

## TANDRIDGE DISTRICT COUNCIL

### STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber - Council Offices on the 26 September 2024 at 7:30pm.

**PRESENT:** Councillors Langton (Chair), Crane (Vice-Chair), Bloore, Booth, Chotai, Cooper, Damesick, Gray, Horne, Pursehouse, Sherry, Allen (Substitute) (In place of Cline) and Sayer (Substitute) (In place of Killick)

**ALSO PRESENT:** Councillor Nicholas White

**ALSO PRESENT (Virtually):** Councillors Chris Farr, Sue Farr and Lockwood

**APOLOGIES FOR ABSENCE:** Councillors Cline and Killick

#### 121. MINUTES OF THE MEETING HELD ON THE 27TH JUNE 2024

The minutes were confirmed and signed as a correct record.

#### 122. MINUTES OF THE INVESTMENT SUB-COMMITTEE - 17 SEPTEMBER 2024

The minutes of the meeting, attached at appendix A, were considered.

**RESOLVED** – that the minutes of the meeting, attached at Appendix A, be received.

#### 123. QUARTER 1 2024/2025 BUDGET MONITORING - STRATEGY & RESOURCES COMMITTEE

An analysis of forecast expenditure against the Council's overall revenue budget of £12.799m as at the end of June 2024 (Month 3) was presented. When the budget was set in February 2024, £447k was held in 'corporate items' to cover the pay award. This was held corporately pending finalising the impact of the staff pay award on committee budgets. A proposed virement of the £447k to the four policy committee budgets was recommended.

A £27k revenue underspend for the overall Council was forecast. There was no call on contingencies, of which the Council was holding £1,166k, required at this point. The report emphasised that Officers would continue to closely manage and monitor budgets, as the Council faced revenue risks that could not be quantified, such as planning appeals, external audit fees and the impact of financial pressures on existing suppliers. Appendix A to the report detailed the mitigations that had been put in place. A £600k business rates pooling gain, relating to the 2021/2022 business rates pool, was likely to be confirmed during the year.

It was noted that 90% of the Council's savings targets had either been achieved or had clear plans and realistic timescales. There were mitigations in place for the remaining 10%.

The report confirmed that the capital programme was forecasting £582k of net slippage and £425k underspend. A breakdown of total slippage by committee was provided. The report sought approval for reprofiling and associated adjustments to the capital budget.

In terms of the Committee's budget, a revenue underspend of £8k was forecast, with a number of offsetting risks and opportunities being managed within the budget. In relation to the Committee's capital budget, which had been set at £2,852k, Officers had reviewed the capital schemes and had forecast the total capital amount required for 2024/2025 remained at £2,852k.

Members asked questions on the report, and Officers explained:

- it remained hard to measure the contingency that might be needed for planning appeals. There was budget within the Planning Policy Committee as well as contingency set aside if necessary. Officers were monitoring the new Government's policies closely to see if there would be an impact on the number of appeals.
- in relation to the business rates pooling gain, this had not been recognised in the 2024/2025 budget as it had been subject to an audit process. The Council had been included in the pool in 2021/2022 and again in 2023/2024 and therefore, subject to audit, it was expected a further gain would be confirmed in future years. This was likely to be less than the 2021/2022 gain. Whilst the audit took place, the money had been held in a low risk investment.

**RESOLVED** – that:

- A) The Revenue and Capital budget forecast positions as at Quarter 1 / M3 (June) 2024/2025 be noted.
- B) The budget virement for the 2024/2025 pay award as set out in section 2 be approved.
- C) The reprofiling and associated adjustments to the capital budget set out in section 18 be approved.

## **124. QUARTER 1 2024/2025 KEY PERFORMANCE INDICATORS - STRATEGY & RESOURCES COMMITTEE**

An analysis of performance against the Committee's key performance indicators (KPIs) for the first quarter (April to June 2024) for 2024/2025 was presented.

Two KPIs did not meet their target for the quarter:

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

This was off target by 1 day. Complex applications had impacted the target. The actions the team were undertaking to improve the service were set out in the report.

- *SR5: The number of working days/shifts lost due to sickness absence (long and short term, rolling 12-month figures)*

This was just off target at 7.27 days. The target was 7.1 days. It was noted the Council's current sickness levels had decreased over the last two years.

The report also explained changes to indicators in relation to call handling. SR10 had been replaced with two interim indicators which monitored the number of calls to the Council and the

number of calls answered by Customer Services. A detailed set of indicators was being developed and would be brought to the Committee for approval.

In terms of improving indicators, it was noted SR7, staff turnout, had been reducing. Officers would continue to review benchmarking data to understand how the Council performed against its neighbours and similar local authorities.

The report also presented the Committee's and the Corporate risk registers. It was noted there were no red risks for the Committee, there were two for the Housing Committee and two Corporate risks as detailed in appendix B and C.

In response to Member questions, Officers confirmed:

- the new phone system was operating well. It allowed the tracking of call handling performance which had not been possible under the previous system. It was more straight forward for the Customer Services team. Further improvements would be realised once the digital project had been implemented. Following an action recorded at the previous Committee meeting, the Director of Resources confirmed the new phone system enabled the tracking of performance of individual call handlers in Customer Services, including those working remotely.
- progress was being made in relation to the two red risks recorded on the Housing risk register. This included the recruitment of an interim Building Surveyor who was producing a programme of works, an asset management audit was being completed, and the procurement of compliance contracts was underway.

**RESOLVED** – that the Quarter 1 2024-2025 performance indicators and committee and corporate risks be noted.

## 125. BUDGET CONTEXT AND FUTURE TANDRIDGE PROGRAMME UPDATE

A report was presented to the Committee detailing the approach to the 2025/26 budget process and the planned savings for 2025/26, and the four year medium-term financial strategy (MTFS). Three key financial messages served as the context for the development of the 2025/26 budget and the MTFS:

- i. The Council faced a financial challenge of £4m (30%) over the MTFS period.
- ii. The challenge could be met, with strong financial resilience and a sound track record.
- iii. Financially prudent and well-reasoned decision making was critical.

The £4m figure (£1m per annum over four years) had been calculated using the assumptions set out in Appendix A to the report.

Members debated the key financial messages, and made the following points:

- The Council had done well to manage its budget over the last few years, however, more savings were necessary. This would be painful at a ward level where it could impact local communities. Councillors would need to be engaged in the process, it would need to be well planned with Councillors supporting it at a ward level.

- It was important for the Council to work with Parish Councils as partner organisations, and for conversations to begin with them as soon as possible.
- The continuation of the principle that once a Committee budget is set, the Committee must work within it, was vital.
- Fees & Charges would be a key method of meeting the financial challenge.

Officers explained that a significant amount of money had already been taken out of the Council's budget, whilst minimising the impact on front line services. However, hard decisions would need to be taken over the next four years. Work had therefore started on the development of a 2-year savings plan. This would be underpinned by 11 principles set out in the report.

In response to Member questions, Officers explained:

- that, following Member debate, principle 1, would be reworded to: *In identifying the savings needed to deliver a balanced budget, the overarching aim is to minimise the impact on services to residents.*
- principle 5 was intended to give a corporate grip on over-prudence in budget setting. Whilst it may appear counter-intuitive to take a higher risk in budget setting for individual service areas, the intention was to strip out excess prudence resulting in less of a variance at outturn. Officers would illustrate this principle with examples during Member briefings. To ensure clarity and consistency with other principles, it would be amended to: *Budget risk – the Council will accept a higher level of risk in its budget-setting for individual service areas.*
- in relation to principle 11, there would be no change to the process of setting savings plans for each policy committee. Savings plans would be presented to each policy committee in January, with an aggregated version going to the Strategy & Resources Committee that month. A draft budget and savings plan would be presented at the November committees, and the opportunity for consideration of changes would be between the two meetings. It was noted, that it wouldn't be possible to remove savings during the January Committee cycle, without identifying other savings in order to ensure the plan was realistic and supportive of the budget. The savings plan would have an initial focus of 2 years, with a medium term trajectory in mind.
- discussions continued with other local authorities in Surrey on shared services, including workstreams which would create resilience and efficiencies.
- in terms of discretionary spend, this would be broken down in order that members could make informed decisions.

The report also reviewed the progress with the overall Future Tandridge Programme (FTP). This included updates on the implementation of My Account, which would go live for Revenues & Benefits in October, and the Grounds Maintenance contract procurement, with tenders shortly being evaluated.

Cllr Sayer, seconded by Cllr Pursehouse, proposed an additional recommendation as follows:

*Tandridge Officers are instructed, in conjunction with relevant District Councillors, to begin immediate discussions individually with every Parish Council to discuss the future of assets within their Parishes, prioritising further detailed discussions.*

Upon being put to the vote, there was agreement to add this recommendation.

Cllr Gray, seconded by Councillor Allen, proposed recommendation 2 of the report be amended to be a recommendation to Full Council and to include the words 'as amended' to reflect the changes to principles 1 and 5.

Upon being put to the vote, this amendment was agreed (recommendation E below).

**RESOLVED** – that:

- A. In respect of the 2025/26 budget process, the financial context and progress in developing the 2025/26 Budget and Medium-Term Financial Strategy (MTFS) be noted.
- B. The progress to-date on the delivery of the Future Tandridge Programme, particularly the development of the two-year savings plan, be noted.
- C. The update on the direction of travel for the future of the programme, be noted.
- D. Tandridge Officers are instructed, in conjunction with relevant District Councillors, to begin immediate discussions individually with every Parish Council to discuss the future of assets within their Parishes, prioritising further detailed discussions.

**COUNCIL DECISION**  
(subject to ratification by Council)

**RECOMMENDED** – that:

- E. The principles set out in section 3 of the report, as amended (attached at Appendix B to these minutes), are approved for use as the basis for developing the 2025/26 budget and two-year savings programme, and that Committees will be required to operate within them.

Action	Responsible Person	Deadline
Send to Parish Councils the precept setting timetable.	Mark Hak-Sanders	11 October 2024
Set the agenda for the Parish Assembly on 24 October 2024.	David Ford	18 October 2024

## 126. CLIMATE CHANGE STRATEGY AND ACTION PLAN REPORT

The Council's Climate Change Strategy, appendix A to the report, and Climate Change Action Plan, appendix B to the report, were presented to the Committee. These had been drafted taking into account the Council's resources and ability to deliver.

The Climate Change Working Group had considered the Strategy and Action Plan before it had been presented to the Committee. It had also recommended the Council move away from printing and posting Committee and Council agendas to support the strategy. A proposal to move to paperless agendas was included at appendix D to the report. The report also sought

approval to change the Council's target to become carbon neutral by 2050 to align with the national target.

Officers noted the action plan included work already underway or set out in legislation. Short term actions related to the use of LED lighting in Council buildings and car parks, reducing the use of single use plastics and installing electric vehicle charging points.

A longer term action which posed the greatest risk of the Council meeting its target was the decarbonisation of the Council's housing stock. Due to the scale of the work, a separate decarbonisation strategy and action plan would be considered by the Housing Committee at its meeting in November.

During the debate, Members made the following comments:

- It was sensible to amend the carbon neutral target to 2050 in line with the Government target.
- A breakdown of the costs of retrofitting the housing stock should be provided to Members. Officers confirmed this would be included in the report to the Housing Committee in November.
- Members agreed with the Surrey County Council position that solar panels should be fitted to roofs and not in fields.

**RESOLVED** – that:

- A. The Climate Change Strategy and Climate Change Action Plan, recommended by the Climate Change Working Group, including changing the Council's target to become carbon neutral to 2050 to align with the national target, be approved.
- B. The proposal to move to paperless agendas, recommended by the Climate Change Working Group, subject to approval of a capital budget for devices at a future meeting of the committee, be approved.

## **127. PROPOSED CHANGE TO WARD NAME - LINGFIELD & CROWHURST - APPROVAL TO CONSULT**

A report was presented to the Committee seeking approval to consult on a request from Tandridge Parish Council for the Council to consider a change of a ward name from 'Lingfield & Crowhurst' to 'Lingfield, Crowhurst & Tandridge'. The report also sought authority for the Head of Legal and Monitoring Officer to seek consent for the change from the Local Government Boundary Commission for England (LGBCE), subject to the outcome of the consultation.

The request followed the LGBCE's electoral review which concluded in December 2023. The outcome of the review moved Tandridge Parish from the Oxted North & Tandridge ward into the Lingfield & Crowhurst ward. The name of 'Lingfield & Crowhurst' remained unchanged. The process for changing a ward name was set out in statute and included the Council taking reasonable steps to consult such persons as it considered appropriate, and a requirement for the LGBCE to give consent for a change.

**RESOLVED** – that:

- A. A consultation be undertaken as set out in paragraph 6 of the report on the proposal to replace the ward name 'Lingfield & Crowhurst' with 'Lingfield, Crowhurst & Tandridge'.
- B. Subject to the overall response of the consultation being in favour, authority be delegated to the Head of Legal and Monitoring Officer to write to the Local Government Boundary Commission for England (LGBCE) to seek consent for the change of name.

Rising 10.10 pm

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## **TANDRIDGE DISTRICT COUNCIL**

### **INVESTMENT SUB 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 17 September 2024 at 6:30pm.

**PRESENT:** Councillors Langton (Chair), Allen, Booth, Chris Farr, Jones, Horne and Mark

**ALSO PRESENT:** Councillors Sue Farr

#### **5. MINUTES OF THE MEETING HELD ON THE 14TH JUNE 2024**

The minutes were approved and signed as a correct record.

#### **6. SUMMARY INVESTMENT AND BORROWING POSITION AT 30TH JUNE 2024**

The Director of Resources presented a report providing an update on the Council's investment and borrowing position at 30<sup>th</sup> June 2024 and the performance against the Council's approved Prudential Indicators for 2024/25. The report also set out a decision taken by UBS to close the UBS Multi-Asset Income Fund and the options available to the Council for the returned funding.

The investment analysis, at appendices A and B, confirmed that, at 30<sup>th</sup> June 2024:

- (i) total long investments (over 12 months) amounted to £11.0 million, including £2.2 million held with the UBS Multi-Asset Income Fund.
- (ii) short term investments (less than 12 months) amounted to £2.4 million.
- (iii) the Council also held £20.6 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 was £96.3 million, comprising £43.4 million General Fund loans and £52.8 million Housing Revenue Account loans.

The report also explained the Council were informed by UBS in July 2024 of its decision to close the UBS Multi-Asset Income Fund on 16 September 2024. The Council had invested £3.0 million in the fund in total. The investment had returned £1.1 million income to 30 June 2024, an annualised return of 4.6%. The capital value of the Council's investment was £2.2 million, an £0.8 million loss on the initial investment. The total return on the fund was £0.3 million, a total return of 10.2% and an annualised rate of 1.2%. The report set out the actions Officers had taken as a result of the UBS notification.

The Director of Resources explained the Government had issued a statutory override which shielded the General Fund from losses in carrying value so long as the Council's investment stayed with the fund. This was in place until 31 March 2025, and meant the Council was not required (or allowed) to move the losses into the General Fund until 31 March 2026. It was not clear if the Government were going to extend the statutory override. In the last two years, the Council had set aside £1.2m of surplus into an Investment Performance Equalisation reserve, which covered the value of the carrying losses of the Council's investment in all funds including

UBS. UBS closing the fund would cause the £0.8m loss to be realised, but the Director of Resources explained that this would be met from the reserve.

The report set out a number of options for the re-investment of the return. It was noted that, in order to fund the Council's capital programme, specifically the Council House Building programme, it was expected the Council would need to borrow money during 2025/26. In light of expected interest rate falls over the next 12 months, if the Council were to borrow now, it was likely it would be at a higher than in 2025/26. It was therefore recommended to invest the funds into a short-term fixed-rate bond to give certainty of investment return whilst the money was not needed to fund the capital programme, and before the expected decrease in interest rates. Returns were likely to be just over 4% and, at this level, would satisfy the amount expected within the budget for the previous investment in UBS.

In response to Member questions, Officers, with support from Arlingclose, explained that:

- it was unlikely that the three other funds would also be closed due to their size or the work that had been undertaken to grow them.
- the expected return from investments in Funding Circle was 0.79%, significantly less than the other funds and the recommended option.
- if the UBS loss were transferred to the General Fund rather than being met from the Investment Performance Equalisation Reserve, the General Fund reserve would reduce from £3m to £2.2m.
- it was expected the predicted fall in interest rates would raise the value of the Council's remaining investment funds. Whilst the Council could re-invest the released money back into such funds, investment in a low risk, short-term fixed-rate bond would diversify the Council's investments. Longer term investment decisions would be undertaken once there was clarity on the statutory override.
- the annual income from the UBS investment had been used for service delivery in past financial years whereas the loss in carrying value had not been addressed prior to the creation of the Investment Performance Equalisation reserve in 2022/23.
- the Council's Treasury Management Strategy allowed investments in bonds up to the value of £2m. Therefore, the released funds would be split between two bonds, with no material effect on returns expected as a result. The precise bond would be established at the point the Council was ready to invest and this was a matter delegated to Officers in the Constitution.
- General Fund borrowing was not expected to increase over the Medium-Term. Increases in Housing Revenue Account borrowing to fund the Council House Building Programme would be met by increased rents.
- it was not expected the Council would be in a position to significantly increase its investments in the short or medium term. Current Government policy encouraged Councils to invest less and borrow less.

**RESOLVED** – that:

- A. The Council's Investment and Borrowing position at 30th June 2024 as set out in Appendices A & B be noted.

- B. The Council's actual performance against the Indicators set within the Treasury Management Strategy for 2024/25 in Appendix C be noted.
- C. The commentary from Arlingclose on the external context for treasury management in Appendix D be noted.
- D. The update on the performance of the Council's long-term treasury investments, including the closure of the UBS Multi-Asset Income Fund, be noted.
- E. The £2.2m released from the UBS Multi-Asset Income Fund be placed in a fixed-term, fixed-rate bond.

Rising 7.45 pm

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## Appendix B: Revised Principles

### Principles

1. In identifying the savings needed to deliver a balanced budget, the overarching aim is to minimise the impact on services to residents.
2. Revenue generation – the Council will seek to maximise its income from fees and charges.
3. Fees and charges – these will be set to reflect the true costs of providing the service, including both direct costs and a contribution to other costs. Any exceptions to this general principle should be explicitly agreed, along with the rationale for this being the case.
4. Service pressures – services are expected to manage and contain any routine 'in-year' pressures within their budget.
5. Budget risk – the Council will accept a higher level of risk in its budget-setting for individual service areas.
6. "Discretionary" spend – in any future scenario, significant savings in the discretionary areas of the Council budget will be needed to balance the budget & meet MTFS pressures.
7. "Discretionary" spend - where these reductions in discretionary spend impact on third party organisations, the Council will manage this reduction over a reasonable period and engage with stakeholders to work on ways to mitigate the impact as far as possible.
8. Transformation – the Council will need to be more ambitious and determined in areas such as Digital, Shared Services and Commercial developments to meet the medium-term financial, whilst accepting that these areas take more time to produce realisable savings.
9. Assets – leaseholder charges should reflect the true costs of providing assets (including both direct costs and a proportion of overheads). Where there is a gap currently, the level of subsidy will be shared for consideration by the Council with a view to recovering the full amount over a reasonable period of time. Any exceptions to this principle should be explicitly agreed, along with the rationale for this being the case.
10. Community assets – the Council will adopt a consistent 'policy-led' approach to making decisions on which community assets it will continue to support financially and make clear the level of any subsidy applied. Any exceptions to this principle should be explicitly agreed, along with the rationale for this being the case.
11. Decision-making - once the savings plan has been developed and considered by the Council, any proposal to reduce a saving will only be considered if an equivalent alternate saving is also proposed at the same time.

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