

MINUTES of the meeting of the **CORPORATE OVERVIEW SELECT COMMITTEE** held at 10.00 am on 25 January 2019 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Thursday, 21 March 2019.

Elected Members:

*= present

- * Mr Ken Gulati (Chairman)
- Ms Ayesha Azad
- * Mr Mark Brett-Warburton
- * Mr Tim Evans
- * Mr Tim Hall
- * Mr David Harmer
- * Mr Nick Harrison (Vice-Chairman)
- Mr Keith Witham
- Mr Chris Botten
- * Mr Richard Walsh

In attendance

Rachael I Lake
Mrs Kay Hammond

1/19 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Keith Witham, Ayesha Azad and Chris Botten. There were no substitutions.

Zully Grant Duff, Chairman of the Health, Integration and Commissioning Select Committee also gave her apologies.

2/19 MINUTES OF THE PREVIOUS MEETING: 13 DECEMBER 2018 [Item 2]

The minutes were agreed as an accurate record of the meeting.

3/19 DECLARATIONS OF INTEREST [Item 3]

There were no declarations of interest received.

4/19 QUESTIONS & PETITIONS [Item 4]

There were no questions or petitions received.

5/19 REVENUE & CAPITAL BUDGET 2019/20 TO 2023/24 [Item 5]

Witnesses:

Mel Few, Cabinet Member for Finance
Joanna Killian, Chief Executive
Leigh Whitehouse, Executive Director of Finance
Michael Coughlin, Executive Director for Customers, Transformation and Digital

Key points raised during the discussion:

1. The Chairman informed the Committee that Part B, 'Revenue & Capital Budget 2019/20 and Key Financial Strategies to 2023/24' would be considered before Part A, 'Transformation Proposals – Delivering Better Services For Residents'.
2. The Chief Finance Officer provided an introductory statement where he outlined the council's current financial position. It was stated that its financial position compared to other local authorities was considerably weaker and that a trend was forming to use its resources, including reserves, to balance the budget. Members received a presentation which highlighted key information around the Cabinet report on its proposals which would be recommended to County Council on 5 February 2019. Members noted that there was a particular focus on adults and children's service as there had been significant work through the transformation targeting improvements on practice and the delivery of outcomes to people. The Committee further noted details around the new Cabinet position of Cabinet Member for Finance where it was explained that the portfolio would be leading on the overall budget strategy and delivery against the financial plan. The presentation is attached to these minutes as annex 1.
3. When discussing the recent meetings of the Committee's Budget Sub-Group, the Chief Finance Officer addressed Member's concerns that the Executive Directors seemed to lack optimism that they would meet the targets outlined in each service budget envelope. He stated that it was important to be realistic and to not lose sight that the council's financial situation was delicate, and that there was huge amount of work required. He further stated that some savings were considered to be high risk so it was sensible not to be too optimistic.
4. The Committee discussed the £10m contingency available to mitigate any savings shortfalls and felt this may be insufficient given the level of transformation required and the unknown factors or re-emerging risks. The Chief Executive said that she felt assured that it was a deliverable budget but highlighted that there was considerable risk as services needed to adapt. The Cabinet Member for Finance stressed the importance of frequently analysing activity measures at the earliest occasion to have a better understanding on arising challenges. The Cabinet Member also highlighted the need for budget holders to understand the responsibility and ownership they have over their respective budgets.
5. The Committee noted the rising costs from external foster caring agencies and out of county placements. Members advised that officers look at best practice of other local authorities to identify solutions and share lessons learnt.
6. The Committee sought information on plans to address costs around Special Educational Needs and Disabilities (SEND) and transitioning of young adults. The Cabinet Member for Finance provided detail on an all-age learning project that focused on transitioning young adults from care in the Children's Service into Adult Social Care. He stated that this work provided a number of benefits which included allowing

Adult Social Care to understand incoming costs as well as helping parents understand future arrangements. The Chief Executive added additional detail around a specialist learning disabilities team created to support needs as they arise as well as build relationships with children to promote better outcomes.

7. The Committee stressed the importance of having sufficient communication with service users as services evolve.
8. The Chief Executive stated that the council needed to reduce the number of children coming into care in a safe way. This included creating a new model that better supported parents with issues that could eventually lead to the involvement of Children's Services.
9. The Committee were advised that officers were looking to change the model of practice within Children's Services to bring it in line with practice nationally. It was stated that there was significant science behind the new model and that it would be delivered to provide better outcomes for children. It was further noted that a Children's Academy had been introduced to help create a workforce that was skilled and able to support the new model.

Meeting adjourned 10:55am

Holocaust Memorial Day Ceremony

Meeting resumed at 11:30am

10. The Committee noted that there was not currently a system in place to forecast the number of people coming into the council's care or that assessed future needs. Officers went on to explain that better and more consistent relationships were needed with the health service as they could provide useful data that will improve overall understanding. It was further noted that the county had significantly higher numbers of Educational, Health and Care Plans (EHCPs) compared to other statistically neighbouring local authorities.
11. Members highlighted the need for a holistic view when working on multiple overlapping projects to prevent any ripple effects having negative impacts. The Executive Director for Customers, Transformation and Digital stated that any changes were made through a systematic process through the business cases which allowed officers to see the overall effects and independencies.
12. When discussing the proposed closure of various Community Recycling Centres (CRCs), Members felt concerned as they were not aware of any programmes or projects that outlined each sites future arrangements. Officers stated that a governance board of experienced officers and Cabinet Members would be put in place to work on asset disposal or repurposing.
13. The Committee were pleased with the inclusion of the Environmental Impact Assessments (EIA) within the report and stressed the importance that all Members read them thoroughly before consideration at Cabinet on 29 January 2019.

14. The Chief Finance Officer provided detail around the staffing restructure of Children's Service which formed part of the transformation programme.
15. The Committee highlighted the six recommendations included within the Budget Sub-Group report.

The Committee concluded discussions relating to Part B of the report and agreed the following recommendations:

The Committee:

- a. Recognises the difficulty of formulating a new transformative budget for 2019/20 and the consequences of failing to successfully implement this
- b. Supports the proposal of the Cabinet Member for Finance that there is rigorous, weekly monitoring of service activity, performance and expenditure and that this data must be owned individually and collectively by the Cabinet Members
- c. Is conscious that the £10m contingency available to mitigate any savings shortfalls could be insufficient given the level of transformation required and the unknown factors or re-emerging risks
- d. Recommends that the Cabinet Member for Finance in May is invited back to provide evidence on the progress towards achieving the targets set out in the Budget and Financial Strategy

The Committee moved to discussions relating to Part A of the report

16. The Chief Executive provided an outline of the consultation and engagement carried out over the last several months. Members noted that officers felt it was very important to have regard for the opinions of residents in order to help outline the council's priorities. When reflecting on the consultation outcomes, it was understood that the most vulnerable had to be prioritised within the council's budget, although it was recognised that many of Surrey's population would have no involvement with Children's Services and Adult Social Care. Officers also stated that they were mindful that £850m of the council's budget had not yet been consulted on.
17. Members of the Committee requested details on the lessons learned during the consultation and engagement period and asked officers to reflect on what they would do differently in the future to make residents feel better listened to. Officers explained that there was a need to incorporate engagement as 'business as usual' when working on individual projects in order to ensure aspects are considered. This would also require a culture change within the council as there would be a need for an equipped workforce that had the skills to have the conversations with residents. It was also noted that it would be beneficial to have conversations earlier and the avenues to consult with hard to reach groups.
18. When discussing free-format text boxes within the consultation, the Chief Executive acknowledged that the comments obtained could be extremely insightful but also sometimes be hard to analyse effectively.

19. The Chairman highlighted that it would be beneficial for the Committee to scrutinise the topic of Council consultation, engagement and co-design with residents at a future meeting.

The Committee concluded discussions relating to Part A of the report and agreed the following recommendations:

The Committee recommends:

- e. It works with the Chief Executive to agree how the Committee can best contribute to the Council's principles for future consultation, engagement and co-design; and
- f. Adds the topic of Council consultation, engagement and co-design with residents to its forward work programme for July

6/19 TREASURY MANAGEMENT STRATEGY STATEMENT [Item 7]

The Chairman agreed to consider item 7 before item 6

Witnesses:

Kevin Kilburn, Deputy Chief Finance Officer

Key points raised during the discussion:

1. The Committee noted that the relevant training to consider the Treasury Management Strategy would not be conducted prior to consideration of the item.
2. The Deputy Chief Finance Officer reported to Members that on 11 December 2018 it was agreed at County Council that responsibility for approving the Annual Treasury Management Strategy Statement would be delegated to the Audit and Governance Committee and that scrutiny would be provided by the Corporate Overview Select Committee. The Audit and Governance Committee would be considering the statement at its meeting on 7 February 2019.
3. When discussing the council's dependency on internal borrowing as outlined in the report, the Deputy Chief Finance Officer informed Members that interest rates were not expected to rise significantly in the next year and the statement had been formed to reflect this.
4. The Committee discussed concerns relating to the council's preparedness for any unexpected developments following the country's exit of the European Union. Offices stated that, if there was a development which caused interest rates to reduce quickly, the council was in a position to borrow money at very short notice.
5. When discussing the approval of the statement in previous years, Members noted that the Audit and Governance Committee previously had concerns relating to the structure of counter parties within the statement. Following further amendments, the Audit and Governance Committee confirmed that it was satisfied.

6. The Deputy Chief Finance Officer confirmed to the Committee that he was comfortable with the current strategy but recognised that going forward the capital programme could change. It was noted that, for the foreseeable future, the council would continue to borrow externally very minimally.
7. The Committee requested appropriate training prior to any further scrutiny of the Treasury Management Strategy Statement.

RESOLVED:

Treasury management training from the council's advisors for the Committee is arranged as soon as possible.

7/19 SCRUTINY OF ORBIS PARTNERSHIP: IT & DIGITAL [Item 6]

Witnesses:

Matt Scott, Chief Information Officer

Mark Edridge, Head of Strategy and Engagement (Surrey)

Key points raised during the discussion:

1. The Chairman informed the Committee that this item was the first of a selection of items relating to the Orbis Partnership that would be considered by the Select Committee going forward.
2. Members discussed the services major role in the council's transformational programme where it was stated that the digital work stream was being used as an enabler of other projects. Work was ongoing to investigate how new technology capabilities could be used to support new service design and better meet the needs of residents.
3. The Chief Information Officer informed the Committee that the Orbis partnership had allowed the IT & Digital service to draw on expertise of other local authorities. Following further discussion, the Chief Information Officer stated that he believed that the service's outcomes would have been more expensive and time consuming without the resource of the Orbis Partnership.
4. Although part of Orbis, Members noted that the Chief Information Officer, as budget holder for the service, was expected to follow the same financial practises as other Surrey County Council budget holders.
5. Officers informed Members that the IT & Digital budget had been developed through the business case development programme as part of the transformation programme. During this development, officers considered different ways IT & Digital could support other services business outcomes. The Committee noted details of the Agile Workforce programme which aimed to provide the resource to allow other services to work in improved and efficient ways.
6. Members noted that the IT & Digital service reported to the Customer, Digital and Transformation directorate.

7. Follow discussion, the Committee agreed to create a questionnaire to be circulated to heads of services in order to obtain feedback on their level of satisfaction with the IT & Digital Service. It was felt that this would be a beneficial way of highlighting potential areas of improvement and aid further scrutiny if required. It was agreed that the results of the questionnaire would be considered at a future meeting.

Recommendations:

The Committee:

- a. Notes the IT & Digital's value for money and the savings it has made in the last three years
- b. Recognises the contributions from the Orbis partnership in terms IT of expertise and the service improvements that have been realised as a result
- c. Recommends that Democratic Services draft a simple survey to follow up with Council Directorates on the service they receive from IT & Digital including questions such as 'do they get what they get the equipment they need on a timely basis.

8/19 RECOMMENDATIONS TRACKER AND FORWARD WORK PROGRAMME [Item 8]

Key points raised during the discussion:

1. Members noted that an item relating to the Council's consultation and engagement with residents would be added to a future meeting.
2. Members noted that they would receive sufficient training on the Treasury Management Strategy Statement prior to any further considerations on the subject.
3. The Committee discussed the benefits of a standing item on every agenda related to the council's transformation.

9/19 DATE OF THE NEXT MEETING [Item 9]

Members noted its next meeting would be held on 21 March 2019.

Meeting ended at: 2.40 pm

Chairman

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Corporate Overview Select Committee

Financial Strategy 2019 - 2024

Section 25 Statement - Headlines

- The Council's overall financial standing is weaker than comparative councils, and has weakened over the past four years
- There are signs that this is being addressed, and there are positive steps being taken, but these are relatively recent
- the Council remains susceptible to re-emerging or new risks

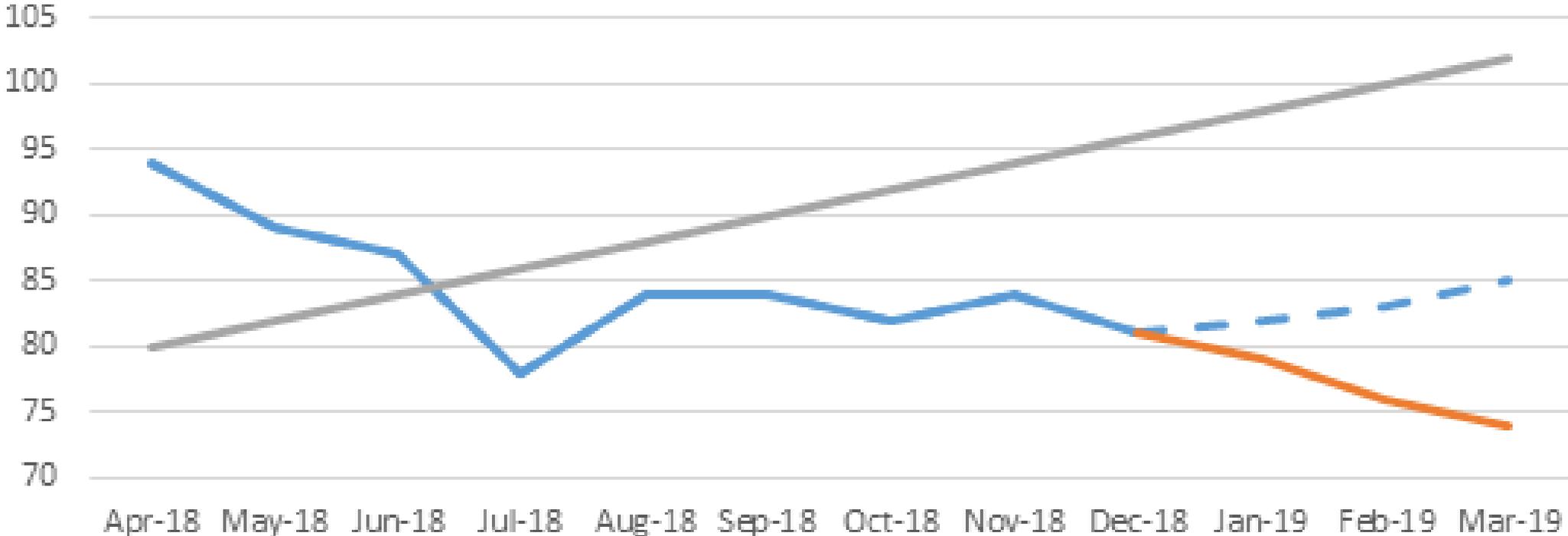
Key tests:

- An ability to exert a sustained grip on the high value and volatile areas of spend in Children's and Adult's social care, plus SEND
- A willingness to make difficult decisions to ensure that service levels are set at a sustainable level within our expected resources

Focus on Adults and Children's Services

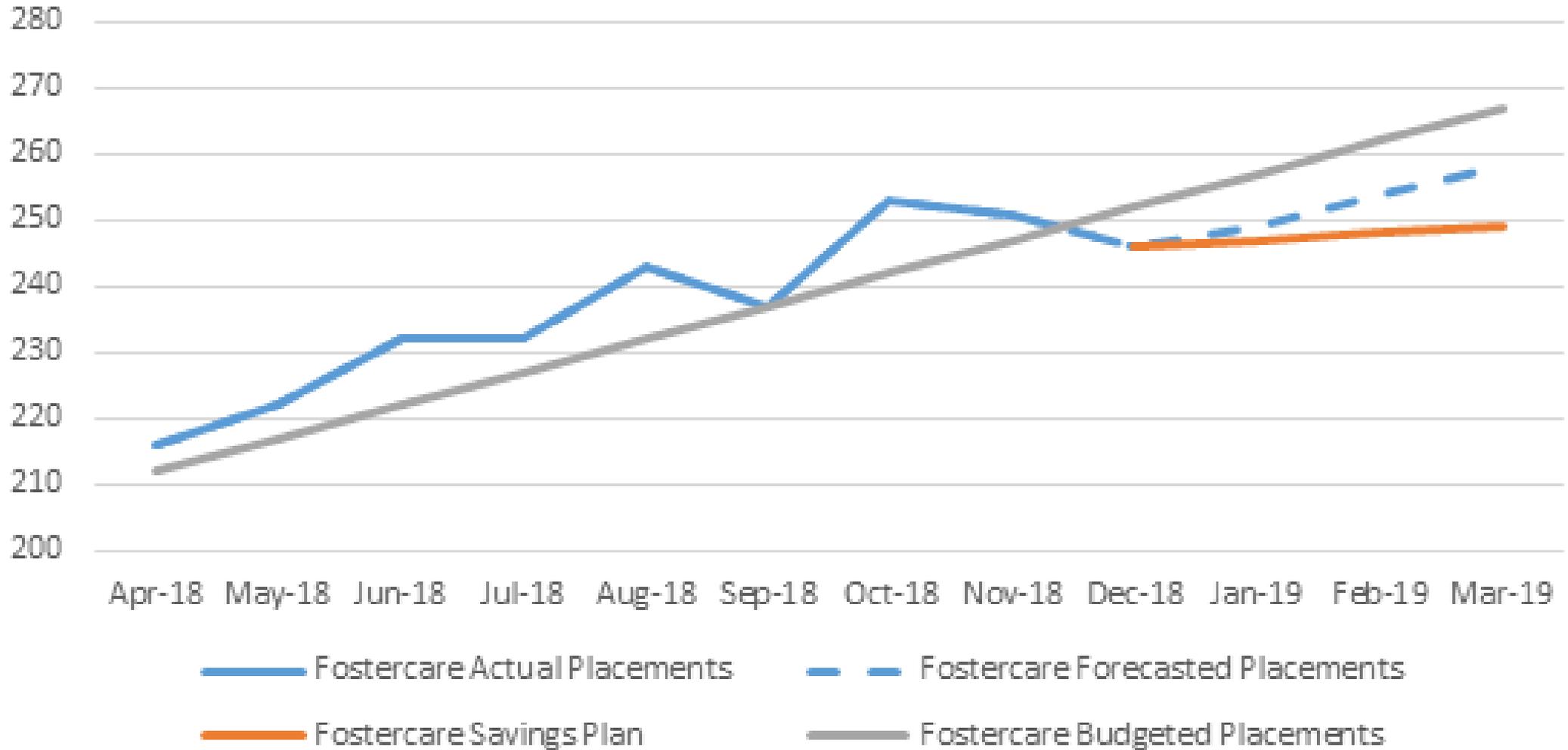
- Transformation Business Cases
 - Children's Services Practice Improvement
 - Adult Social Care Practice Improvement
- Better prevention and early intervention
- Greater sense of ownership and budget responsibility
- Emphasis on delivering an affordable level of service, within budget
- Changing the trajectory that has been in place for several years
- Good early progress, but improvement needs to be sustained

External Residential Placement Activity Dec 18

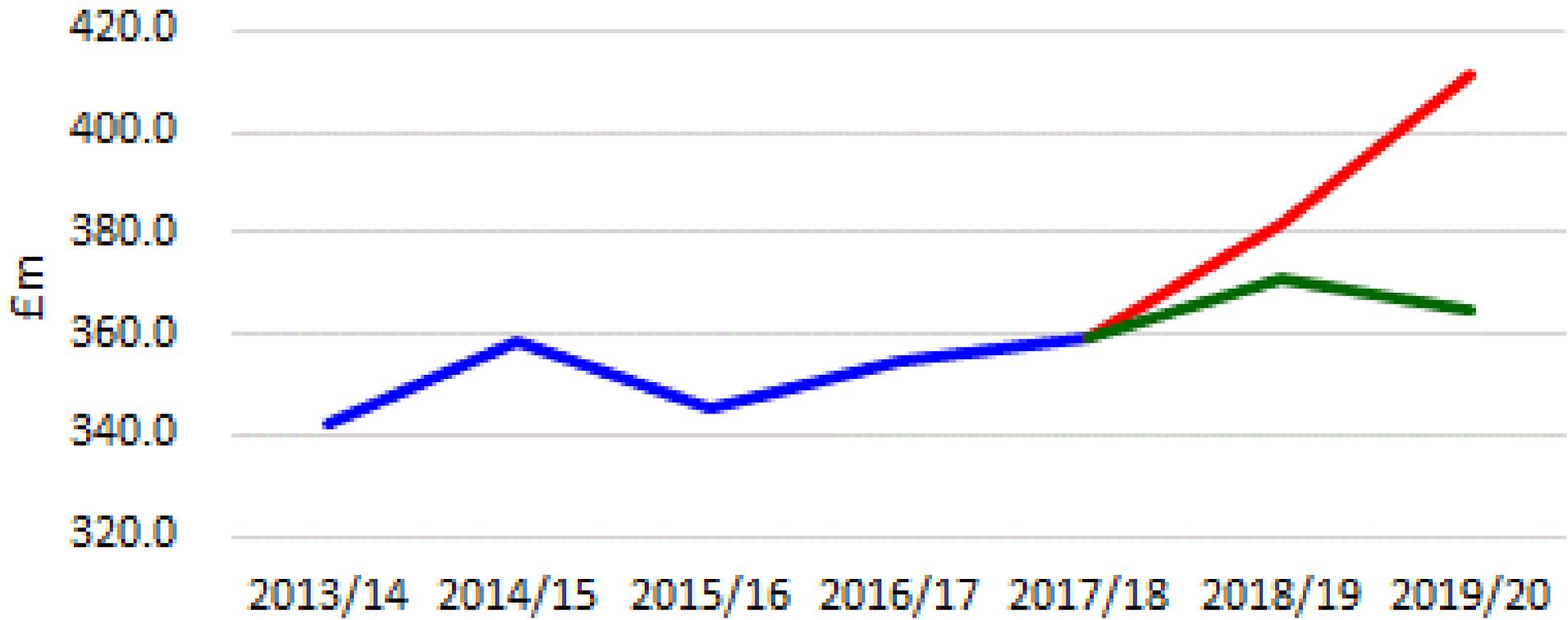


Residential Actual Placements Residential Forecasted Placements
Residential Savings Plan Residential Budgeted Placements

External Fostering Placement Activity Dec 18

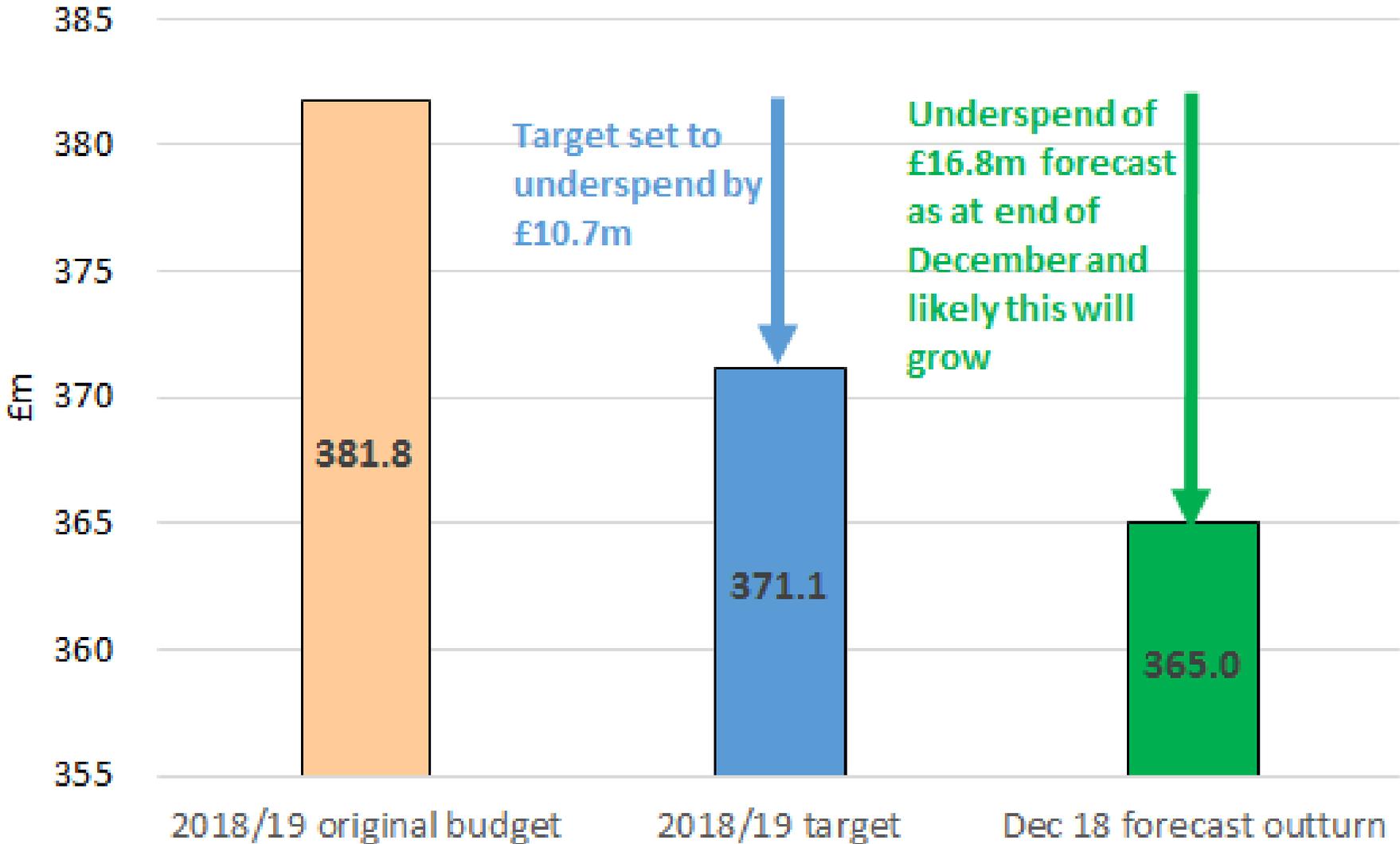


ASC Net Expenditure



- Actual net expenditure
- Planned net expenditure in 2018-21 MTFP
- Revised planned net expenditure

ASC 2018/19 Net Expenditure Budget



Role of the Cabinet Member for Finance

- Part of a system of financial accountability – Managerial and Political
- Leading on overall budget strategy and delivery against the financial plan
- Rationale and assumptions behind the overall strategy. Risk and deliverability
- Capital Programme and Treasury Management
- Holding s151 and Cabinet colleagues to account
- Champion Value for Money and good Financial Management

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