

**CABINET – 30 MARCH 2021****PROCEDURAL MATTERS****Members Questions****Question (1) Chris Botten (Caterham Hill):**

During the Full Council meeting on 16th March, the Cabinet Member for Environment and Climate Change announced that after “exhausting other options available, we have now entered legal proceedings with Suez to resolve our issues. We hope to bring this to a swift conclusion to allow us to move forward with the Eco park and resolve the matter.”

Once the legal proceedings have finished, please will the Council agree to commission an external audit report into the Eco Park so the Council can understand what went wrong?

**Reply:**

At the end of last year, our external auditors reviewed the accounting treatment of and the council’s management of the delays at the Eco Park. They confirmed in their November 2020 report, “We are satisfied that the Council’s arrangements to manage the impact of the delays to the delivery of the Eco Park are adequate and that it is utilising the full range of external advisors to ensure that it takes appropriate advice in relation to its duties and responsibilities under the contract”. In line with the Cabinet report providing an update on the Eco Park contract in November 2020, a wider review of the contract has been undertaken with the Council’s legal and financial advisers specifically in response to the delays experienced in the delivery of facilities by the contractor, which has resulted in the legal process now underway. However, once this legal process is complete, I can confirm that we will be reviewing the contract and the lessons learned.

**Mrs Natalie Bramhall**  
**Cabinet Member for Environment and Climate Change**  
**30 March 2021**

**Question (2) Jonathan Essex (Redhill East):**

Future use of Eco park assets

In light of Surrey County Council entering legal proceedings with its waste contractor Suez and writing off the asset value of the gasification plant at the Charlton Lane Eco Park, will the Council investigate alternative uses for the large steel shed constructed to house the plant equipment? In particular, given that around one third of the household recycling already goes to Charlton Lane and that the Greener Futures pipeline provides for a Material Recycling Facility (MRF) to sort the recycling into different types, could some of the budget for this be used to repurpose this building for material sorting?

**Reply:**

Given that the Council has commenced legal proceedings with our contractor SUEZ regarding the delivery of the Eco Park, it would be premature to make any confirmed decisions about the future of the site. However, I can confirm that given the expiry of the Suez contract in 2024, the council are giving thought to the longer term waste asset and infrastructure strategy, and

will be looking at all options for providing the waste infrastructure we need to support a more sustainable management of the county's waste in the future.

**Mrs Natalie Bramhall**  
**Cabinet Member for Environment and Climate Change**  
**30 March 2021**

**Question (3) Jonathan Essex (Redhill East):**

The programme work for external auditor Grant Thornton for year ending March 2021 includes a focus on PFI contracts for waste, street lighting and care homes, and will look at the 'value for money' aspect of the governance arrangements of these long term contracts.

Please confirm:

- a. that this approach will be extended to an overall Value for Money assessment of alternative delivery models
- b. whether similar external audits will be carried out on the current highways contract and the Places for People property joint venture
- c. whether the option of locking Surrey County Council into long term contracts such as the 25 year PFI for waste and the proposed up to 20 year contract for highways is the best way to deliver value for money over such a long period.

**Reply:**

**Audit Approach**

Our External Auditors, Grant Thornton review our arrangements for securing value for money for Surrey residents, covering:

- Improving economy, efficiency and effectiveness
- Arrangements for Financial Sustainability
- Arrangements for Governance and decision making

The most recently concluded audit highlighted significant improvements in our arrangements, particularly in our financial sustainability and noting that "the success of the Finance Improvement Plan appears to have greatly improved the Council's ability to achieve Economy, Efficiency, and Effectiveness in use of its resources".

The audit for 2020/21 brings with it new and more extensive auditing requirements in respect of Value for Money, which we wholeheartedly welcome. The [external audit plan for 2020/21](#) was approved by Audit and Governance Committee on the 23<sup>rd</sup> March 2021 and provides more detailed information on the areas of focus, including the Council's arrangements in response to the Covid-19 pandemic, and our governance arrangements for working with key partners. The audit will focus on contracts and external partnerships of material value, identified through the auditor's understanding of the Council and the environment in which we operate. The Places for People joint venture will not be material to the external audit.

The external audit regime is only part of the overall approach taken to review our arrangements for good governance and works alongside internal auditing and the wider governance process. [The Internal Audit Strategy and Annual Audit Plan 2021-2022](#), also approved by Audit and Governance Committee on 23<sup>rd</sup> March 2021 sets out the full details of the plan for 2021/22. The approach of Internal Audit is to use risk-based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management's arrangements for:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

In delivering the audit strategy and plan, liaison will take place with the external auditors to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

### **Highways and Waste Contracts**

The proposed term for the highway maintenance contract is 10 years, followed by a series of potential extensions linked to performance, up to 21 years. The reasons for that were set out in the report to Cabinet on 29 September 2020, and include the initial investment that a contractor would need to make (e.g. vehicles and plant), and also to allow sufficient time for the Council and contractor to work in partnership to address wider objectives such as carbon reduction and improved management of highway defects. Mechanisms will be put in place to ensure periodic review of prices and value for money over the contract term.

The Waste PFI arrangements are under review by Grant Thornton and by the Waste Assurance Board with expert, external advice sought to ensure that the current contract delivers the best possible value for money for the remainder of the term. Lessons learned will be fed into the arrangements to re-tender the Waste contract from 2024, preparation for which is already underway. The new contract will be very different in as much as it will not take the form of a PFI contract.

**Mrs Becky Rush**  
**Cabinet Member for Resources and Corporate Support**  
**30 March 2021**

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