

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 29th June 2023 at 7:30pm.

PRESENT: Councillors Langton (Chair), Black, Bloore, Damesick, Gray, Alun Jones, Pursehouse and Sayer

ALSO PRESENT: Councillors Allen, Chris Farr, Sue Farr and Nicholas White

APOLOGIES FOR ABSENCE: Councillors Botten, Cooper, Crane and Hammond

71. MINUTES OF THE MEETING HELD ON THE 30TH MARCH 2023

These minutes were confirmed and signed as a correct record.

72. MINUTES OF THE MEETING HELD ON THE 25TH MAY 2023

These minutes were confirmed and signed as a correct record.

73. DECLARATIONS OF INTEREST

The Chair declared a non-pecuniary interest in item 9 of the agenda (Rent Subsidy Applications) in view of the assistance he had given to the Hurst Green Community Association regarding its application for a rent subsidy. He advised that he would leave the Chamber for the duration of that item.

74. CHIEF FINANCE OFFICER - MARK HAK SANDERS

The Chair was pleased to confirm that Mark Hak-Sanders had been made a Tandridge District Council employee following his transfer from Surrey County Council. He praised Mark's valuable contribution throughout the Authority since his secondment from SCC in April 2022 and welcomed him as a permanent member of the Tandridge staff.

75. INVESTMENT SUB-COMMITTEE - 16TH JUNE 2023

RESOLVED – that the minutes of this meeting, attached at Appendix A, be received and the recommendation contained in Item 3 be adopted.

76. 2022/23 FINANCIAL OUTTURN

A financial outturn report for the 2022/23 financial year was presented. The main headlines were:

- a revenue budget surplus of £595k, comprising a £111k underspend on committee budgets and £484k unused contingency; and
- reduced capital expenditure of £8,842k, £4,407k of which related to the General Fund and £4,435K to the Housing Revenue Account.

The report provided a summary of the outturn positions of the respective committee revenue budgets, with a recommendation for the deployment of the £595k revenue surplus following an assessment of external risks (i.e. declining planning and building control fee income; potential escalation of planning appeals; and inflation). A £550K contingency was proposed to cover those emerging risks, together with a £45K provision to cover the non-statutory element of redundancy costs which could not be met from capital receipts.

To ensure the delivery of the original capital programme, carry-forward of unspent £9.1m for rephasing across future years was recommended. While some aspects of capital underspends were unavoidable, the report acknowledged concerns regarding the level of required slippage. The capital programme would be reviewed before the September cycle of meetings to ensure that the 2023/24 capital allocations (adjusted for the proposed carry-forwards) were deliverable.

While welcoming the revenue budget surplus, Members sought assurance that the IT underspend did not relate to any necessary planned expenditure that, for whatever reason, was not undertaken in 2022/23. The Chief Finance Officer confirmed that there was no such deferred spending and clarified that the 'one-off telephony refund' (referred to in Section 33 of the report) amounted to £88k and reflected improved contract management.

Discussion also focused on balancing the prudent provision of contingencies against providing the General Fund with sufficient capacity and flexibility to deliver front line services. The Chief Finance Officer cautioned against using one-off contingencies to offset on-going budget pressures and reiterated the need to increase reserves, or at least maintain them at current levels. He also advised that, in most cases, contingencies were not ring-fenced and could be released if relevant risks diminished, including by way of virement between committees if necessary.

RESOLVED – that:

- A. the Council's financial outturn position for 2022/23 be noted;
- B. from the Council's £595k total surplus:
 - (i) £550k be approved as an additional contingency to cover external risks to the delivery of the 2023/24 budget
 - (ii) £45k be approved to meet redundancy costs associated with the Future Tandridge Programme
- C. capital carry forwards of £9.1m be approved, with a revised phasing to be reported during the September 2023 committee cycle.

77. FUTURE TANDRIDGE PROGRAMME UPDATE AND 2024/25 BUDGET SETTING PROCESS

The Committee considered a report regarding the overall Future Tandridge Programme (FTP); progress with the delivery of service reviews; a proposed organisational structure for assets and facilities management; and the 2024/25 budget setting process.

As far as the FTP was concerned, the report commented on:

- the first stage of developing a new corporate plan which concerned evidence gathering to inform future objectives and priorities
- the initial senior management restructure (effective from February 2023) involving the deletion of seven posts and creation of three new posts, to be followed by a second stage restructure to address the associated savings target of £170k for 2023/24
- the next steps for the digital transformation project, involving engagement and channel shift strategies (an implementation partner selection process was underway, along with business analysis activities and technical architecture assessments)
- the transition towards becoming a 'commissioning council', including engagement with councillors; further pursuit of shared service opportunities; and assessments of skills and capability requirements
- the planned roll out of the 'business partnering model' across the Council whereby corporate services will support all managers to develop competencies and become more accountable
- the next steps to becoming a smaller, more agile organisation, including the development of a people plan and skills matrix
- using data to better understand residents' requirements with a view to developing a data insights strategy and redesigning services
- progress towards transforming the culture of the organisation, including a leadership development programme for the Extended Management Team; initiatives to encourage a 'one team' approach; other training & development initiatives; and the intended introduction of a pay & reward scheme linked to performance.

Of the original £1,654k savings target, the report confirmed that £814k had been delivered, with the remaining elements quantified with RAG ratings, i.e. £190k (green); £624k (amber) and £26k (red). This represented an improvement since the March 2023 update and Officers were confident that more 'amber savings' would be delivered throughout 2023/24.

A new structure was recommended for assets and facilities management (FM), involving the integration of the community surveying team (responsible for the condition of the Council-owned housing stock) within Housing Services. The remaining assets and FM functions would continue to be managed through the corporate landlord structure in Property & Development Services, resulting in a reduced cost across the General Fund and HRA of £74k through a reduction in management graded posts from three to two.

The report also provided a financial context for the 2024/25 budget setting process, including latest assessments of potential funding and pressures, with a plausible 'required savings' range of between £0.5m and £1.4m. The neutral scenario required savings of approximately £0.75m. An indicative timetable of activities / milestones for setting the budget and agreeing a new Medium Term Financial Strategy was also presented, culminating in ratification by Full Council on 8th February 2024. This included measures for consulting Members (separate from the committee process) and the need to engage residents and business rate payers.

The following key elements of the savings plan were identified, each with an indicative range of potential savings, based on a high-level review of possible opportunities:

- full year effect of 2023/24 savings and remaining service review Key Lines of Enquiry
- early commissioning reviews, delivery model assessments and procurement activity
- funding level reviews for each service, including the scope for external funding contributions
- commercial opportunities to increase or generate new income
- early digital gains and process reviews in services not prioritised for commissioning.

The next steps and planned activities against each element were set out in Appendix B to the report.

The Committee was keen to ensure that residents without access to digital communication channels would not be disadvantaged and would still be able to engage with the Council and receive necessary support. Officers confirmed the intention to free up resources for this purpose by enabling those who could 'self-serve' to do so via the digital transformation project.

The importance of officers liaising with Ward Councillors and Parish Councils as part of the process for setting service standards (e.g. grass cutting and street sweeping) was acknowledged during the debate.

In response to Members' questions, the Chief Finance Officer explained that:

- the current year's budget assumed a 4% vacancy factor, although managers were encouraged to fill all vacancies as soon as they arose
- the base budget for each year was a culmination of that for the previous year, adjusted for pressures and required savings.

The Chair reflected on the need for the 'FTP roadmap' (Appendix D to the report) to be updated and re-presented to the Committee and Member Reference Group as a key tracking tool for monitoring the extent to which the programme is being successfully delivered.

RESOLVED – that:

in respect of the wider Future Tandridge Programme:

- A. the approach to developing the target operating model and the proposed next steps be noted
- B. progress being made on the corporate plan and organisational development be noted
- C. progress in delivering the service reviews and 2023/24 savings target be noted

in respect of Assets and Facilities Management:

- D. the new high-level structure for Assets and Facilities Management, including the integration of the Community Surveying team into the housing structure, be approved

in respect of the 2024/25 budget setting process:

- E. the proposed process and timescale for setting the 2024/25 budget and Medium-Term Financial Strategy be approved
- F. the approach to be used to develop the 2024/25 savings plan, and the financial context in which it will be prepared, be noted.

78. RENT SUBSIDY APPLICATIONS - HURST GREEN COMMUNITY CENTRE & FURZE CORNER PLAYING FIELD, TATSFIELD

Councillor Langton left the Chamber for this item in light of the interest he had declared at the beginning of the meeting. Due to the absence of the Vice-Chair, the Committee was asked to appoint another Member to preside. Councillor Sayer was appointed and took the Chair for this item.

The Committee considered two applications (and officer recommendations) for rental subsidies from two organisations in respect of Council owned assets:

- Hurst Green Community Association, which operated the Community Centre in Oak Close, Hurst Green. The current lease, whereby the Council received an annual rental of £50, was due to expire on 2nd November 2029. The market rental had been assessed at £17,000 per annum. The Association was seeking a lease extension to support a grant application to Your Fund Surrey (YFS) to enlarge and renovate the premises. YFS required a landlord commitment to a long lease before any funding could be considered for the project and the Association stated that, *“as the Community Centre would not be economically viable after 2029 with a £17K annual rental, it would be irresponsible to proceed with the work without first knowing whether a grant subsidy would commence from 2029”*.
- Tatsfield Parish Council wished to replace the pavilion on the Furze Corner playing field with a modern, accessible facility, and undertake landscaping and drainage works to the sports field. The incumbent lease (with Tatsfield Playing Fields Association) had expired and the Parish Council had agreed to take full responsibility for all buildings and land within the demise. The market rental had been assessed at £8,000 per annum. The Parish Council was seeking a 25-year lease with a 100% rental subsidy to support external funding applications for the improvements scheme.

As permitted by Standing Order 31, representatives from the two organisations addressed the Committee in support of the rent subsidy applications:

- James Kent, a Hurst Green Community Association trustee (who described the varied community use of the community centre; the Association’s response to financial challenges; and how a continued rental subsidy from the Council was integral to efforts to secure external funding to modernise the premises); and

- Jason Syrett, a Tatsfield Parish Councillor (who explained that Furze Corner was the only playing field in the village; the clubhouse was in poor condition; various sports teams had vacated, meaning that there was no longer any winter sports; the Parish Council was committed to restoring Furze Corner to active use by persuading teams to return / attracting new teams and seeking external funding to transform the facilities, but it couldn't proceed without the 100% rental subsidy).

The report recommended that, given the circumstances of these two applications, the Council's rent subsidy policy should be reviewed. Members considered that the review should include arrangements for requiring the Council to commence negotiations with tenant organisations in advance of future rent reviews and that the policy should specify when such discussions should begin.

RESOLVED – that:

- A. the Hurst Green Community Association be granted a 100% rent subsidy, to be reviewed at five yearly intervals, on the condition that:
 1. The Association enters into a new 25-year full repairing and insuring lease of the property. The rent until 2nd November (the expiry date of the existing lease) is to remain at £50 per annum (the passing rent under the existing lease). For the following 5 years (3rd November 2029 until 2nd November 2034) the Association be granted a 100% rent subsidy.
 2. The Association seeks external grant funding and fundraises to continue to maintain the property and to improve or replace the current building.
 3. If the terms of the new lease, including the rent review provisions, prohibit the Association from obtaining funding for a redevelopment of the property, the matter will be returned to Committee to reconsider.
- B. Tatsfield Parish Council be awarded a 100% rental grant subsidy, subject to a rent review after the fifth anniversary, on the condition that:
 1. The Parish Council enters into a 25-year full repairing and insuring lease so that the tenant is fully responsible for all repair and maintenance for the buildings and grounds within the demise.
 2. The Parish Council seeks external grant funding and fundraises to continue to maintain the property and to improve or replace the current clubhouse.
 3. If the terms of the new lease, including the rent review provisions, prohibit the Parish Council from obtaining funding for a redevelopment of the clubhouse, the matter will be returned to Committee to reconsider.
- C. Officers will review Council policy for the grant of rent subsidies and make recommendations to the Committee at the next meeting.

Councillor Langton returned to the Chamber and resumed the Chair for the remainder of the meeting.

79. IMPROVING TANDRIDGE DISTRICT COUNCIL'S FINANCIAL MANAGEMENT AND REPORTING ARRANGEMENTS

Proposed replacement Financial Regulations (Part C of the Council's Constitution) were presented. This followed a previous report to the Committee on 1st February 2022 when further work on updating the Financial Regulations was deferred, pending consideration of suggestions made by Members at that meeting.

The main changes to the Financial Regulations sought to clarify:

- the responsibilities of Council and Committees in respect of key strategic financial management activities such as setting and monitoring budgets, the closing of accounts and good governance;
- the responsibilities of Officers for managing budgets, authorising transactions, safe custody of assets, financial accounting and reporting requirements and similar matters; and
- operational procedures associated with the above responsibilities and increase the accountability of Officers for budgetary control and the effective use and custody of other assets for which they are responsible.

Arising from the Committee's 1st February 2022 meeting, a scheme of delegated authority was also presented which defined the extent to which senior officers could authorise certain financial transactions and write-offs. The Chief Finance Officer clarified that the overall delegation powers prescribed by the Council's constitution remained unchanged and that the aforementioned scheme provided additional transparency about matters which Management Team members were already authorised to determine themselves, or delegate in turn to other officers of their choice. However, the Chair emphasised that the Monitoring Officer should track the implementation of such decisions with sample spot checks to verify whether the officers concerned had acted within the limits of their delegated authority and that such delegations were appropriate.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that the re-drafted Financial Regulations at Appendix A to the report be adopted.

80. UPDATE ON PROCUREMENT AND CONTRACT STANDING ORDERS

A report was submitted which recommended minor changes to Contract Standing Orders (CSOs - Part D of the Council's Constitution) and updated the Committee regarding procurement performance during the 2022 calendar year, waivers from CSOs and a new shared service arrangement.

The performance update showed that (for 2022):

- a saving of £226.3k had been achieved against approved values of procurement activity requests;

- 63% of procurement transactions greater than £5k had been captured on in-tend (the Council's tendering portal) and training was planned to increase this percentage.
- 97% of spend with the 100 top suppliers had complied with CSOs
- 95% of contract values had been awarded to within 10% of pre-contract estimated values
- 23 waivers from CSOs had been approved, details of which were provided. Further work was needed to ensure that waivers under urgency were for genuinely urgent matters.

The new approach to procurement included joint working with Orbis (a collaborative procurement partnership between Surrey County Council, East Sussex County Council and Brighton & Hove City Council).

Regarding the proposed amendments to CSOs, Members sought clarification about the meaning of the highlighted wording below in the suggested new text for section 2.2.10 (describing how sections 12-30 of CSOs do not apply to commissioning external legal advice):

“Where there is no approved list, then the Head of Legal Services and Monitoring Officer will determine the method of selection, likely to be appointed from a list maintained by a third party.”

It was agreed that, following consultation with the Chair, a clearer version of this wording would be provided within the text to be recommended to Full Council on 20th July.

It was also acknowledged that the replacement CSO text before the Committee for section 2.2.10 contained typographical errors in respect of three words which should have been marked by 'strikethroughs' as text to be deleted.

RESOLVED – that

- A. the procurement performance referred to in section 6 of the report be noted;
- B. the volume and value of waivers from CSOs at Appendix A to the report be noted; and
- C. the new procurement shared service be noted.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that, subject to further amendments regarding the following aspects of section 2.2.10 (describing how sections 12-30 of Contract Standing Orders do not apply to commissioning external legal advice) the Contract Standing Orders be updated in accordance with the revisions in section 5 of the report:

- (i) clarification about the meaning of a “list maintained by a third party” in the following sentence:

“Where there is no approved list, then the Head of Legal Services and Monitoring Officer will determine the method of selection, likely to be appointed from a list maintained by a third party.”

- (ii) correction of typographical errors to show deleted words in the third paragraph of the proposed replacement 2.2.10 as follows:

“The engagement of external solicitors shall be made by formal letter or appointment contract ~~once~~ and approved by the Head of Legal Services and Monitoring Officer. In most cases the Head of Legal Services and Monitoring Officer ~~may~~ will authorise the use of external solicitors on the Surrey Legal Alliance Solicitors Framework. Requests for advice (up to ~~£10k~~ £20k) can be obtained without the need to advertise or seek alternative quotes subject to the Head of Legal Services and Monitoring Officer being satisfied that the appropriate specialism is not obtainable elsewhere and that value for money is achieved.”

Note – a revised schedule of the recommended amendments to Contract Standing Orders, reflecting the further revisions required by (i) and (ii) above, is provided at Appendix B to these minutes.

81. STRATEGY & RESOURCES COMMITTEE - TERMS OF REFERENCE

The Local Government Boundary Commission was due to publish its final recommendations for the Council’s ward boundaries on 31st October 2023. Following that, it would be necessary to review polling districts and polling places to enable all voters to vote at the correct polling stations in May 2024.

The Committee considered a proposed change to its terms of reference to enable it to determine changes to polling districts and polling places. At present, such changes could only be recommended to Full Council. Given the tight timetable for the polling district review, the proposal would ensure Officers had sufficient time to implement the new ward boundaries and ensure polling districts were correct. It was confirmed that consultation would take place with Ward Members (and others) during the review, especially if changes to polling stations were required.

COUNCIL DECISION

(subject to ratification by Council)

RECOMMENDED – that the amendments to the terms of reference for the Committee as attached at Appendix A to the report be adopted, whereby the following clause would be transferred from the Committee’s list of matters ‘*to recommend*’ to the list of matters for which the Committee is empowered ‘*to resolve*’:

“Polling District Reviews (subject to the Electoral Registration Officer having authority to change a polling place, in consultation with Ward Members and Group Leaders, when it would not be practicable to seek Committee / Council approval for such a change in time for an election – Minute 268 (2020/21)”

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TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 16th June 2023 at 10.00 am.

PRESENT: Councillors Booth, Botten, Cooper, Chris Farr, Hammond, Alun Jones and Langton

1. ELECTION OF CHAIR FOR THE REMAINDER OF 2023/24

Councillor Langton was elected Chair of the Sub-Committee for the remainder of the 2023/24 municipal year.

2. MINUTES OF THE MEETING HELD ON THE 20TH JANUARY 2023

These minutes were approved and signed as a correct record.

3. SUMMARY INVESTMENT AND BORROWING POSITION AT 31ST MARCH 2023

A report with the investment analysis at Annexes 1 to 3 was presented. This confirmed that, at 31st March 2023:

- (i) total long term treasury investments (over 12 months) amounted to £10.8 million
- (ii) short term investments (less than 12 months) amounted to £6 million
- (iii) the Council also had £16.7 million in non-treasury investments, comprising capital loans to specific service providers and limited companies
- (iv) the total amount of Public Works Loan Board (PWLB) loans at 31st March 2023 was £99.4 million, comprising £43.4 million General Fund loans and £56 million Housing Revenue Account loans (the HRA PWLB balance had reduced by £2.9m since the previous quarter due to the repayment of a PWLB loan that the Council had not yet needed to refinance)
- (v) investment income for 2022/23 totalled £1,495,700, which had exceeded the budgeted income amount by £447,335.

As explained at the previous meeting, the Government had extended the 'IFRS 9 statutory override' until March 2025. Consequently, the General Fund would continue to be insulated from gains and losses in the capital value of the Council's long-term investments in the following four funds:

- CCLA Property Fund
- Schroders Credit/Bond Fund
- UBS Multi Asset Fund
- CCLA Diversification Fund

The report confirmed that the current capital value of the investments was £1.3 million less than the original £12 million. Therefore, without the statutory override, the General Fund would have had to absorb the £1.3 million as an additional budget pressure. To mitigate against such a risk emerging in 2025/26 (should the override be not further extended) the transfer of the £447,335 surplus income (referred to in (v) above) to an Investment Performance Equalisation Reserve was recommended. This was on the basis that surpluses held in the reserve could be released to the General Fund should confidence in market value of the investment holdings recover. The Chief Finance Officer relayed advice from the Council's consultants, Arlingclose Limited, on the prospects of a full or partial recovery of values by 2026.

During the debate, the rationale for continuing to invest in the four funds was challenged, given that such a portfolio, selected for income generation, would be compromised by having to partly offset returns should IFRS 9 apply. While it would be premature to disinvest at the present time, it was acknowledged that alternative investment options based on 'total returns' may need to be considered for the future.

RESOLVED – that following be noted:

- A. the Council's investment and borrowing position at 31st March 2023, as set out in Annexes 1 and 2;
- B. the Council's actual performance against the indicators set within the Treasury Management Strategy for 2022/23, as set out in Annex 3; and
- C. the update on ongoing work to review options following the extension of the IFRS 9 statutory override.

COMMITTEE DECISION

(subject to ratification by the Strategy & Resources Committee)

RECOMMENDED – that the surplus investment income of £447k, as set out in Annex 1, be added to an Investment Performance Equalisation Reserve to offset risks to the market value of assets, and therefore not be reflected in the Council's overall General Fund outturn position.

4. INVESTMENT PROPERTY 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.

Latest information was circulated about the commercial investment properties owned by the Council and its subsidiary company, Gryllus properties. The sites concerned were:

TDC properties:

Quadrant House, Caterham Valley

It was confirmed that a final account figure for the refurbishment scheme had been agreed with contractors. The Chair reflected that those commissioned to advise the Council throughout the project were partly responsible for the overspend.

Details of recent lettings were provided and the progress of discussions with other potential tenants were discussed. It was acknowledged that the building's appeal would be greatly enhanced once the redevelopment of the adjacent site in Croydon Road had been completed.

Village Health Club, Caterham on the Hill

The Council's approach to managing Freedom Leisure's tenancy was discussed in light of the rent review in February 2023 and Freedom's subsequent request for financial assistance.

Council Offices, Oxted

Members were advised about two recent lettings. Officers were assessing the scope for further lettings, although a lack of car parking space was a limiting factor.

Gryllus properties:

80-84 Station Road East, Oxted

The current lease would expire on the 17th September 2023. Details of renewal terms being negotiated with the existing tenant's representatives were discussed.

30-32 Week Street, Maidstone

The agreed terms of a new letting were presented, together with details of a dilapidations claim being negotiated with the previous tenant. The potential implications of the reduced rental income for both Gryllus and the Council were highlighted.

Castlefield House, Reigate

The intentions of the existing tenant were noted. Following a question regarding potential, alternative uses of the site, the Principal Asset Manager undertook to clarify the limitations of current permitted development rights.

Rising 11.14 am

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Investment	Original Value - Long Term Treasury Investments £	Net Asset Value 31/03/22 £	Net Asset Value 31/03/23 £	Yield Rate Note 1 %	Actual Return 2022/23 £	Previous Year Actual £
Treasury Investments (Non-specified)- Long Term (over 12 mths)						
CCLA Property Fund	4,000,000	4,888,056	4,082,278	4.26	173,997	158,867
Schroders Bond Fund	3,000,000	2,775,151	2,550,204	5.84	149,038	128,455
UBS Multi Asset Fund	3,000,000	2,639,592	2,208,433	6.60	145,657	120,654
CCLA Diversification Fund	2,000,000	2,046,513	1,864,707	3.02	56,357	48,871
Funding Circle		391,191	142,398	-	20,249	87,136
Sub Total Non-specified (Treasury Investments)	12,000,000	12,740,503	10,848,020		545,299	543,983
Treasury Investments (Specified)-Short Term (less than 12 mths)						
Liquidity Plus Funds		1,995,487	1,994,226	1.88	37,475	3,826
Money Market Funds		13,260,000	4,000,000	0.05	394,562	7,775
Total Specified Investments		15,255,487	5,994,226		432,037	11,601
Total Treasury Investments		27,995,989	16,842,246		977,336	555,584
Non-Treasury Investments (Non-Specified)- Long Term (over 12 mths)						
Gryllus Property Company Loan - Maidstone		2,394,000	2,394,000	5.81	139,023	139,023
Freedom Leisure- Loan (TLP)		674,857	387,429	5.50	31,963	42,631
Freedom Leisure- Loan (de Stafford)		496,571	248,286	7.58	28,230	37,600
Gryllus Property Company Loan - 80-84 Station Rd East		1,012,500	1,012,500	5.43	54,979	54,979
Gryllus Property Company Loan - Castlefield		11,664,000	11,664,000	6.10	711,504	711,504
Gryllus Property Company Share Capital Note 2		5,251,500	994,100	-	-	-
Sub Total Non-Treasury Investments		21,493,429	16,700,314		965,699	985,737
Total Investments (Treasury & Non-Treasury)		49,489,418	33,542,560		1,943,035	1,541,321
Total Investment Income Budget 2022/23					1,495,700	1,515,700
Over/(under) budget					447,335	25,621

Borrowing	Balance as at 31/03/23	Interest	Actual Cost 2022/23	Previous Year Cost
	£	%	£	£
General Fund Borrowing				
Gryllus Loan	3,420,000	2.46	84,132	84,132
Freedom Leisure Loan	2,225,000	2.45	54,513	54,513
Village Health Club	938,678	2.38	22,341	22,341
Linden House	4,175,000	2.69	112,308	112,308
Linden House	254,000	2.42	6,147	6,147
Quadrant House	15,340,000	2.41	369,694	369,694
Quadrant House	800,000	2.28	18,240	18,240
Gryllus - 80-84 Station Road	724,400	2.28	16,516	16,516
Gryllus - Castlefield	15,549,000	2.91	452,476	452,476
Sub Total General Fund Borrowing	43,426,078		1,136,366	1,136,366
Total GF PWLB Budget 2022/23			1,137,000	1,137,000
Over/(under) budget			(634)	(634)
HRA Borrowing				
Public Works Loan Board	55,989,000	2.85	1,596,258	1,632,098
Sub Total HRA Borrowing	55,989,000		1,596,258	1,632,098
Total HRA PWLB Budget 2022/23			1,639,600	1,662,500
Over/(under) budget			(43,342)	(30,402)
Total Borrowing	99,415,078		2,732,624	2,768,464
Total Budget 2022/23			2,776,600	2,799,500
Total Over/(under) budget			(43,976)	(31,036)

Notes:

1. Yield Rate:

For Non specified Investments, this is the actual return divided by net asset value as at 31/03/23;

For Specified investments, this is the actual return divided by the average investment value during the year

2. Gryllus share capital comprises of equity shares arising from loans granted - no dividend will be paid in the current year

Market Value of Long Term Investments at 31/03/2023

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Carrying Value	Carrying Value 31.3.2017	Carrying Value 31.3.2018	Carrying Value 31.3.2019	Carrying Value 31.03.2020	Carrying Value 31.03.2021	Carrying Value 31.03.2022	Carrying Value 31.03.2023
	£	£	£	£	£	£	£
CCLA Property Fund	4,000,000	4,000,000	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	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	3,000,000	3,000,000
CCLA Diversification Fund	n/a	2,000,000	2,000,000	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	12,000,000	12,000,000

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Market Value	Market Value 31.3.2017	Market Value 31.3.2018	Market Value 31.3.2019	Market Value 31.03.2020	Market Value 31.03.2021	Market Value 31.03.2022	Market Value 31.03.2023
	£	£	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,082,986	4,276,854	4,276,005	4,188,063	4,158,183	4,888,056	4,082,278
Schroders Bond Fund	2,963,563	2,912,837	2,865,130	2,539,938	2,908,911	2,775,151	2,550,204
UBS Multi Asset Fund	3,018,705	2,918,160	2,868,479	2,520,713	2,777,398	2,639,592	2,208,433
CCLA Diversification Fund(indicative market value)	n/a	1,921,257	1,982,167	1,804,193	1,955,874	2,046,513	1,864,707
Total	10,065,254	12,029,108	11,991,781	11,052,907	11,800,366	12,349,313	10,705,622

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Surplus/(Deficit)	Surplus/ (Deficit) 31.3.2017	Surplus/ (Deficit) 31.3.2018	Surplus/ (Deficit) 31.3.2019	Surplus/ (Deficit) 31.03.2020	Surplus/ (Deficit) 31.03.2021	Surplus/ (Deficit) 31.03.2022	Surplus/ (Deficit) 31.03.2023
	£	£	£	£			
CCLA Property Fund	82,986	276,854	276,005	188,063	158,183	888,056	82,278
Schroders Bond Fund	(36,437)	(87,163)	(134,870)	(460,062)	(91,089)	(224,849)	(449,796)
UBS Multi Asset Fund	18,705	(81,840)	(131,521)	(479,287)	(222,602)	(360,408)	(791,567)
CCLA Diversification Fund	n/a	(78,743)	(17,833)	(195,807)	(44,126)	46,513	(135,293)
Total	65,254	29,108	(8,219)	(947,093)	(199,634)	349,313	(1,294,378)

Gross Revenue Yield	Yield	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	2021/22	2021/22
	£	%	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.42%	179,910	4.33%	158,867	3.82%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.90%	125,529	4.32%	128,455	4.42%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	5.46%	140,171	5.05%	120,654	4.34%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.67%	62,069	3.17%	48,871	2.50%
Total	392,375		508,691		488,040		513,473		507,679		456,847	

Full Year outturn at 31.03.2023	
Yield	Yield
2022/23	2022/23
£	%
173,997	4.26%
149,038	5.84%
145,657	6.60%
56,357	3.02%
525,050	

Surplus/(Deficit)- Capital Value	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/
	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	£	%	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(29,880)	-0.72%	729,873	14.93%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	368,973	12.68%	(133,760)	-4.82%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	256,685	9.24%	(137,805)	-5.22%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	151,682	7.76%	90,639	4.43%
Total	(39,803)		(36,146)		(37,327)		(938,874)		747,460		548,946	

Full Year outturn at 31.03.2023	
Surplus/	Surplus/
(Deficit)	(Deficit)
2022/23	2022/23
£	%
(805,778)	-19.74%
(224,947)	-8.82%
(431,159)	-19.52%
(181,806)	-9.75%
(1,643,691)	

Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	£	%	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%	150,030	3.61%	888,740	18.18%
Schroders Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	494,503	17.00%	(5,305)	-0.19%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	396,856	14.29%	(17,152)	-0.65%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	213,751	10.93%	139,510	6.82%
Total	352,572		472,545		450,713		(425,401)		1,255,139		1,005,794	

Full Year outturn at 31.03.2023	
Net Yield	Net Yield
2022/23	2022/23
£	%
(631,781)	-15.48%
(75,909)	-2.98%
(285,502)	-12.93%
(125,449)	-6.73%
(1,118,641)	

Peer to Peer Investment Funding Circle	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22
	£	%	£	%	£	%	£	%	£	%	£	%
Carrying Value	2,003,355		2,075,341		2,056,664		1,831,028		863,160		391,191	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170		127,982		66,749	
Less FC Service fee	(19,121)		(19,668)		(19,729)		(19,611)		(12,462)		(6,279)	
Promotions/Transfer payment							470		0		0	
Bad Debts	(58,163)		(61,288)		(111,152)		(127,649)		(80,881)		(36,103)	
Recoveries	8,219		14,780		27,428		30,253		42,431		62,769	
Net Yield	112,827	5.63%	114,838	5.53%	81,201	3.95%	76,634	4.19%	77,070	8.93%	87,136	7.12%
Provisions for future losses	0		0		(10,000)							

31.03.23	
2022/23	2022/23
£	%
142,398	
28,664	
(2,531)	
0	
(20,941)	
15,057	
20,249	4.03%

Treasury Management Prudential Indicators

Authorised limit and operational boundary for external debt

The operational boundary is an indicator against which to monitor its external debt position. It is based on the Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the CFR and cash flow requirements and is a key management to for in-year monitoring.

The authorised limit is a control on the maximum level of borrowing. It is a statutory limit determined under section 3(1) of the Local Government Act 2003 and is a limit beyond which external debt is prohibited. It is the maximum level of debt that the Council can legally owe.

The Council complied with both indicators in 2022/23.

	2022/23 limit £m	Complied
Authorised limit – borrowing	150	✓
Authorised limit – leases	0	✓
Authorised limit – total external debt	150	✓
Operational boundary – borrowing	140	✓
Operational boundary – leases	0	✓
Operational boundary – total external debt	140	✓

Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk. The maturity date of borrowing is the date that the loans are due to be repaid. The Council's debt maturity profile remains within the limits set for 2022/23.

Debt Maturity Profile Limits	Actual as at 31/03/23	Upper Limit 2022/23
	%	%
Under 12 months	0	15
12 months to 2 years	7	15
2 years to 5 years	13	25
5 years to 10 years	20	50
10 years to 20 years	4	50
Over 20 years	56	60
Total	100%	

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The Council's investments and borrowings remained within the limits set for 2022/23.

	Actual for 2022/23 £m	Upper limit 2022/23 £m	Complied
Fixed interest rate exposures	82	285	✓
Variable interest rate exposures	17	60	✓

Proposed Amendments to Contract Standing Orders

Para No.	Reasoning for proposed amendment
2.2.3	<p>Clarifies that CSOs do not apply to the awarding of grants provided that no works or services are provided direct to the Council in return for the grant. Definition of a Grant also added to Glossary.</p> <p>2.2.3 would be amended to read:</p> <p>[Section 12-30 of these CSOs do <u>not</u> apply to.....]</p> <p>Grants given by the Council either where the Council is giving or receiving a grant</p> <p><i>Awarding grants to external organisations provided that no works or services are provided direct to the Council in return for the grant.</i></p>
2.5	<p>Changes reference from Chief Officer to Head of Service in line with new structure, and throughout document.</p> <p>2.5 would be amended to read:</p> <p><i>Under the Local Government (Contracts) Act 1997, local authorities can enter into contracts with third parties in connection with any of their functions. However, first the Chief Officer Head of Service must be able to demonstrate there is a business need for the proposed Contract.</i></p>
2.2.10	<p>Changes to the arrangements for procuring legal advice. There have been occasions where the Council could not obtain accurate specialist legal advice for major projects or those projects or requirements that are high profile, high risk or of strategic importance from firms who are appointed to the Surrey Legal framework. Although, the framework does provide extra benefit such as discounted rates and has several expert and experienced barristers' chambers and legal firms appointed to the framework, the Council has managed in some instances to obtain better rates from off panel firms. Having the flexibility to seek of panel legal advice has both assisted the Council in achieving best value, and enhance delivery of services.</p> <p>2.2.10 would be amended to read:</p> <p><i>External legal advice. The Head of Legal Services and Monitoring Officer commissions all external solicitors, counsel, experts within Legal Proceedings (actual or contemplated) and arbitrators /adjudicators.</i></p> <p><i>The engagement of barristers, experts and adjudicators/arbitrators in construction disputes shall be subject to completion of a formal letter, contract of appointment or brief. The barrister, expert or arbitrator /adjudicator or chambers must either be named in the relevant Contract or be on an approved list maintained by the Head of Legal Services and Monitoring Officer for this purpose and the appointment shall be approved by the Head of Legal Services and Monitoring Officer. Where there is no approved list, then the Head of Legal Services and Monitoring Officer will determine the method of selection, likely to be appointed from a list maintained by a third party.</i></p>

Para No.	Reasoning for proposed amendment
	<p><i>Where there is no current framework agreement in place for external legal services, the Head of Legal Services and Monitoring Officer, in consultation with another Chief Officer, will together determine whether, in exceptional circumstances, a particular firm or barristers should be commissioned without requiring a procurement exercise. (However, in urgent situations when, for whatever reason, another Chief Officer cannot be contacted at the point of commissioning, it would be open to the Head of Legal Services and Monitoring Officer to utilise the urgency provisions of Standing Order 35 to demonstrate the reasons for the required advice). Effective records of such instructions shall be maintained by the Head of Legal Services and Monitoring Officer and reported to the Corporate Procurement Board and, should Standing Order 35 apply, to the relevant Committee</i></p> <p><i>The engagement of external solicitors shall be made by formal letter or appointment contract once and approved by the Head of Legal Services and Monitoring Officer. In most cases the Head of Legal Services and Monitoring Officer may will authorise the use of external solicitors on the Surrey Legal Alliance Solicitors Framework. Requests for advice (up to £10k £20k) can be obtained without the need to advertise or seek alternative quotes subject to the Head of Legal Services and Monitoring Officer being satisfied that the appropriate specialism is not obtainable elsewhere and that value for money is achieved.</i></p> <p><i>Instructions to, or a brief to external counsel shall be issued in consultation with the Head of Legal in respect of any matter.</i></p> <p><i>Before instructing or briefing external counsel or external legal advisor, the Head of Legal or their substitute shall take all reasonable steps to obtain an oral quotation from Counsel's clerk or from the firm's legal director. Where the Head of Legal anticipates that the net value of counsel's fees or external legal advisor will exceed £20k, the Head of Legal shall take all reasonable steps to obtain fee quotations from three (3) different counsels' chambers for counsel or external legal firms of comparable experience and seniority unless, in the opinion of the Head of Legal it is not practicable or appropriate to do so.</i></p>
33.4.4	<p>Includes reference to the Council's Risk Management Strategy that applies to the management and monitoring of supplier contracts.</p> <p>33.4.4 would be amended to read:</p> <p>33.4. <i>The responsibilities of the Contract Manager will include:</i></p> <p>33.4.1. <i>undertake appropriate risk assessments that have considered service continuity, health and safety, fraud and information management risks</i></p> <p>33.4.2. <i>maintain a risk register during the contract period</i></p> <p>33.4.3. <i>ensure appropriate contingency measures are in place for identified risks</i></p> <p>33.4.4. <i>in line with the Council's Risk Management Strategy:</i></p> <ul style="list-style-type: none"> • <i>formally review monthly and regularly monitor and report to the Procurement Specialist on: a Contractor's performance against the agreed level of service; the regularity of meetings held with the contractor; compliance with specification and contract costs and identifying as early as possible any potential over-spends and any Best Value requirements</i>

Para No.	Reasoning for proposed amendment
	<ul style="list-style-type: none"> • <i>monitoring the continuing level of operational and financial risk to which the Council is exposed and to institute controls as appropriate</i> <p>33.4.5 <i>facilitating the resolution of issues between the supplier and users of the service</i></p> <p>33.4.6 <i>ensuring prompt payment of invoices and compliance with all financial regulations and CSOs during the lifetime of the Contract</i></p> <p>33.4.7 <i>ensuring that appropriate arrangements are made for the termination or re-letting of the Contract at the appropriate time.</i></p> <p>This content is currently presented as follows:</p> <p>33.4 The responsibilities of the Contract Manager will include:</p> <ul style="list-style-type: none"> • undertake appropriate risk assessments that have considered service continuity, health and safety, fraud and information management risks • maintain a risk register during the contract period • ensure appropriate contingency measures are in place for identified risks • formally review monthly and regularly monitor and report to the Procurement Specialist on: a Contractor's performance against the agreed level of service; the regularity of meetings held with the contractor; compliance with specification and contract costs and identifying as early as possible any potential over-spends and any Best Value requirements • monitoring the continuing level of operational and financial risk to which the Council is exposed and to institute controls as appropriate • facilitating the resolution of issues between the supplier and users of the service • ensuring prompt payment of invoices and compliance with all financial regulations and CSOs during the lifetime of the Contract • ensuring that appropriate arrangements are made for the termination or re-letting of the Contract at the appropriate time.

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