they have taken the lead on this matter?

Reply:

The Lot 5 contract for drainage maintenance has been running since 2010 and has recently undergone a contract extension and re-tendering process.

In June 2015 responsibility for management of this contract was transferred to the Local Highways Services Group within Surrey Highways, along with responsibility for a number of other county-wide contracts including grass cutting.

There are a number of elements to the Lot 5 contract, and so the overall value of the contract is dependent on what aspects of cyclic maintenance and reactive maintenance are included in the calculation of this. The overall drainage maintenance budget linked to Lot 5 is £3.149m.

It is difficult to estimate the amount of time spent on managing this contract by the NW area team and other staff within Local Highways Services. At the time of taking on management of these county-wide functions, additional Principle Engineer posts were created in the organisational structure to cope with the administrative workload, and these posts have been fully employed to that end. The principle engineer in the NW team is fully dedicated to managing the Lot 5 contract, the Area Highways Manager spends approximately a third of his time on the management of this contract and others are involved on an ad hoc basis assisting with auditing of the contract. Highway flooding issues are dealt with as part of the overall budget. Business as usual activities of the area teams are dealt with as they arise.

Mr John Furey
Cabinet Member for Highways, Transport and Flooding
28 February 2017

Question (3) from Mrs Hazel Watson (Dorking Hills):

Paragraph 14 (page 24) of the Budget report to Council on 7 February 2017 referred to a financial resilience review by the Chartered Institute of Public Finance & Accountancy, which was carried out in November 2016 at the request of the Director of Finance, supported by the Chief Executive and Leader in recognition of the seriousness of the financial challenges facing the Council. Please could you publish a full copy of the review and the amount which Surrey County Council was charged by CIPFA for carrying out this review?

Reply:

All of local government is facing acute challenges with funding as demand for services, especially social care grow, while funding from central government falls. However, a number of factors have led to Surrey County Council being hit particularly badly with a drastic cut and elimination of Revenue Support Grant from 2016 to 2019, as well as the impact of supporting the largest number of people with leading difficulties in the country.

This administration is determined to continue to provide services to our residents with best value. Therefore, in conjunction with the Director of Finance, I asked the Chartered Institute of Public Finance and Accountancy (CIPFA) to come to Surrey County Council and review our finances. CIPFA are the country's leading experts on local authority finance and this work cost £24,500

During November and December, CIPFA researched the Council's finances; examined its books; conducted interviews with Cabinet Members and senior managers, and provided a detailed oral report to the Cabinet. As I said in the council report on the budget, they found that our figures were correct and that the challenges we faced were real.

CIPFA will be providing a written report in due course and this will be made available to all Members as is usual.

Mr David Hodge CBE
Leader of the Council
28 February 2017

Question (4) from Mr Jonathan Essex (Redhill East):

In relation to the "Developing A Single Waste Approach" plan agreed by the Cabinet in December 2016, we understand that Surrey County Council have technically notified all Surrey boroughs and districts that they are intending to direct all of these 'recycling collection authorities' from around 6 January 2018.

Could you please explain what this means and how it will affect what our districts and boroughs do, and how much money they receive (and/or charges imposed on them by Surrey County Council) for the recycling achieved (including in the form of recycling credits) and any incentives proposed for waste not to be landfilled or burnt. Please can you share the correspondence that relates to this?

Reply:

In January 2017, I wrote to all District and Borough Council Leaders regarding the financial arrangements in 2017/18 for waste management (see Annex 1 for letter template). This letter included notice of the County Council's intention to manage kerbside collected recyclables from 8 January 2018 or as current contracts come to an end, whichever was sooner. I invited Leaders to contact me if they had any concerns about the length of the notice period. Several have done so to date and we are discussing their concerns with them to try and find a solution.

The County Council is the Waste Disposal Authority in Surrey and as such has a statutory duty to arrange for the disposal of all material collected by District and Borough Councils in their role as Surrey's Waste Collection Authorities. These statutory duties remain unchanged. Managing kerbside collected materials centrally will enable Surrey authorities to collectively engage with the market more effectively whilst developing a longer term materials management strategy. This is an important part of creating a single waste approach, which will create efficiencies and other significant cost benefits for the Surrey tax payer that can be shared across all authorities.

In 2016/17, the County Council made a range of payments to District and Borough Councils associated with recycling, totalling around £10m. This system no longer incentivises improvements and has led to a net transfer of cost from the Districts and Boroughs to the county.

The need to make changes to the current financial transfer arrangements has been discussed within the Surrey Waste Partnership and by Surrey Chief Executives since the beginning of 2015. The arrangements for 2017/18 are being changed and further changes

will be necessary for 2018/19. We will be meeting with Leaders and Chief Executives of all District and Borough Councils over the coming weeks to start discussions about what these new financial arrangements will look like, with the intention of agreeing a new mechanism by the autumn of this year, which will more effectively incentivise increases in recycling.

Mike Goodman
Cabinet Member for Environment and Planning
28 February 2017

Question (5) from Mr Jonathan Essex (Redhill East):

In light of the Sustainability Review Board established at the Budget meeting of 7 Feb 2017, please can you confirm the £93m, for which we understand savings have already been defined, be shared at this Cabinet meeting to enable councillors and residents to understand the implications of the budget as agreed, such that we may take up the Leader's offer of engaging with officers to consider what alternatives there may be to an additional £30m of "cuts" well in advance of the next Cabinet meeting on 28 March 2017 at which we understand the full budget proposals will be brought forward.

Reply:

The Council faces significant financial challenges in 2017/18 and beyond, particularly due to the rising demand and cost of social care. This administration is doing its utmost to raise these issues nationally and keep them in the public and government's focus. However, the council, unlike other parts of the public sector, have to set a balanced and sustained budget, and that is why faced with a fall in the Council's core Revenue Support Grant funding for 2017/18 of nearly £40m, and demand and cost pressures of £120m, the Council approved a budget including savings of £93m at its meeting in February. The proposals for how these savings could be delivered have been shared with the relevant Scrutiny Boards.

As you know, there are still further savings required in 2017/18 to deliver a balanced budget. The Cabinet therefore agreed to set up the Sustainability Review Board to consider this and report back to Cabinet on 28 March with a progress report on the process to identify these further savings. The Board includes both Members and officers and is not a decision-making board but is focussed on reviewing the current financial position and consulting with colleagues across the organisation to put forward options for the Cabinet to consider in setting the budget at the end of March. This includes private sessions with each Scrutiny Board over the next two weeks and I would encourage all Members to actively engage in this process to ensure the views of the Scrutiny Boards are reflected in the work of the Sustainability Review Board.

Mr David Hodge CBE
Leader of the Council
28 February 2017

Template letter to district and borough council Leaders

January 2017

Dear [*Council Leader*]

Financial arrangements for waste management in 2017/18

Following extensive discussions at the Surrey Waste Partnership, Surrey Leaders and at SCC's Cabinet, the county council has made a number of amendments to its proposal regarding waste financial arrangements in 2017/18. I am writing to you to confirm our position on this and set out a proposed way forward.

Firstly, and most importantly, SCC reaffirms its strong commitment to delivering a single waste approach in order to reduce the cost base of managing waste, whilst improving services. Whilst we recognise that the starting point of each organisation will mean that levels of savings will vary, the £2.5m per year saving for four district and borough councils from jointly procuring a collection service provides early evidence of the potential of a joint approach.

The cost of waste disposal has increased significantly over the past five years due to the increase in energy from waste prices, the plateauing of recycling rates and demographic changes. To offset this, SCC is making savings from its waste budget in the short term from our disposal contract, changes at Community Recycling Centres and changes to the financial transfers between the county council and district and borough councils in 2017/18.

The need to make changes to the current financial transfer arrangements has been discussed within the Surrey Waste Partnership and by Surrey Chief Executives since the beginning of 2015 as the current system is no longer working to improve recycling and has led to a net cost transfer to the county council. In order to move this work forward, SCC will be writing to each of you to give formal notice of our intention to take on the management of kerbside collected recyclables via an arrangement we have made with our contractor Suez. This removes the statutory requirement to pay recycling credits for material collected for recycling, and will enable us to collectively develop new financial arrangements from 2018/19 onwards that consider the full cost of waste management, share these costs more equitably across all authorities and effectively incentivise performance improvement.

In order to provide a reasonable period of notice, SCC's intention is to take over the management of kerbside collected recyclables from 8 January 2018 or as current contracts come to an end, whichever is sooner. We recognise that there are existing contractual commitments and are happy to discuss any concerns you may have about the length of this notice period.

In light of these upcoming changes, the proposed financial transfers for 2017/18 represent a bridging arrangement prior to more fundamental change in subsequent years.

The proposal considered by Surrey Leaders included changes to four financial mechanisms; food waste, green waste, recycling credits and performance reward. SCC acknowledges the concern about making changes to the statutory recycling credit arrangement prior to agreeing a longer term replacement, therefore the recycling credit value will remain at its current level. The changes to the other discretionary and non-statutory financial mechanisms will be as set out in the proposal and the net financial effect is unchanged.

Payments in 2017/18 from SCC to [*borough name*] will therefore be as follows:

- £16 per tonne of food waste delivered to SCC nominated sites
- £*[price dependent on destination]* per tonne of green waste delivered to an agreed SCC Transfer Station
- £59.46 per tonne of recyclables in the form of a statutory recycling credit. At the point that SCC takes control of reprocessing this material, the payment will equate to the difference between the reprocessing cost and the recycling credit value.
- A reduction in the total monies transferred in the amount of *[£dependent on current payment for recycling]*, which equates to a 10% reduction in the value of a recycling credit.

In addition, SCC will pay £200,000 to reward high recycling performance, which will be shared by authorities who recycle over 54% of their material in 2017/18.

We believe delivering a single waste approach will yield significant savings from our collective waste management cost base and SCC is committed to working with district and borough councils on new longer term financial arrangements to underpin this system. We would welcome the opportunity to meet with you in early 2017 alongside colleagues from the Surrey Waste Partnership to discuss how we move towards this new approach and how we develop new financial mechanisms from 2018/19 onwards. I have arranged for my office to contact you in the coming weeks accordingly.

Yours sincerely

Mike Goodman
Cabinet Member for Environment and Planning