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20 September 2023

Strategy & Resources Committee
Thursday, 28th September, 2023 at 7.30 pm
Council Chamber - Council Offices

Agenda

The agenda for this meeting is set out below.

Members of the Strategy & Resources Committee

Councillor Chris Langton (Chair)	Councillor Mike Crane (Vice-Chair)
Councillor Bryan Black	Councillor Robin Bloore
Councillor Christopher Botten	Councillor Michael Cooper
Councillor Peter Damesick	Councillor Jeffrey Gray
Councillor Liam Hammond	Councillor Alun Jones
Councillor Jeremy Pursehouse	Councillor Catherine Sayer

Substitute Members

Councillor Martin Allen	Councillor Matthew Groves
Councillor Anna Jones	Councillor Colin White

If a member of the Committee is unable to attend the meeting, they should notify Democratic Services. If a Member of the Council, who is not a member of the Committee, would like to attend the meeting, please let Democratic Services know by no later than noon on the day of the meeting.

If any clarification about any item of business is needed, contact should be made with officers before the meeting. Reports contain authors' names and contact details.

David Ford

Chief Executive**Information for the public**

This meeting will be held in the Council Chamber, Council Offices, Oxted and the public are welcome to attend. Doors for the Council Offices will open 15 minutes before the start of the meeting.



The meeting will also be broadcast online at tinyurl.com/webcastTDC. In attending this meeting, you are accepting that you may be filmed and consent to the live stream being broadcast online and available for others to view.



Information about the terms of reference and membership of this Committee are available in the Council's Constitution available from tinyurl.com/howTDCisrun. The website also provides copies of agendas, reports and minutes.



Details of reports that will be considered at upcoming Committee meetings are published on the Council's Committee Forward Plan. You can view the latest plan at tinyurl.com/TDCforwardplan.

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Tandridge District Council, Council Offices, 8 Station Road East, Oxted, Surrey, RH8 0BT

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 her staff prior to the meeting.

3. Minutes of the meeting held on the 29th June 2023 (Pages 5 - 28)

To confirm as a correct record

4. To deal with any questions submitted under Standing Order 30

5. Quarter 1 2023/24 Budget Monitoring - Strategy & Resources Committee (Pages 29 - 64)

6. Quarter 1 2023/24 Key Performance Indicators - Strategy & Resources Committee (Pages 65 - 76)

7. Future Tandridge Programme Update (Pages 77 - 142)

8. Household Support Grant - Phase 4 (Pages 143 - 152)

9. Review of policy for granting rental subsidies to community organisations (Pages 153 - 158)

10. 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).

11. To consider passing the following resolution:

RESOLVED – that members of the press and public be excluded from the meeting for the following item of business under Section 100A (4) of the Local Government Act 1972 (as amended) on the grounds that:

- (i) it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act; and
- (ii) for the item, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Item No.	Nature of Exempt Information
12	Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972

12. Croydon Road, Caterham redevelopment – award of contract (Pages 159 - 164)

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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)”

Rising 9.55 pm

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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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Quarter 1 2023/24 Budget Monitoring - Strategy & Resources Committee

Strategy & Resources Committee Thursday, 28 September 2023

Report of: Chief Finance Officer (Section 151)

Purpose: To note the 2023/24 Quarter 1 / Month 3 (June) financial position of the Committee and the Council overall, and take associated decisions.

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the 2023/24 Quarter 1 / Month 3 (June) financial position for both revenue and capital budgets for the Committee and the Council overall.

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)
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Recommendations to Committee:

That the Committee:

- A. Notes that the Department for Levelling Up, Housing and Communities (DLUHC) has refused the Council's application to use capital receipts as part of a strategy to build reserves resilience.
- B. Notes the forecast revenue and capital budgets positions as at Quarter 1 / M3 (June) 2023 and the Q1 Prudential Indicator update.
- C. Approves a pay award virement of £231k between Corporate Items and Strategy & Resources, Community Services, Housing and Planning Policy Committees, set out in section 3.
- D. Approves the reprofiling of the capital budget set out in section 21 and page 6 of Appendix A.

Reason for recommendations:

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.

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 the revenue budget is delivered, and that any new expenditure is contained within the available resources.

Finance have committed to bringing quarterly financial monitoring updates to each Committee to ensure that all Members are aware of the financial position of the services within their remit, as context for decisions needed to mitigate any variance to budget and in terms of the effect on the emerging budget for 2024/25.

Updates to the other three Policy Committees were submitted during September 2023.

This report, along with Appendix A, presents the detail for Strategy & Resources and the consolidated position.

Introduction and background

1. The 2023/24 Strategy & Resources Committee Revenue budget was approved at £6,080k by Full Council on 9th February 2023, excluding the distribution of a budget for the approved pay award.
2. When the overall budget was set, a £230k budget was held in Corporate Items pending the approved pay award. Now the pay award for 2023/24 has been approved, this report recommends a virement (budget transfer) between the Committee budgets to distribute the associated budget.
3. The virement makes no change to the Council's net budget, but increases the budget for the Strategy & Resources Committee by £108k to £6,187k (after rounding). The full Committee allocation is below:

Service	Original Budget £k	Pay Award Virement £k	Revised Budget £k
Community Services	4,560	53	4,613
Housing General Fund	684	29	713
Planning Policy	1,297	42	1,338
Strategy & Resources	6,080	108	6,187
Corporate Items	(685)	(231)	(916)
Total Budget	11,935	0	11,935

4. The Council's overall budget stands at £11,935k, unchanged from the budget approved by Council on the 9th February 2023.
5. The 2023/24 Strategy & Resources Committee Capital Budget was approved at £1,822k by Council on 9th February 2023 having been considered by S&R Committee on the 31st January 2023.
6. This was increased to £3,334k by
 - a. £295k of Digital Transformation Budget approved by Strategy & Resources on 30th March 2023.
 - b. £1,217k of carry-forwards from 22/23 approved by Strategy & Resources on 29th June 2023.
7. The overall Capital Programme was set at £19,212k by Council on 9th February 2023. The available budget was increased by:
 - a. £295k of Digital Transformation Budget approved by Strategy & Resources on 30th March 2023.
 - b. £9,149k of carry-forwards from 2022/23 approved by Strategy & Resources on 29th June 2023;

This brings the total available capital budget to £28,656k. The 29th June 2023 Committee meeting approved that 'a revised phasing be reported during the September committee cycle'. This report and the appendix sets out the revised phasing.

Revenue Headlines

8. The key headline at M3 is a forecast revenue overspend of £250k for the Council overall before corporate mitigations of £921k. Section 17, below and Page 4 of Appendix A sets out the available contingencies. In light of the contingencies, a balanced outturn is expected, i.e. with no need to call on general reserves.
9. Irrespective of contingencies, further work is needed to mitigate the position. There are also significant risks around inflation, temporary accommodation costs and planning appeals that need to be managed. Further details of the variance are included in Appendix A and below.
10. Savings delivery remains on-track with £1,048k of the £1,654k savings target rated achieved or green for delivery. £546k of the savings target is currently rated as amber and this is expected to be achieved over the course of the year. A further £61k is rated either red or unachievable. Full information on the delivery of the savings programme is provided in the Future Tandridge Programme report to this Committee meeting.
11. The following sections set out the £250k forecast overspend by Committee. Further detail is included in Appendix A.

Community Services – balanced to budget.

12. Balanced to budget, therefore no forecast variance at Quarter 1.

Despite forecasting on budget overall, a number of offsetting risks and opportunities are being managed within the budget, particularly:

- Waste inflation – until inflation rates are confirmed, this could lead to a surplus or deficit against the budget.
- Garden Waste – whilst membership remains high, there is still risk to delivering on this budget as renewals take place throughout the year.
- Operational Services - £16.5k savings target remains as amber, pending further work on delivering changes in the service.
- Car Parking – the impact of Surrey County Council taking on on-street parking responsibilities is uncertain at this point.
- Cesspool – the performance of this traded service is being kept under review and may be a risk or an opportunity as the year progresses.

Housing General Fund - £15k overspend

13. Housing General Fund overspend £15k mainly due to:

£15k Meadowside Mobile Homes – increased costs for planned repairs and tree works.

Alongside the known variance on Meadowside, risks are being managed within the budget, particularly in respect of Homelessness which is very sensitive to changes in temporary accommodation costs. Spend to-date is in line with expectations, but a small increase in numbers can have a significant impact on the budget. Temporary accommodation costs can also have a knock-on impact on Housing Benefit (although an earmarked reserve exists to mitigate the impact on the latter).

Planning Policy Committee - £197k overspend

14. Planning Policy Committee is forecasting a £197k full-year overspend. The overall overspend is mainly due to:

- **(4k) Planning Application and Advice Planning Application and Advice** positive variance at year end predicted based upon the following:
 - £86k overspend on salaries due to reliance on contract staff for longer than originally anticipated.
 - £47k Overspend on running costs related mainly to third party external consultant advice including retail impact assessments and highways matters.
 - (£136k) surplus on planning application fee income. It is expected that fee income will be supported by income from some major sites where planning applications are anticipated.
- **£11k Enforcement overspend** predicted. £21k salary overspend due to reliance on contract staff offset by one off lower running costs (£10k) and a small amount of income.
- **£132k Appeals overspend** due to a change in the forecast appeals provision, based on doubling the 2022/23 provision.
- **£27k Gatwick DCO expenditure** associated with consultant commission for bespoke assessment of air quality and noise impacts on Tandridge arising from Gatwick Airport Northern Runway project. Up to £30k approved by Planning Policy Committee on 23 March 2023. Note that this forecast precedes additional approvals in September and will need to be updated for Quarter 2.

- **£31k Land Charges and Street Naming & Numbering.** Reduction in Land Charges income worse than budget caused by transient external pressures of rising inflation and high interest rates. Officers will closely monitor search numbers/income and initiate a promotion of the service through Communications in order to maintain and increase our market share.

Strategy & Resources – £38k overspend

15. **£38k Legal Services overspend** primarily due to £19k vacancy factor not being delivered and £19k gap in income generation. The Legal Services Team are looking at possibility of recharges to other departments for certain in-house services (where these can be met from non-general fund sources; HRA, capital etc) to cover shortfalls and reviewing other options which are in their infancy, for mitigating the overspend. At the same time Legal officers are responding to an increase in demand for completing work in house which has reduced opportunities for obtaining work from third parties.

Corporate Items

16. No forecast variance at Quarter 1. Performance against interest receivable is likely to exceed budget and provide an opportunity at year end to review the level of reserve held for volatility in investment values.

Mitigation through contingencies

17. Offsetting the deficit identified are contingencies as follows:

- £371k base budget contingency (£445k total contingency less £74k set aside for cost-of-living pressures)
- £550k set aside in 2022/23 outturn
- Totalling £921k – a balanced outcome is therefore deemed to be achievable.

However, it is of key importance that mitigating actions continue. Whilst contingencies appear adequate at this point in the year, the Council faces risks which cannot be quantified, including planning appeals and the impact of financial pressures on existing suppliers, which will need to be managed and monitored closely. This includes specific, live examples which are commercially sensitive but where the potential financial risk could be significant.

Department for Levelling Up Housing and Communities (DLUHC) application

18. As reported in the 2023/24 Budget and Medium-Term Financial Strategy, approved by Full Council on the 9th February 2023, the Council applied to use £500k of capital receipts from the sale of the Redstone building as part of a strategy to build its reserves resilience. The request was submitted on the 1st March 2023 and DLUHC have been considering since that point.
19. On the 12th September 2023, Government wrote to the Chief Executive and the Leader of the Council to confirm that the Council's request had not been approved, citing the Council's improved financial position. The letter concluded as follows:
- "The department recognises and commends the Council's efforts to grip and manage its budget pressures, and the successful steps taken to deliver the transformation and savings programme in 2022/23 and in 2023/24. Should the Council have concerns about its ability to manage its budget in future, the offer from the department to speak to councils in this situation remains open."
20. Officers will maintain contact with DLUHC representatives to keep the department appraised of the Council's financial situation. A further review of reserves resilience will be included in the Council's 2024/25 Draft Budget (to the November Committee cycle) and the Final Budget in January.

Capital Programme Update

21. At Quarter 1, the phasing of the Capital Programme was reviewed thoroughly, in line with a commitment to June Committee to review how much was deliverable in 2023/24. Overall the Capital Programme is forecasting £8,827k of net slippage and £36k of underspend. A net of £5,002k of this relates to the General Fund and CIL schemes, and £3,862k in the Housing Revenue Account. This is the aggregate of a number of increases and decreases, further details of which are reported in Appendix A.

	Original Budget incl. Carry Forwards & Additions 2023/24	Forecast M3 2023/24	Variance M3 2023/24
	£k	£k	£k
Community Services	2,077	1,740	(337)
Housing General Fund	642	503	(139)
Strategy & Resources	3,334	917	(2,417)
Planning Policy	2,608	500	(2,108)
General Fund	8,661	3,660	(5,002)
Housing Revenue Account	19,995	16,133	(3,862)
Total	28,656	19,793	(8,864)

22. In order to re-base the Capital Programme to a deliverable level, it is recommended that the budget be reset to match the Q1 forecast of £19.8m. This will then be used as the baseline for future quarterly reports. Resetting the budget will provide a more realistic target for delivery.
23. Alongside a review of the deliverability of the Capital Programme, a lessons learned exercise was undertaken in conjunction with the Corporate Finance Team at SCC through the Joint Working Agreement. The results of this are set out below.

Prudential Indicators Q1 Update.

24. The 2021 Prudential Code and Treasury Management Code introduced a new requirement that monitoring of prudential indicators should be reported quarterly from financial year 2023/24. The prudential indicators are set as part of the Council's Capital and Investment Strategy reported to Investment Sub-Committee before the start of the financial year. The Prudential Code requires authorities to self-regulate the affordability, prudence and sustainability of their capital expenditure plans, investments and debt in light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the authority. The indicators are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions. Due to the timing of the next Investment Sub-Committee falling into November, at which point the Q1 performance update will have been superseded, an update on Q1 is provided as part of this report, in Appendix B.
25. Section 21 above sets out a rephrasing of the capital programme that will result in lower than anticipated borrowing by the end of 2023/24. The remaining indicators are otherwise as expected when the budget was set.

Capital Programme Improvements

26. Several factors, including inflation and general economic uncertainty, have increased the challenges that all authorities face in delivering their capital plans. This affected 2022/23, particularly in the failure of major contractors, and is likely to persist during 2023/24. Pressures on delivery will be exacerbated by rising costs and the Bank of England continuing to raise interest rates as a means of controlling inflationary pressures. It is increasingly important that the Council is responsive to these circumstances through its monthly monitoring and capital reporting and governance processes. Understanding the potential impact of risks; national and local, which have influenced past performance is a key part of delivering a higher proportion of the programme in future.

27. Through the monthly monitoring, budget holders will be supported in reviewing and updating forecasts, with a renewed focus on the deliverability of schemes, with use of the most up to date information that is available. In Finance, responsibility for Capital Programme business partnering has moved to align with revenue budget business partnering to ensure there is a consistent and complete view of the service.
28. It is expected that this will identify schemes which are at risk of non-delivery at an early stage, with robust narrative to set out the reasons for variances and what action is being taken to mitigate the impact. Where schemes are projecting reduced activity there may be opportunities to accelerate progress on other schemes to make best use of available funding.
29. Governance processes: The Council's governance process in respect of the Capital Programme will be reviewed. This likely to include the following:
- A scheduled Quarter 1 re-profiling in each September to reflect changes in expectations since the budget was set in February. (2023/24 will mark the start of this process).
 - A peer group of Capital Programme managers created to review new business cases and review and challenge the annual phasing of existing programmes; bringing their own knowledge of the impact of delivery risks elsewhere.
 - A realistic assumption of slippage built into all schemes to reflect the likelihood that as-yet unknown factors will affect schemes, based on national good practice and the principles of optimism bias.
30. Delivery resource: At the heart of delivering the Capital Programme is the requirement for Officers to have capacity to take projects forward. This has been reflected in a recent restructure of Assets and Facilities Management which has created a new project delivery post, specifically to manage Capital Programme projects. This post will work with Members and Officers in other Committees (particularly Community Services) to ensure that priority projects are delivered. Recruitment is under way.

Key implications

Comments of the Chief Finance Officer

31. 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. The key financial implications at this stage are captured in the body of the report.

Comments of the Head of Legal Services

32. It is essential, as a matter of prudence, that the financial position of services 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 new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.
33. Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget. This report satisfies this statutory requirement.

Equality

There are no equality implications associated with this report.

Climate change

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

Appendices

Appendix A – Committee’s M3 (June) 2022 Financial Report and supporting data

Appendix B – Prudential Indicator Update

Background papers

- 2023/24 final budget and MTFs - Strategy and Resources Committee 31st January 2023
- 2022/23 Budget – Outturn Report – Strategy and Resources Committee 29th June 2023

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

Quarter 1 - 2023/24 Financial Report

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Mark Hak-Sanders
Chief Finance Officer (S151)

September 2023

Contents

- Executive Summary
- Revenue Summary
- Saving Plans Update
- Capital Position

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Annex

- Revenue Position - Committee Detail
- Financial Risks and Opportunities
- Capital Position - Committee Detail

Executive Summary - Month 3 (June 2023)

Revenue Forecast at M3 Q1

	Forecast M3 £k	Annual Budget £k	Outturn Variance £k
Community Services	4,613	4,613	0
Housing General Fund	728	713	15
Planning Policy	1,535	1,338	197
Strategy & Resources	6,225	6,187	38
Corporate Items	(916)	(916)	0
General Fund- Services	12,185	11,936	250
Central Funding	(11,935)	(11,935)	0
General Fund	250	0	250

Overall at M3 Q1 the Council is forecasting a £250k overspend, containable within contingencies to deliver a balanced outturn

- Community Services: No variance
- Housing General Fund: £15k overspend – 2.1% of committee budget
- Planning Policy: £197k overspend – 14.7% of committee budget
- Strategy & Resources: £38k overspend – 0.6% of committee budget
- Corporate Items: No Variance

M3 headlines are set out on the next slide, with full details in the Annex

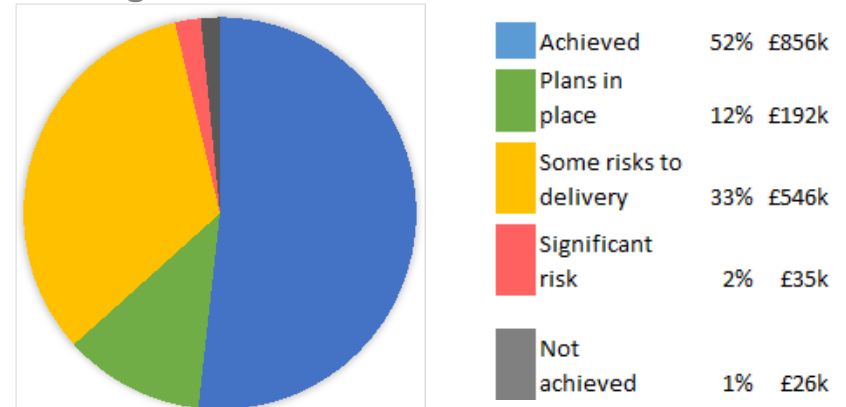
Capital Programme Forecast at M3 Q1

New forecast Underspend £8.9m

	Original Budget incl. Carry Forwards & Additions 2023/24 £k	Forecast M3 2023/24 £k	Variance M3 2023/24 £k
Community Services	2,077	1,740	(337)
Housing General Fund	642	503	(139)
Strategy & Resources	3,334	917	(2,417)
Planning Policy	2,608	500	(2,108)
General Fund	8,661	3,660	(5,002)
Housing Revenue Account	19,995	16,133	(3,862)
Total	28,656	19,793	(8,864)

Further detail is set out on Slide 6

Savings Plan at M3 Q1 - £1.65m



- Unachievable amount is due to a shortfall in Community Services – Regulatory Services
- Doubtful amounts relate to Resources - IT

Revenue Summary by Committee M3

2022/23 Outturn £k	Forecast Qtr 1 £k	Annual Budget £k	Outturn Variance £k	One-off events £k	Ongoing Pressures £k
4,156 Community Services	4,613	4,613	0	0	0
462 Housing General Fund	728	713	15	15	0
1,259 Planning Policy	1,535	1,338	197	166	31
5,952 Strategy & Resources	6,225	6,187	38	38	0
(589) Corporate Items	(916)	(916)	0	0	0
11,240 General Fund- Services	12,185	11,936	250	219	31
(11,351) Central Funding	(11,935)	(11,935)	0	0	0
(111) General Fund	250	0	250	219	31

Mitigation through contingencies

Offsetting the forecast deficit identified are contingencies as follows:

- £371k base budget contingency (£445k total contingency less £74k set aside for cost of living pressures)
- £550k set aside in 2022/23 outturn

Totalling £921k – a balanced outcome is therefore deemed to be achievable

Key Messages:

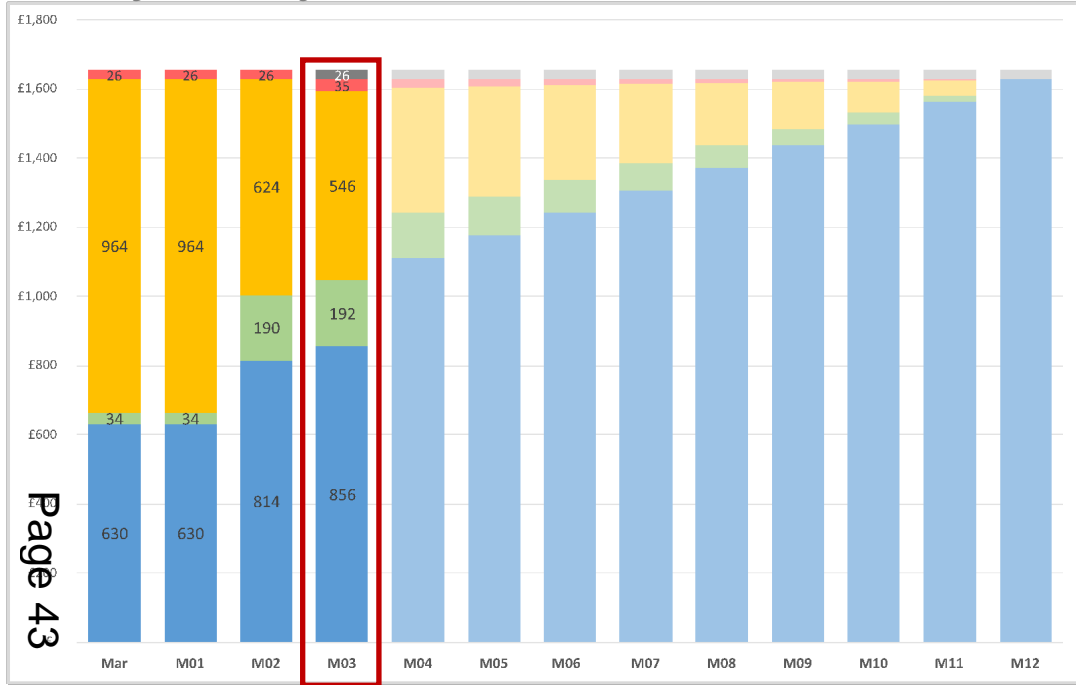
Committees are projecting a full year **£250k overspend in Q1**.

- **Community Services:** No forecast variance at Qtr1. There are risks and opportunities to the budget meaning that overall a balanced outcome is expected.
- **Housing General Fund: £15k overspend** due to Meadowside additional repairs and tree pollarding
- **Planning Policy: £197k overspend** due mainly to **£143k additional forecast expense (predominantly providing for appeals costs)**. **£27k additional Gatwick DCO** expenditure incurred for air quality and noise pollution surveys. **£31k less income Land Charges and Street Naming & Numbering** due to reduction in Land Charges income caused by external pressures of rising inflation and high interest rates.
- **Strategy and Resources: £38k overspend** - primarily due to £19k vacancy factor not yet identified and £19k gap in income generation.
- **Corporate Items:** No forecast variance at Qtr1.

Whilst at Q1, an overspend of **£250k** is forecast, there are significant risks and opportunities that will need to be managed as the year progresses. There is a particular risk to the panning appeals and homelessness budgets which may cause volatility later in the year.

Saving Plans Delivery

Summary and Projection



Key:
Black – Savings target will not be met this year
Red – Significant risks to delivery, delivery plan yet to be agreed
Amber – Some risks to delivery, or detailed delivery plan still in development
Green – Clear plans, realistic timescales
Blue – Savings delivered

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Delivery by Committee

Committee	Target	Complete	Green	Amber	Red	Black
Community Svcs	388	198	148	17	0	26
Housing GF	210	60	0	150	0	0
Planning	70	30	0	40	0	0
S&R	844	426	44	339	35	0
Corporate Items	142	142	0	0	0	0
Total	1,654	856	192	546	35	26

Commentary

Total plan of £1.65m - forecasting c£1.63m (98%) delivery

- **Black** - is mainly on account of Regulatory Services – Productivity and Digital Improvements not being achievable in Community Services.
- **Red**- IT saving to be reviewed alongside RBBC joint working.
- A full update is provided in the Future Tandridge Programme report.

Capital Summary by Committee - M3

	Original Budget 2023/24	Carry Forward from 2022/23	Approved Additions	Original Budget incl. Carry Forwards & Additions 2023/24	Forecast M3 2023/24	Variance M3 2023/24	Variance Overspend/ (Underspend)	Variance Acceleration /(Slippage)
	£k	£k	£k	£k	£k	£k	£k	£k
Community Services	990	1,087	0	2,077	1,740	(337)	0	(337)
Housing General Fund	503	139	0	642	503	(139)	0	(139)
Strategy & Resources	1,822	1,217	295	3,334	917	(2,417)	(36)	(2,381)
Planning Policy	500	2,108	0	2,608	500	(2,108)	0	(2,108)
General Fund	3,814	4,552	295	8,661	3,660	(5,002)	(36)	(4,965)
Housing Revenue Account	15,398	4,597	0	19,995	16,133	(3,862)	0	(3,862)
Total	19,212	9,149	295	28,656	19,793	(8,864)	(36)	(8,827)

Capital – Net Variance: £8,864k mainly due to:

• **Community Services: Slippage of £337k** across various capital schemes as noted below:-.

- Vehicle Fleet Renewals (£88k)
- Car Parking (£34k)
- Garden Waste Bins (£31k)
- Refuse, Recycling and Food Waste (£184k)

• **Housing General Fund: £139k less than budget.** Slippage, surplus capital grant, reprofiled into 2024/25.

• **Strategy and Resources : £2,417k less than budget, mainly due to:**

- Croydon Road Regeneration - £2,256k Slippage with major works being deferred.
- IT - Hardware/Infrastructure/Customer First Projects (£36k) underspend and (£125k) Slippage due to various aspects of the hardware rolling replacement programme.

• **Planning Policy – Community Infrastructure Levy: £2,108k less than budget.** Slippage, surplus reprofiled into 2024/25.

• **Housing Revenue Account : Slippage of £3,862k** mainly due to the potential for slippage across the programme.

Additional Information

Debt as at 30th June 2023

Update to set out the direction of travel for debt recovery. Direction of travel from the last report has been RAG rated as follows;

Red – deteriorates by over 10% against target;

Amber – deteriorates by less than 10% against target

Green – improves against target

Sundry Debt, HBOP and HRA:

Type	Q4 21/22	Q4 22/23	Q1 23/24	Outcome
Sundry Debts	£282k	£249k	£227k	G
HBOP	£1,144k	£1342k	£1259k	G
HRA	£444k	£525k	£565k	A

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HRA & CT - Debt in general has increased given cost of living impacting on residents and tenants prioritising which bills to pay. The debt recovery team continues to work with debtors to help alleviate outstanding bills

Collection Fund (2019/20 used as pre-Covid baseline)

	Monthly			YTD
	A	M	J	Qtr 1
Business Rates 19/20	15.2%	8.8%	8.9%	33.0%
Business Rates 22/23	14.7%	7.6%	8.5%	30.8%
Business Rates 23/24	16.3%	8.4%	7.3%	32.0%
Outcome	G	G	R	G
Council Tax (19/20)	17.3%	9.2%	9.3%	35.8%
Council Tax (22/23)	16.6%	9.3%	9.0%	34.9%
Council Tax (23/24)	16.5%	9.1%	8.9%	34.5%
Outcome	A	A	A	A

Business Rates - June recovery is lower than previous years however July has shown improvements.

Vacancy Factor – 3% improvement overall from Q4

Area	Posts	FTE	Staff	Vacancies	%	Temps	%	Total	%	Last Qtr	Difference
Communities	63	61.5	52.5	9	85%	3	5%	55.5	90%	92%	-2%
Planning	58	56.1	42.1	14	75%	9	16%	51.1	91%	93%	-2%
Housing	47	46.6	43.6	3	94%	2	4%	45.6	98%	97%	1%
Strategy & Resources	120	109.3	90.3	19	83%	9	8%	99.3	91%	84%	7%
Total	288	273.5	228.5	45	84%	23	8%	251.5	92%	89%	3%

ANNEX

DETAILED REVENUE AND CAPITAL

- M3 Forecast – Committee Detail (slides 9 to 14)
- Financial Risks and Opportunities (slide 15 - 16)
- Capital Budget – Committee Detail (slide 17 - 21)

Revenue Commentary- Communities Services

2022/23	Forecast	Annual	Outturn	One-off	Ongoing
Outturn £k	Qtr 1 £k	Budget £k	Variance £k	events £k	Pressures £k
1,206 Salaries	1,298	1,298	0		
(31) Car Parking-On Street	0	0	0		
30 Car Parking-Off Street	40	40	0		
(19) Hackney Carriage/Private Hire	(19)	(19)	0		
201 Leisure & Community Grants	260	260	0		
290 Environmental Services	311	311	0		
2,245 Waste Services	2,325	2,325	0		
(36) Cesspool Services	(59)	(59)	0		
(199) All Operational Services	(130)	(130)	0		
400 Parks and Open Spaces	582	582	0		
69 Streets & Public Conveniences	5	5	0		
0 Other Variances less than £10k	0	0	0		
£4,156 Community Services	4,613	4,613	0	0	0

Communities Services: Balanced to budget, therefore no forecast variance at Qtr.1

Despite forecasting to budget overall, a number of offsetting risks and opportunities are being managed within the budget, particularly:

- Waste inflation – until inflation rates are confirmed, this could lead to a surplus or deficit against the budget
- Garden Waste – whilst membership remains high, there is still risk to delivering on this budget
- Operational Services - £16.5k savings target remains as amber, pending further work on delivering changes in the service
- Car Parking – the impact of Surrey County Council taking on on-street parking responsibilities is uncertain at this point
- Cesspool – the performance of this traded service is being kept under review and may be a risk or an opportunity as the year progresses.

Revenue Commentary – Housing General Fund

2022/23 Outturn £k	Forecast Qtr 1 £k	Annual Budget £k	Outturn Variance £k	One-off events £k	Ongoing Pressures £k
601 Salaries	865	865	0		
(141) Meadowside Mobile Homes	(109)	(124)	15	15	
50 Westway	0	0	0		
75 Private Sector Enabling	82	82	0		
(84) Housing of the Homeless	(179)	(179)	0		
51 Other Housing Renewal Functions	12	12	0		
0 Syrian & Afghan Refugees	25	25	0		
(45) Ukraine Placements	0	0	0		
4 Redstone House	0	0	0		
(69) Housing Benefits	31	31	0		
21 Other variances less than £10k	1	1	0		
462 Housing General Fund	728	713	15	15	0

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Housing General Fund overspend £15k mainly due to :-

- **£15k Meadowside Mobile Homes** – increased costs for planned repairs and tree works.

Alongside the known variance on Meadowside, risks are being managed within the budget, particularly in respect of Homelessness which is very sensitive to changes in temporary accommodation costs. Spend to-date is in line with expectations, but a small increase in numbers can have a significant impact on the budget. Temporary Accommodation costs can also have a knock-on impact on Housing Benefit (although a reserve exists to mitigate the impact on the latter).

Revenue Commentary – Planning Policy

2022/23 Outturn £k		Forecast Qtr 1 £k	Annual Budget £k	Outturn Variance £k	One-off events £k	Ongoing Pressures £k
409	Planning Applications & Advice	387	391	(4)	(4)	
316	Planning Strategy & Policy Guidance	324	324	0		
259	Enforcement	250	239	11	11	
0	Appeals	212	80	132	132	
95	Tree Preservation & Advice	100	100	0		
0	Community Infrastructure Levy (CIL)	2	2	0		
182	Local Development Plan - Evidence	178	178	0		
2	Gatwick Airport DCO	27	0	27	27	
8	Transfer to/from Neighbourhood Plan Reserve	8	8	0		
(11)	Land Charges and Street Naming	47	16	31		31
1,259	Planning	1,535	1,338	197	166	31

Note – the forecast currently assumes that the budgets for the local plan and other planning policy matters are spent in full in 2023/24 or remain ringfenced to the local plan if not.

This ensures that funding approved for such matters is retained to meet uncertain future costs and not used to offset overspends elsewhere in the budget.

Planning Policy overspend £197k The variance mainly comprises of:

- **(4k) Planning Application and Advice** positive variance at year end predicted based upon the following:
 - £86k overspend on salaries due to reliance on contract staff for longer than originally anticipated. £47k Overspend on running costs related mainly to third party external consultant advice including retail impact assessments and highways matters.
 - £136k surplus on planning application fee income. It is expected that fee income will be supported by income from some major sites where planning applications are anticipated.
- **£11k Enforcement overspend** predicted. £21k salary overspend due to reliance on contract staff offset by one off lower running costs (£10k) and a small amount of income.
- **£132k Appeals overspend** due to a change in the forecast Appeals provision, based on doubling the 2022/23 provision.
- **£27k Gatwick DCO overspend** associated with consultant commission for bespoke assessment of air quality and noise impacts on Tandridge arising from Gatwick Airport Northern Runway project. Up to £30k approved by Planning Policy Committee on 23 March 2023. Note that this forecast precedes additional approvals in September and will need to be updated for Quarter 2.
- **£31k Land Charges and Street Naming & Numbering overspend.** Reduction in Land Charges income caused by transient external pressures of rising inflation and high interest rates. Officers will closely monitor search numbers/income and initiate a promotion of the service through Communications in order to maintain and increase our market share.

Revenue Commentary – Strategy and Resources

2022/23	Forecast	Annual	Outturn	One-off	Ongoing
Outturn	Qtr 1	Budget	Variance	events	Pressures
£k	£k	£k	£k	£k	£k
398 Legal Services	495	457	38	38	
595 Democratic Services	587	587	0	0	
1,117 Information Technology	1,401	1,401	0	0	
359 Human Resources	355	355	0	0	
587 Customer Services	453	453	0	0	
341 Policy and Communications	411	411	0	0	
158 Emergency Planning & Community Safety	340	340	0	0	
284 Office Services	382	382	0	0	
138 Asset Management	152	152	0	0	
291 Leadership Team	243	243	0	0	
1,066 Financial Services	1,032	1,032	0	0	
455 Revenues and Benefits	374	374	0	0	
166 Communities Executive Projects	0	0	0	0	
5,953 General Fund	6,225	6,187	38	38	0
-1 Wellbeing Prescription	0	0	0	0	
5,952 Strategy & Resources	6,225	6,187	38	38	0

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Strategy & Resources overspend of £38k due to:

£38k Legal Services overspend primarily due to £19k vacancy factor not being delivered and £19k gap in income generation. Legal Services Team are looking at possibility of recharges to other departments for certain in house services to cover shortfalls and reviewing other options which are in their infancy, for mitigating the overspend. At the same time Legal officers are responding to an increase in demand for completing work in house which has reduced opportunities for obtaining work from third parties.

Risks are being managed in other areas, particularly in Assets and Facilities Management where interim staffing costs are currently being offset by lower-than-expected electricity and gas inflation. As energy costs are volatile and may increase, particularly over the winter, there is a risk that this position will deteriorate.

Revenue Commentary - Corporate Items

2022/23 Outturn £k	Forecast Qtr 1 £k	Annual Budget £k	Outturn Variance £k	One-off events £k	Ongoing Pressures £k
1,163 Interest Payable	1,163	1,163	0		
(1,495) Interest Receivable & Investment Income	(1,495)	(1,495)	0		
(745) Property Income	(777)	(777)	0		
(2,048) Non GF Support recharges & Bank charges	(2,498)	(2,498)	0		
1,161 Minimum Revenue Provision (MRP)	1,179	1,179	0		
1,488 Pension - Actuarial top up, Added Years, & Compensation	1,485	1,485	0		
(42) Write Offs and Bad Debt Provision	22	22	0		
(201) Cost of Collection	(270)	(270)	0		
116 Contingency	445	445	0		
15 Contributions to / (Drawdown from) Earmarked Reserves	0	0	0		
0 Management structure saving held corporately	(170)	(170)	0		
(589) Corporate Items	(916)	(916)	0	0	0

Corporate Items - Balanced to budget, therefore no forecast variance at Qtr.1.

Performance against interest receivable is likely to exceed budget and provide an opportunity at year end to review the level of reserve held for volatility in investment values.

Revenue Commentary – Housing Revenue Account

2022/23 Outturn £k	Forecast Qtr 1 £k	Annual Budget £k	Outturn Variance £k	One-off events £k	Ongoing Pressures £k
2,302 Salaries	2,149	2,149	0		
1,027 Services Costs	1,925	1,865	60		60
1,542 Corporate Support Service	1,572	1,572	0		
2,457 Repairs and Maintenance	3,636	3,636	0		
1,616 Interest Changes on Loan	2,045	2,045	0		
(14,528) Rental Income Dwellings	(15,973)	(15,973)	0		
(263) Rental Income Garages	(385)	(385)	0		
(359) Other Income	(136)	(136)	0		
(6,305) Total Revenue Movement before Tfr to Reserves	(5,167)	(5,227)	60	0	60
6,305 Transfer to Reserves	5,227	5,227	0		
0 HRA	60	0	60	0	60

Housing Revenue Account overspend £60k mainly due to :-

- Projected increased costs on Orchard MRI Housing Management Software linked to upgrading to a new hosted version.

Revenue Risks

These risks have not been included in the budget monitoring position unless otherwise stated

Committee	Outline of Risk	Mitigation	Range Max - Min £k
Community Services	Ops and Localities net shortfall of savings from Phase 1 Tandridge Future Saving's programme	Improvements in 2023/24 outturn	£16.5k
Housing	Demand for Social accommodation is on the rise with lack of availability of LA's being able to house families and individuals. The use of Bed and Breakfast accommodation is on the rise not only in Tandridge but throughout the UK.	Keeping a watching brief on the costs Tandridge are incurring. The government have released additional grant of £154k in 2023/24 to help with the additional costs and also Tandridge hold funds within the Homelessness reserve which we expected will cover any additional costs.	
Planning	The need for externalising legal work could increase as more complex planning matters arise and thereby causing a possible cost pressure within planning services. Costs are unpredictable.	Monitor and report, taking commensurate actions where opportunities arise	
Planning	Unexpected fall of in planning application fee income, driven by the national economic situation	Monitor and report, taking commensurate actions where opportunities arise	
Planning	Gatwick Airport Development Consent Order. Gatwick Airport has set out its proposal to bring its existing northern runway into regular use, alongside its main runway, as set out in its masterplan. The Council will incur specialist consultant advice to respond to each stage of the consultation process.	Value for money will be achieved by working with other Councils to secure the most effective, efficient and economical services to deliver the Councils responses to the consultation.	Further spend subject to committee approval or urgency decisions.
Resources	Escalating external legal costs related to specialist employee matters are a possible cost pressure within HR.	Risks to be partially mitigated by looking at options for refreshing training with officer on Council policies	
Resources	External employment market is buoyant for professional Legal staff. Any further reduction of staff is a risk to service provision	Outsourcing of Legal work would reduce the legal compliance risks to the Council, but increase cost pressures	
Resources	Council continues to seek tenants for available Council office space to increase rent income.	The Council has extended the security hours related to the offices to further develop interest in the rental.	
Corporate Items	Possibility of higher empty properties due to business revaluating workspaces and impact on investment / property income (above current forecast)	Asset Manager will review all opportunities to maximise investments and market all opportunities (for finding new tenants).	£0-100k

Revenue Opportunities

These opportunities have not been included in the budget monitoring position

Committee	Outline of Opportunity	Any blockers to achievability	Range Max - Min £k
Community Services	Waste and Garden waste contract indexation rate used in the Budget 2023/24 may now not be as high as anticipated. If this happened then the Council would incur less costs on both the Waste and Garden waste contracts. This has not been included in the latest forecast as there is a high degree of volatility around what may happen.	The UK inflation rates stay high and drive up the cost of living.	£0-£59k
Resources	IRIS contribution reduction. The Surrey Police managed Identification and Referral to Improve Safety ("IRIS") programme is a training and support programme which enables GPs to identify patients affected by domestic violence and abuse and refer them to specialist services. The Council contributes funding to this programme	Council is exploring options to seek alternative funding for the IRIS programme.	£0-19k
Corporate Items	Improved temporary lending rates due to Bank base rate increases (affects Interest Receivable)	BoE decisions and investment market reaction	£0-£200k

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Capital Budget – Community Services

	Original Budget 2023/24 £k	Carry Forward from 2022/23 £k	Approved Additions £k	Original Budget incl. Carry Forwards & Additions £k	Forecast M3 2023/24 £k	Variance M3 2023/24 £k	Variance Overspend/ (Underspend) £k	Variance Acceleration /(Slippage) £k
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Community Services								
Waste and Recycling	123	110		234	19	(215)	0	(215)
Parks, Playgrounds and Open Spaces	539	547		1,086	1,086	0	0	0
Community infrastructure and assets	328	430		757	635	(122)	0	(122)
Total Community Services	990	1,087	0	2,077	1,740	(337)	0	(337)

Page 55 The Capital Budget was approved by Full Council on 9th February 2023 at £990k.

The request for Capital carry forwards of £1,087k from 2022/23 was approved in the S&R Committee on 29th June 2023, with a revised phasing to be reported during the September 2023 committee cycle.

The total available budget for 2023/24 is therefore £2,077k.

- A review of the capital schemes and have forecast the total capital amount required for 2023/24 is £1,740k.
- The variance of (£337k) Slippage is mainly due to
 - Waste and Recycling (£215k) of slippage due to a review of the expenditure on bins to be carried out later in the year and changes to be made to the capital expenditure profile
 - Community Infrastructure and Assets (£122k) of slippage. Surplus capital - reprofiled into next year.
- Spend across the Committee's schemes is c.£64k (4%) at Q1.

Capital Budget – Housing General Fund

Service	Original Budget 2023/24 £k	Carry Forward from 2022/23 £k	Approved Additions £k	Original Budget incl. Carry Forwards & Additions £k	Forecast M3 2023/24 £k	Variance M3 2023/24 £k	Variance Overspend/ (Underspend) £k	Variance Acceleration /(Slippage) £k
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Housing General Fund								
Disabled Facilities Grants	503	139		642	503	(139)	0	(139)
Total Housing General Fund	503	139	0	642	503	(139)	0	(139)

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- The Capital Budget was approved by Full Council on 9th February 2023 at £503k.
- The request for Capital carry forwards of £139k from 2022/23 was approved in the S&R Committee on 29th June 2023, with a revised phasing to be reported during the September 2023 committee cycle.
- The total available budget for 2023/24 is therefore £642k.
- A review of the capital schemes and have forecast the total capital amount required for 2023/24 is £503k.
- The variance of (£139k) Slippage is mainly due to
 - Disabled Facilities Grants (£139k) of slippage. Surplus Capital, reprofiled into 2024/25.
- Spend across the Committee’s schemes is c.£23k (5%) at Q1.

Capital Budget – Planning Policy (CIL)

Service	Original Budget 2023/24 £k	Carry Forward from 2022/23 £k	Approved Additions £k	Original Budget incl. Carry Forwards & Additions £k	Forecast M3 2023/24 £k	Variance M3 2023/24 £k	Variance Overspend/ (Underspend) £k	Variance Acceleration /(Slippage) £k
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Planning Policy

Capital contributions to third parties from CIL	500	2,108		2,608	500	(2,108)	0	(2,108)
Total Planning Policy	500	2,108	0	2,608	500	(2,108)	0	(2,108)

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- Capital Budget was approved by Full Council on 9th February 2023 at £500k.
 - The request for Capital carry forwards of £2,108k from 2022/23 was approved in the S&R Committee on 29th June 2023, with a revised phasing to be reported during the September 2023 committee cycle.
 - The total available budget for 2023/24 is therefore £2,608k.
 - Due to match funding and project delivery delays, we expect £2,108k slippage in the projected scheme expenditure. This is normal practice with grant allocations.

Capital Budget – Strategy and Resources

Service	Original Budget 2023/24 £k	Carry Forward from 2022/23 £k	Approved Additions £k	Original Budget incl. Carry Forwards & Additions £k	Forecast M3 2023/24 £k	Variance M3 2023/24 £k	Variance Overspend/ (Underspend) £k	Variance Acceleration /(Slippage) £k
Strategy & Resources								
Land/Asset Development	0	0		0	0	0	0	0
Quadrant House Refurbishment	400	(400)		0	0	0	0	0
Croydon Road Regeneration	1,000	1,306		2,306	50	(2,256)	0	(2,256)
A22 Cycleway	0	0		0	0	0	0	0
Quadrant House Solar Panels & Suite Refurb	150	0		150	150	0	0	0
Council Offices Buildings	25	14		39	39	0	0	0
Digital FTP	0	0	295	295	295	0	0	0
GF IT - Hardware/Infrastructure	247	298		545	383	(162)	(36)	(125)
Total Strategy & Resources	1,822	1,217	295	3,334	917	(2,417)	(36)	(2,381)

Capital Budget was approved by Full Council on 9th February 2023 at £1,822k.

- The request for Capital carry forwards of £1,217k from 2022/23 was approved in the S&R Committee on 29th June 2023, with a revised phasing to be reported during the September 2023 committee cycle.
- During the year, £295k was approved as an addition for the Digital project in Future Tandridge Programme.
- The total available budget for 2023/24 is therefore £3,334k.
- A review of the capital schemes and have forecast the total capital amount required for 2023/24 is £917k.
- The variance of (£2,417k) is a combination of underspend and slippage is mainly due to
 - Croydon Road Regeneration (£2,256k) of slippage. Reprofiled into next year
 - GF IT – Hardware / Infrastructure variance of (£162k) due to:-
 - (£36k) reduced expected spend linked to telephony solution
 - (£125k) of slippage in aspects of the hardware rolling replacement programme due to IT needing to prioritise DR implementation, network and laptop refreshes
- Spend across the Committee’s schemes is c.£50k (6%) at Q1.

Capital Budget – Housing Revenue Account

Service	Original Budget 2023/24 £k	Carry Forward from 2022/23 £k	Approved Additions £k	Original Budget incl. Carry Forwards & Additions £k	Forecast M3 2023/24 £k	Variance M3 2023/24 £k	Variance Overspend/ (Underspend) £k	Variance Acceleration /(Slippage) £k
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Housing Revenue Account								
Council House Building	11,680	3,426		15,106	11,244	(3,862)	0	(3,862)
Improvements to Housing Stock	3,652	996		4,648	4,648	0	0	0
HRA IT - Hardware/Infrastructure	66	175		241	241	0	0	0
Vehicle Fleet Renewals - HRA	0	0		0	0	0	0	0
Total Housing Revenue Account	15,398	4,597	0	19,995	16,133	(3,862)	0	(3,862)

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- The Capital Budget was approved by Full Council on 9th February 2023 at £15,398k.
 - The request for Capital carry forwards of £4,597k from 2022/23 was approved in the S&R Committee on 29th June 2023, with a revised phasing to be reported during the September 2023 committee cycle.
 - The total available budget for 2023/24 is therefore £19,995k.
 - A review of the capital schemes and have forecast the total capital amount required for 2023/24 is £18,944k.
 - The variance of (£3,862k) slippage is based on a line-by-line review of the Council House Building and associated schemes (including LAHF and buy-back programmes). Based on prior-year experience, slippage of 20% against scheme by scheme expectations has been assumed.
 - Spend across the Committee's schemes is c.£1,454k (9%) at Q1 although will accelerate as stalled schemes at Uplands and Bronzeoak are re-started and the LAHF purchases are completed.

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Prudential Indicators – Q1 2023/24

The Prudential Code requires the Council to look at capital expenditure plans, investments and debt in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the Council.

The Council measures and manages its capital expenditure, borrowing and commercial and service investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Table 1 – Estimates of Capital Expenditure

Capital expenditure refers to Council spending on assets such as infrastructure, property or vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets.

At Month 3 the Council was forecasting total capital expenditure for 2023/24 of £19.8m.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m	Total – 2023/24 to 2025/26 £m
General Fund services	4.9	3.7	2.8	1.8	8.2
Council Housing (HRA)	11.5	16.1	12.7	3.9	32.8
Total	16.4	19.8	15.5	5.7	41.0

Table 2 – Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure on service delivery and on investments and reduces with MRP and capital receipts used to replace debt.

	31/03/2023 Actual £m	31/03/2024 Forecast £m	31/03/2025 Budget £m	31/03/2026 Budget £m
General Fund services	46.9	48.0	48.1	47.7
Council Housing (HRA)	61.7	69.7	74.6	74.6
Total	108.5	117.7	122.7	122.3

Table 3 – Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31/03/2023 Actual £m	31/03/2024 Forecast £m	31/03/2025 Budget £m	31/03/2026 Budget £m	Debt at 30/06/2023 £m
Debt (incl. PFI & leases)	99.4	106.6	109.3	106.5	99.4
Capital Financing Requirement	108.5	117.7	122.7	122.3	

Table 4 – Debt and the Authorised Limit and Operational Boundary

The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum Debt Q1 2023/24 £m	Debt at 30/06/2023 £m	2023/24 Authorised Limit £m	2023/24 Operational Boundary £m	Complied?
Borrowing	99.4	99.4	150.0	140.0	✓
PFI and Finance Leases	-	-	-	-	
Total debt	99.4	99.4	150.0	140.0	

Table 5 – Net Income from Commercial and Service Investments to Net Revenue Stream

The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m
Total net income from service and commercial investments	1.7	1.7	1.7	1.7
Proportion of net revenue stream	15%	14%	14%	14%

Table 6 – Proportion of financing costs to net revenue stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m
General Fund – Financing costs	0.4	0.3	0.3	0.3
Proportion of net revenue stream	3%	3%	3%	3%

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Quarter 1 2023/2024 Key Performance Indicators - Strategy & Resources Committee

Strategy & Resources Committee Thursday 28 September 2023

Report of: Head of Policy and Communications

Purpose: For information

Publication status: Open

Wards affected: All

Executive summary:

This report's appendices contain data about the committee's key performance indicators (KPIs) for quarter 1 2023-2024 and the risk registers 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 & Communications
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Recommendation to Committee:

To review and note the most critical Quarter 1 2023-2024 performance indicators, as well as committee and corporate risks.

Reason for recommendation:

To support the committee to monitor and manage its performance.

Introduction and background

1. The performance management framework supports the Council's strategic priorities by monitoring performance against key outcomes in the corporate and service plans. Performance data is presented to the Extended Management Team each quarter for discussion.
2. Performance and risk register reports are presented to policy committees each quarter. This committee also receives the corporate risk register. Please see Appendix A for the quarter 1 performance indicators, Appendix B for the committee risk register and Appendix C for the Corporate Risk Register.

Performance indicators

3. While three KPIs did not meet their target for the quarter, SR5 and SR7 are the most critical and likely to have the most impact on the Council's income and performance. The full list is available in Appendix A.
4. SR5: The number of working days / shifts lost due to sickness absence (long and short-term) is off target by 2.46 days. This is an improvement since the last quarter. The target is 7.1 days. The overall trend is down, for the same quarter last year sickness absence was 11.36%.
5. SR7: Staff turnover is just off target at 15.9%, compared to 14.5% in the last quarter. The target is 15%. The overall trend is down, for the same quarter last year turnover was 17.6%.

Risk registers

6. There are no red risks on the committee register. Please see Appendix B for details of all risks.
7. There are three red risks on the Corporate Risk Register. These are:
 - P1: Local Plan is found unsound.
 - H1: Council fails to deliver the target number of properties in the Council House Building Programme, due to poor performance of the contractor, planning delays, unplanned costs, availability of materials and utility providers.
 - CR3: Delays in monitoring council owned trees and impact of Ash dieback creates greater risk of tree falls.
8. Appendix C has details of actions taken and being taken to mitigate against these risks, as well as details about all the corporate risks.

Comments of the Chief Finance Officer

There are no direct finance implications arising from this report.

Comments of the Head of Legal Services

As this report is for noting, there are no direct legal implications arising from this report.

Equality

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

Climate change

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

Appendices

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

Background papers

None

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Appendix A – Strategy & Resources Performance Indicators Q1 2023-2024

SR1: Percentage of council tax collected

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Q1 target 24.66%	Comments
97.40%	34.90%	61.7%	88.7%%	96.80%	34.50%	Met	

SR2: The percentage of non-domestic (business) rates collected

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Q4 target 24.63%	Comments
95.2%	30.80%	62.30%	83.60%	97%	32%	Met	

SR3: Days taken to process Housing Benefit/Council Tax Benefit new claims

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Target 30 days	Comments
28	69.20 (dropped to 42 in June)	39.3	56	31	25	Met	

SR4: Days taken to process Housing Benefit/Council Tax change events

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Target 12 days	Comments
20	40.09 (dropped to 10 days in June)	11.6	9.66	5	6.33	Met	

SR5: The number of working days/shifts lost due to sickness absence (long and short-term)

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Target 7.1 days	Comments
10.51	11.36	11.8	11.36	10.67	9.56	Not met	35% of absences are attributed to musculoskeletal conditions, 17% to mental health concerns and 7% for Covid related absences.

SR6: The number of working days/shifts lost due to sickness absence (short-term only – 20 days or less)

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Target 4.1 days	Comments
3.96	4.09	4.42	4.17	3.8	3.61	Met	

SR7: Staff turnover

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Target 15%	Comments
15.9%	17.60%	17.10%	14.70%	14.50%	15.90%	Not met	Reasons given for leaving included: <ul style="list-style-type: none"> • 33% new opportunity • 10% personal reasons • 13% retirement (normal or early) 44% didn't give a specific reason

SR8: Staff turnover by team

Oct-Dec 2022	Jan-Mar 2023	April-June 2023	Target
<ul style="list-style-type: none"> • 1 - Housing • 1 - Planning • 2 - Operational services • 1 - Transformation and Business Support • 1 - Wellbeing 	<ul style="list-style-type: none"> • 4 - Planning, Planning Policy • 1 - Transformation and Business • 1 - Legal • 1 - Policy and Communications • 1 - Assets 	<ul style="list-style-type: none"> • Wellbeing Prescription: 1 • Legal:1 • Customer Services: 1 • Democratic services: 1 • SBCP: 2 • Operational Services: 1 • Housing Needs: 2 • Development Management: 1 	Data only

SR9: New starters by team - new indicator

Oct-Dec 2022	Jan – Mar 2023	April-June 2023	Target
<ul style="list-style-type: none"> • 1 - Legal • 1 - Planning • 1 - Democratic Services • 1 - Communities & Partnerships 	<ul style="list-style-type: none"> • 2 – Operations • 3 - Planning • 1 - Chief Executives • 1 Transformation and Business Support 	<ul style="list-style-type: none"> • Wellbeing Prescription: 1 • Finance: 1 • Legal: 2 • Development Management: 1 	Data only

SR10: The percentage of calls answered within 60 seconds by Customer Services

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-Mar 2023	April – June 2023	Target 80%	Comments
55%	54.7%	39.70%	58.00%	55.60%	44.03%	Not met	This is always a challenging period due to the council tax billing, rent letters and election mailings. The team has had two vacancies and work being covered by temporary staff awaiting permanent recruits.

SR11: Number of complaints received

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-March 2023	April-June 2023	Target
30	27	30	30	15	21	Data only

SR12: Number of Freedom of Information requests (FOIs) received

Jan-Mar 2022	April-June 2022	July-Sept 2022	Oct-Dec 2022	Jan-March 2023	April-June 2023	Target
159	147	130	108	226	209	Data only

Strategy and Resources Risk Register

Ref:	Risk cause and event	Risk consequences	Risk owner	L	I	RAG	Mitigating actions and responsibility	Status update	On corporate risk register
SR1	Inability of Council to make savings as identified in the Medium Term Financial Strategy and to delivered a balanced outcome for 2023/24 and 2024/25.	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 non-essential spend and essential service provision at minimal level. Reputational damage.	Chief Financial Officer (CFO) & S151 Mark Hak-Sanders	2	4	8	Savings are managed through the Future Tandridge Programme Governance, of which the Chief Executive is Senior Reporting Officer. Savings are also included in regular financial monitoring. Arrangements are: - Maintaining robust budget monitoring and if appropriate, corrective action to ensure spending in line with the budget - Development of a range of actions (savings and other budget improvement measures) to address current and future financial environment to inform future business and budget planning - Fortnightly Programme and Benefits Delivery Board meetings of EMT chaired by the CFO - Weekly EMT or MT meeting as an escalation point - A Programme Team to provide oversight on delivery including action tracking and risk register updates - Specific governance arrangements for key savings areas - Named owners for all savings and risks - Fully allocated savings plan for 2023/2024 - An increased contingency held in the 2023/2024 budget - Detailed savings planning under way for 2024/25, including updates 29 June S&R committee.	At outcome, 94% of savings for 2022/2023 were achieved. The Council completed the year with a small 1% surplus on budget. The 2023/2024 savings plan was approved by Council on 9 February at £1.7m. Delivery is tracked monthly and reported to each Strategy and Resources and Audit and Scrutiny. Currently 3% (£61k) is RAG rated Red or Black, with 33% (£546k) rated amber. This profile is typical at this point in the year and the amber value is under continual review. A savings realisation audit for 2022/2023 gave 'substantial' assurance and the audit will be repeated in 2023/2024.	Yes
SR2	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.	Chief Financial Officer & S151 Mark Hak-Sanders	3	3	9	Replacement of revenues and benefits software system complete, with appropriate oversight and risk management in place. Established working protocols. Team resourcing closely monitored and issues reported. Performance monitoring in place.	Restructure of Revenues and Benefits launched 17 January 2023 with clear role profiles for Revenues and Benefits. Joint working with neighbouring authorities being explored. Performance reports produced regularly.	No
SR3	Failure to collect revenue income (eg council tax, business rates, rental) in line with our targets	Failure of statutory duty. Reduced cash flow and impact on budget.	Chief Financial Officer & S151 Mark Hak-Sanders	1	4	4	Established working protocols. Team resourcing closely monitored and issues reported to Extended Management Team. Performance monitoring in place. Project in place to improve recovery rates. Collaborative working with other Surrey authorities.	Income is still impacted by the after effects of Covid-19 and cost of living. Both remain volatile as a result of continuing impact of the economy. Budgets are based on prudent estimates to avoid financial shocks.	No
SR4	Failure to meet rental income targets due to market difficulties of renting out council assets and current business tenants not able to make rent payments.	Increased risk of tenants (private and public) struggling to meet rental obligations. Reduced cash flow and impact on budget. Continued economic uncertainty creating increase in interest rates and inflationary pressures such as energy, workforce costs, supply chain pressures and invasion of Ukraine. Changes in ways of doing business, such as online shopping and increased potential of working from home – less office space needed. Increased vacancies following expiring contracts / insolvencies.	Chief Financial Officer & S151 Mark Hak-Sanders	3	3	9	Close contact with tenants and clear understanding of their cashflow issues. Offering short-term rent free periods and deferred payment schemes for previously strong tenants. Proactive, rational and flexible approach to rents negotiations. Proactively seek new lettings and maximising income from existing assets. Good understanding of the local property market and national movement across all sectors. Positive relationship with private tenants. Proactive relationship with council tenants around debt. Proactive engagement with all tenants identified to be at risk (factors include covenant deterioration, payment history and business sector) Proactively seeking rent deposits and/or guarantors where possible for new lettings	Mitigations are ongoing.	Yes
SR5	Council is subject to a cybersecurity attack	Data breach. Impact on delivery of services Reputational damage.	Head of Transformation and Business Support Melanie Thompson	2	4	8	Cyber Essentials certification in place. - Access to systems and data strictly controlled and data held securely to ensure it is only available as permitted and not at risk of loss or compromise Regular testing of the ICT security perimeter (firewalls), monitoring for new vulnerabilities of systems and a cycle of ensuring all system versions are up to date is in place. - Regular patching cycle of server and desktop infrastructure and also monthly review of security systems (Proxy server, firewalls, switches, backup software, HCI software) Council information governance, which includes cyber security elements, is reviewed quarterly and formally assessed annually. Information governance Board in place. The IT Acceptable Use Policy (AUP) updated with relevant guidance and information on cyber security risks Scheduled cyber security test exercises. IT staff undertake courses and webinars to keep abreast of emerging trends in cyber security	This is a risk we tolerate because even with the most robust measures it is impossible to fully mitigate against an attack. The team is working with DLUCH to review all procedures and has received funding to support the work.	Yes
SR6	Loss of some ICT systems and data due to disaster recovery solution not being in place	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 Transformation and Business Support Melanie Thompson	1	4	4	Ongoing journey towards cloud based IT systems Laptops for all staff which enables a work from anywhere environment	A disaster recovery system and process is now in place.	No

SR7	Inability to deliver UKSPF according to agreed timescales as a result of lack of clear vision for its use and lack of project management capacity.	Priorities not delivered, grant needing to be returned to Government, reputational damage and lost potential for infrastructure investment.	Chief Financial Officer (CFO) & S151 Mark Hak-Sanders (As interim lead for assets and FM)	2	3	6	C2C LEP have been commissioned to help develop our approach in line with expected governance.	Future of LEP is uncertain adding to this risk. TDC lead is currently interim adding to this risk. Working group required to ensure this is being taken forward correctly. This is set out in Community Services Committee report 15 June 2023.	No
S8	Inability to deliver One Public Estate according to agreed timescales as a result of lack of project management capacity and unclear expectations of funding body.	Priorities not delivered, grant needing to be returned to Government, reputational damage and lost potential for infrastructure investment.	Chief Financial Officer (CFO) & S151 Mark Hak-Sanders (As interim lead for assets and FM)	2	3	6	Ongoing discussions with SCC/OPE and partners on expected outcome. Meetings planned with funding body to be clear on expectations. Project plan being created, resourcing requirement to be discussed. Tender due out in September.	Initial meetings w/c 27 March 2023 and 3 April 2023. The next stage is to commission the consultancy work, being finalised with councillor feedback. Meeting with Health partners w/c 4th September for status update. Tender to be issued shortly.	No
S9	Delivering climate change action plan in set timescales.	Delays to reducing operational carbon emissions in line with the 2030 ambition. Negative impact on reputation as Council declared a climate change emergency in 2020. Increased likelihood of flooding impacting on properties Extreme weather (heat and cold) impacting vulnerable residents Extreme weather having a greater impact on the day to day delivery of services Detrimental impact on the local environment	Head of Policy and Communications Giuseppina Valenza	3	3	9	Agree to tolerate residual risk as programme is not one of the Council's critical / statutory services. New officer in post - part of this role is to co-ordinate and drive forward climate change mitigation activities. Officers attend various county wide working groups to maintain knowledge and awareness of current activities. EV charging project has been agreed subject to financial and legal sign off. Well rehearsed plans to manage severe weather impact in place.	Added back to risk register following audit review. Services are working to mitigate climate change, but there is no overall co-ordination of activity. New officer to develop new action plan and co-ordinated approach to mitigation.	Yes
S10	Organisational capacity to deliver is impacted	If the organisation does not have capacity to deliver services this has implications for statutory services and could lead to service failure. Capacity problems increase turnover and absence and adversely affect wellbeing and productivity levels. Creates impact on service levels and increasing financial cost to the Council. Issues with significant gap between demands on employees and what they can realistically deliver. This can impact: • Ability to recruit and retain talented staff • Effective prioritisation of key workstreams • Ability to respond to additional priorities • Managing public expectations of service delivery	Chief Executive David Ford	1	2	3	Efficient and effective recruitment and retention processes with targeted HR support and advice provided to hiring managers in place. Actions being embedded: Annual service and budget planning process aligned with the capacity of the organisation. Review of recruitment process. Development of People Plan. Use of skills matrix to identify gaps. Employing apprentices to grow own talent. Training and development of middle managers. Wider cultural change programme underway	Added to risk register following audit review. Council must ensure it has the capacity to achieve the priorities in the Corporate Plan and to ensure the effective delivery of services. Human Resources and Organisational Development (HROD) lead being recruited.	Yes
S11	Data Protection / Information Governance policies and procedures not in place	Need to make sure personal data is secure and an individual's right to privacy is protected. If we fail to effectively act on and embed standards and procedures that enable us to do this, this could lead to distress and harm for data subjects as well as a loss of public trust and financial penalties to the organisation. This risk is informed by a number of issues, including: • Potential data protection breaches, misuse of private information, breaches of European Convention of Human Rights (Article 8) and breaches of confidence enabling access to confidential data • Loss of data, including as a result of malicious cyber security attacks	Head of Legal Lidia Harrison	2	1	3	Data Protection Policy in place and regularly updated - Data Protection training and updates for new and existing staff - Councillor training on responsibilities under appropriate Code of Conduct for new and existing Members - Information Asset Register in place - Records Retention Policy in place and implemented - Data sharing protocols in place and implemented - Data Protection procedures in place to for all new projects and processes - Software systems evaluated for GDPR compliance - Policy in place for compliant use of email by staff/councillors and document management arrangements - Statutory Data Protection Officer and Deputy in place - Data security threats (eg through phishing) addressed	Added to risk register following audit review.	No
S12	Corporate Health and Safety policies and procedures not in place	Failing to have good Health and Safety arrangements in place, could lead to loss of service and / or preventable accidents to and ill health of staff, contractors, public or others. This risk is informed by a number of factors, including: • Compliance with Health and Safety at Work Act • Continuing to reduce the risk of COVID-19 transmission • Civil Duty • Moral and Public Duty	Head of Transformation and Business Support Mel Thompson	2	3	6	Corporate Health and Safety Policy, arrangements and procedures in place - Regular reviews of health and safety arrangements by Health and Safety consultant - Health and Safety action plan in place - Employee induction includes focus on Health and Safety and all employees provided with Health and Safety Guidance - Health and Safety risk assessments in place for all service areas - Covid related risk assessments in place and updated in line with guidance. This includes effective communication and engagement with Staff Hub, Health and Safety Group, and use of external Health and Safety advice - Lone working procedure in place - Fire risk assessments in place for relevant Council properties - Arrangements with partner organisations/contractors to ensure appropriate Health and Safety requirements are in place	Added to risk register following audit review.	Yes

Corporate Risk Register

Ref:	Risk cause and event	Risk consequences	Risk Owner	L	I	RAG	Mitigating actions and responsibility	Status update
SR1	Inability of Council to make savings as identified in the Medium Term Financial Strategy and to delivered a balanced outturn for 2023/24 and 2024/25,	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 non-essential spend and essential service provision at minimal level. Reputational damage.	Chief Financial Officer (CFO) & S151 Mark Hak-Sanders	2	4	8	Savings are managed through the Future Tandridge Programme Governance, of which the Chief Executive is Senior Reporting Officer. Savings are also included in regular financial monitoring. Arrangements are: - Maintaining robust budget monitoring and if appropriate, corrective action to ensure spending in line with the budget - Development of a range of actions (savings and other budget improvement measures) to address current and future financial environment to inform future business and budget planning - Fortnightly Programme and Benefits Delivery Board meetings of EMT chaired by the CFO - Weekly EMT or MT meeting as an escalation point - A Programme Team to provide oversight on delivery including action tracking and risk register updates - Specific governance arrangements for key savings areas - Named owners for all savings and risks - Fully allocated savings plan for 2023/2024 - An increased contingency held in the 2023/2024 budget - Detailed savings planning under way for 2024/25, including updates 29 June S&R committee.	At outturn, 94% of savings for 2022/2023 were achieved. The Council completed the year with a small 1% surplus on budget. The 2023/2024 savings plan was approved by Council on 9 February at £1.7m. Delivery is tracked monthly and reported to each Strategy and Resources and Audit and Scrutiny. Currently 3% (£61k) is RAG rated Red or Black , with 33% (£546k) rated amber. This profile is typical at this point in the year and the amber value is under continual review. A savings realisation audit for 2022/2023 gave 'substantial' assurance and the audit will be repeated in 2023/2024.
SR4	Failure to meet rental income targets due to market difficulties of renting out council assets and current business tenants not able to make rent payments.	Increased risk of tenants (private and public) struggling to meet rental obligations. Reduced cash flow and impact on budget. Continued economic uncertainty creating increase in interest rates and inflationary pressures such as energy, workforce costs, supply chain pressures and invasion of Ukraine. Changes in ways of doing business, such as online shopping and increased potential of working from home – less office space needed. Increased vacancies following expiring contracts / insolvencies.	Chief Financial Officer & S151 Mark Hak-Sanders	3	3	9	Close contact with tenants and clear understanding of their cashflow issues. Offering short-term rent free periods and deferred payment schemes for previously strong tenants. Proactive, rational and flexible approach to rents negotiations. Proactively seek new lettings and maximising income from existing assets. Good understanding of the local property market and national movement across all sectors. Positive relationship with private tenants. Proactive relationship with council tenants around debt. Proactive engagement with all tenants identified to be at risk (factors include covenant deterioration, payment history and business sector) Proactively seeking rent deposits and/or guarantors where possible for new lettings	Mitigations are ongoing.
SR5	Council is subject to a cybersecurity attack	Data breach. Impact on delivery of services Reputational damage.	Head of Transformation and Business Support Melanie Thompson	2	4	8	Cyber Essentials certification in place. - Access to systems and data strictly controlled and data held securely to ensure it is only available as permitted and not at risk of loss or compromise Regular testing of the ICT security perimeter (firewalls), monitoring for new vulnerabilities of systems and a cycle of ensuring all system versions are up to date is in place. - Regular patching cycle of server and desktop infrastructure and also monthly review of security systems (Proxy server, firewalls, switches, backup software, HCI software) Council information governance, which includes cyber security elements, is reviewed quarterly and formally assessed annually. Information governance Board in place. The IT Acceptable Use Policy (AUP) updated with relevant guidance and information on cyber security risks Scheduled cyber security test exercises. IT staff undertake courses and webinars to keep abreast of emerging trends in cyber security	This is a risk we tolerate because even with the most robust measures it is impossible to fully mitigate against an attack. The team is working with DLUCH to review all procedures and has received funding to support the work.
S10	Organisational capacity to deliver is impacted	If the organisation does not have capacity to deliver services this has implications for statutory services and could lead to service failure. Capacity problems increase turnover and absence and adversely affect wellbeing and productivity levels. Creates impact on service levels and increasing financial cost to the Council. Issues with significant gap between demands on employees and what they can realistically deliver. This can impact: • Ability to recruit and retain talented staff • Effective prioritisation of key workstreams • Ability to respond to additional priorities • Managing public expectations of service delivery	Chief Executive David Ford	2	3	6	Efficient and effective recruitment and retention processes with targeted HR support and advice provided to hiring managers in place. Actions being embedded: Annual service and budget planning process aligned with the capacity of the organisation. Review of recruitment process. Development of People Plan. Use of skills matrix to identify gaps. Employing apprentices to grow own talent. Training and development of middle managers. Wider cultural change programme underway	Added to risk register following audit review. Council must ensure it has the capacity to achieve the priorities in the Corporate Plan and to ensure the effective delivery of services. Human Resources and Organisational Development (HROd) lead being recruited.
S12	Corporate Health and Safety policies and procedures not in place	Failing to have good Health and Safety arrangements in place, could lead to loss of service and / or preventable accidents to and ill health of staff, contractors, public or others. This risk is informed by a number of factors, including: • Compliance with Health and Safety at Work Act • Continuing to reduce the risk of COVID-19 transmission • Civil Duty • Moral and Public Duty	Head of Transformation and Business Support Mel Thompson	2	3	6	Corporate Health and Safety Policy, arrangements and procedures in place - Regular reviews of health and safety arrangements by Health and Safety consultant - Health and Safety action plan in place - Employee induction includes focus on Health and Safety and all employees provided with Health and Safety Guidance - Health and Safety risk assessments in place for all service areas - Covid related risk assessments in place and updated in line with guidance. This includes effective communication and engagement with Staff Hub, Health and Safety Group, and use of external Health and Safety advice - Lone working procedure in place - Fire risk assessments in place for relevant Council properties - Arrangements with partner organisations/contractors to ensure appropriate Health and Safety requirements are in place	Added to risk register following audit review.

APPENDIX C - Corporate Risk Register

P1	Local plan is found unsound by the Inspector	Financial cost to the Council in potentially having to defend inappropriate planning applications at appeal. Potential to lose control of where development takes place with risk to amount of affordable housing and minimum infrastructure. Unable to lobby and deliver infrastructure that meets the needs of local residents, public sector partners and businesses for the whole district. Unable to review Community Infrastructure Levy. Additional costs associated with developing a new plan. Reputational damage.	Chief Planning Officer	4	4	16	The Council cannot mitigate against this risk, as the Local Plan will be found unsound, despite the Council's efforts to put forward a modified plan for consideration by the Inspector. Future actions Prepare strategy and work-programmes to mitigate impacts of Plan being found unsound. Continue to work with partners and statutory bodies where appropriate. Undertake additional evidence preparation. Continue to assess CIL bids to help support infrastructure delivery where possible	This risk must be tolerated as following the procedural meeting in July 2023, ID/26 has been issued which states the Inspector will be finding the Plan unsound. Waiting for full Council to decide what action to take to bring the Local Plan preparation to a close. Existing adopted policies will continue to be used to protect against speculative applications in the Green Belt and defend against poor development in the Green Belt and other locations. Planning applications will continue to be assessed against the adopted development plan.
H1	Council fails to deliver the target number of properties in the Council House Building Programme, due to poor performance of the contractor, planning delays, unplanned costs, availability of materials and utility providers	Inability to meet local housing need and increase in number of households living in unsatisfactory housing conditions. Increase in homelessness and related costs. Failure to meet statutory homelessness duties. Negative impact on resident wellbeing. Negative publicity and reputational damage.	Lead Housing Development Specialist Nicola Cresswell	3	4	12	Active management of contracts via monthly contractor meetings and day to day contact with the project team. Appointment of an Employers Agent to manage the contractor on behalf of the Council. Programme includes work to minimise inevitable delays resulting from manufacturing delays, material shortages, sub-contract labour being temporarily shutdown. Use of alternative materials to overcome supply shortages, different designs and different finishes and use of materials that are readily obtainable. Early liaison with utility providers by the contractor and the use of mature approved drainage plans within contract documentation. New homes development programme to increase supply of permanent rented family housing where feasible. Deliver actions within the Housing Strategy which include improving sheltered housing to encourage downsizing, moving tenants on from family accommodation, supporting Registered Providers to reduce rents and development and implementation of an Empty Homes strategy. Maximise opportunities to release land for development. Increase use of private sector housing to meet temporary accommodation demand and prevent homelessness. Monthly monitoring of supply and demand for affordable housing. Extend the buy-back programme into 23/24 (subject to budget and committee approval)	Contracts at both Uplands and Bronzeoak in voluntary liquidation following reports of financial difficulties. Uplands has a new contractor appointed and now in possession of the site. Preparation work ongoing for imminent re-start. Handovers expected in both November (3 bed houses) and February (2 bed flats) Financial assistance package approved by HC for the contractor at the Caterham on the Hill schemes. Schemes now progressing well and no current indication of cash flow problems. New homes programme seeing an increase in build costs due to material and energy price rises - and the construction industry being energy intensive. Officers pursuing open market land purchases. Completed on purchase of land in Catherham to deliver 16 affordable homes for rent. LAHF property purchases (x7) on target to complete by November 2023. Application for IP status grant funding underway (subject to HC approval to enter Grant Agreement with Homes England)
CS3	Delays in monitoring council owned trees and impact of Ash dieback creates greater risk of tree falls	Risk to life if procedures are not followed. Reputation of the Council if there are any injuries or fatalities. Legal implications if Council does not meet statutory obligations under the Civil Contingencies act. Financial implications due to damage to property / persons.	Head of Operations and Contracts Simon Mander	3	4	12	The Council has a qualified tree officer. The Council has adopted a Tree Management Plan which sets out how sites are classified as High, Medium and Low risk sites. There is a planned monitoring schedule for site inspections based on their risk score. Actions to take The Council needs to produce woodland management plans and managing the ash dieback removal project.	Currently there are 22 high risk sites overdue their inspection. The planned 3 yearly HRA tree inspection programme has been delivered. 2 quotes have been received for producing the Woodland management funds. As a result of improving the quality of data regrading Woodlands the quotes will need to be resubmitted
CS5	Failure of Freedom Leisure Contract	Loss of leisure facilities in the district and impact on residents' wellbeing Financial implications as two sites are owned by the Council. Reputational risk if Council seen as unsupportive. Increase in complaints to the Council from residents. Negative impact in Partnership working with Health and Community stakeholders	Head of Communities and Partnerships Julie Porter	3	3	9	A review of the current contract and financial position was carried out by an independent consultant. The findings were presented at the Community Services Committee in June 2023. A bid was submitted via Sports England for the Swimming Pool support fund to assist with the financial pressures due to the increase in energy costs. The decision will be announced in October 2023.	Energy prices have reduced slightly and cost mitigations have taken place on both sites. Regular meetings continue with Freedom Leisure. It was agreed that a Leisure/Wellbeing strategy would be worked on in Partnership with Freedom Leisure and Active Surrey over the next 6 months. The Government will be launching Phase 2 of the Swimming Pool Support fund in September 23. This is an opportunity for local authorities to apply for capital funding for investment in energy measures for pools and leisure centres to reduce future operating costs and make facilities more sustainable.

Risk matrix

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

Future Tandrige Programme Update Strategy and Resources Committee Thursday, 28th September 2023

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

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive Summary:

This report sets out an update on the Future Tandrige Programme ('FTP').

It provides:

- A review of the progress with the overall Future Tandrige Programme, covering activities and key milestones, outcomes to be achieved and progress made to date.
- Progress to date in delivering the Service Reviews.
- An update on the Grounds Maintenance options appraisal progress update provided to Housing and Community Services Committees.
- A progress update for Digital Transformation.
- A progress update on the activities underway in Revenues and Benefits
- Financial Context – an update on the approach to the 2024/25 budget process and planning of 2024/25 savings.

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

Contact officer: David Ford – Chief Executive dford@tandrige.gov.uk
Mark Hak-Sanders – Chief Finance Officer (Section 151)
mhaksanders@tandrige.gov.uk

Recommendations to Committee:

In respect of the wider Future Tandridge Programme, that Committee:

1. Note progress being made on the Future Tandridge Programme.
2. Note the progress in delivering the service reviews and 2023/24 savings.
3. Note progress made on Revenues and Benefits shared service planning.

In respect of the 2024/25 Budget process and FTP Resourcing, that Committee:

4. Note progress made on the approach to developing the 2024/25 savings plan.
5. Note the forecast against the FTP delivery budget.
6. Approve £90k initial resources required to develop the 2024/25 savings plan and organisational change required over the medium-term, as set out in section 8.1.

Reason for recommendations:

The report provides an update on the Future Tandridge Programme, including an overview on the progress to delivering overall objectives, an update on the service review for Revenues and Benefits and the delivery of the approved Council-wide savings plan. An update on the Grounds Maintenance options appraisal is included; this update has been provided to the Housing and Community Services Committees.

The 2024/25 budget is under development, as set out in the 29th June 2023 Committee report. This report updates in particular on progress to developing the savings plan for 2024/25, and the next steps for engaging Members.

1. Introduction

This report updates the Committee on the Future Tandridge Programme and provides an update on progress being made in key workstreams and on the planned savings for 2023/24.

The report also provides an update on the work to develop a credible savings plan for 2024/25 and sets out the next steps for engaging with Members on this in the lead up to the Draft Budget planned for the 30th November 2023 Strategy & Resources Committee.

2. Future Tandridge Programme

This section of the update is focussed on the Future Tandridge programme and provides an update on the service reviews.

The programme approach was set out in the report to the Strategy and Resources Committee on 1st February 2022.

This identified two broad phases with associated resourcing:

Phase 1 - mobilisation and design – c6 months (£250k)

Phase 2 – delivery – c12 months (£500k)

Phase 2 of the programme was approved by the Strategy & Resources Committee on 29th September 2022 along with the first £250k tranche of £500k funding for resources required to deliver the programme objectives, including the £1.7m savings target. A further tranche of £250k was approved by Strategy & Resources Committee on the 30th March 2023. The current resource forecast is set out in this report.

Below is a brief recap on the 5 workstreams that form the Programme structure through Delivery:

Leadership

- Senior Management restructure – building a new senior management team equipped to lead and deliver the Future Tandridge Programme and its outcomes.
- Corporate Plan – the development of a new corporate vision and a new Corporate Plan to guide the Council from 2024/25.

Organisational and Workforce change

- Implementing leaner management and service structures to deliver the new operating model.
- Creation of a workstream that delivers the staffing savings as determined by the service reviews.
- Developing a consolidated People plan to support the delivery of the FTP.

Operations and Localities Transformation

- A project team has been established to deliver the recommendations set out in the report to Community Services Committee.

Digital and Customer Services Transformation

- A project team has been established to develop the Digital and Customer Services transformation business case and to deliver the plans set out in the document.

Service Improvement Plans Delivery

- A workstream to oversee the delivery of the remaining service improvement plans and their associated savings.

3. Service review delivery updates

3.1 Delivery Risk Overview

The table below sets out progress towards delivering the 2023/24 savings target of £1.7m.

		June	September			Variance
RAG status	RAG rating determination	Total June 2023 £000	Staff savings 23/24 £000	Non-Staff savings 23/24 £000	Total Sept 23/24 £000	Movement June to Sept £000
	Savings delivered	£814	£468	£388	£856	£42
	Clear plans, realistic timescales	£190	£44	£148	£192	£2
	Some risks to delivery or detailed delivery plan still in development	£624	£210	£335	£545	(£79)
	Significant risks to delivery, delivery plan yet to be agreed	£26	£35		£35	£9
	Savings target will not be met this year			£26	£26	£26
	Totals	£1,654	£757	£897	£1,654	£0

This review shows that £856k of savings are marked as complete, i.e., all necessary actions have been taken in order to deliver the saving. This has improved by £42k from the previous update in June.

A further £192k is marked as green, this relates to Asset & FM – linked to a restructured service, and changes to be made in the implementation of the Operations operating model in October 2023.

£26k in Regulatory Services is now marked as unachievable in 2023/24, due to a change in the management leads at TDC and MVDC and the subsequent need for a reset on the savings proposed. This is likely to be offset by other savings within Regulatory Services to achieve a balanced budget, but the longer-term change is still required and will be pursued in 2024/25. The Deputy Chief Executive is actively discussing savings in this area with counterparts at MVDC.

The amber element of £545k reflects the risks to delivery of savings planned over the remainder of the year. This consists of the following, with further detail in Appendix A:

- £16.5k in Operations and Localities which is marked as amber whilst the recommendations of Committee on the 9th of March are in the process of being fully implemented;
- £170k of Management Structure phase 2 – currently marked as amber pending the completion of consultation launched on the 13th September 2023;
- £150k saving from better utilisation of the Homelessness Grant Funding, where certainty will increase over the course of the year as homelessness levels are tracked;

- £70k of Assets and FM savings, which are partly dependent on increased lettings at Oxted and Quadrant, and transfer of responsibility for maintenance to leaseholders. Although plans are in place for this, certainty will only come with additional lettings. A reserve exists to mitigate this risk;
- £50k in Revs and Bens – marked as amber as relies on working with external partners with plans being developed in detail;
- £40k for Southern Building Control Partnership where resourcing to deliver an IT project has been challenging; and
- £50k smaller amounts across the remaining reviews; mainly linked to Phase 2 and 3 staffing savings which will become green when the consultation is launched.

Confidence in delivering the amber savings will grow as the year progresses.

A summary of progress for each of the service reviews is included as Appendix A, along with a RAG assessment of current confidence in delivery of target savings and the quality and depth of the review undertaken.

4. Committee updates

4.1 Strategy and Resources Committee and Corporate updates

Management Structure

On the 13th September 2023, the Chief Executive launched a senior management restructure. The structure is subject to consultation and further details will be provided to Committee when complete.

Over a two-year period, a management structure saving of £450k was identified as part of the Future Tandridge Programme. This includes £280k delivered to date and £170k to be delivered from the current phase. The final £170k saving was intended to be achieved by the net reduction of one Head of Service post in Planning (amalgamating two previous Heads of Service roles into one Chief Planning Officer) and the reduction of one Head of Service post elsewhere in the structure.

However, whilst the recent recruitment of the CPO and the consultation launched on the 13th September was designed to achieve both of those changes, the staffing structure is now going to be reviewed to reflect the need for sufficiently talented people in senior management posts for Planning Policy and Development Management, reporting to the Chief Planning Officer and, to attract those, we need a commensurate salary and grade. This is particularly important in light of recent developments in the Local Plan, Enforcement, biodiversity net gain and the need to resource all areas of the service sustainably. The impact of preserving Planning's current budget will be managed as an in-year variance in 2023/24, with a revised staffing budget agreed for 2024/25.

Along with delivering the savings, the purpose of the restructure is to provide the Council with a stable and balanced senior management team focussed on the delivery of priorities. Management resource is directed towards services that are visible to residents.

The key steps are:

- Launch meeting and report issued – 13 September 2023 - complete
- Consultation including 1-2-1s – ends 13 October 2023
- Target date for decision – 13 October 2023
- Ringfenced interviews – by end November
- Revised structure in place – from 1 December

In addition, as reported previously, regular appraisals and informal 1-1s are now established practice within the Council.

Digital Transformation

Following approval of the Digital Transformation business case by Strategy & Resources in March 2023, the Digital Lead is now working to develop the detailed plans, to work with TDC to implement the MyAccount and Chatbot functions, in line with the business case. The project board meets fortnightly and is led by the sponsor, with representation from across the service areas. This board is a decision-making group that will scrutinise and participate in decision making and planning before these are taken to the TOMDG (Target Operating Model Development Group) and MRG (Member Reference Group) for ratification and Committee where approval is required.

The majority of the business benefits relating to the Digital Transformation will be realised after implementation of the system changes and therefore it is important that a benefits realisation process monitors and plans all expected benefits to ensure these are followed up as planned and are achieved by the relevant service areas. This function is included as part of the FTP Programme and Benefits Delivery Board; however the oversight requirement will continue beyond the end of the programme to ensure any benefits forecast as part of FTP are delivered as planned and maintained by the relevant services.

Since the update provided in the June 2023 Strategy & Resources Committee paper, the following progress has been made in the Digital workstream:

- Salesforce licenses agreed and procured at a discount.
- Project Initiation Document, including the scope of the project, the high-level timeline and resource requirements has been accepted and signed off by the Project Board.
- The implementation partner has been selected and appointed. Work will now commence with the partner to develop the delivery plan.
- Website redesign resource has been secured internally and a detailed statement of work has been produced.

- The telephony provider has now been confirmed and procured.

The immediate next steps are to develop a detailed timeline in conjunction with the implementation partner. This will include Member involvement in the engagement plan.

Revenues and Benefits update

On the 30th March 2023, Strategy & Resources Committee approved “the development of shared services for Revenues and Benefits with Reigate and Banstead Borough Council”. The following work has been undertaken since that point:

- A Joint Project Plan has been developed.
- A legal agreement for tactical sharing is being finalised between the two Councils, taking the form of a section 113 agreement, similar to the Finance Joint Working agreement.
- Fraud training and Anti-Fraud measures are underway, provided by RBBC.
- Joint inspections work is underway.
- Vacancies at TDC are to be imminently filled by RBBC staff and opportunities for TDC to provide support to RBBC are being developed.
- The longer-term commercial approach is under development.

In addition to the shared service approach, internal improvements continue to be actively pursued alongside the delivery of day-to-day functions. These include:

- Housing Benefit performance improvement: The Government’s Housing Benefit Award Accuracy indicator for TDC ranged between 89% to 95% for 2022/23. The threshold for being considered upper quartile nationally is c.84%. This also represents an improvement from 60% in Q1 2022, although prior years were significantly impacted by Covid-19.
- Backlog reduction measures continue. The number of open items has increased for Council Tax and Business Rates from 495 in March 2023 to 2,960 in September 2023. Whilst this represents a significant increase, volumes typically vary over the course of the year and the September 2023 figures represent a reduction from 3,405 items at the equivalent point in 2022. The service is also focussing more on the age of outstanding items rather than the absolute numbers as a better indication of resident experience. This is a new metric and historic data is not available.
- The service has also created a development plan with a number of actions aimed at improving efficiency and performance, in tandem with joint working. This will include automation and continued roll out and promotion of the NEC online account servicing tools.

4.2 Community Services and Housing Committee updates

Grounds Maintenance Options Appraisal

The Grounds Maintenance delivery model options appraisal has now concluded and an update has been provided in the September Housing and Community Services Committee papers. A summary of the update is provided below.

Four delivery options were assessed during the options appraisal, each was thoroughly investigated and scored by officers on a qualitative and quantitative basis and the risks and benefits of implementation of each were considered.

The four options in scope for appraisal were as follows:

- a) **Option 1:** Tendering of all grounds maintenance activities, including the activities currently delivered in-house (HRA funded activities).
- b) **Option 2:** Insourcing the current externalised services to an expanded in-house delivery team, including harmonising TUPE transferred staff onto Council terms and conditions of service.
- c) **Option 3:** Transferring all grounds maintenance activities delivered external and in-house into a Local Authority Trading Company (LATCo), to include some sub-contracting of activities using local small to medium enterprises.
- d) **Option 4:** Transferring all grounds maintenance activities to a shared services arrangement with a neighbouring Council.

The emerging view from the appraisal is that there are risks in putting the whole service out to the market as there may not be market appetite for this work and could leave the Council in a single bidder situation.

However, the other options also come with concerns that are detailed below:

- In house – one of the major concerns regarding bringing the whole service in-house are the financial implications of transferring contractor staff on Council terms and condition or to have to recruit more operatives on these conditions. The key issue is the financial impact of the Local Government Pension Scheme.
- LATCO – whilst the LGPS impact is reduced for transferring or new staff the incumbent operatives (10 FTEs) would still be on the Council conditions. Therefore, any immediate LGPS savings would not be realised. There could also be issues with managing a two-tier workforce. In addition there are the costs for the setup and running of the LATCO, such as HR, Finance and Governance.

- Shared Services – there is currently limited interest from other local authorities who can work to the Council’s timescales which means that this option is not feasible at this stage, although remains under consideration.

There are pros and cons with each option and there is concern about the market appetite for a full procurement. The recommended approach is to implement a hybrid option of in-house, and outsourced work based on logical lot structures. This approach does lead itself to being developed into a shared service or LATCO should the opportunity arise in the future. This approach also allows the flexibility to react to immediate service issues and to future budgetary changes.

Lot Structure Approach

As part of the data improvement and analysis of work packages, the view is that the work is best split into areas of specific activity (lots) rather than geographical approach.

The following lot approach is recommended:

<u>Service</u>	<u>Proposed Delivery Option</u>
<u>Housing Grounds Maintenance inc Hedge Cutting</u>	<u>In House</u>
<u>Parks And Open Spaces Maintenance inc Sportsgrounds and specialist work</u>	<u>Outsource</u>
<u>Cemetery Maintenance and Grave Digging</u>	<u>Outsource</u>
<u>Associated Grounds Maintenance Work</u>	<u>Outsource / In house</u>
<u>Playground Inspections and Maintenance</u>	<u>Outsource/In House</u>
<u>Arboriculture</u>	<u>Outsource</u>

There will be the opportunity for a provider to tender for more than one lot and therefore potential outcomes are a single provider, or a number of smaller contracts.

To support delivery of grounds maintenance and other operations services, an intelligent client model will be set up at Tandridge, this will provide the following regardless of delivery models:

- Strong contract and supplier management
- Mutually agreed service objectives and expected outcomes
- Clearly defined service specifications and expected outcomes
- Trust and good working relationship
- SMART Key Performance Indicators built into the service
- Regular performance reviews
- Actively monitoring work whether internal or externally delivered
- Expectation of check and challenge with supplier
- All above form part of the commissioning and continuous approach being developed by officers.

Subject to approval regarding the lot approach further market testing will be carried out to assess the market appetite for the suggested way forward. An update report will be taken to the November Committee including a detailed procurement timetable and project plan.

Work will also commence on setting out the various specifications, developing the key performance indicators and investigating cloud-based monitoring systems. Developing the intelligent client model will require resourcing in the next phase of transformation investment.

The recommendations to Community Services and Housing were approved.

5. Future Tandrige Programme Progress

5.1 Programme Outcomes Progress Table

In order to deliver the benefits outlined in the Future Tandrige programme, the key outcomes have been identified and a number of workstreams defined with responsibility for delivering these outcomes. Below is a table that details the key outcomes defined for the programme, the progress made so far to deliver these outcomes and future deliverables and their respective milestones.

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps
Vision and strategy	D Ford G Valenza TOMDG	Approved Corporate Plan. Service planning and delivery embedded, linked to Corporate Plan	Corporate plan	Stakeholder meetings, Member workshops - tbc Resident survey – tbc Emerging themes - tbc	Draft plan for review – June 24 Plan published - tbc
Leadership	D Ford TOMDG	Fewer, more capable managers. Structure clearly linked to Corporate Plan.	Clear Senior Management Structure to deliver Council priorities	Phase 1 – December 2022	Phase 2 – Consultation Launched September 2023 Implemented January 2024
Commissioning	D Ford M Hak-Sanders TOMDG	All internal and external services operate to clear specifications with performance metrics which are actively managed, developed and improved Commissioning structure fully in place and operational	Continuous improvement including commissioning process and business partnering	Continuous improvement approach drafted including Principles proposed Guides, templates and processes defined – July 2023	Business partnering approach – Sept 23 Further and ongoing analysis of shared service opportunities (market analysis data) – Sept 23 Skills and capabilities analysis – Oct 23 Define roles and governance- Oct 23 EMT Training and behaviours rollout – Dec 24 KOF Training - tbc Timetable in place – Oct 23
Support services	D Ford EMT TOMDG	Service Plans identify needs in advance. Resources are directly linked to requirements. Business Partnering is the norm.	Business partnering across all support services.	Continuous improvement approach drafted, business partnering will be a part of the delivery model improve phase. Business Partnering embedded for Finance	Part of the continuous improvement rollout Dec 23 onwards

5.1 Programme Outcomes Progress Table

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps
FTP Phase 1 - Service reviews	M Hak-Sanders Prog Delivery & benefits board	New Target Operating Model	Continuous improvement approach including commissioning best practice Develop intelligent client skills and capabilities	Service improvements implemented as reported in Appendix B	Further service review improvements – March 2024
Operations Transformation	T Pearson-Rose Prog Delivery & benefits board	Delivering operations, localities and Waste in the most cost effective and best way for our residents	GM Options appraisal Waste review Long term strategic plan for playgrounds, pavilions and toilets	Grounds maintenance options appraisal – options finalised and taken to committee for approval – September 23	Agree new Grounds maintenance delivery model for Oct 24 onwards – Nov 23. Detailed delivery timetable for procurement and restructuring.
Digital & Customer transformation	M Thompson Prog Delivery & benefits board	Full resident / customer self-service / online access. Integrated systems across key functions such as Planning, Housing and Customer Services	Website redesign My account resident self-service including Planning, Housing and Customer service functions Integrated internal council line of business systems ChatBot for residents Upgraded telephony system	Business case approved – March 2023 Digital project manager in place – April 2023 Implementation partner selected – August 2023 - Telephony solution selected – August 2023 - Licences agreed with Salesforce – August 2023	Implementation partner engaged – Sep 23 Upgraded Telephony system – Dec 2023 MyAccount – June 24 ChatBot – Sep24 Integrated internal Council line of business systems using Mulesoft - TBC Internal Testing and user acceptance testing.

5.1 Programme Outcomes Progress Table

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps
Organisational design	M Thompson TOMDG	Smaller, more agile organisation. Capabilities are defined, invested and developed. Talent is identified and developed	People plan Skills matrix Job description review	Appraisals for all staff – March 23 EMT behaviours now in place and cascaded to staff as part of appraisal process – March 23 JDs reviewed in each success restructure.	Engage Org Design resource. Skills matrix in development with KOF
Culture	D Ford EMT TOMDG	'One team' Council. Pay and reward linked to performance. Modern, agile ways of working	Develop pay and reward scheme – integrated into appraisal process Performance management - Training and development Staff forum set-up	Key officer forum in place - tbc Staff forum in place – July 23	Pay and reward scheme – Mar 24 Performance management - Training and development.
Process and Data	Lead to be identified	More routine processes are simpler and automated. Data is used to drive insight and improvement.	Data insights strategy Service specifications for all services	Reviewing service specifications as part of Continuous improvement process.	Data insights strategy – tbc Service specification data as part of ASPIRE continuous improvement approach – Sept 24 onwards Develop customer experience and insight data – June 24 onwards.

This table will be regularly updated to reflect progress and provided in future Strategy and Resources Committee papers.

5.2 Benefits realisation monitoring

As part of a best practice approach to programme delivery; outcomes and the benefits they provide are being mapped into a benefits realisation plan. This plan provides information such as forecast benefits, timescales and benefit owners. A number of benefits of the Future Tandridge Programme will be delivered after the initial programme has been closed, to ensure these benefits are delivered as planned, they will be handed to an owner in the business, such as a Head of Service, who will be responsible for ensuring that they put in place processes to enable the benefit to be realised.

Benefits to be realised include financial savings, service improvements, and performance metrics.

6. Commissioning and continuous improvement

6.1 Principles

Officers have continued to develop the approach to commissioning and continuous improvement since the last Committee update in June and have proposed the following principles.

- **Commissioning and continuous improvement applies to all services** irrespective of whether a service is provided internally or externally.
- **It extends to support services** to ensure they support front line delivery and provide value for money.
- It uses an objective framework to determine the **most appropriate delivery mechanism** to achieve the Council objectives as set out in the TDC Corporate Plan.
- **The frequency of applying the commissioning cycle and priority areas** aligns to Council priorities, the size of the service, impact on residents, takes account of existing contractual arrangements.
- Resources and governance to support should be **appropriate to a Council the size of TDC.**
- The consideration of **'digital first'** should be applied to potential improvements, ensuring that due consideration is given to residents who are not able to engage with digital tools.
- Improvement will be based on an **evidence and knowledge base** to support and inform the commissioning approach, including **robust modelling and analysis** of cost, performance and different delivery options.
- **Service specifications should link directly to the achievement of council priorities.**
- **Performance & contract management** to drive value from contracts, shared services & internal services.
- **Partnership working** - developing influential partnerships and relationships with partners and service providers to deliver council priorities.

The principles of commissioning are essentially a method of continuing improvement. The behaviours and process should apply universally – following an established improvement approach, tailored from best practice including the LGA cycle.

6.2 Training and adoption across the Council

Training will be required to upskill officers, firstly EMT then Key officer Forum and then wider to other officers. All heads of service will be responsible for ensuring that the approach is embedded and operating correctly in their service areas. Key officers have already been enrolled in Contract Management training provided by the Government Commercial Function.

Building the skills internally to manage contracts and relationships with external suppliers will be vital to enable scrutiny and challenge to ensure the best possible outcomes to service delivery.

Officers are now developing documents and tools and will be agreeing the timetable to roll out the approach across the Council.

6.3 Link to corporate objectives

A key part of embedding continuous improvement and commissioning is ensuring there is a clear link between strategic objectives and service plans and that this cascades downwards to individual objectives set as part of the appraisal process, to embed consistent performance management across the council.

A fundamental step in embedding the new behaviours that form part of the continuous improvement cycle will be to ensure that all services can articulate clearly their objectives and the expected outcomes. Specifications and service KPIs and SLAs to measure performance will be put in place in all services, with scheduled reviews and results shared whether internally or externally delivered.

A prioritisation matrix will be used to confirm the relative priorities of reviews and where corporate resources are needed. A corporate commissioning and continuous improvement support function will provide Procurement, Commercial Finance, PMO and Project Management expertise.

6.4 Next steps

Officers are now developing documents and tools and will be agreeing the timetable to roll out the approach across the Council.

7. **2024/25 Budget Setting Process**

This section of the report sets out an update on progress to developing the 2024/25 budget, following the context and timetable setting report to Strategy & Resources Committee on the 29th June 2023.

7.1 **Financial Context**

The 2023/24 Budget of £11,935m and the MTFs to 2024/25 was approved by Full Council on 9th February 2023, having been considered by the Strategy & Resources Committee on the 31st January 2023.

The 2023/24 Budget was balanced with funding of £11.935m and a savings plan for 2023/24 of £1.654m. Total savings over a 3-year period to 2023/24 amount to £5.4m.

7.2 **Savings Scenario Planning**

The 29th June 2023 Strategy & Resources Committee report set pessimistic, optimistic and neutral scenarios for funding, spending pressures and savings for 2024/25. A range of potential savings targets were set out:

- The **pessimistic** scenario assumes £1.4m savings are required, consistent with the most recently approved MTFs.
- The **optimistic** scenario assumes that this requirement is reduced to £500k.
- The **neutral scenario** assumes a mid-point pending a full risk-based review at £750k.

Further information on how these scenarios are calculated is set out in the 29th June 2023 paper to S&R, and assumptions will be thoroughly reviewed as part of the Draft Budget.

Officer effort has since been focussed on developing a savings plan for consultation with Members that meets the neutral scenario, and holds contingency plans for the pessimistic and optimistic outcomes.

As part of early preparation, planning is already underway to determine areas of work that will contribute to the savings plan. The five key elements of the savings plan will be as follows. Each section has an indicative range of potential savings, based on a high-level review of possible opportunities. This remains an initial estimate based on early development work, and will take more shape as the budget process develops.

The key elements of the savings programme were set out in the 29th June 2023 Committee report as follows:

FIVE ELEMENTS OF THE SAVINGS PLAN TO BE DEVELOPED				
Full-year effect of 2023/24 savings and remaining service review KLOES	Early commissioning reviews, delivery model assessments and procurement activity	Review funding levels for each service – in which areas do we have discretion to vary the amount we spend or how we fund it, e.g. if there is external funding available	Commercial opportunities to increase or generate new income	Early digital gains & process review in services that are not prioritised for commissioning, including self-service opportunities
Range: £25-£100k	Range: £50-£200k	Range: £75 - £200k	Range: £75 - £150k	Range: £50 – £100k

The range of potential savings identified in June was between £275k and £750k. This indicated that the neutral savings target is a stretch and that further work would be necessary to identify areas for saving and convert them into deliverable plans.

Progress in June included:

- An externally facilitated commercial workshop to begin the creation of a long-list of opportunities, and start the development of a commercial strategy.
- A full review of outstanding lines of enquiry from the 2023/24 service reviews.
- The development of the Council’s approach to commissioning, and prioritisation of services for consideration.
- Process mapping alongside the Digital Project.

Since the June Committee, the following steps have been completed:

- Development of Commercial strategy principles, set out below.
- Finalisation of the Council’s approach to commissioning.
- Savings planning with Heads of Service including scrutiny by Finance and Management Team.

The initial review of savings with Management Team has produced the following progress to-date, totalling potential savings of £586k. This leaves a further £164k to identify to meet the neutral scenario. Work continues to develop credible savings plans.

Theme	Value identified to date £000
Full-year KLOEs	25
Commissioning	181
Funding Reviews	195
Commercial Opportunities	139
Process Reviews	46
Total to-date	586

7.3 Commercial Strategy

The Council is considering the potential for commercial activities to support its financial challenges and meet its corporate priorities. Internally, work has commenced on developing initial opportunities to increase commercial income.

In parallel, a best practice Commercial Strategy is being developed to provide staff with a suitable formalised structure to frame their strategy on commercialisation and further details will be provided in the November 2023 Strategy and Resources committee paper.

Commercial Strategy Principles can be found in Appendix C.

7.4 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 2023. 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.

7.5 2024/25 budget governance

The FTP and the approach to 2023/24 savings represent the key mechanism to identify the savings needed for 2024/25. All savings will be managed through the FTP Governance model. The Programme Benefits and Delivery Board, part of the overall FTP Governance, will oversee delivery.

Further work is required to pursue areas of potential savings including key lines of enquiry developed from the FTP in context of the likely funding gap for 2024/25 and the likelihood of further constrained funding in 2025/26 and beyond.

7.6 Timetable Update

The 2024/25 Budget Process will culminate on the 8th February 2024, 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 2024/25, S&R is scheduled for the 30th January 2024. An indicative timetable leading up to that point was set out in June, including plans to engage with the other Policy Committees. Progress to-date is set out below.

Time Period / Date	Activity / Milestone	Progress
29th June 2023	2024/25 Budget Process Report to S&R Committee	Complete
July – September 2023	Initial estimates of Pressures and Savings developed: <ul style="list-style-type: none"> • Review of fees and charges • Review of commercial opportunities • Early digital gains • Commissioning benefits and associated savings • Savings from service reviews 	Complete: A process has been identified to review fees and charges, commercial opportunities are long listed and initial savings plans have been developed.
August – September 2023	Engagement with Members on 2024/25 initial Pressures, Savings, Fees and Charges	In progress: informal engagement has started and will continue throughout the process. MRG review of proposals to-date is now scheduled on the 4 th and 18 th October.
September 2023	Committee Cycle – FTP update and progress on	This report

	identifying 2024/25 savings	
October – November 2023	Engagement with Members on 2024/25 Draft Budget	
30th November 2023	2024/25 Draft Budget and Capital Programme, including Tax Base to S&R	
December 2023	Expected publication of Local Government Finance Settlement – finalisation of funding estimates	
December 2023 to January 2024	Engagement with Members on 2024/25 Final Budget Engagement with residents and Business Rate payers on 2024/25 Budget	
January 2024	Committee Cycle – 2024/25 Final Budget, Capital Programme and Medium-Term Financial Strategy	
30th January 2024	2024/25 Final Budget, Capital Programme and Medium-Term Financial Strategy to S&R Committee	
8th February 2024	2024/25 Final Budget, Capital Programme and Medium-Term Financial Strategy to Council	

7.7 Consultation

Engagement with Members will take place through MRG, informal workshops where needed and ultimately through Committee. MRG progress updates are scheduled on the 4th and 18th October and an informal member workshop will be scheduled in advance of the Draft Budget.

8 Implementation Resource Forecast Update

In September 2022, the Committee approved the first £250k of a total £500k investment required to deliver this phase of the FTP, including the £1.7m savings target. The second £250k was approved in March 2023.

The estimated investment in programme resources required to continue to deliver Phase 2 is detailed in Appendix D. This investment is required to continue to support delivery of the workstreams set out above. £500k remains the indicative requirement.

Opportunities are continuing to be given to current staff to be part of the programme team helping to develop and deliver the programme, however there are gaps in skills and capacity in some specialist areas required to deliver the programme successfully and this will continue to need an investment in expert support and to deliver the changes identified through the programme.

8.1 2024/25 and Medium-Term Developments

Resources are also required to develop and deliver the 2024/25 savings programme, commissioning, continuous improvement and the intelligent client functions related to contract and in-house service management. An indicative initial overview of resourcing was set out to MRG in September, as follows, with a proposed requirement of £500k to be funded from Capital Receipts. The intention is to bring further details on this to Strategy & Resources in the 2024/25 and Draft Budget report in November:

Phase 3 - Development & Delivery of the 2024/25 savings programme	
	1-year £000
Programme Management	90
PMO	50
Programme Support	40
Commercial Finance Analyst	70
Sub-total - baseline transformation resource	250
External Support	150
Contingency	100
Additional indicative amounts - to be designed as necessary	250
	500

This resourcing is required not only to develop and deliver the 2024/25 savings programme, but also to begin preparations to keep the Council on a sustainable footing across the Medium-Term Financial Strategy period. The Council is likely to face significant challenges both in terms of funding reductions, the continued need to improve service delivery and inflationary cost increases. This will be set out in full in the Draft Budget, and updated as the budget is finalised.

At this stage, Committee approval is being sought for £90k of the baseline transformation resource, covering 12 months of Programme Management. This will ensure robust development, scrutiny and challenge of the next phase of organisational change over the medium-term. The remainder of the resource will be subject to further justification to Committee as and when required.

9 Comments of the Chief Finance Officer (s151)

It is imperative that the Council has robust plans to deliver the agreed savings programme for 2023/24 and to develop realistic savings proposals for 2024/25.

This report updates on the progress to-date in delivering the planned savings and identifying opportunities to deliver savings in future. The report sets out next steps and the risks associated with delivery of the programme. At this early stage of the financial year, the position is reasonable. Certainty on the amounts flagged as amber will increase as the year progresses and will be reported regularly to Committee.

The Council should ensure that the investment in the FTP and improvement plans is sufficient to assure successful delivery, whilst looking to make best use of limited resources, primarily funded through one-off capital receipts. The total resource projection is unchanged from the £500k previously reported to Committee, however the 2024/25 budget process is likely to require investment to deliver planned change. This will be quantified and set out in future Committee reports.

10 Comments of the Head of Legal Services

Whilst the FTP represents a significant financial commitment by the Council, this report has no legal implications. . The Council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides. It is the responsibility of Officers to ensure that Councillors have been provided with sufficient information so that the Council is able to close the financial gap in the forthcoming year. In essence, this is a direct reference to ensure that Councillors understand where and how the savings are to be made and the impact this may have on service areas and delivery of services to Tandridge residents.

The report outlines that the FTP remains on track to deliver the required outcomes and timelines to cost and budget. However, pressures remain and it will be important to continue to take a robust and consistent approach to governance.

11 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 apply 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.

Officers will continue to review proposed changes against the initial equalities screening tool prior to final implementation and take mitigating action if necessary.

12 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.

13 Background papers

- Strategy & Resources Committee 1st February 2022 - [Future Tandridge Programme](#)
- Strategy & Resources Committee 29th September 2022 - [Future Tandridge Programme Update](#)
- Community Services Committee 18th October 2022 - [Community Services Committee – Future Tandridge Programme Update](#)
- Housing Committee 4th October 2022 - [Future Tandridge Programme Update](#)
- Strategy & Resources Committee 1st December 2022 [Draft Budget 2023/24 and Future Tandridge Programme Update](#)

- Community Services Committee 9th March 2023 – restricted papers
- Housing Committee 20th June 2023 - [Future Tandridge Programme update](#)
- Audit and Scrutiny Committee 27th June 2023 - [Future Tandridge programme update](#)
- Strategy & Resources Committee – June 2023 - [Future Tandridge Programme update](#)
- Community Services Committee - September 2023 – [Future Tandridge update](#)
- Housing Committee - September 2023– [Future Tandridge update](#)
- Audit and Scrutiny Committee - September 2023 – [Future Tandridge update](#)

Appendix A – 2023 Service Review updates

Appendix B – 2024/25 savings progress

Appendix C – Draft Commercial Strategy Principles Document

Appendix D – Programme Resource Forecast

Appendix E – Programme highlight report – July/August 2023

Appendix F – Programme Roadmap

Appendix G – Programme Risk Register

S&R Committee report
FTP - Service Review update
Appendix A

September 2023

Overall assessment of savings delivery – September 2023

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		June	September			Variance
RAG status	RAG rating determination	Total June 2023 £000	Staff savings 23/24 £000	Non-Staff savings 23/24 £000	Total Sept 23/24 £000	Movement June to Sept £000
	Savings delivered	£814	£468	£388	£856	£42
	Clear plans, realistic timescales	£190	£44	£148	£192	£2
	Some risks to delivery or detailed delivery plan still in development	£624	£210	£335	£545	(£79)
	Significant risks to delivery, delivery plan yet to be agreed	£26	£35		£35	£9
	Savings target will not be met this year			£26	£26	£26
	Totals	£1,654	£757	£897	£1,654	£0

*Amber rated staff savings in Assets & FM (£70k), Operations (£17k), Revs and Bens (£25k shared service)

*Black rated items relate to Regulatory Services (£26k)

Future Tandridge Programme - Service Review Highlight report

Service Review: Assets & FM		Report date: August 2023		Overall RAG status		Amber		
Lead Officer:		Mark Hak-Sanders		Committee:	Strategy & Resources			
Summary of Current Status:				Critical areas of focus				
<p>Having proposed a new structure, consultation with staff is now in complete and reporting lines have changed.</p> <p>Clear accountability and process for Health and Safety compliance management have been defined, with an internal SLA to be drawn up between the team commissioning and overseeing the work and the team undertaking it.</p> <p>Vacant roles will be recruited to, including ensuring the Development team and project management has sufficient resources, and a new permanent manager of the Assets and FM team is recruited.</p> <p>The review of assets in the General Fund for commercial opportunities, and/or running cost reduction needs to be given renewed attention.</p> <p>Work is underway to document space standards for the Oxted offices, to set out a clear strategy for the use of the car park and therefore set out how much further office space can be leased to third parties.</p> <p>The One Public Estate project for the medium-to-long term future of the site is underway</p>				<p>The next key activities are:</p> <ul style="list-style-type: none"> • Recruitment to vacant posts • Creation of a Strategic Asset Management Plan • Review of asset register for opportunities to make better use of / divest assets • Continued pursuit of commercial opportunities • Internal SLA in place for Health and Safety work 				
Key risks and Issues								
<ul style="list-style-type: none"> • Ability to recruit to vacant posts, particularly the management post, may determine that elements of the service may need to be commissioned differently • The saving from reducing maintenance exposure and/or increasing commercial opportunities from the asset portfolio has been paused and needs refreshed attention • Car parking at the Oxted offices is under pressure and a project is under way to identify alternatives • Compliance reviews may identify further investment requirements in the condition of assets 								
Source of savings for 23/24				23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Staffing / structure review				£42k	Q1	Complete		Complete
Reduction of maintenance exposure / increased commercial opportunities from asset review				£20k	Q3	Amber		Review has been on hold whilst staffing levels resolved.
Oxted Offices / Quadrant increased rental targets				£50k	Q1-4	Amber		Review of parking strategy and office use by TDC staff under way by Key Officer Forum

Future Tandridge Programme - Service Review Highlight report

Service Review: Building control		Report date: August 2023		Overall RAG status		Amber		
Lead Officer:		Angela Hughes		Committee:		Planning Policy		
Summary of Current Status:				Critical areas of focus				
<p>First Quarter's payment made. PID awaiting signoff. SBCP IT role – recruitment in progress to replace previous role holder.</p>				<p>Completion of contract formalities Recruiting a replacement for SBCP IT Role</p>				
Key risks and Issues								
<p>New database needs to be completed in time to give notice of termination of contract to existing supplier otherwise SBCP cannot benefit from reduced IT costs. The lack of IT specialist in SBCP team is a risk for SBCP but this does not put the first quarter's payment at risk.</p>								
Source of savings for 23/24				23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
The £40,000 is the agreed contract cost payable to TDC by SBCP for the provision of a new Salesforce org.				£40k	Q1/2/3 /4	Amber		

Future Tandridge Programme - Service Review Highlight report

Service Review: Communications		Report date: August 2023		Overall RAG status		Green		
Lead Officer:		Giuseppina Valenza		Committee:	Strategy and Resources			
Summary of Current Status:				Critical areas of focus				
<ul style="list-style-type: none"> Service review first phase completed. 50% staff savings target set for Communications Team. Business case presented to and approved by Strategy and Resources 1 December 2022. Workshop for key stakeholders (councillors and EMT) to identify future outcomes for communications service held 10 January 2023. Communications survey carried out. Staff consultation 17 January-14 February 2023. New Policy and Communications structure in place 1 April 2023. Policy and Communications combined team and effectively five single people posts. £94K saving achieved 2022-2024 and two posts removed. 40% saving. The next stage of implementation is being aligned with the commissioning framework and timetable for services, which is currently being developed. 				<ul style="list-style-type: none"> Explore paperless committees with democratic services team 2023/2024. Review print contract in 2024. 				
Key risks and Issues								
<ul style="list-style-type: none"> Reduced communications service will impact volume of communications output and outcomes to residents Loss of consistency of approach, control and rigour over communications - impact on reputation, quality, branding. Reduction in quality, output of messages and less dialogue – may increase contact from customers. Impact on website content quality - accessibility issues. Reduced communications service will impact ability to support external and internal communications support. 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, impact on service delivery. Oflog consultation highlights the need for Council's to have strong policy and communication functions. Digital project will need a lot of communication support – internal and external, as well as website changes. 								
Source of savings for 23/24				23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Staffing reductions of two posts.				£47K	Q4	Complete		

Future Tandridge Programme - Service Review Highlight report

Service Review: Communities and Partnerships	Report date: August 2023	Overall RAG status	Amber
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Lead Officer:	Julie Porter	Committee:	Community Services
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Summary of Current Status:	Critical areas of focus
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Anti-Social behaviour project progressing with draft policy awaiting sign off, IT requirements being scoped, and staff resourcing analysis collated.
 East Surrey Place neighbourhood model of care continues to develop. Joint member briefing with R&BBC councillors planned for 18.9.2023.
 Wellbeing Prescription Service future modelling project underway. Looking at potential income generation for future years.

Leisure contract with Freedom Leisure
 Progression of Wellbeing prescription neighbourhood model
 Anti-social behaviour and new statutory duties being introduced
 Explore alternative funding for Domestic abuse prevention programme (IRIS programme).

Key risks and Issues

- The Government launched a swimming pool support fund. TDC have applied for the fund which (if successful) will provide financial support to Freedom Leisure to cover increased energy costs. If unsuccessful the service within the leisure pool will continue to decline.
- Demand continues to increase for the Wellbeing Prescription team. A part-time administrator has now been recruited which will help to reduce wait times for clients

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Reduce Westway funding	£50k	Q1	Complete		
New model for delivering Wellbeing Prescription service across East Surrey Place	-	Q4	Amber		

Future Tandridge Programme - Service Review Highlight report

Service Review: Customer Services	Report date: August 2023	Overall RAG status	Amber
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Lead Officer:	Mel Thompson	Committee:	S&R
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Summary of Current Status:	Critical areas of focus
<ul style="list-style-type: none"> Service plan developed and appraisals linked to plan. Two vacancies are frozen KOF tasked with saving £10k in postage over 23/24 – project work in progress – plan to follow Working with the digital implementation team Key stakeholders in the telephony project team 	<ul style="list-style-type: none"> Team currently experiencing high workload due to 3 vacancies which is exacerbated by the 2 frozen vacancies Mapping and analysis of the indexing and redaction process for planning, working with the planning team Start to scope the new ways of working for the team to include career progression to try and stem the waterfall of staff leaving to work within other TDC teams

Key Risks and Issues

- Reducing the staffing by two has increased the waiting times on the phones – no more staff savings can be made until the digital tools are implemented
- Additional to the frozen vacancies, there are 3 vacant post due to staff leaving.

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Reduction in postage costs	£10k	Q4	Amber		
Staff savings following the introduction of the digital tools	£40K		Amber		Unlikely to be delivered until after the go live date of June 2024
Vacancy factor	£78k		Complete		

Service Review: Democratic Services		Report Date: October 2022		Overall RAG status		Completed	
Lead Officer:	Lidia Harrison		Committee:	Strategy & Resources			
Summary of Current Status:			Critical areas of focus (High priority KLOEs)				
<p>Costs of printing have been estimated (£9k). Members were asked their opinion on moving to paperless. There was a mixed response. It would cost c£9k to provide devices to members to access paperless reports.</p> <p>Recruitment of an apprentice has been completed following the reduction in hours of a key member of staff</p> <p>Recruitment to the Independent Remuneration Panel (IRP), which reviews member allowances, was completed in September and the review is underway. Due to report to S&R and Council in December.</p> <p>Reorganisation of Registers to reflect new Polling Districts in accordance with changes that may be implemented by the Local Government Boundary Commission for England. Could offer potential savings if there is a reduction in number of Councillors.</p> <p>To reduce the content of the reports, thereby reducing need for detailed Legal and Finance comments where possible.</p>			<p>Gather information regarding costs of printing committee papers and scope potential IT requirements</p> <p>Develop a longer term plan for resourcing and improving resilience within the team</p> <p>Review of Member allowances with support from finance to provide options of levels of savings</p> <p>Set up workshop to review the operational governance of committees</p> <p>Review the number of committee cycles.</p>				
Recommendations / Improvement areas to be included in the business case			Key risks and Issues				
<ol style="list-style-type: none"> Moving to paperless agendas. Discussions with EMT on the operational governance of committees. To issue Councillors with tablets to allow secure access and management of the Councillor's email account; access to committee agendas (including confidential agendas electronically); and generally assist in the conduct of Councillor duties 			<ol style="list-style-type: none"> Much of the KLOEs are subject to additional approval. For example, Councillors will have the final vote on their allowances based on report of the IRP and the Boundary Commission will determine councillor numbers. The IRP could recommend that Councillor allowances are increased. Resilience at all levels in the team. Potential to explore at case officer level alongside Legal. Discussions are needed with EMT around the operational governance of committees. 				
Source of Savings 23/24			23/24 saving	Dlvry qtr	RAG status	24/25 Savings	Narrative
Member allowances freeze			£8		Completed		

Service Review: IT		Report Date: August 2023		Overall RAG status		Red	
Lead Officer:		Mel Thompson		Committee:		Strategy & Resources	
Summary of Current Status:				Critical areas of focus (High priority KLOEs)			
<p>Working with Microsoft to establish feasibility of on premise estate migration to the cloud.</p> <p>Telephony project now part of the Digital Transformation project, due to dependencies, with forecast live date of December 2023.</p> <p>SBCP build and support proposal submitted to the Partnership for review</p> <p>Service delivery model and team structure review on hold pending outcomes of Digital Strategy assessment and Revs n Bens service review.</p>				<p>Business value and saving opportunities being calculated for Digital & Customer Services business case.</p> <p>Microsoft preparing business value report for Azure migration proposal.</p> <p>Farrpoint Consulting defining As Is and To Be requirements for telephony solution.</p>			
Recommendations / Improvement areas to be included in the business case				Key risks and Issues			
<p>Review IT support structure and staffing in light of recent staff turnover and look to reinforce support for key systems and prioritising cloud migration.</p>				<p>Salesforce and Microsoft are being heavily relied upon for business value analysis (TDC do not have the capacity/skills to do this work).</p>			

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Source of savings for 23/24	23/24 Saving	Dlvry Qtr	RAG status	24/25 Saving	Narrative
Back office review	£35		Red	£35	Considering joint approach for some functions with RBBC but significant risk of delivery in the current financial year.

Future Tandridge Programme - Service Review Highlight report

Service Review: Digital Transformation	Report date: September 2023	Overall RAG status	Green
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Lead Officer:	Lee Osborne	Committee:	Strategy & Resources
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Summary of Current Status:	Critical areas of focus
<p>Salesforce license negotiations and procurement activities have been completed.</p> <p>Implementation Partner selection process and procurement activities have been completed.</p> <p>Telephony Vendor selection process and procurement activities have been completed.</p> <p>Website redesign has been scoped and SOW developed with external specialist.</p> <p>Project Initiation Document (PID) has been approved by project board and the project scope defined.</p>	<p>Procure services of external expert for website redesign.</p> <p>Mulesoft implementation and configuration.</p> <p>Digital engagement strategy development.</p> <p>Commencement of analysis and focus groups.</p> <p>Telephony refresh project kick off.</p>

Key risks and Issues

- Data Cleanliness
- Lack of resource – there is a resource and skills gap for a Project Business Analyst which will be recruited to
- Resistance to change in the organisation

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
No savings are due to be achieved by this workstream in the FY23/24					

Future Tandridge Programme - Service Review Highlight report

Service Review: HR	Report date: August 2023	Overall RAG status	Amber
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Lead Officer:	Mel Thompson	Committee:	S&R
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Summary of Current Status:	Critical areas of focus
<ul style="list-style-type: none"> OD Lead role is out to recruitment Appraisal training rolled out and appraisals taking place Reviewing the contract for payroll and Itrent Key Officer forum project nearly completed on induction/onboarding Continuing discussions with R&B on shared HR function 	<ul style="list-style-type: none"> Updating outstanding HR policies Developing a robust appraisal/performance review process for financial year 24/25 Car salary sacrifice scheme – legal team reviewing the T&Cs Potential for a 1 year extension to Midland Itrent – negotiations ongoing

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Key risks and Issues

- The OD Lead role has been out to recruitment for some time, the salary offered may have to increase to attract a suitable candidate. This is funded from transformation resources.

Source of savings for 23/24	23/24 saving	Divvy Qtr	RAG status	24/25 saving	Narrative
Staff savings	£19k	Q4	Amber		
Staff savings, reduction in training budget	£46k	Q4	Complete	£20k	Savings combined from reduction n Training budget and the reduction in hours of one HR BP

Future Tandridge Programme - Service Review Highlight report

Service Review: Housing Landlord Service HRA	Report date: September 2023	Overall RAG status	Amber
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Lead Officer:	James Devonshire	Committee:	Housing Committee
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Summary of Current Status:	Critical areas of focus
<p>Management model implemented and Building Surveyors now reporting to Housing as per June Committee approval. Surveyors will support compliance work across all Council owned assets</p> <p>Housing Management options appraisal currently underway with options being considered in accordance with commissioning cycle. Recommendations to be presented to December MRG</p> <p>Migration from on premiss to MRI hosted housing management system. New Asset management functionality to be built as part of the migration.</p>	<p>Continue to develop Orchard housing management system inline with action plan and forward plan housing service IT provision in accordance with digital strategy</p> <p>Continue to keep under review salary and recharge apportionments between HRA and HGF</p>

Key risks and Issues

- Increased compliance measures following the roll out of new Tenant Satisfaction Measures
- Increase in compliance measures for Council owned stock following introduction of the Building Safety Act and increased fire prevention regulation
- Increase in neighbourhood complaints in relation to tenancy breaches

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Salary and corporate charge apportionment	£150k	Q1	Amber		
Staff re-structure	£100k	Q1	Complete		Action complete

Future Tandridge Programme - Service Review Highlight report

Service Review: Legal	Report date: August 2023	Overall RAG status	Amber
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Lead Officer:	Lidia Harrison	Committee:	Strategy and Resources
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Summary of Current Status:	Critical areas of focus
<ul style="list-style-type: none"> Ongoing discussions with Finance on how best to centralise Legal activities and spend, to enable control and management of use of external legal advice. Have mapped out several legal workflows on the case management system (IKEN) - this enables automation on certain tasks and a step towards improving efficiencies, client service, and productivity. Agreeing action plan on how to split core and non-core legal work to enable Legal Services to charge other departments for work that requires a quick turnaround or outside of the team's expertise. 	<ul style="list-style-type: none"> Greater control would prevent individual departments from seeking legal external advice To continue and create more workflows to improve processes and automation Action plan for core and non-core work to be discussed and shared with EMT

Key risks and Issues

- Additional income from supporting other authorities has reduced as the team focuses on servicing in-house clients. Saving target may not be reached.
- It is becoming more frequent that individual teams require significant legal input, say to support a Local Plan or Planning Inquiry, a major contract or a housing prosecution. Fewer legal specialists in post will mean that this work would need to be externalised.
- There is a risk with reducing the team and increasing external support that the Council would be unable to control it's legal spend in the same way that it would do under current arrangements.

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	Narrative
Through centralising all legal budgets	£24k	Q4	Amber	Work in progress
Through splitting core legal work that the Legal team currently undertake versus non-core work and carry out an assessment to see if such work can be charged to the specific department		Q4	Amber	Work in progress

Future Tandridge Programme - Service Review Highlight report

Service Review: Statutory Housing Services	Report date: September 2023	Overall RAG status	Amber
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Lead Officer:	James Devonshire	Committee:	Housing Committee
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Summary of Current Status:	Critical areas of focus
<p>Management model implemented and Building Surveyors now reporting to Housing as per June Committee approval. Surveyors will support compliance work across all Council owned assets</p> <p>Discussions ongoing with MRI / Orchard regarding digital solutions</p> <p>Disabled Facilities Grant, Aids and Adaptions and Handyperson scheme currently in tender process for new 2024 contract</p> <p>Franchise partnership established with RBBC ensuring that all applications to join the housing register and homeless applications are reviewed</p> <p>Maintenance work being undertaken at Meadowside Park including trees, parking and firefighting equipment</p>	<p>Continue to develop IT services to meet statutory requirements and improve data quality across the service.</p> <p>Continue to ensure the prevention of homelessness remains a priority for the service and continue to build on measures to prevent (where possible) increasing use of Bed and breakfast.</p>

Key risks and Issues

- Increased use of bed and breakfast due to lack of private sector and temporary accommodation
- Increasing demand on disabled facilities and aids and adaptions budgets to support independent living and reduce the need to move accommodation or use hospital beds

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Capitalisation of Salary budget	£60k	Q1	Complete	£60k	Action complete
Offset of Homelessness Reduction Grant	150k	Q4	Amber		Increased B&B costs may reduce sum to be offset

Future Tandridge Programme - Service Review Highlight report

Service Review: Operational Services including Waste	Report date: August 2023	Overall RAG status	Green
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Lead Officer:	Simon Mander	Committee:	Community Services
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Summary of Current Status:	Critical areas of focus
<p>GM Options appraisal complete – planning next steps and preparing updates for September committee</p> <p>Extension of GM contract to deliver current-year savings.</p> <p>HRA GM gathering data exercise complete.</p> <p>Bring recycling banks removal in progress.</p> <p>Restructure of Localities Team into Waste Management and Environmental Enforcement.</p>	<p>GM options appraisal – detailed planning August – committee updates September and November.</p> <p>Street Cleansing new operating model to be reviewed.</p>

Key Risks and Issues

- Satisfaction with the reduced GM schedule
- Review of reduced schedule for street cleansing

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Removal of bring recycling banks	£50k	Q2	Complete		Minor delays due to local elections
Extension of grounds maintenance contract in lieu of savings and reduction in schedule	£42k	Q1 – Q4	Complete		Need to review reduced schedule in light of feedback
Garden Waste	£23k	Q1 – Q4	Complete		Minimum expected
Restructure	£34k	Q1 – Q4	Complete		
Absorbing inflationary impact over 7 years (2015 – 2022) (General Fund Element)	£147k	Q1 – Q4	Green		
Operations Transformation	£16k	Q4	Amber		

Service Review: Regulatory Services		Report Date: September 2023		Overall RAG status			Unachievable	
Lead Officer:		Taryn Pearson-Rose		Committee:		Community Services		
Summary of Current Status:				Critical areas of focus (High priority KLOEs)				
Discussions held with the partnership and further meetings planned with MVDC regarding how to take forward a review and potential savings in this service area.				Following key lines of enquiry identified at the start of the service review: <ul style="list-style-type: none"> • Further standardisation of approach between the two councils including policy convergence to create a single model • Look at potential productivity improvements and bring consistency of make or buy decisions – eg taxis, burials, animal warden • Exploring a risk based approach to environmental Health inspections, educating businesses and managing risk and link to training/commercial opportunities • Commercial Opportunities • Use of Digital and online portal 				
Recommendations / Improvement areas included in the business case				Key risks				
Standardisation of approach for the two Councils Productivity Improvements Risk Based approach to inspections & Commercial opportunities Digital improvements				Continued support is needed from both Councils to push improvements through. Stakeholder considerations if changing services to residents or businesses.				
Source of savings for 23/24				Savings 23/24	Dlvry Qtr	RAG status	Savings 24/25	Narrative
Standardisation of approach will save updating two websites and will bring better clarity and reporting of overall budget. Digital Improvements				£10		Unachievable	£10	Not achievable during 2023/24, however savings are now being discussed by the partnership Board for 2024/25.
Productivity Improvements				£16		Unachievable	£16	

Future Tandridge Programme - Service Review Highlight report

Service Review: Revs & Bens	Report date: August 2023	Overall RAG status	Amber
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Lead Officer:	Mark Hak-Sanders	Committee:	Strategy & Resources
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Summary of Current Status:	Critical areas of focus
<p>Phase 1 saving delivered and new structure in place.</p> <p>S&R approval 30.03.2023 for sharing services with RBBC in place – kick-off meeting held 3rd May. Detailed project plan developed with update to September S&R including:</p> <ul style="list-style-type: none"> - Nature of joint working agreement (i.e. S113 agreement) - Consideration of overheads and recharging mechanism - Consideration of legal vehicle needed to generate surplus for the General Fund - Early commercial opportunities being explored. <p>Debt recovery / collection increase project under way with £33k of £50k target identified through Single Person Discount Review</p>	<ul style="list-style-type: none"> - Agreeing action plan to deliver savings / surpluses through joint working with RBBC, including focusing on immediate vacancies within the service. - Focussing on increasing income through county-wide collaborative group and initiatives - Improving processes and automation, including promotion of My Account to reduce and manage backlogs

Key risks and Issues

- Need to ensure continued alignment with partner appetite for sharing – risk of varying aspirations for the service. Managed through regular progress checks
- NEC contract runs 4 years from October 2022 - this is the key channel to focus on for Revs and Bens and will be a factor in any shared service discussion to align process
- Backlog reduction from Covid-19 and NEC implementation is largely complete but requires ongoing management
- Need to consider most appropriate means of filling any vacancies as they fall due, with vacancies to be filled imminently by RBBC
- Alignment with the Digital Business case critical to ensure common approach to customer contact for Revs and Bens

Source of savings for 23/24	23/24 saving	Dlvry Qtr	RAG status	24/25 saving	Narrative
Phase 1 restructure	£25k	Q1	Complete		
Debt recovery / collection increase	£50k	Q1-4	Complete £25k Amber £25k		£25k has been delivered to date, remainder ongoing
Sharing with RBBC and generating surplus / delivering efficiencies	£25k	Q3-4	Green		Detailed project plan under development. Early gains being identified.

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Appendix B – 2024/25 Savings Approach

Element Overview	Commentary	Indicative range	September Update
Full-year effect of 2023/24 savings and remaining service review KLOEs	This is a conservative estimate based on likely full year effect of actions taking place in 2023/24 and remaining KLOEs to be explored. Further work is needed to validate these amounts with Heads of Service and avoid double-count with other elements under the investigation.	£25k - £100k	£25k
Early commissioning reviews, delivery model assessments and procurement activity	Commissioning will be one of the key pillars of driving savings but delivery in 2024/25 will depend on the lead-in time, appetite of partners, appetite of the market and the ability for internally delivered services to drive savings. A multi-disciplinary commissioning working group with external advice and referencing the work of other councils is finalising proposals. Governance and process will be proportionate to the scale and complexity of the service to allow an agile approach for lower risk/lower spend areas.	£50k - £200k	£181k
Review funding levels for each service – in which areas do we have discretion to vary the amount we spend or how we fund it, e.g., if there is external funding available	This review will explore the opportunities for and implications of savings in each area to generate options for Members to consider. The review will focus not only on spending less, but funding activity differently, including whether external funding is available to meet costs. This will cross reference the newly implemented grants register to ensure that the Council fully reflects available grant funding in the budget.	£75k - £200k	£195k

Element Overview	Commentary	Indicative range	September Update
Commercial opportunities to increase or generate new income	<p>It is assumed that commercial opportunities will generally have a long lead-in time and come with some degree of risk. However, activity currently in progress to demonstrate opportunities should lead to returns for the 2024/25 budget process.</p> <p>An externally facilitated workshop on commercial strategy represents the starting point for this project, and work will be undertaken to ensure that opportunities make the most of the Council's strengths and experience without detracting from the delivery of core Council priorities.</p>	£75k - £150k	£139k
Early digital gains & process review in services that are not prioritised for commissioning, including self-service for internal processes	<p>Through the digital project, processes will be reviewed for inclusion in scope. It is expected that some processes not in scope for digital will present other opportunities for efficiency, i.e., through redesign or by taking opportunities for self-service.</p> <p>Some savings may also be possible through recommissioning telephony, quotes for which are being sought at present. The approach to telephony may require a review of the capital budget allocations against revenue running costs.</p>	£50k - £100k	£46k
		£275k - £750k	£586k

Appendix C – Commercial Strategy Principles

The Council is considering the potential for commercial activities to support its financial challenges and meet its corporate priorities. Internally, work has commenced on developing initial ideas to increase commercial income.

In parallel, a best practice Commercial Strategy is being developed to provide staff with a suitable formalised structure to frame their strategy on commercialisation and further details will be provided in the November 2023 Strategy and Resources committee paper.

The delivery of commercial activities will be guided by the following principles:

- Commercial activities will contribute to the Council's vision and corporate priorities and accord with its values and ambitions, and not have a negative impact on the Council's reputation; i.e. not distract from priority activities.
- The Council will act prudently with public funds ensuring that opportunities have robust business cases, governance and delivery reporting and monitoring supported by appropriate capacity and expertise. Opportunities need to have a clear risk management approach. The Council needs to ensure that statutory responsibilities are not impaired.
- The Council will assess traded activities against key criteria including a commercial assessment based on the service proposition viability itself, available market, ability to reach and secure market share, capacity and expertise to deliver, financial due diligence on income and costs, investment and return in investment against risk and materiality to the Council.
- The Council must be risk aware in that not all ventures will succeed, but the due diligence and control over delivery will be a key mitigation.
- In terms of fees and charges, the Council will seek full cost of recovery and consider the impact of national set tariffs and discretionary changes.
- The Council will support staff with commercial training and external support, as required.
- The Council will consider different delivery models for delivering commercial income, ranging from in-house to shared services and joint ventures, as appropriate.
- Shared services can be purely for operational cost efficiency and resilience but could also include commercial activities that need to be clearly identified.

- The Council will differentiate between key large commercial opportunities that require corporate support and investment, and business as usual activities that services undertake as part of service delivery.

Work is now in progress to build the vision and objectives which will form a key part of the commercial strategy. Using the principles, a long list of potential commercial initiatives will be reviewed and for those that are prioritised, business cases will be developed. These business cases will be brought back to the Strategy and resources committee for approval at a future date.

Appendix D – Programme Resource Forecast

Role	Function and commentary	Approved	Forecast	Variance
Programme Advisory role	Role to support the direction and delivery of the programme. <i>Reduced by a modest amount due to availability constraints on the external project manager. As part of the next phase, dedicated TDC transformation resource is proposed.</i>	£34,500	£27,000	-£7,500
Programme Management Office (PMO) Commissioning support	Maintain overview of progress and ensure consistency in approach, documentation, reporting and interface with sponsors. <i>This has been delivered more efficiently by recruiting a TDC resource.</i>	£78,000	£59,000	-£19,000
Project administration	Administrative support through programme / project delivery – attached to PMO and by service – backfill for TDC provision	£15,000	£18,915	£3,915
HR advisory	Expert HR advice/support on revisions to working practices, employment terms, etc in support of Org development workstream – external support	£20,000	£20,000	£0
Business analysis	Detailed data, performance and benchmarks, especially during design and options appraisal stages – external recruitment	£70,000	£74,593	£4,593
Org development	Support change management through delivery, with staff and stakeholder engagement – external recruitment <i>Work to appoint to this post continues.</i>	£37,500	£37,500	£0

Role	Function and commentary	Approved	Forecast	Variance
Project delivery management	Manage delivery of individual projects – internal resource	£22,250	£32,000	£9,750
Digital investment	Delivering the implementation of the Digital workstream	£35,950	£35,950	£0
Subject matter expertise (SME)	Support with expert external knowledge through design, options appraisal delivery depending on internal resources availability – external. <i>Note some increase to cover early commercial strategy development.</i>	£40,250	£50,987	£10,737
Operational Services	Operational delivery management to drive improvement plan and market readiness assessment – external support. <i>Work in this area will also form part of the next phase, as the intelligent client function linked to roll out of commissioning best practice is undertaken. Additional cost is expected for legal advice in developing contracts.</i>	£100,000	£120,000	£20,000
Contingency	<i>Reduced to reflect increased certainty on Programme Resourcing</i>	£46,550	£24,055	-£22,495
Total		£500,000	£500,000	£0

Spend to-date against the £500k budget is £223k

Appendix E – FTP - Programme highlight report – July/August 2023

Future Tandridge Programme Programme Highlight report – July/August 2023

Future Tandridge Programme		Report date: 7th August 2023
SRO	David Ford	Delivery lead Mark Hak-Sanders
Lifecycle Stage	Delivery	Previous month status: AMBER
		Current month status: AMBER

Headlines

Operations Grounds Maintenance Options appraisal complete and findings being documented in preparation for committee updates in September. Digital & Customer Services Transformation PID approved, work to begin on engagement strategy. Continuous improvement approach reviewed and in discussion with how this will be embedded into the council. 2024/25 savings target process and approach agreed and work in progress across services to identify potential savings and income.

Achievements for July 2023

Operations Transformation workstream - Update on GM Options appraisal findings and recommendation to MRG on 26th July.

Digital/Customer services Transformation - PID final reviews by project board during July.

Savings 2023/24 – Assets & FM restructure consultation started 3rd July. Continuing delivery of savings as part of the £1.7m target.

Savings planning 2024/25 – Savings planning workbooks created for each service, including all service review findings/key lines of enquiry. Mtgs held with Heads of service to instruct on how to use the workbook and the key milestones.

Future Operating model – Approach to continuous improvement process shared at working group, other documents/guides being drafted.

Learning and development - Begin developing approach on training and development plan for staff and agree future governance structure.

Member engagement All member workshop to include new members delivered on 13th July on the objectives, progress and plans for the Future Tandridge programme and in-year budget and plans for 2024/25 on the agenda.

Focus for August 2023

Operations Transformation – Planning in progress for key activities required August – November and drafting committee reports for September. Member update (MRG) planned on 23rd August and briefing to be held for Housing and community Services committee members on 29th August in preparation for September committees.

Planning continuing on Street cleansing and other areas of the service.

Digital/Customer Services Transformation PID approval by project board, work now starting on engagement strategy. Salesforce agreement finalised, implementation partner selection by project board.

Review of dependencies for Digital Transformation such as Data cleansing and writing of knowledge articles for chatbot in progress to understand timeline and resource requirements.

Savings 2023/24 Continuing delivery of savings as part of the £1.7m target.

Savings planning 2024/25 Heads of service collation of potential savings/income for EMT review in preparation for TOMDG and MRG review in September.

Future operating model Reviewing the continuous improvement approach and the process to be followed to embed into BAU, review of structure required to embed intelligent client and the key roles and responsibilities.

Member engagement MRG on 23rd August for second GM Options appraisal update. Member briefing for Housing and community services committee members planned for later in August.

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Appendix F – FTP Roadmap

FTP Phase 2 - Delivery

Committee
 Operations target operating model /Digital Transformation approval
 Mar 23

Committee
 Assets & FM proposal
 Jun 23

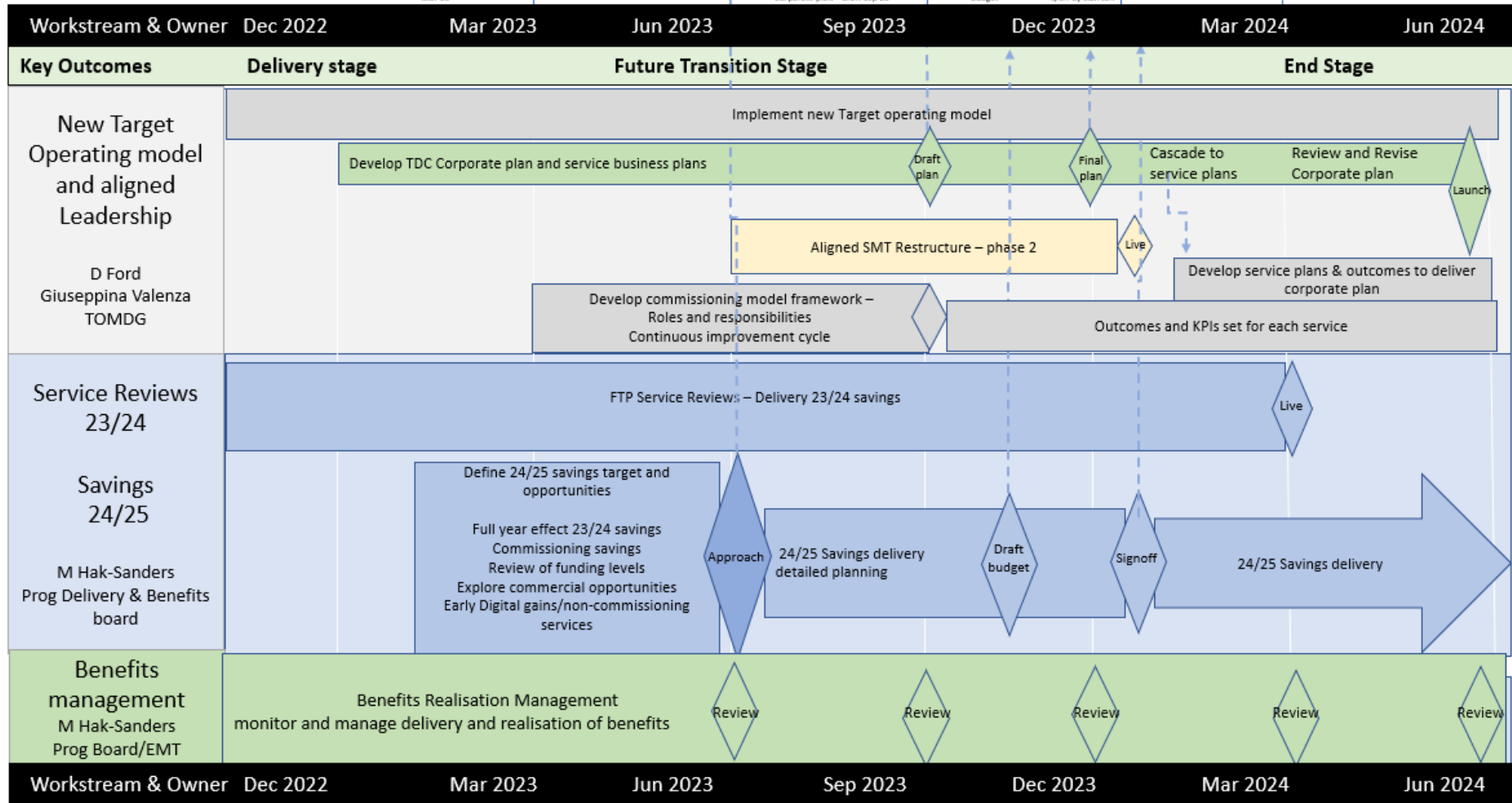
Committee
 Revs. & Bens Detailed delivery model developed with RBBC. Digital detailed plans
 Corporate plan – draft Sep 23

Committee
 S&R
 November Review budget

Committee
 Budget approval
 Corporate plan s/off by S&R Jan-

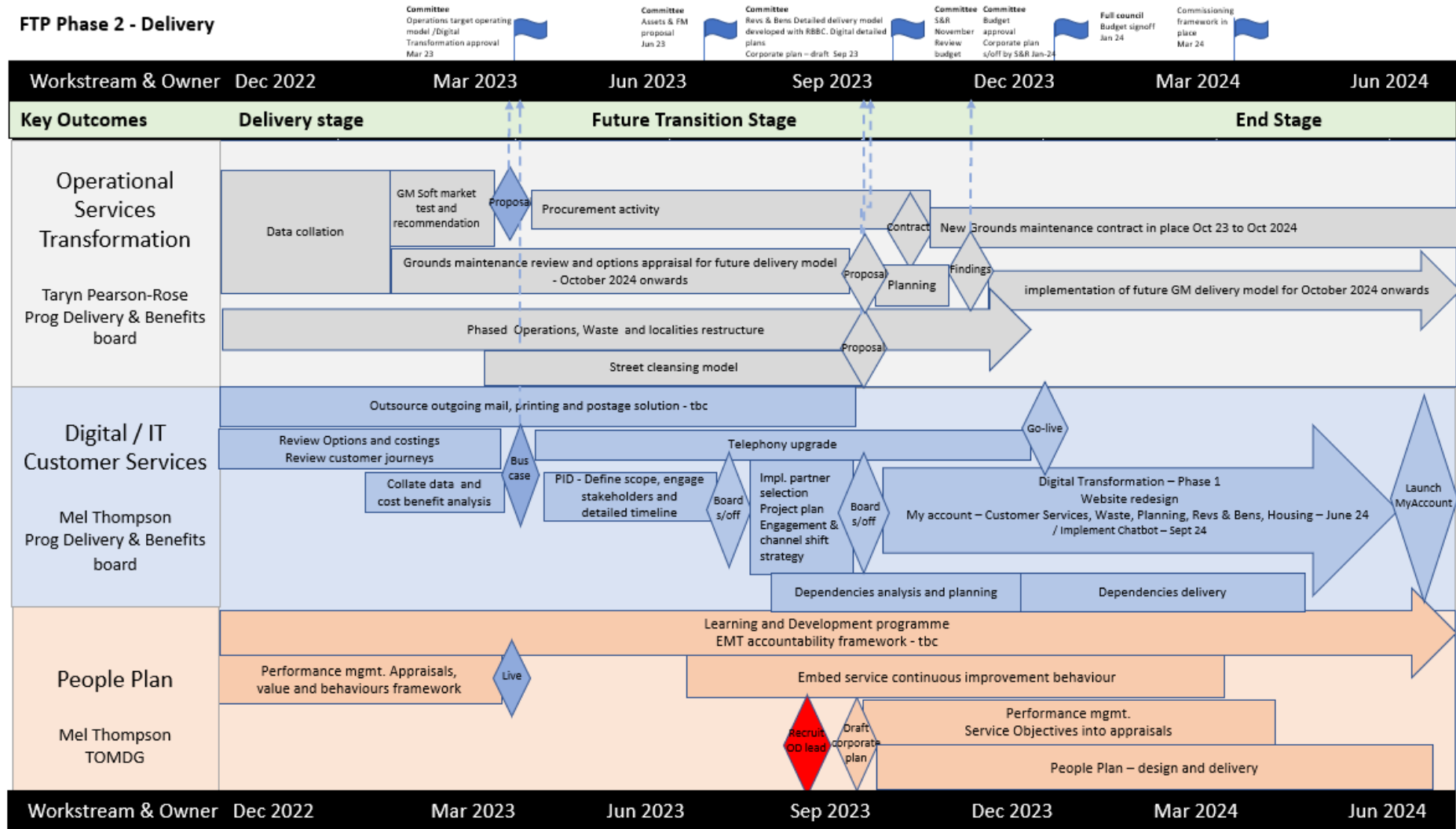
Full council
 Budget signoff
 Jan 24

Commissioning
 framework in place
 Mar 24



Appendix F – FTP Roadmap

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Appendix F – FTP Roadmap

FTP Phase 2 - Delivery

Committee
 Operations target operating model /Digital Transformation approval
 Mar 23

Committee
 Assets & FM proposal
 Jun 23

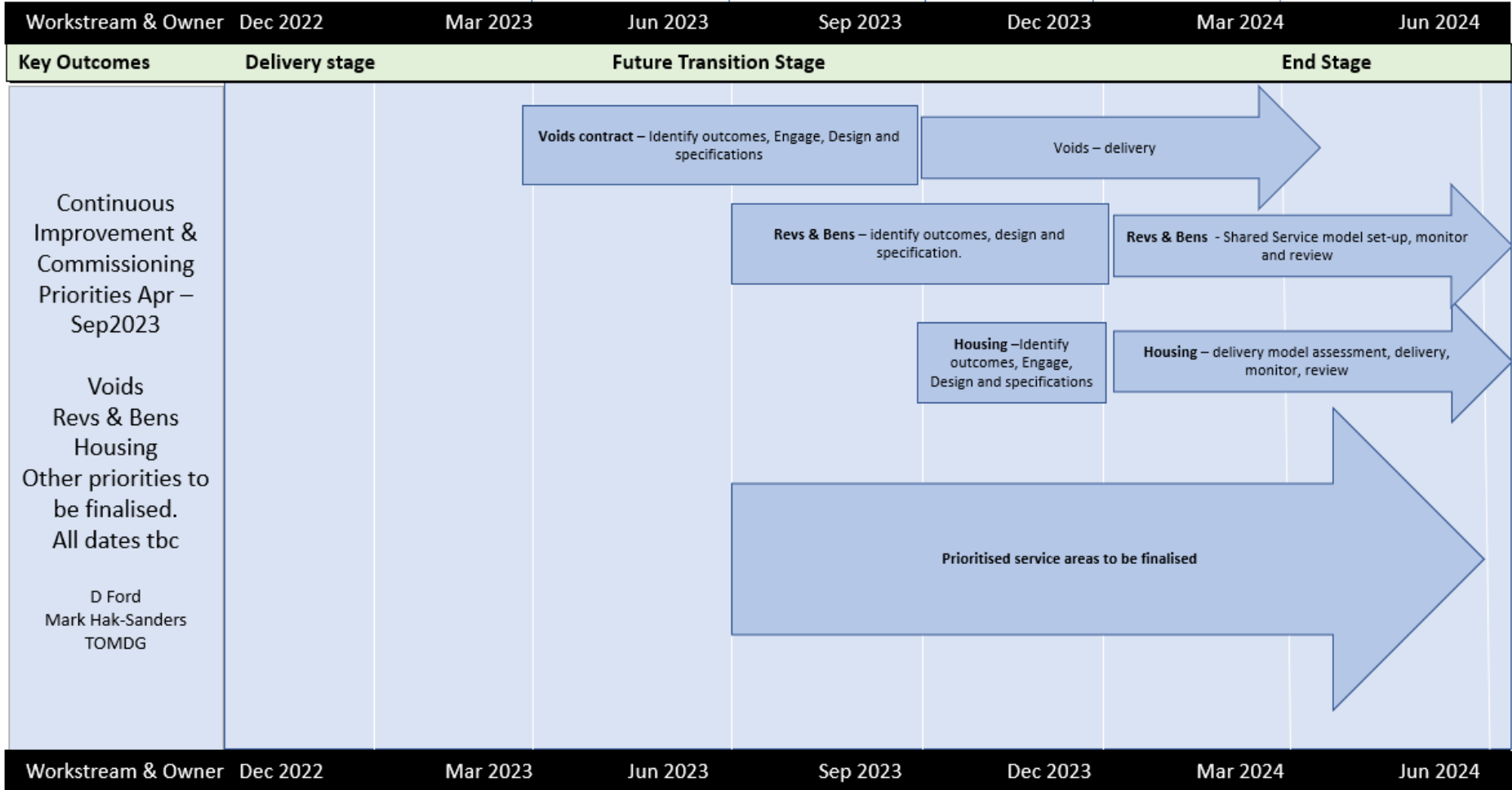
Committee
 Revs & Bens Detailed delivery model developed with RBBC. Digital detailed plans
 Corporate plan – draft Sep 23

Committee
 S&R Review
 November budget

Committee
 Budget approval
 Corporate plan s/off by S&R Jan-24

Full council
 Budget signoff
 Jan 24

Commissioning framework in place
 Mar 24



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Appendix G – Programme Risk Register

Below is the extract from the current Risk register in use in the Future Tandridge programme including the latest mitigation action updates, including new risks added during July/August.

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
1	Organisation Development	The Council will lose key staff that it would prefer to retain resulting in a further deficit of capability and capacity to deliver the Councils priorities.	12	Consider ways of retaining key staff and formulate a plan to prevent/reduce the loss of these key members of staff during the transition, this relates to the Organisational Development/change management stream of work in the FTP	Key staff identified and approach to be developed HR/EMT. Key officer forum set up and meeting regularly. EMT developing a plan to address potential loss of these key staff during the transition. KOF working with EMT on improvement projects	In prog	9	David Ford - TOMDG
2	Stakeholder engagement	Members are not sufficiently engaged and/or will not support key issues which emerge from the FTP.	12	Engage Committee Chairs in service review emerging proposals.	Early engagement with Leader & S&R Chair / Vice Chair to seek feedback and answer questions in preparation for committee meetings.	Complete	8	

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
				Member engagement to be considered in each workstream activity in the FTP.	Prog Team to engage Committee Chairs in service review emerging proposals and consider Member engagement in each workstream activity in the FTP.	Complete		
				Based on the approach used in Tandridge Finance Transformation to member engagement, Identify representative group of members to be used for early engagement throughout the duration of the programme.	A Member reference Group has now been created consisting of a small group of members (agreed with the leader of the council). Since set up in October 2022, this group has attended focused briefings on specific areas of interest such as Digital/Customer services and Assets and FM and fortnightly meetings are set to continue. All member briefings will continue to be held on specific areas of interest and in advance of	Complete		

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
					committee updates where required.			
10	Scope Management	Changes such as movement of functions across the council, will be made without consultation with the TOM group which will impact on the planned changes. This would potentially weaken areas of service delivery internally or in the event of outsource opportunities.	16	Agree and publish scope - reinforce change review group and change log. Change requests to be raised for all additional pieces of work and changes that impact on agreed scope at committee.	Any proposed changes such as Team restructures are raised as Change requests by Heads of Service and reviewed by the TOMDG.	In prog	8	David Ford EMT
14	Savings 2023/24	Service Reviews will not deliver the budget savings identified in 2023/24	16	Create delivery plan for each service area, whether part of the service improvement workstream, or Digital/Customers, Operations transformation and ensure that all milestones that relate to savings are clearly identified.	Delivery managers to recruited into the Digital/Customer Services and Operational Services workstreams. Each will create and manage a plan to deliver the savings. Other service reviews will be monitored by the programme	Complete	12	Mark Hak-Sanders Prog Delivery & benefits board

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
Page 134					project manager and PMO.			
				Monitor plans and milestones closely in weekly meetings and monthly highlight reports, where a risk is arising, this is escalated to the project/programme board to assess actions to mitigate.	Weekly 1-2-1 meetings with heads of service and/or delivery lead to ensure that the plan is in place and credible and is being followed and that any milestones at risk are addressed promptly to prevent slippage.	In prog		
				Set up programme delivery and benefits board review savings milestones and where amber/red agree mitigation and next steps and assign ownership.	Each service to create a plan, with key milestones, which is collated for the programme plan. Fortnightly EMT delivery meetings held where exceptions and risks are discussed with the objective of resolving blockers to achieve the savings.	In prog		

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
16	Resources	Timelines will be missed if BAU issues require resolution and there is an assumption that programme resources will be used to fix the issues	15	Each service to set out savings delivery plan, including key milestones and dependencies, which will form the collated programme plan.	Service review updates and milestones have been populated by Heads of Service/Stream leads. Planning meetings are being held with heads of service to ensure information is captured consistently to enable dependencies/slippages to be trackable.	In prog	8	Mark Hak-Sanders Prog Delivery & benefits board
				Individual plans to be baselined within the programme and used as drivers for savings delivery by the EMT / stream leads and Finance/Benefits Programme board. All risks to delivery identified by the plan owners are escalated to the Programme delivery board.	Individual plans are to be collated at programme level. Regular EMT delivery board meetings held where all savings at risk are raised and collectively resolved.	Complete		
				All plans will include resource requirements to	Key external resources are identified and secured as early as	Complete		

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
Page 136				ensure that where BAU/external resources are required, the demand is clear. Where resources are redirected at BAU, plans will need to be adjusted to show the revised schedule. If BAU resources are not sufficiently available, backfilling of roles will need to be considered to free up time.	possible, for example, expert advice on Operations workstream.			
	19	People Plan	Organisation Development workstream will not progress as scoped and therefore Tandridge will not be ready for embedding the Transformed services and the new culture.	16	An OD / change mgr needs to be put in place to ensure new ways of working/behaviours, such as Digital/ commissioning/continuous improvement are embedded properly across the whole council. Without this, there is a risk that after the programme ends, behaviour will revert	Recruit an organisation development and change management specialist, Plan the adoption of systems throughout the organisation, looking at the future model for services and the council. August 2023 Recruitment is in progress but is slow, looking at an interim resource, approaching	In prog	16

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
				<p>to 'old ways' and future benefits/efficiencies will not be met.</p> <p>Recruit an Organisation Development expert to create a delivery plan to embed the changes needed in behaviour to adopt the changes being introduced across the council.</p> <p>Work required to review Target operating model for the services / organisation - consider what this looks like - part of 24/25 savings work.</p> <p>Review objectives including behaviours, ensure behaviours rolled out to all staff as well as EMT.</p> <p>Instigate KOF level -</p>	specialist agencies for this role.			

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
				accountabilities and responsibilities?				

New Risks raised since last committee paper.

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
20 Page 138	Digital Trans-formation	Progress in the Digital/customer services workstream will be slow/unsuccessful which will have a detrimental effect on delivering the business case and planning and delivery of savings and benefits	16	Ensure there is an achievable plan - understand resource requirements up front, monitor progress	Detailed plan required, with regular progress reporting against plan, with key milestones flagged and RAG rated.	In prog	16	Mel Thompson Prog & Benefits delivered board
					Ensure scope pinned down in PID, any potential additions to scope need consideration via change control.			
					Planning in progress - plan with key milestones required, monthly highlight reporting and fortnightly project board will monitor			

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
					<p>progress, spend and risks.</p> <p>July 2023 Dependencies have been identified, programming the planning and resourcing of these activities.</p>			
21	Digital Transformation	There will be a delay in delivering Digital Transformation due to dependencies out of scope of the project, such as data cleansing, chatbot knowledge data build	16	<p>Analysis on all dependencies to understand resources/timings etc, needed for Digital:</p> <p>Review and plan out any key dependencies not included in scope of Digital to ensure clarity on timeline from Digital lead.</p>	<p>TOM review/discussion on in scope/out of scope for Digital held on 19th July, further discussion 8th August.</p> <p>Confirm priorities for Digital Transformation or TDC generally at that meeting.</p> <p>Knowledge scripts required for Chatbot - Customer Services scripts to be reviewed for this purpose.</p> <p>Business Analyst to progress the data cleansing project, to understand objective,</p>	In prog	16	<p>Mel Thompson</p> <p>Prog & Benefits delivery board</p>

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
					scope and create a plan. Revised resource requirements of Digital workstream to be reviewed with Digital PM.			
22	GM Options Appraisal	Decision on GM options appraisal recommendations delayed.	12	Delay will remove option of outsourcing due to lack of procurement/contract time available. Aiming to take to September committees as any later will impact if procurement/market testing required. Analysis work will be required during August/September in run up to committee meetings to explore options further	Engage with MRG 26th July and 23rd August, to update committee members prior to the committee report publication. Housing and Community Services Member update meeting to be held on 29th August. Planning of the critical path tasks in progress, Preparing for committee update in September and November.	In prog	12	Taryn Pearson-Rose Prog & Benefits delivery board
23	Savings 2024/25	2024/25 savings plan work by HoS will not result in sufficient achievable savings	16	Key discussions in to follow up on progress and push forwards.	Savings approach split into five pillars, with heads of service to identify savings and	In prog	16	Mark Hak-Sanders Prog & Benefits

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
				<p>Focus on this for the EMT FTP meetings.</p> <p>Driven by FTP team to support, look at skillsets and external support on delivery model and commercial ideas.</p> <p>Ask key questions to push Heads of Service ideas forward</p>	<p>where this fits into the five.</p> <p>Heads of Service workbook created with following:</p> <p>Clear support framework in FTP programme and Finance team.</p> <p>All previous KLOEs, Reserve list, commercial and other items previously raised. Key questions to be considered by Heads of Service, such as Digital transformation impact, shape of future service model.</p> <p>Tables to list detail and summarise items by the five categories.</p> <p>These last two form the content of the 'star chamber' presentations to TOM early September</p>			delivery board

Risk	Topic	Risk description	Original score	Mitigated approach	Actions taken	Mitigation Status	Mitigated score	Owner
					Regular meetings planned with Heads of Service to push forward with this action.			

Household Support Fund - Phase 4

Strategy & Resources Committee Thursday, 28 September 2023

Report of: Chief Finance Officer (Section 151)

Purpose: For Decision

Publication status: Unrestricted

Wards affected: All

The Government have launched a fourth phase of the Department for Work and Pension (DWP)'s Household Support Fund to provide financial support to vulnerable households for 2023/24 financial year. Where previous allocations have spanned 6 months over a summer or winter period, this phase covers the whole year and so the Council has discretion on when to release the funding.

Including Phase 4, the Council will have overseen the delivery of almost £1m of support funding.

As with previous phases, initial allocations were made to Unitary and County Councils. Surrey County Council have decided to distribute £3.8m of their £10.6m Phase 4 allocation to borough and district councils to enable local solutions that meet local requirements. TDC has been allocated £316k to distribute. On a like-for-like basis, this is a reduction on previous allocations. This report sets out decisions taken to date and the plans for the winter months.

This report supports the Council's priority of:

Supporting economic recovery in Tandridge

Contact officer Mark Hak-Sanders mhaksanders@tandridge.gov.uk

Recommendations to Committee:

That:

- A. the launch (on 18th September 2023) of the first round of Household Support Grant (Phase 4) be noted; and
- B. the launch of the second round of Household Support Grant (Phase 4) be approved.

Reason for recommendations:

Funding for the Household Support Fund covers 2023/24. Local Authorities have discretion on how the funding is used within the scope set out in the guidance. The scheme is designed to provide support to vulnerable households with increasing bills.

In consultation with Group Leaders and under previously delegated powers, Officers decided to release 1/3rds (£105K) of the total to help individuals and families in financial difficulty following the summer months (particularly with increased costs associated with school holidays).

The remaining 2/3rds (£211k) of the grant has been retained for winter costs and is planned to release in December. This element has been brought to Committee to update and gain Member approval and to ensure wide visibility and publication of the scheme.

The Tandridge Household Support Fund Local Eligibility Framework sets out how the Council will distribute funding; this is attached in Appendix A.

Introduction and background

Surrey County Council have allocated Tandridge District Council £316k as its share of Household Support Fund Phase 4. This funding covers the whole 2023/24 financial year, where previous phases have covered 6 months at a time. The amount allocated is a reduction on previous phases when compared on a like-for-like basis. A table showing the allocation for each phase is set out below.

Phase	Dates	Committee	Total Surrey	District Share	Tandridge Share
Phase 1 6 months	October 2021 to March 2022	2 nd December 2021	£5.3m	£2.8m / 53%	£235k / 8%
Phase 2 6 months	April 2022 to September 2022	30 th June 2022 (included delegation to officers for future schemes)	£5.3m	£2.8m / 53%	£219k / 8%
Phase 3 6 months	October 2022 to March 2023	Informal engagement and decision under delegated powers	£5.3m	£2.2m / 42%	£187k / 8%
Phase 4 Full year	2023/24	28 th September 2023	£10.6m	£3.8m / 36%	£316k / 8% (£158k equivalent 6 monthly)

The reduction in the Council's allocation is a consequence of Surrey County Council reducing the share allocated to District and Borough Councils overall. TDC's share of the District and Borough Council allocation has remained static at 8%.

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.

Officers considered the scheme over June and July and consulted with Group Leaders in August. It was decided to run the scheme in two rounds, as follows:

Round 1 in September to recognise financial hardship over the summer (e.g. children home from school) and Round 2 in December to reflect additional winter costs (heating, lighting).

Round 1

- Launches 18th September – runs for c. 6 weeks to end of October, or until exhausted. Launches with 1/3rd of the total allocation (£105k)
- Advertised online and in CR3 and CR6.
- It was decided to delay Period 1 launch until September to ensure that there was opportunity to advertise in CR3 and CR6 to get at least some paper-based circulation.

Round 2

- Proposed to launch on 11th December and will run until exhausted. Launches with 2/3rd of the total allocation (£211k) plus any remainder from Round 1.
- Multiple advertising channels including online, social media, printed leaflets (distributed to libraries, GPs, community centres etc), CR3, CR6.

Communication and Support

Round 2 of the scheme will be publicised as follows:

- Website, social media and e-newsletters
- Leaflets to libraries, communities, GP surgeries and other venues
- Councillor distribution of leaflets where possible
- CR3, CR6
- Local Media
- Community groups

Members are asked to support in promoting the scheme.

In addition, Officers are discussing with community groups such as CAB and the Westway to ensure that they are aware of the scheme and eligibility criteria and can support individuals to apply.

Officers will be available through the Council's main telephone number to support residents with completion of the form where they require support with the online form.

Tandridge Household Support Local Eligibility Framework

A Tandridge Household Support Scheme Local Eligibility Framework has already developed and approved for previous phases 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.

A full copy of the scheme is attached in Appendix A. The changes to the scheme for this phase are as follows:

- Include a provision to allow funding to be distributed through other organisations: "Funding may also be channelled through charity, voluntary or third sector groups should they meet the aims and audit requirements of the programme. Decisions on funding such groups will be taken by the Chief Finance Officer (S151) in consultation with Group Leaders and will likely be an option if the main direct application route does not consume the allocation."
- Increase amounts from £100 to £150 for households without children and £300 to £350 for households with children, to recognise the impact of inflation since the first phase was launched.

Administration of the Tandridge Household Support Fund

Authorities are 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.

The costs of running all four phases of the scheme will fully be covered by a proportionate administrative deduction.

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

The funding provided under the Household Support Fund is required to be distributed by 31st March 2024 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 use a local eligibility framework and approach. Officers have set out a proposed approach as set out above and in the Appendix.

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.

Equality

In accordance with the public sector equality duty, DWP has had due regard for the potential equalities impacts of this grant.

In developing the Tandridge Household Support Local Eligibility Framework, Officers 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.

Appendices

Appendix A - Tandridge Household Support Scheme Local Eligibility Framework

Background papers

None

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

Tandridge District Council

Household Support Scheme Local Eligibility Framework for Phase 4

Background

On 17 November 2022, the Chancellor announced that due to global inflationary challenges and the significant rise in the cost of living, the Household Support Fund (HSF) would be extended from 1 April 2023 to 31 March 2024

This latest phase of the grant totals £842m and the DWP is providing funding to County Councils and Unitary Authorities under Section 31 of the Local Government Act 2003, to administer the fund and provide assistance to households most in need.

The expectation is that The Fund should be used to support households in the most need; particularly those who may not be eligible for the other support government has recently made available but who are nevertheless in need and who require crisis support. It is intended to cover a wide range of low-income households in need including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people.

The scheme for Surrey is managed by the County Council, with amounts delegated to District and Borough Councils for distribution. Local authorities have discretion to determine the appropriate schemes for their area, based on their understanding of local needs and the grant determination letter issued by DWP.

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 October – 31 December (due January '23) and for the period 1 January - 31 March (due April '23).

Tandridge Allocation

Tandridge District Council has been allocated £316,343 which will be paid during 2023/24.

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 31 March 2024 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?

All payments to individuals will be by means of application. 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 of pensionable age
- Unpaid carers
- 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 for day to day living such as food and essential items.

This may include, but is not limited to:

- Cost of food
- Energy and water
- 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
- Transport related costs

In exceptional cases of genuine emergency where existing support schemes do not meet this 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.

Funding may also be channelled through charity, voluntary or third sector groups should they meet the aims and audit requirements of the programme. Decisions on funding such groups will be taken by the Chief Finance Officer (S151) in consultation with Group Leaders and will likely be an option if the main direct application route does not consume the allocation.

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/improvements to the home – except boiler servicing/repair & 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 www.tandridge.gov.uk/supportfund.

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.

If all the supporting evidence is not supplied with the application, the case will be rejected, the customer will receive an email to advise them, and a new application will need to be made via the website.

What is the assessment process?

Once a completed application and supporting evidence has been received the application will be considered by a Council 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 £350 for households containing children.

How will payments be made?

Once a decision has been made on your application you will be notified via email of;

- Whether an award has been made and the reason for the decision
- The amount of the award

Payments will be made by BACS transfer to the nominated bank account within the application form. 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 an officer not involved in the original decision and you will be notified of the outcome of the review within 14 days of your request.

Repeat applications

Support will only be given for one application per household.

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
- application form design
- small IT changes, for example to facilitate MI production

Review of policy for granting rental subsidies to community organisations

Strategy & Resources Committee Thursday, 28 September 2023

Report of: Chief Finance Officer (Section 151)

Purpose: For decision

Publication status: Open

Wards affected: All

Executive summary:

- At Resources Committee on 26 March 2015, a methodology was approved for determining rent reviews and lease renewals where the tenant was considered eligible for a rental grant subsidy.
 - There is currently some inconsistency in the terms offered to tenants. Some tenants receive a rental grant subsidy for the duration of their lease and others receive a rental grant subsidy for the period until the first rent review, which is usually five years. Some tenants receive a 100% subsidy whereas other receive a partial subsidy.
 - Officers are proising some changes to the scheme to make it more consistent, fairer on tenants and to lighten the burden on Council resources.
-

This report supports the Council's priority of:

Creating the homes, infrastructure and environment we need.

Contact officer Alex Webber Principal Asset Manager
awebber@tandridge.gov.uk

Recommendations to Committee:

That:

- A. all future rental grants to be at 100% subsidy, with the following conditions:
 - the tenant is to take over full responsibility for repairs, maintenance and insurance cost at the property, including sports pitches and grounds
 - lease term to be 10-years outside the security of tenure provisions of the Landlord & Tenant Act 1954. Where the tenant wishes to redevelop the property, and the funding source requires a longer lease, then the lease length is to be extended in accordance with funding requirements.
- B. the Committee is also asked to consider whether the Rental Grant Subsidy Sub-Committee should be re-established or if decisions on these applications should remain with full Committee.

Reasons for recommendations:

- Leases drafted in accordance with the existing scheme leaves tenants at risk of an affordable market rent at rent review. Although tenants can apply for an extension to the rental grant subsidy, many are understandably concerned that the regime may not support them at that time.
 - The current scheme is also ambiguous in some respects, and this has caused inconsistency in its application. Some tenants have been awarded rental grant subsidies for the duration of their leases (which can be up to 15-years in length) and others have been given a subsidy for 5-years only. The Committee's original decision envisaged that the rent would revert to a market rent during the lease term. Clarity over lease terms will ensure equitable application of the scheme.
 - The Council spends considerable resource repairing and maintaining sports clubs and community buildings. Even where the maintenance costs can be recharged, there are management costs which sit with the Council. There will be considerable savings if this liability can be passed to the tenants across the entire estate.
 - From the tenant's perspective, if they have no rent burden for the length of the lease, then they will have greater scope to invest in the maintenance and improvement of their premises.
 - The proposed changes to the lease terms, supports the Council's strategic objectives by contributing to the Council's financial sustainability and by improving infrastructure and facilities.
-

Introduction and background

At Resources Committee on 26 March 2015, the methodology below was approved for determining rent reviews and lease renewals. It was also resolved that a Rental Grants Subsidy Sub-Committee be established for the 2015/16 municipal year to adjudicate on these rent reviews and lease renewals.

1. *Where leases are currently being held over, or due for renewal, an exercise will be carried out, based on the criteria set out in the asset management strategy, to ascertain whether the Council wishes to continue with the existing arrangements. If not, then a report will be brought to Committee with recommendations as to alternative use or disposal.*
2. *If the proposal is that the premises should continue to be let to the current tenant, then a decision needs to be made as to the level of rent to be charged. The presumption is that the face of the lease will reflect the market value based on the current use permitted by the lease but the organisation will be given the opportunity to apply for a rent subsidy grant.*
3. *It will be important that there is a clear process for considering such applications and it is proposed that this Committee establish a Sub-Committee to consider those applications.*
4. *The considerations to be taken into account by the Sub-Committee are set out below:*

a. Core Purpose of the Organisation

Does the core purpose of the organisation align with one or more of the Council's key priorities?

b. Membership/Participation/Community use

How accessible is the service in term of opening hours and physical access?

Are membership fees affordable?

Are concessionary rates offered?

How well is the service used by the community?

Are diverse groups encouraged?

Are customers/users mainly from within the District?

Are facilities available to those other than members/regular users?

Does the organisation encourage involvement for all of the community?

Is training/skill development available for non-members?

c. Funding/Financing

How sound is the organisation's finances? (this will require reference to its accounts)

Has the organisation applied for funding elsewhere?

What scope is there for the organisation to increase charges for its services?

What scope is there for the organisation to carry out commercial activity on the premises?

d. What would the consequences be of not providing assistance?

What would be the consequence of not providing subsidy (in part or in whole)?

Would this cause hardship?

Would it mean the service has to stop or change?

5. *In normal circumstances, any rent subsidy grant awarded should be tapered in order to encourage organisations to become more self-sufficient, with rent review periods generally set between 6-9 years.*
6. *Where rent subsidy grant is refused, there should be the possibility of awarding transitional relief in order to provide a buffer for the organisation.*

Officers consider that this original framework for assessing rental grant subsidy applications is satisfactory. However, Officers consider that point 5. above represents unreasonable risk for community groups. Officers wish to remove this rental burden entirely and, instead, place repairing obligations on the tenants.

Repairing obligations are usually better managed by occupiers than by landlords. Also, with certainty over rent obligations, tenants can build up a fund for future repairs and be fully self-sufficient in this respect.

The proposal to clarify and simplify the extent of the subsidy (100% subsidy in all cases), and to specify the lease terms offered, will ensure consistent application of the scheme.

The proposed lease terms for successful rental grant subsidy applicants are as follows:

- 10-year lease outside the security of tenure provisions of the Landlord & Tenant Act 1954.
- Longer term to be considered where the property is to be redeveloped and this is required by the funding sources.
- 100% rental grant subsidy for the duration of the lease term.
- Tenant is responsible for all repairs and maintenance.
- Tenant bears the cost of insuring the property.

Other options considered

Officers have considered a system of monitoring rental grant subsidy recipients to ensure that they continue to satisfy the criteria. However, this would be difficult to administer and resource heavy.

The proposal for a 10-year lease is based on the current market standard for non-residential leases (typically 5 to 10-years). Officers consider that this is of sufficient length to give tenants' security. Many tenants seek leases of 15 to 25-years at lease renewal, however, officers consider that this is only necessary where significant redevelopment is planned and funding requires a longer certain term.

Consultation

These proposed changes are a development of an existing policy and have not been subject to consultation.

Key implications

Comments of the Chief Finance Officer

The proposals set out above are part of a wider strategy to encourage tenants to take responsibility for the repair and maintenance of buildings and will be managed alongside the savings planned in this area. The changes should allow groups more certainty to attract external funding and manage their finances sustainably.

The Council will seek advice from its tax experts on the impact of this change in respect of VAT, and will report back if there are likely to be any issues.

Comments of the Head of Legal Services

There are no legal implications arising from this report. Members are reminded that under Section 123 Local Government Act 1972 a local authority is required to obtain best consideration in the disposal of its land (which generally means obtaining market value). The term "disposal" includes the grant of a lease for a term of over seven years

A local authority can however can grant a lease of more than seven years at an undervalue (ie. below market value), if it can demonstrate that the arrangement contributes to the improvement of the social, economic or environmental wellbeing of the area, or its inhabitants. Given the social benefit and added value provided by some organisations and their volunteers in supporting the Council's objectives of improving the quality of life of its residents there is benefit in their being further clarity on the levels of rent relief available to them. Clearly, Officers in the Asset Management Team will need to assess each business case and supporting information for those eligible for a rental grant subsidy.

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 apply 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.

Officers will need to consider the above prior to any final decision to grant a rental subsidy and take mitigating action if necessary.

Climate change

Tenants benefitting from rental grant subsidies are required to take steps to improve the energy performance of their building. This will remain a requirement.

Appendices

None.

Background papers

None.

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

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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