

CABINET – 16 July 2019

PROCEDURAL MATTERS

Members Questions**Question (1) Jonathan Essex (Redhill East):**

Surrey Choices Annual Shareholder Report.

- a. In the past year the block agreement with Surrey Council has ensured that the ‘risk of any volume increase is with the company [which is wholly owned by the council] not the council’, and has shown an increase profitability of around £600,000 in 2018/19 [which is returned to the council]. Please confirm what changes in the volume, nature and way that services have been delivered have led to this surplus being created and what change there has been in the number of users of Surrey Choices and hours of contact time over the past year?
- b. Surrey Choices is noted in the Annual Report of the Shareholder Board as having recently approved a forward looking strategic business plan for 2019/20 aims for a ‘renewed focus on delivering transformational shifts in service delivery’. Please can this been made public and please explain what the above statement means. In particular, how does it relate to the services provided, predicted number of service users and average hours of contact time with each?

Reply:

- a) There are two ways you can look at the profit figures:

	Profit after Tax - As per statutory accounts (£)
2017-18	397,000
2018-19	734,000
Difference	337,000

	Profit after Tax - Net of pension adjustments (£)
2017-18	779,000
2018-19	1,024,000
Difference	245,000

The £245,000 increase is due to:

	Positive Changes (£)	Negative Changes (£)
Staff	210,000	
Depreciation	200,000	
Agency	80000	
Property	40000	
Other Changes	15000	
Reduction in SCC block Contract Income		300,000
	545,000	300,000
Net Impact		245,000

The profit net of pension adjustments provides the best indicator of financial performance. There has been very little change in the volume of service we have provided to our customers and the improvement from 2017/18 to 2018/19, as outlined above, is due to savings in a number of areas, primarily staffing and depreciation. Cost savings in total amounted to £545k, however this was reduced by a £300k reduction in Surrey County Council block contract income.

The £300k is a recurring saving for Surrey, and was the first tranche of a £900k recurring savings target agreed between Surrey County Council and Surrey Choices. Surrey Choices will continue to review costs and generate further internal efficiencies in order to meet this savings target.

In addition, the current block contract ends in August 2019, and negotiations are already in progress to agree a new 5 year contract. The new contract will obligate Surrey Choices to move from a block contract, to a spot price contract (based on volume). This means that Surrey County Council will then pay a pre-agreed rate for activity sessions provided, based on the amount of support that customer requires.

- b) The Joint Strategic Plan was included in Part B of the Committee which is confidential and not open to the public. It's confidential because the plan includes a lot of commercially sensitive information, such as services we are planning to expand (or contract) and of course new services. Other independent care providers or LATCOs would not open similar documents to the public.

The phrase "renewed focus on delivering transformational shifts in service delivery" is used to describe the 'how we are going to modernise and develop our day services'. Surrey is one of the only remaining providers of a buildings based day care service. The properties in general are in a poor state of repair, but more importantly they are set apart from the local community (the Lockwood service in Guildford for example is in the middle of the Slyfield industrial estate).

Modern day services are integrated into the local community and often share facilities with other community organisations. Surrey Choices are currently looking to work with Surrey Youth services and share their buildings (for example) which primarily are not used in the day time. If it is used in the day, then the youth services use it in the evening for youth clubs etc. They also plan to be carrying out the activities

currently provided in (or at) our buildings, in the community. For example, instead of having vegetable gardens at the day services, they would be provided by using local authority allotments like everyone else. In the future it is anticipated that the footprint of the buildings will reduce substantially (possibly by as much as 50%) and a lot of that will be shared space, with many more activities being by carried out in the community.

Mr Tim Oliver
Leader of the Council
16 July 2019

Question (2) Jonathan Essex (Redhill East):

The Annual Report of the Shareholder Board records sale of Surrey County Council's shares in FutureGov in June 2019 and sale of Babcock 4S to Strictly Education in February 2019. Please confirm receipts from exit from these two companies by Surrey County Council and the final dividend payment value of the latter.

Reply:

The reply includes the disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act. Therefore, a confidential response has been provided.

Mr Tim Oliver
Leader of the Council
16 July 2019

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