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### To: MEMBERS OF THE STRATEGY & RESOURCES COMMITTEE

Councillors Langton (Chair), Crane (Vice-Chair), B.Black, Bloore, Botten, Caulcott, Cooper, Gillman, S.Farr, Hammond, Jones and Pursehouse

Substitute Councillors: Allen, Gray, Groves and Sayer

C.C. All Other Members of the Council

22 June 2022

01883 722000

for any enquiries, please contact: customerservices@tandridge.gov.uk

Dear Sir/Madam

### STRATEGY & RESOURCES COMMITTEE THURSDAY, 30TH JUNE, 2022 AT 7.30 PM

The agenda for this meeting of the Committee to be held in the Council Chamber, Council Offices, Station Road East, Oxted is set out below. If a member of the Committee is unable to attend the meeting, please notify officers accordingly.

Should members require clarification about any item of business, they are urged to contact officers before the meeting. In this respect, reports contain authors' names and contact details.

If a Member of the Council, not being a member of the Committee, proposes to attend the meeting, please let the officers know by no later than noon on the day of the meeting.

Yours faithfully,

David Ford

Chief Executive

#### **AGENDA**

- 1. Apologies for absence (if any)
- 2. Declarations of interest

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:

- (i) any Disclosable Pecuniary Interests (DPIs) and / or
- (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or his staff prior to the meeting.

- 3. Minutes of the meeting held on the 7th April 2022 (Pages 3 14)
  - To confirm as a correct record
- **4. Minutes of the meeting held on the 26th May 2022** (Pages 15 16) To confirm as a correct record

- 5. To deal with any questions submitted under Standing Order 30
- **6. Investment Sub-Committee 17th June 2022** (Pages 17 26) To receive the minutes of this meeting
- 7. **2021/22 Budget Outturn** (Pages 27 50)
- 8. **2022/23 Budget Tranche 3 Savings and Future Tandridge Programme Update** (Pages 51 110)
- 9. **2023/24 Budget Setting Process** (Pages 111 120)
- **10. Debt Management Review** (Pages 121 148)
- 11. Household Support Fund Confirmation of decision taken under urgency powers (Standing Order 35) (Pages 149 160)
- 12. Strategy and Resources Quarter 4 2021/22 Performance Report (Pages 161 174)
- 13. County Deal Initiative Member Working Group (Pages 175 178)
- 14. Results of the Consultation on the Council's Election Cycle (Pages 179 196)
- 15. Any urgent business

To consider any other item(s) which, in the opinion of the Chair, should be considered as a matter of urgency – Local Government Act 1972, Section 100B(4)(b).

#### TANDRIDGE DISTRICT COUNCIL

#### STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 7 April 2022 at 7.30pm.

**PRESENT:** Councillors Bourne (Chair), Langton (Vice-Chair), Bloore, Cooper, Davies, Elias, Gillman, Morrow (Substitute) (In place of Caulcott) and Pursehouse

PRESENT (Virtually): Councillors Botten and Stamp

**ALSO PRESENT:** Councillors Ridge and Steeds

ALSO PRESENT (Virtually): Councillors Crane, Farr, Lockwood and Mills

**APOLOGIES FOR ABSENCE:** Councillors Black and Caulcott

#### 304. MINUTES OF THE MEETING HELD ON THE 1ST FEBRUARY 2022

These minutes were confirmed and signed as a correct record.

#### 305. QUESTION SUBMITTED UNDER STANDING ORDER 30

A question was submitted by Councillor Gillman, a copy of which is attached at Appendix A, together with the response from the Chair.

### 306. STRATEGY & RESOURCES COMMITTEE - 2022/23 BUDGET - TRANCHE 2 PRESSURE AND SAVINGS DISTRIBUTION

As explained during the previous cycle of meetings, the following approach had been taken to the allocation of pressures and savings to the respective policy committees as part of the 2022/23 budget setting process:

Tranche 1 – savings and pressures which were straightforward to allocate (these had been agreed by the respective policy committees during the previous cycle of meetings)

Tranche 2 – pressures regarding inflation (£174k), salary increments / National Insurance staffing costs (£193k) which were being held as 'corporate items', pending allocation to policy committees during the March / April 2022 cycle of meetings - a £200k saving associated with staff vacancies would also be distributed across the four policy committees

Tranche 3 – the more complex cross-cutting savings (also being held as 'corporate items') which would require service reviews and business cases to ensure accurate distribution to policy committees during the June 2022 cycle of meetings.

A report was submitted which proposed that this Committee's:

- share of Tranche 2 pressures and savings be £107k net as per Appendix B; and
- fees and charges be as per Appendix C.

The report also included a summary of the allocations of tranche 2 pressures and savings, as agreed by the other three policy committees at their respective March 2022 meetings.

Upon introducing the report, the Chief Finance Officer explained that the proposed 2022/23 court costs at the end of Appendix C could not be implemented as the necessary consultation process had not been undertaken with HM Court Services. Those fees, which could not be set unilaterally by the Council, would have to remain at the 2021/22 levels and could not be adjusted 'in-year'. There was no budgetary impact.

In response to Members questions, it was confirmed that:

- the non-implementation of the court fees, as referred to above, was not a reflection of the Northgate software system and that the necessary dialogue with HM Court Services regarding uprated 2023/24 fees would begin in the Autumn of 2022 with a view to ensuring implementation from April 2023;
- the interface issues between the Orchard and Agresso software systems (which had prevented the correct allocation of Council housing repair costs) had been resolved.

#### RESOLVED - that:

- A. the revised 2022/23 net budget for the Strategy & Resources Committee and corporate items at Appendix B be approved;
- B. subject to the court costs having to remain at 2021/22 levels, the uplifted fees & charges for the Strategy & Resources Committee at Appendix C be approved; and
- C. in light of A above and the decisions of the other policy committees at their respective March 2022 meetings, the overall Tranche 2 budget, as set out at Appendix D be noted.

### 307. STRATEGY & RESOURCES Q3 2021-2022 PERFORMANCE REPORT

The Committee was presented with an analysis of progress against its key performance indicators, together with updated risk registers, for the third quarter of 2021/22.

Upon introducing the item, the Chief Executive acknowledged that the process for reporting performance and risk management to Members would need to be improved, including a review of KPIs with achievable targets and ensuring that relevant managers were accountable for performance outturns. In this respect, Members commented that KPIs should focus on issues that the Council could realistically influence.

Regarding actions to mitigate risk, it was suggested that these should be refreshed on a regular basis in view of prevailing circumstances, including pro-active measures to reduce risks during the short to medium term where possible.

The Chief Executive also explained the priorities and challenges associated with:

- reducing the proportion of sickness absences attributed to mental health related illnesses;
   and
- addressing staff recruitment and retention challenges, especially in respect of the planning (development management) service.

In response to other questions, Members were advised that:

- measures were in place to improve performance against processing targets for the housing / council tax benefits service;
- the forthcoming service review of the procurement function would assess alternative delivery options, including the potential for joint working with other councils to achieve greater staffing resilience;
- the rating for Risk CS6 regarding the waste collection service could be reduced.

**RESOLVED** – that the Quarter 3 (2021/22) performance and risks for the Strategy & Resources Committee be noted.

#### 308. FUTURE TANDRIDGE PROGRAMME - PROGRESS UPDATE

The Committee received a presentation about the progress of the Future Tandridge Programme since the beginning of February. This confirmed that the project team was now in place, comprising both Tandridge and Surrey County Council staff and external specialists. The Programme sought to engage Tandridge staff throughout and to enable them to shape the Council's future, while utilising external support as and when necessary. The presentation also included:

- · an analysis of risks and associated mitigations
- reference to the management restructure, which was currently the subject of a consultation process, and the rationale for developing a new strategic plan (both comprising the 'leadership' workstream) and its role in:
  - informing service planning and individual staffing objectives
  - identifying the role of partners in delivering the Council's priorities
  - providing an effective recruitment tool
- a timeline and process framework for the 'service review' workstream, which would be conducted against robust assessment criteria, including:
  - the need to achieve financial savings
  - identification of alternative service delivery options, including 'what can we stop', partnership / outsourcing opportunities, and how retained functions could be improved
- emerging themes from the current review of enabling/support services, including the need for:
  - support services to provide 'added value' to front line services

- more effective and efficient support systems and procedures
- a better understanding of front line service requirements with clear service specifications to reflect corporate priorities
- a training and management development programme to be aligned with the new management structure
- an explanation of the 'organisational and workforce change' workstream and the intention to reinstate a staff appraisal regime, with objective setting and personal development plans
- an overview of the 'finance and benefits delivery' workstream.

Members' comments included the importance of staff being engaged throughout the process and being utilised and appreciated for 'what they are good at'. The proposed restoration of an effective staff appraisal system was welcomed.

#### 309. PROCUREMENT UPDATE / CONTRACT STANDING ORDERS

The Committee considered a report which proposed updates to the Council's Contract Standing Orders (CSOs) and presented additional information regarding:

- progress against procurement related KPIs
- waivers from CSOs since December 2020
- the procurement improvement project.

The most significant CSO amendments included changes to contract value thresholds following Brexit and a requirement to include VAT in the estimated value of contracts above the 'Find-a-Tender' Service (FTS) threshold. Members were also advised that anticipated changes to government public procurement regulations could require a more significant revision of CSOs in future.

Officers explained the rationale for the £5,000 contract value threshold and confirmed that all contracts were subjected to the same processes relative to value (i.e. regardless of contract type).

Further measures to improve the transparency of the waiver process were suggested, including a metric for reporting the value of contracts for which CSOs had been waived as a percentage of the aggregate value of all contracts. Officers agreed to provide such analysis in future. The report explained that waivers from CSOs (e.g. seeking a single supplier or extending a contract term) are agreed by the Corporate Procurement Board. A table of such waivers since October 2020 was provided at Appendix B to the report.

#### RESOLVED - that:

- A. the procurement performance referred to in Section 2 of the report be noted;
- B. the volume and value of waivers from CSOs at Appendix B to the report be noted; and
- C. the progress of the Procurement Improvement Plan at Appendix C to the report be noted.

#### ACTION:

		Officer responsible for ensuring completion	Deadline
1	Future reporting of waivers from Contract Standing Orders to include a metric showing the proportionate value of such contracts, expressed as a percentage relative to the total value of all contracts.	John McGeown	Publication of the next procurement report to the committee
2	Summaries of waivers from Contract Standing Orders (as per Appendix B to the report, subject to the future addition of the metric referred to in 1 above) be circulated to Committee members on a quarterly basis.	John McGeown	TBC

#### **COUNCIL DECISION**

(subject to ratification by Council)

**RECOMMENDED** – that the changes to the Contract Standing Orders, as set out in Appendix E (not re-produced here) be agreed.

### 310. PROPOSED CONSULTATION ON THE COUNCIL ELECTION CYCLE

The Committee was invited to consider the merits of undertaking a public consultation about whether the Council should:

- (i) change its election cycle to whole Council elections every four years; or
- (ii) continue to elect a third of its Members in three out of every four years.

This was in light of the imminent review of the Council's ward boundaries to be conducted by the Local Government Boundary Commission for England.

The officer report explained that the Commission was required to begin its review with a presumption in favour of a uniform pattern of three-Member wards throughout the District. Any departure from such a pattern would only be permitted in exceptional circumstances with regard to statutory criteria. While the three-Member ward presumption would not apply if the Council chose to move to a four-year cycle of whole Council elections, changes to warding arrangements would still arise if deemed necessary (e.g. to reflect demographic changes since the Commission's previous ward boundary review).

The report provided a comparative analysis of electoral arrangements in other Surrey authorities; the advantages and disadvantages of the two alternative electoral cycles (including financial implications); and the impact of moving to whole Council elections upon future polls to 2029, including the fact that Parish Council elections would also mirror the same four-year cycle. The report also explained the legislative process for changing the electoral cycle, as defined by the Local Government & Public Involvement in Health Act 2007. This included a requirement to consult interested parties, culminating in a special Full Council meeting to consider the change at which two-thirds of Members present would need to vote in favour. It was envisaged that should the consultation exercise proceed, a report, informed by the responses, would be presented to the Committee on the 30<sup>th</sup> June 2022. Any recommendation to switch to a four-year election cycle would then be submitted to a special Council meeting during the following month.

Councillor Pursehouse, seconded by Councillor Gilman, proposed that the merits of moving to whole Council elections every four years should be the subject of a statutory public consultation. Opposing views on the relative merits of this proposal were expressed, including reservations that it was premature to consult at this stage without supporting information about the likely impact upon ward boundaries. The Chair expressed the view that, should the current process of electing by thirds be retained, it was highly unlikely that the Commission would be persuaded to accept special circumstances to justify retention of single or two Member Wards and that the presumption of three Member wards throughout the District would prevail. This was based on advice given by the Commission's review team at recent Member briefings.

Arising from discussions about the consultation process, it was confirmed that:

- paper copies of reply forms would be available for those unable to engage on-line
- the Electoral Commission document, "The cycle of local government elections in England" would not be included
- the material would be based on the proposed consultation methodology at Appendix C to the report
- additional information would be included to summarise the implications of the two options before the Council, i.e. whether to switch to all out elections every four years or retain the existing process of electing by thirds.

Upon being out to the vote, the proposal to undertake a public consultation on the two options was carried.

**RESOLVED** – that a consultation process be commenced (in accordance with the Local Government & Public Involvement in Health Act 2007) on whether the Council should:

- (i) change its election cycle to whole Council elections every four years from 2024; or
- (ii) retain the current scheme of elections by thirds.

Rising 9.48 pm

APPENDIX A APPENDIX A

#### Standing Order 30 questions submitted by Councillor Gillman

At the Strategy & Resources meeting on 1<sup>st</sup> February 2022, the proposed IT capital programme was presented. While the total sum of money to be spent was given, no details were provided as to what the money was being used for and an action was placed (Action 2 in the minutes) to provide committee members with full details. I was disappointed that this data was not presented on 1<sup>st</sup> February as elected members were being asked to support the proposals 'blind' and were not in a position to make an informed and evidence-based decision.

The details were provided on 7<sup>th</sup> February and, given the financial position of the council, I was horrified to see some of what is proposed. On the basis that the machines are 3 years old, it is proposed to replace 243 laptop computers at an estimated cost of £148K, 10 desktop computers at an estimated cost of 4.5K, 22 tablets, with a life of 2 years, at an estimated cost of £11.2K. Also on the basis they are 2 years old, 100 smartphones at an estimated cost of £13.2K.

In addition to the capital costs there also needs to be added the cost of staff time setting up the new equipment and decommissioning the old equipment which has not be included.

The spending of council tax payers' money should always be done with great care to ensure any spend is wise and justified. In times of great financial pressure, like those the council is currently facing, these criteria must be applied even more vigorously. Policies must be looked at to ensure they remain appropriate and it is not acceptable to mechanistically apply a policy without considering if the policy remains appropriate to the present conditions. Residents do not, as a matter of policy, replace their mobile phones every 2 years or a laptop computer every 3 years, just because it has reached a certain age and I suspect council staff in their private lives act the same. If the device is still working they will keep using it, especially when budgets are tight. The council needs to act likewise.

Does the Chair agree that, until a full business case is submitted to this committee for formal approval by Councillors, these purchases should be put on hold and that new items are only purchased to replace those broken or damaged?

Does the Chair also agree that, in future years, a full breakdown of the items to be purchased under the capital programmes should be provided to this committee when the budget is submitted?

#### Response from Councillor Bourne:

Councillor Bourne began by reading the following extract from information supplied by Officers in respect of Councillor Gillman's question:

"Prior to the capital bid in 2020, there was no lifespan cycle management. Therefore we built in a rolling programme of replacement client and infrastructure hardware which includes laptops, servers, switches, firewalls etc.

Most industry experts estimate a laptop's lifespan to be three to five years. We have already opted to replace at every five years.

Laptops may survive longer than that, but its utility will be limited as the components become less capable of running advanced applications

We hold a very small stock of new laptops, and we always recycle from leavers to new starters. However, it is proving challenging and very time consuming trying to repair when invariably some other component then breaks. From a resource point of view it is preferable to issue new laptops on a rolling basis, as a bespoke project, over a period of a couple of months, rather than the challenge of repairing, rebuilding or issuing new in the current unplanned ad hoc manner.

Replacing items that are broken or damaged only, will not protect us against security vulnerabilities and associated risks. However, we can prepare a business case for S&R on 30<sup>th</sup> June if this is the committee's preference.

In regards to the second question, a full detailed list was shared with Cllrs at the original capital budget meeting, in November 2019. A number of detailed questions were asked regarding the cyclical nature of the replacements for each element of hardware (by Cllr Langton). When the next capital bid is submitted for the future replacement programme, a full breakdown of items to be purchased will be included."

Councillor Bourne then addressed Councillor Gillman's two questions (repeated below) as follows:

Does the Chair agree that, until a full business case is submitted to this committee for formal approval by Councillors, these purchases should be put on hold and that new items are only purchased to replace those broken or damaged?

"Yes I do. I think we should be doing exactly that and I will be addressing this with Mark Hak-Sanders when he takes up post as Chief Finance Officer in two weeks' time."

Does the Chair also agree that, in future years, a full breakdown of the items to be purchased under the capital programmes should be provided to this committee when the budget is submitted?

"Yes I do, and I'm sure the Chief Finance Officer will do that in future. This has been an exceptional year with so many other problems to overcome and perhaps some of these details didn't get the attention they deserved. I remember asking several questions about the items in the IT capital budget back in November 2019, and I wasn't particularly happy. We were assured then that each item would come back to Members when they were ready to be spent. From memory, there were nine separate programs that added up to just under £1million. I will be bringing that up with the Chief Finance Officer and Chief Executive and will ensure that none of the items are considered to be accepted until they come back to Committee for approval."

Appendix B - Strategy and Resources Revenue Budget 2022/23

	2021/22	2022/23		2022/23
	Annual	Tranche		Tranche 2
	Budget	1 Budget	Movement	Budget
	£k	£k	£k	£k
Legal Services	531	551	24	575
Human Resources	587	543	(79)	464
Leadership Team	370	350	(90)	261
Information Technology	1,328	1,328	55	1,383
Democratic Services	567	564	(2)	562
Communications	401	381	(8)	374
Financial Services	903	996	23	1,019
Office Services	320	237	49	286
Asset Management	159	159	(17)	142
Revenues & Benefit Services	194	201	53	254
Communities Executive Projects	107	107	26	133
Customer Services	645	645	57	702
Emergency Planning & Community Safety	226	231	15	246
Wellbeing Prescription	0	0	0	0
Strategy & Resources	6,338	6,294	107	6,401

				2022/23
				Tranche 2
	Pay	Non Pay	Income	Budget
	£k	£k	£k	£k
Legal Services	595	43	(62)	575
Human Resources	276	189	0	464
Leadership Team	167	94	0	261
Information Technology	552	834	(4)	1,383
Democratic Services	214	348	0	562
Communications	310	63	0	374
Financial Services	760	259	0	1,019
Office Services	89	503	(306)	286
Asset Management	142	0	0	142
Revenues & Benefit Services	528	54	(328)	254
Communities Executive Projects	133	0	0	133
Customer Services	597	106	0	702
Emergency Planning & Community Safety	158	88	0	246
Wellbeing Prescription	408	109	(518)	0
Strategy & Resources	4,928	2,691	(1,218)	6,401

Note: Whilst updating the pay budgets, some posts have been realigned within the committee

#### **Corporate Items Budget**

	2021/22	2022/23		2022/23
	Updated Annual	Tranche 1		Tranche 2
	Budget	Budget	Movement	Budget
	£k	£k	£k	£k
Interest Payable	1,163	1,163	0	1,163
Interest Receivable & Investment Income	(1,418)	(1,498)	0	(1,498)
Property Income	(920)	(745)	0	(745)
Non GF Support recharges & Bank charges <sup>1</sup>	(1,894)	(2,026)	(31)	(2,057)
Minimum Revenue Provision (MRP)	871	1,179	0	1,179
Pension - Actuarial top up, Added Years, & Compensation	1,489	1,485	0	1,485
Pension provisions	(921)	0	0	0
Write Offs and Bad Debt Provision	22	22	0	22
Pressures and Saving on behalf of committees		(289)	(173)	(462)
Contribution to Income Equalisation Reserve	100	(85)	0	(85)
General Fund Balances	700	100	0	100
Partnership & Transformation Reserve	0	0	0	0
Contingency	117	117	0	117
Corporate Items	(690)	(576)	(204)	(780)

**Note 1 – £31k Movement:** charges to subsidiary consolidated within Corporate Items including £24k from Legal Services and £6k from Finance

	Pay £k	Non Pay £k	Income £k	Net Budget £k
Interest Payable		1,163		1,163
Interest Receivable & Investment Income			(1,498)	(1,498)
Property Income			(745)	(745)
Non GF Support recharges & Bank charges		(2,057)		(2,057)
Minimum Revenue Provision (MRP)		1,179		1,179
Pension - Actuarial top up, Added Years, & Compensation		1,485		1,485
Pension provisions		0		0
Write Offs and Bad Debt Provision		22		22
Pressures and Saving on behalf of committees <sup>2</sup>		(462)		(462)
Contribution to Income Equalisation Reserve		(85)		(85)
General Fund Balances		100		100
Partnership & Transformation Reserve		0		0
Contingency		117		117
Corporate Items	0	1,462	(2,243)	(780)

#### Appendix C - Strategy and Resources Fees & Charges 2022/23

Fees and Charges	Gross Charges Current Charges 2021/22	Proposed Gross Charges 2022/23	Percentage Increase 2022/23	Budgeted Income 2021/22	Actual YTD at Feb 22	Expected Outturn 2021/22	Propose Budge 2022/2
	£	£	%	£	£	£	
Legal Charges (Per Hour) *							
Head of Legal & Monitoring Officer	266.00	280.00	5.3%				
Principal Solicitor, Assistant Solicitor, Senior Lawyer (Per Hour	251.00	264.00	5.2%				
Clerical Assistant, Legal Assistant (Per Hour)	186.00	196.00	5.4%				
Legal Assistant / Interns/ Case Officers	102.00	108.00	5.9%				
Support Officer / Apprentices	51.00	54.00	5.9%				
Drafting a simple licence	520.00	547.00	5.2%				
Drafting a simple wayleave agreement/ lease	1248.00	1310.00	5.0%				
Renewal of simple licence	312.00	328.00	5.1%				
Renewal of simple wayleave agreement/ lease	728.00	765.00	5.1%				
Right to Buy; Request for a management pack	208.00	219.00	5.3%				
Lease Notice	102.00	108.00	5.9%				
*Charities/ Community Groups may be eligible for a 50% discount on legal fees							
Total Budgeted Income				83,400	88,576	91,188	62,00
Court Costs (subject to confirmation from courts)							
Council Tax Summons Charges	62.50	66.00	5.6%				
Council Tax Liability Order	30.00	32.00	6.7%				
NNDR Summons Charges	102.50	108.00	5.4%				
NNDR Liability Order	20.00	21.00	5.0%				
Total Budgeted Income				128,500	-	59,569	137,66

Appendix D – Overall & Committee Revenue Budget 2022/23

	2021/22 Updated	2022/23		2022/23
	Annual	Tranche 1		Tranche 2
	Budget	Budget	Movement	Budget
	£k	£k	£k	£k
Community Services	3,993	3,975	76	4,051
Housing Services General Fund	469	468	8	476
Planning Policy	1,185	1,190	14	1,204
Strategy & Resources	6,338	6,294	107	6,401
Corporate Items	(690)	(576)	(204)	(780)
General Fund	11,295	11,351	0	11,351
Funded by:				
Council Tax	(8,657)	(8,934)		(8,934)
Business Rates	(1,459)	(1,633)		(1,633)
General Government Grants:				0
Specific Government Grants COVID-19	(498)	0		0
Specific Government Grants	(681)	(784)		(784)
Funded by	(11,295)	(11,351)	0	(11,351)

	Budget 2022/23				
	Pay	Non Pay	Income	Net Budget	
	£k	£k	£k	£k	
Community Services	1,309	5,640	(2,899)	4,051	
Housing Services General Fund	527	18,632	(18,683)	476	
Planning Policy	1,800	2,088	(2,684)	1,204	
Strategy & Resources	4,928	2,691	(1,218)	6,401	
Corporate Items	0	1,462	(2,243)	(780)	
General Fund	8,564	30,513	(27,726)	11,351	
Funded by:					
Council Tax			(8,934)	(8,934)	
Business Rates			(1,633)	(1,633)	
General Government Grants:					
Specific Government Grants COVID-19			0	0	
Specific Government Grants			(784)	(784)	
Funded by	0	0	(11,351)	(11,351)	
Overall total	8,564	30,513	(39,077)	0	

#### TANDRIDGE DISTRICT COUNCIL

#### STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber - Council Offices on the 26 May 2022 at 8:55 pm.

**PRESENT:** Councillors B.Black, Botten, Caulcott, Cooper, Crane, S.Farr, Gillman, Hammond, Jones, Langton and Pursehouse

**APOLOGIES FOR ABSENCE:** Councillor Bloore

#### 1. ELECTION OF CHAIR FOR 2022/23

**RESOLVED** – that Councillor Langton be elected Chair of the Committee for the 2022/23 municipal year.

#### 2. ELECTION OF VICE-CHAIR FOR 2022/23

**RESOLVED** – that Councillor Crane be elected Vice-Chair of the Committee for the 2022/23 municipal year.

### 3. APPOINTMENT OF THE CHIEF OFFICER SUB-COMMITTEE FOR 2022/23

**RESOLVED** – that the Chief Officer Sub-Committee be appointed as follows:

#### Independents and OLRG Alliance

Councillors Farr and Sayer (principal members)

#### **Liberal Democrats**

Councillor Botten (principal member)

#### Conservatives

Councillor Bloore (principal member)

(In the event of one or more of the four principal members being unable to attend a meeting, their places shall be filled by the respective Group Leaders appointing a substitute(s) from withing their groups.)

# 4. APPOINTMENT OF THE INVESTMENT SUB-COMMITTEE FOR 2022/23

**RESOLVED** – that the Investment Sub-Committee be appointed as follows:

#### Independents and OLRG Alliance

Councillors Booth, Crane and Langton (principal members) Councillor Farr (substitute)

#### **Liberal Democrats**

Councillors Botten and Jones (principal members) Councillor Caulcott (substitute)

#### Conservatives

Councillors Cooper and Hammond (principal members) Councillor Prew (substitute)

Rising 8.56 pm

#### TANDRIDGE DISTRICT COUNCIL

#### **INVESTMENT SUB COMMITTEE**

Minutes of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 17<sup>th</sup> June 2022 at 10.00am.

**PRESENT:** Councillors Booth, Cooper, C.Farr (substitute in place of Crane), Hammond, Jones and Langton

PRESENT (Virtually): Councillor Caulcott (substitute in place of Botten)

IN ATTENDANCE (Virtually): David Green (Arlingclose Limited)

APOLOGIES FOR ABSENCE: Councillors Botten and Crane

#### 1. ELECTION OF CHAIR FOR THE REMAINDER OF 2022/23

Councillor Langton was elected Chair of the Sub-Committee for the remainder of 2022/23.

### 2. MINUTES OF THE MEETING HELD ON THE 5TH NOVEMBER 2021

These minutes were approved and signed as a correct record.

#### 3. MINUTES OF THE MEETING HELD ON THE 21ST JANUARY 2022

These minutes were approved and signed as a correct record.

### 4. SUMMARY INVESTMENT AND BORROWING POSITION AT 31ST MARCH 2022

The Sub-Committee was presented with a summary of the Council's investment and borrowing position as per Appendix A. The report set out the final position for financial year 2021/22, together with an update and accompanying scenario planning on the future of the Council's long-term investments. This reflected the recommendation from the previous meeting to retain investments in the following four funds until the Government decides whether to extend the current 'statutory override' (of usual accounting practice) which prevents gains and losses in capital values from impacting on the revenue budget:

- (i) CCLA (diversification fund)
- (ii) CCLA (property fund)
- (iii) Schroders bond fund
- (iv) UBS multi-asset fund

The accompanying report advised that the Council's contract for expert Treasury Management advice with Link Group had terminated on 30<sup>th</sup> April 2022 and a new contract had been entered into with Arlingclose.

In response to Members' questions, it was confirmed that:

- the rate of interest charged on loans from the Public Works Loan Board was fixed until maturity
- a debt profile of the various loans taken out by the Council, together with associated maturity dates, could be provided
- the swings in the value of short term investments held in money market funds over the course of the year, and since the last report, reflected a fluctuating cash position, e.g. due to Government funded grant schemes which the Council was required to administer
- quoted yield rates are based on current asset values, a presentation that should be reviewed.

The report also confirmed that the current statutory override would remain until 31st March 2023 and that the Government is expected to consult shortly before deciding whether to renew it. It was hoped that a decision would be made in time to inform the 2023/24 budget setting process. In the meantime, the Council's investment options, according to whether the override would continue, had been scoped in accordance with Appendix C.

In the event of the override being removed, Arlingclose had advised that disinvesting from funds (i), (iii) and (iv) should not present difficulties. While this was not necessarily the case for the CCLA property fund, there did not appear to be any appetite among other authorities to withdraw and the Council was advised to maintain its investment.

A discussion took place regarding the redemption proceeds from Funding Circle loans. This related to the meeting on 24<sup>th</sup> January 2020 when the Sub-Committee agreed to disinvest from Funding Circle, with the redemption proceeds being invested elsewhere within the Council's treasury portfolio, namely 25% to each of the funds at (i) to (iv) above. However, in light of the challenges imposed by the pandemic, redeemed Funding Circle proceeds had, instead, been used ever since to support the Council's cashflow. Following a suggestion from Councillor Jones, it was agreed that this matter be reviewed at the Sub-Committee's next meeting.

#### RESOLVED-that:

- A. the Council's investment and borrowing position at 31<sup>st</sup> March 2022, as set out in Appendices A and B, be noted;
- B. the scenario planning work underway to prepare for decisions expected from Government on the future of the statutory override be noted; and
- C. the use of the redeemed proceeds from Funding Circle be reviewed at the Sub-Committee's next scheduled meeting on 4<sup>th</sup> November 2022, including an analysis of the potential sum available in light of the Council's cash flow requirements and debt profiles.

#### 5. PROPERTY INVESTMENT UPDATE

The Sub-Committee resolved to move into 'Part 2' for this item in accordance with Paragraph 3 (information relating to financial or business affairs) of Part 1 of Schedule 12A of the Local Government Act 1972.

A verbal update was given about the following commercial investment properties owned by the Council and its subsidiary company, Gryllus properties:

#### TDC properties:

- Linden House, Caterham on the Hill (the existing tenant was in the process of renewing their lease, the terms of which were discussed)
- Redstone House, South Nutfield (the property was being marketed for sale Members were informed of progress)
- Quadrant House, Caterham Valley (the refurbishment scheme was now scheduled for completion by the end of September - the marketing process for letting the vacant units was underway - issues regarding rent arrears were discussed).

#### Gryllus properties:

- Castlefield House, Reigate
- 80-84 Station Road East, Oxted
- 30-32 Week Street, Maidstone (Members were informed about expressions of interest from prospective new tenants. It was agreed that options regarding this asset should be presented to the next scheduled meeting on 4th November 2022).

**RESOLVED** - that an options analysis regarding the future of 30-32 Week Street, Maidstone be presented to the Sub-Committee on 4<sup>th</sup> November 2022 to enable Members to assess the relative financial merits of selling, letting or leaving the building unoccupied for a limited period.

Rising 11.04 am

	Investment	Net Asset	1	Actual
Investment	Amount	Value	Yield Rate	Return
mvesunem	31/03/21	31/03/22	Note 1	2021/22
	£	£	%	£
Non - Specified (Financial Investments)- Long Term			70	1
(over 12 mths)				
CCLA Property Fund	4,000,000	4,888,056	3.25	158,867
Schroders Bond Fund	3,000,000	2,775,151	4.63	128,455
UBS Multi Asset Fund	3,000,000	2,639,592	4.57	120,654
CCLA Diversification Fund	2,000,000	2,046,513	2.39	48,871
Funding Circle	863,160	391,191	-	87,136
Sub Total Non-specified (Financial Investments)	12,863,160	12,740,503		543,983
Non - Specified (Non-Financial Investments)- Long Term				
(over 12 mths)				
Gryllus Property Company Loan - Maidstone	2,394,000	2,394,000	5.81	139,023
Freedom Leisure- Loan (TLP)	674,857	481,140	5.50	42,631
Freedom Leisure- Loan (de Stafford)	496,571	372,431	7.58	37,600
Gryllus Property Company Loan - 80-84 Station Rd East	1,012,500	1,012,500	5.43	54,979
Gryllus Property Company Loan - Castlefield	11,664,000	11,664,000	6.10	711,504
Gryllus Property Company Share Capital Note 2	5,251,500	5,251,500	-	-
Sub Total Non-specified (Non-Financial Investments)	21,493,429	21,175,572		985,737
Total Non-Specified Investments	34,356,589	33,916,075		1,529,720
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Specified Investments-Short Term (less than 12 mths)				
Notice Accounts	4,000,000	1,995,487	0.19	3,826
Money Market Funds	3,250,000	13,260,000	0.05	7,775
Total Specified Investments	7,250,000	15,255,487		11,601
Total Non- Specified and Specified Investments	41,606,589	49,171,562		1,541,321
Total Investment Income Budget 2021/22				1,515,700
Over/(under) budget				25,621

Borrowing	Loan Amount	Interest	Actual Cost 2021/22
	£	%	£
General Fund Borrowing			
Gryllus Loan	3,420,000	2.46	84,132
Freedom Leisure Loan	2,225,000	2.45	54,513
Village Health Club	938,678	2.38	22,341
Linden House	4,175,000	2.69	112,308
Linden House	254,000	2.42	6,147
Quadrant House	15,340,000	2.41	369,694
Quadrant House	800,000	2.28	18,240
Gryllus - 80-84 Station Road	724,400	2.28	16,516
Gryllus - Castlefield	15,549,000	2.91	452,476
Sub Total General Fund Borrowing	43,426,078		1,136,366
Total GF PWLB Budget 2021/22 Over/(under) budget			1,137,000 (634)
HRA Borrowing			
Public Works Loan Board	58,839,000	2.70	1,632,098
Sub Total HRA Borrowing	58,839,000		1,632,098
Total HRA PWLB Budget 2021/22 Over/(under) budget			1,662,500 (30,402)
Total Borrowing	102,265,078		2,768,464
Total Budget 2021/22			2,799,500
Total Over/(under) budget			(31,036)

#### Notes:

- 1. Yield Rate forecast return divided by net asset value.
- 2. Gryllus share capital comprises of equity shares arising from loans granted no dividend will be paid in the current year

	2016/17	2017/18	2018/19	2019/20	2020/21
	Carrying	Carrying	Carrying	Carrying	Carrying
Carrying Value	Value	Value	Value	Value	Value
	31.3.2017	31.3.2018	31.3.2019	31.03.2020	31.03.2021
	£	£	£	£	£
CCLA Property Fund	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Schroders Bond Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
UBS Multi Asset Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
CCLA Diversification Fund	n/a	2,000,000	2,000,000	2,000,000	2,000,000
Total	10,000,000	12,000,000	12,000,000	12,000,000	12,000,000

2021/22
Carrying
Value
31.03.2022
£
4,000,000
3,000,000
3,000,000
2,000,000
12,000,000

	2016/17	2017/18	2018/19	2019/20	2020/21
	Market	Market	Market	Market	
Market Value	Value	Value	Value	Value	Market Value
	31.3.2017	31.3.2018	31.3.2019	31.03.2020	31.03.2021
	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,082,986	4,276,854	4,276,005	4,188,063	4,158,183
Schroders Bond Fund	2,963,563	2,912,837	2,865,130	2,539,938	2,908,911
UBS Multi Asset Fund	3,018,705	2,918,160	2,868,479	2,520,713	2,777,398
CCLA Dursification Fund(indicative market value)	n/a	1,921,257	1,982,167	1,804,193	1,955,874
Total	10,065,254	12,029,108	11,991,781	11,052,907	11,800,366

2021/22						
Market						
Value						
31.03.2022						
£						
4,888,056						
2,775,151						
2,639,592						
2,046,513						
12.349.313						

N.)	2016/17	2017/18	2018/19	2019/20	2020/21
10	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/
Surplus (Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)
	31.3.2017	31.3.2018	31.3.2019	31.03.2020	31.03.2021
	£	£	£	£	
CCLA Property Fund	82,986	276,854	276,005	188,063	158,183
Schroders Bond Fund	(36,437)	(87,163)	(134,870)	(460,062)	(91,089)
UBS Multi Asset Fund	18,705	(81,840)	(131,521)	(479,287)	(222,602)
CCLA Diversification Fund	n/a	(78,743)	(17,833)	(195,807)	(44,126)
Total	65,254	29,108	(8,219)	(947,093)	(199,634)

2021/22							
Surplus/							
(Deficit)							
31.03.2022							
888,056							
(224,849)							
(360,408)							
46,513							
349,313							

T										
Gross Revenue Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.42%	179,910	4.33%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.90%	125,529	4.32%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	5.46%	140,171	5.05%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.67%	62,069	3.17%
Total	392,375		508,691		488,040		513,473		507,679	

Full Year outturn at							
31.03	.2022						
Yield	Yield						
2021/22	2021/22						
£	%						
158,867	3.25%						
128,455	4.63%						
120,654	4.57%						
48,871	2.39%						
456,847							

	Surplus/									
Surplus/(Deficit)- Capital Value	(Deficit)									
Surplus/(Deficit)- Capital Value	. ,	, ,	, ,	, ,	, ,	` '	, ,	, ,		` '
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(29,880)	-0.72%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	368,973	12.68%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	256,685	9.24%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	151,682	7.76%
Total	(39,803)		(36,146)		(37,327)		(938,874)		747,460	

Full Year outturn at 31.03.2022							
Surplus/	Surplus/						
(Deficit)	(Deficit)						
2021/22	2021/22						
£	%						
729,873	14.93%						
(133,760)	-4.82%						
(137,805)	-5.22%						
90,639	4.43%						
548,946							

Net Yeard	Net Yield									
<u> Ç</u>	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
e	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%	150,030	3.61%
Schrode Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	494,503	17.00%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	396,856	14.29%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	213,751	10.93%
Total	352,572		472,545		450,713		(425,401)		1,255,139	

Full Year outturn at 31.03.2022								
Net Yield	Net Yield							
2021/22	2021/22							
£	%							
888,740	18.18%							
(5,305)	-0.19%							
(17,152)	-0.65%							
139,510	6.82%							
1,005,794								

Peer to Peer Investment	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
Funding Circle	£	%	£	%	£	%	£	%	£	%
Carrying Value	2,003,355		2,075,341		2,056,664		1,831,028		863,160	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170		127,982	
Less FC Service fee	(19,121)		(19,668)		(19,729)		(19,611)		(12,462)	
Promotions/Transfer payment							470		0	
Bad Debts	(58,163)		(61,288)		(111,152)		(127,649)		(80,881)	
Recoveries	8,219		14,780		27,428		30,253		42,431	
Net Yield	112,827	5.63%	114,838	5.53%	81,201	3.95%	76,634	4.19%	77,070	8.93%
Provisions for future losses	0		0		(10,000)					

31.0	3.22
2021/22	2021/22
£	%
391,191	
66,749 (6,279) 0	
(36,103) 62,769	
87,136	13.89%

<sup>\*</sup>Funding Circle Net yield December 2021 - as principal has been withdrawn throughout the year this has been calculated as net earnings against the average of the opening and closing value. Note there was a large recovery received in June 2021 (£38,494) which has inflated this yield. Excluding this recovery the yield would be 6.4%

APPENDIX C APPENDIX C

# Scoping of investment options, according to whether or not the 'statutory override' will continue

Scenario	Override continued	Override removed		
Outline	General Fund continues to be insulated from gains and losses in fair value. The gain / loss on the asset would have a General Fund impact if the investment was withdrawn at greater than or lower than the initial investment.	General Fund is no longer insulated from gains and losses in fair value. The change in value at 31st March each year would be part of the Council's General Fund outturn against budget.		
Potential responses	<ul> <li>Maintain the current portfolio of investments if they still demonstrate strong in-year yield; or</li> <li>Disinvest in current funds and then re-invest in funds that offer the strongest in-year yield but set aside surpluses into a reserve to manage volatility in funds that would be felt if the Council needed to disinvest from the asset; or</li> <li>Reduce the investment portfolio in overall size.</li> </ul>	<ul> <li>Maintain investment in the funds, and manage the year-to-year volatility through reserves; or</li> <li>Disinvest in current funds and reinvest in funds that offer the best combination of asset value security and in-year yield; i.e. total return; or</li> <li>Sell the investments and move into lower yielding deposits, causing a budget pressure; or</li> <li>Sell the investments and move into higher risk alternatives where the override is not required; or</li> <li>Reduce the investment portfolio in overall size</li> </ul>		
Preferred response	<ul> <li>The portfolio of funds should be kept under review to maximise inyear yield whilst providing adequate long-term security of Council investments;</li> <li>An element of in-year yield could be credited to a reserve to guard against falls in value upon disinvestment – a target level of reserve for this purpose would be developed in consultation with Arlingclose</li> </ul>	<ul> <li>When a decision is made by Government, funds currently below their market value should be withdrawn when their capital value recovers to at least the amount invested, or if it becomes clear that their value will not be recovered further;</li> <li>Losses in these funds would currently be covered by the gain in CCLA Property;</li> </ul>		

Scenario	Override continued	Override removed	
	The appropriate overall value of investments will continued to be gauged against cash requirements and the differential in interest rates on new borrowing and investment return  The appropriate overall value of investments and the differential in interest rates on new borrowing and investment return  The appropriate overall value of investments and the differential in interest rates on new borrowing and investment return.	<ul> <li>Cash should then be reinvested in funds that offer the best total return (i.e. the combination of in-year yield and capital value)</li> <li>An element of in-year surpluses should be held in reserves to cover future volatility of funds – a target level of reserve for this purpose would be developed in consultation with Arlingclose</li> <li>The appropriate overall value of investments will continued to be gauged against cash requirements and the differential in interest rates on new borrowing and investment return</li> </ul>	
Risks	The continuation of the override may be time-limited, or the prevailing financial position of the Council may require disinvestment from funds, potentially at a loss. The statutory override does not protect the General Fund in the event of disinvestment.	In-year volatility in the market value of investments may impact the delivery of the General Fund Budget.	
Mitigations	Although the risks differ in timing, ultimately the General Fund would bear the risk of falls in the value of investments. The potential mitigations are the same in both scenarios.  An element of surpluses should be credited to a specific reserve in order to manage the risk that losses in investment values will ultimately be a General Fund impact (either each year if the override is discontinued or on disinvestment if it is not).  The reserve may require a level of up-front funding. It is proposed that this is achieved through either a) from in-year surpluses in investment income (if achievable) or; b) a contribution from the General Fund at a level to be determined through the 2023/24 budget process and in consultation with Arlingclose.  Any losses could also be mitigated by recognising the gain from a stronger-performing investment.		



# Budget Monitoring Report - 2021/22 Outturn - Month 12 (March 2022)

#### Strategy & Resources Committee – 30 June 2022

Report of: Mark Hak-Sanders - Chief Finance Officer (Section 151)

#### Purpose:

The purpose of the report is to provide the Strategy & Resources Committee with the Council's 2021/22 Financial Outturn position on Revenue and Capital.

Publication status: Unrestricted

Wards affected: All

#### **Executive summary:**

This report, including Appendix A, outlines the **2021/22 budget position at the end of March 2022 (Outturn).** The report sets out a £458k revenue budget surplus and £10.5m net slippage against the capital budget.

#### This report supports the Council's priorities of:

Building a better Council/ Creating the homes, infrastructure and environment we need/ Supporting economic recovery in Tandridge/ Becoming a greener, more sustainable District

**Contact officer** Verity Royle – Senior Finance Business Partner

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#### **Recommendation to Committee:**

That the Committee:

- A) **Note the Council's Revenue and Capital outturn positions** for the year (Appendix A)
- B) **Approve the following transfers to reserves** from the revenue outturn position:
  - £117k 2021/22 unused contingency and £200k additional contingency to mitigate financial uncertainties/risks in the medium-term and support budget resilience, especially due to the impact of inflation

- £75k to support the Future Tandridge Programme, subject to further approval by this Committee
- £50k support Phase 1 of the Debt Management Review
- £16k residual underspend to General Fund
- C) **Approve capital carry forwards of £10.4m** from 2021/22 to future years, subject a full review of the extent to which the capital programme is deliverable including these carry forwards.

#### Reason for recommendation:

The Council's full outturn position and proposals for use of the surplus are set out in this report and Appendix A. The recommendations support the need to build the Council's reserves towards a sustainable level, whilst outlining likely calls on the contingency to support the 2022/23 budget in light of growing inflation.

Capital carry-forwards are required to progress with individual schemes, however the programme needs to be reviewed to establish the extent to which it can be delivered in 2022/23.

#### **Background**

- 1. The delivery of the 2021/22 budget was interrupted early in the financial year by the identification of a c.£920k / 8% deficit in the budget related to the account treatment for pensions, subject to extensive investigation and reporting to this Committee over subsequent months.
- 2. The 2021/22 budget originally proposed the addition of £0.8m to reserves. The budget deficit made it impossible to make that contribution and the budget was rebalanced without it.
- 3. In parallel to delivering the 2021/22 budget, the Council has been undertaking the Tandridge Finance Transformation programme (TFT), the outcomes of which will be reported to A&S Committee on the 5<sup>th</sup> July. The TFT includes the findings of the Grant Thornton review resulting from the identification of the budget deficit.
- 4. TFT will be succeeded by:
  - A continuous improvement plan for Finance which will extend the work to embed accountability and strong financial management throughout the organisation; and

- The Future Tandridge Programme and 2023/24 budget process (a further report will be considered at this Committee on 30<sup>th</sup> June 2022) which will continue to grow confidence in the Council's financial position and medium-term resilience.
- 5. Despite these challenges, the outturn report for 2021/22 is presented to Committee 6 months earlier than the equivalent report for 2020/21 and with a significantly lower variance to budget. Although this represents progress there is still much to do to improve forecasting, budget accountability and to roll out Finance training across the Council.

#### 2021/22 - General Fund Revenue Outturn

- 6. The 2021/22 revenue outturn position for the Council is a £458k surplus. This comprises of the following:
  - £239k net underspends related to one-off events;
  - £573k net underspend due to staffing; offset by
  - £355k net overspends (which are already factored into 2022/23 budget).

#### 7. £239k net underspends related to one-off events, notably:

- £118k underspend: Community Services: Operational Services mainly £37k net sales from vehicles, £37k increase income for cemetery, £22k rent from dwellings & £22k net depot recharges;
- £95k underspend: Community Services: Parks and open spaces due to delay in tree remedial works (£44k), reduced need for gritting in parks (£26k) and repairs (£24k);
- £125k underspend: Housing the Homeless applying grant to fund legitimate spend;
- £95k underspend: movement in Sundry Bad Debt provision and write offs due to an improvement in the Sundry Debt position inyear; and
- £126k over recovery of income: Interest receivable and investment income due to Freedom Leisure loan repayments and improved yields on investment income.

#### Offset by:

- £184k overspend due to net additional outlay in Housing Benefits;
- £80k overspend due to; additional costs for the Public Inquiry into the crematoria (£45k) and further environmental impact assessment, ecological advice, planning appeal advice on other applications (£35k); and
- £82k overspend: Resources prior year charges not accrued for in 2020/21.

#### 8. <u>£573k underspend - net variance against staffing budgets:</u>

- Community Services £109k underspend;
- o Housing £15k underspend; and
- o Resources: £449k underspend.

The effect of staffing savings are largely recognised in the 2022/23 budget by the inclusion of £200k vacancy factor and other changes set out in the 2022/23 savings plan, reported separately on this Committee's agenda.

### 9. Offset by: £355k overspends that have been already factored into 2022/23 budget

The table, below, provides assurance that recurring variances identified within the 2021/22 outturn position have largely been built into the Council's budget for the current financial year. The full-year effect of these variances will be monitored during 2022/23.

<u>Table 1: 2021/22 variances compared to equivalent amounts included in the 2022/23 budget</u>

		2021/22	2022/23
Committee	Description	Outturn	Budget
Committee	Description	variance	Assumption
		£000	£000
Community Services	Increased net costs of Handy Man service	24	20
Community Services	Bulky waste collection volumes are below initial estimates	46	39
Community Services	Parking and Penalty Charge Notice revenue is down in 2021-22 and expected to continue into 2022-23	158	125
Community Services	Additional recycling credits	(109)	(93)
Community Services	Efficiency and income improvement on various regulatory services	(46)	(16)
Community Services		73	75
Housing GF	Redstone – sale of the property / affordable housing – loss of rent	26	49
Housing GF	Reduce funding for Westway Centre as per the committee agreement	(31)	(50)
Housing GF	Increase Meadowside Mobile Homes Sales Commission	(11)	(10)
Housing GF		(15)	(11)
Resources	Corporate reduction in expenses	(30)	(30)
Resources	Legal online subscriptions	6	10
Resources	Mod.gov system licences	12	12
Resources	Agresso licences	4	4
Resources	Removal of vacant post	(22)	(22)
Resources	Reduction in expenses budget	(18)	(18)
Resources		(48)	(44)
Corporate Items	Property & Investment Income	345	185
Corporate Items		345	185
Overall		355	204

#### **Covid-19 position**

- 10. The overall surplus position can be analysed between business as usual (BAU) and Covid-19 related additional costs / lost income. There is a £65k Covid-19 deficit against the Government's CV-19 funding and £522k surplus on BAU.
- 11. The £65k Covid-19 deficit for 2021/22 is comprised of:

#### **Community Services:**

- £180k under-recovery of income due to Q1 restricted demand for parking and taxi licencing. Car Parking (On and Off Street): budgeted income £439k against actuals of £266k. Taxi Licencing: budgeted income £88k against actuals of £82k
- £20k under-recovery of income due to lower volumes of bookings than expected for cesspool service
- £15k under recovery of income due to social distancing in Parks and Open spaces

#### **Housing GF:**

o £31k improvement in lease and back-dated rent income

#### Offset by Covid-19 reserves and specific grants:

- o £27k drawdown of Covid-19 reserve
- £92k Covid-19 Sales, Fees and Charges grant.
- 12. The majority of the Covid-19 deficit has already been factored into the 2022/23 budget through a phased recovery of car parking income. The ability to distinguish between Covid-19 and BAU will reduce as the budget permanently adapts to changes in society.

#### **Proposed use of surplus**

13. The report proposes that the £458k General Fund surplus is transferred to reserves, with uses outlined as follows:

#### £125k - Enabling Projects

- **£75k Future Tandridge Programme** to meet potential for costs ineligible for capital receipt funding. e.g. elements of redundancy costs (to be reported to S&R for approval if needed)
- £50k Initial investment in Debt Improvement plan Phase 1 outlined in the Debt Management Review paper

#### £333k - Building Earmarked Reserves

As a result of the positive outturn position, £333k can be transferred to reserves to provide resilience against risks to delivering the budget in 2022/23 and future years:

- £117k unused contingency from 2021/22
- £200k additional contingency for inflationary pressures, in light of prevailing economic trends. Inflation is currently at 9% (May CPI), compared to 4.2% assumed in the 2022/23 budget. This contingency will be held to give assurance that inflationary pressures can be managed in 2022/23 whilst maintaining service delivery.
- £16k remaining underspend to General Fund

#### 2021/22 - Capital Outturn

- 14. In February 2021 the Capital Budget was approved at £25.1m. In December 2021, the budget was reset to include 2020/21 carry forwards to £27.6m. Subsequently, when setting the 2022/23 budget £0.45m was transferred from 2021/22 to future years for additional investment in public conveniences. This provided a final capital budget for 2021/22 of £27.1m.
- 15. Against the **£27.1m capital budget**, spend for the year was **£16.6m**; a reduction of **£10.5m**. This comprises of:
  - slippage proposed to be carried forward into future years of £10.4m (38%);
  - slippage not proposed to be carried forward of £0.3m (1%);
  - a new project of £0.5m; and
  - underspend of £0.2m.
- 16. This report requests a carry forward of £10.4m slippage to future years (£9.1m to 2022/23 and £1.4m 2023/24). **Refer Appendix 1 Page 9.** The report requests these carry forwards in order that individual schemes can continue. However, a full review of the Capital Programme is required to determine whether the 2022/23 Capital Budget, updated for these carry forwards, can be delivered. It is proposed to report this to Committee in September 2022.

#### **Key implications**

#### **Comments of the Chief Finance Officer**

17. The Council has a duty to ensure that its expenditure does not exceed resources available. The medium-term financial outlook remains uncertain and so the Council must continue to take steps towards growing its financial resilience, including building reserves to a sustainable level.

- 18. On 8<sup>th</sup> June 2021, S&R commissioned Grant Thornton LLP UK (GT) to undertake a Forensic Review and Fact-Finding exercise into the c£920k budget gap which featured in the budgets for 2020/21 and 2021/22. As a result, the 2020/21 outturn report was not reported to this Committee until 2<sup>nd</sup> December 2021.
- 19. Bringing the outturn report for 2021/22 to this Committee in June, with a significantly reduced variance to budget by comparison to 2020/21 represents a marked improvement. It is also encouraging that the budget pressures seen in the 2021/22 position were identified early enough to be included in the 2022/23 budget as approved by Council in February.
- 20. Although the original budget for 2021/22 assumed a reserves contribution of £800k, confirmation of the £920k budget gap made that unachievable. Concluding the financial year with a £458k contribution is positive in that context, but does not alleviate the need to pursue savings (set out elsewhere on this agenda) to deliver a sustainable budget for 2022/23 and subsequent financial years.
- 21. Work undertaken on the budget setting process for the current year and into the medium-term indicates that the Council's finances will continue to be constrained, as they have been for much of the past decade. This reinforces the need for the Council to continue to consider issues of financial sustainability as a matter of urgency in order to ensure stable provision of services in the future. Within this context the Council will continue to develop and implement plans to ensure that the delivery of services is contained within available resources and we work towards closing the medium-term gap set out elsewhere on this agenda.
- 22. The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions, taking into account all material, financial and business issues and risks.

#### **Comments of the Head of Legal Services**

23. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

- 24. The Committee should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Committee and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.
- 25. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that any new expenditure is contained within the available resources. The Monitoring reports set out the additional detail so that Members can get a feel for where the potential issues are.

#### **Equality**

26. This report does not disadvantage or discriminate against any different groups with protected characteristics in the community.

#### **Climate change**

27. There are no significant environmental / sustainability implications associated with this report.

#### **Appendices**

**Appendix A** – 2021/22 Outturn Report

#### **Background papers**

None

 end	of	report	

# 2021/22 Outturn Report

# Strategy and Resources Committee **30th June 2022**

Mark Hak-Sanders **Chief Finance Officer (S151)** 



### 2021/22 Financial Overview – Key Messages

#### **Background**

- Delivery of the 2021/22 budget was interrupted by the identification of a c.£920k / 8% deficit in the budget, subject to extensive investigation and reporting to this Committee
- The 2021/22 budget originally included the addition of £0.8m to strengthen reserves. The budget deficit made it impossible to make that contribution and the budget was rebalanced without it
- In parallel to delivering the 2021/22 budget, the Council has been undertaking the Tandridge Finance Transformation programme (TFT), the outcomes of which will be reported to A&S on the 5<sup>th</sup> July. The TFT includes the findings of the Grant Thornton review resulting from the identification of the budget deficit
- TFT will be succeeded by:
  - A continuous improvement plan for Finance which will continue the work to embed accountability and strong financial management throughout the organisation
    - The Future Tandridge Programme and 2023/24 budget process (elsewhere on this Committee's agenda) which will continue to grow confidence in the Council's financial position and medium-term resilience
- Despite these challenges, the outturn report this year is presented to Committee 6 months earlier than for 2020/21 and with a significantly lower variance to budget. This represents progress but there is still work to do to improve forecasting and roll out Finance training across the Council

#### 2021/22 - General Fund Revenue Outturn

- The outturn position is a £458k surplus; an improvement of £468k from M11
- The final variance consists of a £65k overspend against Covid-19 and £523k surplus on BAU



# **Executive Summary - Month 12 (March 2022)**

#### **Revenue Forecast M12**

	Outturn Variance £k	Variance %	Change in Position Since last Month £k
Community Services	(231)	-5.8%	(306)
Housing Services	(11)	-2.3%	(4)
Planning Policy	147	12.4%	(9)
Strategy & Resources	(441)	-7.0%	(352)
Corporate items	130	-18.9%	190
Earmarked Reserve (drawdowns)	(53)		12
General Fund	(458)	-4.1%	(468)
Central Funding	0		0
Overall after central funding	(458)		(468)

# Overall at M12 the Council has £458k surplus; a £468k improvement from M11:

- ▼ Community Services: £231k underspend £306k improvement
- √ Housing Services: £11k underspend £4k improvement
- Planning Policy: £148k additional costs £9k improvement
- Resources £441k underspend £352k improvement
  - Corporate Items: net £128k overspend £190k deterioration

M12 headlines are set out on slide 5, with full detail in the Annex

### Cabital Programme Forecast M12

	M12 Outturn		Forecast	Change in
	Forecast	Budget *	variance	forecast
	£'000	£'000	£'000	£'000
Community Services	1,336	2,686	(1,350)	(337)
Housing General Fund	445	460	(15)	95
Strategy & Resources	3,207	6,146	(2,939)	462
Planning Policy (CIL)	538	1,017	(479)	36
General Fund	5,526	10,309	(4,783)	257
Housing Revenue Account	11,085	16,804	(5,719)	(665)
Total	16,611	27,113	(10,502)	(408)

£17m against budget of £27.1m, £10.5m less than budget (c£0.4m decrease in spend since M11)

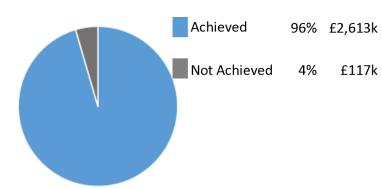
Forecast of

#### Variance at M12 mainly:

 $\boldsymbol{\omega}$ 

• £10.4m proposed carried forwards e.g.: Council Housing Building and improvements delays (£5.4m); Quadrant House phase 2 refurb delays (£3.0m), Parks & Open spaces and other works (£0.9m), CIL curtailments (£0.5m) and Various IT project delays – (£0.3m)

### Savings Plan at M12 £2.7m



Lower volumes of car parking income due restricted movement in Q1 is the reason for part of the unachieved saving (£66k) along with Bulky Waste change in service delivery (£46k) and delays in expiring vehicle leases (£5k)

### 2021/22 Financial Overview – Financial Strategy

It is proposed to contribute the £458k underspend to reserves for the following purposes:

### £125k - Enabling Projects

- £75k Future Tandridge Programme to meet potential for costs ineligible for capital receipt funding. e.g. elements of redundancy costs (to be reported to S&R for approval if needed)
- £50k Initial investment in Debt Improvement plan Phase 1 outlined in the Debt Management Review paper

### £333k - Building Earmarked Reserves

As a result of the positive outturn position we can contribute an additional £333k to reserves to help support ser ces in 2022/23 and address the challenges

- £117k unused contingency from 2021/22
- £200k additional contingency for inflation and energy costs, in light of prevailing economic trends. Inflation is currently at 9% (May CPI) (compared to 4.2% assumed in the 2022/23 budget). This contingency will be held to enable services manage inflationary pressures whilst maintaining service delivery
- £16k remaining underspend to General Fund
- Use of contingencies for 2022/23 will be reported via quarterly monitoring to the Policy Committees



## Full Revenue Summary by Committee M12

	2021/22	Annual	Outturn	One-off	Staffing	Already in
	Outturn	Budget	Variance	Events		22/23 budget
	£k	£k	£k	£k	£k	£k
Community Services	3,762	3,993	(231)	(196)	(109)	73
Housing Services	458	469	(11)	21	(15)	(15)
Planning Policy	1,332	1,185	147	148		
Strategy & Resources	5,898	6,338	(441)	57	(449)	(48)
Corporate items	(557)	(687)	130	(216)		345
Earmarked Reserve (drawdowns)	(56)	(3)	(53)	(53)		
General Fund	10,837	11,295	(458)	(239)	(573)	355
Central Funding	(11,295)	(11,295)	0			
Overall after central funding	(458)	0	(458)	(239)	(573)	355

# Key Message: Committees are projecting a full year £458k surplus, mainly relating to: £23% underspend Net One-offs

• Earmarked reserves: £53k applied drawdowns to reduce committee overspends, Community Services :£196k underspend; Corporate items £216k underspend

Offset by:

• Housing: £21k overspend; Resources: £57k overspend; Planning Policy: £148k overspend;

#### £355k overspend: Net variances already reflected in the 22/23 budget

Community Services £73k overspend; Corporate Items £345k overspend;

Offset by: Housing £15k underspend; Resources £48k underspend

£573k underspend - net variance due to Staffing: Community Services £109k underspend, Housing £15k underspend and Resources: £449k underspend. The effect of staffing savings are recognised in the 2022/23 budget by the inclusion of £200k vacancy factor and other changes set out in the 2022/23 savings plan

#### Details of the Committee variances are set out in the Annex

Revenue Movement from M11 - Summary

		M11	Change in	
	Outturn	Forecast	Position	
	Variance	Variance	Since last	
	£k	£k	Month £k	
Community Services	(231)	75	(306)	Improvement
Housing Services	(11)	(7)	(4)	Improvement
Planning Policy	147	156	(9)	Improvement
Strategy & Resources	(441)	(88)	(352)	Improvement
Corporate items	130	(61)	190	Deterioration
Earmarked Reserve (drawdowns)	(53)	(65)	12	
General Fund	(458)	10	(468)	

### Key Message: Committees projections have improved by £468k since M11, mainly relating to:

#### Community Services: improvement £306k

- £151k delay in tree remedial action (£90k), less gritting (£30k) and repairs (£10k)
- £71k for Operational Services (reduced spend on repairs, increased cemetery income, sale of vehicles, COMF)
- £59k in net recycling credits from SCC (end of quarter reporting)
- £24k in savings in Leisure and Community grants contract performance (economic development and repairs)

#### Housing (GF): net Improvement £4k

- £45k improvement through reduced grant payment to private sector landlords
- £149k improvement through offsetting legitimate costs against Government grant
- £184k deterioration due to net additional outlay in Housing Benefits

Planning Policy: improvement £9k: net improvement in Planning Applications

#### Resources: improvement £352k

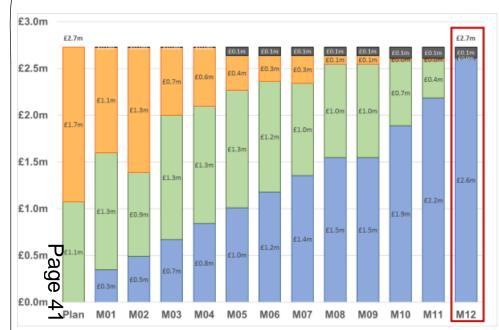
- £105k in one-off events finalisation of software costs, telephones, training, staff expense, recruitment, consultancy, advice costs and rents
- £144k in staff underspends matching spend to COMF funding and vacancy churn
- £113k net improvement in variances relating to ongoing spend and already reflected in 22/23 budget. In M11 estimates included increased energy costs that were not yet final

#### Corporate Items: deterioration £190k, mainly:

- £100k set aside to provide against commercial income risks
- £34k reduction in property income to reflect rent holidays and other adjustments
- £28k in recharges due to S&P forecast position

# **Saving Plans Delivery**





#### Key:

Black – Under target

Red - No Plan, unrealistic timescales and

Consultation assessment required

Amber - Deliverable but no agreed plan,

uncertain timescale and Consultations required

Green - Clear plans, Realistic Timescale &

Consultation complete

Blue - Delivered / Achieved

### **Delivery by Directorate**

Committee	Target	Blue Achieved	Green	Amber	Red	Black - BAU Full Year Forecast
	£k	£k	£k	£k	£k	£k
Community Services	1,437	1,320	0	0	0	117
Housing GF	147	147	0	0	0	0
Planning	451	451	0	0	0	0
Resources	247	247	0	0	0	0
Corporate items	447	447	0	0	0	0
TOTAL	2,730	2,613	0	0	0	117

### Commentary

- Total plan of £2.7m c£2.6m (96%) delivered (Blue)
- £117k (c4%) unachievable (Black);
  - Lower volumes of car parking income due restricted movement in Q1 is the reason for part of the saving (£66k)
  - Bulky Waste change in service delivery (£46k) and
  - Delays in expiring vehicle leases (£5k);

Note: the service has found one-off mitigation through salaries underspends to resolve the 2021/22 position. The ongoing variance is reflected in the 2022/23 budget



# **Capital Summary by Committee**

	M12						
	Outturn		Forecast	New Project /	(Slippage NOT	(Slippage Carry	Change in
	Forecast	Budget *	variance	(Underspend)	Carry forward)	forward)	forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Services	1,336	2,686	(1,350)	(183)		(1,167)	(337)
Housing General Fund	445	460	(15)	(15)			95
Strategy & Resources	3,207	6,146	(2,939)	463		(3,402)	462
Planning Policy (CIL)	538	1,017	(479)			(479)	36
General Fund	5,526	10,309	(4,783)	265	0	(5,048)	257
Housing Revenue Account	11,085	16,804	(5,719)		(349)	(5,370)	(665)
Total	16,611	27,113	(10,502)	265	(349)	(10,418)	(408)

# Key Message: Capital forecast of £16.6m against budget of £27.1m, a decrease of £10.5m against budget (£0.4m decrease in costs since M11)

The decrease in spend mainly relates to:

- Slippage subject to proposed carry forward requests of £10.4m (Next slide)
  - £4.7m proposed to be carried into 2022/23 General Fund (next slide)
  - £4.4m proposed to be carried into 2022/23 HRA (next slide)
  - £0.4m proposed to be carried into 2023/24 General fund Quadrant House
  - £1.0m proposed to be carried into 2023/24 HRA Council House Building
- Slippage not carried forward of £0.3m Delay in Improvement to Housing Stock
- Underspend of £0.2m Public Conveniences Capital Works
- New project of £0.5m relates to A22 Cycleway funded by grant (predominantly LEP)
- The Capital Programme for 2022/23 will be fully reviewed for September Committees to determine the extent to which it is deliverable with the proposed carry-forwards
- · An end-to-end Capital Programme Governance review will be undertaken simultaneously

# 2022/23 Capital Carry Forward Requests

	Scheme GENERAL FUND	Original Budget 2022/23 £000	Carry Forward Requested £000	Original Budget Incl. Carry Forward 2022/23 £000
	Vehicle Fleet Renewals	204	172	376
	Quadrant House Refurbishment	0	2,628	2,628
	Croydon Road Regeneration	1,325	115	1,440
	GF IT - Hardware/Infrastructure Projects GF	228	259	542
_	Capital Contributions to third parties from CIL	1,667	479	2,146
Page	Childrens Playground Equipment	27	399	426
ge	Park, Pavilions & Open Spaces	114	164	278
43	Grange Meadow	0	250	250
	Public Conveniences	150	100	250
	Garden Waste Bins. Refuse, Recycling and Food Waste bins	115	33	148
	Playground Improvements Match Funding Pot	0	50	50
	Other Schemes not affected by carry-forwards	752	0	752
	Total	4,583	4,703	9,286
	HOUSING REVENUE ACCOUNT			
	Council House Building	7,586	3,930	11,516
	Council House Improvements	3,939	245	4,184
	HRA IT - Hardware/Infrastructure Projects	61	195	256
	Total HRA	11,586	4,370	15,956



### **Additional Information**

### Covid-19 Update

 At M12, Committees' gross costs and loss of income related to Covid-19 as follows:

### **Community Services:**

• £180k under recovery of income due to Q1 restricted demand for parking and taxi licencing. Car Parking (On and Off Street) budgeted income £439k, outturn £266k. Taxi Licencing budget income £88k, outturn £82k (M11 £162k, £18k deterioration)

£20k under recovery of income due to lower volumes of bookings than expected for cesspool service (M11 £19k, deterioration £1k)

	Outturn	BAU	Covid-19
	Variance	Varia	ance
	£k	£k	£k
Community Services	(231)	(446)	215
Housing Services	(11)	21	(31)
Planning Policy	147	148	
Strategy & Resources	(441)	(441)	
Corporate items	130	130	
Earmarked Reserve (drawdowns)	(53)	(26)	(27)
General Fund	(458)	(614)	157
Central Funding	0	92	(92)
Overall after central funding	(458)	(522)	65

- £15k under recovery of income due to social distance for Parks and Open spaces (M11 £13k, deterioration £2k)
- Offset by £31k recognise lease and back dated rent (£0k M11, £31k improvement)

### Earmarked reserves and specific grants are:

- £27k drawdown of Covid-19 reserve
- £92k Covid -19 Sales, Fees and Charges return submitted to recovered approx. 71%.



# **ANNEX**

# **DETAILED REVENUE**

ន្ត្លី• M12 Outturn – Committee Detail (slides 10 to 13)

• Final Budget (slide 14)



# **Revenue Commentary Communities**

	Outturn	Annual	Outturn	One-off	Adjusted in	Change in Position since
	Position	Budget	Variance	events	future budget	last month
	£k	£k	£k	£k	£k	£k
Salaries	1,255	1,363	(109)		(109)	13
Car Parking-On Street	(34)	(100)	66		66	(10)
Car Parking-Off Street	28	(64)	92		92	9
Hackney Carriage/Private Hire	(15)	(18)	3	3		(1)
Leisure & Community Grants	208	260	(52)	(52)		(24)
Environmental Services	248	294	(46)		(46)	7
Waste Services	1,960	2,023	(63)		(63)	(61)
Cesspool Services	(69)	(109)	40	40		3
All Operational Services	(266)	(172)	(94)	(118)	24	(96)
Parks and Open Spaces	405	500	(95)	(95)		(151)
Streets & Public Conveniences	42	16	26	26		5
Community Services	3,762	3,993	(231)	(196)	(36)	(306)

### Communities Services underspend £231k (improvement of £306k from M11), mainly:

- £162k under recovery of income due to Q1 restricted demand for parking and taxi licencing. Car Parking (On and Off Street) budgeted income £439k, outturn £266k. Taxi Licencing budget income £88k, outturn £82k (M11 £163k, £1k improvement)
- £40k Cesspool services: lower volumes of bookings (£37k M11, deterioration £3k)
- £26k Streets and public conveniences, Increased street cleaning costs due to delay in purchasing vehicles, therefore net higher repair and leasing (£34k) and net reduction in property tax of £8k, as tax is no longer payable on public toilets (£21k M11, £5 deterioration),

#### Offset by:

- £109k staff vacancies (£121k M11, deterioration £13k);
- £94k underspend operational services mainly £37k net sales from vehicles, £37k increase income for cemetery, £22k rent from dwelling, & £22k net depot recharges, offset by £24k increased cost on Handyman (£2k M11, improvement £96k) (Reflected in 22/23 budget pressure).
- £63k Waste Services- £109k net SCC waste recycling credits offset with £46k lower volumes of Bulky Waste (£2k M11, improvement £61k)
- £52k Leisure & Community Grants £50k saving in contract performance & grants (£28k M11, improvement £24k)
- £95k Parks and open spaces due to delay in accessing tree remedial works (£44k), less gritting in parks than expected (£26k) and less repairs required in encampments (£24k) (£56k M11, deterioration £5k)
- £46k Environmental Services £51k saving in contract performance & grants (£53k M11, deterioration £7k);

# Revenue Commentary Housing and Planning:

# Housing General Fund underspend £11k (improvement £4k from M11)

- £125k Housing the Homeless applying grant to legitimate spend (£0k M11, improvement £125k);
- £31k Westway recognise lease and back dated rent (£0k M11, £31k improvement)
- £37k Private Sector Enabling additional grant (£7k M11, improvement £45k),
- £15k Salary vacancies & COMF grant (£31k M11, deterioration £16k), and £11k Increased sales from Meadowside (£11k M11, No change)

#### Offset by:

- £184k due to net additional outlay in Housing Benefits
- D£26k expired lease for Redstone House (£24k M11, £2k deterioration)

As Part of the FTP Service Reviews the HGF budget will be reviewed in light of the variances in Housing Benefit and Homelessness

				Change in
				Change in
	Outturn	Annual	Outturn	Position since
	Position	Budget	Variance	last month
	£k	£k	£k	£k
Salaries	509	524	(15)	16
Meadowside Mobile Homes	(131)	(120)	(11)	(O)
Westway	69	100	(31)	(31)
Private Sector Enabling	34	71	(37)	(45)
Housing of the Homeless	(186)	(61)	(125)	(125)
Other Housing Renewal Functions	55	55	0	0
Syrian & Afghan Refugees	15	15	(0)	(0)
Redstone House	(22)	(49)	26	2
Housing Benefits	113	(69)	182	184
Other variances less than £10k	1	1	0	(4)
Housing General Fund	458	469	(11)	(4)

# Planning Policy overspend £148k (improvement £9k from M11)

- Planning Applications: Net Position (after reserve and overspend)
   is £17k (£25k M11, improvement £8k)
- £59k Homes England reserve drawdown in Earmarked reserves (£54k M11, deterioration £5k).
- £80k overspend due to; additional costs for the Public Inquiry into the crematoria (£45k) and further environmental impact assessment, ecological advice, planning appeal advice on other applications (£35k) (£89k M11, improvement £9k)

#### Offset by:

£7k better than budget Street naming income (£7k M11, no change)

	Outturn Position £k	Annual Budget £k	Outturn Variance £k	Change in Position since last month £k
Planning Applications & Advice	816	661	156	(12)
Planning Strategy & Policy Guidance	294	294	0	0
Enforcement	50	50	0	3
Tree Preservation & Advice	(2)	0	(2)	0
Community Infrastructure Levy (CIL)	0	0	0	0
Local Development Plan - Evidence	174	174	0	0
Transfer to/from Neighbourhood Plan Reserve	9	8	1	1
Land Charges and Street Naming	(10)	(3)	(7)	0
Planning	1,332	1,185	148	(9)

Revenue Commentary – Strategy and Resources

			<b></b>					
	2021/22	Outturn	Annual	Outturn		One-off	Adjusted in	Change in Position since
	M13	Position	Budget	Variance	Staffing	events	future budget	last month
	£k	£k	£k	£k	£k	£k	£k	£k
Legal Services	493	493	531	(37)	(23)	(21)	6	(24)
Human Resources	367	367	570	(202)	(121)	(63)	(18)	(24)
Leadership Team	277	277	385	(108)	(113)	35	(30)	(12)
Information Technology	1,396	1,396	1,328	68	(41)	105	4	(103)
Democratic Services	579	579	567	13	(3)	4	12	17
Communications	391	391	401	(10)	(4)	(6)		(10)
Financial Services	897	897	906	(9)	(7)	(1)		(31)
Office Services	281	281	320	(39)	1	(40)		(88)
Asset Management	160	160	159	1	(6)	8		(6)
Revenues and Benefits	215	215	194	21	2	41	(22)	(3)
Communities Executive Projects	78	78	107	(29)	(43)	14		1
Cust Mer Services	612	612	645	(33)	(43)	10		6
Emergency Planning & Community Safety	150	150	226	(76)	(47)	(29)		(76)
General Fund	5,898	5,898	6,338	(441)	(449)	57	(48)	(352)
Wellbeing Prescription	(0)	0	0	0	(84)	84	0	0
Strategy & Resources	5,898	5,898	6,338	(441)	(533)	141	(48)	(352)

### Strategy & Resources underspend £441k (improvement £352k since M11)

- £449k underspend due to temporary vacant posts (£348k) and additional COMF funding (£101k) (£303k M11, improvement £144k);
- £57k overspend on one-off events (£152k M11, improvement £95k):
  - £184k overspend extra costs / reduced income (£242k M11, improvement £58k):
    - £82k prior year charges not accrued for in 20/21 (£105k due of telephone and software costs, £10k one-off pressure due to back charges IRIS (Identification and Referral to Improve Safety programme) invoice £10k), offset by £33k over accrual for Covid-19 one-off payment
    - £48k net overspend on Financial Independent reports & Support (Budget deficit, Root & Branches, Twin track);
    - £54k reduced income on court costs due to project delays (NEC project);
  - £127k underspend reduced costs / extra income (£90k M11, improvement £28k):
    - £75k underspends training, staff expenses, recruitment, and consultancy and advice charges
    - £52k over recovery rents £33k temporary increased income from Council Buildings (Vaccine Centre)and £19k income to Legal services
- £48k underspend related to activities already adjusted in 22/23 budget: (£6k Legal online subs, £18k training, £30k corporate expenses, £4k Agresso licence, £12k Mod gov subs, £22k release of vacant post) (£65k M11, improvement £113k)

**Revenue Commentary Corporate Items** 

						Change in
	Outturn	Annual	Outturn	One -off	Adjusted in	Position since
	Position	Budget	Variance	events	future budget	last month
	£k	£k	£k	£k	£k	£k
Interest Payable	1,153	1,163	(10)	(10)		(9)
Interest Receivable & Investment Income	(1,533)	(1,407)	(126)	(126)		20
Property Income	(475)	(920)	445	100	345	134
Non GF Support recharges & Bank charges	(1,854)	(1,904)	50	50		28
Minimum Revenue Provision (MRP)	845	871	(26)	(26)		0
Pension - Actuarial top up, Added Years, &	1,379	1,489	(110)	(110)		0
Compensation	1,379	1,469	(110)	(110)		U
Write Offs and Bad Debt Provision	(73)	22	(95)	(95)		16
Before Reserves	(557)	(687)	129	(216)	345	189
Contributions to / (Drawdown from)	(50)	(2)	<b>(</b> F2)	(52)		12
Earmarked Reserves	(56)	(3)	(53)	(53)		12
Corporate Items	(613)	(690)	76	(269)	345	201

### Corporate Items overspend £75k (deterioration of £202k since M11)

Overspends of £495k:

- £445k Property rent service charges costs due to voids and potential debt write off from 2019/20. (£311k M11, deterioration £134k)
- £50k estimated reduction in recharges due to Resources outturn (£22k M11, £28k deterioration)

Offset by underspends £366k, mainly:

- £126k interest receivable and investment income due to Freedom Leisure loan repayments and improved yields on investment income (£146k M11, deterioration £20k)
- £110k underspend on Pensions and Redundancy costs due improvement payment terms and over budgeting for pensions (£111k M11)
- £95k underspend on movement of Bad Debt provision and write offs (£111k M11, deterioration £16k)
- £26k underspend on MRP
- £53k net drawdown to earmarked reserves. Contribution: £72k Cyber grant; Drawdown: £59k Homes England grant (planning); £42k NEC implementation; £27k Covid-19. (M11 £247k contribution now part of, and updated, proposed general fund contribution (release of Contingency (£117k) and create of Debt Management reserve (£130k))

# **Revenue Position – Budget Tracker**

	Community Services £k	Housing GF £k	Planning Policy £k	Strategy & Resources £k	Corporate Items £k	General Fund £k
Original Budget	4,888	491	1,052	4,864	0	11,295
Virements:						
Corporate items alignmer	nt			2,325	(2,325)	0
Caseworker alignment			171	(171)		0
Aggregate Legal costs			(35)	35		0
Accounting treatment	(895)	(22)		(718)	1,635	0
Land Charges to Planning			(3)	3		0
Revised Budget	3,993	469	1,185	6,338	(690)	11,295

There have been no budget changes/virements since M11



# 2022/23 Budget – Tranche 3 Savings and Future Tandridge Programme Update Strategy and Resources Committee Thursday, 30th June 2022

Report of: Chief Executive and Chief Finance Officer (S151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

#### **Executive Summary:**

On 10th February 2022, Council approved the 2022/23 Final Budget Report and Medium-Term Financial Strategy (MTFS) to 2023/24 which sets out the Council's strategy for financial recovery and the development of sustainable medium-term financial plans. The report set out that savings and pressures will be allocated in 3 Tranches. Tranche 1 was allocated as part of the January cycle of reports and approved by Full Council.

During March, the policy Committees approved their Tranche 2 budgets, concluding with a consolidated paper to this Committee on the 7th of April 2022.

Tranche 3 consists of £450,000 of savings that are to be identified through the Future Tandridge Programme Service Reviews and allocated to Committees in June. This report updates on the current status and next steps for the Future Tandridge Programme, as well as the results of the initial cycle of service reviews. The paper proposes savings across a number of S&R services which, combined with an ongoing Management Restructure, will deliver £450,000 of savings in the current year and make a contribution towards closing the expected budget gap for 2023/24.

This report supports the Council's priority of: Building a better Council.

Contact officer: David Ford – Chief Executive dford@tandridge.gov.uk

Mark Hak-Sanders – Chief Finance Officer (Section 151) mhaksanders@tandridge.gov.uk

#### **Recommendations to Committee:**

That S&R Committee:

- Approve the £450,000 savings allocated to S&R committee from Corporate Items, set out in paragraph 2.1, Table 1 and Appendix A and delegate authority to the Chief Executive to proceed with actions required to deliver the savings.
- 2. Approve the £50,000 bridge funding investment required in the Future Tandridge Programme to progress the delivery of the £450,000 savings identified in this report and to develop full business cases in September, set out in paragraph 6.4.
- 3. Note the new Redundancy Policy, set out in Section 9 and Appendix D, necessary to give clarity on the arrangements for redundancies resulting from the service reviews and a constrained financial position.
- 4. Give delegated authority to the Chief Executive, in consultation with the Chair and Vice Chair, to agree the Final Redundancy Policy wording, following engagement and feedback from the workforce through the Staff Conference.
- 5. Note the progress to date on delivering the Future Tandridge Programme and direction of travel for the Service Reviews, set out in Sections 3 to 9.

#### Reason for recommendations:

This report builds on the papers presented Council on 10<sup>th</sup> February 2022 and to this Committee on 7th April 2022. As a public body, the Council is required to set a balanced and deliverable budget and to demonstrate value for money in all its services, whilst operating in an uncertain and restrained financial environment. The Future Tandridge Programme and Service Reviews are the mechanism for delivering value for money, providing assurance that services are specified to deliver to an agreed quality within available funding.

### 1. <u>Introduction (Tranche 3 / FTP)</u>

1.1. On 10th February 2022, Council approved the 2022/23 Final Budget Report and Medium-Term Financial Strategy (MTFS) to 2023/24, which set out the Council's strategy for financial recovery and the development of sustainable medium-term financial plans.

- 1.2. Given capacity constraints in Finance and across the Council, the budget took a pragmatic approach to the distribution of pressures and savings for January Committees and February Council, meaning that some pressures and savings were held in Corporate Items pending distribution. Tranche 2 pressures and savings were distributed to Committees in March and April, culminating in a report to this Committee on 7<sup>th</sup> April 2022 summarising the Tranche 2 budget. This left £450,000 of Tranche 3 savings to confirm with Committees in June.
- 1.3. This report outlines the overall distribution of Tranche 3 savings to services, as set out in section 2 below. The focus of the initial cycle of Service Reviews has been on S&R services and, consequently, £325,000 of savings will be delivered by services in this Committee with the remaining £125,000 to be achieved through a Management Restructure. The Council recognises the need to prioritise savings in enabling services (the 'back office') before addressing services that deliver services directly to residents. The report sets out immediate, tactical, savings that give assurance over delivering a balanced budget for 2022/23, whilst setting out a medium-term direction of travel that encourages Heads of Service to take full responsibility for the management of their services, with support and development to reduce the demand for unnecessary intervention from support services.

#### 2. Savings Delivery

- 2.1. The financial imperative for 2022/23 is to allocate and deliver the £450k of Tranche 3 savings, as part of the overall savings target of £1.1m. The first set of Service Reviews focussed on S&R services and has identified £325k of savings as a part-year effect with c£500k as the full-year effect. This coupled with a Management Restructure currently underway, which is set to deliver £125k, means that the £450k of savings can be delivered in-full within this Committee.
- 2.2. The proposed allocation of savings to services within S&R is set out in the table below, based on the budgets last reported to this Committee in April. Further adjustments between budgets may be necessary as a result of changes in the management structure. The table includes the notional allocation of the vacancy factor saving to services; however, this vacancy factor should happen naturally as a result of turnover and an inevitable lag between staff leaving and recruiting replacement staff. Vacancy factor will be closely monitored throughout the year.

Table 1: Allocation of Tranche 3 Savings to Services in S&R committee

Table 1. Allocation of Hallone	O Caring	90 10 00	11000 11	00.100		
			Proposed Service-			
			Reivew		Revised	Full year
	2022/23			Distribute		, ,
	Tranche	Mgmt	(Part	Vacancy	3 Budget	proposed
	2 Net	Structure	year	Factor	for	saving
	Budget	Saving	effect)	(Note 1)	-	•
Service	£000	£000	£000	£000	£000	£000
Asset Management - £142k T2 budget	ן					
Office Services - £286k T2 budget	561	0	(50)	(11)	500	(50)
Communities Executive Projects - £133 T2 budget						
Communications	374	0	(47)	(9)	317	(93)
Customer Services	702	0	(26)	(19)	657	(51)
Democratic Services	562	0	0	(7)	555	(6)
Emergency Planning & Community Safety	246	0	0	(5)	241	0
Financial Services	1,019	0	(16)	(25)	978	(16)
Human Resources (Note 2)	464	(95)	(25)	64	408	(50)
Information Technology	1,383	0	(113)	(15)	1,254	(148)
Leadership Team (Note 2)	261	(30)	0	64	295	0
Legal Services	575	0	(24)	(19)	532	(48)
Revenues & Benefit Services	254	0	(25)	(17)	212	(50)
Wellbeing Prescription	0	0	0	0	0	0
Total	6,401	(125)	(325)	0	5,951	(512)

Total Saving against £450k Tranche 3 (450)

**Note 1:** Vacancy factor is a blanket 4% reduction to staffing budgets to reflect a natural lag between a vacancy and subsequent recruitment. This was part of the Tranche 2 budget, but held in full in HR and Leadership team. The saving should be nominally allocated to services, but does not require amendments to service delivery.

**Note 2:** The Leadership Team budget is currently distributed over a number of areas, including the deleted Executive Head of Corporate Resources post, the budget for which is held in HR.

**Note 3:** This is the full-year effect of actions proposed in this paper to deliver the 2022/23 saving. The saving from the medium-term actions coming from the business cases will be built into 2023/24 as part of the budget process.

- 2.3. Subject to Committee approval, actions will be taken in order to deliver the savings for 2022/23 whilst the service reviews continue. The actions required to deliver these savings along with their impact on service delivery are set out in Appendix A.
- 2.4. Business cases will continue to be developed to transform services and further reduce costs in 2023/24 and beyond as set out in Section 5. These business cases will be reported through to Committees in September.
- 2.5. The delivery of further savings in 2023/24 and beyond will be subject to the budget process.

#### 3. FTP - Context and overall approach

- 3.1. The overall aims of the FTP programme are to transform the operating model for the Council, to create a smaller, more strategic, agile and responsive organisation with resources targeted at Council priorities and which is underpinned by a more business-like approach to the way that the Council operates.
- 3.2. At the Strategy & Resources Committee on 1st February 2022, the FTP programme was approved to proceed with the mobilisation and design phase (Phase 1) which is anticipated to last for approximately 6 months.
- 3.3. The programme will be guided by several Critical Success Factors (shown below). These have been refined during the initial phase of the programme to provide a high-level framework for each of the FTP workstreams.

#### **Financial**

An overall reduction in net budget of 15% by 23-24 over 18 months

An overall reduction in expenditure on 'Enabling and Back Office' functions of 15-20% by 23-24

A higher proportion of the budget is spent on 'front-line' services and the Councils priorities



#### **Residents and Service Users**

Service Users are involved in the redesign of services

Resident and Service User feedback and insight is used to drive service improvement
Residents and Service Users are directed to use the least cost channel to access Council services



#### Services

Service Delivery models are assessed & service delivery is undertaken by the most appropriate means Service performance is measured, benchmarked and actively managed

Service levels are set at an appropriate level which is aligned to Council priorities



#### Staff

The Council has a smaller directly employed workforce

Managers and staff are engaged and accountable for their performance

Staff feel valued and motivated and understand the values and behaviours expected of them

3.4. The programme is structured into 4 workstreams:

#### Workstream 1 - Leadership

The priorities of the Leadership workstream are:

Management restructure – building a new management team equipped to lead and deliver the Future Tandridge Programme and its outcomes.

Strategic Plan – the development of a new corporate vision and a new Strategic Plan to guide the Council from 2023/24.

Political leadership and Governance – understanding the impact of the Boundary Review, along with consideration of improvements to the Committee system.

#### Workstream 2 - Service review, redesign and delivery

The Service review and redesign workstream is undertaking a prioritised, consistent and rigorous review of all services which fundamentally challenges how and why we provide the services we do.

It considers the demand for these services, the most appropriate delivery model, performance, cost and value for money. This workstream also incorporates cross-cutting themes including Digital and Customer Services.

The focus is on identifying outcomes which support the longer-term operating model balanced against short term opportunities to deliver the budgeted savings in 22/23 and 23/24. This will not be an easy balance to strike.

#### Workstream 3 - Organisational and Workforce change

This workstream will implement the changes necessary to deliver to the new operating model. Work will be focused on supporting delivery of the Service Reviews and developing a consolidated People plan underpinning delivery of the FTP. This will include a review of how we recruit and retain staff who fit the 'Future Tandridge model' and ensuring that managers and staff feeling valued and motivated, with performance managed and talent nurtured.

#### Workstream 4 - Finance and Benefit delivery

The Tandridge Finance Transformation ('TFT') programme was approved by this Committee in July 2021. The programme has made significant progress to date and following its intended close in June 2022, a finance improvement plan will be developed to take forward areas identified for further development. This will include the Benefits Board maintaining oversight of the delivery of savings identified for 2022/23 and the delivery of other benefits identified as part of the FTP.

#### 3.5. Governance

The approach to governance of the FTP is set out below:

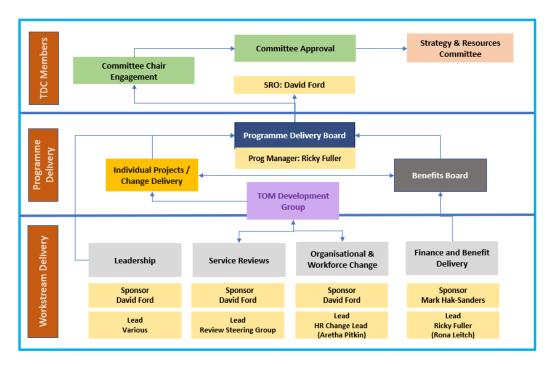
Overall Member oversight of the FTP and the impact on the financial position of the Council is through this Committee. Service Committees will consider key proposals for change resulting from the Service review and redesign work.

The Service Reviews and Organisation Development workstreams along with the overall development of the operating model are overseen through the TOM Development (TOM) Group.

This group is chaired by the Chief Executive and is, in effect, the guiding team for the development of the FTP. This group has the following responsibilities:

- Agrees the prioritisation and sequencing of the Service Reviews
- Sets the direction for the Service Reviews (including expected outcomes and the financial envelope)
- Consider results of the Service Reviews and the business case for change

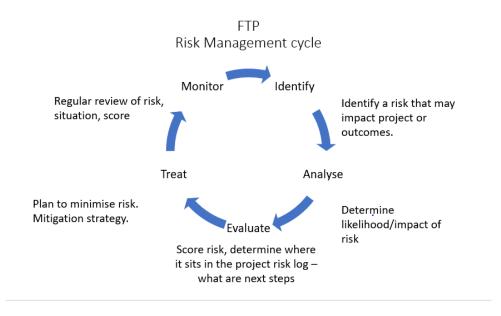
As individual change projects are identified and approved for delivery and overseen through a Programme Delivery Board with the Benefits Board maintaining oversight of benefit delivery.



Programme risks and issues are managed in a consistent way across the FTP through the programme management office (PMO) and reported and managed through the relevant Governance Board or Committee.

#### **Risk Management**

The FTP programme uses a robust risk management process, maintaining a risk register, which is aligned to the plan, against which risks are identified and mitigation documented. All risks have owners assigned, with agreed mitigation and calculated pre- and post-mitigation scores.



On a regular basis, risks are assessed against the plan and potentially updated, where the mitigation or scores may have changed.

This risk management process will be in place throughout the FTP programme, with risks and supporting information included in the regular programme highlight reporting.

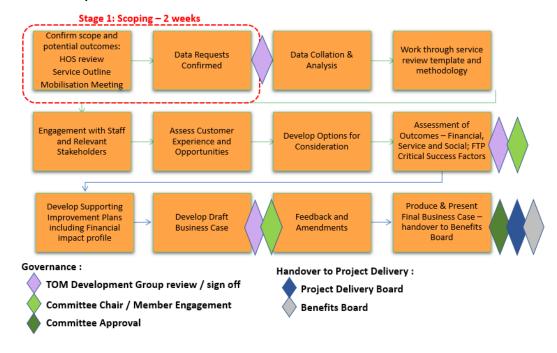
#### 4. Senior Management Restructure

Whilst there is a case for restructuring the Council's senior management team following the service reviews and redesign, it has been necessary to begin the process of restructuring in advance of the conclusion of that work. In addition to the financial imperative to make savings, an interim restructure has been necessary as a number of key vacancies have existed at senior management level and, in order to simplify the structure to a more traditional service-based model, a number of Customer First specific posts have been changed or removed. These interim changes will be communicated to Councillors separately once positions have been finalised.

There will be a requirement for a further senior management restructure as the Council moves to adopting the commissioning model set out in section 8 of this report.

#### 5. FTP - Service Review Progress

5.1. A detailed Service Review process and a series of steps was created (as set out below).

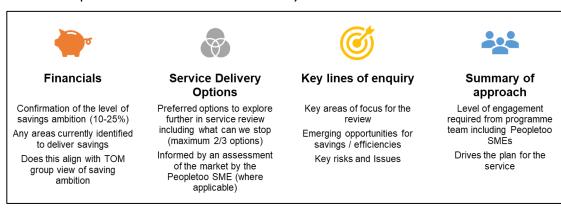


Each service area is currently undergoing a robust review which will be concluded by the end of July. The outcomes from the reviews will form the basis of the Delivery Phase (Phase 2) of the programme with business cases created for each service area.

These business cases will be submitted to the relevant Committees for approval in September along with an overall business case for the resources required to deliver the savings identified which will be submitted to the Strategy and Resources Committee.

5.2. As part of the review process, a 'checkpoint review' has been held with the TOM group for each service area. The purpose of this was to ensure that the scope, expectations and areas to be explored in the review itself were all clear, agreed and in line with the overall programme objectives and expectations.

The checkpoint review focused on 4 key areas as set out below:



**Financials** - delivery against the financial objectives of the programme to achieve an overall reduction in net budget of 15% over 18 months with an expectation that 'Enabling and Back Office' functions would deliver 15-20%.

**Service Delivery Options** - a detailed Delivery Model options framework (summarised below) has been created which will support the assessment of alternate delivery options for each service area.

SERVICE DELIVERY MODEL ASSESSMENT FRAMEWORK	Stop providing the service (in whole or in part)	Retain and improve as Business Unit Internally	Wholly-Owned Local Authority Trading Company	Joint Venture	Local Authority Partnership Shared Service	Not-for-Profit Organisation	Outsourced
A. FINANCIAL IMPROVEMENT							
B. MARKET APPETITE							
C. RISK							
D. PARTNERSHIPS							
E. CORPORATE AIMS AND OBJECTIVES							
F. SOCIAL VALUE / BENEFITS							
G. STAFF							

**Key lines of enquiry (KLOE)** – the agreed areas of focus for the review **Approach to the review** – the approach to undertaking the review itself including staff engagement and any support needed.

#### 6. FTP - Delivery and Resourcing

- 6.1. An important principle of the FTP is that the programme should be led and owned by Tandridge. Wherever possible opportunities are being given to Tandridge staff to be an integral part of the development and delivery of the programme and this is already paying dividends with some staff demonstrating the qualities needed to be part of a high performing Council going forward.
- 6.2. Delivering organisational change at scale and pace however requires adequate resourcing, project management capacity, and expert support. It is also recognised that the Council lacks both the capacity and capability to deliver the programme successfully in isolation and will continue to need an investment in both expert support and external challenge to design and deliver the changes identified through the programme.

The estimated investment required to deliver Phase 1 (mobilisation and design for the 6 months from February to July) was approved at the Strategy and Resources Committee on 1<sup>st</sup> February, along with a high-level estimate of the funding required for Phase 2 (delivery).

The funding for Phase 1 has proved to be broadly accurate and will allow the completion of the Service Reviews by the end of July within the approved budget.

Туре	Core / Var	Total	Phase 1 (6 mths)	Est Cost	Phase 2 (12 mths)	Est Cost
Prog Mgt	Core	18 mths	Buy in for up to 6 mths (SCC / External – c 0.5 FTE)	£30- £40k	Recruit during Phase 1 to oversee Delivery. Cost included in base budget.	Incl
РМО	Core	18 mths	Buy in for up to 6 mths (SCC / External – c 0.5 FTE)	£25- £35k	Continue to buy in OR recruit during Phase 1. Additional cost.	£50- £70k
Project Administration	Core	18 mths	Provided in house. Estimate 1 x FTE additional		Provided in house. Estimate 1 x FTE additional	
Business Analyst	Core	6 mths	Buy in (External)	£25- £30k	Decision whether ongoing requirement during Delivery	tbd
HR advisory	Core	18 mths	HR advisory tbd	£25k	HR advisory and Change Management	£50k
Change Management	Var	12 mths			Change Management through Delivery	£50k
Project Manager(s)	Var	12-18 mths	Review internal capacity and capability. Identify during service reviews. Estimate 1 x FTE for 3 mths (from Apr 22)	£15- £20k	Review internal capacity and capability. Identify during service reviews. Estimate 1 x FTE minimum	£60- £80k
Subject Matter Experts (SME)	Var	12-18 mths	Strategic advisory & expertise on TOM / Service Reviews. Buy in (External)	£40- £50k	Potential to support during Delivery, dependent on Service Reviews	tbd
Total			Indicative range	£160k - £200k	Indicative range	£210k - £250k

- 6.3. Phase 2 will see the programme move into detailed planning for and subsequent delivery of the identified savings. The overall business case for this will be submitted to the Strategy and Resources Committee on 30th September. There is however a requirement to commence some initial work on Phase 2 in August and September, during which time it is important to maintain momentum and develop detailed delivery plans. This will also be a key period for progressing delivery of the Tranche 3 savings identified for delivery in 2022/23, ready for the earliest possible implementation.
- 6.4. A budget approval of £50k to bridge fund the Programme as Phase 2 commences over this 2-month period is therefore requested, pending the submission of the full Phase 2 business case in September. It should be noted that provision has already been made within the budget strategy to fund this investment from Government flexibility to use capital receipts for transformation purposes. The flexibility to use capital receipts for transformation has been extended for all local authorities for 2022/23 and is independent of the Council's application to DLUHC to use receipts to support the reserves position.
- 6.5. Redundancy costs associated with the Management Restructure and the wider programme may also need to be funded from capital receipts and from an indicative amount set aside in the 2021/22 outturn position. These vary significantly according to an individual's salary, length of service and age and so cannot be quantified in advance. However, expectations for this phase are for costs not to exceed £200,000. Redundancies are approved on a case-bycase basis including an analysis of the cost to the Council and comparison to the associated savings.

#### 7. FTP - Themes emerging

7.1. As set out in Section 5 above, KLOEs have been identified for each service area as part of the Service Review process. A summary of these is included as Appendix B. These will form the basis for development of the service business cases themselves.

A number of more general observations, and themes have emerged which, taken together, have implications for and will inform the future development of the future operating model for the Council and the way that services are delivered going forward.

#### **General Observations**

- Support service capacity is stretched undertaking day to day transactional and procedural activities and struggles to provide 'added value' support to front line services.
- Support systems and procedures need to be simpler, less onerous, automated and less bureaucratic to reduce the amount of transactional effort involved. This is likely to require investment in some areas.
- Too much time is spent by support services 'shadowing' the organisation, undertaking tasks and filling in gaps which should be the responsibility of front-line services. This is due to a combination of a lack of trust, the lack of core skills and capabilities of operational managers, and a lack of focus by the Council on equipping those managers to be more self-sufficient.

- There is an urgent need to reset and redefine the relationship between front line and support services. This should be focused on establishing a clear specification / agreed set of expectations and responsibilities for each area.
- This should include the development of a Business Partnering approach for each of the support functions with clarity around the responsibilities of managers and support functions. This could be developed along the lines of the Finance Business Partnering Agreement which can act as a template for other functions.
- There is a need for support services to understand front line service requirements in a more structured way so that plans directly address these in a planned way, with a reduction in day-to-day fire-fighting.
- There is a need to provide clarity around the role of support functions within the overall operating model – e.g., Asset Management has developed in an ad hoc way over time and lacks a clear remit within the Council; introducing a Corporate Landlord approach will vest accountability for delivering value from council assets in that function.
- Support services should be refocused on core 'added value' and strategic functions. This direction will be accelerated as the Council moves towards a Commissioning model.
- There is a need to equip and require managers to be more accountability, self-sufficient, better equipped and confident to undertake functions currently undertaken by support services.
- This will require a programme of training and management development covering areas such as risk management, health and safety management and general management capability and making TDC a more attractive place to work and develop a career.
- This needs to be allied to building a stronger middle management layer in the organisation with fewer, more capable, managers.
- In the short term there is a risk that removing support from some enabling services may make things worse.
- There is a general lack of understanding of income, cost, activity/specification and resident/service user perspectives in some areas. This is due in part to the organisational complexity introduced by the 'Customer First' model.
- There is a need to strengthen client and contract management capability to drive value from existing and new contracts and shared service arrangements.
- The new operating model needs to address the lack of inherent economy
  of scale and cost base opportunities through access to organisations with
  breadth and scale where possible market assessment to consider each
  individually or some as a bundle to the market.

These themes will be developed further over the coming weeks as part of the development of a new Operating Model.

#### 8. <u>FTP - Direction of Travel - a 'Commissioning Council'</u>

A direction of travel is emerging for the Council to become a 'Commissioning Council'. The implications of this for the future operating model for the Council will be developed further and presented as part of the business case in September. Some general principles and issues raised by this are however set out below and included in Appendix C.

#### What is Commissioning?

8.1. Commissioning is an established approach within and across the public sector. Essentially it is a structured process to assess needs (at a strategic, operational and/or individual level), establishing the resources available to meet those needs (both those available to the Council and more widely through other partners) and to put in place the right delivery mechanisms to meet those needs. Once delivery is underway, a typical cycle will involve evaluating and reviewing performance and taking corrective actions.

#### **Implications for TDC**

- 8.2. For this Council, this means being clear on the needs and requirements of its residents and service users, evaluating carefully what the contribution of the Council should be (alongside with that of other partners), re-thinking the services it ought to provide, and taking a consistent approach to consideration of how best to deliver those services.
  - Whilst it does not mean outsourcing everything, it does mean a much more objective and structured way of considering the most appropriate way for services to be delivered. In the current context it is likely to lead to more services being provided by third parties coupled with a stronger focus on what the Council can afford.
- 8.3. The commissioning model can also be extended to the way in which internal support services are provided, to ensure that they support front line delivery & provide value for money. Over time, as more services are delivered by third parties, this will result in a reduced operational and transactional role for support services and a greater focus on strategic and 'value adding' elements.
- 8.4. It is important to note that the Council is already a commissioner of services at an operational level (e.g. Waste Services, Leisure and Grounds Services). It is also a service provider, including for services which have been commissioned by other partners (e.g. the Wellbeing Service commissioned through the Clinical Commissioning Group).

There are also some good examples of effective service delivery and achievement, for example waste recycling rates are amongst the best in the country, and the Southern Building Control Partnership is an effective shared service delivery model across 3 Councils.

It is also evident from the work done already in the Service Reviews that there are clear opportunities in some areas to commission services differently and more effectively. An example of this is Operational Services, where services are currently delivered through a variety of tactical third-party contracts, adhoc arrangements and in-house provision which, taken together, do not appear to represent best value for the Council or service users.

Overall arrangements have developed in a largely tactical, ad-hoc way over time without any overall guiding strategy, model or structured set of processes and standards to guide this, resulting in gaps and weaknesses in a number of areas.

#### 8.5. Examples of these areas include:

- the availability of knowledge and evidence to inform priorities and the way that services are provided
- clarity in priority outcomes and/or services
- evaluation of performance and the effectiveness of its impact
- the lack of development of the core capabilities, skills, structure, mechanisms and disciplines necessary to be an effective commissioner of services.

Going forward, becoming a Commissioning Council will require the council to develop its skills, mechanisms and capabilities in areas such as:

- stronger focus on building evidence & knowledge
- skills in specifying outcomes and/or services required
- developing influential partnerships and relationships with other partners and service providers to deliver outcomes
- performance and Contract Management

The Particular challenges in developing internal capability due to the small size of the Council will need to be considered and akey part of the FTP programme will be to put a plan in place that sets out the steps required to support the move to a commissioned council. This begins with the senior leadership team and providing them with the skills and behaviours expected when operating in a Commissioning council environment.

#### Learning from elsewhere

It is important to note that there are many examples of Councils adopting a Commissioning approach and plenty of good material, tools and approaches to support both the development of a Commissioning model and skills and capabilities.

Whilst this is more typical of upper tier or unitary councils (eg LBs Sutton, Kingston, Croydon), there are also examples of comparable District Councils who have followed this model. An example is Basingstoke and Deane BC which shares a number of services with Hart DC, including legal services, a joint waste contract that also includes commercial provider Veolia and a shared grounds maintenance and street cleansing service. They also work with a number of successful charitable trusts to enhance the services provided to residents.

#### 9. HR / Staffing implications and redundancy process

- 9.1. HR implications arising from the proposals in this report will be considered in line with the existing Management of Organisational Change policy which sets out the procedure following:
- 9.2. Permanent change in staffing levels or responsibilities, including those which arise from:
  - 1) a reduction in the budget
  - 2) a restructuring of roles and responsibilities within the Council
  - 3) the actual or anticipated withdrawal of a specific funding allocation or grant
- 9.3. This is with the exception of sections 7 & 8 of the said procedure, which this new policy proposes to replace, with a more robust, comprehensive process. (Appendix D)
- 9.4. The new policy provides a clearer process, updated in line with current HR best practice, employment legislation and constitutional responsibilities. The policy also provides additional guidance to managers and employees around the process of redundancy and redeployment.

#### 10. Comments of the Chief Finance Officer (s151)

Further to the approval of the 2022/23 Budget by Full Council on 10th February (including the approval of Tranche 1 savings) and the Tranche 2 papers to S&R on the 7<sup>th</sup> April 2022, this report sets out the allocation of Tranche 3 savings to the Strategy & Resources Committee.

As stated in this report, it is imperative that the budget is delivered for 2022/23. Budget Accountability Statements will be produced for Heads of Service and signed in acknowledgement of the Tranche 3 budget for 2022/23, once approved (subject to adjustments to reflect the Management Restructure). Training will be provided to all budget holders over the coming months to ensure they are familiar with and can undertake their roles as accountable budget managers and live within their budget envelope.

Implementation of the service changes needed to achieve the £1.1m savings target for 2022/23 will be overseen by the Benefits Board, an officer group set up specifically to ensure that savings are delivered. Progress towards achieving savings will be reported quarterly to Committee.

#### 11. Comments of the Head of Legal Services

There are no direct legal implications contained in the report. However, there may be indirect implications which will need to be assessed as implementation of the FTP progresses. Members will need to consider the next steps in relation to how the Council deals with the change and transformation agendas in moving forward.

Members will note that the Council's Medium Term Financial Strategy (MTFS) indicates that the financial picture remains challenging and the focus of ongoing change will be on where the Council's finite resources need to be directed in order to deliver the best outcomes for its residents.

Members therefore need to ensure that there is capacity within the Council in the right places. This requires Officers to be agile, appropriately structured, have robust leadership and a culture that is committed to delivering public services for its residents.

#### 12. Equality

The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2022/23 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and Reserve adjustments).

The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the Budget-setting process and decision-making by using equality impact assessments.

#### 13. Climate Change implications

There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through a business case process.

#### **Appendices**

**Appendix A – Summary of 2022/23 Saving delivery plans** 

**Appendix B – Summary of Service Review KLOEs** 

**Appendix C – Becoming a Commissioning Council** 

**Appendix D – Redundancy Policy** 

**Appendix E – Glossary** 

#### 14. Background papers

- Strategy & Resources Committee 1<sup>st</sup> February 2022 <u>2022/23 final budget</u> and <u>2023/24 MTFS</u>
- Strategy & Resources Committee 1<sup>st</sup> February 2022 <u>Future Tandridge</u> <u>Programme</u>
- Strategy & Resources Committee 7<sup>th</sup> April 2022 2022/23 <u>Budget Tranche</u> <u>2 Pressure and Savings Distribution</u>

### Appendix A – Summary of 2022/23 Saving delivery plans

Service	Asset Management & FM		
Lead Officer	Alison Boote		
Summary of Saving proposal	A reduction of £33k is propose Community Surveyors team, additional £17k saving is being m from a vacant post.	being funded f	rom HRA. The
Budgeted Saving	Source of Saving	2022/23 (£000)	2023/24 (£000)
	Reduction in staff costs - vacancy	50	50
Actions needed to deliver saving	1. The Community grants and Community Partnerships.	lottery work wi	ll be moved to
Anticipated impact	The performance role has not be being done in Projects has be Management re the depot.		
Risks and Mitigation	Scale: That the size of the se investment to fill current gaps in To undertake demand analysis, a ensure all options considered	delivery (system	s etc.). Mitigate:
	Town Hall tenants: Finding new te Mitigate: Engage market to under to market space accordingly. Impact of other reviews: Other re contradiction to Assets/FM (i.e. C Mitigate: Ensure dependencies manalignment.	erstand trends, a eviews make reco ommunity survey	ommendations in vors).

Service	Comms		
Lead officer	Giuseppina Valenza		
Summary of saving proposal	There are two options being consice and communications Team service and Option 1: Provide a reduced Option 2: Consider outsour The savings are based on removing	d realise saving d in-house serv cing the service	gs: rice. e.
	one officer.	ig two posts	one opecianor and
Budgeted saving	Source of saving  Reduction in staff costs	<b>2022/23</b> (£000) 40-47	<b>2023/24</b> ( <b>£000</b> ) 79-93
Actions needed to deliver saving	<ul> <li>Poption 1: <ul> <li>Identify core/essential commuservice specification.</li> <li>Draw up plans to move work be support/training.</li> <li>Reshape the service to deliver</li> <li>Agree new structure and revie</li> <li>Interview staff for roles where redundancy or redeployment.</li> </ul> </li> <li>Option 2: <ul> <li>Draw up specification for reduction for</li></ul></li></ul>	essential comm w staffing. necessary and, ced service. ased on reduced	ams including nunications work. /or agree d specification. nnies for indicative
Anticipated impact	<ul> <li>Impacts the Communications is a corporate support service.</li> <li>Staffing reductions of up to the upper end of the savings, but ability to provide the reduced and print function.</li> </ul>	ree posts neede this would have service and the	ed to achieve the an impact on the
Proposed options	<ul> <li>Option 1 - a reduced service in The reduced service will incommon number of specific projects e-newsletters. There will be example, there will no daily or monthly planning comm</li> <li>The focus will be on service website and signposting resteam currently accommoda but this will need to be tighted.</li> <li>There will also be a reduction some of the printed material the councillors leaflet and commoditions.</li> </ul>	clude support for and campaigns e fewer targeted recycling and littee newsletter e areas making sidents and bus sidents and bus lites most reque litly managed in on in creating a als currently pro-	s, as well as key d newsletters for waste newsletter better use of the sinesses to it. The ests for support, the future. and supporting ovided, such as

- number of corporate leaflets will need to be reduced with more information available on the website.
- The team will no longer support service areas with writing job adverts or editing and proofing customer letters. HR will manage the corporate LinkedIn account which is used to promote the Council to job seekers and on which current jobs are shared.
- The focus will be on sharing primarily Council news on social media channels (Facebook, Nextdoor and Twitter), rather than partner news updates and only into the main accounts, rather than into all Facebook groups of which there are 30 plus.
- Monitoring social media and responding to customer enquiries will transfer to the Customer Services Team. There will be reduced support for internal communications, with some work moving to other teams. HR will be responsible for staff surveys. Consultation, including the residents' survey and complaints, will move to the reestablished Policy function.
- The volume of partnership and other external campaign materials which are currently shared and promoted will reduce considerably.
- There will be no option to offer a design and print service to external customers. There will also be no printed committee reports, which should generate a saving.
- A reduced service will not be able to respond as easily to ad hoc requests, whether from officers or councillors. There will be less capacity to respond to any crisis.

#### Option 2 - an outsourced service

- This will be similar to the reduced in-house service, with a few exceptions, such as leading on crisis communications, internal communications and contract management of the website and photocopiers/printing equipment.
- The budget to spend on an outsourced service is up to £109,000, which is 50% of the current team staff costs. There would need to be an internal point of contact and resource for any outsourced contract and the cost of this officer's time would need to be taken from the budget available to ensure the 50% target is met.

A full specification of the current service, along with each option is available on request.

## Risks and mitigation

- Key risks:
- Loss of control and rigour over communications can impact reputation, quality, branding and present a political risk. An inconsistent approach to communications is a political risk.
- A reduction in quality, output of messages and less dialogue could lead to residents feeling less informed, which could lead to an increase in more contact from customers, impacting Customer Services, complaints and reputation.

- Website content quality could reduce and accessibility could be an issue. If accessibility legislation is not met the Council can be fined by the government.
- Less resilience in service and no capacity to manage work outside agreed plans.
- Risk around election communications if not carefully managed. There are strict guidelines that must be followed.
- Weak/poor internal communications can lead to staff not knowing what is going on, not feeling part of or committed to the organisation and dissatisfied in their work. All of this can impact service delivery, culture and retention of officers.
- There will be no additional capacity for unplanned work or last minute requests from officers or councillors. With a much smaller team there will be little resilience if people take leave or are off sick.
- With an outsourced service, the Council will have to pay extra for any work outside the agreed contract.
- New intranet is not developed due to capacity issues in the reduced team.

#### Mitigation includes:

- New Strategic Plan will have clear objectives and the annual communication plan will align with those. Work which falls outside these objectives will need to be agreed.
- Tone of voice document sets out standards for communications.
- Training can be provided to managers and teams to help improve written communication skills.
- Templates for letters and job adverts can be provided as examples for teams to follow.
- Good communication across service areas to reduce risk of mixed messaging to stakeholders.
- If the service is outsourced, ensure there is a clear sign off process for communications to maintain quality and accuracy of content, as well as to avoid any political risk.
- Extended Management Team will take responsibility for their service areas ensuring the correct content is on the website and kept up to date.
- Documents will need to continue to be made accessible before being added to the website. Document templates could be introduced to make documents accessible at source and ensure consistency and improve quality. There would be a software cost for this.
- Ensure elections communications are one of the campaigns managed by the reduced service or the outsourced service.
- Develop a new intranet to provide a key platform for staff communications and engagement.
- Staff will be reminded of the need to plan ahead and the service timelines for work will be shared with them. Staff

otherwise the service will not be able to meet the demand.	<ul> <li>capacity.</li> <li>The organisation will need to adapt its culture and approach to plan ahead to avoid last minute or additional requests,</li> </ul>
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Service	<b>Customer Services</b>		
Lead Officer	Mel Thompson (Julie Porter har	nding over)	
Summary of Saving proposal	Immediate savings  1. Reduce staffing in Customer Services Team Reduce staffing by 1x Customer Services Trainee by not replacing vacancy Reduce full time CS advisor to part time hours  2. Reduce postage costs Cancel the DX service subscription which will save £3k per annum		
Budgeted Saving	Source of Saving	2022/23 (£000)	2023/24 (£000)
	Reduction in staff costs	26	51
Actions needed to deliver saving	<ol> <li>Address post overspend of £</li> <li>Reduce current staffing by Jursavings</li> <li>Cancel DX subscription will re£3k</li> </ol>	ne 22 will achie	
Anticipated impact	There may need to be a reduction in the support given to other business areas with administration and the reduction in staff may impact the call response times.		
	During the immediate savings period, there may be a reduction in the staff available on the front reception desk so customers may not be seen on arrival of the Council offices.		
	During the short term, limited trai place as staff will not be able to staffing means there is no continge	be off the pho	nes and reduced
Risks and Mitigation	A new telephony system may take impact short term savings.	longer to imp	lement which will
	Mitigation: this project will need changes are planned and implemen		
	Loss of experienced staff will impac - staff turnover has increased si transformation programme.		_
	With fewer staff there is no Conting levels or an increase in call volume		
	There are interdependencies on Pla a lack of interest to change interna		and there may be

Service	Digital IT				
Lead Officer	Mel Thompson	Mel Thompson			
Summary of Saving proposal	Agree different operating model approach to split the development part of the team from the maintenance of the business as usual. Understanding current BAU demands and the right sized team to maintain the current IT estate. Saving achieved by moving the costing of any roles relating to development into the capital budget.  Detail and review key developmental projects and map resources to confirm the scale of the capitalisation of salaries.				
	Longer term – following the wider service reviews and the identified future state of IT, restructure the IT team to support BAU and development split. Future projects to be resourced through business case approval.				
Budgeted Saving	Source of Saving 2022/23 (£000)				
	New operating model with team split into BAU and development provides saving by moving non-BAU resource cost out of revenue.	113	148		
Actions needed to deliver saving	An exercise to review the plan for next year to review the key developmental projects and map the IT specialists has been completed.				
Anticipated impact	Change way of working to reflect the structure of team when planning core vs project activities				
Risks and Mitigation	There is a need to create and maintain a single consolidated development plan for the council.  Categorisation of change projects into the development plan and the associated resourcing to deliver the council's changes is key. Charging additional costs to Capital will have a knock-on effect on capital funding costs, over a longer period and subject to alternate funding mechanisms.				

Service	Finance			
<b>Lead Officer</b>	Mark Hak-Sanders			
Summary of Saving proposal	Financial Services is outside of the scope of the Service Reviews, having been reviewed through the Tandridge Finance Transformation (TFT) Plan, the closing report for which is on the A&S agenda for 5 <sup>th</sup> July.			
	The TFT determined that £70k additional investment in Finance was necessary in order to deliver a fit-for purpose function. There is work still to do and opportunities to rationalise processes and make better use of systems. The service will continue to pursue an improvement agenda and look to deliver savings over the mediumterm. The 2022/23 saving is achievable through the full-year effect of changes resulting from the new Finance structure.			
Budgeted Saving	Source of Saving 2022/23 2023/24 (£000) (£000)  Reduction in staff costs 16 16			
Actions needed to deliver saving	<ol> <li>The immediate saving is delivered through the full-year effect of changes resulting from the new Finance structure.</li> <li>Implementation of the Finance Business Partnering Agreement</li> </ol>			
Anticipated impact	Heads of Service accountability for budget management, in partnership with Finance, as set out in the Internal Business and Finance agreement.			
Risks and Mitigation	No immediate risks from 2022/23	saving		

Service	Human Resources		
Lead Officer	Aretha Pitkin		
Summary of Saving proposal	The current HR Service provides a very traditional function. In order to provide an up to date, efficient function and meet the objectives set out in the Future Tandridge Programme, the current HR Function model needs to change.		
	Medium-term reshape of specialist change support for FTP to build the new model.		
	To achieve immediate savings, the HR Head of Service role has been removed and will not be replaced.		
Budgeted Saving	Source of Saving	2022/23 (£000)	2023/24 (£000)

	Reduction in staff costs – vacancy	25	50
Actions needed to deliver saving	Short term/Immediate Savings:  1. HR Head of Service role sav	ving - £50,000 fc	ıll year.
Anticipated impact	Continuation of informed benchmarking, already commenced, to ensure not out of step with neighbouring LAs Implementation of short-term financial saving measures Further analysis of HR budget and exploration of cost saving measures		
Risks and Mitigation	Proposed changes may lead to a reduction in internal knowledge; this would be mitigated by ensuring robust policies and procedures are well in place.		
	Competence in HR activities to be Managers behaviours. Staff engagement required to ma		

Service	Legal Services		
Lead Officer	Lidia Harrison		
Summary of Saving proposal	Currently the volume of demands on the Legal Services team from other parts of the Council are unpredictable and high. During the last couple of years the legal team has had a large increase in calls upon its expertise on a range of Council services and this shows no sign of abating.		
	An exercise is required to look at how the service can deliver the business-as-usual elements of their service with less direct lawyer intervention, so as to enable lawyers to focus on value added elements including providing services to other councils.		
	The proposal is to continue with analysis exercise will be conducted detail covers the work the team of the tasks that are performed, and engineer processes and if necessal.	ed so that the ne do and, within ea d to look at diffe	ecessary level of ach service area, rent ways to re-
Budgeted Saving	Source of Saving	2022/23 (£000)	2023/24 (£000)
	To be determined through ongoing review	24	48
Actions needed to	1.Initially to manage demand fro improve processes. Some task		

deliver saving	Services will be reassigned to other departments (especially if they don't have a legal component).
	2.Secondly, to establish the level of resources necessary to meet the current demands for Legal Services at Tandridge.
	3. Thirdly, undertake a review of resources necessary to meet a level of demand and identify those actions that are necessary to deliver the service.
	4. Fourthly, there is a need to quantify the demand from other Councils and using a realistic recharge rate, understand if this is likely to be a commercially viable option.
Anticipated impact	The pressure on Legal Services team to serve service areas, reduce cost and enhance quality and speed may mean that other service areas may need to act and transact without requiring the constant presence or intervention of in-house lawyers, while at the same time operating within parameters that are set by the legal function and not put the Council at risk.
Risks and Mitigation	The Council has recently acquired a bundling software package for litigation matters and has also obtained e-sealing. This will reduce officer time in conducting some administrative tasks.
	There is a risk that the changes outlined will take time to deliver, in common with other areas. This will be mitigated by overall management of savings through the FTP Benefits Board and an understanding that compensating actions may be required to manage in-year variances from across the programme as a whole.

Service	Revs & Bens		
Lead Officer	James Devonshire		
Summary of Saving proposal	There is a potential salary saving through review of the current structure. Other options under consideration include sharing the service with another Council or provider, and/or generating additional income through enhanced debt recovery.		
Budgeted Saving	Source of Saving	2022/23 (£000)	2023/24 (£000)
	Reduction in staff costs, or additional debt recovery	25	40-50
Actions needed to	<ol> <li>Consultation to be undertaken with teams for any new structure proposals</li> <li>Discussions currently ongoing with RBBC at Exec level on whether a shared working arrangement will be cost effective now knowing the proposed cost of investigation by KPMG.</li> </ol>		
deliver saving			

	3. Proposed recruitment of additional recovery officers on fixed term contracts as detailed within the business case for June 2022 S&R Committee. The intention is for these officers to cover their cost and then contribute to the financial position of the Council.
Anticipated impact	Will impact the frontline Revenues and Benefits service and will likely mean a change of officer reporting lines and additional responsibilities for other staff.
Risks and Mitigation	Closer management required to ensure we maintain processes in a timely manner Planning required to reduce risk of further hardship to customers due to delay in processing times Planning required to prevent reputational damage if customers need to wait longer for benefits to be assessed Mitigations include better management information from the NEC system, added automation for speed of processing and recent use of NEC processing service to clear backlogs

# **Appendix B - FTP Service Reviews - Key lines of enquiry**

Service	Comms	
Lead Officer	Giuseppina Valenza	
KLOEs under co service review	onsideration in	Update / next steps
against corporate what services shoundertaking or control a different way 2. Source extern innovation in ser what could be accepted as specification and 3. Run internal services stakeholders 4. Discuss moving to managers and to other teams 5. Review future	at what cost urvey with g back areas of work administration back arrangements for ed out including web	<ul> <li>Current activity analysed and categorised into need to continue corporately or transferred to managers or ceased and a risk impact</li> <li>Informal market discussions with neighbouring councils and two private sector organisations to understand what is possible for service delivery and meeting the revised priorities. Expecting outlined proposals during June and business case options by end of June</li> <li>Surveys have been sent out to internal stakeholders.</li> </ul>

Servi	ce	Cross Cutting Digital a	and	IT
Lead	Officer	Mel Thompson		
	s under co ce review	nsideration in	U	odate / next steps
1. Der Oppagract 2. Creside 3. Lor ser fut a rut 4. Rev the back pot in pot cut 5. Rev cur 1T/rur 6. Gas imp	rine the opterating Moderating Moderating Moderating for I realized for I realize	ogramme plan to projects following the wider is and the identified IT, map and develop of the IT team e of Salesforce across on and identify other stems that could ive onto the platform – with the digital cross cream t service providers aged with to deliver tions and how they are d. Indicate the cost of cloud first approach	•	Workshops with Salesforce are underway to review customer journeys. Self-service is a key area that is being considered across the council with a focus on available functionality and customer journeys. The Chatbot pilot underway will inform potential usage in other areas.  Reviewing potential usage of telephony in Salesforce  Looking to rationalise the IT estate by moving new functionality into Salesforce Four use cases have been specified for further investigation with Salesforce:  End to end Management of Waste process being reviewed, including digital customer contact which can be applied to other areas.  Housing – Orchard currently used but explore Salesforce further  Planning – review existing functionality from customer journey perspective and how this could be improved for residents  Review database/other products to understand how these could be rationalised and delivered more efficiently Dependency on the overall model in order to understand the IT service requirements  Programme planning in progress to understand outcomes and how these will be delivered  Workshops underway with Salesforce to look at the art of the possible.  Gain an understanding where self service could be provided and the potential efficiencies and savings this could bring.

Service	Cross cutting 3 <sup>rd</sup> party spend and Procurement
Lead Officer	Mark Hak-Sanders / John McGeown

# KLOEs under consideration in service review

- 1. The Procurement function has focused primarily on the procurement of contracts, analysis of procurement activity and reporting to the Procurement Board. The wider critical aspects of a target operating model being Commissioning and Contract management have not been a focus to date due to capacity and training and development.
- 2. In the short term, there is an urgent need to add capacity and skills to the Procurement function which has 2 fte of which 1fte is filled as a Procurement Specialist and one post is vacant. A strategic commissioning resource will be recruited to fill the vacancy given the anticipated procurement activity coming out of the service reviews.
- 3. In the longer term from 2023/24, the Council will move to a Commissioning target operating model given the likely increased externalisation of services.
- 4. Provision of training for all managers.
- 5. Recruitment to a Strategic Commissioning team both in the short term and in 2023/24 as the Council transitions to a permanent solution.
- 6. The exact nature of the training and recruitment is dependent on the TOM Development Group recommendation for a short term solution and then the transition and full implementation of the target operating model for Commissioning, Procurement and Contract management for approval by Committee. This is expected to be in September 2022.

# **Update / next steps**

- The development of a target operating model for Commissioning, Procurement and Contract management
- Provision of training for all managers.
- Recruitment to a Strategic Commissioning team both in the short term and in 2023/24 as the Council transitions to a permanent solution.
- The exact nature of the training and recruitment is dependent on the TOM Development Group recommendation for a short term solution and then the transition and full implementation of the target operating model for Commissioning, Procurement and Contract management for approval by Committee. This is expected to be in September 2022.
- Analysis underway to review contract and non-pay spend to identify inefficiencies or duplication and feeding data into each service review.

Service	Customer Services
Lead Officer	Mel Thompson / Julie Porter (handing over)

# KLOEs under consideration in service review

# Reduce demand number of calls received and increased on-line automation through use of digital such as chatbots and website

- 2. Pursue Internal Efficiencies
- 3. Continue Pilot of Chatbot for Rev's and Bens which has just started.
- Review incoming demand and integration with key services including Waste, Revs and Bens, Housing and Planning
- 5. <u>Develop plan for Channel shift / self</u> service
- 6. Reduce repeat callers (20% of all call backs are planning enquires, 27% are Housing needs)
- 7. Reduce face to face visitors (Housing needs, Council Tax, key returns, certificate of life and Benefit queries are the highest reason residents come to the office)
- 8. Assess digital platform in terms of optimise Salesforce or an alternative and whether delivered in-house or with a digital partner
- 9. Outsourcing scanning/indexing and hybrid mail
- 10.Agree solution to telephony as part of wider digital solutions and whether delivered in-house or with a digital partner.

# Update / next steps

- Review of admin functions
- Meetings underway with Digital Mailroom companies to understand reduction of postage costs.
- Mapping workflow process for scanning and indexing of correspondence and planning redaction and how this should be carried out in the future
- <u>Chatbot</u> Review the success of this trial and looking at how other organisations deliver this functionality as well as talking to Salesforce
- <u>Digital</u> Currently exploring ideas with another organisation as they are an innovator on customer services Digital

   working with them to understand
   where they can identify potential
   efficiencies. Working closely to understand and document options for delivery.
- Telephony
- Waverley council model is being reviewed and meetings have taken place to understand more and collate data for bespoke model pricing.
- Alternatively, investigating whether Salesforce voice and Einstein can deliver a seamless telephony experience that integrates to core enterprise solutions.

Service	Human Resources	
Lead Officer	Aretha Pitkin	
KLOEs under co service review	onsideration in	Update / next steps
view to HR Se implementation and empower includes central seriors. Senior HR properties only high-levers. Consider how streamlined read that the function was considered to the function was considered.	on, instilling efficiency ring workforce, this ral HR helpdesk. ofessionals to deal with	<ul> <li>Process mapping workshops in progress to understand pain points and areas where efficiencies can be made.</li> <li>Review findings and look at new recruitment process</li> <li>Review of the future HR operating model is in progress</li> </ul>

Se	ervice	Legal				
Le	Lead Officer Lidia Harrison					
	OEs under co	onsideration in	Update / next steps			
1. Review volume of work, generated primarily by Planning and Housing and look to address the root cause of this demand and lower the amount of work through improved service performance.		• Ru ca vo Ar	ext three months (June to August):  un and assess reports from the legal use management system to see olumes and trends of work and type. The there opportunities to reduce the semand from services, services to			
2.	2. Find other ways for certain types of legal work to be undertaken. This could involve, for example, negotiating with a service area for them to absorb certain low-level work, perhaps aided by more training or templates.		th tro ar • To wo	eliver lower level legal activities emselves and any peaks and oughs? Engage services in demand halysis and mitigation opportunities.  The review and identify process and orkflow improvements including what leas can be automated, introduce		
3.	3. Review business planning and budgeting for projects. Is legal budgeted in such instances at the right level/ amount?		se leg ge	elf-service where possible and that gal judgement is given wherever it is enuinely needed.		
4.	4. Review workflow and process improvements that can support efficiency.			rowth potential of income generation and potential income and cost cluding resource impact.		

- 5. Assess commercial income generation opportunities and/or pursue shared service initiatives.
- High level assessment of viability of shared services model.
- Following three months (Oct -Dec):
- Establish what work streams require legal input on their specific projects.
   Has a legal budget been included?
- Progress if deemed viable, a shared service arrangement.

#### Cycle 2

Service	Asset Management and FM
Lead Officer	Alison Boote

# KLOEs under consideration in service review

# **Update / next steps**

- 1. The adoption of an integrated Property service (Corporate Landlord) should be considered. This could include a service restructure, including determining the appropriate level of resource, clarifying roles and responsibilities, and establishing service level agreements. Delivery models for this approach to be considered to ensure sufficient scale is achieved.
- 2. Aligned to the above, the centralisation of asset-related budgets could be considered.
- Review how the wider property model supports building related compliance, and determine how this could be improved if necessary
- 4. Baseline all FM/Property related spend/budgets across all assets (inc. cleaning, repairs etc.) and benchmark performance

- Review of the c140 properties and splitting them to identify the assets held for social economic or regeneration from investment income reasons
- Review further which can be sold or redeveloped for housing – or land, especially woodland exploited for biodiversity net gain opportunities
- Review all projects and determine best home for the activity – practical projects for example for parks
- Review current service charge allocations and confirm that these are being recovered in full and in line with quidance
- Review rent reviews, and identify priority areas to focus on
- Review current debt levels, and determine what is a priority area, what may need to be written off etc.
- Review current space in the Town Hall occupied by TDC, including consideration for desk/staff ratios and benchmark
- Determine future space requirements for TDC, and consider impact on space which would be rented out
- Develop a project plan which will consider the future of the Town Hall

Se	Service Community Partnerships				
Le	Lead Officer Julie Porter				
	OEs under con	nsideration in service	Update / next steps		
	1. Alternative funding sources for the IRIS Programme – working with health and SCC partners  2. Partnership work with R&BBC to support a community intervention through the non-recurrent funding allocated in 22/23		<ul> <li>Planning in progress to follow up on the key lines of enquiry to understar where there are efficiencies across the</li> </ul>		
2.			•	Preparations underway for reviewing of the Wellbeing Prescription contract	
	3. Anti-social behaviour – Enforcement, Problem Solving, evidence gathering, prevention and awareness and victim support and guidance needs to be mapped across the authority and a new process agreed				
	4. <b>Additional work streams</b> - Lottery administration, grant funds, Community transport and Leisure development is due to fall into the remit of the team, no current resources are identified to carry out this work				
5.		a review of the costs ed projects			
6.	<ul> <li>of grant funded projects</li> <li>Wellbeing Prescription - Assess the financial impact of the service on the Council</li> </ul>				

Service	Democratic Servic	es
Lead Officer	Lidia Harrison (Me	l Thompson handing over)
KLOEs under corservice review  1. Reduction in Mallowances (10) 2. Fewer committed 3. Review number committees 4. Simplified oper governance for eg; shorter cordevise route for evise route for the services radd resilience of legal case of the services of the services of legal case of the services of legal case of the services of the services of legal case of the services of the services of legal case of the services of leg	embers to 25%) ees per cycle r of functional rational committees mmittee reports; r reports to note das and minutes move to Legal, will due to the number efficers	<ul> <li>Update / next steps</li> <li>Plan developed for replacement of key member of staff and going out to recruitment shortly</li> <li>Planning in progress to follow up on the key lines of enquiry to understand where there are efficiencies and potential savings.</li> </ul>
<ul> <li>savings</li> <li>Boundary commission review will likely lead to less Councillors from 2024 onwards</li> <li>Consultation on all out elections could result in significant savings from 2025 onwards</li> </ul>		

Service	Operations & Locality including Waste			
Lead Officer	Simon Mander			
KLOEs under con service review	nsideration in	Update / next steps		
1. Determining the location in the Courelated services cuby Locality and Op 2. Based on the bearformance and Value for Money of service delivery arrangements, directional through contractum 3. Following deciding delivery arrangements.	uncil for Housing urrently delivered perational Services. enchmarking of analysis of the f the current trangements, e delivery ect (in-house) or al arrangements. ing the future	<ul> <li>Grounds Maintenance/Street Cleansing To baseline current service delivery, including current features and assets which are being maintained, the frequency to which maintenance tasks are delivered, and the quality to which they are performed.</li> <li>Benchmarking then undertaken to identify current value for money.</li> <li>To baseline current financial position to understand full cost of delivery, including impact of recharges and works performed for other areas e.g. Housing.</li> <li>Waste</li> </ul>		

- delivered through contractual arrangements, taking account of market conditions.
- 4. Following on from 1, 2, and 3 above, develop a new target operating model for the integrated Locality and Operational Services. 5 Develop an implantation plan for the new target operating model.
- Review to the current approach to flytipping to re-focus services on clearance to reduce resource demands of investigation
- Review continuation of Bring Bank services and how may impact upon wider Waste Service.
- Review contractual arrangements for Clinical and Hazardous Waste to identify opportunities for streamlining through consolidating arrangements.
- Review contractual arrangements for Clinical and Hazardous Waste to identify opportunities for streamlining through consolidating arrangements.
- Enforcement
- Review Environmental Awareness and Enforcement function with consideration given to the requirement for a new policy for enforcement that targets resources more precisely to priorities.
- Localities
- To consider the operational and financial benefits of tasks currently delivered through the Localities team and whether they deliver value for money through the current approach and engage services (Housing) to assess impact of the above.
- Vehicle Maintenance
- To review costs to baseline spend, and cross-charging to ensure fair allocation and full recovery.
- Undertake soft market testing to confirm market appetite and likley costs of external delivery
- Parking
- Review of the current delivery arrangements for enforcement to reduce costs and/or increase PCN income will be undertaken. This may lead to recommendations to alter the arrangement with Sevenoaks District Council who currently deliver enforcement services.
- Benchmark enforcement costs to evidence Value for Money.
- Consider impact to arrangement with Seven Oaks and engage partner
- Consider strategy, and current sites which may release assets depending on strategic position to generate Capital Receipts.
- Playgrounds

<ul> <li>To benchmark current provision and</li> </ul>
volume of sites
<ul> <li>Review current maintenance specification</li> </ul>
and confirm offers best value
<ul> <li>Develop plan for a play area strategy,</li> </ul>
which will consider re-configuration of play
areas, in alignment with Open Space
Strategy
Housing Repairs
Baseline service demand, resource
requirements, works type, and financial
position, including recharges and income
received from other services
<ul> <li>Benchmark service to identify value for</li> </ul>
money delivered
<ul> <li>Review processes, and performance,</li> </ul>
including focus on job allocation and
productivity
<ul> <li>Review processes, and performance,</li> </ul>
including focus on job allocation and
productivity
1 '
Engage partners, and soft market test to
consider models

Se	ervice	Regulatory Services		
Le	ad Officer	Alison Boote		
	OEs under cor	nsideration in service	Update / next steps	
	<ol> <li>Further standardisation of approach between the 2 councils including policy convergence to create a single model</li> <li>Look at potential Productivity</li> </ol>		<ul> <li>Discussion with partnership manager has taken place, next steps to be followed up.</li> </ul>	
	improvements  3. Bring coherence and consistency of make or buy decisions		<ul> <li>Planning in progress to follow up on the key lines of enquiry to understand where there are efficiencies across the</li> </ul>	
	4. Exploring a Risk based approach to env health inspections		service and partnership.	
	Commercial dev Use of digital / d	velopment opportunities online portal		

Serv	/ice	Revs & Bens	
Lead	d Officer	James Devonshire	
	Es under cor	nsideration in	Update / next steps
1. W	Vork with Fina eam to confirr	nce and Exchequer n the timely ndry debt being	<ul> <li>Exploration of a shared service</li> <li>Improved debt-recovery through a self-financed business case on the agenda for S&amp;R 30<sup>th</sup> June</li> </ul>
ei ai ei oi C	ervice areas, ingagement wond customers fficient and efficient for dectustomer First	ith staff , to look at most fective restructure onstructing the model.	<ul> <li>Structural review to ensure that the benefits of moving to NEC are fully realised in the staffing structure</li> <li>Commission a review of delivery model options</li> </ul>
pi m to in al	3. Comprehensive review of internal process and procedures to identify more efficient ways of working and to improve customer service – involve staff in reviewing. This will also include realization of increased self serve and automation from new NEC system		
4. B ag h	enchmarking	of performance A's to understand	
5. Fi	inalise MoU w	ith RBBC for f fraudulent claims	
ai in cu cu oi	urrent arrange urrently revie ptions, furthe	_	
7. C a	Consider offset gainst Govern Iready in place		
		ore work and calls to y CS at first point of	

contact.

## Appendix C - Becoming a Commissioning Council

#### What is meant by Commissioning?

Commissioning is an established approach within and across the public sector. Essentially it is a structured process to assess needs (at a strategic, operational and/or individual level), establishing the resources available to meet those needs (both those available to the Council and more widely through other partners) and put in place the right delivery mechanisms to meet those needs.

#### The Commissioning Cycle

A typical commissioning cycle involves a structured process as set out below:



#### 1. Analyse

Build up to date evidence and understanding of the needs and desired outcomes / requirements to gain a clear understanding of what people want and priority areas.

Resources - consider the use of all resources including money, community resources, assets available (including those of partners and other organisations).

Market – understand the market available and the best way to engage with the market to support delivery.

#### 2. Plan

Targeting - target resources at citizens in need and priorities to have maximum effect on outcomes.

Select Delivery mechanisms – select the most appropriate; this can range from internal SLAs, performance management of internal teams through to external

service provision, partnerships, harnessing voluntary and community resources and capacity.

Requirements – establish a clear specification of requirements / outcomes against which delivery can be assessed.

#### 3. <u>Deliver</u>

Identify and procure cost effective service providers and partners to work with.

Build strong relationships with service providers.

Ensure performance and contracts are measured and managed.

#### 4. Review

Gather feedback, identify and deliver improvements to cost and performance and delivery of outcomes.

#### Commissioning at different levels

Commissioning is an approach that can be applied at different levels. For TDC this is likely to involve commissioning at the first 3 levels set out below:

**Regional / sub-regional** – working with other public sector partners

**Strategic** – linked to the development of the Councils Strategic Plan, Medium Term Financial Plan and annual Service Plans

**Operational** – choosing the most appropriate and cost-effective service provider

Commissioning	What is it?
Level	
Regional/Sub- regional	<ul> <li>Across local authority boundaries through exisiting regional structures or new partnering arrangements.</li> <li>One partner can take the lead in the commissioning activity.</li> <li>It can provide economies of scale and shared costs</li> </ul>
Strategic	Overall strategy of commissioned services     Linking outcomes to greater efficiencies     Setting commissioning standards and a commissioning framework     Establishing the commissioning system and processes     Building capacity and market management     Setting resources     Performance Management and governance
Operational	<ul> <li>Commissioning at operational level</li> <li>Ensuring commissioning meets the strategic priorities</li> <li>Carrying out the commissioning cycle activities</li> <li>Can be targeted to a group, locality or service/team</li> </ul>
Individual	<ul> <li>Commissioning of services for the individual or personalised budgets</li> <li>Call off from larger contract to meet specific need</li> <li>Carries out commissioning cycle activities to deliver individual outcomes (activities will need to be proportionate to the size of the commissioning)</li> </ul>

## **Appendix D – Redundancy Policy**

#### 1 INTRODUCTION

- 1.1 This policy has been written with the specific aim of assisting Managers in dealing with the implications of redundancy and redeployment. This policy will replace sections 7, 8 and 9 of the existing management of organisational change procedure and used mainly in conjunction with that procedure.
- 1.2 Following this policy will enable managers to treat all employees fairly and consistently in relation to redundancy/severance and redeployment, in line with good practice and requirements of the Council's equality and diversity policies.
- 1.3 This policy is in accordance with good practice guidance notes and codes of practice issued by ACAS. The policy is also in line with employment law, including regulations dealing specifically with employment matters.

#### **GENERAL PRINCIPLES**

#### 2 SCOPE

- 2.1 This policy applies to all permanent Council employees. The policy does not apply to agency, interim staff or contractors.
- 2.2 For the purpose of this policy, employees are as defined in section 230 of the Employment Rights Act 1996 or any substituting or amending legislation
- 2.2 This policy will be varied for certain senior staff to ensure compliance with local government law and JNC conditions of service for Chief Executives and Chief Officers.
- 2.3 This policy covers:

Approvals required
Consultation and communication process
Selection process
Methods to assist in reducing number of redundancies
Procedure to be followed in the event of a redundancy situation

#### 3 PURPOSE

- 3.1 The purpose of this policy is to ensure there is a structured process for dealing with employment matters and supporting employees during periods of change where the deletion of posts and staff redundancies may be involved.
- 3.2 Employees are required to engage actively in the process of redeployment, with redundancy seen as the last resort.
- 3.3 In cases where services are transferring to another provider, the (TUPE) will apply. Separate advice should be sought from legal and HR in these situations.
- 3.4 When redundancies arise, the Council will consult at an early stage and take appropriate steps to keep the number of redundancies to a minimum, whilst considering the needs of the organisation.

3.5 Managers will seek to ensure the redundancy and redeployment process is conducted with fairness, transparency and confidentiality.

#### 4 PROCEDURE

#### 4.1 VOLUNTARY REDUNDANCY

#### 4.1.2 Application process

The Council will also consider applications from those employees directly affected by proposals to express an interest (EOI) in voluntary redundancy.

In considering such requests the Council will make it clear that:

- It wishes to retain those employees who will best meet the needs of the Council in terms
  of delivering effective and efficient services to the public
- It reserves the right to decline an EOI and there is no right of appeal. Where a request is refused the reasons for doing so will be given

An EOI form can be found on the Hub under HR Policies. EOI's must be submitted to the line manager responsible for the restructure or proposed change to service. This can be done by email or a printed EOI form provided in person.

The line manager must contact HR and submit all expressions of interest immediately to: <a href="mailto:hr@tandridge.gov.uk">hr@tandridge.gov.uk</a>. Alternatively, the line manager can contact their HR Business Partner to request advice regarding voluntary redundancy applications.

If the individual is aged 55 or over and a member of the pension scheme, Human Resources will obtain a financial pension benefit estimate from Pension Service.

HR will liaise with the relevant Head of Service or Director and consider the request in accordance with the criteria set out in section

**4.1.3** The decision will be made by the Chief Executive (if appropriate) Section 151 Officer and Senior HR Professional in conjunction with the relevant line manager. HR or the relevant Manager will notify the employee of the decision in writing. (see appendices 2 and 3)

#### 4.2 AGREEMENT OF VOLUNTARY REDUNDANCY

# 4.2.1 Voluntary redundancy may be approved if staff come under the following category:

- Employees who are in a post proposed for deletion, or whose post may be deleted in the future, as a result of the reorganisation
- Employees in any post where a reduction in employee numbers in that post is proposed as a result of reorganisation or may be in the future due to restructures and/or financial circumstances.
- When a role has been identified for deletion, employees in posts not proposed for deletion or reduction, may wish to apply and be considered for voluntary redundancy if

voluntary redundancy is agreed this will avoid someone else being made compulsorily redundant. The person at risk will be redeployed into the position.

#### 4.3 VOLUNTARY REDUNDANCY CRITERIA

- 4.3.1 Each request for voluntary redundancy will be considered individually, based on the interests of the Council. It is paramount consideration is given to maintaining efficient services to the community and residents. The Council is obliged by law to consider ways of avoiding, and reducing, the number of redundancies. Given these legal obligations an EOI will usually be declined if an employee can be:
  - a) Assimilated into a role
  - b) Placed within a ring fence
  - c) Offered reasonable alternative employment
- 4.3.2 All the above apply unless the Council considers there is a strong business case presented to demonstrate otherwise. For example, the voluntary redundancy will create a vacancy suitable for another redeployee and avoid their redundancy.
- 4.3.3 Where an employee volunteers to leave the Council on voluntary redundancy, consideration will be given to the following factors when assessing the request:
  - **Financial** Capital costs for the Council will be negatively impacted. An example of this is, the total cost of the voluntary severance package including the pension strain, outweigh the ability to recover the costs
  - **Service Delivery** The employee is critical to delivering the service and the delivery would be seriously comprised if the employee left
  - **Skills and Knowledge** Loss of competencies, skills and experience would have a material impact on the Council and service delivery. The individual has specialist skills that are required by the organisation, not available elsewhere in the service area.

#### 4.4 COMPULSORY REDUNDANCY

- 4.4.1 Employees who remain at risk following consideration of assimilation, ring fencing and redeployment will face compulsory redundancy, unless they have made an application for voluntary redundancy the Council has accepted.
- 4.4.2 In these cases, the employee will have a final meeting with their manager where the date of termination of employment, as notified to them previously in writing, will be confirmed.
  - Arrangements will be put in place by the employee's manager to support the employee during their remaining notice period, including continuing to look at potential opportunities within the Council as well as providing the time to attend interviews outside of the Council.

#### 4.5 CALCULATION OF REDUNDANCY AND PENSION PAYMENTS

- 4.5.1 For employees who leave the Council's employment either through voluntary or compulsory redundancy the following will apply:
  - Entitlement to redundancy pay is based on contractual pay, length of continuous service and age.
  - The maximum service that can be considered for redundancy pay purposes is 20 years.
  - The redundancy payment will be based on 1.5 x actual salary.
  - An employee aged 55 or over who is made redundant, may be entitled to early retirement and early release of his or her annual pension and a lump sum. (See also Retirement Policy).
  - There is a guide to the Local Government Pension Scheme on the Hub and where applicable, any pensions calculation will be included in redundancy or pensions calculation supplied to an employee.

#### 4.6 APPEALS AGAINST DISMISSAL

- 4.6.1 An employee may appeal in writing against dismissal on grounds of redundancy to the relevant the HR Business Partner.
- 4.6.2 Appeals must be lodged in writing within 5 working days from the written notification of redundancy being received by the employee. The appeal meeting will be held within 10 working days of the notification.
- 4.6.3 The employee must take all reasonable steps to attend the meeting and may be accompanied by a Council colleague or Staff Conference Representative.
- 4.6.4 If the employee is unable to attend the meeting on the given date because their companion is unable to attend, one further date will be given. This will normally be within 5 working days of the earlier date and the employee must be advised that if they fail to attend, the appeal will be considered in their absence and based on any written submissions. Any postponement or delay in the appeal being heard will not affect the notice end date.
- 4.6.5 Where discrimination, bullying or harassment issues are raised at an appeal HR will be notified. A Senior HR Professional will determine whether it is appropriate for these issues to be dealt with separately or to consider them within the scope of the appeal.
- 4.6.6 Where an employee refuses a reasonable offer of alternative employment, either as a result of the process described above or the redeployment process set out below, they will not be eligible for a redundancy payment. This will be treated as a resignation rather than a redundancy.
- 4.6.7 Employees may appeal against redundancy on the following grounds:

- a) the decision to delete their substantive post
- b) the failure to assimilate or appoint them into a new post in the revised structure
- c) the termination of a trial period in respect of a post into which they have been redeployed under the organisational change procedure

#### 4.7 PROCESS OF HEARING THE APPEAL

- The employee will present their case
- The manager (or a manager nominated by the manager) will respond to the case/present management case.
- The Chair of the Appeal may ask questions of both parties
- The employee and manager will have the opportunity to sum up, with employee summing up last.

The appointed chair of the Appeal will decide to:

- a) Uphold the decision already made
- b) Change the decision made

The decision at the appeal is final and the employee will be sent a letter to confirm the outcome within 5 working days.

#### 5 REDEPLOYMENT

- 5.1 During the employee's notice period, the Council will endeavour to find suitable alternative employment (redeployment). Human Resources and the relevant senior manager will ensure a systematic approach to notify employees of redeployment opportunities.
- 5.2 Employees will be supported in the following ways:

A member of HR will, if requested, meet with the employee to:

- look at options (including identifying suitable secondment and work shadowing opportunities to enhance skills)
- identify suitable training such as interview skills, specific skills training and financial information and planning
- 5.3 The employee will be informed of and guaranteed an interview for any potentially suitable post in the Council identified through the redeployment process, provided notification is provided regarding interest in the post. This must be within the timescales indicated in the vacancy advert. If an employee meets the criteria for the post, redeployees' will be given priority over candidates not eligible for redeployment.
- 5.2 The employee will be given reasonable paid time off to look for other work and attend interviews during a notice period. Examples include time off to attend interviews, time at work to undertake online job search or to complete applications for roles. You will need to agree the time with your manager.
- 5.3 The employee can make use of the Council's Employee Assistance Programme, which provides personal support and financial advice.

#### 6 FREQUENTLY ASKED QUESTIONS

#### 1) Can an Expression of Interest be withdrawn?

An employee may withdraw their Expression of Interest following receipt of any of their severance estimates and at any time until the EOI is accepted by the Council and a termination date has been agreed with the employee.

### 2) Considering the Expression of Interest

The Council reserves the right to decline an EOI. There is no right of appeal. Where a request is refused the reasons for doing so will be provided.

#### 3) What happens if voluntary redundancy is agreed by the Council?

If voluntary redundancy is agreed, you will receive a confirmation letter from Human Resources. This will include details regarding your redundancy, such as last day of service.

You will also receive redundancy calculations, if you have not already. You will receive a Pension estimate if you are over 55.

### 4) How much will the payments be?

Any voluntary redundancy payments and pension benefits will be the same as if the employee were made compulsorily redundant.

#### 5) When will the payments be made?

All redundancy payments will be made in the next available scheduled pay date, wherever possible. Human Resources will contact the employee if pension payments are applicable and staff are over 55 years of age.

# 6) If I stay in another job at the Council, will my continuous service and annual leave be affected?

If you have more than one job at the Council, following redundancy from your other role, your annual leave will be calculated for the remaining job. Your continuous service will not be affected.

# 7) Will my pension be affected if I take voluntary redundancy from one role but remain in another job in the Council?

Pension contributions will reduce if you leave one role and remain in another. Your final pension will be based on the previous payments and new payments you make once you leave one of your posts. You will continue to receive ongoing pension calculations.

# 8) If my role is no longer required in a proposed new structure, what will happen to me?

A suitable offer of alternative employment could be made. This means a similar role could be offered in terms of:

Status/responsibility

Pay

Location of work

Nature of work

Skills required

Terms and conditions

If any of the above change substantially, this would not be deemed a suitable alternative offer of employment and there would be a redundancy situation. If the above were met and you still did not want the proposed role this would be classified as a resignation. Your right to redundancy pay may be affected, if you unreasonably turned down a suitable alternative offer of employment.

### **Appendices**

**Appendix 1 Expression of Interest form** 

**Appendix 2 Confirmation of VR Letter** 

**Appendix 3 Formal confirmation Letter of Voluntary Redundancy** 

Appendix 4 Refusal of VR Letter

**Appendix 5 Appeal Form** 

**Appendix 6 Ready Reckoner/Redundancy Calculator** 

# Appendix 1 Expression of Interest Form (EOI Form) (To be completed by Employee)

Position of post to be deleted							
Department							
Service							
Do you meet the eligibility criteria for your service area? If you are unsure what this is, p speak to your line manager or HR team.							
If you do not meet th	If you do not meet the criteria your application will not be progressed						
Explain how you meet	t the criteria in the b	ooxes below					
Please explain how you meet the criteria							
Employee's full	<u> </u>						
name							
Employee's Address							
Employee Number							
Date of Birth		Age					
National Insurance Number		<u> </u>					
Post title							
Contracted/ Guaranteed Hours per Week							
Annual Salary	£						
Multiple post holders:	Post	Position Number	Location	Hours per week	Applying for VR?		
Please complete and tick which posts you							
are applying for VR							
from							
Member of Pension	Local Government Pension Scheme						
Scheme	Non-Member						

Please tick as appropriate										
Other Terms and conditions	Casual Car User	Occupational Maternity Pay								
Please tick if you are in receipt.	Child care vouchers	Cycle to Work								
	Purchased Additional Other:									
Line Manager										
Start date										
Proposed leaving date										
Any other comments in support of your VR application:										
Employee's signature	confirm I wish to be considered for voluntary redundancy. I understand that neither the Council or I are placed under any obligation by this application.  I understand for my application to be progressed I must meet the specific criteria before approval is granted.  Signed Dated									

## Appendix 2 Confirmation of Voluntary Redundancy (Approved)

(Date) (Name) (Address)

Dear (Name)

### **Voluntary Redundancy Scheme – Outcome of Application and Offer of Redundancy**

I am writing to inform you of the outcome of your application to take voluntary redundancy from your employment with Tandridge District Council.

Following a detailed assessment, I am pleased to confirm that your application has been approved.

If you wish to accept voluntary redundancy on the terms set out in the Redundancy and Redeployment Procedure, please sign and return one copy of this letter by *{date}*. Should you fail to accept the offer of voluntary redundancy by this date, the Council reserves the right to withdraw the offer.

If you accept the offer of voluntary redundancy, your line manager will work with you to determine the date on which your employment will end. The exact date will depend on the needs of your service and the following will also need to be discussed:

#### **Notice** period

 In normal circumstances when the Council gives notice of termination of employment you would be expected to work the period of notice. Only in circumstances where there are good reasons for requiring you not to work your period of notice would the Council make a payment in lieu of notice;

#### OR

-In normal circumstances when the council gives notice of termination of employment you would be expected to work the period of notice. On this occasion Voluntary Redundancy is being offered based on a pre-agreed leaving date. In these circumstances entitlement to pay in lieu of notice is being waived.

- Annual leave any outstanding annual leave entitlement will need to be used prior to the end of your employment or paid for in your final salary;
- Flexi-time and TOIL your manager will need to check any balance that you have and make arrangements for this to be used prior to the end of your employment or paid for in your final salary.

Once last day of service has been agreed you will be issued with a letter giving formal notice of redundancy.

You may have already received an estimate of your voluntary redundancy payment and, if relevant, the LGPS pension benefits. These estimates were based on a notional leaving date. If you accept the offer of voluntary redundancy, once your leaving date has been agreed your redundancy payment and, if relevant, pension benefits will be re-calculated to take account of your actual leaving date.

If you wish to withdraw your application for voluntary redundancy, please notify the HR team in writing as soon as possible at <a href="mailto:hr@tandridge.gov.uk">hr@tandridge.gov.uk</a>

On behalf of the Council I would like to thank you for the contribution you have made during your period of employment and I wish you every success in the future.

Yours sincerely

(Name of Manager)

# Appendix 3 Formal confirmation Letter of Voluntary Redundancy

Date

Name Address

Dear Name

#### **Formal Notice of Voluntary Redundancy**

Following the acceptance of your application for voluntary redundancy and further to your confirmation that you wish to proceed with the offer, I am writing to issue you with formal notice that your employment will be terminated on the grounds of redundancy.

- Your employment will terminate on date;
- Either You are contractually entitled to a notice period of number of weeks/months. We
  have agreed that you will work your full / X weeks of your notice period;
- where part notice is being worked You will be paid in lieu of the part of your notice period that you will not be working; Or
- If pay in lieu of notice has been waived Voluntary Redundancy is being offered on the basis of a pre-agreed leaving date. In these circumstances, pay in lieu of notice is being waived by mutual agreement.
- You have a credit / debit balance of X days' annual leave. This will be paid to you in full / this will be deducted from your final pay.
- You will receive a redundancy payment in line with the Council's Redundancy and Early Release policy. The redundancy payment will be based on the salary you are entitled to under the terms of your contract on the date you are issued with notice of redundancy. An estimate of your redundancy payment has already been calculated. If necessary, this will be re-calculated as part of the termination process;
- The above payments will be conditional on you returning all Council property in your possession to the Council on or before the date of termination;
- Either As you are a member of the Local Government Pension Scheme who is being
  made redundant and is over the age of 55 years on the date of termination, you will be
  eligible to receive immediate payment of your LGPS pension benefits without reduction.
  In order to receive your pension, you must complete and return the enclosed form or print
  complete from the link below and email to hr@tandridge.gov.uk.

Please refer to the guidance enclosed.

**or** As you are under the age of 55 you are not eligible to receive immediate payment of your Local Government Pension on termination of your employment. Any pension contributions made during your employment will be deferred and brought into payment at a later date. For pension queries please contact: myhelpdeskpensionssurreycc.gov.uk, quoting your date of birth and NI number.

• If relevant You currently have an outstanding cycle to work agreement. In accordance with the agreement, the outstanding balance is due for payment on termination of your contract and will be deducted from your final salary;

I must advise that if you are offered an alternative post with the same employer or another employer as included on The Redundancy Payment (Continuity of Employment in Local Government, etc) (Modification) (Amendment) Order 2002, and commence this employment within four weeks from the effective date of your redundancy, then any entitlement to redundancy payment will cease and continuous service for the purposes of future redundancy payment is reserved. If you intend to take up such employment, or you have been offered employment elsewhere and are unsure whether your new employer is covered by the Redundancy Modification Order, you must contact the HR team to discuss this further.

Please note, if you take voluntary redundancy and leave the Authority's employment then you will not be considered for re-employment for any post where the Council is the legal employer for a period of 12 months from the date of termination of employment. After that any application must be approved by the Chief Executive (where appropriate), Section 151 Officer and the Senior HR Professional. If you consider applying for a post and you are in receipt of your pension please contact myhelpdeskpensions@surreycc.gov.uk.

To accept the formal notice of Voluntary Redundancy on the terms set out above, please sign and return one copy of this letter by (date)

If you have any queries, please contact name on (telephone number and/or e-mail address).

On behalf of the Council I would like to thank you for the contribution you have made during your period of employment and I wish you every success in the future.

Yours sincerely
-----------------

# (Name)

Enclosures: Pension form (if applicable)

## Appendix 4 Refusal of Voluntary Redundancy

Date Name Address Dear Name

### **Voluntary Redundancy Scheme – Outcome of Application**

I am writing to inform you of the outcome of your application to take voluntary redundancy from your employment with Tandridge District Council.

Following a detailed assessment, I regret to inform you that your application has not been approved.

To obtain approval, your application must meet the criteria Voluntary Redundancy outlined in Section 4.3 of the Redundancy and Redeployment policy. The criteria not met in your application was ......(State here).

There is no right to appeal against this decision Yours sincerely

(Name) HR/Manager

### Appendix 5 Selection for Redundancy - Appeal Form

Employees who are misplaced due to a Restructure and to be given notice of redundancy, have a right of appeal against this decision. The appeal must be made in writing using this form. The completed form must be returned within 5 calendar days of the date of the decision letter and must be completed in full, outlining the reasons for the appeal.

Name:

Line Manage	r:				
Please outline substantiate ye	your appeal; our appeal	giving as much	n detail as you	can, including	all evidence to

Please note, your appeal will not be lodged unless this form is completed in full.

#### Signature:

Service: Job Title:

Email:

**Telephone Number:** 

Date:

The completed form must be returned to: Your Line Manager and Human Resources <a href="mailto:hr@tandridge.gov.uk">hr@tandridge.gov.uk</a>

### Appendix 6 Ready Reckoner

If an employee is made redundant and has at least two years continuous service, they will receive the number of weeks' pay shown in the Redundancy Ready Reckoner. This number is worked out based on and employees age and length of continuous service.

	Serv	ice (ye	ars)																
Age	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
(years)																			
18* (1)	1																		
19	1	1.5																	
20	1	1.5	2																
21	1	1.5	2	2.5															
22	1	1.5	2	2.5	3														
23	1.5	2	2.5	3	3.5	4													
24	2	2.5	3	3.5	4	4.5	5												
25	2	3	3.5	4	4.5	5	5.5	6											
26	2	3	4	4.5	5	5.5	6	6.5	7										
27	2	3	4	5	5.5	6	6.5	7	7.5	8									
28	2	3	4	5	6	6.5	7	7.5	8	8.5	9								
29	2	3	4	5	6	7	7.5	8	8.5	9	9.5	10							
30	2	3	4	5	6	7	8	8.5	9	9.5	10	10.5	11						
31	2	3	4	5	6	7	8	9	9.5	10	10.5	11	11.5	12					
32	2	3	4	5	6	7	8	9	10	10.5	11	11.5	12	12.5	13				
33	2	3	4	5	6	7	8	9	10	11	11.5	12	12.5	13	13.5	14			
34	2	3	4	5	6	7	8	9	10	11	12	12.5	13	13.5	14	14.5	15		
35	2	3	4	5	6	7	8	9	10	11	12	13	13.5	14	14.5	15	15.5	16	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14.5	15	15.5	16	16.5	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15.5	16	16.5	17	17.5
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16.5	17	17.5	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17.5	18	18.5
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18.5	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19.5
42	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5
45	3	4.5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4.5	6	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5
47	3	4.5	6	7.5	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4.5	6	7.5	9	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5
49	3	4.5	6	7.5	9	10.5	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4.5	6	7.5	9	10.5	12	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5
51	3	4.5	6	7.5	9	10.5	12	13.5	15	16	17	18	19	20	21	22	23	24	25
52	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5
53	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19	20	21	22	23	24	25	26
54	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5
55	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22	23	24	25	26	27
56	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	23.5	24.5	25.5	26.6	27.7
57	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25	26	27	28
58	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	26.5	27.5	28.5
59	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28	29
60	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	29.5
61* (2)	3	4.5	6	7.5	9	10.5	12	13.5	15	16.5	18	19.5	21	22.5	24	25.5	27	28.5	30

18\* (1) It is possible that an employee could start to build up continuous service before age 16, but this is unlikely to be the case, therefore the table begins at age 18 61\* (2) The same figure should be used to calculate the redundancy payment for an employee aged 61 and above

# Appendix E - Glossary of Terms

Term	Definition
Balanced Budget	Budget pressures fully offset by budget savings and funding changes.
KLOE	Key line of enquiry – areas to be explored as part of the Service Reviews

	T					
Minimum Revenue Provision	An amount of revenue budget set aside each year to repay debt on capital assets. Each year a charge is made to revenue to spread the cost of borrowing over the life of the asset and ensure that cash is set aside to repay loans when they mature.					
Pressure	Known budgeted expenditure increases and income reductions due to the following:					
	<ul> <li>Growth factors – e.g. demographic, inflation and/or increased demand for services;</li> </ul>					
	• Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or					
	• Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.					
Saving	Known budgeted expenditure reductions and income increases which result due to the following:					
	<ul> <li>Containing additional costs of Inflationary increases in contracts or pay;</li> </ul>					
	<ul> <li>Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money;</li> </ul>					
	The delivery of new or additional services; and/or					
	Optimising sources of income.					
Reserves: General Fund balance	A contingency fund - money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs.					
Reserves: Earmarked Reserves	Funds set aside by Council for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings or equalising over time a particular income stream.					

TOMDG	Target Operating Model Development group – a governance
	group within the Future Tandridge Programme. This group sets
	the direction for the service reviews and agrees the principles
	that will drive the organisational change.

# 2023/24 Budget Setting Process

# Strategy & Resources Committee – 30<sup>th</sup> June 2022

Report of: Chief finance Officer (S151)

Purpose: For information

Publication status: Unrestricted

Wards affected: All

## **Executive summary:**

The Council is legally obliged to set a balanced budget in advance of each new financial year. Constructing a budget that is robust, deliverable and understood by Members, budget holders and residents is a process that takes a significant amount of preparation, with the engagement of key stakeholders.

This report sets out the proposed process for setting the 2023/24 budget, including indicative timescales. The report includes context on the continued uncertainty and expected constraints around Local Government funding, along with the areas of risks and opportunities that need to be explored.

The report also references the key interdependency between the budget setting process and the Future Tandridge Programme which is subject to the 2022/23 Budget – Tranche 3 Savings and Future Tandridge Programme Update report elsewhere on this Committee's agenda.

This report supports the Council's priority of: Building a better Council/ Creating the homes, infrastructure and environment we need/ Supporting economic recovery in Tandridge/ Becoming a greener, more sustainable District

**Contact officer** Mark Hak-Sanders, Chief Finance Officer (S151)

mhaksanders@tandridge.gov.uk

#### **Recommendation to Committee:**

That the Committee notes the proposed process and timescale for setting the 2023/24 budget and Medium-Term Financial Strategy (MTFS), and the financial context in which it will be prepared.

#### **Reason for recommendation:**

It is good practice for Members to be engaged early in the budget setting process and to understand the financial context in which the Council is preparing its budget and MTFS.

Formally setting out this context to the Strategy & Resources Committee ensures that the Committee (which is charged with putting forward the overall budget to Council) is sighted on and has opportunity to shape the manner in which the budget is prepared.

#### 1. Introduction

- 1.1 The Council is legally obliged to set a balanced budget in advance of each financial year. This requires all expenditure to be matched either by expected funding or planned savings. It is good practice to begin development of the budget as early as possible to ensure that plans are deliverable and robustly costed with sufficient engagement of stakeholders, including Members.
- 1.2 This report sets out the process for producing the 2023/24 Budget and Medium-Term Financial Strategy, preparing for Strategy & Resources Committee on the 31<sup>st</sup> January 2023 and Full Council on the 9<sup>th</sup> February 2023.

#### 2. Financial Context

- 2.1 The 2022/23 Budget of £11.351m and the MTFS to 2023/24 was approved by Full Council on 10<sup>th</sup> February 2022, having been considered by the Strategy & Resources Committee on the 1<sup>st</sup> February 2022.
- 2.2 The 2022/23 Budget was balanced with funding of £11.351m, consisting of the following movements from 2021/22:

Table 1: 2022/23 Budget	£k
2021/22 Opening Budget	11,295
Pressures (including £0.9m pension correction)	1,167
Savings	(1,111)
2022/23 Final Budget	11,351

2.3 The MTFS, as presented to Full Council in February 2022, indicated a gap for 2023/24 of £874k. This is set out in the table below, along with an early illustration of scenarios for 2023/24, illustrating pessimistic, optimistic and neutral assumptions. The detail underpinning each scenario is set out in the following paragraphs. At this stage it is not the intention for the scenarios to represent robust estimates of the position for next year, but to demonstrate a plausible range in the requirement for additional savings.

Table 2: 2023/24 Budget Scenarios								
	Full Council	Indica						
	(February	Pessimistic	Optimistic	Neutral				
	2022) £k	£k	£k	£k	Reference			
Opening Budget	11,351	11,351	11,351	11,351				
Pressures	1,280	1,700	1,300	1,500	Section 2.4			
Savings itemised in February Council	(713)	(513)	(713)	(613)	Section 2.5			
Net Budget	11,918	12,538	11,938	12,238				
Indicative Funding	11,044	11,044	11,624	11,351	Section 2.6			
Additional savings to be identified	(874)	(1,494)	(314)	(887)	Section 3			
Total Savings Requirement	(1,587)	(2,007)	(1,027)	(1,500)				

#### 2.4 Pressures

The MTFS reported to Council in February itemised £1.280m of pressures for 2023/24. This included a contribution to build reserves of £433k. The extent to which a budgetary contribution to reserves is necessary will depend on a decision needed from the Department for Levelling Up, Housing and Communities (DLUHC) following the Council's application to use capital receipts to secure more robust General Fund reserves. These pressures, including the requirement to grow reserves, will need to be fully reviewed.

- The **pessimistic** scenario assumes that the pressures itemised at February Council stand, but that a further £0.4m may be necessary to manage a sharp increase in the rate of inflation (running at 9% for CPI in April 2022) since the budget was set (on the basis of 4.2%). This £400k increase is included in all three scenarios
- The **optimistic** scenario works back from the pessimistic scenario, but assumes that DLUHC approve the use of capital receipts to bolster General Fund Reserves, and so the full £433k of reserves growth is not necessary.

 The **neutral** scenario assumes that, through a combination of reviewing reserves and managing inflationary pressure, pressures can be held at a mid-point between the optimistic and pessimistic scenarios.

#### 2.5 Savings

The MTFS reported to Council in February included itemised savings of £713k.

- The **pessimistic** scenario assumes that £200k of these savings prove to be undeliverable in the manner envisaged.
- The optimistic scenario assumes that the £713k is deliverable infull.
- The neutral scenario assumes a mid-point pending a full riskbased review.

#### 2.6 **Funding**

The MTFS reported to Council in February made the following assumptions on funding, to total £11.044m for 2023/24 (a reduction of £307k), as set out in the table, below:

	2021/22	2022/23	2023/24
	£k	£k	£k
Council Tax	8,690	8,937	9,195
2020/21 Collection fund - 3 year spread	(32)	(22)	(22)
Collection fund	0	19	27
Business Rates (Incl Collection Fund deficit offset by s31 grants	1,459	1,632	1,474
Government Grants			
New Homes Bonus	341	618	30
Lower Tier Grant*	340	65	340
Local Government Services Grant		101	
Covid-19	498		
Grant Funding	1,178	784	370
Total Funding	11,295	11,351	11,044

#### Council Tax Funding projected to increase by £265k

**Tax Base:** increase by 0.6%

**Council Tax Rate:** increase by 2.2% / £5 to £235.98 for a Band D

Property

**Collection Fund:** increase by £5k

**Business Rates projected to reduce by £158k:** a modest increase offset by the removal of a £174k pooling gain (one-off for 2022/23)

**Grants projected to reduce by £414k**: to reflect the reduction of New Homes Bonus and the one-off Local Government Services Grant. This assumption was based on the Government's "Fair Funding Review" being implemented in 2023/24, which was the stated intention of DLUHC at the time.

- The **pessimistic** scenario adopts the same assumptions included in the February Council MTFS, as set out above.
- The optimistic scenario (based on projections by LGFutures, a funding advisory body) assumes that business rate income, including S31 business rates grants will be £500k higher, with Council Tax Base growth £100k higher. Business Rates have proved to be highly uncertain with the impact of Covid-19 and so this scenario would require a significant amount of additional testing before it could be adopted.
- The **neutral scenario** assumes that funding will remain flat at 2022/23 levels, with the "Fair Funding Review" delayed to at least 2024/25.

#### 2.7 **Overall position**

The pessimistic, optimistic and neutral scenarios set out a range of assumptions which will need refinement as the budget process develops. Government funding is unlikely to be confirmed before the Local Government Finance Settlement in December 2022. In the meantime the Council, in common with Local Government as a whole, will lobby the Government for additional funding to meet the impact of high inflation on the cost of delivering services.

2.8 The range of additional savings required, to be delivered through the Future Tandridge programme, is likely to range between £0.3m and £1.5m, with a neutral estimate of £0.9m.

#### 3. Future Tandridge Programme

- 3.1 The Future Tandridge Programme is subject to a separate paper on this Committee's agenda: *Tranche 3 Savings and Future Tandridge Programme Update*. The production of business cases for September Committees is a key part of the budget process.
- 3.2 The FTP and associated service reviews represent the key mechanism to identify the savings needed for 2023/24. All savings, including those already identified in the February Council papers and the additional savings required, are in scope for the FTP. The Benefits Board, part of the overall FTP Governance, will oversee delivery.
- 3.3 The Key Lines of Enquiry developing from the FTP will need to be pursued in context of the likely funding gap for 2023/24 and the likelihood of further constrained funding in 2024/25 and beyond.

#### 4. Proposed Process

4.1 The 2023/24 Budget Process will culminate on the 9<sup>th</sup> February 2023, when Council is scheduled to discuss and approve the budget and MTFS. The Constitution determines that the S&R Committee "shall consider the aggregate of all Committee estimates and, after making such amendments as it thinks fit, submit the aggregate estimates to the Council for approval, together with recommendations as to the Council Tax to be levied for General Fund expenditure." For 2023/24, S&R is scheduled for the 31<sup>st</sup> January 2023. An indicative timetable leading up to that point is set out below, including plans to engage with the other Policy Committees:

Time Period / Date	Activity / Milestone
30 <sup>th</sup> June 2022	2023/24 Budget Process Report to S&R Committee
July – September 2022	Initial estimates of Pressures and Savings developed, alongside Future Tandridge Programme Business Cases
	Review of Fees and Charges Review of Staff Allocations and charges to Housing Revenue Account
August – September 2022	Engagement with Members on 2023/24 initial Pressures, Savings, Fees and Charges
September 2022	Committee Cycle – Future Tandridge Programme Business Cases and Initial Pressures and Savings
October – November 2022	Engagement with Members on 2023/24 Draft Budget
1 <sup>st</sup> December 2022	2023/24 Draft Budget and Capital Programme, including Tax Base to S&R
December 2022	Expected publication of Local Government Finance Settlement – finalisation of funding estimates
December 2022 to January 2023	Engagement with Members on 2023/24 Final Budget
,	Engagement with residents and Business Rate payers on 2023/24 Budget
January 2023	Committee Cycle – 2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy
31 <sup>st</sup> January 2023	2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy to S&R Committee

Time Period /	Activity / Milestone
Date	
9 <sup>th</sup> February 2023	2023/24 Final Budget, Capital Programme and
	Medium-Term Financial Strategy to Council
	Medium-Term Financial Strategy to Council

#### 5. Consultation

- 5.1 The Council has a statutory obligation to consult with Business Rate payers, and it is good practice to engage residents on the shape of the budget. Alongside the initial work to quantify budget pressures and identify savings through the Future Tandridge Programme, consideration will be given to an appropriate form of consultation with these stakeholders.
- 5.2 The publication of a Draft Budget in December will form the basis of that consultation, in order to shape the final budget to Council in February 2023.

## 6. Key implications

#### **Comments of the Chief Finance Officer**

- 6.1 Although significant progress has been made to improve the Council's financial position, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for most of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority to ensure stable provision of services in the medium term.
- 6.2 The report sets out how the Council will work to deliver a balanced and achievable budget for 2023/24 and the financial implications are set out throughout this report, alongside the 2022/23 Budget Tranche 3 Savings and Future Tandridge Programme report also on this Committee's agenda.

#### **Comments of the Head of Legal Services**

- 6.3 Under section 25 of the Local Government Act 2003, the Chief Finance Officer of an authority is required to report on the following matters:
  - the robustness of the estimates made for the purposes of determining its budget requirement for the forthcoming year; and
  - the adequacy of the proposed financial reserves.

#### **Equality**

- 6.4 The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.
- 6.5 Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:
  - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
  - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.6 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation.

  Marriage and civil partnership status applies to the first part of the duty.
- 6.7 Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.
- 6.8 Officers will review the budget proposals against the initial equalities screening tool.

#### **Climate Change implications**

6.9 There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through a business case process.

#### **Appendices**

#### **Appendix A – Glossary**

#### **Background papers**

- Strategy & Resources Committee 1<sup>st</sup> February 2022 2022/23 final budget and 2023/24 MTFS
- Strategy & Resources Committee 1<sup>st</sup> February 2022 <u>Future Tandridge</u> Programme
- Strategy & Resources Committee 7<sup>th</sup> April 2022 2022/23 <u>Budget Tranche 2 Pressure and Savings Distribution</u>

end of report		end	of	report	
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# Appendix A - Glossary of Terms

Term	Definition
Balanced Budget	Budget pressures fully offset by budget savings and funding changes.
Business Rates Pool	Local authorities can join together in order to retain more growth from the Business Rates system (e.g. pay Government less of a levy against any increase in Business Rates over the Baseline). In Surrey, pool participation is dictated by the expected level of Business Rate retention. Whilst authorities can choose <i>not to</i> take part, they only qualify for inclusion if Business Rates growth indicates maximum gain for the Countyarea overall. TDC qualified and took part in 2021/22 but not 2022/23.
Capital receipts	The income received when assets are sold (such as land or buildings) in Tandridge DC, these receipts will include the monies received from Freedom Leisure Loan. Capital receipts can only be used to buy or fund capital expenditure or fund transformation programmes under the flexible capital receipts directive. Capital expenditure is the money spent on buying assets that have a lasting value. These assets could be land, buildings or large pieces of equipment such as refuse vehicles.
	Any other utilisation of receipts must be approved by the Director of Local Government.
Collection Fund	A ring-fenced fund to collect Business Rates and Council Tax and then distribute to the billing and precepting authorities (i.e. Tandridge, Surrey County Council, Surrey Police and Crime Commissioner and Parish Councils)
Collection Fund Surplus and Deficit	The difference between the budget for Business Rate and Council Tax collection and the actuals generated. If actuals are higher than budget, they are distributed in the following financial year. If lower, they are charged in the following year. The COVID-19 deficit in 2020/21 is spread over 2021/22 to 2023/24.
Lower Tier Services Grant	Lower Tier Services Grant was a new grant for 2021 to 2022, provided specifically to lower-tier authorities to support funding levels. It is assumed this grant (or more accurately funding of a broadly similar amount) will continue into 2022/23.
Minimum Revenue Provision	An amount of revenue budget set aside each year to repay debt on capital assets. Each year a charge is made to revenue to spread the cost of borrowing over the life of the asset and ensure that cash is set aside to repay loans when they mature.

New Homes Bonus	A grant from Government to reward local authorities for increases to the tax base. The future of NHB has been unclear for a number of years but the budget assumes that an amount equivalent to 2021/22 funding will be received in 2022/23.					
Pressure	Known budgeted expenditure increases and income reductions due to the following:					
	<ul> <li>Growth factors – e.g. demographic, inflation and/or increased demand for services;</li> </ul>					
	<ul> <li>Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or</li> </ul>					
	<ul> <li>Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.</li> </ul>					
Saving	Known budgeted expenditure reductions and income increases which result due to the following:					
	<ul> <li>Containing additional costs of Inflationary increases in contracts or pay;</li> </ul>					
	<ul> <li>Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money;</li> </ul>					
	The delivery of new or additional services; and/or					
	Optimising sources of income.					
S31 Business Rate Grants	Grants issued by Government to compensate Local Authorities for reduced Business Rate income resulting from Government decisions on rate reliefs.					
Reserves: General Fund balance	A contingency fund - money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs.					
Reserves: Earmarked Reserves	Funds set aside by Council for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings or equalising over time a particular income stream.					

#### **DEBT MANAGEMENT REVIEW**

# Strategy & Resources – 30 June 2022

Report of: Chief Finance Officer

Purpose: For information on current debt position, and

decision on a Debt Improvement Plan, including approval to appoint temporary staff to settle and recover, where possible,

aged debt.

Publication status: Unrestricted

Wards affected: All

## **Executive summary:**

Tandridge District Council, like every local authority has outstanding debt across a number of categories. The main areas are Sundry debt, Housing Benefits Overpayments (HBOP), HRA and Collection Fund (Council Tax and Business Rates).

This paper provides a position statement for the four debt categories at 31 March 2022. The report sets out the current position with trend data and it can be demonstrated that:

- all except sundry debt is increasing;
- all four debt streams have increasing or stagnated debts aged over 1 year; and
- collectability is reducing.

A Debt Improvement Plan is proposed in two phases:

<u>Phase 1:</u> prioritise outstanding sundry debt and investigate straightforward recovery in other areas. Provide assurance that further recovery action across all debt types is likely to be self-funded. The temporary resource (up to £50k) will address the immediate capacity to review outstanding debt and continue the implementation of more robust debt collection process across the services.

<u>Phase 2:</u> Subject to the outcomes of Phase 1; to provide a further time-limited resource to tackle the outstanding debt across the other debt streams, focussing on recovery where appropriate, constrain any write-offs and to engage in an opportunity being explored with the County Council to increase collection of Council Tax and Business Rates.

Phase 2 is contingent on Phase 1 demonstrating that further recovery action is likely to be economically viable. A self-funded resource (i.e. through the increased recovery of debt) would be secured to review all other debt streams to optimise settlement rates and reduce debt provisions.

Appendix B outlines the improvement plan monitoring and reporting metrics to ensure the plan is on track and demonstrate whether the plan is positively challenging the baseline debt position.

**This report supports the Council's priority of:** Building a better Council / Supporting economic recovery in Tandridge

**Contact officer** Mark Hak-Sanders Chief Finance Officer (S151)

mhaksanders@tandridge.gov.uk

#### **Recommendation to Committee:**

1. To note the current debt position (Paragraph 1 and Appendix A – Background, Insights, and Trends)

- 2. To approve Phase 1 of the proposed Debt Improvement Plan to tackle the debt position, providing an initial resource (up to £50k) to,
  - prioritise outstanding sundry debt straightforward recovery in other areas and provide assurance that further recovery action across all debt types is likely to be self-funded; and
  - address the immediate capacity to review outstanding debt and continue the implementation of more robust debt collection process across the services.

It is expected that this first phase will ultimately be self-funded but met initially from the 2021/22 outturn position.

- 3. To note that a decision to proceed with Phase 2 (if required and subject to the outcome of Phase 1), will be reported to a subsequent S&R committee to:
  - provide a further time-limited resource to tackle the outstanding debt across the other debt streams, focussing on recovery where appropriate and constrain any write-offs; and
  - engage in an opportunity under consideration to increase collection of Council Tax and Business Rates, with the possibility of a mechanism to share the gain equitably with the County Council.
- 4. To note the proposed Debt Improvement Plan, performance indicators, project risks, and critical success factors (Appendix B Performance Metrics)

#### **Reason for recommendation:**

Outstanding debts for the Council are increasing. This report outlines the issue and proposals to reverse the trend. Appendix B outlines arrangements to monitor and reporting progress of the improvement plan. The proposed improvement plan strengthens the financial health of the organisation.

#### Introduction

1. Tandridge District Council, like every local authority holds debt across a number of categories. Chart 1, below, illustrates the increase in outstanding debt over time. The main areas of debt are Sundry Debt, Housing Benefits Overpayments (HBOP), HRA and Collection Fund (TDC share).

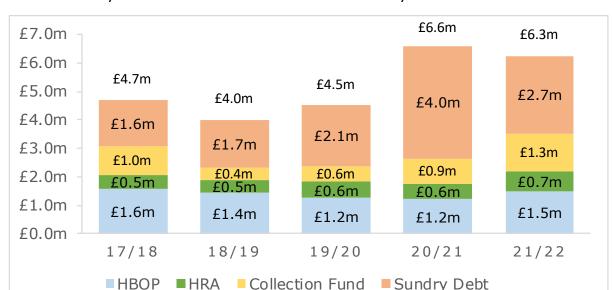


Chart 1: Analysis of the overall debt over 5 financial years:

Note: Collection Fund debt is the TDC share of the outstanding debt

- 2. The chart demonstrates that only sundry debts have reduced over the course of 2021/22, largely due to recovery of a number of high value debts. The analysis in Appendix A shows that all types of debt over 1 year old are stagnating or increasing. Contributory factors are likely to include suboptimal recovery processes in previous years, lack of resources and/or the economic climate during the pandemic. The trend of growing debt is a cause for concern and should not be left unaddressed.
- 3. This business case covers the following:
  - Background current structure and resources;
  - Outline Debt Improvement Plan and proposed request for additional resource;
  - Challenges and limiting factors;
  - Key risks;
  - Outputs & Return on Investment;
  - Proposed Monitoring; and
  - Recommendation.
- 4. Supporting the business case is Appendix A providing trend analyses and insights and Appendix B outlining the performance metrics and targets to monitor against the improvement plan.

#### **Background - current structure and resources**

#### **Sundry Debts**

#### Resourcing:

# **Exchequer Team** (within Finance)

The Exchequer Team currently comprises of:

- Exchequer Services Manager;
- Exchequer Services Lead;
- Five officers (4.8FTE)

The Exchequer Team includes the payments of suppliers and individuals, the invoicing and associated debt recovery for sundry debt and the banking and income for all income streams at the Council.

#### Activity:

Over the course of 2021/22, the invoicing and associated debt recovery for sundry debt element has raised over £6.3m in invoices, and sent approx. 7,000 reminders

# Housing Benefits Overpayments, Housing Revenue Account, Collection Fund Debts

#### Resourcing:

The Business and Income team is made up of three areas; Council Tax and Business Rate collection, Housing Revenue Account rent collection and Corporate Debt collection.

Within this team there is an allocation of 1.2FTE to collect outstanding debt for Housing Benefit overpayments, unpaid Council Tax, unpaid Business Rates and former tenant arrears (HRA).

#### Business and Income Team (Within Revenues and Benefits)

In addition, unpaid sundry debts are referred to the Business and Income Team by Exchequer Services for collection. Prior to the 2019 transformation programme, debt collection was allocated resource equivalent to 4 FTE.

#### **Activity:**

While in-year collection rates for Council Tax and Business Rates remain high, the Council's overall gross debt position for these areas has increased to £1.3m, up 44% from £0.9m in the previous year. This is due to reduced resource, an increase in other work due to Covid-19 grant administration, resource required to implement the NEC system and impacts of the pandemic on customers and their ability to pay. Very little enforcement work has been undertaken to recover debt due to court closures during the same period.

The ongoing Finance and Exchequer service reviews have resulted in greater communication between these service areas, which includes regular meetings, more accurate debt position reports and engagement with services across the Council.

- 5. Over the last twelve months the Exchequer Team has been the focus of a workstream within the Tandridge Finance Transformation programme (TFT). This has predominately focussed on the sundry debt position. A budget of £50k was approved by Strategy & Resources in July 2021 to start the change programme to transform the Exchequer function. The investment was to address the following findings, prior to the change programme:
  - No overall management of the outstanding debt position;
  - No regular monthly reports to key stakeholders e.g., senior managers and service departments;
  - Lack of meaningful text on invoices for customers;
  - Service departments not aware of invoices, if an invoice remains unpaid and therefore service continues to be delivered;
  - Irregular reminders with little narrative;
  - System issues with direct debits, periodical invoicing, and allocation of instalment plans;
  - No agreed roles and responsibilities; and
  - Little engagement between the Exchequer and Business and Income Teams
- 6. As part of this transformation activity the following has been undertaken:
  - Agresso System Health Check;
  - Sundry debts outstanding debt position statement to determine the age and status of outstanding invoices;
  - Review of Accounts Receivable/Debt Management audit observations and recommendations;
  - Review of associated Accounts Receivable end-to-end systems and processes;
  - Overhauled reminder narrative stating consequences of non-payment now sent every two weeks;
  - New Payments from Customer & Debt Management policy approved by Strategy & Resources Committee and Council; and
  - Automation of some manual tasks.
- 7. Progress to date, since the review:
  - Overall management of the debt position established through production of an improved sundry debt report together with a combined outstanding debt report for Members covering other debt categories e.g., Council tax, housing etc. The new sundry debt report is now despatched monthly across the organisation.
  - Formation of an Exchequer Working Group since December 2021 as part of the transformational work with cross-service department representation to start to work more collaboratively to improve the collection of income and the payment of suppliers. The focus of the group at present is on moving forward with improving debt collection and agreeing roles and responsibilities.

- Creation a new Exchequer Manager role to oversee the Exchequer team, reporting directly to the CFO post, approved at the last Strategy & Resources meeting on 11th January 2022. This new role is key to the continuous improvement work started with the Exchequer transformation programme, with debt management a high priority.
- Initial assessment of the outstanding sundry debt to consider the feasibility and economics of continuing chasing older debt. 26% of sundry debt is older than 6 months, totalling £716k. This debt has already been provided for and adjusted for potential non-collectability by over 90%. Some of this old debt will now be statute barred and therefore needs to be written-off.

# Outline Debt Improvement Plan and proposal for additional resource

8. Building on the initial success on the Tandridge Finance Transformation - Exchequer Service workstream, the next step is to outline a Debt Improvement Plan, supported by temporary resource. It is proposed that this consists of two phases, as follows.

#### 9. **Phase 1:**

- Prioritise outstanding sundry debt (high value, low volume) and straightforward recovery in other areas; and
- Provide assurance that further recovery action across all debt types is likely to be self-funded.

The temporary resource (up to £50k) will address the immediate capacity to review outstanding debt and continue the implementation of more robust debt collection process across the services. It is expected that the £50k for Phase 1 will ultimately be self-funded however to provide budgetary assurance, it is proposed that funding be set aside from the 2021/22 outturn position.

- 10. The proposed resource would be 1FTE fixed-term officer shared by Exchequer and Business and Income to undertake the initial review, with a 0.5FTE (or 6 months at 1FTE) fixed-term legal officer. The posts will:
  - Create capacity to review aged debt
  - Assess the debt for likelihood of recovery
  - Support the identification of quick wins
  - Support the Exchequer Services Manager with resolution of inefficient debt management processes and their implementation as part of a continuous improvement plan
  - Determine whether further investment in recovery will cover its costs

Table 1: Phase 1 Resources

						Salary plus
Role:	Contract type		Grad	e Spinal poi	nt Salary	oncosts
Legal Officer	Temporary	0.5 FTE	TA2	2 19	£12,884	£16,500
Accounts Receivable Officer	Temporary	1 FTE	TA2	2 19	£25,767	£33,500
Total impact on budget but self financing						£50,000

#### 11. **Phase 2:**

Subject to the outcomes of Phase 1, a self-funded resource (i.e. through the increased recovery of debt) will review all other debt streams to optimise settlement rates and reduce debt provisions:

- Extend the time-limited resource to tackle the outstanding debt across the other debt streams, focussing on recovery where appropriate and constrain any write-offs; and
- To engage in an opportunity being considered with the County Council to increase collection of Council Tax and Business Rates, with the possibility of a mechanism to share the gain equitably.
- 12. This would involve recruitment of 2 further full-time fixed-term officers shared by Exchequer and Business & Income. The posts will be managed by the Exchequer Services Manager. The posts will:
  - Build resilience and ensure debt collection is prioritised;
  - Pursue the recovery of debt identified as economically viable in Phase 1
  - Ensure team is adequately resourced and workloads are manageable across the team whilst outstanding debt is resolved;
  - Strengthen current working arrangements;
  - Support the development of revised collections processes within the new NEC (Northgate) platform;
  - Ensure the referral of debtors to debt agencies as set out in policy; and
  - Support the development of a joint opportunity on the recovery of Collection Fund debt.
- 13. Phase 2 will also extend the resource available to the Legal Team to 1 full-time Legal Officer role. The post will be managed by one of the Legal Specialists and be for a fixed term basis.

Table 2: Phase 2 Resources

							Salary plus
Role:	Contract type			Grade	Spinal point	Salary	oncosts
Legal Officer	Temporary	1 FTE		TA2	19	£25,767	£33,000
Accounts Receivable Officer	Temporary	1 FTE		TA2	19	£25,767	£33,500
Accounts Receivable Officer	Temporary	1 FTE		TA2	19	£25,767	£33,500
Total impact on budget but self financing							

14. The above represents indicative resourcing subject to the outcomes of Phase 1 and discussions with the County. Within the overall principles of

being self-funded, the resourcing will be shaped in conjunction with the Head of Legal Services, Business and Income and Exchequer.

- 15. Across both phases, the likely outcomes are:
  - Write-off of those statute barred invoices (older than 6-years);
  - Recommendations for recovery actions based on value of debt;
  - Contact with the debtor whilst being mindful of individual circumstances and ensuring compliance with the Debt Respite Scheme which provides a period of "breathing space" for eligible debtors;
  - Address tracing if relevant and if value merits;
  - Legal recovery action taken on debts £500 and above;
  - Referral of debts below £500 to the debt collection agency;
  - Implement advance payment processes where relevant;
  - Exploit opportunities for direct debit payment; and
  - Calculation of the unit cost of the end-to-end process of raising invoices to debt recovery action of all invoices
- 16. It is anticipated that the full proposal would ultimately be self-financing. The Phase 1 £50k investment would initially be funded by a surplus in the 2021/22 outturn position, with the expectation being that the activity undertaken will reduce the bad-debt provision and recover additional income. Once the principle is tested, Phase 2 would be self-financing. Opportunities to share costs with the County Council will be explored.

#### **Joint Working Opportunity**

- 17. The Collection Fund is a significant part of any local authority debt position. Tandridge (like other lower tier authorities) collect the Council Tax and Business Rates for Surrey County Council, Surrey Police & Crime Commissioner, and Central Government. Tandridge is charged with the collection of c£90m (62% of total revenue income) for others, in respect of Council Tax and Business Rates. In effect, the Business and Income Team pass on to other authorities 62p in every pound collected.
- 18. The Collection Fund is also a very complex area with Government subsidies, local discounts, reductions and allowances, and many residents /businesses having automated and scheduled payment methods. This complexity further weakens the link between increasing collection and a gain to the Council's General Fund.
- 19. The Debt Improvement plan will consider opportunities for Tandridge to pilot an arrangement with Surrey County Council to share the gain from increased collection.

#### **Proposal for performance monitoring**

- 20. As part of the Debt Management improvement activity a Health Indicator has been developed for sundry debt and other debt categories. It is planned that this Health Indicator, which will consist of a group of key performance indicators, will be reported monthly within the business area and quarterly with the budget monitoring position.
- 21. The proposed annual performance indicator is the value of unsecured debt over 6 months as a proportion of the total debt raised. The measure refers to the amount of unsecured sundry debt outstanding older than 6 months within the Agresso / Orchard system. Plus, this represented as a proportion of debt raised. Secured debt is defined as being secured against a property in the case of a legal charge. An example is set out below:

Туре	Invoices Raised (to date)	Debts outstanding +6 Months	% unsecured debt	Prior Year Baseline	Outcome Red – Increase over 10% Amber - Increase lower than 10% Green - Decrease
HRA	£14,070k	£536k	3.8%	3.2%	Increase over 10%

- 22. Appendix B outlines the current 2021/22 positions, therefore the benchmarks. This metric would be applicable to HRA and Sundry Debts.
- 23. HBOP recovery is highly volatile and can span decades. Therefore, the metric would be amended to +1 year to accommodate the duration it can take to recover and identify.
- 24. The proposed quarterly performance indicator would be simplified to the rolling quarterly debt outstanding over 6 months. Progress would monitored as follows:

Red: +6 Months debt position deteriorates since last quarter by over 10%

Amber: +6 Months debt position deteriorates since last quarter by less than 10%

Green: +6 Months debt position improves since last quarter

		Debts outsta				
Туре	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23	Outcome  Red – Increase over 10%  Amber - Increase lower  than 10%  Green - Decrease

25. Collection Fund performance metrics are more complex. The bills are raised in full at the beginning of the year and most will have a payment schedule. So quarterly reporting would be skewed due to payment schedules. Potentially looking at pre-Covid settlement percentages for each month could be the target. However the final debt positions will be subject technical adjustments but will provide an indicator of performance.

# **Key implications**

#### **Comments of the Chief Finance Officer**

- 26. The S151 Officer is required to make arrangements for the proper administration of the Council's financial affairs. This includes key elements of the Council's balance sheet such as debt.
- 27. This paper provides an evidenced position statement for key debt streams at 31 March 2022. Observations in Appendix A demonstrate that:
  - all but sundry debt is increasing in value;
  - all four debt streams have increasing or stagnating debts over 1 year; and
  - collectability is reducing.
- 28. Intervention is necessary to reverse the current trend of rising debt. As debt ages the ability to recover diminishes. The Council provides prudently for ageing debt to ensure that write-offs do not impact on the revenue budget. However, the increase in the debt provision is charged against the revenue budget, meaning that increasing debt impacts on the budget available for other services. Reducing the burden of the debt provision will release funds for other purposes.
- 29. The report outlines a Debt Improvement Plan, to review recoverability of the aged debts and address where economically viable to do so.

#### **Comments of the Head of Legal Services**

30. The Council has a duty of best value and a general fiduciary duty to council tax payers to act with financial prudence. It is consistent with these duties to (a) make proper arrangements for billing and payment of income, monitoring of arrears and recovery of debts and (b) to keep the arrangements under review. Many types of income to be collected by the Council are subject to statutory rules and time limits for recovery. The proposals put forward in this report will need to have regard to these in their collection and recovery processes.

#### **Equality**

- 31. This report contains no proposals that would disadvantage any particular minority groups.
- 32. Appropriate consideration will be given to any debtor that is subject to Debt respite scheme (Breathing Space<sup>1</sup>).

<sup>&</sup>lt;sup>1</sup> Breathing space is a free Government-backed scheme allowing individuals time to get debt advice to help relieve the stress caused by debt. Breathing space allows the debtor to focus on getting debt advice and come to a debt solution without worrying about incurring additional charges or being harassed for payment. A debt solution could be a plan to pay off debts or a way to get them written off. A breathing space can only be

# **Climate change**

33. This report contains no proposals that would impact on the Council's commitment to Climate Change.

# **Appendices**

Appendix A - Background, Insights and Trends

Appendix B - Performance Metrics and Targets

# **Background papers**

None

----- end of report -----

started by a debt advice provider who is authorised by the Financial Conduct Authority (FCA) to offer debt counselling, or a local authority (where they provide debt advice to residents).



#### Appendix A - Background, Trends and Insights

#### Overall

1. This Appendix provides current, trend and provision information for the main categories of debt over the last four years. Table 1, below sets out the position as at 31<sup>st</sup> March for overall debt. The main areas of debt are – Sundry debt, Housing Benefits Overpayments (HBOP), Housing Revenue Account (HRA) and Collection Fund (i.e. Council Tax and Business Rates).

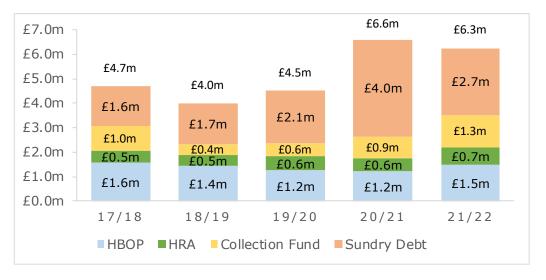
Table 1: Age profile of the overall debt as at 31st March 2022

Туре	New Debt (0% Provision)	to 12 Months (10% - 50%)	+1 Year (+90% Provision)	Total	2020/21 Balance Sheet Position	Movement
<i>''</i>	£k	£k	£k	£k	£k	£k
Sundry debt	1,800	354	568	2,722	3,969	(1,247)
Housing Benefits Overpayment	161	200	1,144	1,505	1,214	291
HRA	38	267	374	679	552	127
Collection fund		774	571	1,345	930	415
Debt	1,998	1,595	2,658	6,251	6,665	(413)
SCC, SPCC & DLUHC Collection Fun	d	3,156	2,883	6,040	3,944	2,096
Provision	0	(851)	(4,764)	(5,615)	(4,791)	(824)
Debt before Final Year end	1,998	3,900	777	6,676	5,818	858
Transactions	1,550	3,300	,,,,	0,070	3,010	838
Other <sup>1</sup>				0	8,848	
Balance sheet	1,998	3,900	777	6,676	14,666	858

Collection Fund debt is the TDC share of the outstanding debt.

Note 1: Other for 20/21 mainly covers - £6.8m technical adjustments for Council Tax and Business rates Collection Funds, £0.6m Accruals £0.5m Payments in Advance, £0.4m BIDs, £0.3m VAT, and £0.2m Quadrant House & rent deposits. Whilst 21/22 accounts are still being prepared there is no equivalent figure.

Graph 1: Collection Fund, HRA, HBOP and Sundry Debt position over the last 3 years:



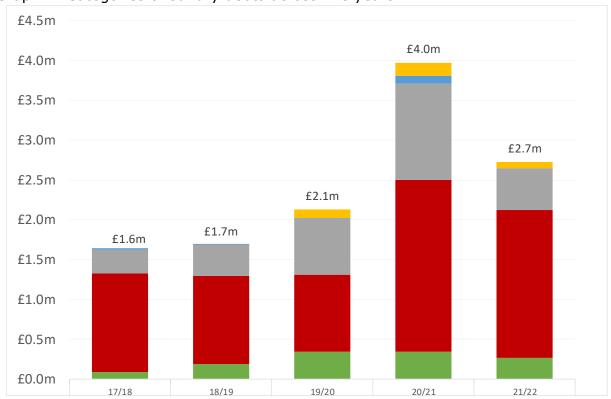
#### **Sundry Debt**

- 2. <u>Background:</u> 'Sundry Debt' groups together Community Infrastructure Levy charges (CIL), Southern Building Control Partnership, Tandridge Community Services (TCS / Depot) and other sundry debts (eg: Pre-Application Planning Service, Leaseholder Management Charges, Licenses, and other Fees & Charges not related to the HRA, Housing Benefits overpayment, and Collection Fund).
- 3. Sundry Debts are held on the Agresso system. It is administered by Finance but old debts are transferred to Revenues & Benefits Central Debt Unit.

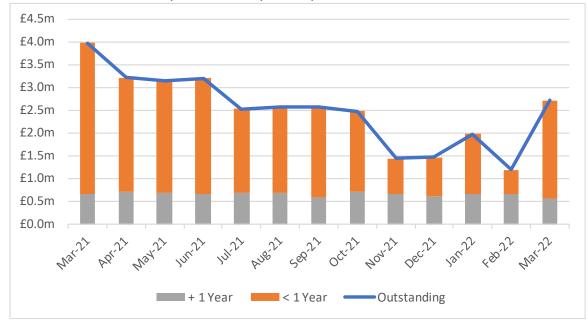
Table 2: Age profile of the Sundry debt as at 31st March 2022

Туре	< 1 Month	1 - 6 Months	7 - 12 Months	+1 Year	Total	2020/21 Position	Change
. , , =	£k	£k	£k	£k	£k	£k	£k
Sundry Debt	1,737	93	19	263	2,112	2,495	(383)
TCS / Depot	0	C	0	0	0	97	(97)
Community Infrastructure Levy	27	89	124	293	534	1,214	(680)
Southern Building Control Partne	36	23	5	12	76	163	(87)
Sundry Debt	1,800	206	148	568	2,722	3,969	(1,248)
20/21 Position	2,252	877	171	669	3,969		
Change (Improve) / Deteriorate	(452)	(671)	(23)	(101)	(1,248)		

Graph 1: Categories of sundry debts across five years

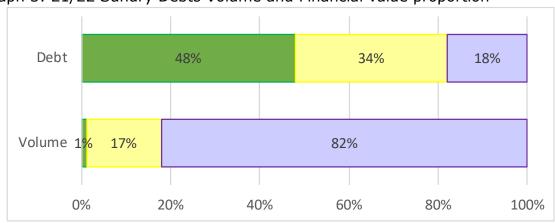


Key: Green: Bad Debt provision relating to Sundry debts (red), Red: Sundry Debt not covered by bad debt provision, Grey: CIL, Blue: TCS/ Depot, Yellow: Southern Building Control Partnership



Graph 2: Sundry debt profiled over 21/22

Key: old debt remains consistently static over the 12 months whereas less than 12 months has been reducing.



Graph 3: 21/22 Sundry Debts Volume and Financial value proportion

Key: low value (under £500), mid value (£500 to £5k debts), to high value (over £5k)

#### **Observations**

- Over the last twelve months debts have significantly reduced especially related to CIL. This was due to a small number of large debts being recovered.
- Over 12 Months current debt has reduced as noted in the middle graph.
   Headway has been masked through a large volume of invoices being raised in March.
- The typical ratio between volume and size is evidenced in graph three. Financial value is accounted for through over 80% of debts over £500 but only relates to less than 20% of the volume of debts.

#### **Housing Benefits Overpayments (HBOP)**

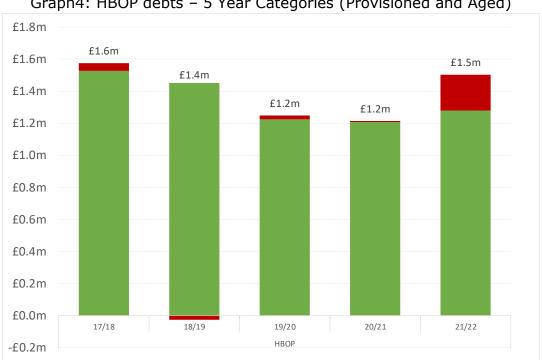
- 4. Background: Housing Benefits can help pay the claimant's rent either in private or council housing. Housing Benefits Overpayments are when a resident has been paid Housing Benefits they aren't entitled too. Possibly due to when circumstances have change without notifying the Council. Therefore, Tandridge needs to recoup these overpayments.
- 5. HBOP is currently held on the NEC system for current clients and Academy for former clients. The former clients will be migrated later in 2022. It is administered through apportions of staff across within Housing and Revenues & Benefits.

Table 3: Age profile of the HBOP debt as at 31st March 2022

Туре	< 3 Month	3 - 12 Months	1 Year	+2 Year	Total	2020/21 Position	Change
. , , , ,	£k	£k	£k	£k	£k	£k	£k
Private Tenants	98	117	59	825	1,098	979	119
Council Tenants	63	84	7	223	376	205	171
Other	0	0	4	26	31	29	1
НВОР	161	200	70	1,074	1,505	1,214	291
20/21 Position	39	92	91	992	1,214		
Change(Improve) / Deteriorate	122	108	(21)	82	291		

Note: All numbers have been rounded - which might cause a casting difference.

Other - Discretionary Housing payments, administrative penalties and Council Tax transfers



Graph4: HBOP debts – 5 Year Categories (Provisioned and Aged)

Key: Green: Bad Debt provision relating to Sundry debts (red), Red: Debt not covered by bad debt provision

Note: in 18/19 the debt provision exceeded the amount of debt due to the consistent methodology

£1.8m £1.6m £1.6m £1.5m £0.1m £1.4m £0.2m £0.1m £1.4m £1.2m £1.2m £0.2m £0.2m £0.2m £1.2m £0.1m £1.0m £0.8m £0.6m £1.1m £1.1m £1.1m £1.1m £1.0m £0.4m £0.2m £0.0m 2017/18 2018/19 2019/20 2020/21 2021/22

Graph 5: HBOP debt aged profiled

Key: Over 1 year, 7 to 12 Months, 3 to 6 months, and less than 3 Months

#### Observations

- Old debt (over 12 months) remains consistently static (over 70% of debts)
- Up to 2020/21 over 96% of the debt has been covered by the bad debt provision
- Large increase in debt due to covid, and system implementation has resulted in higher debtor balances in 21/22

#### **Housing Revenue Account (HRA)**

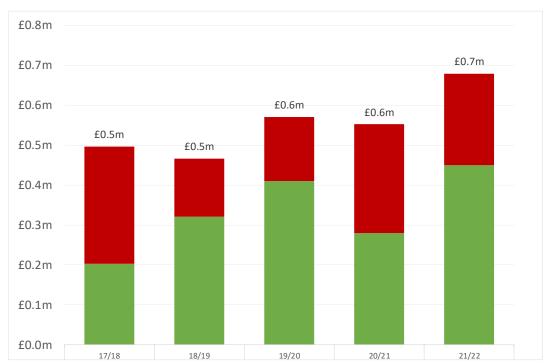
- 6. <u>Background</u>: Housing Revenue Account is the income and expenditure relating to the management and maintenance of the housing stock. Debts would mainly relating to rent of the housing stock or garages and have been split into current and former tenants.
- 7. The HRA is held on the Orchard system. It is administered through apportions of staff across within Housing and Revenues & Benefits.

Table 4: Age profile of the HRA debt as at 31st March 2022

Туре	< 1 Month	1 - 6 Months	7 - 12 Months	+1 Year	Total	2020/21 Position	Change
7,75	£k	£k	£k	£k	£k	£k	£k
Rents, Garages & Hostel	30	70	53	22	1 <b>374</b>	376	(2)
Former Tenants	8	127	17	15	3 <b>305</b>	176	129
HRA	38	197	70	37	4 679	552	127
20/21 Position	34	50	38	43	1 <b>552</b>		
Change(Improve) / Deteriorate	4	148	32	(56	5) 127		

Note: All numbers have been rounded - which might cause a casting difference

Graphs 6: HRA Debt proportioned cover by provision over the last five years.



Key: Green: Bad Debt provision relating to Sundry debts, Red: Debt not covered by bad debt provision

£0.8m £0.68m £0.7m £0.03m £0.07m £0.57m £0.6m £0.55m £0.03m £0.05m £0.50m £0.03m £0.06m £0.47m £0.5m £0.05m £0.09m £0.07m £0.04m £0.05m £0.22m £0.4m £0.20m £0.20m £0.25m £0.3m £0.24m £0.2m £0.04m £0.04m £0.01m £0.02m £0.1m £0.0m 2017/18 2018/19 2019/20 2020/21 2021/22

Graph 7: HRA debt aged profiled

Key: Former, +1 year, 7 to 12 Months, 1 to 6 months, and less than 1 Month

#### **Observations**

- Old debt (exceeding 1 year) & Former tenants has increased by 2.5 times
- Old debt (exceeding 1 year) & Former tenants is now over 75% of the debt
- 23% increase in debt due to covid, and capacity diverted to system implementation in 21/22

#### **Collection Fund - Council Tax (CT)**

- 8. <u>Background</u>: The Collection Fund (Council Tax) is a significant part of any local authority debt position. Tandridge (like other lower tier authorities) collect Council Tax for Surrey County Council, and Surrey Police & Crime Commissioner.
- 9. If there is uncollected debt outstanding for the Parishes, Tandridge bears the shortfall. CT is now held on the NEC system. It is administered through Revenues & Benefits.

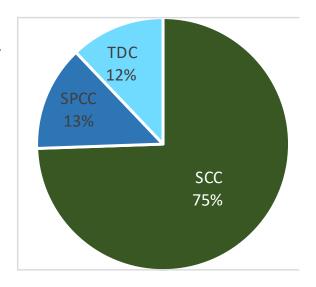


Table 5: Age profile of the Council Tax debt as at 31st March 2022

Туре	Current Year	Prior Year	Total	2020/21 Position	Change
	£k	£k	£k	£k	£k
Surrey County Council	2,130	2,163	4,293	3,144	1,150
Surrey Police & Crime Commissioner	385	391	776	568	208
Tandridge District Council & Parishes	346	352	698	511	187
Council Tax	2,862	2,905	5,767	4,223	1,544

This is the position of debtors before technical adjustments for CT support, Benefits and debt spreading

Graph 8: Council Tax debts - Profile over last 5 years by stakeholder



£7.0m £5.8m £6.0m £5.0m £4.2m £2.9m £4.0m £2.9m £2.1m £3.0m £2.3m £2.2m £1.4m £2.0m £1.0m £2.9m £2.2m £1.0m £2.1m £1.6m £1.2m £0.0m 18/19 21/22 17/18 \* calculation 19/20 20/21 change

Graph 9: 5 Year profiled by age

Key: Current year debt and Prior year debt



Graph 10: Estimated v Collection

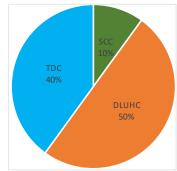
Key: Settled, Current year debt and Prior year debt

#### **Observations**

- 37% increase in debt due to covid, and capacity diverted to system implementation in 21/22 (£5.8m v £4.2m)
- Estimated settlements has increased by 2.4% (£80m v £78m)
- Collectability rates have declined (96% v 97%) irrespective that more is being remitted (1.4% more than last year – £77m v £76m)

#### **Collection Fund -Business Rates**

10. <u>Background</u>: The Collection Fund (Business Rates¹) is a significant part of any local authority debt position. Tandridge (like other lower tier authorities) collect Council Tax for Surrey County Council, and Central Government. Business Rates Retention scheme does mean that TDC has to return the majority and instead through technical adjustments retains approximately 12%.



11. Note: Business Improvement District debts outstanding are held on the balance sheet as part of Other debts. Tandridge does not bear any shortfall. Business Rates is now held on the NEC system. It is administered through apportions of staff across Revenues & Benefits.

Table 5: Age profile of the Business Rates debt as at 31st March 2022.

Туре	Current Year	Prior Year	Adjustments	Total	2020/21 Position	Change
	£k	£k	£k	£k	£k	£k
Tandridge District Council	427	220		647	361	286
Business Rates	427	220	0	647	361	286
Surrey County Council	107	55		162	90	72
Central Government	534	275		809	451	358
Technical adjustments (Spreading, Appeals, S31 gran	nts)			0	6,876	
Business Rates	1,068	550	0	1,618	7,779	715

Graph 11: Business Rates debts - Profile over last 5 years by stakeholder



<sup>&</sup>lt;sup>1</sup> National Non-Domestic Rates (NNDR) is another term for Business Rates

Graph 12: 5 Year profiled by age



Key: Current year debt and Prior year debt

Graph 13: Estimated v Collection



Key: Settled, Current year debt and Prior year debt

#### **Observations**

- Debt has nearly doubled due to Covid-19, and capacity diverted to system implementation in 21/22 (£1.6m v £0.9m)
- Estimated settlements has increased by 0.9% (£22.3m v £22.1m)
- Collectability rates have declined (93% v 96%)
- Collection has also deteriorated (-1.7% less than last year £21.2m v £21.6m)



#### **Appendix B – Performance metrics and targets**

#### **Sundry Debts, HBOP & HRA**

- 1. As part of the Debt Management improvement activity a Health Indicator has been developed for sundry debt and all other debt categories. It is planned that this Health Indicator, which will consist of a group of key performance indicators, will be reported monthly within the business area and quarterly with the budget monitoring figures.
- 2. Secured debt is defined as being secured against a property in the case of a legal charge. If debts are secured then recovery will take some time but will be fully recovered and therefore no risk.
- 3. <u>Proposed annual performance indicator</u> is value of unsecured debt over 6 months as a proportion of the total debt raised. Measure refers to the amount of unsecured sundry debt outstanding older than 6 months within the Agresso, NEC and Orchard systems.

Table 1: 21/22 Benchmark position for 22/23 Prior year target

		Debts	Debts	
	Invoices	outstanding	outstanding	% unsecured
Туре	Raised	+6 months	+1 year	debt
Sundry Debts <sup>1</sup>	£6,300k	£282k		4.48%
НВОР	£14,281k		£1,144k	8.01%
HRA	£14,559k	£444k		3.05%

Note: Excluding Southern Building Control Partnership, CIL and TCS.

Table 2: 22/23 Annual performance indicator template

		Debts	Debts			
	Invoices	outstanding	outstanding	% unsecured	Prior year	
Туре	Raised	+6 months	+1 year	debt	target	Outcome
Sundry Debts <sup>1</sup>					4.48%	
НВОР					8.01%	
HRA					3.05%	

The outcome will be traffic lighted with the following criteria:

Red – Old debts have increase over 10%	Amber - Old debts have increase lower than 10%	Green - Old debts have decrease

4. <u>Proposed **quarterly** performance indicator</u> would be simplified to the rolling quarterly debt outstanding over 6 months.

Table 3: 22/23 Quarterly performance indicator template

Debts outstanding +6 Months / 1 year (HBOP) as at										
Туре	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23	Outcome				
Sundry Debts <sup>1</sup>	£282k									
HBOP	£1,144k									
HRA	£444k									

Note: Sundry debts will only be the sundry debts excluding Southern Building Control Partnership, CIL and TCS.

The outcome will be traffic lighted with the following criteria:

Red - +6 Months debt	Amber - +6 Months debt	Green - +6 Months debt
position deteriorates since	position deteriorates since	position improves since
last quarter by over 10%	last quarter by less than 10%	last quarter

#### **Collection Fund**

5. Collection Fund performance metrics are more complex. The bills are raised in full at the beginning of the year and most will have a payment schedule. The impact of Covid-19 also makes year-on-year comparators difficult. The target could bet set at pre-Covid-19 settlement percentages (2019/20) for each month:

Table 4: 22/23 Monthly performance indicator template

	Α	М	J	J	Α	S	0	N	D	J	F	М	O/S
Business Rates (19/20) Business Rates (22/23) Outcome	15.2%	8.8%	8.9%	-		_	_			-	3.9%	2.3%	- , -
	Α	М	J	J	Α	S	0	N	D	J	F	М	O/S
Council Tax (19/20) Council Tax (22/23) Outcome	17.3%	9.2%	9.3%	9.2%	9.1%	9.5%	9.3%	9.3%	8.6%	4.4%	2.0%	1.0%	1.8%

The outcome will be traffic lighted with the following criteria:

Red –deteriorates by over	Amber - deteriorates by less	Green - improves against
10% against target	than 10% against target	target

Table 5: 22/23 Cumulative performance indicator template

Cumulated Business Rates (19/20) Business Rates (22/23) Outcome	A 15.2%	M 24.1%	J 33.0%	-		S 60.5%	_	N 77.5%	D 86.2%	•	F 96.5%	M 98.8%	O/S 1.2%
	Α	М	J	J	Α	S	0	N	D	J	F	М	O/S
Council Tax (19/20) Council Tax (22/23) Outcome	17.3%	26.5%	35.8%	45.0%	54.1%	63.6%	72.9%	82.2%	90.8%	95.2%	97.2%	98.2%	1.8%

The outcome will be traffic lighted with the following criteria:

Red –deteriorates by over	Amber - deteriorates by less	Green - improves against
10% against target	than 10% against target	target

# **Monitoring**

6. Key metrics will be reported within the corporate performance report. Metrics will be reported within the Strategy & Resource Committee. HBOP and HRA will be separately reported to Housing committee.



# Strategy and Resources Committee 30 June 2022 - Household Support Fund - Confirmation of decision taken under urgency powers (Standing Order 35)

Report of: Executive Head of Communities

Purpose: For information

Publication status: Open

Wards affected: All

# **Executive summary:**

The Government (DWP) have relaunched the Household Support Fund to provide financial support to vulnerable households over the summer months. The distribution criteria have changed since the last scheme and at least a third of the allocation must reach people of a pensionable age.

Initial allocations were to Unitary and County Councils. Surrey County Council have decided to distribute £2.45m of their allocation to borough and district councils to enable local solutions that meet local requirements. TDC has been allocated £156,335 to distribute to the over 65 population and £62,853 for other age groups.

The Tandridge Household Support Scheme Local Eligibility Framework is being reused for the administration of the scheme.

#### This report supports the Council's priority of:

Supporting economic recovery in Tandridge

**Contact officer** James Devonshire Specialist Services Manager

jdevonshire@tandridge.gov.uk

#### **Recommendation to Committee:**

That the decision taken under urgency powers in accordance with Standing Order 35 of the Constitution to approve the Tandridge Household Support Scheme Local Eligibility Framework be ratified.

#### **Reason for recommendation:**

Funding for the Household Support Fund covers the period 1<sup>st</sup> April 2022 to 30 September 2022. Local Authorities have discretion on how the funding is used within the scope set out in the guidance.

First tranche of the grant (50%) has been received. The scheme is designed to provide support to vulnerable households with increasing bills, so it is essential that the scheme is up and running and grants are being paid without undue delay.

The Tandridge Household Support Fund Local Eligibility Framework sets out how the Council will distribute funding within the Policy intent.

#### **Introduction and background**

- On 1 October 2021 the Government (DWP) announced funding to target financial support for vulnerable households over the winter months to be known as the Household Support Fund (HSF). Initial allocations were to Unitary and County Councils. Surrey County Council (SCC) received nearly £5.3m.
- 2 SCC decided to distribute £2.8m of their allocation to Borough and District Councils to enable local solutions that meet local requirements. TDC was allocated £219,188.
- Authorities have discretion on how the funding is used within the scope of the guidance. The expectation is that it should primarily be used to support households in the most need with food, energy, water bills and other essential household costs.
- In April 2022 the Government (DWP) announced further funding within this framework but with a third of the funds to distributed to those of pensionable age (65+). Tandridge is to receive in total, £219,188.

#### **Tandridge Household Support Local Eligibility Framework**

- A Tandridge Housing Support Scheme Local Eligibility Framework has already developed for the administration of the scheme and will therefore be used again. The Framework sets out how, in administering the scheme we will:
  - Use discretion to identify and support those most in need.
  - Use the funds to meet immediate needs and help those who are struggling to afford food, energy or water bills and essential household expenditure
  - In exceptional cases of genuine emergency, we will support housing costs where existing housing support schemes do not meet this exceptional need

 Work with local services, community groups and other partners to identify and support households within the scope of the scheme

#### Administration of the Tandridge Household Support Fund

- Authorities are being expected to keep administration costs to a reasonable level. The scheme allows for reasonable administration costs incurred in administering the scheme to be deducted from the grant allocation. These include:
  - staff costs
  - advertising and publicity to raise awareness of the scheme
  - web page design
  - printing application forms
  - small IT changes, for example, to facilitate MI production
- 7 The administration costs are anticipated to be approximately £3500 made up as follows:

Activity	No of Hours	Cost @ £18ph	Plus 30% 0n- cost
Set-up	10	£180	£234
IT development	10	£180	£234
Administration	37 hours per week X 6 weeks	£3996	£5194
Total			£56622

These costs are lower than the previous scheme as the system already exists and improvements are being made based on the learnings from the last implementation.

- The scheme will be administered via salesforce case management by adapting the established process for administration of the Test and Trace Support Payments.
- 9 There will be an on-line form that can be completed by the applicant or their representative, or another agency. Additional support will be provided via the Customer Service Team for those applicants unable to access the on-line form.
- 10 Applications will be validated and checked, including identity checks. The Council has access to various data sources, including the DWP, for this.

#### Other options considered

- 11 Councils have discretion to deliver a scheme through a variety of routes including providing vouchers or financial awards, making direct provision of food, issuing payment direct or issuing grants to third parties.
- Surrey County Council have distributed funds from their overall allocation to care leaver support, foodbanks, voluntary organisations and have enhanced their crisis fund offer. They have also allocated funds to provide food vouchers for children entitled to free school meals, including early years through school holidays.
- 13 It is believed that the Tandridge Household Support Local Eligibility Framework will enable the Council to identify and provide support to the broadest cross section of vulnerable households in the district.

#### Consultation

- 14 The Tandridge Household Support Local Eligibility Framework has been developed with regard to the Household Support Fund Guidance for County Councils and Unitary Authorities.
- The Urgency Decision relating to the approval of the scheme was taken by the Chief Executive in consultation with the Group Leaders and the Chair of Strategy and Resources Committee.

# **Key implications**

#### **Comments of the Chief Finance Officer**

The Council can recover its reasonable costs in administering the scheme. Officers will need to continue to ensure that the scheme is administered in a manner which limits the cost to scheme whilst avoiding additional burden on the Council's limited resources. Administration of the scheme needs to be undertaken in a way that takes proportionate steps to mitigate the risk of fraud, as set out in the Head of Legal Services' comments, below.

#### **Comments of the Head of Legal Services**

- 17 The funding provided under the Household Support Fund is required to be distributed by the 30 September 2022 to support those most in need with the cost of food, energy, water bills and other essentials. The Household Support Fund must only be used to provide support as defined within the grant conditions. To this end the Council is required to develop a local eligibility framework and approach.
- 18 Officers have set out a proposed approach as set out above and will seek authority to establish such detailed criteria as may be necessary to enable appropriate allocation of funding.
- 19 As with any welfare payment to vulnerable recipients there is a risk of fraud, as recipients might appear to be eligible when they are not. One of

the biggest risks for this scheme is impersonation fraud, where fraudsters work through a residential area and falsely claim under the names of eligible recipients. Officers are encouraged to mitigate this risk, by ensuring checks are in place to verify the applicant's identity. The Council and its partners have access to a range of data sources and checks which can be carried out against this data to verify the identity of the recipient. It is for the Council to decide how payments are made to recipients. However, when making this decision the Council is encouraged to consider the risks involved. Although vouchers still carry fraud risks, vouchers are preferred where possible as this helps to mitigate the risk of the money being spent by the recipient on things outside the policy intent, therefore undermining the purpose of the scheme.

20 Given the decision regarding its distribution and the establishment of eligibility criteria for its distribution, the use of the urgency process under the Constitution will be necessary.

### **Equality**

- 21 In accordance with the public sector equality duty, DWP has had due regard for the potential equalities impacts of this grant.
- 22 In developing the Tandridge Household Support Local Eligibility Framework we have ensured people are not disadvantaged or treated unfairly by this scheme. For example, the application process is easy to access and to navigate and support is available to assist anyone who needs help to apply.

### Climate change

23 There are no significant environmental / sustainability implications associated with this report

#### **Appendices**

Background papers

Appendix A - Household Support Fund - Summer 2022 Scheme

and ground purpose	
None	
	end of report



APPENDIX A APPENDIX A

#### **Tandridge District Council**

#### **Household Support Scheme Local Eligibility Framework**

#### **Background**

On 1 October 2021, the government (DWP) announced funding to target financial support for vulnerable households over the winter months, to be known as the Household Support Grant. This new grant ran from 06 October 2021 to 31 March 2022 and totals £500m. Subsequent to this, the government (DWP) have now released a second round of funding and this grant will run from the 1st April 2022 – 30th September 2022.

The grant is to provide support to certain local authorities in England for expenditure lawfully incurred or to be incurred by them in accordance with the Grant Conditions to provide support to households who would otherwise struggle to buy food or pay essential utility bills or meet other essential living costs or housing costs (in exceptional cases of genuine emergency) this winter as the economy recovers.

For this round of funding, at least one third of the total funding must be allocated to households that include a person who has reached state pension age, a third to families with children and beyond this, local authorities have discretion to determine the appropriate schemes for their area, based on their understanding of local needs.

Payment of the grant allocation is on an arrears basis and is subject to the submission of two Management Information (MI) returns to DWP outlining the authority's (SCC) grant spend and the volume of awards for period 1<sup>st</sup> April – 30 June (due July '22) and for the period 1 July – 30 September (due October'22).

#### **Tandridge Allocation**

Tandridge District Council has been allocated £219,188. which will be paid in two tranches of £109,594. The first payment has been received and the second instalment following the submission of a management information (MI) return in July 2022.

#### **Tandridge Local Eligibility Framework and Approach**

The Tandridge Household Support Scheme Local Eligibility Framework has been developed in accordance with the Guidance for County Councils and Unitary Authorities in England.

The scheme runs until 30 September 2022 and is intended to help ease the financial pressure on residents with low incomes and to support those most in need.

In administering the scheme, we will:

- Use discretion to identify and support those most in need.
- Use the funds to meet immediate needs and help those who are struggling to afford food, energy or water bills and other essential household expenditure
- In exceptional cases of genuine emergency, we will support housing costs where existing housing support schemes do not meet this exceptional need

• Work with local services, community groups and other partners to identify and support households within the scope of the scheme.

#### Who can apply?

Applications to the Tandridge Household Support Fund will be accepted from or on behalf of people who are in financial difficulties and struggling to meet the cost of food, fuel, water or other essential household expenditure.

#### Applicants must:

- Be a householder over the age of 16
- Live in Tandridge District Council Area as their main residence.
- Be struggling to meet the immediate and essential short term needs of themselves or their dependents.

#### How will applications be prioritised?

Applications will be prioritised to balance supporting as many residents as we can with targeting the limited funds to support those who need our help the most. We will prioritise (in no particular order) the scheme for the following applicants:

- Those with dependent children
- Those with disability or health problems
- Households with residents over 65
- Lone parents
- Those who are or are at risk of becoming, homeless including those living in temporary accommodation
- Victims of domestic abuse
- Those leaving care or hospital
- Those facing an emergency crisis such as a recent fire or flood

#### What can be funded?

Due to the limited amount of funds available we will prioritise items necessary day to day living such as food and essential items.

This may include, but is not limited to:

- Food provided in kind, through vouchers or cash
- Energy and water Support with energy bills for any for of fuel used for the purpose
  of domestic heating, cooking or lighting and water bills including for drinking,
  washing, cooking and for sanitary purposes and sewerage.
- Essential costs linked to energy and water Support with sanitary products, warm clothing, soap, blankets, boiler service or repair,
- Repair or purchase of essential household appliances
- Servicing and repair of heating systems
- School Uniform and other essential clothing
- Broadband and phone bills
- Transport related costs

In exceptional cases of genuine emergency where existing support schemes do not meet the exceptional need, the Fund can be used to support housing costs. The ongoing housing support for rent should be provided through the housing cost element of Universal Credit or through Housing Benefit rather than the Household Support fund. In addition Discretionary Housing Payments must first be considered before emergency housing support is offered through the Household Support Fund. The Authority must also first consider whether the claimant is at statutory risk of homelessness and therefore owed a duty of support through the Homelessness Prevention Grant (HPG).

In exceptional cases of genuine emergency, households in receipt of HB, UC, or DHPs can still receive housing cost support through the Household Support Fund if it is deemed necessary by their Authority. However, the Fund should not be used to provide housing support on an ongoing basis or to support unsustainable tenancies.

Individuals in receipt of some other form of housing support could still qualify for the other elements of the Household Support Fund, such as food, energy, water, essentials linked to energy and water and wider essentials.

The Fund can exceptionally and in genuine emergency be used to provide support for historic rent arrears built up prior to an existing benefit claim for households already in receipt of Universal Credit and Housing Benefit. This is because these arrears are excluded from the criteria for Discretionary Housing Payments. However, support with rent arrears is not the primary intent of the fund and should not be the focus of spend.

#### What will not be funded?

It is unlikely that applications for the following will be successful:

- Mortgage Support however homeowners may still qualify for other elements of the fund such as food, energy, water and essential household expenditure
- Paying off non-essential debt
- Parking fines, ULEZ or congestion charges
- Where financial support has already been provided through another grant or fund
- Expenses in connection with legal costs fees, costs, fines, damages etc
- Expenses for self-employed business support
- Repairs or improvements to the home except boiler servicing or repair and essential white goods
- Any need that occurs outside of the UK
- Medical expenses/treatment
- Respite Care

#### How to apply

Applications are made via an on-line form that can be found on the Council's website at <<Link>>. Telephone support will be provided for those who require assistance to complete the form. Applications can be made by the applicant, their representative or a third party acting on their behalf.

#### What information will need to be provided?

To enable the Council to consider an application, we will need details about the applicant and members of their household. This may include financial information relating to income and savings and circumstances and reasons for an application being made. We may also need to request documents, receipts, financial statements - including bank statements, and other evidence to allow the Council to make an informed decision about an application.

#### What is the assessment process?

Once a completed application and supporting evidence has been received the application will be considered by a Case Officer who will make a decision based on the information provided and any other information available to them. They will take into account all the circumstances and reasons that led to the application being made.

#### How much will be paid?

As part of the application process applicants will be asked to give an indication of the support that is required. The Case Officer will determine the amount of the support based on local economic factors and arrangements in place with other agencies/retailers. It will not always be possible to provide the full amount due to the limited funds available.

As an indication it is anticipated that in all but exceptional circumstances awards for food, utilities and other essential items will not normally exceed £150 for households without children and £300 for households containing children. Awards for items such as the repair or replacement of white goods will not normally exceed £500 per item.

#### How will payments be made?

Once a decision has been made on your application you will be notified in writing of;

- Whether an award has been made and the reason for the decision
- The intended use of the award
- The amount of the award
- How the award will be paid

Payment may be made by voucher or direct payment to a supplier or by BACS transfer to a bank account. All awards from the fund will be made as quickly as possible to meet the agreed needs of the household.

#### Reviewing the decision

There is no right of appeal against a decision not to make an award or about the amount of an award. If you are not happy with the outcome you can ask us to review your application within 5 days of our decision.

Requests for a review should be made in writing and must state the reasons why you do not agree with the decision and why you are asking for a review. The review will be carried out by a senior officer not involved in the original decision. You will be notified of the outcome of the review within 14 days of your request.

#### Repeat applications

Support will normally be provided from the fund once, In exceptional circumstances repeat applications will be considered on their merit.

#### Other information about the scheme

Administrative costs will be deducted from the grant allocation to cover the reasonable costs incurred administering the scheme. These include:

- staff costs
- advertising and publicity to raise awareness of the scheme
- web page design
- printing application forms
- small IT changes, for example, to facilitate MI production

#### Future review and changes to the scheme

Authority is delegated to the Section 151 Officer to review and make future changes to this scheme in line with relevant guidance, without the need for future committee approval.





# Strategy and Resources Quarter 4 2021/2022 Performance Report

# Strategy & Resources Committee Thursday 30 June 2022

Report of: Chief Executive

Purpose: For information

Publication status: Open

Wards affected: All

# **Executive summary:**

The appendices to this report contain data on the committee's key performance indicators and risks for quarter 4 2022, to enable the committee to monitor how the Council is delivering services.

# This report supports the Council's priority of: Building a better Council Contact officer

Giuseppina Valenza, Head of Policy and Communications, gvalenza@tandridge.gov.uk

Melanie Thompson. Head of Transformation and Business Support, mthompson@tandridge.gov.uk

#### **Recommendation to Committee:**

To review and note the most critical quarter 4 2022 performance and risks for the Strategy & Resources Committee.

#### Reason for recommendation:

To support the committee to monitor and manage its performance and risks.

#### Introduction and background

1. Performance and risk reports are presented to each policy committee at the end of each quarter. The reports include a covering report and an appendix with individual performance charts and commentary for each performance indicator and the committee's risk register. This committee also receives the corporate risk register.

#### Notes on performance and risk data

- 2. See Appendices A, B and C for the Strategy & Resources performance data, committee risk register and corporate risk register.
- 3. Wherever possible the most recent data has been included in the appendices, regardless of whether it technically falls into the reported quarter. Due to the committee report timelines, there may be occasions where data is not available in time for the committee report. In these cases, the data will be provided in the next scheduled report.
- 4. The Council uses the following risk management scoring matrix:

			1 Low	2 Medium	3 High	4 Very High
	Unlikely	1	1	2	3	4
Likeli	Possible	2	2	4	6	8
Likelihood	Likely	3	3	6	9	12
	Very Likely	4	4	8	12	16

#### **Quarter 4 headlines**

- 5. While 8 of the 10 committee KPIs did not meet their target for the quarter, the three set out below are the most critical of these and likely to have the most impact on the Council's income and performance. The full list is available in Appendix A.
  - SR1: Percentage of council tax collected.
  - SR2: The percentage of business rates due for the financial year which were received by the Council.
  - SR6: Staff turnover.

- 6. SR1 and SR2 are below target due to limited recovery processes being run during the installation of the new council tax and business rates system (Northgate). This had an impact on collection rates although these are still competitive compared to neighbouring councils.
- 7. SR6 is now off target as staff turnover has increased slightly in the last three months, although fairly stable over the last six months. Reasons given by staff for leaving have included new opportunities, personal reasons and work/life balance.
- 8. These indicators need to be considered in the context of the long-term impact of the pandemic, the current financial challenges for residents and businesses, as well as the challenges and uncertainty for staff during the implementation of the Future Tandridge Programme.

#### Risk registers

- 9. There is one red risk on the committee register. Please see Appendix B for more details.
- 10. There are four red risks on the corporate risk register. Below are the two most critical ones, which also link to SR6 above. Please see Appendix C for more details.
  - Lack of resources constrains the Council's "business as usual" capacity.
  - Lack of capacity in planning department negatively impacts performance and delivery of service, such as determining applications in statutory timeframes and managing complaints and FOIs.
- 11. Ensuring there is enough resource to deliver all services is a key consideration for the Council. Where appropriate and necessary, internal redeployment or interim / temporary staff or staff on fixed term contracts will be employed to ensure services can continue to be delivered.

# **Key implications**

#### **Comments of the Chief Finance Officer**

There are no direct finance implications arising from this report. The missed targets on the performance data are likely to have resource implications in improving standards and meeting our targets in the future.

The red risks flagged represent considerable risk to the Council and could lead to additional resource and cost implications if they come to pass. These risks need to be monitored closely to ensure they are mitigated where possible.

#### **Comments of the Head of Legal Services**

As this report is for noting, there are no direct legal implications arising from this report, but the report does provide councillors with an overview of the achievement of targets in the past quarter and highlights risk management considerations where appropriate. These risks align with the Corporate Risk

Register. The periodic review of these documents should ensure that they remain aligned.

#### **Equality**

This report contains no proposals that would disadvantage any particular minority groups.

#### **Climate change**

This report contains no proposals that would impact on the Council's commitment to Climate Change.

#### **Appendices**

- Appendix A: Performance indicators
- Appendix B: Strategy and Resources Risk Register
- Appendix C: Corporate Risk Register

#### **Background papers**

None.			
	end of	report	

# **Appendix A – Strategy & Resources Performance Indicators**

# SR1: Percentage of council tax collected

April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 98.7%	Comments
35.2%	63.6%	89.1%	97.40%	Not met	This is below target due to limited recovery processes being run during the new Northgate system installation. Collection rates are competitive compared to neighbouring councils.

#### SR2: The percentage of non-domestic (business) rates due for the financial year which were received by the Council

, [	April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 98.6%	Comments
	26.67%	55.1%	78.4%	95.2%	Not met	This is below target due to limited recovery processes being run during the new Northgate system installation. Collection rates are competitive compared to neighbouring councils.

# SR3a: Days taken to process Housing Benefit/Council Tax Benefit new claims

April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 30 days	Comments
17	N/A (new Northgate	53	28	Met	The installation of the new system meant there was a
	system installation)				backlog of housing benefit claims. This has been
					cleared by the team and this KPI is now on target.

### SR3b: Days taken to process Housing Benefit/Council Tax change events

April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target	Comments
				12 days	
30	N/A (new	51	20	Not met	A team from Northgate has been working with us to
	Northgate system				reduce processing times. Work continues to clear the
	installation)				backlog and further reduce assessment times.

### SR4: The number of working days/shifts lost due to sickness absence (long and short-term)

April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 7.1 days	Comments
7.75	8.79	9.71	10.51	Not met	Long term absences connected with Covid accounted for 12% of all absences in 2021/2, which have increased the overall absence figures. Almost 12% of overall cases are linked to debility/fatigue, some of which are linked to Long Covid symptoms. 27.3% of all absences are attributed to stress/depression/anxiety. Musculoskeletal absences account for approx. 22% of all absences

# SR5: The number of working days/shifts lost due to sickness absence (short-term only – 20 days or less)

ן ק	April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 4.1 days	Comments
	2.65	3.2	3.52	3.96	Met	25% of all short-term absences relate to Covid reasons including adverse reaction to vaccine. Sort-term absences due to cold/flu symptoms (not Covid) account for 11% as do absences for musculoskeletal issues. Just under 10% of short-term absences relate to stress/anxiety/depression

### SR6: Staff turnover

April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 15%	Comments
7.7%	10.8%	15.3%	15.9%	Not met	Turnover is increasing. Reasons given for leaving included new opportunity, personal reasons, work/life balance. Staff are facing challenging times and uncertainty over the future of their job, which means it is likely this will continue to rise.

#### 31\1. 11h

# SR7: The percentage of calls answered within 60 seconds by Customer Services

April-June 2021	July-Sept 2021	Oct-Dec 2021	Jan-Mar 2022	Target 80%	Comments
24%	35.3%	61%	55%	Not met	The volume of calls has been impacted by annual billing, leaseholder management expense letters and enquiries about support for Ukraine refugees. The length of calls increased due to the complex nature of the calls. Number of repeat callers increased with residents chasing planning applications. Planning reviewing its processes.

# **SR8: Number of overdue complaints**

	April-June 2021	July-September	October-	January-	Target	Comments
		2021	December 2021	March 2022	1	
J 10	10	7	12	13	Not met	Some complaints require wider investigation and cover more than one service. Finalising a response sometimes takes longer than the set deadlines. If the relevant staff are away or on leave, providing a response within the timelines can be difficult.

# **SR9: Number of overdue Freedom of Information Requests (FOIs)**

April-June 2021	July-September 2021	October- December 2021	January-March 2022	Target FTE 4	Comments
23	25	20	14	Not met	Some FOIs are very complex and require a lot of information to be gathered to provide a response, or input from more than one team. This can also include documents which need to be redacted.

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Ref	Category	Risk cause and event	Risk consequences	Risk owner	L	ı	RAG	Mitigating actions and responsibility	Status update
SR2	Operational	Inability to maintain high standards of delivery for statutory services	* Reputational impact. * Lack of confidence from Members.	Chief Executive	3	4	12	* Corporate Improvement Board in place. * Staff able to work from home and access all relevant information. * Processes and procedures in place. * Performance monitoring in place. * Management actions are devised for all audit observations, which are approved by the Executive Lead and monitored internally by the Corporate Improvement Board. * Monthly liaison meetings are held with our internal auditors. * Internal audit progress reports are brought to Audit & Scrutiny Committee and Members made aware of any no or limited assurance audit reports.	* Future Tandridge Programme includes robust Service Review and Redesign process through which all services - including statutory services - will be assessed. This will include determination of appropriate future service levels and exploration of alternative delivery models * Work on Finance and Planning transformation projects in advanced stages.
SRE	Governance	Failure to process Housing Benefits in-line with targets	* Failure of statutory duty.  * Reduced / delayed support to recipients.  * Reputational damage.  * Reduction in administration grant fund.	Specialist Services Manager	3	3	9	* Established working protocols.  * Team resourcing closely monitored and issues reported to ELT.  * Performance monitoring in place.	* Please see Performance appendix for updates on this risk
SRI SRI 100	Commercial	Commercial tenants and businesses unable to make payments to the Council	* Reduced cash flow. * Increased vacancies following expiring contracts / insolvencies. * Negative impact on budgets.	Executive Head of Communities	3	3	9	* Additional government funds available for business support.  * Continue to keep close contact with tenants and understand their cashflow issues.  * Consider offering short-term rent free periods and deferred payment schemes for previously strong tenants.  * Consider the cost benefit of empty rate/refurbishment costs alongside rent considerations if tenants were to vacate.	* Risk reviewed by executive lead, no changes for this quarter.  * De-escalated from the corporate risk register following executive meeting 09/11/21.
SR	Security	Council is subject to a cybersecurity attack	* Data breach. * Impact on delivery of services * Reputational damage.	Head of Digital Business Transformation and Democratic Services	2	4	8	* Cyber Essentials certification in place.  * Council information governance, which includes cyber security elements, is reviewed quarterly and formally assessed annually.  * Internal audit of this area complete  * Information governance Board in place  *The IT Acceptable Use Policy (AUP) updated with relevant guidance and information on cyber security risks  *Compulsory training on cyber security scheduled for all staff  *Scheduled cyber security exercises  *IT staff undertake courses and webinars to keep abreast of emerging trends in cyber security	*All staff currently trained  * Risk owner proposes this risk be escalted to the corporate register, following recent cyber security threat. This will be considered by the management team at their next review.
SR	Governance	Failure to collect revenue income (e.g. Council Tax, business rates, rental) in-line with our targets	* Failure of statutory duty. * Reduced cash flow.	Specialist Services Manager	1	4	4	* Established working protocols.  * Team resourcing closely monitored and issues reported to Executive Leadership Team  * Performance monitoring in place.	* Please see Performance appendix for updates on this risk

Page 169

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F		Categ ory	Risk cause and event	Risk consequences	Risk Owner	L	I	RAG	Mitigating actions and responsibility	Status Update
	P2	Strategic	Local plan is found unsound or the Inspector invites withdrawal	* Impact on ability to reject inappropriate planning applications. * Unable to lobby and deliver infrastructure that meets the needs of local residents, public sector partners and businesses for the whole District. * More challenge to develop policies and working with others to support the building of affordable homes. * Inability to meet statutory requirement and risk of statutory intervention. * Unable to review Community Infrastructure Levy. * Additional costs associated with developing a new Plan. * Reputational damage.	Interim Chief Planning Officer	4	4	16	* Dialogue maintained with the inspector following receipt of preliminary conclusions.  * Continue to assess CIL bids to help support infrastructure delivery where possible.  * Members to be made aware of any risks associated with responses / hearing sessions to the Inspector.  * Ensure responses to the Inspector are submitted in a timely manner.  * Work with statutory bodies where appropriate to ensure no objection.  * Maintain and defend the strategy set out in the submitted Our Local Plan.  * Consider legal advice appropriately.  * Use consultants and experts in their field where appropriate to defend the Council's Local Plan.  * Undertake additional evidence and main modifications as required by the Inspector.  * Continue to have discussions with the Inspector via the Programme Officer.  * Keep members updated.	* Senior officers engaging with the national Chief Planner and briefing councillors.  *A work program which seeks to meet the inspectors requirements has been prepared and issued to the Inspector. *Discussion with senior Members, officers and the Chief Exec are ongoing. *Discussions with \$151 officer ongoing.
Daga 17	SR1	Operational	Lack of resources constrains the Council's "business as usual" capacity	* Non-delivery and disruption of statutory and non- statutory services. * Increased staff absence levels and staff turnover. * Reduction in staff resilience. * Council suffers loss or temporary unavailability of key staff	Chief Executive	4	4	16	* Executive Leadership Team reviewing operating models and digital transformation options to release capacity where possible.  * Finance capacity / resilience being reviewed as part of Finance shared service arrangement with Surrey County Council.  * Senior managers proactively support teams to prioritise actions.  * Support for staff welfare in place (e.g. mental health first aiders).  * Appropriate HR policies in place (e.g. flexible working).	* Future Tandridge Programme being developed - led by the Chief Executive - to address prioritisation, resourcing, resilience and organisational development issues.  * Programme and resourcing agreed by Strategy & Resources on 1 February 2022.  * Programme now being mobilsed. service reviews tranche 1 now underway  *Report to S&R committee 30 June 2022 with proposed savings from tranche 1 of the service reviews
	P3		Lack of capacity in Planning Department negatively impacts performance and delivery of service, such as determining applications in statutory timeframes and managing complaints and FOIs	* Inability to provide statutory services to a sufficient standard / quality / timeframe and reporting of poor performance. * Inability to provide non-statutory services which are valued because of prioritisation of providing statutory services. * Negative impact on staff health and wellbeing. * Risk of staff departure due to ongoing uncertainty and no continuity of planning officers, reliance of temps * Potential risks of costs claims, complaints and legal challenges. * Reputational damage. * Increase in complaints and FOIs adding further pressure to officer time required to respond/investigate * Costs claims and time impact of providing a defence; risk of award of costs against the Council	Interim Chief Planning Officer	4	4	16	* Peer-review of development management department undertaken by Planning Advisory Service (PAS) ) is being implemented through the Planning Transformation process commencing January 2022.  * Non-statutory pre-application advice service reinstated to assist with ensuring that submitted applications can be processed more efficiently and effectively.  * Local enterprise partnership supporting the Council's Community Infrastructure Levy (CIL) work.  * Recruitment of temporary staff.  * Maintain cross checking of reports and decision notices.  * Maintain specialist (legal, policy and regulatory) input in decision taking.  * IT have made changes to internal systems to pull through time sensitive applications.	* Chief and Principle category posts that are vacant are being advertised nationally to attract the widest range of candidates. * Local Validation List for applications being prepared to assist with validation of applications and need for planning officers to seek additional information or changes to applications.

SR4	Programme	Resources unavailable to progress climate change action plan in set timescales	* Delays to reducing the council's operational carbon emissions as early as possible, and in line with the 2030 ambition. * Negative impact on council's reputation in this area.	Chief Executive	4	3	12	* Red due to resources remaining strained and causing delays to AP actions.  * Reporting lines for Programme established – inc. to ELT.  * Regular comms between PMO and delivery officers.  * Agree to tolerate residual risk as programme is not one of the Council's critical / statutory services.	* New risk added to the register 12/10/21 at executive leadership team meeting. * Council's role and resourcing requirements reviewed in line with Surrey Greener Futures Plan. Review of potential actions across the Council's services to then be allocated to service committees for 22/23
SR	Financial	Strategy and to balance the Council Budget in 2021/22	* Negative impact on the Council's budget.  * Council exhausts reserves to balance the budget.  * Reduce services / resources.  * Section 114 notice required to be issued by Chief Financial Officer leading to cessation of nonessential spend and essential service provision at minimal level.  * Reputational damage.	Chief Financial Officer & S151	2	4	8	* Action plan produced to address recommendations from Grant Thornton review.  * Savings trackers used to monitor savings delivery in 2021/22 (reported monthly to the Executive Leadership Team and Members as part of the finance reports). If savings reported are not achieved then the Service will have to find compensating savings from their budget.  * Ensuring appropriate use of government issued Covid-19 grants and all COVID costs and income loss are accurately used and reported.  * Reserves can be used to support the achievement of savings. However, we have built Reserves as part of the 21/22 budget setting process to provide us with resilience and flexibility over the medium-term where there is significant funding uncertainty. We are only getting to the point over the next year or so where we were at higher Reserves levels a number of years ago. We would look to prioritise those investments by using Reserves which provide a payback (in an invest to save approach).  * The HR/Finance Panel (inc. the Chief Executive and Chief Finance Officer) approve all new appointments (permanent and interim) and extensions.	* 22/23 Draft Budget & MTFS was presented to S&R on 2nd Dec and was noted. The report will be updated based on the Provisional Settlement due on 16th December and presented as part of the Final Budget Report to Committees in Jan, to S&R on 1st Feb and FC on 10th Feb. A draft balanced budget has been presented and there is confidence that the a final budget will also be balanced with minimal use of Reserves. The 21/22 position is challenging due to the commercial environment and now that the 20/21 has been approved by S&R on 2nd Dec, monthly Finance Reports on the position will be sent to Members. If we do not end the year in a balanced position, any deficit will need to be taken from Reserves. Report due at S&R on 30 June with identified savings for 22/23 and 23/24
CS	Governance	Inability to carry out waste collection service in-line with the performance management framework service standards	Waste left on the street.     Environmental impact.     Poor reputation for Council.     No alternative for residents.	Locality Services Manager	3	3	9	* Hierarchy of services has been agreed for when/if there is insufficient staff.  * Process in place for Biffa to provide updates when staff absent levels are likely to impact on service delivery. * Monitoring availability of agency staff.  * Surrey Waste Officers Group meet monthly to understand issues across the County and to horizon scan for any upcoming issues based on others experiences.	* Situation is as previously recorded. The hierarchy of services has been reviewed and is still fit for purpose. Other Surrey Waste Collection Authorities have reported issues with loader availability through temp agencies and the situation will remain under review.
SR	Governance	Senior management vacancies inhibit corporate performance and improvement	* Negative impact on corporate performance * Impact on corporate governance * Limit progress on internal audit and corporate improvement work * Increase corporate instability * Increase staff anxiety with lack of / unclear strategic direction	Chief Executive	3	3	9		* Senior management restructure underway to be implemented for June 2022 * MT/EMT arrangements improved and now working more closely together on corporate priorities. New senior management restructure being implemented to include new Deputy Chief Executive post (subject to COSC appointmeht) Redefined Heads of Service posts have been created to better reflect the Council's priorities and what is emerging from the FTP service reviews

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P	17	ле	The Planning Transformation fails to deliver its objectives within set timescales	* Unable to address several red development management risks.  * Poor customer services.  * Increased costs if temporary staff are required for longer than expected, and unsound council decisions on applications are made and then overruled by planning inspectorate.  * Unable to accurately report on the performance	Interim Chief Planning Officer	2	4	8	* Project reporting to Planning DLT provides clear route to escalation of issues. * Interim Chief Planning Officer in Place. * Project resource in place. * Staff consultation on Planning Transformation undertaken. * Roll-out of Planning Transformation from 04 January, 2020.	* Business case for additional staffing and restructure approved at Planning Policy Committee on 25th November. New structure will go live on 4th January 2022. Until key vacant posts are filled on a permanent basis the service is at risk. Temporary staff contracts need to be extended to cover off key posts if we fail to recruit permanent staff
SF	110		Lack of robust and up-to- date safeguarding policies and procedures in place	* Risk of harm to children and vulnerable people.  * Failure of statutory duty.	Head of Customer Engagement and Partnerships	2	4	8	* Safeguarding project completed.  * Mandatory online training module issued to all staff.  * Safeguarding policies in place.  * Safeguarding Officer in place.  * Multi-agency safeguarding meetings in place.	New safeguarding policy published and available on the internal and external websites. * New safeguarding officers identified and have attended training * First Safeguarding working group meeting taken place and ToR agreed. * Attendance by JP or AB at Surrey wide Safeguarding leads meetings * New reporting form completed and launched with detailed reports for monitoring and case reviews. *Safeguarding Audit currently in progress due to complete by tupe 22
SI SI	39		The Tandridge Financial Transformation fails to deliver its objectives	* Negative impact on Council's finances and future financial sustainability.  * Negative impact on staff morale.  * Reputational damage.	Chief Financial Officer & S151	2	4	8	* Programme team, risk register and plan in place.  * Robust governance.  * Regular reporting.  * Communications and engagement covered in project plan.  * Clear expectations regarding joint commitments set out in the Joint Working Agreement.	* An update on the TFT is included in the agenda for Strategy & Resources Committee on 11 Jan 2021.
173 173	:16	Sovernance	The Council fails to improve its governance framework in line with internal audit observations and other planned improvements to corporate governance	* Unable to deliver on Strategic Plan objective of "Building a Better Council".  * Unable to address identified risks associated with the council's internal control environment.  * Reputational damage.	Chief Executive	2	4	8	* Internal audit action plan in place.  * Corporate Improvement Plan in place.  * Annual Governance Statement produced annually, which includes high priority governance improvement actions.  * Corporate, internal audit and Audit & Scrutiny monitoring of governance action plans in place.  * Internal Audit Plan produced annually.	* New risk added to the register following ELT meeting 09/11/21. * Internal governance meetings streamlined to improve effectiveness.
F	i3	,	Current energy contract with Gazprom is terminated due to ongoing situation in Russia / Ukraine.	* Continuing with Gazprom as a supplier may be sensitive * Would need to procure a new contract at a much higher cost	Executive Head of Communities	2	4	8	* Monitor situation * Liaise with, and take advice from, energy broker	Statement from Inspired Energy on 28/02/2022 "At present there are no sanctions impacting Gazprom Marketing Ltd and we are doubtful that the UK government will impose these due to the amount of UK clients being supplied by Gazprom and the current amount of supplier disruption due to the market price crisis". Gazprom taken under German State control in April 2022 until 30th September 2022.
SF	:14	ational		* Inability to recover IT services if a potential disaster occurred, severely impacting delivery of most Council business * Recovery of IT systems ineffective. * Data loss.	Head of Digital Business Transformation and Democratic Services	1	4	4	* Agreed and procured disaster recovery solution.  * Close monitoring of progress by ELT and internal audit.  * Use of cloud based IT systems and system-level back-ups.  * Continuance of overnight back-up tapes.	The likelihood of an incident that would render the relevant systems inoperative is unlikely. Progress continues to be moving forwards, as the second site is awaiting the BT internet line and will then be fully working.

Page 173

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# **County Deal Initiative - Member Working Group**

# Strategy & Resources Committee Thursday, 30 June 2022

Report of: Chief Executive

Purpose: For decision

Publication status: Open Wards affected: All

# **Executive summary:**

This report advocates the establishment of a Member Working Group to consider how this Council's views should be reflected in the submission to government (by Surrey County Council) of a proposed 'County Deal for Surrey'.

#### This report supports the Council's priorities of:

- Building a better Council
- Creating the homes, infrastructure and environment we need
- Supporting economic recovery in Tandridge
- Becoming a greener, more sustainable District

**Contact officer** Vince Sharp - Democratic Specialist - vsharp@tandridge.gov.uk

#### **Recommendations to Committee:**

That:

- A. a County Deal Working Group be established to consider:
  - (i) how this Council's views should be reflected in the submission to government (by Surrey County Council) of a proposed 'County Deal for Surrey'; and
  - (ii) in more general terms, the scope for more effective District / County working relationships aimed at improving the quality of services

- B. the Group comprise eight Councillors with the following political representation:
  - Independents and OLRG Alliance x 3
  - Liberal Democrat x 2
  - Conservative x 2
  - Independent Group x 1
- C. Group Leaders to advise the Democratic Services team of their nominees at the earliest opportunity with a view to the Group meeting before the end of July 2022; and
- D. authority be delegated to the Chief Executive, in consultation with the Chair of the Working Group, to make representations to Surrey County Council in connection with its (SCC's) process for developing a 'Surrey Deal' proposal to government.

#### Reason for recommendation:

To provide a mechanism for cross party Member engagement in this Council's dialogue with SCC regarding the preparation of a County Deal proposal to government and the desire to enhance working relations between the two Authorities.

#### **Introduction and background**

- On the 25<sup>th</sup> May 2022, Councillors Tim Oliver and Becky Rush, the Leader and Deputy Leader of Surrey County Council, gave a briefing to TDC Members to explain SCC's approach to developing a 'County Deal' proposal (in the context of the Government's Levelling White Paper) and to answer questions. This was attended by 17 District Councillors. A recording of the session was then circulated to all Members.
- As explained by Councillor Oliver, SCC is proposing the development of a County Deal for Surrey in line with 'Level 1' and 'Level 2' powers defined within the Levelling Up White Paper Devolution Framework. These powers fall short of the Level 3 'elected leader / mayor' model and would rely on effective partnership working between existing local authorities, with no change to the structure of local government throughout Surrey.
- The key objective of a County Deal is to secure greater local powers to improve the quality of life for Surrey residents and support the County's economic recovery and future prospects.
- The proposed Working Group could, for example, consider what additional powers and responsibilities TDC might wish to acquire; how TDC could help shape a County Deal; and, aside from the specifics of the County Deal discussions, what could be done to enhance District / County working relationships to improve the quality of services.

# **Key implications**

#### **Comments of the Chief Finance Officer**

There are no direct financial implications arising from the establishment of a Working Group. However, the budgetary impact of any specific proposals affecting the Council's operations (arising either from a County Deal or other initiatives aimed at more effective public-sector relationships) would have to be assessed on their merits.

#### **Comments of the Head of Legal Services**

There are no legal implications arising from this report. Any implications, legal or otherwise, relating to the remit of this Working Group will be considered by the Group and recommendations made to this Committee, as needed.

#### **Equalities**

One of SCC's suggested 'areas of focus' for a County Deal is to secure a strategic role for tackling health inequality, including via the delivery of housing services.

#### Climate change

A further proposed 'areas of focus' is to identify innovative proposals to reach net carbon zero.

end of report
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# Results of the Consultation on the Council's Election Cycle

# Strategy & Resources Committee Thursday, 30 June 2022

Report of: Chief Executive

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

# **Executive summary:**

The Committee agreed at its meeting on 7 April 2022 that a public consultation commence on whether the Council should change its election cycle to whole Council elections every four years from 2024 or retain the current scheme of elections by thirds.

The consultation was held from Monday 9 May until Friday 17 June. The results of the consultation are summarised in paragraph 7 of this report and are attached in full at Appendix A to this report.

The Committee is asked to consider the results of the consultation and determine whether a recommendation should be put forward to Full Council for adoption of whole Council elections.

This report supports the Council's priority of: Building a better Council

**Contact officer** Alex Berry Lead Democratic Specialist

aberry@tandridge.gov.uk

#### **Recommendation to Committee:**

That, following consideration of the response to the public consultation, the Committee determine whether to:

- a) recommend to Full Council the adoption of whole Council elections every 4 years from 2024 and this matter be considered at an extraordinary meeting of Full Council on 21 July 2022 to commence immediately after the ordinary Council meeting on the same day, or
- b) retain the current scheme of elections by thirds.

#### **Reason for recommendation:**

To determine whether a recommendation should be put forward to Full Council for adoption of whole Council elections or for the current scheme of elections by thirds to be retained.

#### Introduction and background

- The Local Government Boundary Commission for England ('LGBCE') is conducting a review of the electoral ward arrangements in the District to ensure the distribution and number of councillors is appropriate and broadly balanced to reflect the District's population. Under review is the total number of Councillors elected to the Council, the number and boundaries of wards, the number of Councillors for each ward, and the name of any electoral area.
- During the review, the LGBCE will use the election scheme to help determine the number of Councillors required for each ward. If the Council continues to elect by thirds, it is likely that all wards will be represented by three Councillors as only in very exceptional circumstances can the LGBCE propose ward boundaries which allow for fewer than three members. If the Council moves to whole Council elections, wards may be represented by one, two or three Councillors.
- Under the provisions of the Localism Act 2011, the Council can, at any time, pass a resolution in full Council to change its electoral scheme from its current 'by-thirds' arrangement to a 'whole council' scheme.
- The process involves a period of consultation followed by a specially convened Council meeting at which a majority of two-thirds of those voting must do so in favour for the resolution to be passed.
- The Committee resolved to undertake a public consultation on the Council's election scheme at its meeting on 7 April 2022.

#### **Public Consultation**

- The consultation methodology and the full results of the consultation can be found in Appendix A.
- 7 The consultation received 214 number of responses. Of these 182 were made online and 32 were paper). Of the total responses:
  - 106 were in favour of retaining elections by thirds. This was 51.21% of respondents who expressed an opinion.
  - 101 were in favour of moving to whole Council elections. This was 48.79% of respondents who expressed an opinion.
  - 7 did not provide an answer.
- 8 The reasons respondents gave in favour of retaining elections by thirds varied. However, a number of common themes emerged from the

comments. varied as to why some respondents were in favour of retaining elections by thirds. The common themes were:

- Elections by thirds allows voters to have a say express their opinion at the ballot box more frequently.
- Elections by thirds provides for continuity in the membership of the Council and ensures experienced.
- 9 Again, comments varied as to the reason why some respondents were in favour of moving to whole Council elections. However, a number of common themes emerged from the comments:
  - Whole council elections would provide political stability for a four-year period.
  - Whole council elections would result in financial savings and would be more efficient use of Council resources.
- 10 The full list of comments is attached at appendix A to the report.
- A summary of the arguments in favour of the two options is attached at appendix C. These have been collated from comments received during the public consultation, the debate that took place at Strategy and Resources on 7 April 2022 and the information shared with the public as part of the consultation.
- 12 If the Committee resolve to recommend the matter be considered by Full Council, appendix C will be updated with any additional arguments and with any revised wording that are agreed by the Committee.
- 13 Members at Full Council may want to consider the relative weighting of each argument.

#### **Cost and Savings**

- 14 The financial cost of running whole Council elections is less than electing by thirds. This is because elections take place less frequently, and so costs are not incurred each year. In addition, where Council elections can be combined with other elections, for example Police and Crime Commissioner elections, additional savings can be made as the costs for certain elements (such as polling station venues and staff) are shared.
- An example of the likely cost savings that could be achieved over a fouryear period is set out at Appendix B. These figures are estimated savings only as much depends on the frequency of other elections and the unpredictable nature of a UK Parliamentary General Election.

# **Programme of Forthcoming Elections**

- 16 It is possible to identify when some elections will take place, based on the current election cycles:
  - UK Parliamentary General every five years (but can be held at any time)
  - Police & Crime Commissioner every four years
  - Surrey County Council every four years

- Tandridge District Council every three out of four years
- Parish Councils every four years

In terms of calendar years, the cycle would be as follows:

Year	Current cycle of electing by thirds	Future Cycle if stay with elections by thirds	If Change to whole Council elections & align Parish elections
2023	District Council Elections Parish Council Elections (16)	District Council Elections Parish Council Elections (16)	District Council Elections Parish Council Elections (16)
2024	District Council Elections Parish Council Elections (5) Police and Crime Commissioner Elections	District Council Elections (all out on new boundaries) Parish Council Elections (5) Police and Crime Commissioner Elections	District Council Elections (all out on new boundaries) Parish Council Elections (all) Police and Crime Commissioner Elections
2025	County Council Elections	County Council Elections	County Council Elections
2026	District Council Elections	District Council Elections	
2027	District Council Elections Parish Council Elections (16)	District Council Elections Parish Council Elections (16)	
2028	District Council Elections Parish Council Elections (5) Police and Crime Commissioner Elections	District Council Elections Parish Council Elections (5) Police and Crime Commissioner Elections	District Council Elections Parish Council Elections (all) Police and Crime Commissioner Elections
2029	County Council Elections	County Council Elections	County Council Elections

- 17 In addition, legislation makes provision for certain local referenda to be held. The Government may also decide to hold a national referendum at any point.
- In terms of Parish Council Elections, the table above presumes that the Council, if it resolved to move to whole Council elections, uses provisions within legislation to amend the date of Parish Council elections so that they take place every four years. Further information is in paragraphs 16 and 17 below.
- 19 In terms of UK Parliamentary General Elections, a recent change in legislation means that the next General Election must take place by no later than Friday 24 January 2025.

#### **Process For Changing Electoral Cycle and Next Steps**

20 The Local Government & Public Involvement in Health Act 2007 (Sections 31 to 54) sets out the process for district councils to change their electoral arrangements. To change electoral cycle, the Council must:

- a) have taken reasonable steps to consult such persons as it thinks appropriate on the proposed change,
- b) convene a special meeting of Full Council to consider the proposed change,
- c) have at least two-thirds of those voting to have voted in favour of the proposed change,
- d) ensure that the year for the first ordinary whole council election is specified in the resolution. (This cannot be the same year as whole Council election for the County Council),
- e) publish an explanatory document on the decision and make this available for public inspection, and
- f) notify the Electoral Commission.
- The public consultation undertaken satisfies the first stage in the process. If the Committee are in favour of moving to whole Council elections, the next stage is for Full Council to consider the matter. A special meeting of Full Council would therefore be held following the rising of the ordinary Council meeting on 21 July 2022.

# **Impact on Parishes**

- A move to whole Council elections would affect Parish Councils within the District. The Local Government & Public Involvement in Health Act 2007 enables the Council to make an order to alter the years of the ordinary elections of Parishes so that they coincide with the date of whole Council elections.
- 23 If the Council decides to move to whole Council elections, then to avoid Parish Councils incurring the cost of standalone elections, the Council may make an order that aligns that Parish Council elections coincide with the District elections. Having Parish elections at the same time as District elections may also produce higher levels of turnout for Parish elections.

# **Key implications**

#### **Comments of the Chief Finance Officer**

Although significant progress has been made to improve the Council's financial position, the medium-term financial outlook beyond 2022/23 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for most of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability to ensure stable provision of services in the medium term.

The Committee should consider the financial benefit of moving to all-out elections alongside non-financial considerations when making a decision on the recommendation to Council.

If the Council were to move to all-out elections, the anticipated saving of c £148k over five years would be smoothed through a reserve to deliver an annual saving of c.£30k per year.

## **Comments of the Head of Legal Services**

Local Democracy, Economic Development and Construction Act 2009 (Section 56 on the conduct of electoral reviews) provides that the Local Government Boundary Commission for England must from time to time conduct a review of electoral arrangements of each principal council in England. The 2009 Act consolidates and amends provisions previously contained in the Local Government Act 1972, the Local Government Act 1992 and the Local Government and Public Involvement in Health Act 2007.

The Council is required to cooperate with the Commission in the conduct of such an electoral review; specifically, it "must, if requested by the Local Government Boundary Commission for England to do so, provide the Commission, by such date as it may specify, with any information that it may reasonably require in connection with its functions under this section" (Section 56). As part of the review, the Council and others have made submissions proposing electoral arrangements it considers appropriate. It is for Members to decide on the evidence presented in this report whether a recommendation should be put forward to Full Council for adoption of whole Council elections.

## **Equality**

The Council has a duty to advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share their characteristic. Research by the Electoral Commission suggests that younger age groups and those with an ethnicity other than white were less likely to know when local elections were taking place. Moving to all out elections may provide an opportunity for the Council to positively impact on the opportunities of these groups to participate and vote in elections.

The consultation was publicised in such a way as to ensure a wide range of residents are given the opportunity to have their say.

## Climate change

There are no significant environmental / sustainability implications associated with this report.

#### **Appendices**

Appendix A – Results of the Public Consultation

Appendix B – Estimated Savings

Appendix C – Summary of arguments in favour of the two options

## **Background papers**

None. ----- end of report -----

# **Consultation Methodology**

The consultation ran from 9am on Monday 9 May until 5pm on Friday 17 June. The public were able to submit their views online, or by completing a paper consultation form which were available from the Council Offices, Caterham Hill Library, Caterham Valley Library, Lingfield Library, Oxted Library and Warlingham Library.

The public were notified of the consultation through the following methods:

- News items issued to all our media contacts and partners.
- Dedicated webpage on council's website.
- Social media posts.
- Articles in some local, free, monthly magazines.
- E-mail footer on officers' e-mails.
- Articles in every Tandridge News and Events e-newsletter in May and June.

Officers were also encouraged to submit their views. They were informed about the consultation by e-mail and in our internal May e-newsletter.

Councillors were also invited to submit their views and there was an article in the June Councillors' bulletin e-newsletter.

Members were consulted on the information provided to respondents through Group Leaders prior to the consultation beginning on 9 May.

A copy of the consultation survey is below.

## **Consultation Survey**

#### Public consultation about the district's election process

We are inviting residents to have their say on changing the district's election process.

District elections currently take place by thirds, which means a third of our councillors are elected each year. We are considering changing this, to move to an election every four years for every councillor, where all our councillors would be elected at the same time.

By responding to this consultation, you can have your say on the district's electoral process.

. Are you curren	tly one o	f the fol	llowing:
------------------	-----------	-----------	----------

- A district or county councillor
- A parish councillor
- East Surrey MP
- A council offcer

Υ	es/	N	0
	C-0/	ıv	.,

If you are a resident please give us your:

Title:

Full name:

Postcode:

2. Do you think Tandridge District Council should move to an all out electoral system? This means elections are held once every four years for every councillor.

Yes/No

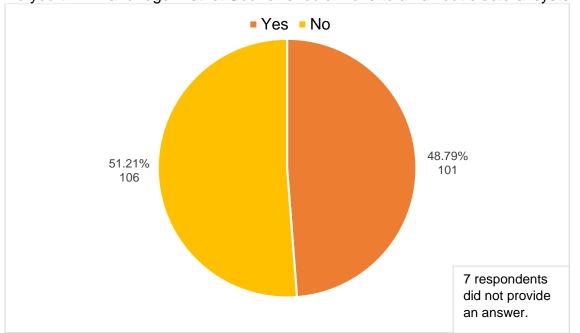
3. Do you have any comments you would like us to consider when deciding whether to move to all out elections?

Page 185

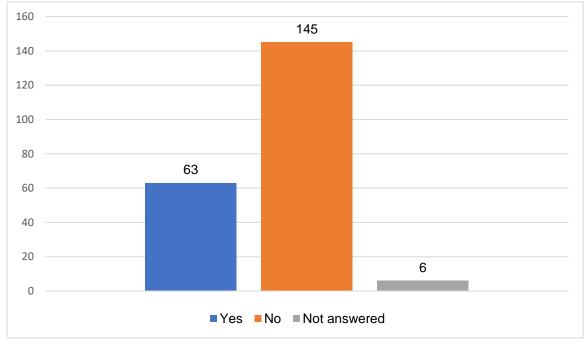
# **Public Consultation Results**

**214**Total Responses

Do you think Tandridge District Council should move to an all out electoral system?



Are you currently a district, county or parish councillor, East Surrey MP or a council officer?



# Consultation responses to "Do you think Tandridge District Council should move to an all out electoral system?"

Not all respondents provided a reason for their choice. Responses that identify individuals have been redacted. No other changes have been made.

Responses are collated in those that favour elections by thirds and those that favour whole Council elections.

# Comments from respondents favouring elections by thirds

poter NGB8yMpI A gra wron hoDHtfex Exist will p 21B80ZJS 1. Lo four- 2. Wi makii bFB8uJ8V Once no wa x1DHiGfK I don oppo the c  IIDHFt6h Over happ dama pWB8z00u Curre	entially changed at 4 year intervals.  adual change is probably best as we have all seen how major changes can go and have serious consequences!  ting system gives valuable continuity conducive to service provision. Four year cycle coliticise the process benefiting few.  cocally, residents must have their say on issues affecting them more regularly than a eyear cycle.  Vith significant personnel changes, new councillor training may impact local decisioning. Electing in thirds helps mitigate this.  e policies etc are in place for 4 years and are seen to be not acceptable then there's
wron hoDHtfex Exist will p 21B80ZJS 1. Lo four- 2. Wi makii bFB8uJ8V Once no wi x1DHiGfK I don oppo the c  IIDHFt6h Over happ dama pWB8z00u Curre	ng and have serious consequences!  ting system gives valuable continuity conducive to service provision. Four year cycle politicise the process benefiting few.  cocally, residents must have their say on issues affecting them more regularly than a service.  Vith significant personnel changes, new councillor training may impact local decisioning. Electing in thirds helps mitigate this.
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four- 2. Wi makii bFB8uJ8V Once no wi x1DHiGfK I don oppo the c  IIDHFt6h Over happ dama pWB8z00u Curre	-year cycle.  /ith significant personnel changes, new councillor training may impact local decision- ing. Electing in thirds helps mitigate this.
bFB8uJ8V Once no with a composition of the composit	
IIDHFt6h Over happ dama pWB8z00u Curre	e policies etc are in place for 4 years and are seen to be not acceptable then there's vay to change them quickly
happ dama pWB8z00u Curre	n't agree. If the elected councillors aren't performing why should we not have the ortunity to replace poor performance and not have to wait 4 years! Especially now as current independent party are practising not in my back yard politics!
	r four years councillors can become entrenched and complacent, which has bened in Tandridge. Annual elections allow people to express contrary views, limit age caused by poor decisions and foster change over a shorter time period.
	rent process maintains continuity, with gradual change. Engages electorate on ular basis and helps keep Councillors and groupings accountable. Gives activists and nteers an opportunity to get involved in democratic process regularly.
availa	ng all councillors every 4 yrs could be disruptive. At Brasted some councillors were lable on the village green every yr to give the residents the opportunity to deliver views on local needs.
highli call' i by Ye the c curre if one tune to be	major 'problem' that I perceive with the all out electoral system (other than, as you light, training incoming, inexperienced, councillors) is that what could be a 'rallying in Year 1 (eg partygate, expenses scandal, etc) might have disappeared completely 'ear 5 and so the new councillors would have a completely different remit and take council in a completely different direction, maybe making a 180 degree turn. On ent basis, there is surely some 'continuity of thought'. Equally, under current system, e or two councillors disagreed 'badly' with where council was heading, and felt out of with local populace, then they could resign - but under 4 year system, it is unlikely e just 1 or 2, but a whole gamut of them. So, for these LOCAL elections, I say 'keep'. IMHO.
	current system is less disruptive and the council has time to change and absorb
	ieve that the a third every year is more democratic
	present system seems to work well and avoid major disruption.
jaBjJwZN It is n	more democratic to have the opportunity to vote every two years to reflect the ent situation in the area and any contentious proposals or particular problems.
	ting by 1/3 leads to a council driven by the needs of the community and not the toral process. Wards for villages/rural/semi-rural communities need to be separate

4IBjcpyG	I think it is useful to have a mixture of new and longer serving councillors, as with the
0.400:-7.1	current three-year system.
34B8jzZJ	the disadvantages outlined in your leaflet outweigh the benefits.
iXB8DueL	All out elections could mean a complete change of direction, which may be desirable in some instances but in many cases not. There could also be a massive loss of
DIDO::0: It	experience with new councillors taking months to find their feet.
PIB8r0yh	Moving to every 4 years will delay any solving any potential issues
9aBjOSHQ	All out elections allow councillors to cling to power whilst implementing unpopular undemocratic decisions. They dilute accountability. Councillors are servants of the people. Annual democratic votes allow electors to effect change when needed.
HEDHYjZq	The current system enabled people to object to the local plan in a timely manner. Under a 4 year system unwanted and a democratic changes would have been imposed.
vJDHJZxm	A one-off substantial change in councillors will cause loss of skills / knowledge and a period of inactivity. It also delays the opportunity to hold poor performing councillors to account.
xnB8Dblf	This will lead to even more bad policies than there are already. If the same administration is in power for four years there could be a great deal of damage done to our District.
x8B867sA	There was insufficient space for comments to restrict adverse comment I suspect, so would add: By electing a third we can in a small way try and weed out those Councillors who don't represent residents views and are just power hungry.
YKBjfkNM	It is important to have some continuity of experience. If everyone was new it would be a nightmare to manage. We are not government which has a lot of civil servants to hand to help.
HzBjGlTk	Wholesale change every four years is far less fair and democratic. It dramatically reduces the voice of residents to determine how they are represented, and allows less-flexible, long-standing coalitions to build up amongst the elected members.
2VDHiGX2	Having a single councillor represent our village works very well. My son lives in a borough and finds the excellent local representation that we have in Tatsfield sadly lacking there. current system provides the continuity needed for local issues
7GBjkE4G	I think it is better to potentially avoid a lot of new untrained councillors at once and for voters not to have to wait 4 years between votes
pRB8CPgO	The annual opportunity allows for gradual change and yet still maintains an element of continuity in local government.
duDH9Hoo	The current system provides a level of continuity both in terms of knowledge and direction. All out elections could bring in large swings from one political administration to another.
4YBjTZNF	The back room staff stay the same no matter whether the councillors change or not
CEB8eraN	Current system ensures councillors remain attentive to local needs across the district throughout the council cycle.
P6B898qz	Moving to an all out electoral system will make councillors less accountable to electors Westminster elects every 4 years, not a good advertisement for this system. The more accountable councillors and the parties are to electors the better.
F2DHCZrU	All of a sudden there could be no experienced councillors to chair planning committees etc. I appreciate that it would be a lot cheaper to do this rather than every 2 years but don't think it is the way forward
aAB8MwUS	It takes months to understand how things work and how things are done in the council a large number of new councillors arriving in one go will totally disrupt the smooth running of council business to the detriment of our residents.
zlB86RS7	The system as it stands is very good. The thirds system allows the council to have members who have continuous knowledge
LAB80ddw	The 'all out ' election process makes sense because it would be easier and less of an expense however it also means residents would have less contact with the respective political groups and have less opportunity to voice their concerns.
vgB8L7N1	the rota of elections enables voters to change their minds it they are. 3 years is a long time in politics
eCB8H2jS	Current system provides better consistency and timelier decisions by voters. Voting every two years also makes parties more accountable to voters.
UGDHL5ZU	The proposal would harm the local electoral process as it would make results more dependent on what was happening at Westminster at that time.
LZDHHJjo	I consider the possibility of a large influx of new inexperienced councillors would be undesirable.  Page 188
	1 age 100

hcB8YxDS	The present system allows residents to indicate on a regular basis their opinion of the councils activities. This is more democratic than a 4 year system would be and a move to this electoral system would be a retrograde step.
XfB8rhP6	Election by thirds allows me and fellow voters to express our views on a regular basis, rather than once every four years, which will often be more influenced by the national situation than voters' views on council performance and services.
yyB89J6n	My preference for elections in thirds recognises the benefits of maintaining an awareness of the political process in the district.
dvBjLvOG	I believe all-out elections are not a good idea, they would be less democratic and whilst may be easier for Councils, the local polling stations etc any 'school or other disruption' is only 1 day pa.
SCB8y9fP	Election by thirds:  a) maintains the expertise of the council body better b) is more continuously representative of public opinion c) means the make-up of the council is less influenced by national politics.
DFDHfBTK	This would mean that lots of inexperienced councillors would be making decisions on possibly legal, financial and planning issues outside their own ward with limited advice from colleagues.
ShBjKZlr	Having elections every year is more democratic as the councillors are more answerable on a regular basis. Waiting 4 years on local issues will entrench policies that could be detrimental and not be reflective of what the community needs or wants.
QrDHR5aR	All out elections are likely to be affected by prevailing national issues; loss of continuity of expertise. Smaller local parties may find it difficult to present a complete set of candidates for all seats in one year.
zqB8bg6z	I would not be supportive of a move to elections 4 yearly. At present if a councillor is failing to represent the views of residents and act in the best interest of the ward the electorate have a chance to effect change.
ICB8lEgZ	4 years is a lot longer than the present one year if you are not happy with a councillor
gzB8lZSN	Change in Councillors is good so more regular elections
tmB81fve	Like it the way it is
OIB8O2g6	I think by voting in thirds is a more democratic process
wQB8VwvP	Do not want all new people at once
M5B8nkjh	It needs to be controlled
rfB8VQwB	I would like things to remain as they are

# **Comments from those that favour whole Council elections**

Response ID	Comments
EjBjfuwL	3rd prevents robust strategic decisions/leadership. Potential for too much change stops TDC from making real progress on strategic matters and direction setting. All out elections and a move to a cabinet system needed.
jrDH7fmf	More stability - less fluctuation
ADBjQKX5	Either way, it makes no difference if you continue with a first-past-the-post system which disenfranchises a large section of the public. I suggest that follow the Scottish government and adopt a single transferable vote system.
5TBjcrni	This will save money which is a priority for the council currently.
hUDHHVbC	Cost and time that would be saved by the Council not having to run elections every year
QiB8EVpg	Cost savings. Elections in 3rds can result in the administration changing every year now we have multi party rep. Single member wards preferable in all out elections- splits votes more complex to count. Mid Sussex took 14 hrs to count in 2019.
rgBjT2Ze	I am sure it will help the staff running elections to only have to run the local elections once every four years and therefore may hopefully benefit the council financially.
rkDHfmnq	This would provide a more cost effective option than the current system.
w1B8T7tu	The current system is costly and time consuming - whether it is the yearly election process itself and the work involved, the training of new councillors every year or the reluctance for councillors to take difficult decisions
5zB80UBT	It seems more efficient

oDBj3Uk7	As a Reigate and Banstead resident, the uniform pattern of 3 member wards has seen totally unrelated areas forced together and closely linked communities forced apart. I would not want Tandridge to face the same fate.
YOBjGwmS	It assists with the longer term planning and stability including financial. It allows officer and residents to have a clear understanding of the direction of travel for four years rather than changes every year.
RNBjjhaR	Elections every four years would be cheaper, give four years of stability to whoever is running the council and are easy for the public to understand.
8DBjA7Bp	Feels like we are constantly voting and if streamlined to every four years feel it would give better opportunity to see impacts
6TDHYi4X	How would the council deal with complaints about a councillor if they were not fulfilling their obligations within a 4 year period - can they still be removed from post? How would this occur?
AsB8fbTQ	Pros and cons to both. Holding it in thirds means officers gain more experience however, it also causes confusion for residents, presumably costs more money and leads to less stability.
yjDHCf1C	I believe that this would be the right way to go.
xRDHbiro	Electronic Voting would be good to implement.
m8B87BgZ	I think it is beneficial to keep ward boundaries largely unchanged plus given Tandridge's issues a stable administration for 4 years is preferable plus it will save money.
0UBjzuJa	As a past borough councillor in Epsom and Ewell borough, I found that knowing, you were in the council for four years and that ALL those around you would be there all that time, gave a much better continuity than the three year system does.
INDHvjEv	I was a district Councillor 20 years ago. I thought then that we should move to all out elections every four years because with the current system, there is always electioneering rather than a focus on achieving longer term objectives.
TtDHFYVY	4-year cycle elections would give greater certainty and strategic capability which would be in the interests of residents as well as the Council.
eBB8Yjli	We couldn't vote because house bound and unable to post.
cgDHIILS	However unclear what it means for smaller communities like Limpsfield that would move from 2 to 3 councillors and therefore have to include communities that are not part of Limpsfield.
tUB8JhMI	With elections currently being held in thirds every year, this mean during pre-election period every year there is a period of time where work is stalled and no action taken. This is less efficient for officers.
IrDHS0Ho	Minimising costs, training time and disruptions One has to consider that the 30 odd% turnout reflects the interest that residents have, so a more stable leadership on behalf of all residents also makes sense.
bUDHsDeo	We have far too many District Councillors & I think that halving the number would save costs. A merger with another Council, perhaps Sevenoaks would save on costs but with a greatly reduced number of Councillors.
UvB85Xga	We should go to a proportional representation model for council elections
I2BjiEJL	More efficient and cost effective way of running Tandridge. Also gives electors a chance to judge council together on progress made in a four year period.
v1DHNQqX	Waste of time and money to have elections every year, never known any other council who does this. Archaic practice.
AGDHcC9L	It probably won't make any difference all the time that even the BASICS aren't dealt with by TDC or SCC on crime, litter, potholes and deliberately overbuilding.
vPDHMQeU	How will councillors just elected be impacted?
zqBjbPaE	Simple and easily understood process. Could stop a "hung" council. Electors will a have broader view in deciding their vote.
gVBjBUPw	All out elections every four years would be more cost effective and would enable greater political stability, providing the administration with a more reasonable timeframe in which to achieve their objectives. This approach works well elsewhere.
DyDHMA9X	I think it is easier to support and provide overviews of services for a whole lot of new councillors at one time.
g3Bj9lu2	Save money and people are more likely to come out and vote as they get sick of doing it every year.

TdBjLuu3	The election cost to TDC would only be incurred every four years. With annual elections, the potential for upsetting the political balance occurs annually. This doesn't allow all decisions to embed.
u7DHSCrm	I think this would make the administration easier and also improve the impact/influence of Councillors as they would be more 'all in'.
blBjFKgO	This move will obviously save money firstly, but also would hopefully remove some of the political fighting and the toxic culture which the Council has experienced over recent years since becoming no overall control.
uiB8uNAc	Planning on a longer timescale than one year has to be better
BfDHRIvB	Hopefully it will lead to greater accountability and faster decision making with a Leader and Cabinet
nlBjLzCn	I'm assuming once every four years will considerably reduce costs and work.
VRDHFPRS	When are you going to encourage more than 35 % of the voting public to actually vote.  This questionnaire is s meaningless when so few actually vote in the first place
g5DHpV73	One would think that there would be a saving to the council (even if not direct) by consolidating the elections into one as suggested by this public consultation and, given the current council budget short fall, would be of great benefit.
urDHZ9gE	Not only would this save money but it would save Officer time.
BSDHo2yP	A saving will be made as there will be less costs and time of TDC officers will be incurred
q6Bjf8Nj	Every 4 years and all at the same time will stop any collusion between parties to gain majority seats.
IvDH6WAL	Makes more sense and is in line with the nationwide trend to move to four yearly all out elections. Result in less time and money spent administering the elections, increased voter turnout and provide more stable political leadership.
AUB8P4Vw	People won't bother to vote if elections are too frequent
kWB8YNhm	A less burdensome system all over the country would be a good move in my opinion. Perhaps it would encourage more people to vote
w8B8WlpA	I am in favour of complete democracy and of fitting into a pattern similar to the rest of the country



#### **Appendix B - Estimated Savings**

Table 1 As Is Elections Cycle Expenditure

	Expenditure						
	Year 1 Year 2 Year 3 Year 4 Year 5				Total		
	£	£	£		£	£	£
Total expenditure on election	126,00	00		88,000	126,000	126,000	
Total income from other sources	-72,00	00			-18,000	-72,000	
Cost to Tandridge District Council	54,00	00	0	88,000	108,000	54,000	304,000

Table 2 Whole Council Elections Cycle Expenditure

	Expenditure						
	Year 1 Year 2 Year 3 Year 4 Ye			Year 5	Total		
	£	£	£	£	£	£	
Total expenditure on election	126,000			126,000			
Assumed cost of increases	24,00	00			24	,000	
Total income from other sources	-72,000				-72	,000	
Cost to Tandridge District Council	78,000		0	0	0 78	,000 <b>156,000</b>	

**Table 3** Anticipated Costs Under Whole Council Elections

	Expenditure						
	Year 1 Year 2		Year 3	Year 4	Year 5	Total	
	£	£	£	£	£	£	
Cost to Tandridge District Council	24,00	00	0 (88,000	) (108,000	) 24,00	0 (148,000)	

Table 3 shows the anticipated costs of moving to whole council elections. It is estimated that there will an additional cost of £24k during years when all out elections are held. It is estimated there will be savings in years 3 and 4, leading to an overall saving of £148k over a 5 year period.

These figures assume that the Parish Council elections would be moved so that they fall on the same day as elections to the District Council. They also assume that Police and Crime Commissioner Elections would fall on the same day (which will happen at the May 2024 elections). They do not include any funding for national elections (for example, a General Election) which are funded centrally and can be held at any time.

#### **Expected Local Elections As Is**

Year 1: District, Parish and Police and Crime Commissioner Elections

Year 2: Surrey County Council Elections - Total cost recovered from SCC

Year 3: District Elections (14 Wards)
Year 4: District and Parish Elections

#### **Expected Local Elections Whole Council Elections**

Year 1: District, Parish and Police and Crime Commissioner Elections

Year 2: Surrey County Council Elections - Total cost recovered from SCC

Year 3: None Year 4: None



The points below are collated from the comments received during the public consultation, the debate that took place at Strategy and Resources on 7 April 2022 and the information shared with the public as part of the consultation.

If the Committee resolve to recommend the matter be considered by Full Council, this page will be updated with any additional arguments and with any revised wording that are agreed by the Committee.

Members at Full Council may want to consider the relative weighting of each argument.

# **Arguments in Favour of Elections by Thirds**

The following are arguments in favour of elections by thirds.

1	Gives more opportunities for residents to vote and influence the running of the Council
2	Ensure continuity of membership of the Council, avoiding destabilisation by reducing
	the likelihood for a large turnover of members in a short period of time
3	Ensure experience of membership of the Council is not lost by reducing the likelihood
	for a large turnover of members in a short period of time
4	Ensures Members remain focused and attentive to the wishes of electors
5	Gives political volunteers and activists an opportunity to be involved in the democratic
	process regularly
6	Regular voting avoids the results being dependent on national politics
7	Smaller local parties are more likely to present a complete set of candidates for all
	seats up for election.

# **Arguments in Favour of Whole Council Elections**

The following are arguments in favour of whole Council elections.

1	Council policies and plans can have a more stable, strategic, and long-term approach
2	An elected administration would be able to outline its four-year policy programme and
	be able to plan over a four year term
3	The election process would cost less
4	The election process would be less disruptive to schools and community centres which
	are used as polling stations
5	It would avoid the need for mandatory three member wards during the boundary
	review
6	It avoids the risk of small wards being subsumed into larger wards during the boundary
	review
7	The process is more easily understood, and people are more likely to vote
8	It would give equal opportunity to all voters to participate in elections to the Council
9	There would not be a pre-election period each year

