

CABINET MEMBER OF THE MONTH – David Lewis, Finance & Resources

As the Cabinet Member of the Month, I would like to introduce you to **Aida who is the MySurrey Chatbot**. The use of Digital, Data and Tech is seen as key to making improvements to our internal and external Customer Service. A real-life example of this is Aida which has been deployed as part of the support for the My Surrey system. The Digital team identified that there were large volumes of queries being submitted which were unfiltered, meaning no inspection or categorisation has been applied. Analysis of these tickets identified that many problems could be solved by providing information, advice or training. An opportunity was therefore identified to potentially answer frequently asked user support questions, using Chatbot technology.

Aida – The MySurrey Chatbot	
BEFORE the Chatbot went live	AFTER the Chatbot went live
<ul style="list-style-type: none"> • Average of 526 support forms submitted per month • 3989 queries in the backlog • Average 5 weeks response time for priority 2 and 3 queries 	<ul style="list-style-type: none"> • Average of 480 support forms submitted per month • 1800 queries in the backlog • 2 weeks response time

AIDA, was developed and delivered. It has successfully reduced the number of queries logged as shown in the table by answering users' questions instantly, reducing pressure on the support team thus allowing them to focus on more complex questions. The technology will continue to learn and keep solving more issues as time progresses.

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Following the introduction of the new Enterprise Resource Planning (ERP) system known as **MySurrey** last June, a transition to Business-as-usual (BAU) Programme was established in the lead up to the close of the Programme in December 2023. This programme is governed by a Steering Group and reports to a Transition Board which considers all functional areas and their operational readiness to take on responsibility for the MySurrey system. This programme is due to come to an end in May and we will then transition into a permanent arrangement with a Managed Services solution and a client function.

To make the system more robust, there are a number of technical fixes underway which will improve how we do things on a day-to-day basis and remove the need for workarounds.

There are also operational and process issues which are being handled through the Transition to BAU programme) which will help to optimise operationalise the system's performance.

AI Update: Following the AI update to Informal Cabinet, IT&D have continued with the agreed next steps. These include:

- Increased communications on AI with a blog recently published, updates to the Digital Data and Technology Network and further engagement to the data board.
- Establishing an AI governance which includes a steering group and working group. Both meetings are scheduled for March and throughout 24/25.
- Continued exploration of opportunities that could use AI to address some of the challenges facing the organisation.
- Developing an AI policy as an enabling and guiding framework

Customer Relationship Management (CRM) Update: In light of the new Customer Transformation Programme led by Liz Mills, the Relationship, Management and Insight board has agreed to pause any procurement or replacement of CRM systems. This allows time for the ambition of the work to be established and defined ensuring that any systems or broader changes are aligned/support the ambition.

Financial Accounts: In January, Grant Thornton, our external auditors, presented their Annual Audit Report for 2022/23 to the Audit & Governance Committee. This includes a commentary on the arrangements that the Council has put in place. The assessment focuses on three areas: financial sustainability, governance and improving economy, efficiency and effectiveness. No significant

weaknesses in arrangements were found in relation to any of these areas. I am pleased that Grant Thornton expressed their opinion that the Council had strong arrangements in place and that the findings in this report were in contrast to reports relating to many other local authorities in the current climate. There was a recognition that the medium-term financial outlook remains extremely challenging, however Grant Thornton's view was that the Council had arrangements in place to plan for this and is transparent about the challenges and risks ahead.

At the same meeting the 2022/23 accounts were signed off by the Audit & Governance Committee, following a number of national delays to the sign off of the 2022/23 local authority Statement of Accounts. The last technical checks are being undertaken by Grant Thornton with final sign off anticipated in the coming weeks.

7 In Year Budget: The Council is currently forecasting a £4m overspend for the current financial year. This position reflects the challenging financial environment that Councils nationally are operating in. The drivers of the overspend are predominantly within Adults, Wellbeing and Health Partnerships (AWHP) and Children, Families and Lifelong Learning (CFLL) and are the result of significantly higher prices for social care placements than anticipated in the budget, alongside continued demand pressures for adult social care and Home to School Travel Assistance. This is a pressure mirrored across local authorities nationally.

Cabinet has already approved the utilisation of the full contingency budget of £20m, although the financial pressures in CFLL and AWHP, in particular, continue to worsen the overall financial position. As a result, and in anticipation for a continuation of these challenges into 2024/25, Cabinet and the Corporate Leadership Team have agreed to implement a number of spending controls, including recruitment controls, procurement controls, deep dives in AWHP and CFLL and focusing attention on the SWITCH programme and other areas where costs could be reduced. The impact of these controls will be closely monitored, impacts tracked and reported. Although it is anticipated that they will have limited impact on the 2023/24 position, the controls should establish stronger financial management behaviours into 2024/25.

In addition, the Capital Programme Panel has carried out an assurance session to better understand the causes of capital slippage and learn lessons to improve both future forecasting and delivery. A number of recommendations have been made to improve forecasting and the narrative provided for variances, which will be closely monitored by the Capital Programme Panel. Work is underway to review the 2024/25 capital budget and pipeline to ensure their deliverability.

2024/25 Budget & Medium-Term Financial Strategy: The Council approved the budget for 2024/25 and the MTFS in February. The financial environment faced by local authorities continues to be significantly challenging. We have seen a number of Councils declaring s114 notices over recent months and others are in discussion with DLUHC about additional support. Surrey County Council is not in this position and we have worked hard over recent years to improve our financial resilience and ensure our financial sustainability. However, the 2024/25 budget and finances into the medium term remain challenging. The budget includes significant efficiency targets of £54m and we continue to see demand for, and the cost of, services increasing at rates faster than available funding. As a Council we all need to be aware of these challenges and review all areas of spend, ensuring that we are making the right decisions and using our scarce financial resources effectively.

Purchase of Victoria Gate and agile working: The County Council formally took possession of the Victoria Gate office building in Woking on 29 February and our facilities provider, Macro, is on-site and providing facilities management. McLaren Applied, who were previous occupants of the building, have been served their 3 months-notice. Our design team is currently scoping detailed requirements with a view to minimising the cost of any building and fitout works required to meet council needs.



Work is also underway to understand if the building's capacity, which is limited due to fire regulations, can be increased to accommodate more staff. When purchased, the building capacity was circa 450 people but the business case identified that this could reasonably be increased to circa 700 with some relatively low-cost building changes. Two more options are currently being investigated which could increase capacity to an expected 850 or 1000+. The

costs are currently being worked out to determine if this would be feasible/economical and options will be presented when available.

Other Agile Sites: Given some of the new options available in relation to the capacity of buildings and the current commercial property market for selling buildings, the broader Estates and Agile teams are jointly re-examining options to service the needs of council offices and maximise savings. These options will be presented in due course.

Procurement Plan: Following months of engagement and preparation with Service Directorates, the Annual Procurement Forward Plan (APFP) for 2024/25 was approved by Cabinet on 19 Dec 2023. This means that Cabinet gave officers Approval to Procure for the 179 procurement projects (over the £213,477 inc. VAT threshold) to commence from 1st April 2024. This marks the beginning of more detailed planning with Services as well as targeted provider engagement.

The procurement activities listed in the APFP will proceed without the requirement for further Cabinet approval provided the tender outcome is within +5% of the budget indicated in the Procurement Report.

For projects **not** on the Forward Plan Individual Approval to Procure will be sought by the Head of Service concerned before any procurement activity begins.

For revenue projects, approval will be needed as below:

- **Value under £1m** - Head of Procurement (SCC), Executive Director in consultation with Portfolio Holder, and S151 Officer
- **Value over £1m** - Head of Procurement (SCC), S151 Officer and Cabinet

For capital projects, approval can be given by Capital Programme Panel, then as above.

A number of additional procurement controls are being implemented to support the overall programme of spend controls.

Orbis Internal Audit update: On 5th March, the delivery of Surrey's Internal Plan stood at 78.1% of our audit plan being completed to at least draft report stage, against a year-end target of 90%. Given the time remaining before the end of the financial year, we are confident that this performance will continue to improve and meet the expected level by the end of the year.

Since January, we have seen an increase in the number of draft and final reports with a final opinion of Partial Assurance. In the first three quarters of 2023/24 only 3 audits at this level of assurance were reported (Health and Safety Governance Arrangements; Surrey Alliance for Excellence Contract; and Unofficial School Funds) and none of Minimal Assurance. In quarter four to date, we have 8 Partial Assurance audits either in draft or finalised with the service, and the potential that a few more could fall into this category. However, looking at these provisional figures by comparison to statistics based on last year's audit plan, the level of lower assurance opinions is not greatly different in absolute terms (16% of all audits with Partial or Minimal Assurance in this current year excluding schools, versus 13% in 22/23). Further analysis is taking place to understand if there are themes contributing to this lower level of assurance, which will inform the Annual Opinion for the year 23/24 and help to understand if the current pattern represents a diminution of the Council's overarching control environment or if it is a coincidence of timing of individual pieces of work and does not reflect reducing levels of control.

Investments and Fees Income: Some of the Council's subsidiary companies have been or are undergoing financial sustainability reviews. This is intended to ensure that they can continue to deliver services or financial benefits to the shareholder and are aligned to Council priorities.

Separately, the Commercial Transformation Programme has been carrying out commercial reviews of 20 Services that receive income from fees and charges. The purpose of these reviews is to enable us to validate the financial position and support informed decision making; specifically whether we are optimising our income, aligning our financial resources to Council priorities and understanding the level of risk of providing those services.

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