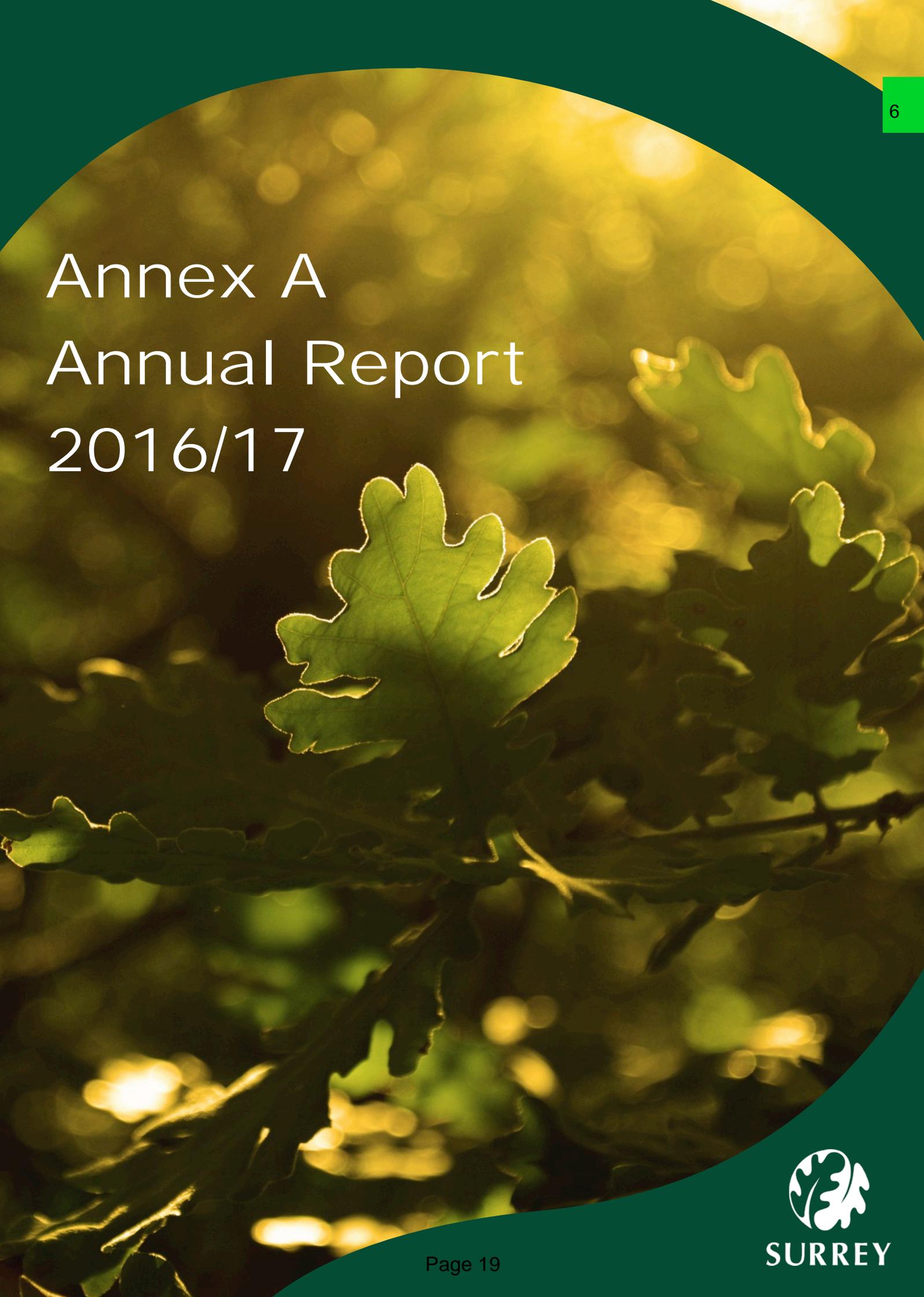


Annex A Annual Report 2016/17



Summary and highlights

The purpose of the annual report is to provide an overview of Surrey County Council's structure and performance over the last year, and a forward-looking commentary on the coming year.

As this is a general overview, if you require further information, there is a reference guide at the back directing you to further reading. Sometimes this document uses shortened website addresses for simplicity and ease. These shortened websites direct you to Surrey County Council's website.

Contents

Summary and highlights	1
Foreword from the Leader of the Council, David Hodge CBE	2
Leader and Chief Executive review – David Hodge CBE and David McNulty	4
The people we serve and how	9
Our business model	11
Keeping track of our progress on our goals	11
Financial Summary	13
Further reading and references	16

There are three extra downloadable sections that provide further details:

Our performance – highlights our achievements over the reporting year, reports the results from the resident surveys and summarises of the complaints and compliments

Our governance and structure - outlines our governance and structure, reports back on our people, and fairness and equalities strategies and highlights our progress in environmental sustainability

Our finances – features the Director of Finance's review, summarises the corporate risk register and financial statements

Foreword from the Leader of the Council, David Hodge CBE

We continue to operate in the most challenging times that anyone in local government can remember. Although there are many complex issues to deal with, my role as Leader of Surrey County Council, as well as the role of each of my fellow councillors, is actually quite simple: to stand up for the interests of Surrey residents.

It's worth remembering that since 2010, we have saved more than £450 million from our annual budget. We needed to do this because demand for our services has continued to rise whilst funding from central government has decreased. Clearly that has involved some difficult decisions and a commitment to new ways of working. Far from easing up, however, we need to increase our savings target to £700 million by the end of the decade. We have to make these reductions in what we spend per person, whilst at the same time continuing to provide essential services for residents. This will leave us with some dilemmas as we may not have sufficient funding for key services.

As Leader I have always stood up for the people of Surrey and I am pleased that we have been able to secure some additional funding for adult social care. This will not in itself be anywhere near enough to meet the increasing cost and demand pressures. Vital support for older and vulnerable residents therefore depends on the county council's ability to find millions of pounds in savings every year.

The need for our support is growing at both ends of the age spectrum. Our older population is set to increase by about 20,000 over the next three years, while our growing school-age population means we have to provide 11,000 more places over the next few years. At the same time, increasing demand for our Special Educational Needs and Disability (SEND) services means we are facing an annual funding gap of £24 million by 2021 in SEND alone.

So the focus for all of us has to be on finding the money to provide our communities with the support they need and deserve. I make a personal commitment to do everything I can to tackle these challenges, and I am grateful for the commitment from colleagues, staff and partners in the health service and the district and borough councils to work together for the benefit of every Surrey resident.

Even a quick glance at the examples of what we have achieved for the residents of Surrey over the last year demonstrates how important our work is in making a difference to people's lives.

I am determined to raise our financial situation with our Members of Parliament, following their pledge to support the county council with fairer funding.

We believe the government is still committed to a fair funding review of the distribution method for local government funding. A number of councils will be lobbying to use factors in this distribution that maintain their funding, if not increase it. One such proposition would lead to this county council losing £88m per year. While we accept that there has to be some redistribution of resources based on deprivation, any fair funding formula must take into account the correct cost drivers, or it will fail. Surrey has some unique factors that drive the use of its services and the costs it incurs. These include the highest road use outside of central London and the highest number of people with learning difficulties in the country. These are not currently recognised in the funding formula but need to be included. In addition, the funding of Surrey's public health service has never been properly funded since it transferred to local government in 2013, and this also needs to be addressed.

I hope you enjoy reading the report, and that it gives you an understanding of the scale and magnitude of the work of the county council. I would be very happy to hear any feedback you may have.

A handwritten signature in black ink, appearing to read 'David Hodge', enclosed within a large, loopy circular flourish.

David Hodge CBE
Leader of Surrey County Council

Leader and Chief Executive review – David Hodge CBE and David McNulty



After 22 years in the British Army, David entered politics in 1992 when he was elected to Tandridge District Council. In 2005 he became a Surrey County Councillor and was elected Deputy Leader in 2009 with responsibility for the finance portfolio. In that role he led the council's Public Value Review (PVR) programme.

He was elected Leader of the Council in October 2011 and since then has also served as Chairman of the County Councils Network (CCN) and Conservative Group leader for the Local Government Association (LGA).



David joined Surrey County Council in 2009. Previously he was Chief Executive at Trafford MBC and before that an Executive Director at Walsall MBC.

David also worked in the voluntary sector for seven years and as a teacher.

The County Council does important work in every part of Surrey. We would like to focus on three areas:

- The financial challenges and the implications for services
- The efforts to bring decision making closer to residents
- How we are developing the culture of our organisation

Within this section is a brief overview of our remit in local government and our current strategy for this reporting year. Further details of our structure and governance can be found within [“Our Governance and Structure”](#) section

Financial challenges and the implications for services

As you may be aware, this has been a challenging time for the Council to set a balanced and sustainable budget. Service demand pressures continue to escalate adding more pressure to future budgets, in particular in adult and children's social care. Whilst dealing with demand increases, we are facing unprecedented funding cuts.

Over the last six years the Council has achieved annual savings now totalling over £450m. The Medium Term Financial Plan 2017-20 sets out savings of £104m for 2017/18, and further £75m of identified savings over the next two years. This revised level of savings is already stretching service reduction plans.

As part of the Chancellor of the Exchequer's Spring Budget, he announced £2 billion additional adult social care funding for the next three years nationwide. Although welcome, it still does not solve the longer term problem. Surrey County Council will receive £7.5m in 2017/18, and will receive £21m over the three years to 2019/20, while demand for adult social care services increases by over £24m per year.

In January 2017, Cabinet set up a Sustainability Review Board (SRB) to focus on identifying further service reductions and savings to achieve a balanced budget in 2017/18. After very detailed consideration of the Council's budget the SRB was able to identify a number of additional savings of £1.5m. This still leaves a residual funding gap of £12m for 2017/18 even if all the savings are achieved.

In setting the budget, we [the council] were aware of the advice from the Director of Finance; that to achieve the underlying challenge of sustainable service spending and replenish earmarked reserves, the delivery of all council services requires a fundamental review.

Looking forward, there is increasing uncertainty as to the future of funding local government. Although the Government has stated that it wishes local government to become more financially self-reliant, the recent Queen's Speech did not set out any plans for this.

A summary of 2016/17 finances can be found in the Financial summary (pg 12). The full details of our financial situation can be found within "*Our Finances – Director of Finance Review*".

Bringing decision making closer to residents - Devolution

We worked with a partnership of 26 councils in Surrey, East Sussex and West Sussex, three Local Enterprise Partnerships, East Sussex Fire Authority and the South Downs National Park Authority (3SC) to develop proposals for devolution intended to deliver a financial return for the UK, as well as benefits for local residents and businesses – helping drive the economy forward, while also making the area a better place to live in, work in and visit.

The Government's focus on other important issues means that the focus on devolution has reduced. Therefore, 3SC leaders have agreed a "strategic pause" in their devolution proposals whilst we wait to see if Government's appetite for devolution revives for areas outside cities.

There could still be important work for the 3SC to do as an association of councils and local enterprise partnerships where there are collective interests – for example, improving digital connectivity and skills in the area.

Bringing decision making closer to residents - Transport for the South East

A Sub National Transport Body (STB) for the South East has now been established in shadow form of which Surrey is a member. The STB will develop a transport strategy which will identify where additional investment is needed particularly by Highways England and Network Rail to benefit our area and our residents. Transport for the South East (TfSE) will cover a wide area of the South East stretching from Hampshire to Kent. It would be a statutory body which will set a Transport Strategy for the South East and will determine strategic transport priorities. This will enable investment to be directed at strategic schemes that will support economic growth. The local authorities will retain responsibility for decisions relating to local transport projects.

TfSE will include a range of partner bodies including Local Enterprise Partnerships (LEPs), and funding bodies, including the Department for Transport, National Rail and Highways England. TfSE will meet in shadow form for the first time on 26 June 2017. It will then go through a legislative process, which requires sign off from Government, before being formally constituted in 2019.

Bringing decision making closer to residents - Health and social care integration and Surrey Heartlands

The Council is working closely with partners to join up and integrate health and social care services. It's a crucial part of our response to the challenges we are facing in social care. The same challenges apply to our health partners and the only way to tackle these is to work together. Thanks to the Better Care Fund (BCF), we have pooled our budgets with health partners, and together we have established three strategic objectives: enable people to stay well; enable people to stay at home; and enable people to return home sooner from hospital. At the core of the Surrey BCF plan are the local plans developed with each of the Clinical Commissioning Groups (CCGs) within the county. The fund is being used to support Adult Social Care and out of hospital services. Local joint commissioning groups in each area are overseeing the work and engaging with other partners and key stakeholders.

One of the most significant developments over the last year has been the emergence of Sustainability and Transformation Plans (STPs). These are the overarching strategic plans covering the next five years and are aimed at ensuring the sustainability of local health and

care systems financially and in terms of the quality of services and health outcomes for local people.

There are three geographical STP areas in Surrey, the biggest of which is 'Surrey Heartlands' with a population of 850,000 residents. Surrey Heartlands covers the geographical areas of Guildford and Waverley CCG, North West Surrey CCG and Surrey Downs CCG. The Surrey Heartlands Transformation Board is chaired by David McNulty, our Chief Executive, demonstrating the quality of the partnership, and includes the chief executives of the local clinical commissioning groups (CCGs) and also includes CCG accountable officers and clinical chairs as well as all health providers.

On 15th April 2017, the County Council, alongside local NHS commissioners and national health organisations (NHS England and NHS Improvement), signed an agreement setting out a shared commitment towards devolution, outlining how partners will work together to improve the health outcomes of the people living in Surrey Heartlands. It also means more local accountability for the spending of health and social care budgets.

New shadow working arrangements will be put in place this year, with a commitment by all partners to further explore the areas where devolution could make an important difference from April 2018. The agreement signals the beginning of a longer journey with an intention to:

- Accelerate the integration of health and social care through much closer working between partners
- Increase public engagement and the involvement of the people of Surrey Heartlands around the transformation of health and social care
- Increase local decision-making and flexibilities to achieve the best possible outcomes for the local population

Bringing decision making closer to residents - Improving strategic performance

Peer challenge is a tool that is used to help councils to review their performance. For Surrey County Council, we use the peer challenges to help the new Council following the elections every 4 years, providing an up-to-date position statement on the organisation, its strengths and potential areas of focus for the 4 years ahead.

In March 2017, the Council invited in an expert team from within local government, organised by the Local Government Association (LGA), to assess how far the council has come and review how it is currently run to ensure it had the capacity and capability to deliver the best outcomes possible for our residents. The team spent 4 days in Surrey investigating our work. They presented back their findings and subsequently wrote a more detailed report that provided an independent and transparent verdict of the council's strengths and areas for improvement. The report included Surrey's approach to leadership and culture, the approach to governance, our capacity as a corporate organisation and our ability to handle the financial pressures effectively and can be found on our website.

The report showed there was widespread recognition that the culture of Surrey County Council has improved significantly over recent years. Colleagues within the organisation outlined an environment that is now much more open, supportive and positive and many partners described a changed organisation, one that is much better to work with. The cultural change that has taken place can be attributed to a number of factors including the over-arching leadership philosophy, the well-embedded organisational values and the investment that has been made in the council's staff and elected members. The scale of cultural change that has taken place is testimony to the drive, passion and commitment of the leadership and staff of the council.

The report also acknowledged that there were a number of strategies to respond to the scale and urgency of the financial challenge; to ensure that the three year medium term financial plan is sustainable and owned by the whole council.

It highlighted the importance of engaging the public and partners in shaping the future of Surrey and the role they have to play in it including co-design with residents and partners, considering future workforce requirements and the future role of elected members.

Developing the culture of our organisation

Our culture is something that we continue to prioritise as we strongly believe that investment in people is a key way to meet our responsibilities and secure a strong future for Surrey.

In 2016, following a range of interviews with high performers across the organisation, we launched a new Behaviours Framework based on our key values (Listen, Responsible, Trust and Respect). The new behaviours reflect those which colleagues feel are integral to our future success and is central to our appraisal and objective setting process.

We also continue to prioritise our staff training and development. Approximately 700 colleagues have attended the high performance development programme since the launch in 2014, with managers now better equipped to lead effectively.

We continue to use a networking approach to ensure that the organisation has a distributed leadership that delivers shared objectives more effectively through a One Team mentality. The networks have encouraged staff to recognise their contribution to the strategic objectives the council has set and has helped to mobilise the resources of the whole organisation to work together on what is important.

In October, we undertook our latest staff survey. This was the second year the Council used Best Companies who specialise in employee engagement and advocacy. For the second year running, Best Companies allocated us to their 'Ones to Watch' category, a rating of 'good' by Best Companies' standards.

The results told us that colleagues feel they can make a valuable contribution to the success of our organisation and that colleagues in their team go out of their way to

help and care for each other. There was encouraging feedback that staff feel they are getting a fairer deal in relation to pay and benefits and Leadership is also improving. Colleagues still feel a lot of pressure at work.

“Our Governance and Structure – People Review by People, Performance and Development Committee Chair” provides other details of our staff work.

Developing the culture of our organisation by working with our partners – corporate services - Orbis

A partnership between Surrey County Council and East Sussex County Council, Orbis is about putting the customer at the heart of what we do with greater access to combined expertise, knowledge and experience whilst delivering significant savings.

The purpose of the partnership is to drive value for our councils and residents by fully integrating our back-office services - procurement, finance, human resources, information technology and digital, property and business operations - sharing people, resources and technology. In doing so, we will generate cost efficiencies and allow more funds to be re-directed to where they are needed most - front line service delivery.

In 2016/17 – The joint partnership was planned to generate £1.3m of savings. Actually it achieved £3.9m of efficiencies savings.

Brighton and Hove County Council has now joined the Orbis Partnership, bringing the number of colleagues working on it to 2000. This makes it the largest local government shared service partnership in the UK.

Working with our partners – corporate services - Orbis Public Law

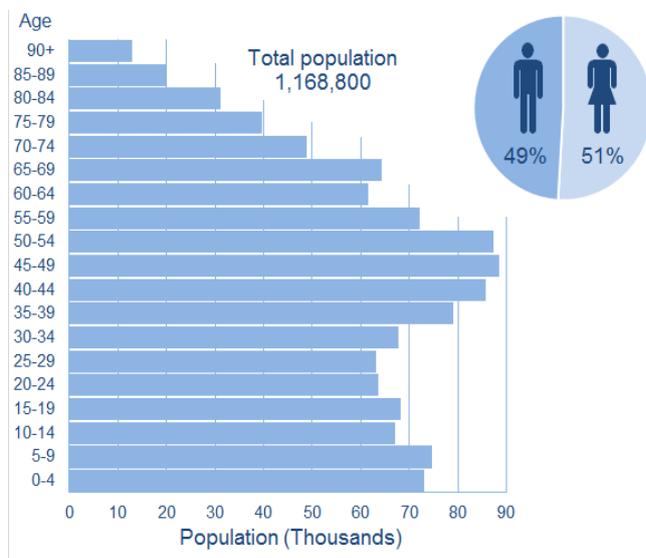
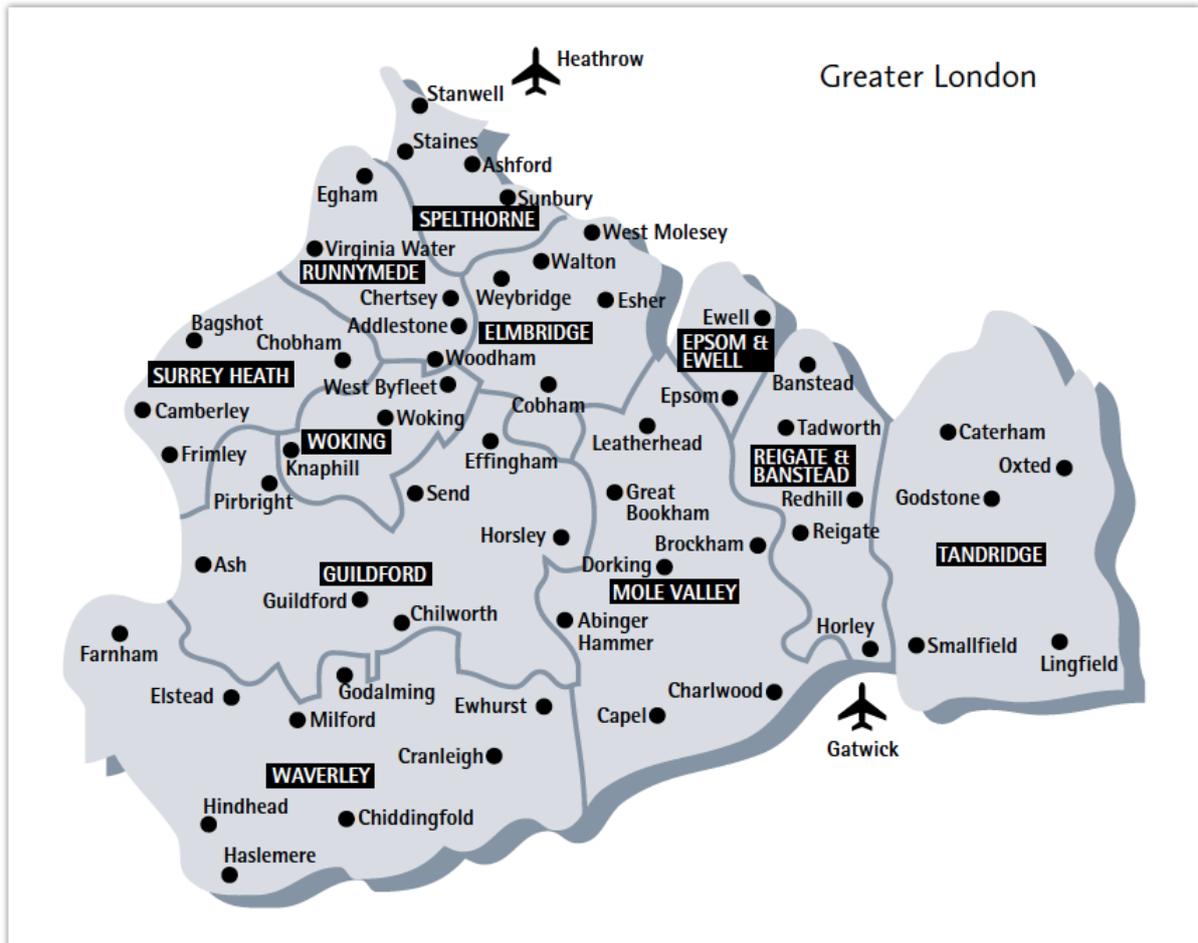
In April 2016 we launched the Orbis Public Law partnership, an ambitious partnership between the legal departments of Brighton and Hove City Council, East Sussex County Council, Surrey County Council and West Sussex County Council.

Each of the four councils' legal teams face similar issues of increasing financial challenges and fewer resources. Individually, each council currently struggles to recruit and retain legal staff. By working together, the four partners can more easily manage the demand and provide the quality, and often specialised, legal service that councils rely upon whilst making savings that would not be possible in isolation. The aim is to create a resilient, flexible service with expertise and provide a quality, cost effective service for our customers.

Further achievements can be found within “Our Performance”.

The people we serve and how

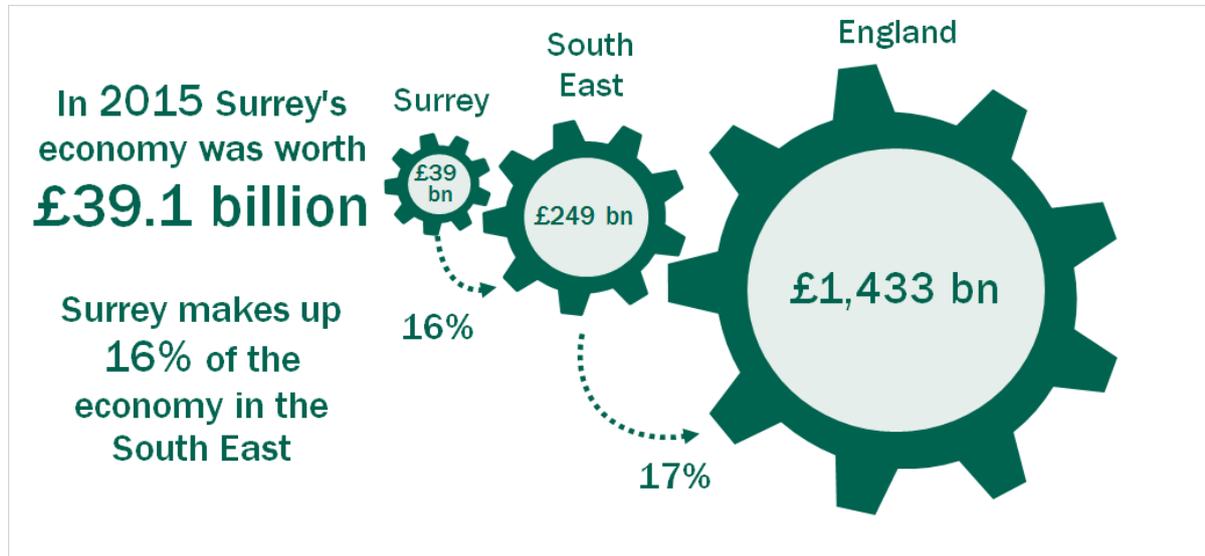
The county of Surrey is about 1,663 km² (650 m²). Occasionally, delivery of services involves using facilities beyond our boundaries as a county, for example: care homes, fire stations and primary, secondary and special needs schools.



The current population estimate is 1.2m (¼ the size of New Zealand or Ireland). It is projected that Surrey’s population will increase to 1.4m by 2039. Predominantly this increase is due to improvements in lifestyle and medication to help people live fuller lives, birth rates and immigration.

Since 1889, we have had the responsibility to meet our local people’s needs and ensure that council tax and business rate payers get value for money. This is recognised through transparency, information and public accountability.

Our services to the people of Surrey include: education; supporting and protecting vulnerable people through social services, including assessing the needs of and providing support to children, older and disabled people in the community; managing the amount of waste Surrey people produce; ensuring that levies charged are minimised; maintaining and managing roads and public transport networks; libraries; strategic planning; consumer protection; public health; and fire and rescue services.



Our business model

The strategic challenges facing the council stem from two significant and persisting trends. Firstly, population changes and the introduction of new responsibilities and duties mean there is an increasing number of things the council needs to do in order to fulfil its purpose. Secondly, the total financial resource available to do these things continues to reduce in real terms.

The refreshed Corporate Strategy for 2016-21 reconfirms the strategic direction that has helped the council navigate significant challenges over recent years. It also updates the context to reflect the challenging environment in which the council is operating.

The council's vision statement has been updated to "*one place, one budget, one team for Surrey*". This reflects the need to deepen and accelerate collaboration among partners over coming years, and supports the strong case for Surrey to be granted greater local powers.

The list of key actions for the financial year (2016-17) has also been updated. These actions have been grouped under the three headings of our strategic goals:

Wellbeing,
Economic prosperity, and
Resident Experience.

These goals describe the key outcomes that everyone in the council will be contributing to for the benefit of residents. There are a number of more detailed supporting strategies and plans which contribute to the delivery of the corporate strategy.

Keeping track of our progress on our goals

For each goal we have set some key actions to be delivered in the 2016/17 financial year. We publish progress on each of these and other important measures on our website so everyone can see how we are doing.

Further details of our governance arrangements and structure can be found in "[Our Governance and Structure](#)"

Corporate Strategy 2016-21



PURPOSE

We are the representative body elected to ensure Surrey residents remain healthy, safe and confident about their future

VISION

ONE place
ONE budget
ONE team for Surrey

VALUES



Listen



Responsibility



Trust



Respect

Context

Residents expect services to be easy to use, responsive and value for money. Demands are increasing while financial resources are decreasing. We will meet these challenges by continuing to work as one team with our residents and partners. By working together, investing in early support, and using digital technology we will improve and ensure residents can lead more independent lives.



Changing birth rates and people moving into Surrey means that 13,000 more school places are expected to be needed by 2021, alongside increased demand for other services for children



Surrey's population is increasing and is ageing - by 2021, it is estimated that older people will make up 20% of the population, increasing demand on health and social care services



Surrey's economy expanded by 19% between 2010 and 2014, but there are critical challenges: roads are congested; employers struggle to attract staff with the right skills; and there is limited affordable housing

Our strategic goals

1. Wellbeing

Everyone in Surrey has a great start to life and can live and age well

To support this goal in 2016/17 we will

- Provide over 2000 additional school places for the September 2016 school year
- Improve outcomes for children in need of support and protection
- Support 750 families through the Surrey Family Support Programme
- Support our residents to live longer and live well
- Enable people to stay well at home in their community and to return home sooner from hospital with the care they need

2. Economic prosperity

Surrey's economy remains strong and sustainable

To support this goal in 2016/17 we will

- Support young people to participate in education, training or employment
- Resurface and treat roads to ensure the resilience of our highway network
- Improve and renew priority pavements, particularly to support vulnerable users
- Increase waste recycling and reduce the amount produced and sent to landfill
- Support a £50m plus infrastructure investment programme

3. Resident experience

Residents in Surrey experience public services that are easy to use, responsive and value for money

To support this goal in 2016/17 we will

- Enhance opportunities for residents to influence and shape council services
- Make better use of digital technology to improve services for residents
- Invest in flood and maintenance schemes
- Improve the satisfaction of families of children with special educational needs and disabilities with the support they receive
- Deliver the savings set out in the Medium Term Financial Plan

Financial Summary

Surrey County Council set its budget for the next financial year in February. It is set in line with the council's multi-year approach to financial management which aims to smooth resource fluctuations over five years. This can be found in the Medium Term Financial Plan 2016-21.

2016/17 Revenue Budget

In moving from 2015/16 to 2016/17 revenue budget, we absorbed £90m of service pressure, and £45m of grant reductions or losses. This was offset by raising funds from council tax and retaining business rates of £30m.

In the past, we have achieved savings targets on average of about £65m for the last six years. However for 2016/17, a target of £83m was required. The Council planned to use £25m of reserves to balance the 2016/17 budget.

2016/17 Actual revenue position

Our regular budget monitoring is reported to elected members and council officers within about four weeks of each month end. This enables members and officers to adapt to results accordingly.

To summarise the actual 2016/17 income and expenditure:

Income	£m	Expenditure	£m
Council tax and Business Rates	£672m	Staffing	£643m
Schools, general and other Government Grants	£785m	Non Staffing	£586m
Fees, Charges and other service income	£201m	Schools expenditure	447m
Total Income	£1,658m	Total Expenditure	£1,676m
Use of Reserves	£18m		
Total Funding	£1,676m	Total Expenditure	£1,676m

As well as monitoring the 2016/17 revenue position, we also monitor our savings target (£83m). To deliver the savings set out in the Medium Term Financial Plan supports the 2016/17 Resident experience goal in the Corporate Strategy. At the end of March, the actual position was that we had achieved £66m of savings, an underachievement by £17m.

At the end of March, £18m of useable reserves were utilised (£7m less than budgeted). The actual position was a significant improvement on the predicted reporting and proves that we have a tight grip on our finances.

On 28 April 2017, Cabinet received the final 2016/17 outturn position; within this Cabinet agenda are further details of our underachievement in savings, revenue and capital position.

The full details of our financial situation can be found within "[Our Finances – Director of Finance Review](#)".

The Cabinet 2016



David Hodge
Leader of
the Council



Peter Martin
Deputy Leader and
Cabinet Lead for
Economic Prosperity



Helyn Clack
Cabinet Member
for Wellbeing
and Health



Clare Curran
Cabinet Member
for Children and
Families Wellbeing



Mel Few
Cabinet Member for Adult
Social Care, Wellbeing and
Independence



John Furey
Cabinet Member for
Highways, Transport
and Flooding



Mike Goodman
Cabinet Member
for Environment
and Planning



Linda Kemeny
Cabinet Member for
Schools, Skills and
Educational Achievement



Denise Le Gal
Cabinet Member for
Business Services and
Resident Experience



Richard Walsh
Cabinet Member
for Localities and
Community Wellbeing

Note: since 5 May 2017 the Leader has reshuffled the Cabinet

Senior Officers 2016



David McNulty
Chief Executive



Julie Fisher
Deputy Chief Executive



Sheila Little
Director of Finance



Trevor Pugh
Strategic Director for Environment and Infrastructure



Ann Charlton
Director of Legal and Democratic Services and Cultural Services



Helen Atkinson
Strategic Director for Adult Social Care and Public Health



Yvonne Rees
Strategic Director for Customers and Communities

Further reading and references

Our Highlights

Corporate Strategy <https://www.surreycc.gov.uk/corporatestrategy>
 Keeping track on progress of our goals <https://performance.surreycc.gov.uk/>
 Info-graphics and online resources www.surreyi.gov.uk
 Surrey News articles <http://news.surreycc.gov.uk>

Our Performance

Children's Improvement Plan, <https://www.surreycc.gov.uk/childrensimprovementplan>
 Surrey Information point <http://www.surreyinformationpoint.org.uk/>
 Resident Survey results <https://performance.surreycc.gov.uk/>
 Complaints..... <https://www.surreycc.gov.uk/complaints>

Our Finances

2016/17 audited Statutory Statement of accounts
 <https://www.surreycc.gov.uk/statementofaccounts>
 Budget: 2016-21 Medium Term Financial Plan
 <https://www.surreycc.gov.uk/mediumtermfinancialplan>
 2016/17 Outturn Report (Cabinet - Item 75) <https://www.surreycc.gov.uk/outturnreport>
 Leadership risk register (Audit & Governance Committee - Item 35).
 <https://www.surreycc.gov.uk/leadershipriskregister>

Our Governance and Structure

Annual Governance Statement <https://www.surreycc.gov.uk/annualgovernancestatement>
 Member Governance <https://www.surreycc.gov.uk/constitutionmeetings>
 Member Attendance – from 20 October 2012
 <https://www.surreycc.gov.uk/memberattendance>
 Chief Officers' Salary Bands <https://www.surreycc.gov.uk/statementofaccounts>
 People Strategy and Travel expenses.....<https://www.surreycc.gov.uk/paystatements>
 Member Allowances – List of each member allowances
 <https://www.surreycc.gov.uk/membersallowances>
 Environmental Highlights <https://www.surreycc.gov.uk/sustainability>
 Equalities, Fairness and Respect strategy<https://www.surreycc.gov.uk/equalitystrategy>
 Profile of our workforce <https://www.surreycc.gov.uk/workforceprofile>

Our performance, 2016-17

Surrey County Council has set three strategic goals aimed at improving the lives of Surrey residents –

- * promoting people’s wellbeing
- * supporting the Surrey economy and
- * improving resident experience.

Here are some of the highlights of our achievements over the last year.

Contents

WELLBEING..... 18

ECONOMIC PROSPERITY 22

RESIDENT EXPERIENCE 25

 Residents’ survey shows satisfaction with Surrey 27

 Keeping the Customer Promise (complaints and compliments) 29

There are three other downloadable sections that provide further details:

Our highlights – reviews the 2016/17 year from the Leader and Chief Executive, provides a brief overview of our remit in local government and outlines our current strategy for this reporting year

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WELLBEING

Health and social care working together – Under the direction of Surrey’s Health and Wellbeing Board, the county council has continued to integrate the work of its social care teams with NHS colleagues in the six clinical commissioning groups (CCGs) of GP practices in the county. We have completed the second year of the Better Care Fund programme to bring together health and social care partners, using a pooled budget of £73.1m to achieve three key objectives: enabling people to stay well, to stay at home and to return home sooner from hospital. In each local CCG area, joint commissioning groups have agreed new approaches to delivering health and social care. Integrated care teams exist in communities where adult social care, GPs, community mental health teams and community nurses all work together.

- Surrey’s Health and Wellbeing Board has been identified by National Energy Action as one of the top performers nationally in tackling fuel poverty among its residents. The board received the highest possible rating for addressing fuel poverty and excess winter deaths through its Joint Strategic Needs Assessment and Joint Health & Wellbeing Strategy.

Three health plans agreed for Surrey - In the last year, Surrey’s local health organisations have developed five-year Sustainability and Transformation Plans (STPs). There are now three ‘place-based’ STPs, each focused on a particular geographical area to cover the whole of Surrey: East Surrey and Sussex STP, Surrey Heartlands STP and Frimley Health and Care STP. All the plans include preventing ill health as a priority, local integration plans for health and social care services and a focus on engagement with residents to shape local services.

Accommodation for adults with autism - Planning permission has been secured for 10 new supported living homes at Lindon Farm in Alfold. This is part of the council’s response to the growing demand for accommodation for young adults with autism and high support needs. It will mean young people will have the opportunity to move back into Surrey, closer to their families and support networks and we anticipate it will deliver a saving in the annual cost of specialist care and support. The team that looks after young adults with disabilities has identified those individuals whose needs can be best met at Lindon Farm and will be able to move into their new homes in summer 2018.

20-year accommodation strategy agreed - The council has agreed a 20 year local strategy with key partners to ensure there is adequate accommodation for people with care and support needs. This aims to ensure that residents have a choice about accommodation to meet their health and wellbeing needs that is flexible enough to be adapted as their needs change. There is a commitment to build 600 Extra Care flats by 2025 across the county. Extra care housing is designed for older, frail people who can live independently in their own self-contained flats, with their own front door, but benefit from personal care support on the premises. Improving services for people with dementia will also be a focus of this strategy.

Digital and online support for carers – The council’s Adult Social Care services have co-designed and developed free carers’ digital resources with Carers UK, the leading national carers’ charity. ‘**Jointly**’ is an app that combines a number of useful features, including: a profile of the person being cared for, group messaging, a notes page, a calendar, a task allocation which can be shared with other family members or carers, a medication list and a contacts page. ‘**About Me: building resilience for caring**’ is a Carers UK e-learning course that shows how you can cope with stress, build support networks and get information on services and benefits. It also helps carers to recognise their own health needs and take steps to stay healthy while caring.

Identifying needs of carers – Carers provide valuable unpaid care to family, partners or friends who are ill, frail or have a disability. But often their own health needs go unrecognised. To overcome that, the Surrey NHS Carers Prescription was developed as an online mechanism to enable NHS staff to log carers’ details and connect them to a range of health services available locally. Its use by hospitals, mental health staff and community pharmacists resulted in 6,326 carers’ prescriptions last year, requesting 12,042 services, an increase of 53% and 221% respectively. It is planned to roll out the scheme across all Surrey hospices during 2017-18.

Staying independent – The council’s Reigate & Banstead social care team helped 340 residents stay mobile and independent at home last year by providing occupational health therapy (OT) and equipment quickly through the MeAssured OT Clinic.

Integrated work reduces mental health load for police – Mental health teams (known as Approved Mental Health Practitioner teams) have successfully reduced the need for police involvement where someone is at risk of a mental health crisis. Under the Mental Health Act, the police are able to take people who have mental health needs to a place of safety, normally a police station or hospital. The number of people using police custody as a place of safety has dropped from 19% to 0.5% in four years as a result of mental health workers assessing people quickly to avoid the use of police custody. And closer working between police and mental health teams has led to a 38% drop in the use of police powers under Section 136 of the Mental Health Act. Section 136 enables police to detain someone for a formal mental health assessment, but with the involvement of mental health workers they can be diverted to other services (such as a safe haven) or may not need to be detained formally.

Building support in the community - A national plan, called Building the Right Support, has been developing community services for people with a learning disability and/or autism who display challenging behaviour, including those with a mental health condition. Surrey has created a local plan with partners and stakeholders to improve the lives of 4,000 adults and over 8,000 children with learning disabilities.

Boosting wellbeing by going online - We supported Get Online Week in October 2016 to promote the benefits of the online age for older people and people with disabilities. The week involved a packed programme of events to demonstrate the many things you can do online, from being able to complete tasks more quickly to making life more fun and fulfilling, such as:

- Staying in touch with family and friends through Skype and email
- Grocery shopping online
- Online banking
- Googling exercise classes and healthy recipes
- Watching films on a computer or tablet

Surrey libraries also ran 78 introductory computer sessions.

Wellbeing facts and figures - Adult Social Care locality teams have helped residents stay independent by:

- Helping 8,400 to live at home
- Helping 2,097 people with reablement support
- Supporting 11,524 carers
- Ensuring 6,480 people have control over their own personal budgets.

Nine out of 10 (92%) of people who received social care services said that the care and support gives them a better quality of life, while 80% said it gave them control over their daily life.

1,400 sign up as Dementia Friends – More than 100 “Dementia Friends” sessions took place in Surrey between September 2016 and January 2017, resulting in over 1,400 new Dementia Friends. They advise local businesses, leisure services and other organisations how they can become more dementia friendly.

Over 50s get active - Year one of the Get Active 50+ project saw 1,769 Surrey people taking part in sports and physical activities, including walking football, bowls, swimming, jogging, badminton, inclusive multi-sports, golf and exercise classes.

Surrey Disability Register - Over 1,000 new members have joined the Surrey Disability Register in just six months, bringing the total number of members to almost 12,000. This is a voluntary register for local people with disabilities who are added to the Surrey vulnerable people reporting system, which helps emergency services identify them and prioritise their assistance in the case of an emergency, such as a flood or fire. Other bonuses include getting concessions at places like leisure centres, cinemas, theme parks, and obtaining VAT savings on equipment and services purchased in connection with a person’s disability.

Surrey information Point - Almost 160,000 residents used the Surrey Information Point website to find local support in the community for themselves or family members in 2016-17.

Campaign tackles mental health stigma - Time to Change Surrey is a campaign aimed at changing the stigma surround mental health problems. Since its launch three years ago, 4,410 residents, employers and employees, students, professionals and others have attended live drama events and mental health awareness training sessions.

Adult learning courses boost skills – Surrey now runs more than 2,300 adult learning courses with 21,800 enrolments. This includes higher levels of demand from adults returning to study to gain mathematics and English GCSEs to enable them to pursue their career aspirations. In many instances wellbeing is a key driver for adults enrolling on a course, with around 1,410 reporting a health issue or learning difficulty. There is also an important programme of family learning which improves the basic skills of these with parenting responsibilities. Surrey Adult Learning operates from seven dedicated centres (in Camberley, Esher, Farnham, Guildford, Molesey, Sunbury and Woking) supplemented by another 117 venues, such as schools, children’s centres and community centres.

Children’s centres scoop ‘baby friendly’ award – More than 20 children’s centres in Surrey have been successful in winning a prestigious public health award by UNICEF. The UNICEF UK Baby Friendly mark of accreditation is a nationally recognised mark of quality care for mothers and babies. The Baby Friendly Initiative is designed to support breastfeeding and parent and infant relationships by working with public services to improve standards of care. Surrey has been one of the first in the UK in championing this initiative in its children’s centres. It’s part of the Healthy Children’s Centre Programme (HCCP) which aims to provide high quality support on a range of health issues, including: healthy eating; breastfeeding support; physical activity; oral health; childhood immunisations; emotional health and wellbeing. They also provide support to adults around alcohol and substance misuse, smoking cessation, domestic violence and mental health.

ECONOMIC PROSPERITY

New enterprise zone could bring £140m to Chertsey – Surrey County Council has thrown its weight behind plans to create an Enterprise Zone (EZ) on the largest available commercial site in Surrey at Longcross Park in Chertsey and on two other sites - at Basingstoke and in east Hampshire. The county council's decision-making Cabinet has backed the move by the EM3 local enterprise partnership (LEP) to submit a 25-year implementation plan for the development to the Government. The assessment of the Surrey part of the scheme is that it will boost economic development in the area by attracting 32 new businesses, 4,100 new jobs and 90,000 square metres of new commercial floor space.

Over the 25-year period, the enterprise zone is expected to result in more than £140m in business rate income to further boost economic development. The site owner and developer, the LEP and the county council and Runnymede Borough Council are working together to determine the infrastructure and other measures necessary to support the development of the Longcross site. The other sites making up the enterprise zone are at Basing View in Basingstoke and at the Louisburg Barracks in east Hampshire.

Fixing and renewing Surrey's road network - Some of the important projects in 2016-17 to maintain and renew Surrey's roads, pavements and other infrastructure are highlighted below:

- Operation Horizon – an ongoing programme of major works, which last year resulted in about 30 miles of highway being resurfaced. Operation Horizon focuses on maintenance of the road network where there are problems with the underlying structure.
- Replacement of Flanchford Bridge – construction of the single span bridge was completed in March 2017, replacing the structure damaged by earlier severe flooding which had resulted in weight and width restrictions so that it could remain open to the public. The new bridge includes design features to improve pedestrian safety.
- Pavement Horizon - a six-year programme to restore Surrey's pavements in key locations. One of the objectives of the programme is to help people reach schools, doctor's surgeries, hospitals and town centres. Nearly 50 miles of footpaths have been resurfaced during 2016-17.
- Repair and prevention of potholes – In 2016-17 Surrey was allocated just over £1m from the Government's £50m-a-year Pothole Action Fund. Surrey has used its allocation as part of a preventative programme to deal with potholes. Using a range of techniques, including handlay patching, machine patching, jet patching, thermal patching and "rejuvophalt", the programme has repaired or prevented about 35,000 potholes at a cost of £3m.

Woking integrated transport project to boost town's economy - Working in partnership, Surrey County Council and Woking Borough Council launched a multi-million pound Integrated Transport Project for the town centre last year. The project will improve transport around the railway station and town centre and support a number of commercial and residential developments, creating jobs and new homes. It is being funded by private investment and a grant of £11m from the Enterprise M3 Local Enterprise Partnership.

Traffic safety schemes cut collisions by a third – The county council completed 18 highway safety schemes in consultation with the police last year, resulting in a 35% drop in collisions. The schemes were introduced following analysis of police data showing 18 hotspots accounted for a total of 163 collisions over three years. In one example, a gap in the central reservation on the A31 Hogs Back was closed because it was too narrow. Vehicles using the gap near East Flexford Lane had no deceleration nor acceleration lane, resulting in cars shunting into each other or colliding during lane changes. Local drivers now use higher quality turnings nearby.

Six out of seven get first choice of school - Six in seven Surrey applicants for reception class places this September have been offered their first choice school. The latest figures show that 86 per cent of parents and carers who applied by the deadline last October were offered their first choice primary school – up from 82 per cent last year. All Surrey pupils who needed a place got one.

Surrey's countryside partnerships make a difference - Surrey is renowned for its attractive countryside, but the ongoing management of vital green spaces in the county is only possible because of dedicated volunteers. The council works with three countryside partnerships whose volunteers of all ages and abilities carry out a wide range of practical conservation tasks to promote biodiversity and make the countryside accessible for everyone to enjoy. Last year, rain or shine, volunteers contributed 23,750 hours of their time at over 100 countryside sites, clearing scrub, path surfacing, removing invasive species, signpost-making and checking stock.

Surrey walks app now at your fingertips – The council has teamed up with a digital walking app company, iFootpath.com, to develop a range of 51 self-guided walks in digital format known as the Explore Surrey Collection. The routes cover the whole of Surrey, with a choice of short, easy access, rail to ramble, hilly, longer distance and some to suit the whole family.

Surrey-wide plan tackles fly-tipping – The practice of illegally dumping rubbish – known as fly-tipping - cost Surrey County Council and the 11 district and borough councils nearly £1 million in collection, investigation and disposal costs in 2014-15. To tackle the problem, the councils, working together as the Surrey Waste Partnership, agreed a joint strategy in June 2016 to tackle the problem. To support the strategy, a communications campaign highlighted the impact, responsibilities and consequences of fly-tipping to three audiences: residents, traders and landowners. The campaign was supported by the Office of the Police and Crime Commissioner for Surrey. Independent evaluation found that 80 per cent of residents surveyed said the campaign deterred them from fly-tipping.

Results so far show a decrease in the amount of fly-tipping at transfer stations from 3,902 tonnes in a 10-month period in 2015 to 2,749 tonnes over the same period in 2016, saving £125,000 in disposal costs.

Food waste recycling saves £340,000 - Recycling of food waste has increased by 19% in the last year following a campaign to attach 'No food waste' stickers to household rubbish bins across Surrey, saving over £340,000 in disposal costs.

New ways of working for waste – A new contract to collect household waste from residents in Elmbridge, Mole Valley, Surrey Heath and Woking is expected to save about £2.5m a year. The county and district and borough councils are also looking at combining other functions in future, with the potential to achieve greater savings for residents – for example, analysis suggests that a county-wide waste service including all 12 councils could save council taxpayers between £8m and £12m a year.

Surrey Waste Plan up for renewal – Surrey residents generate more than 500,000 tonnes of waste a year, or about 450kg for every person. The county council is required to produce a 10-year Surrey Waste Local Plan to ensure there is enough land available for the waste facilities needed to manage it. The current Waste Local Plan covers the period 2008 to 2018, so the council began the process of reviewing and updating it last year, kicking off with an initial consultation. Council planners are now preparing a draft version of the new plan which will be subject to further public consultation later in 2017, working with the district and borough councils as well as neighbouring waste planning authorities in the south-east and London. Surrey recycled 56.3% of its household waste last year, a 3% increase on 2015-16. Only 7% was sent to landfill.

Valuing community transport – How do you put a value on community transport? These local schemes are an important alternative to commercial transport, such as buses and taxis. They are run by volunteers and subsidised by councils and various grants to enable frail and vulnerable passengers to make social visits and necessary trips, for example to hospital appointments. Surrey County Council has teamed up with a number of other local authorities to commission a study by the Transport Advisory Service (TAS) to get a sense of what community transport is worth to the area.

Social isolation is estimated to cost the NHS and councils between £1.3 billion and £2.9 billion a year and a study elsewhere suggests community transport could reduce such costs by between £400m and £1.1bn a year. The findings of the TAS commissioned report will be available in 2017. Surrey and East and West Sussex County Councils, along with Brighton & Hove City Council, want to use the TAS report to explore opportunities for remodelling services that require the transport of older residents.

RESIDENT EXPERIENCE

Thumbs-up for SEND transport – A survey last year of around half the parents and carers of children with special educational needs or a disability (SEND) who use school transport found more than eight out of 10 children enjoyed their trip to and from school. The survey drew 466 responses (a response rate of 28.6%). The headline findings were:

- * 85% said their children enjoyed their journey to and from school
- * 77% were “very satisfied” with the driver; and 93% were “very satisfied” with the escort
- * 68% were “very satisfied” with vehicle punctuality.

The remaining parents and carers of SEND children using the service are also being surveyed and the results will be analysed shortly. Around 2,800 children and young people with special needs receive transport from the council to get to school, college or training placements. The council also embarked on an engagement programme with SEND families in January 2017 to design a new home-to-school transport service. Dozens of families have been involved so far, and the intention is to trial a new service later in 2017 that improves the customer experience and is sustainable in future.

Citizens Advice Bureau moves into Caterham Valley library – The move of the Citizens Advice Bureau (CAB) into Caterham Valley library earlier this year has created a one-stop shop for all local and community information. And it is proving very popular. The improved use of space is providing greater value to the community, enabling residents to get advice from the CAB, access library services and information, and find out about volunteering opportunities all in one visit. Finding new ways of working together for the benefit of residents remains a priority. CAB advisers and visitors now have a more comfortable meeting area, while the library itself has an improved layout with improved stock all on one floor, and there is a new local history room providing research and meeting space.

Putting the child's voice at the centre of what we do - The council is committed to putting the voices of children and young people at the centre of its services. Listening to the voice of the child or young person is an essential part of the council's social work practice. It is at the heart of ensuring the right support can be put in place at the right time to keep children and young people safe, and equip them to grow up to live independent and fulfilled lives. To achieve that, the council has a participation team who work with looked after children (children in care) and those leaving the care system (known as care leavers) through a programme of engagement activities that enable them to give their views on care services and related issues.

These engagement opportunities include regular forums, such as the Care Council and Care Council juniors where young people represent the wider views of children in care, and can give their views directly to the council. But there are also events and initiatives held throughout the year as a direct result of what young people say they want, which focus on boosting life skills, preventing social isolation and raising awareness of young people's issues with care professionals.

In 2016, these included:

- Skills Fest 2016

Over 100 looked after children, care leavers and those who support them attended Skills Fest last July to learn independent living skills, such as cookery, budgeting, DIY, personal safety and keeping healthy. This event was created in response to survey of all looked after children and care leavers who said they felt unprepared for independent living when leaving care. Skills Fest is now in its fourth year.

- Total Respect training

Total Respect is a training programme aimed at professionals who work with looked after children and care leavers to help them understand more about how it feels to be looked after. This results in young people receiving a better service from the teams that are there to support them. In 2016 more than 400 social care staff, GPs, nurses, students and other practitioners underwent the training. Frontline police officers will have the training in 2017.

- Christmas Party for looked after children and care leavers

Christmas can be a lonely time for young people who have no one to celebrate it with. As a result every Christmas the council's Children's Rights Service joins together with colleagues to ensure looked after children and care leavers are able to enjoy a Christmas meal and party together. Young people and staff work throughout the autumn term to prepare a show to perform at the party. More than 100 young people attended last Christmas.

- Apprenticeships for care leavers

Apprenticeships are provided for some care leavers who may not be able to access opportunities elsewhere. They work with the Children's Rights Service for between one and three years and gain qualifications and experience. They are also able to shape services and work with young people to make changes. Over the last year they have gone on to university and other employment opportunities.

Trace your family tree online - Since 2013 Surrey Heritage has been publishing local history records online with commercial partners such as Ancestry and Find My Past. In the last year the total number of records online has reached 42 million. Even this represents just 1.5% of the total collections held at the Surrey History Centre in Woking. If you are tracing your family tree you can access the records free of charge at the Surrey History Centre or at your local library.

Surrey first highways authority to win customer excellence award - The council's highways and transport service has had its prestigious Customer Service Excellence accreditation renewed for a further three years, following a rigorous external assessment. The service, which receives over 100,000 enquiries a year from residents, was particularly praised for the quality of its roadworks information for residents. Surrey is the first highways authority to win the award.

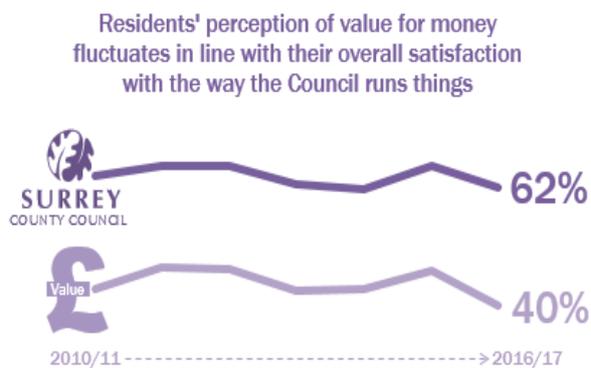
More than 40,000 births, deaths and marriages registered - The council's Registration and Nationality Service completed over 40,000 registrations last year. This included:

- 20,000 births
- 12,000 deaths
- and 9,000 notices of marriage.

Most registration bookings now are done online, with the percentage jumping from 13% in 2014 to 60% in 2016, saving £75,000 through greater efficiencies. The service is governed by the General Register Office (part of Her Majesty's Passport Office), which recently gave Surrey the best rating, "high", in its latest stock and security review. The nationality team conducted ceremonies for 2,000 British citizens last year.

Children's Chinese collection at Woking library - Working in collaboration with the Chinese Association of Woking (CAW), there is now a collection of children's books in Chinese at Woking library. There are over 1,000 children's books in the collection of all kinds, provided by CAW with the intention of enhancing the language learning experience for Chinese children, and benefiting all Chinese language learners.

Residents' survey shows satisfaction with Surrey



A regular survey gathers the views of 6,600 residents from all Surrey's districts and boroughs with interviews taking place throughout the year. For 2016/17 the results show:

Almost two thirds (62%) of residents surveyed during 2016/17 were satisfied (very or fairly) with the way the council runs things.

Four in every ten residents surveyed

thought that the council gave residents good value for money.



Just under half (48%) of residents surveyed during 2016/17 said they felt the council kept them very well informed or fairly well informed about the services and benefits it provides.

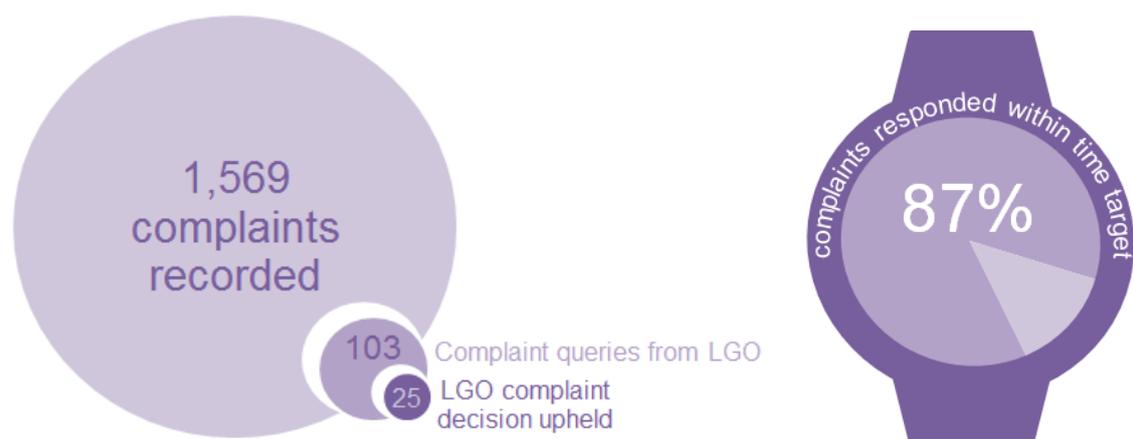
When residents who were surveyed had contacted the council in the last 12 months, just over two thirds (68%) said they felt that staff tried to understand their needs.

More than 9 out of 10 (93%) of residents surveyed were very or fairly satisfied with their local areas as a place to live.



Keeping the Customer Promise (complaints and compliments)

Also aside from the residents' surveys, there are the results and outcomes from complaints. This is an opportunity to understand if there is a gap between a resident's expectations and the standard of their public services. The table below shows the number of complaints received about our directorates and illustrates the number that progressed to the Local Government Ombudsman (LGO) and whether the complaint was upheld following independent review (LGO agreed with the complainant).



	Complaints recorded	Change since last year	Complaints responded within time target	Known complaints queries from LGO	LGO complaint decision upheld	Compliments
Adult Social Care	255	28%	98%	42	19	1,008
Children, Schools & Families	538	27%	70%	34	3	28
Customers & Communities	31	48%	81%	1	0	16
Environment & Infrastructure	561	-9%	91%	24	3	379
Business Services	43	-25%	95%	1	0	194
Central support	141	21%	86%	1	0	2,420
2016-17 Total	1,569	9%	87%	103	25	4,045
2015-16 Total	1,434	-6%	82%	77	20	
2016-17 Members	18	125%	100%	0	0	
2015-16 Members	8	-42%	100%	0	0	

Due to legislative requirements for some services we have three separate procedures for dealing with complaints (depending on whether they relate to Children, Schools & Families, Adult Social Care or all other services). The procedures all have a commitment to being person-centred, fair and clear, with timely outcomes. Each procedure has its own characteristics and response standards and all three procedures come under the umbrella of the Local Government Ombudsman (LGO). This creates a consistent final point of referral if a person remains unhappy after completing the complaints process.

We value complaints for the opportunity to learn from individual experiences to improve our services. Here are some examples of where we have changed our way of working as a direct result of complaints:

- Better communication with partner agencies, to be aware of staffing difficulties as they arise and communicate more effectively with the client.
- Ensure that assessments are completed in full and decisions are made with the support of management, and that good practice is followed - specifically keeping all interested parties involved in decision making.
- Internal procedure for ensuring clients and their families are aware when key workers are absent for prolonged periods, and who they can contact in the interim.
- Implementation of new process for enforcement action to manage skips on the highway
- Improvements to contract renewal process for school transport routes
- Clearer information provided to customers on the Council's website to manage expectations regarding action that will be taken in response to reports to Surrey Highways

Also we receive almost 3 times the compliments for our service than complaints. Here are few of our compliments:

"I must thank all the carers who came to help me after I left hospital. They have not only provided professional help when I really needed it, but also were very friendly and concerned with my position as a ninety two year old widower living on my own. Elmbridge is fortunate in having such a good service for aftercare for those leaving hospital and I am sure it must be one of the best in the country."

"The help I was given by the Epsom and Ewell Locality Team [Adult Social Care] was excellent with visits by two care workers twice a day and frequent visits by the District Nurse. All the staff who took part were helpful and kind and my treatment could not be faulted."

"The Waverley Reablement carers were all superb and so good with my father (who is 90 years of age). After his stroke, he is not good on his legs and has limited speech. He was able to communicate well with all of them and they took the time to listen, and due to their patience and care I cannot praise them high enough, fantastic team."

"I just wanted to pass on my hugest thanks for the fabulous Trumpet workshop yesterday - my son had a wonderful day and came away exhausted but very inspired! The concert at the end was fabulous - so many talented young people! My son is just starting off on this journey, but I know yesterday will stay with him for a long time. Please pass on my thanks to all involved."

"...You have been so kind, so patient and so helpful in a process that can be alienating and difficult. It has been wonderful working with you. Thank you. Please thank the individual who packed and photocopied the [Surrey History Centre – archive] materials - they arrived in excellent condition and the packets were collated and put together with great attention... "

"We would like to send our thanks to the staff at the Mansion House Registry Office in Leatherhead. We held our daughter's wedding there in November. It was truly a lovely experience and this was greatly due to the kindness and caring of your staff....Many of our guests commented that it was the best registry office wedding they had attended."

Where can I find more information on complaints and compliments?

Children, Schools and Families, Adults and Corporate Complaints produce annual reports that provide more information on the themes, timing, and outcomes. All services feed into an annual report that is formally presented to Audit & Governance Committee in September.

Our Governance and Structure

This section outlines our governance and structure, reports back on our people and fairness and equalities strategies and highlights our progress in environmental sustainability.

Contents

Governance Review -Director of Legal, Democratic and Cultural Services - Ann Charlton ...	32
Overview of Governance	32
Summary of Annual Governance Statement	32
Structure Outline - Member Administration.....	35
Member Attendance	37
Structure Outline - Officer Administration	38
People Review -People, Performance and Development Committee Chair – David Hodge CBE	40
Pay & Reward Strategy review	40
Senior Officers remuneration.....	41
Members’ allowances and expenses.....	42
Environmental Sustainability Review	44
Equalities and Fairness Strategy and Progress Review	45

There are three other downloadable sections that provide further details:

Our highlights – reviews the 2016/17 year from the Leader and Chief Executive, provides a brief overview of our remit in local government and outlines our current strategy for this reporting year

Our performance – highlights our achievements over the reporting year, results from the resident surveys and summary of the complaints and compliments

Our finances – features the Director of Finance’s review, summarises the risk register and financial statements

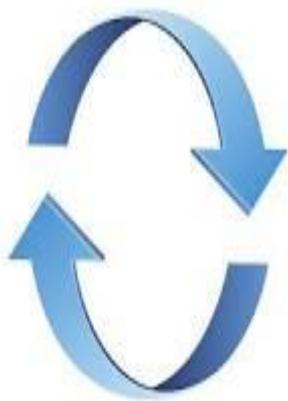
Governance Review -Director of Legal, Democratic and Cultural Services - Ann Charlton



Ann is Director of Legal, Democratic and Cultural Services. She is the council's senior legal adviser and ensures that the council acts within its powers and is legally compliant. She also holds the statutory position of Monitoring Officer (Local Government and Housing Act 1989 section 5) and will investigate any concerns about the actions undertaken by council officers or elected Members on behalf of the council, including possible conflicts of interest.

Overview of Governance

Our governance is made up of two distinct parts.



Political administration: Surrey County Council is composed of 81 councillors (or “Members”) elected every four years. Councillors are democratically accountable to residents (electors) in their electoral divisions. The Leader of the Council – David Hodge - and his appointed cabinet set policies that determine the delivery of services to residents. The 2016/17 Chairman of the Council, currently Sally Marks, is the council’s civic leader.

Operational administration: Surrey County Council is led by a Chief Executive Officer, who is the head of the paid service. The Chief Executive Officer and other senior officers determine the best way for the organisation to operate to deliver the corporate strategy and policies set by the elected members

Summary of Annual Governance Statement

We have a responsibility for ensuring that the council’s business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. We are required to prepare an Annual Governance Statement (AGS) under the Accounts and Audit (England) Regulations 2011.

The council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance to support its Corporate Strategy “Confident in Surrey’s future.” The council’s Governance Strategy sets out its approach to good governance and is supplemented by a Code of Corporate Governance. The AGS outlines the council’s governance arrangements and achievements during 2016-17, and focus for 2017-18.

The council's external auditors' 2015/16 report on value for money published in July 2016 concluded that 'in all significant respects, the Authority put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources,' with the exception of the arrangements in place within the council's Children's Services directorate. A Children's Improvement Plan, including a member led Children's Services Improvement Board, is being delivered to address the January 2016 improvement notice issued by the Department for Education following the Ofsted inspection report published in June 2015.

As part of this work, Children's Services have adopted a 'Safer Surrey' approach that focuses on building relationships with families and puts practitioners in the role of supporting and helping rather than as directors of change. Following a monitoring visit at the end of August 2016, Ofsted confirmed that the pace of improvement has picked up as a direct result of teams embedding the Safer Surrey approach, but there is still more to do to ensure consistency in all our practice.

In October 2016, an inspection was carried out by OFSTED and the Care Quality Commission to judge the effectiveness of the Surrey area in implementing the disability and special educational needs (SEND) reforms as set out in the Children and Families Act 2014. As a result, the local authority and the county's Clinical Commissioning Groups (CCGs) were required to submit a Written Statement of Action (the Statement) because of significant areas of weakness in the local area's practice. The Statement sets out a clear vision for how the local area will address the five key weaknesses raised in the inspection and sustain improvement for children and families at scale and pace. It was developed with the contribution of partners in schools and family representatives.

Progress will be monitored monthly by the council's and CCGs leadership teams and reported to the SEND Partnership Board, SEND Scrutiny Task Group and lead Cabinet Members. The Children's Services Improvement Board will provide formal oversight of delivery of the actions in this Statement and will review progress quarterly.

The annual review of the effectiveness of the system of internal audit concluded that appropriate controls were in place during 2016/17 to ensure an effective internal audit service was provided. As part of the effectiveness review, a self assessment against the UK Public Sector Internal Auditing Standards was completed by the Chief Internal Auditor. The conclusions of the assessment are that Internal Audit substantially complies with the requirements and there are no significant areas of non conformance.

The overall opinion of the Chief Internal Auditor on the internal control environment for 2016/17 is "some improvement needed." A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives met. Controls over the council's key financial systems continue to be sound.

The annual review of governance is overseen by the Governance Panel. The panel comprises of Director of Legal, Democratic and Cultural Services [chair], the Director of Finance, senior representatives from HR and Organisational Development and Strategy and Performance, the Chief Internal Auditor and the Risk and Governance Manager. The panel meets four times a year and reports to the Statutory Responsibilities Network and the Audit and Governance Committee. The 2016-17 review has provided a satisfactory level of assurance on the governance arrangements for the year.

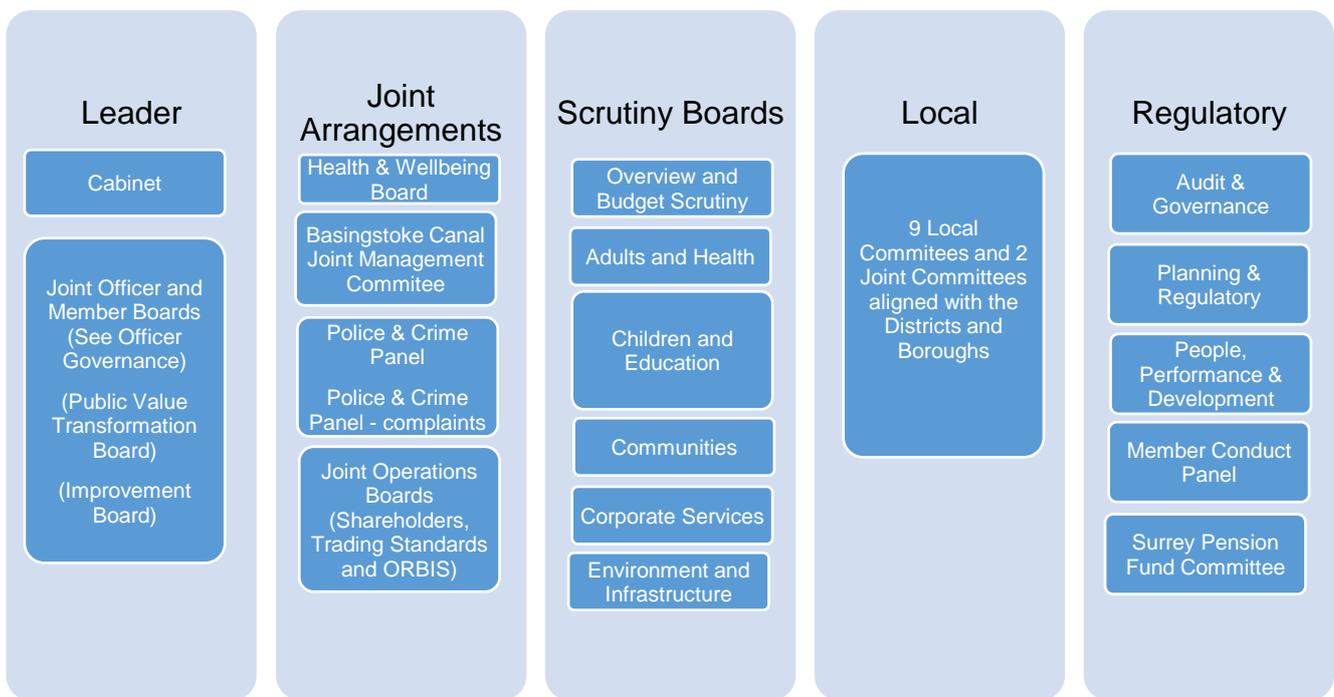
Structure Outline - Member Administration

The Council delegates responsibility as set out below for a number of different functions through the Constitution.

Every local authority has a Constitution that sets out how the council conducts its business, how decisions are made and the procedures to be followed to make sure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the council to determine itself.

The Constitution is divided into a number of articles, which set out the basic rules governing the council's business. The Constitution is updated at meetings of full Council to ensure that it reflects changes in legislation and stays relevant to local needs.

For simplicity, the structure below and details reflect these changes.



Note: After the local election (May 2017), there have been some constitutional committee changes eg: Scrutiny Boards are now Select Committees

Details of Member Responsibilities

2016/17 Council	Cabinet	2016/17 Regulatory
<p>The Council is composed of 81 councillors (or “Members”) elected every four years. Councillors are democratically accountable to electors in their electoral division.</p> <p>The County Council meets approximately every six weeks on a Tuesday. Every meeting is webcast. The meetings are open to the public, although the public are not able to participate in the meeting.</p> <p>The Council sets the framework within which the Cabinet operates through the corporate plan, budget and major policy plans. It elects the Chairman and Vice-Chairman of the Council annually and appoints the committees of the Council. It also elects the Leader of the Council for a four year period (and may remove him/her from office).</p> <p>Chairman of the Council: Sally Marks</p> <p>Leader of the Council: David Hodge</p>	<p>The Cabinet is made up of the Leader (chairman), Deputy Leader, eight Cabinet Members and there are in addition four Cabinet Associates. Cabinet is responsible for all executive decisions, with each Member holding the brief for a portfolio of services.</p> <p>The Cabinet leads the preparation of the council's policies and budget and makes recommendations to the County Council on the major policy plans and the budget and Council Tax. The Cabinet and Cabinet Members take decisions within this framework of plans and procedural rules approved by the Council, including key decisions (defined by the Constitution). It is held to account by the council for its performance.</p>	<p>The Council appoints these committees with terms of reference within the Constitution. The Council appoints chairmen for each:</p> <p>Audit & Governance: Stuart Selleck; Planning & Regulatory: Tim Hall; People, Performance & Development: David Hodge; Member Conduct Panel: Sally Marks; Surrey Pension Fund Committee: Denise Le Gal</p> <p>Some examples are: Audit and Governance Committee creates an environment in which audit, governance and financial accounts matters can be considered without having to compete for priority alongside other matters. It meets six times a year and additional meetings are occasionally required for a specific purpose.</p> <p>The People, Performance and Development Committee's role includes policies on staff pay & conditions, arrangements for consultation with unions, resolving disputes and promoting development and training.</p>
2016/17 Local	2016/17 Scrutiny boards	Joint Arrangements
<p>The Council appoints local committees to ensure improved service delivery in the context of best value and more efficient, transparent and accountable decision making. Two of these committees are now joint committees (Woking and Spelthorne). The Council appoints chairmen and/or vice-chairmen for each local and joint committee. The current chairmen are Elmbridge: Margaret Hicks; Epsom & Ewell: Eber Kington; Guildford: Keith Taylor; Mole Valley: Tim Hall; Reigate and Banstead: Dorothy Ross-Tomlin; Runnymede: Yvonne Lay; Spelthorne: Denise Saliagopoulos; Surrey Heath: David Ivison; Tandridge: Nick Skellett; Waverley: Pat Frost; Woking: Liz Bowes</p>	<p>There are six select & scrutiny boards.</p> <p>Council appoints chairmen for each: Council Overview: David Munro; Education and skills: Mark Brett-Warbuton; Economic Prosperity, Environment and Highways: David Harmer; Resident Experience: Colin Kemp; Social Care Services: Keith Witham; Wellbeing and Health Scrutiny: Bill Chapman</p> <p>Role: To provide challenge to the Cabinet and to strengthen their policy development and review role</p>	<p>The Council and the Cabinet may establish joint arrangements with one or more local authorities and/or their executives to exercise functions which are not executive functions in any of the participating authorities, or advise the council. Such arrangements may involve the appointment of a joint committee with these other local authorities for example: Woking and Spelthorne joint committees.</p>

Member Attendance

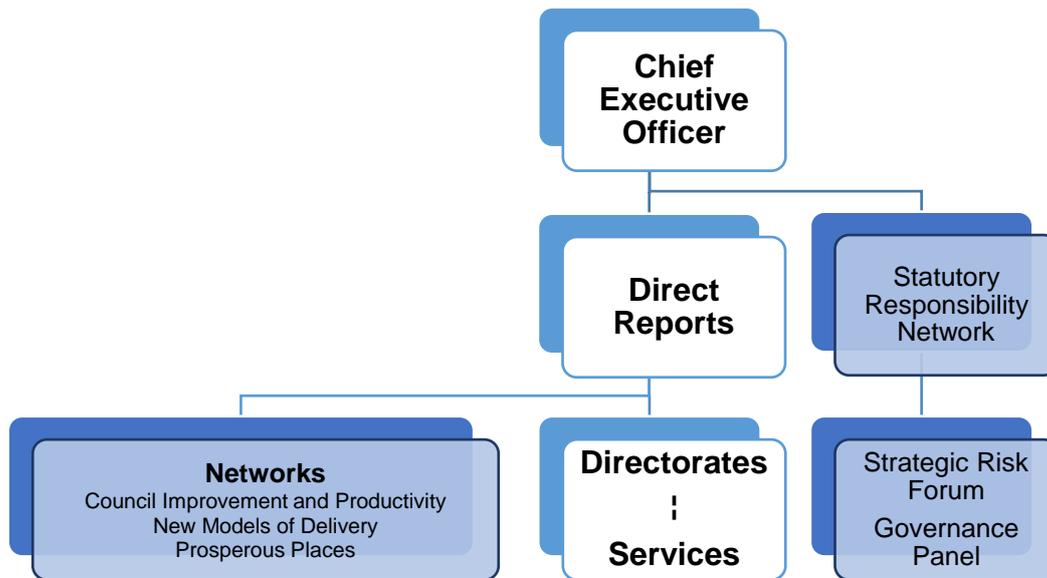
The attendance record of the senior member leadership during the year is set out below. The senior leadership may have other meetings to attend like Select Committees or their local committees as well as Cabinet and Council. Note that under statute, if a member has not attended a meeting for a period of six consecutive months, unless the failure to attend was due to a reason approved by the authority during those six months, the member ceases to hold office.

Member	Position	2016-17	2015-16
Mr David Hodge CBE	Leader	27/34	31/31
Mr Peter Martin	Deputy Leader	25/32	28/32
<u>2016-17 Cabinet Members</u>			
Mrs Helyn Clack	Wellbeing and Health	25/26	23/24
Mrs Clare Curran*	Children and Families Wellbeing	23/26	11/26
Mr Mel Few	Adult Social Care, Wellbeing and Independence	22/28	25/28
Mr John Furey	Highways, Transport & Flooding	21/22	17/21
Mr Michael Goodman	Environment & Planning	23/23	21/21
Mrs Linda Kemeny	Schools, Skills and Educational Achievement	18/21	23/24
Ms Denise Le Gal	Business Services and Resident Experience	37/46	31/40
Mr Richard Walsh	Localities and community Wellbeing	22/23	26/27
<u>2016-17 Civic Leadership</u>			
Mrs Sally Marks	Chairman	11/11	11/11
Mr Nick Skellett CBE	Vice Chairman	11/11	10/12

* Council approved absence for Mrs Clare Curran due to health reasons.

Structure Outline - Officer Administration

The Council appoints the Chief Executive, the Director of Legal, Democratic and Cultural Services and the Director of Finance as statutory officers. The People Performance and Development Committee appoints other Chief Officers and Heads of Service with the appointment of a Director of Public Health being made jointly with the Secretary of State for Health. The Constitution delegates responsibility as set out below for a number of different functions.



Details of Direct Officer Committees:

Statutory Responsibility Network: provides corporate leadership and strategic direction to ensure that Surrey County Council becomes an outstanding community leader and delivers excellent services to the public. It comprises of the Statutory Officers (Deputy Chief Executive and Strategic Director Children's, Schools and Families, and Strategic Director Adult Social Care and Public Health, Chief Fire Officer, Director of Finance, Director of Legal, Democratic and Cultural Services, and Chief Internal Auditor).

Strategic Risk Forum meets on a bi-monthly basis and membership includes Director of Finance (chair), strategic risk leads, Chief Internal Auditor, Head of Emergency Management and Risk and Governance Manager.

Governance Panel (chaired by Director of Legal, Democratic and Cultural Services) and reports to the Statutory Responsibility Network and the Audit and Governance Committee. The panel provides robust scrutiny and appraisal of governance.

Continuous Improvement and Productivity Network provides leadership, challenge, oversight and early consideration of issues relating to and underpinning the delivery of the Corporate Strategy & MTFP; and development of corporate policy. The membership includes Finance, HR, Policy & Performance and directorate leads

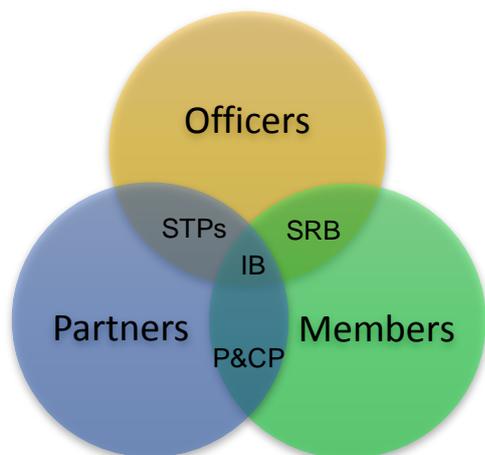
New Models of Delivery Network enabling and assisting services in identifying and assessing opportunities in a structured way to respond to changing expectations and to manage the impact of reduced funding.

Prosperous Places Network work with partners across Surrey to ensure every place can be prosperous and sustainable.

Every six months, the Chief Executive Progress reports, on the networks and outlines some key achievements from 2016 and plans for the year ahead. Each network meets regularly and has the overall goal of finding new ways for the organisation to be more effective and efficient.

Details of Joint Member, Partner and Officer Committees:

As well as the direct officer structure, there are joint and shared working arrangements with partners and members. Some of these joint and shared arrangements have their own committees and governance arrangements. The below diagram gives an example of the joint committees and boards showing the membership overlaps.



Sustainability Transformation Plans (STPs): These are the overarching strategic plans covering the next five years and are aimed at ensuring the sustainability of local health and care systems financially and in terms of the quality of services and health outcomes for local people. There are three geographical STP areas in Surrey, the biggest of which is ‘Surrey Heartlands’ with a population of 850,000 residents. Surrey Heartlands covers the geographical areas of Guildford and Waverley CCG, North West Surrey CCG and Surrey Downs CCG. The Surrey Heartlands Transformation Board is chaired by David McNulty, our Chief Executive, demonstrating the quality of the partnership, and includes the Chief

Executives of the local Clinical Commissioning Groups (CCGs) and also includes CCG Accountable Officers and Clinical Chairs as well as all health providers.

Improvement Board (IB) was established in December 2014 in response to the inadequate rating received by Ofsted in relation to the Inspection of Services for Children in Need of Help and Protection, Children Looked After and Care Leavers. The Improvement Board comprises of Surrey County Council Members (including the leaders of the opposition groups), the Cabinet Member for Schools, Skills and Educational Achievement, the Cabinet Member for Children and Families Wellbeing, representatives from partner organisations including public health and the police, representatives from the primary, secondary and special schools and a Department for Education advisor. It monitors performance against the Children’s Improvement Plan, making recommendations as appropriate and driving its continued development. It also ensures member and partner oversight and challenge for the SEND action plan in response to inspection findings.

Sustainability Review Board (SRB) to include three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance. The Board focused on identifying permanent service reductions to help inform the council’s longer term financial strategy and reported back to Cabinet its recommendations on 28 March 2017.

Police & Crime Panel (P&CP) is a joint committee hosted by Surrey County Council, and consists of one elected councillor from each of Surrey’s twelve local authorities and two co-opted independent members. The role of the Panel will be to examine the actions and decisions of Surrey’s Police and Crime Commissioner and to make sure information is available for the public so that they can hold their Commissioner to account.

People Review -People, Performance and Development Committee Chair – David Hodge CBE

I am pleased to present the Council's leadership remuneration report for 2016-17. This report combines the senior officer's remuneration and the members' allowances.

The People, Performance and Development Committee's remit includes policies on employee pay & conditions, arrangements for consultation with unions, resolving disputes and promoting development and training. The committee is also responsible for appointing and dismissing chief officers. The council's constitution sets out the terms of reference for the committee, specifying their remit in greater detail.

Pay & Reward Strategy review

The committee led a substantial review of our pay and reward strategy. The review was designed to enable a strategic shift in the way the Council attracts, develops and rewards employees in a challenging employment market. A core driver was to establish a pay and reward package to support a flexible workforce that can respond to the changing needs and expectations of residents without incurring the additional costs of premiums for flexible working and providing fair rewards for employees.

Following consultation with over 6,500 contributors across 340 feedback sessions and direct meetings with more than 3,000 employees, the council agreed a pay and reward package that will help the council to be high-performing and deliver its promises to residents to the highest standards. It enables the Council to be competitive when recruiting and retaining the right employees that we can develop and provide support with their careers effectively.

The committee worked closely with UNISON and GmB across the strategy review with a shared aim of reaching a collective agreement which was achieved in July 2016.

Other highlights of the committees work during the year have included agreeing improvements to employment policies, including pension's policies. These include the Code of Conduct, Gifts and Hospitality and Short Term Resourcing needs policies to aid understanding, transparency and value for money. As part of their role to champion progression of employees, the committee has supported plans to re-focus the High Performance Development Programme to continue the journey towards service excellence and the positive difference this investment has made in developing a culture shift.

For three years the employment costs have reduced through operating new models of delivery, and embedding continual Improvement culture and sustainable savings programmes.

	2017/18 Estimate	2016/17 Actual	2015/16 Actual	2014/15 Actual	2013/14 Actual
Staffing cost (incl Schools)	£591m	£608m	£688m	£701m	£730m
Surrey Contracted FTEs (excl Schools)		6,448	7,308	7,267	7,357
Estimate of Surrey Staffing (excl schools) required if all post were filled FTEs	7,039	7,129	7,935	8,057	8,015

Health, Safety & Welfare

The Council values the health, safety and welfare of its employees and believes that the promotion of health and safety is a benefit to everyone affected by the Council's undertakings, including service users, contractors and members of the community.

Good progress has been made in evidencing and meeting these requirements, through delivery of the 2016/17 Health and Safety Action Plan, which have improved our focus on prevention and protection from harm. Examples of projects delivered include a Health Surveillance programme for work areas and roles more at risk from noise, vibration and blood borne diseases. New health protection measures including hearing tests, a vibration questionnaire screening, night worker assessments and Hepatitis B vaccinations were introduced as part of our new Occupational Health service.

Senior Officers remuneration

Remuneration includes salary/ wages, expenses, allowances and benefits (chargeable to UK income tax), compensation for loss of office and employer pension contributions even though these are excluded from the general definition of remuneration.

Position in numerical order	2016/17 £	2015/16 £
Chief Executive Officer	235,008	220,295
Deputy Chief Executive and Strategic Director - Children, Schools & Families *	157,934	154,753
Strategic Director - Environment & Infrastructure	136,649	144,883
Strategic Director - Customer & Communities **	133,806	130,838
Strategic Director – Adult Social Care & Public Health ***	133,796	108,488
Chief Fire Officer	122,648	122,498
Director of Finance	119,372	118,335
Director of Legal & Democratic Services and Cultural Services ****	112,990	106,400
Strategic Director - Adult Social Care *****		97,426
Assistant Chief Executive Officer *****		59,543
Strategic Director - Children, Schools & Families *****		48,750
Total remuneration for senior officers	1,152,204	1,312,209
% of total employment costs	0.2%	0.2%

*In July 2015, the post moved from Strategic Director – Business Services

** Position is full time but 80% is seconded to Mole Valley District Council

*** In December 2015, the position title changed from Director of Public Health

**** In January 2016, the position title changed from Director of Legal & Democratic Services

***** In July 2015, Strategic Director - Children, Schools & Families left his post; in December 2015 Strategic Director - Adult Social Care retired, and in September 2016 left her post.

Officers pay index and multiplier

The minimum Surrey Pay rate paid on grade S1/2 is currently set at £8.25 per hour as at 1 April 2016, this compares with the statutory National Living Wage of £7.50 for over 25 year olds and the “UK Living Wage”, of £8.45 per hour, which is advocated by the Living Wage Foundation.

Based on existing salaries as at April 2016 it is estimated that the council will have the following ratios, between the lowest and highest paid staff on Surrey Pay, for the 2016/17 financial year.

	Amount per annum £'s	Ratio to the highest salary
Highest Basic Salary	232,683	n/a
Median Basic Salary	25,328	9.19:1
Lowest Basic Salary	15,487	15.02:1

Members' allowances and expenses

Members receive an allowance rather than a salary for services carried out by them on behalf of the Council. Members spend significant time on council business outside of formal committee meeting. This includes constituency business, parish council and resident groups, meetings with: other public agencies and partners and charity and community groups.

Summary Member allowances and travel & subsistence expenses

	Allowances		Travel & Subsistence expenses	
	2016/17	2015/16	2016/17	2015/16
	£	£	£	£
Current members	1,572,987	1,583,910	79,929	41,750
Stood Down members and Independent Remuneration Panel	4,648	19,208	308	0
Employer NI & pension contributions	281,757	280,880		
Total actual expenditure	1,859,391	1,883,998	80,237	41,750

In May 2014, Surrey County Council approved a Members' Allowances Scheme for the period from 1 April 2014 to 4 May 2017. In making the Scheme it has complied with the duty to have regard to the recommendations of an independent remuneration panel.

When the current scheme was approved, it was agreed that it would be adjusted annually in accordance with the Consumer Price Index (CPI). Changes have been made to the Basic Allowance (paid to all Members) and Special Responsibility Allowances (paid to Members holding posts which have significant additional responsibility) to reflect the 0.3% rise in the CPI in the year to 1 April 2016. The following table sets out the previous levels of the allowances and the new allowances for 2016/2017:

Annual allowances	Allowance 2016/2017 (0.3% CPI increase from 1/4/16)
Basic Allowance	£12,443
Special responsibility allowances drawn down by:	
Leader of the Council*	£35,619
Deputy Leader*	£30,394
Cabinet Member	£22,545
Cabinet Associate	£12,525
Scrutiny Board Chairmen	£10,020
Planning & Regulatory Committee Chairman and Council Overview Board Chairman	£12,024
Audit & Governance Chairman	£9,018
Lead Member for Scrutiny of the Police & Crime Commissioner	£8,016
Local Committee Chairmen	£8,016
Pension Fund Board Chairman	£8,016
Pension Fund Board Vice-Chairman	£1,503
Committee/Board Vice-Chairmen	£1,503
Opposition Group Leader*	£5,010
Officers of Political Groups (per member of the group)	£170
Members of the Adoption and Fostering Panels	£1,002
Chairman of Council	£18,036
Vice-Chairman of Council	£8,016

* The Leader and Deputy Leader have declined the published allowance of £43,086 and £31,314 and receive the Independent Panel recommended allowance. The eligible opposition group leaders have both declined their allowance £5,010.

Environmental Sustainability Review

The review is waiting for confirmation of environment usage figures. These figures are required for a central government report and are unavailable until nearer the end of July.

This review will be tabled later

Equalities and Fairness Strategy and Progress Review

The Council is committed to delivering fair and inclusive services to meet the needs of all communities in Surrey. This ensures that our services adapt to meet the needs of people with protected characteristics under the Equality Act 2010. These are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage and civil partnership

Carers are also protected under the Act from discrimination by association.

There are specific duties the Council has to comply with under the Act:

- Set equality objectives for the organisation. We publish an [Equality, Fairness and Respect Strategy](#) with four priorities that captures the Council's commitment to providing fair and inclusive services, promoting equality of opportunity and tackling discrimination.
- Publish information about our staff and community. We publish information on our communities through Surrey-i (www.surreyi.gov.uk) and a profile of our workforce on the Council's website (<https://www.surreycc.gov.uk/your-council/equality-and-diversity/workforce-profile>).

Making sure our decisions are fair

The Council assesses all policy changes for impacts on protected characteristic groups. Council officers complete Equality Impact Assessments to identify where groups might be disproportionately impacted by a change. This enables Elected Members to consider these when making decisions and ensures any negative impacts are mitigated where possible.

The Procurement Service ensures that all our contracted services meet the same equality standards as services provided directly by the Council.

Engaging with our communities

The Council engages regularly with the Surrey Equality Group, which is a forum made up of representatives for people with protected characteristics. They provide feedback on services and work with the Council to ensure its members are reached. The group met twice in 2016-17 to consider issues such as accessible information for adult social care and Child and Adolescent Mental Health Services.

Progress in 2016-17

The Equality, Fairness and Respect Strategy contains four objectives that we focus on to improve the inclusiveness of our services. Below are some highlights from the 2016/17 financial year:

Ensure Surrey's children, adults and families are supported and helped to lead more independent lives

Safe Havens for adults in mental health crisis - Five mental health Safe Havens were piloted across Surrey in 2016-17. These are community locations that provide welcoming spaces for people with mental health issues to visit, based in Camberley, Epsom, Guildford, Redhill and Woking. An evaluation found that they had been visited over 12,000 times and 98% of visitors were very or fairly satisfied with their experience. The Safe Havens have also provided an alternative service that reduces pressures on Accident and Emergency and police services. Visitors said they valued them as places of safety and were able to socialise with peers to share their experiences and swap tips for managing their conditions.

Universal information and advice service - Under the Care Act 2014, the Council is required to provide a universal information and advice service to all residents covering what care and support services are available and how to access them. Through a new information and advice strategy, the Council is working to improve the information and advice available to residents such as through increased use of social media to promote services and working with Clinical Commissioning Groups to review and improve the offer for local people.

Extra Care accommodation - Extra Care housing is accommodation for older people that can offer a choice of independent living in a community setting with care and support services delivered according to individual need. It increases the chances of people avoiding moving to more institutionalised forms of accommodation. In December 2016 the Cabinet agreed to offer Council assets to the market to stimulate development. At least a quarter of residents in residential care could be supported in an Extra Care setting, and this move can offer more choice to residents. The vision is to deliver 600 Extra Care apartments by 2025.

Multi-agency safeguarding hub (MASH) - The MASH is a single point of contact for any safeguarding concerns for adults and children in Surrey. Since it opened in October 2016, it has dealt with, on average, 6,000 contacts per month, and it has been instrumental in increasing Early Help referrals so that the needs of children and families can be identified and supported before they escalate.

Reducing offending among Looked After Children - The Council is committed to a restorative justice approach where offenders are able to make amends to their victims instead of being subject to a criminal justice approach. For the seventh year in a row, the number of Looked After Children coming to the attention of the criminal justice system has fallen. In 2016, 3.2% of all Looked After Children offended, significantly down from 9.7% in 2011.

Unaccompanied Asylum Seeking Children - In 2016, there were 153 Unaccompanied Asylum Seeking Children looked after by the Council. This is a 23% increase on those looked after in 2015 (124). The Corporate Parenting Board has developed a Welcome Centre at the Guildford YMCA so children that spontaneously arrive in Surrey receive support. Plans are also underway for a reception centre where large numbers of children can be accommodated for a maximum two-night stay.

Transforming services for children and young people with special educational needs and disabilities (SEND) - In 2016, the Council launched a major change programme to transform services for children and young people with SEND. This was in response to legislative changes and feedback from families who said the system was not working as well as it could have been. The programme has made good progress towards improving SEND support including introducing a new in-house Speech and Language therapy service for school-age children and a rights and participation team to champion the voice of children and young people with SEND. This will continue to be a Council priority in 2017/18 as we increase the pace and scale of improvement required following the outcome of the Ofsted inspection in October 2016.

Support all children and young people to participate and succeed in education, training and employment

Reducing numbers of children and young people not in education, employment or training - By the end of the 2016-17 financial year, the percentage of 16-17 year olds not in education, training or employment was 1.4%, exceeding the target of 2% set at the start of the year. Over the past four years, more than 2,000 young people have been helped to get on the career ladder through apprenticeships.

Increasing the number of care leavers in education, training and employment - Care leavers historically have had worse outcomes than those that do not have a care history, but there are encouraging trends in Surrey. The proportion of care leavers in education, training and employment has increased from 54.9% in 2015 to 60.1% in 2016. 32 care leavers are currently at university.

SEND Enterprise programme - A programme was commissioned with the aim to employ or place as many young people with SEND as possible into employment or supported internships. Supported internships are a structured study programme delivered by a school, local college or training provider, which include a six-month unpaid work placement. They equip young people with SEND with the skills they need to achieve sustainable, paid employment. Since the programme started, nine internship programmes have been established.

Support preventative actions to reduce health inequalities and increase wellbeing for our communities

Smoking prevalence - The proportion of people in Surrey that smoke is 14%, which is lower than the England average of 16.9%. The Public Health service achieved its targets for smoking quit dates among priority groups for this year, such as Black and Minority Ethnic groups, pregnant women, clients with mental health issues and clients based in acute settings. Prevalence among young people is low as well, with 6.8% of those aged 15 being smokers compared to the national average of 8%.

Start4Life breastfeeding campaign - In spite of almost three quarters of mothers start breastfeeding, this falls to 44% of those still breastfeeding after six to eight weeks. A new campaign 'Start4Life' is designed to encourage breastfeeding and dispel misconceptions and concerns mothers have about it. A service is available through Facebook messenger that provides support and advice to mothers to help them sustain breastfeeding with their babies.

Helping people with dementia get more active - The Get Active 50+ campaign, designed to inspire older people to do more physical activity, has seen 1,769 people take part in its first year of operation. People are able to participate in sports and physical activities including walking, football and bowls. Providers have received dementia awareness training to ensure people with dementia are well-supported and more able to take part.

Homeless health needs audit - In 2016 the eleven borough and district councils in Surrey committed to leading on a county wide Homeless Health Needs Audit (HHNA) to help develop the evidence base and help inform the improvement of the health offer to homeless people.

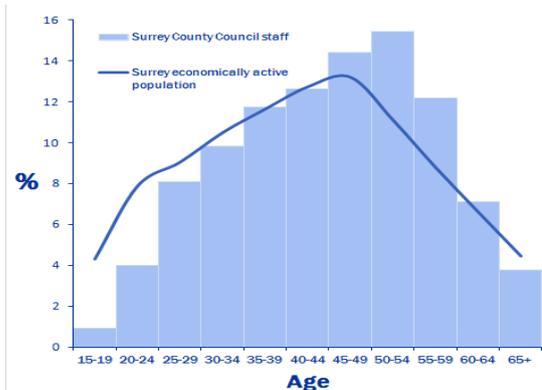
With district and boroughs and other local homeless organisations, there was a great level of engagement and support with 329 fully completed responses from a range of people including street homeless and those in hostel and supported accommodation. This data was used to produce the first HHNA report for Surrey highlighting potential opportunities for developing how homeless persons are supported locally. The report can be downloaded from the Housing section of 'Surreyi' and can be used by local organisations to inform what could be done locally.

Be a local employer of first choice for people from all our diverse communities, particularly for disabled and younger people

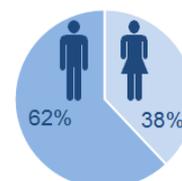
The Council performs well in the attraction and retention of women employees, with family friendly policies, benefits and good training and development. Almost three-quarters of the Council's employees are women. Work is progressing towards the workforce reflecting our local population, in particular focussing on disabled and younger people. There is a programme of activity and community engagement underway to improve and make further progress.

The Council has a popular workplace wellbeing offer, including flexible working, a Benefits programme, volunteering, a new Occupational Health and Employee Assistance Programmes and in-house health initiatives.

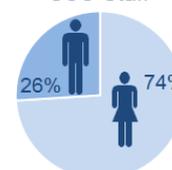
There are 6,448 Full Time Equivalent Staff at Surrey at the end of March 2017 and 81 members.



SCC Members



SCC Staff



Our Finances

This section – features the Director of Finance’s review of the year, the summarised risk register and financial statements

Contents

- Director of Finance review - Sheila Little50
- How we manage our principal strategic risks56
- Summary of Statement of Accounts 2016-1759
 - Income and expenditure statement (IES).....60
 - Balance sheet as at 31 March 201761
 - Cashflow statement.....63
 - Movement in reserves64

There are three other downloadable sections that provide further details:

Our highlights – reviews the 2016/17 year from the Leader and Chief Executive, a brief overview of our remit in local government and outlines our current strategy for this reporting year

Our performance – highlights our achievements over the reporting year, results from the resident surveys and summary of the complaints and compliments

Our governance and structure - outlines our governance and structure, reports back on our people, and fairness and equalities strategies and highlights our progress in environmental sustainability

Director of Finance review - Sheila Little



Sheila is Director of Finance with responsibility to ensure the council has proper financial management and control systems in place and she is a member of the senior leadership team of the council. As Director of Finance, Sheila has the power under Section 151 of the Local Government Act 1972 to act independently of the council if she has any concerns about safeguarding public finances.

As well as the statutory finance role as Director of Finance for the Council, Sheila is the strategic advisor to the Surrey Pension Fund committee and provides strategic leadership for risk, insurance and governance across the authority. Sheila is also Director of Finance for Orbis, the council's partnership with East Sussex County Council and Brighton and Hove City Council for delivery of business services.

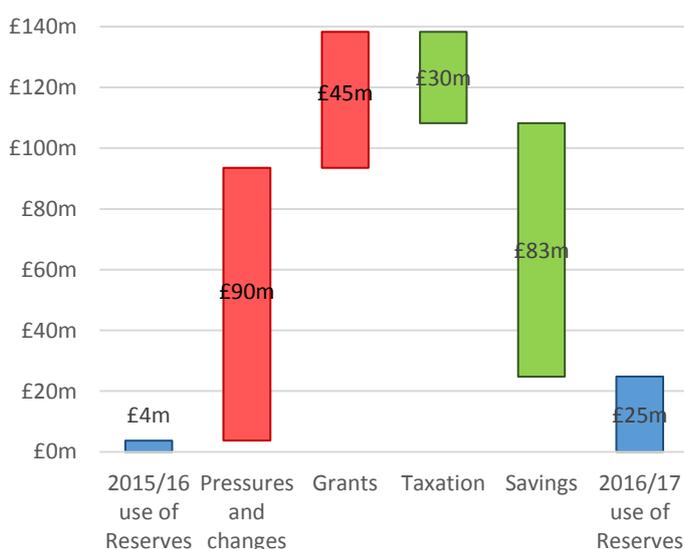
As you may be aware, this has been a challenging time for the Council to set a balanced and sustainable budget. In my financial review for 2016/17, I focus on three key areas:

- Challenge of sustainable service spending
- Maintaining an the appropriate and sustainable level of earmarked reserves
- Making the most with the assets the council has.

Challenge of sustainable service spending

Every February before the financial year commences, we set the budget in line with the council's multi-year approach to financial management. This approach aims to smooth resource fluctuations over several years. This can be found in the Medium Term Financial Plan 2016-21.

2016/17 Revenue Budget



In moving from 2015/16 to 2016/17 revenue budget, we absorbed £90m of service pressure, and £45m of grant reductions or losses. This was offset by raising funds from Council tax (£29m) as well as retaining Business Rates of £1m.

In the past, we have achieved savings of around £65m on average for each of the last six years. However for 2016/17, a target of £83m was required. The Council planned to use £25m of reserves to balance the 2016/17 budget.

The key service pressures faced by the council are:

- number of elderly people in our county set to increase by 20,000 by 2020. The cost of providing adult social care services is increasing by £20m every year; and
- requirement to provide more than 11,000 extra school places over the next five years - despite funding for this falling short by around £30m every year.

We had correctly anticipated that our grant from central government would be cut over four years and that we would have to do more for less. However, in late 2015 the government announced that £50m would be cut from Surrey’s central government grant in a single year, nearly double the amount previously indicated, and this presented the council with enormous challenges to balance the budget for 2016/17.

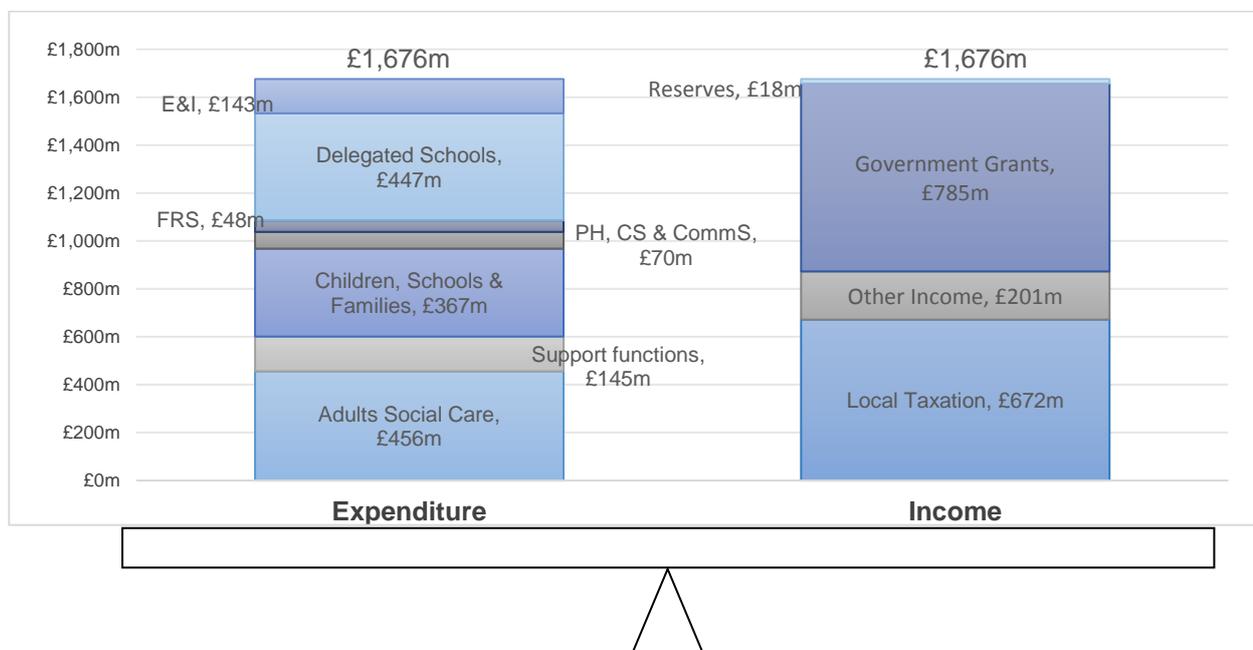
To have a sustainable budget in the future, the 2016/17 budget was set on the basis that the savings target was delivered and, a transformation review identified further considerable base budget reductions as soon as manageable.

2016/17 Final Financial Results

Our regular budget monitoring is reported to elected members and council officers within four weeks of each month end. This enables members and officers to take necessary actions promptly to meet any further challenges.

Below is our 2016/17 income and expenditure. Our most significant income sources are shown and our expenditure shown by area of spend.

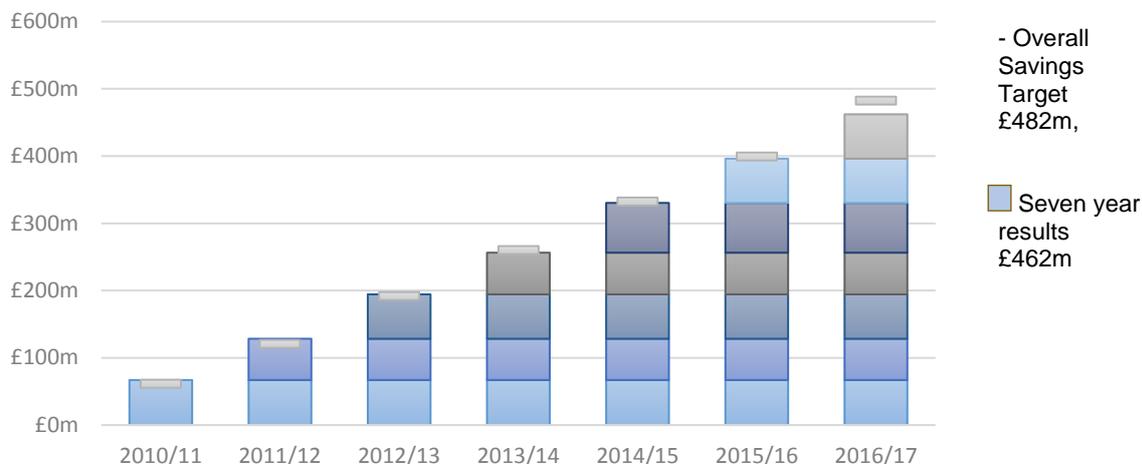
Balancing the 2016/17 revenue council’s budget



Note: E&I – Environment & Infrastructure, FRS – Surrey Fire & Rescue Service, PH, CS & CommS – Public Health Cultural services and Community Support

As part of monitoring the 2016/17 budget, we tracked and monitored our savings target of £83m. The council had an objective; “To deliver the savings set out in the Medium Term Financial Plan” as a part of the Resident experience goal in the Corporate Strategy. At the end of March, the council delivered £66m of savings. Whilst this in line with the average savings achieved in the previous years, it was £17m below the target.

To put this year's delivery in context with the overall savings programme for the last seven years, the council had a target of £482m and achieved £462m.



The council started the year planning to use £25m of reserves to support the revenue budget. By the end of the year, £18m were needed, despite the increasing demand pressures and challenging savings to be delivered. This was achieved through a tight grip on spending and taking short term actions to manage spending within resources.

The ongoing and increasing need for residents to access the council's services and severe reductions in funding highlight the challenges to have a sustainable budget.

Cabinet received the final 2016/17 outturn report on 27 April 2017, which included further details of savings delivered and the final revenue and capital spending against budget.

Looking forward to 2017/18 and beyond

Strategically the financial and economic context facing the council remains similar to recent years, that is: austerity is set to continue, significant reduction in central Government funding will continue at the same time as increasing demographic changes increase the need for core council services - adult and children's social care in particular.

In October 2016 this council decided not to accept the Government's four year offer (covering 2016/17 to 2019/20) as it included the requirement for this council to pay the government £17m of local taxpayers' money in 2019/20. One implication of this was the risk of further grant loss if Government needed to find more fiscal reductions in future years. Although Government have not done this for 2017/18, there remains a risk that this could occur in the remaining two years of the four year offer (2018/19 and 2019/20). This increases the level of uncertainty.

With the increased budgetary pressures the Council faces and the increasing difficulty in identifying long term service reductions, the Cabinet agreed in January 2017 to set up a task and finish Sustainability Review Board to include three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance. The Board focused on identifying permanent service reductions to help inform the council's longer term financial strategy and reported back to Cabinet its recommendations on 28 March 2017. Services are now focused on delivering those reductions.

The trends of increasing demographic need for services, alongside declining funding, require us to continue to focus on the sustainability of our resources. The level of savings required to produce a balanced budget in 2017/18 and beyond are significant and higher than ever before. There will be an enhanced focus on tracking the delivery of the necessary reductions identified, to avoid the depletion of levels of reserves below minimum acceptable levels.

In addition, the Council will continue to raise awareness nationally of the growing needs for its core services and the challenges posed by this and the current Government funding reductions.

Nationally, there is uncertainty about the direction of national policy following the General Election in June 2017 and although the government have stated that they wish local government to become more financially self-reliant, the recent Queen's Speech did not set out specific plans for this.

Maintain the appropriate and sustainability of earmarked reserves

In addition to meeting on-going need for services and funding pressures, the council ensures it is prepared for emergencies, such as severe weather and flooding. In previous years, the council consciously increased reserves and is now utilising these to deliver a balanced budget as the council moves towards a more sustainable financial position.

The council maintained £21m in general balances throughout 2015/16.

	2012/13	2013/14	Actual			Estimate
			2014/15	2015/16	2016/17	2017/18
General fund balance	32	21	21	21	21	21
Earmarked reserves	108	128	107	99	79	65
School balances and revenue grants unapplied reserves	73	72	67	72	61	61
Capital receipts reserves and Capital grants and contribution unapplied	76	56	72	125	180	180
Usable reserves	289	277	268	317	341	327
Unusable reserves	-328	-376	-467	-235	-619	-619
Net reserves	-39	-99	-199	82	-278	-292

Make the most with the assets we have - Capital

Creating public value by improving outcomes for Surrey's residents is a key element of Surrey County Council's corporate vision and it is at the heart of its £638m capital programme in the MTFP 2016-21. The capital expenditure budget for 2016/17 was initially set at £194m plus £13m of carry forwards from 2015/16.

The table below shows that during the 2016/17 financial year, the council has invested and delivered significantly, especially on highways infrastructure and school places. Over the year the budget was revised to £147m, primarily due to various building projects being reprofiled to later years in the MTFP, including £34m related to Schools Basic Need.

In addition, the council has continued its programme of investment in revenue generating assets that will improve its self-sufficiency and reduce reliance on government funding over the longer

term. During 2016/17 the council invested a further £131m under the approved investment strategy.

Capital expenditure as at 31 March 2017 by significant area of spend

	Revised full year budget	Actual	Full year variance	Revised carry forwards	Full year variance
	£m	£m	£m	£m	£m
School Basic Need (extra school places)	33	33	0	0	0
Highways recurring programme	48	47	-1	1	0
Property & IT recurring programme	31	25	-6	6	0
Other capital projects	35	21	-14	10	-4
Total service programme	147	126	-21	17	-4
Long term investment assets	0	131	131		131
Total overall	147	257	110	17	127

The long term investment assets (£131m) includes equity investment and loans (£134m) to the Halsey Garton Property group, development of the former Thales site in Crawley and a capital receipt (-£12m, in the Income & expenditure statement) . from the sale of an office asset in the portfolio. There was also £9m of investment properties).

The council has several investment properties purchased for future service needs which are currently being leased to private tenants, producing rental income. As the properties were solely being used to generate income at the 31 March 2017, under the code of practice they are classed as investment properties within the balance sheet. During 2016/17 the value of the investment property portfolio decreased by £9m to £54m.

Make the most with the assets we have – Subsidiaries and Property investments

Another way of generating more income and maximising our investment in Surrey is through three local authority trading subsidiaries:

- **S.E. Business Services Ltd** - set up for the provision of business services and was incorporated in 2013.
- **Surrey Choices Ltd** - set up for the delivery of day services and community support options for people with disabilities and older people. The company was incorporated in 2014.
- **Halsey Garton Ltd** - to make property investments. It is a holding company and has three subsidiaries; Halsey Garton Investments Ltd, Halsey Garton Developments Ltd and Halsey Garton Residential Ltd.
- All operating trading companies' results are incorporated within our statement of accounts.

Pension Fund

Finally, I would like to comment about the effect of the pensions funds movements has had on our balance sheet position. Included within our balance sheet is Surrey County Council's elements of the four pension funds.

<u>Extract balance sheet as at 31 March 2017</u>	As at 31.03.16 £m	Movement £m	As at 31.03.17 £m
Funded by:			-
Usable reserves (e.g.: general balances, earmarked reserves)	-317	24	-341
Unusable reserves (e.g.: capital financing & revaluation reserves)	-1,016	-75	-941
	-1,333	-51	-1,282
Unusable reserves (e.g.: pension reserves)	1,251	-309	1,560
Net reserves	-82	-360	278

The council contributes to four pension schemes on behalf of current employees (the Local Government Pension Scheme (LGPS), the Department of Communities and Local Government (DCLG) Fire fighters' pension scheme, the Teachers' Pension Scheme, and the NHS pension scheme). There are deficits on both the LGPS and Fire fighters' pension schemes. The LGPS actuary and the DCLG have revised their underlying actuarial assumptions regarding pension increase rates, salary increase rates and other variables (discount rate). These assumption changes result in a reduction in the pension liability valuation. The liability does not need to be met within the next year but over the working lifetime of the scheme members. The council is making appropriate lump sum payments to the pension fund in addition to the on-going contributions related to current employees. Further details of this reduction can be found within the *Statement of Accounts Note 39* and our payments in the Medium Term Financial Plan 2016-21 Central Income and Expenditure.

So to finish 2016/17 review:

- Services have sought to minimise spend as part of a necessary strategy to manage revenue spending and reduce the call on reserves,
- the council's long term planning in a period of austerity considers the serious financial challenges the council faces to achieve a longer-term sustainable budget, and
- the resources we have are being fully utilised through maximising tangible and intangible assets to support managing an efficient and balanced revenue budget

If you would like to keep track of our progress regarding these challenges and how we are planning for the next budget period, this will be reported through the formal cabinet process. We work and engage with the elective member at Cabinet and at select committees. The information will be in the coming month's Cabinet and select committees papers.

How we manage our principal strategic risks

The principal strategic risks are contained on the Leadership risk register. The register is owned by the Chief Executive and shows the council's key strategic risks and opportunities. It is reviewed by the Statutory Responsibility Network on a monthly basis and also by the Strategic Risk Forum (chaired by the Director of Finance). Formally, the risk register is regularly reviewed by Audit & Governance Committee (every meeting) and Cabinet (quarterly).

The principal strategic risks are shown below in risk level order.

Principal strategic risk (linked to corporate goals)	Key controls		
Wellbeing	Economic Prosperity	Resident experience	
<p>Financial outlook</p> <p>Further reductions in funding, due to constraints in the ability to raise local funding and/or distribution of funding, results in significant adverse long term consequences for sustainability and service reductions leading to significant implications for residents</p>	<ul style="list-style-type: none"> • Structured approach to ensuring Government understands the council's Council Tax strategy and unsustainable impact on current funding mechanism • Targeted focus with Government to secure a greater share of funding for specific need led pressures (in particular Adult Social Care) • Proactive engagement with Government departments to influence Government policy changes • Continued horizon scanning of the financial implications of existing and future Government policy changes • New Members induction programme to facilitate informed decision making 		
<p>Safeguarding - Children's Services</p> <p>Avoidable failure in Children's Services, through action or inaction, including child sexual exploitation, leads to serious harm, death or a major impact on well being</p>	<ul style="list-style-type: none"> • Working within the set frameworks ensures policies and procedures are up to date and based on good practice • The Multi-Agency Safeguarding Hub is facilitating the sharing of good practice • The Children's Services Improvement Plan is being delivered to strengthen service and whole system capability and capacity. • Senior manager roles and responsibilities have been reshaped to strengthen leadership and governance. 		
<p>Safeguarding - Adult Social Care</p> <p>Avoidable failure in Adult Social Care, through action or inaction, leads to serious harm, death or a major impact on wellbeing</p>	<ul style="list-style-type: none"> • Working within the set frameworks ensures policies and procedures are up to date and based on good practice • The Multi-Agency Safeguarding Hub is facilitating the sharing of good practice • Locality safeguarding advisor assures quality control <ul style="list-style-type: none"> • Strong leadership, including close involvement by Cabinet Members in safeguarding functions 		
<p>Strategic Infrastructure</p> <p>Failure to achieve a coherent response to the strategic infrastructure challenges facing the county leaves the council at risk of infrastructure failing to be adequately provided</p>	<ul style="list-style-type: none"> • The Council is fully involved in the establishment of a shadow Sub National Transport Body to support the delivery of major strategic transport infrastructure. • Programme office and workstream sponsors and leads agreed with roles and responsibilities defined. • Regular meetings of local authority Leaders and Chief Executives. • Regular engagement with central government at both political and official level. Negotiation with Government underway – Heads of Terms sent to officials as basis for negotiations. 		

Principal strategic risk	Key controls	
(linked to corporate goals)	Economic Prosperity	Resident experience
Wellbeing		
Medium Term Financial Plan (MTFP) 2017-20		
<p>Failure to achieve the MTFP, which could be a result of:</p> <ul style="list-style-type: none"> • Not achieving savings • Additional service demand and/or • Over optimistic funding levels <p>as a consequence, lowers the council's financial resilience and could lead to adverse long term consequences for services if Members fail to take necessary decisions</p>	<ul style="list-style-type: none"> • Weekly review of the in year financial position at Chief Executives Direct Reports meeting and strong focus on development of plans for delivery of service efficiencies and reductions • Budget planning discussions held with Cabinet and Scrutiny Committees. • Early conversations are undertaken with all relevant stakeholders to ensure consultations about service changes are effective and completed in a timely manner • Cross service networking and timely escalation of issues to ensure lawfulness and good governance • Increased challenge and rigour on cost control • Chief Executive's Direct Reports meeting agreement to focus capacity on three key priorities – information management in CSF, health and social care integration and assets. • New Members induction programme in place (May to July) to introduce them to the council and thereby facilitate informed decision making. 	
New ways of working		
<p>Failure to work effectively as part of a multi-agency system leads to severe service disruption and reputational damage.</p>	<ul style="list-style-type: none"> • Shared and aligned strategies to ensure no unintended consequences • Robust governance arrangements (eg. Inter Authority Agreements, Better Care Board, Health and Wellbeing Board, financial governance framework) in place with early warning mechanisms • Regular monitoring of progress and risks against transformation programmes within each transformation board • Continuous focus on building and maintaining strong relationships with partners through regular formal and informal dialogue • Close liaison and communication with customers 	
Organisational resilience		
<p>Failure to plan for and/or respond effectively to a significant event and or strains on workforce capacity or resilience, results in severe and prolonged service disruption and loss of trust in the organisation.</p>	<ul style="list-style-type: none"> • Developing an employment framework supports flexibility in service delivery and organisational resilience • Robust governance framework (including codes of conduct, IT cyber resilience and information assurance policies, health and safety policies, complaints tracking) • Information Governance Board monitors requirements and changes and reviews information governance risks • External risks regularly assessed through the Local Resilience Forum and reviewed by the Statutory Responsibilities Network • Active learning by senior leaders from external experiences / incidents informs continual improvement within the council • Close working between key services and the Emergency Management Team to proactively update and communicate business continuity plans and share learning • Shaping Leaders and High Performance Development Programme 	

Principal strategic risk

(linked to corporate goals)

Wellbeing

Key controls

Economic Prosperity

Resident experience

Senior leadership succession planning

A significant number of senior leaders leave the organisation within a short space of time and cannot be replaced effectively resulting in a reduction in the ability to deliver services to the level required.

- Enhance distributed leadership by focus on organisational goals and scorecard for organisational performance.
- Workforce planning linked to business continuity plans.
- Senior leadership appraisal process incorporates feedback (shaping leaders) and succession planning into appraisal process.

Summary of Statement of Accounts 2016-17

Presented here is an overview of financial information for the council for the year ended 31 March 2017.

Full financial information can be found in the audited Statement of Accounts for 2016-17.

The main elements of the Statement of Accounts and explanatory notes of that have been used are:

- Movement in reserves statement
- Comprehensive income & expenditure statement
- Balance sheet
- Cashflow statement
- Selected notes to the accounts
 - Note a - Details of the net movements
 - Note b – Earmarked usable reserves
 - Note c – Unusable reserves

Income and expenditure statement (IES)

This statement shows the true economic accounting cost in year of providing services in accordance with generally accepted accounting practices rather than the amount funded from taxation. The deficit on the provision of services for 2016/17 was £152m (-£130m 2015/16). This represents the accounting deficit on the provision of services in accordance with International Financial Reporting Standards (IFRS), not a deficit in relation to what has been spent over the funding raised. The main reasons for the overall deficit are: the writing off of -£113m of assets in relation to schools which have transferred to academy status, and -£33m adjustment for the current service cost of pensions required under International Accounting Standard 19 compared to actual employer pension contributions paid.

Summarised income & expenditure statement	2016/17	2015/16
	£m	£m
<u>Income:</u>		
Income from local taxation (council tax)	672	645
Schools & other general and specific grants	785	887
Fees, charges & other service income	201	189
Total income	1,658	1,721
<u>Net directorate revenue expenditure:</u>		
Staffing	-643	-688
Non staffing	-1033	-1,029
Total net directorate revenue expenditure	-1,676	-1,717
Outturn deficit	-18	4
<u>Other expenditure:</u>		
Adjustments between accounting basis and funding basis under regulations (e.g. depreciation, revaluation losses, gain on disposal of assets, transfer of academies) (further explanation in the Statement of Accounts Note 23)	-134	-134
	-134	-134
Total expenditure	-1,810	-1,851
Gross deficit before accounting adjustments	-152	-130
<u>Accounting adjustments:</u>		
Deficit on revaluation of non-current assets (e.g.: buildings)	68	111
Actuarial losses on pension assets / liabilities	-276	300
Net surplus / - deficit on income and expenditure statement	-360	282

Balance sheet as at 31 March 2017

This statement shows the value of the assets and liabilities recognised by the council as at 31 March. The balance sheet of the council shows a net liability of -£278m, which is matched by reserves (as set out in the movement in reserves statement). The pension fund deficit has reduced by £309m (£1,560 2016-17, £1,251m 2015-16) which is the main reason for the balance sheet movement.

The council contributes to four pension schemes on behalf of current employees (the Local Government Pension Scheme (LGPS), the Department of Communities and Local Government (DCLG) Fire fighters' pension scheme, the Teachers' Pension Scheme, and the NHS pension scheme). There are deficits on both the LGPS and Fire fighters' pension schemes. The LGPS actuary and the DCLG have revised their initial estimates due to investment yields and returns. The liability does not need to be met within the next year but over the working lifetime of the scheme members. The council is making appropriate lump sum payments to the pension fund in addition to the contributions related to current employees.

Balance sheet as at 31 March 2017

	As at 31.03.17 £m	As at 31.03.16 £m
Property, plant & equipment	1,752	1,793
Investment property	54	63
Heritage assets (historical collections and notable paintings)	1	1
Intangible assets (IT software & licences)	7	5
Long term investments	47	3
Long term debtors	124	29
Long term assets	1,986	1,894
Short term investments	0	65
Intangible assets (eg carbon reduction credits)	1	1
Assets held for sale	11	24
Inventories (e.g.: salt and grit store)	1	1
Short term debtors	145	152
Cash & cash equivalents	56	
Current assets	214	243
Cash & cash equivalents		-19
Short term borrowing	-141	-31
Short term creditors	-191	-182
Short term provisions (e.g.: redundancy provision)	-4	-3
Receipts in advance (capital and revenue)	-9	0
Other current liabilities (eg: PFI Lease, liabilities repayable within 12 months)	-13	-8
Current liabilities	-358	-243
Long term provisions (e.g.: insurance)	-25	-31
Long term borrowing (e.g.: capital loans to fund capital expenditure)	-398	-398
Other long term liabilities (e.g.: pension fund liabilities)	-1,560	-1,251
Other long term liabilities (e.g.: PFI and lease liabilities)	-136	-132
Long term liabilities	-2,119	-1,812
Net assets / - liabilities	-278	82
Funded by:		
Usable reserves (e.g.: general balances, earmarked reserves)	-341	-317
Unusable reserves (e.g.: pension reserves)	1,560	1,251
Unusable reserves (e.g.: capital financing & revaluation reserves)	-941	-1016
Net reserves	278	-82

Cashflow statement

This shows the changes in cash and cash equivalents during the financial year. The total decrease in cash and cash equivalents for the council during 2016/17 was £76m (2015/16 an decrease of -£36m) which is shown in the cash flow statement and note 17 Statement of Accounts (SoA). The statement shows how a council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities:

- Operating activities - the amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of a council are funded by way of taxation, grant income or from recipients of services provided by a council.
- Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the future service delivery.
- Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

The reason for this increase was due to the council's banker removing the ability for the council to offset school balances to offset the balance on the council's general account. This meant the council had to increase cash balances to prevent the general account being overdrawn. More information on this can be on page 12 of the Statement of Accounts.

Cash flow statement for 31 March 2017

	2016-17	2015-16
	£m	£m
Net deficit (-) on the provision of services	-152	-130
Adjustments to net deficit on the provision of services for non-cash movements (e.g.: Depreciation)	269	226
Adjustments for items included in the net deficit on the provision of services that are investing and financing activities (e.g.: Revenue funded capital items)	22	24
Net cash flows from operating activities	139	120
Investing activities (e.g.: purchasing property, plant and equipment)	-165	-147
Financing activities (e.g.: Public Financing Initiative (PFI) payments)	102	-9
Net increase/ (-) decrease in cash & cash equivalents	76	-36
Cash and cash equivalents at the beginning of the reporting period	-20	16
Cash and cash equivalents at the end of the reporting period	56	-20

Movement in reserves

Movement in the reserves statement shows the movement during the 2016/17 financial year on the different reserves held by the council, analysed into usable reserves and unusable reserves.

Usable reserves are where money is set aside to fund future expenditure plans or reduce taxation whilst unusable reserves reflect the difference between the surplus or deficit made on the true economic cost of providing a council's services and the statutory amounts required to be charged to the general fund balance for council tax setting purposes (i.e. adjustments between accounting basis and funding basis under regulations).

The total decrease in the council's reserves during 2016/17 is -£360million (a decrease of £388m in unusable reserves, partially off-set by an increase of £24m in usable reserves).

The decrease in unusable reserves was primarily caused by an increase in the pension liability (£309m), a reduction in the Capital Adjustment Account (£139m), mainly caused by writing out of £113m of school assets in relation to schools that have transferred to academy status, off-set by growth in the revaluation reserve (£56m).

The increase in useable reserves was from an increase of £55m in the capital receipts and unapplied capital grants reserves off-set by a £31m reduction in revenue reserves, including £25m of revenue reserves which were approved to support the 2016/17 budget in the 2016-21 medium term financial plan.

Summarised movement in reserves as at 31 March 2017

	Balance 1 Apr 2016	Movement a	Balance 31 Mar 2017
	£m	£m	£m
General fund balance	-21	0	-21
Earmarked reserves	-99	20	-79
School balances and revenue grants unapplied reserves	-72	11	-61
General fund balance and Earmarked reserves (GFBER)	-192	31	-161
Capital receipts reserve (CRR)	-75	-28	-103
Capital grants and contributions unapplied (CGCU)	-50	-27	-77
Total usable reserves	-317	24	-341
Total unusable reserves (UR) (further details in note c)	235	-384	619
Net reserves	82	-360	-278

Note a: Details of the net movements:

The table below shows the council's usable reserves classified in accordance with CIPFA's accounting code of practice for International Financial Reporting Standards. These include in following broad categories;

- earmarked reserves - providing financing for future expenditure plans, commitments and possible liabilities;
- general fund balances – available balances to cushion the impact of uneven cash flow and a contingency for unexpected events;
- capital receipts - the balance of proceeds from the sale of assets not used in-year to fund new capital expenditure but set aside to fund future capital expenditure in accordance with the council's MTFP and asset management strategy;
- capital government grants unapplied – the balance of grants received from central government that have not been used in-year to fund new capital expenditure.

	GFBER £m	CRR £m	CGCU £m	UR £m
Gross deficit before accounting adjustment	152			
Other accounting adjustments				208
Total comprehensive income & expenditure	152			208
Adjustments between accounting basis and funding basis under regulations	-120	-28	-27	176
Increase/decrease in year	31	-28	-27	384

Note b: General Fund Balances and Earmarked usable reservesList of earmarked usable reserves and general fund balance

	Opening balance 1 Apr 2016 £m	Transfers from reserves £m	Transfers into reserves £m	Closing balance 31 March 2017 £m
Earmarked reserves				
Budget equalisation reserve	13	19	-6	26
Business rate appeal reserve	1			1
Child protection reserve	1		-1	0
Economic downturn reserve	9			9
Economic prosperity reserve	3			3
Eco park sinking fund	12		-7	5
Equipment replacement reserve	2	2	-3	1
General capital reserve	5	0	0	5
Insurance reserve	12	2	-6	8
Interest rate reserve	1			1
Investment and renewals reserve	9	2	-5	6
Pension stabilisation reserve	1		-1	0
Revolving Infrastructure fund	21		-10	11
Street Lighting PFI sinking fund	5		-1	4
Vehicle replacement reserve	4	0	-4	0
Total earmarked reserves	99	25	-75	79
Public Health unapplied grant	3		-3	0
Revenue grants unapplied reserve	18	13	-18	13
Schools balances	51	6	-9	48
School balances and revenue grants unapplied reserves	72	19	-31	61
General Fund balance	21			21
Total General Fund Balances and Earmarked reserves	192	44	-75	161

Note: Zero depicts entries that are less than £1m.

Notes on the earmarked reserves

Budget equalisation reserve: The Budget Equalisation Reserve was set up to support future years' revenue budgets from unapplied income and budget carry forwards. The balance includes £1.6m service budget carry forwards into 2017-18 and a further £11.8m which has been agreed to support the 2017/18 budget.

Business rate appeals reserve: As part of the localisation of business rates the council is liable to refund businesses for its share of business rates if it is determined that a business has been overcharged rates. This reserve will be used to fund any successful appeals.

Child protection reserve: This reserve is to provide funding for additional staffing costs as a result of the increase number of children subject to a child protection order. This reserve is to fund the costs until 2015-16, when the base budget will be increased to cover these costs.

Economic downturn reserve: This reserve is to allay the risks of erosion in the council's tax base due to the impact of the localisation of council tax benefit and a down turn in the economy.

Economic prosperity reserve: This reserve will be used to fund projects that will increase economic development in the county.

Eco park sinking fund: To fund the future of the council's waste disposal project from surpluses in the initial years.

Equipment replacement reserve: Enables services to set aside revenue budgets to meet future replacement costs of large equipment items. Services make annual revenue contributions to the reserve and make withdrawals to fund purchases.

General capital reserve: The General Capital Reserve holds capital resources, other than capital receipts, available to fund future capital expenditure.

Insurance reserve: This reserve holds the balance resulting from a temporary surplus or deficit on the council's self insurance fund and is assessed by an actuary for the possible liabilities the council may face. It specifically holds £4.2m to cover potential losses from the financial failure of Municipal Mutual Insurance (MMI) in 1992. The company had limited funds to meet its liabilities, consequently, future claims against policy years covered by MMI may not be fully paid, so would be funded from this reserve. The balance on this reserve represents the latest assessed possible liability.

Interest rate reserve: This reserve is to enable the council to fund its capital programme from borrowing in the event of an expected change in interest rates or other borrowing conditions.

Investment and renewals reserve: Enables investment in service developments. The reserve makes loans to services for invest to save projects, which may be repayable. The recovery of the loan is tailored to the requirements of each business case, which is subject to robust challenge before approval as a part of the council's governance arrangements.

Pension stabilisation reserve: This reserve is to help fund potential future increases in pension contributions paid by the council.

PFI reserve (Street Lighting PFI sinking fund): This reserve holds the balance of the street lighting PFI grant income over and above that used to finance the PFI to date. The balance in this reserve will be used in future years when the expenditure in year will exceed the grant income due to be received in the same year.

Revenue Grants Unapplied reserve: This reserve holds government revenue grants received in previous financial years which will be used to fund expenditure in the future.

Revolving investment & infrastructure fund: The Revolving Infrastructure & Investment Fund was established in the 2013-18 Medium Term Financial Plan in order to provide the revenue costs of funding infrastructure and investment initiatives that will deliver savings and enhance income in the longer term.

School balances: The consolidated balances of the maintained schools residual dedicated school grants. The balance includes schools overspends offset by carried forward under spends. The opening balance includes the academies that have converted this year.

Vehicle replacement reserve: Enables the future cost of vehicle replacement to be spread over the life of existing assets via annual contributions from revenue.

Note c: Unusable reserves.

Certain reserves are kept to manage the accounting processes for items such as non-current assets, financial instruments, retirement and employee benefits. They do not represent usable resources for the authority and are not backed by cash balances.

List of unusable reserves

Unusable reserves	Balance at 1 April 2016	Movement	Balance at 31 March 2017
	£m	£m	£m
Revaluation reserve	-731	-56	-787
Capital adjustment account	-283	139	-146
Deferred Capital receipts	0	-12	-12
Financial instruments adjustment account	0	0	0
Pensions reserve	1,251	309	1,560
Collection fund adjustment account	-10	2	-8
Accumulated absences account	8	2	10
Total unusable reserves	235	384	619

Revaluation reserve: The revaluation reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

Capital adjustment account: The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Income and Expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

Deferred Capital Receipts Account: The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. During 2016/17 the balance on the account increased by £12m in relation to a sale of land. (Nil balance 2015/16).

Financial instrument adjustment account: The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

Pensions reserve: The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Income and Expenditure statement as the benefits are earned by employees accruing years of service. Liabilities recognized on the Balance Sheet are updated to reflect inflation, changed assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the council makes employer contributions to pension funds or when it eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Collection fund adjustment account: The collection fund adjustment account manages the differences arising from the recognition of council tax income in the Income and Expenditure statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

Accumulated absences account: The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

