

To: MEMBER OF THE STRATEGY & RESOURCES  
COMMITTEE  
Councillors

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Substitute Councillors:

C.C. All Other Members of the Council

20 July 2020

Dear Sir/Madam

**STRATEGY & RESOURCES COMMITTEE**  
**TUESDAY, 28TH JULY, 2020 AT 7.00 PM**

The agenda for this meeting of the Committee to be hosted via Zoom from the Council Chamber, is set out below. If a member of the Committee is unable to attend the meeting, please notify officers accordingly.

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

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

Yours faithfully,



Elaine Jackson  
**Acting Chief Executive**

## AGENDA

1. **Minutes of the meeting held on the 9th July 2020** (Pages 3 - 36)
2. **Apologies for absence (if any)**
3. **Declarations of interest**

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

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

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

4. **To deal with questions submitted under Standing Order no. 29(1.2)**

5. **Discretionary Housing Payments Policy** (Pages 37 - 52)
6. **Review of the Council Tax Support Scheme** (Pages 53 - 62)
7. **Budget Monitoring** (Pages 63 - 92)
8. **Independent review of governance** (Pages 93 - 130)
9. **Strategic Plan** (Pages 131 - 144)
10. **Performance & Risk** (Pages 145 - 148)
11. **Community Governance Review- Caterham Valley Parish Council** (Pages 149 - 156)
12. **Any other business which the Chairman is of the opinion should be considered at the meeting as a matter of urgency**
13. **To consider passing the following resolution:-**

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

- (i) they involve the likely disclosure of exempt information as defined in the paragraphs detailed below of 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

<b>Item No.</b>	<b>Nature of Exempt Information</b>
13	Paragraph 3 (“ <i>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</i> ”).

14. **Freedom Leisure (report to follow)**

## TANDRIDGE DISTRICT COUNCIL

### STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of the virtual meeting of the Committee held on the 9<sup>th</sup> July 2020 at 6.30 p.m.

**PRESENT:** Councillors Elias (Chairman), M. Cooper (Vice Chairman), Bloore, Botten, Bourne, Caulcott, D. Cooper, Davies, Duck, Langton, Lee, Milton, and N. White.

**ALSO PRESENT:** Councillors Allen, Blackwell, Connolly, Farr, Fitzgerald, Lockwood, Mills, Morrow, Pursehouse, Ridge, Swann, Sayer and Steeds.

#### 43. MINUTES

The minutes of the meeting held on the 19<sup>th</sup> May 2020 were agreed.

The Chairman advised that, in respect of Minute 11 /Resolution B, the Recovery Working Group will not, after all, be convened. The intended purpose of the Working Group had, instead, been fulfilled by Group Leader meetings.

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

#### 44. REVENUE BUDGET AND CAPITAL PROGRAMME – 2019/20 OUTTURN

The Committee considered a report on the outturn position for 2019/20 of the General Fund, Housing Revenue Account and the Capital Programme.

The report provided an overview of the Outturn for 2019/20, rather than a detailed analysis of the accounts which would be presented to the Committee at a later date. The external audit of the Council's 2019/20 accounts would commence in August.

The provisional revenue outturn position for the General Fund was a net overspend of £1,990,857 (key variances shown at Appendix A). Measures had been introduced to control expenditure on temporary staff and contractors. The overspend would be financed from General Fund reserves, which would be reduce from £5,660,000 to £3,669,000.

Regarding the Housing Revenue Account, the transfer to reserves in 2019/20 would be £795,320 (compared to a budgeted transfer of £1,320,597 - key variances shown at Appendix B).

The 2019/20 General Fund capital programme budget of £71,930,520 was underspent by £38,194,942. The HRA capital programme budget of £10,377,900 was underspent by £2,252,015. These underspends were mostly due to slippage totalling £39,456,748, i.e. expenditure on individual schemes which, whilst unspent during 2019/20, was still necessary to complete the schemes (Appendix C refers). Approval was therefore sought for the £39,456,748 to be carried forward and added to the capital programme budget for future years.

During the debate, Members commented on the way in which the Council's accounts were presented, including the need for greater clarity and transparency. In connection with this, it was clarified that the "*planning enforcement underspend of £36,644*" only related to non-salaries expenditure and that the inclusion of salary costs of staff working on planning enforcement represented an overspend of £322,438.

**RECOMMENDED** – that:

- A. that the draft financial position of the Council's outturn for 2019/20 be noted; and
- B. the Capital Programme be increased by £38,139,248 in 2020/21 and £1,317,500 in 2021/22 to reflect the slippage of capital underspend from the 2019/20 financial year (total slippage of £39,456,748).

**COMMITTEE DECISIONS**  
*(Under powers delegated to the Committee)*

#### **45. STRATEGY & RESOURCES COMMITTEE – PERFORMANCE & RISKS – 2019/20 QUARTER 4 PROGRESS**

The Committee considered progress against its KPIs for the fourth quarter of 2019/20, together with the associated risk analysis.

Debate focused on the (amber) risk entitled "*failure to remain financially sustainable*", including concerns that the likelihood score was now probably higher than 2 and that the control / mitigation comments did not reflect the urgency of the situation. Officers advised that the risk analysis within the report reflected the position at the end of March 2020 and that the format and content of the corporate risk register was under review.

Officers responded to comments about the Council's IT systems and website (Risks 4 and 13) in the context of the Council's engagement with partners and residents during the Covid-19 emergency. The implications of a possible local government reorganisation throughout Surrey in light of the forthcoming Recovery and Devolution White Paper were also discussed.

Members appreciated that risk registers should be live documents and felt that, in future, the risk register presented should reflect the current position.

**RESOLVED** – that performance against the Committee's KPIs for the fourth quarter of 2019/20, together with the associated risk analysis, be noted.

#### **46. INVESTMENT SUB-COMMITTEE – 21<sup>ST</sup> MAY 2020**

In respect of the minutes of this meeting (attached at Appendix D) the Chairman advised that the actions under the property investment item had not been undertaken and were pending the outcome of the Government consultation on the lending terms of the Public Works Loan Board.

**RESOLVED** – that, subject to acknowledgement that the actions under the property investment item have not been undertaken in view of the Government consultation on the lending terms of the Public Works Loan Board, the minutes of the meeting held on the 21<sup>st</sup> May 2020, attached at Appendix D (now including the footnote regarding the property investment item) be noted.

## 47. COUNCIL BUDGET MONITORING 2020/21

A report was presented regarding the Council's latest financial position in light of the Covid-19 pandemic.

A year end General Fund overspend of £2,576,727 was now forecast, based on a 'realistic' scenario. This reflected latest assumptions on the impact of Covid-19 and was less than the £3,878,461 overspend projection at the end of April 2020. The most significant factor in this revised forecast was that the more stringent social distancing rules were no longer anticipated for the waste collection service, resulting in a £833,300 cost reduction. However, the adverse forecast variance regarding income from property investments had increased by £197,000 to £497,000.

General Fund reserves would have to be reduced to £1,092,000 to fund the projected overspend, although the Medium Term Financial Strategy would seek to replenish reserves in future years by adding £500,000 to the base budget per annum.

The Housing Revenue Account was projected to be overspent by £87,000 at the year end, assuming that rent collection would reduce and an increased transfer to the bad debts provision will be required. This position had improved from the £154,000 overspend forecast in April as savings had been identified within the programme of planned repairs and maintenance

The capital budget for the whole Council totalled £81,972,800 and was forecast to be underspent by £69,222,000 in 2020-21. The most significant variance concerned the Property Development Fund as the Council was now reconsidering its investment strategy while the results of a government consultation into PWLB borrowing are awaited. Capital expenditure on the council house building programme and the upkeep of the housing stock had been particularly affected by Covid-19 following the suspension of works.

Along with other billing authorities, the under collections of council tax and business rates presented cash flow challenges. Tandridge only retained a small proportion of the income, with the majority being paid to preceptors. Surrey County Council had indicated a willingness to allow precepts to be flexed and was engaging in a data gathering exercise with Boroughs and Districts to assess the financial impact. For Tandridge, cash flow modelling indicated that forward council tax receipts would mitigate the impact of the shortfall in business rate receipts until the end of the year.

The report also referred to:

- the Council's income streams being adversely affected by the crisis
- the efforts of the Local Government Association and the District Council Network to alert the Government to the financial emergency facing Local Authorities
- Government support initiatives for businesses, including a business rates holiday and three business support grants schemes for which funding had been provided for the Council to administer and allocate (Small Business Grants Fund; Retail, Hospitality and Leisure Grant Fund; and a Discretionary Fund for Tandridge);
- regarding the first two funds referred to above, £19,214,000 had provided by the Government for the Council to administer and, to date, £17,380,000 had been allocated to 1,394 businesses (82% of those estimated to be eligible);
- regarding the Discretionary Fund referred to above, grants had been allocated following consultation with a Member advisory panel on the 16<sup>th</sup> June 2020 (to date, 206 grants had been paid, totalling £0.988m).

Upon introducing the report, the Acting Chief Finance Officer advised that the Government had confirmed measures to provide further financial support for Local Authorities, namely funding for up to 70% of lost income and a £500 million provision for alleviating expenditure pressures. The detailed mechanisms for releasing these funds was unknown and the latter scheme was likely to be targeted to assist areas of proven deprivation.

The role of the recently convened Financial Recovery Working Group in addressing the challenges identified by the report, together with the urgency of the situation, were discussed.

**RESOLVED** – that the Council’s overall financial position be noted.

## **48. COUNCIL IMPROVEMENT PLAN**

A report was submitted to update Members on progress with key recovery workstreams underway throughout the Council and to seek endorsement of a Corporate Improvement Plan.

The report included reference to the intention to establish a longer term senior management structure; measures to control the recruitment agency/ temporary staff and to improve governance; additional capacity commissioned from the Local Government Association (LGA); an external review of the Council’s governance by the Centre for Public Scrutiny (CfPS); collaborative working among the leaders of the three main political groups; the successful implementation of new refuse collection arrangements; the launch of a residents’ survey; and actions to raise staff morale.

The report confirmed that other actions were being progressed, including the recruitment of a new Chief Finance Officer; a workforce review to find an affordable longer-term staffing solution for delivering ‘business as usual’ services; engagement with stakeholders to inform the development of a strategic plan; engagement with Staff Conference to support the development of a refreshed set of values and behaviours as the first part of a culture change programme; stabilisation and transformation of the planning service; and a financial recovery plan. The impact of the COVID-19 pandemic upon the Council’s operations was also highlighted.

A proposed improvement plan had been developed to identify actions and to enable the Committee to monitor the delivery against assigned timescales. The plan also included workstreams that would:

- enable the Council to assure itself that key statutory responsibilities were met
- address particular service improvement challenges
- take into account the Council’s position post COVID and the “new normal”
- enable and progress partnership working
- facilitate external challenge and support through a Corporate Peer Challenge.

Capacity for a Programme Management Office would be identified for this and other non ‘business as usual’ activities. Work was underway to identify how to free up and develop existing resources to undertake this role as part of the new staffing structure. An officer-level Corporate Improvement Programme Board would also be created to oversee the plan’s implementation and ensure appropriate risk management.

During the debate, Members emphasised the critical need for financial recovery to underpin the plan. The implications of emerging local government reorganisation proposals were also discussed, together with the extent to which the Council should aspire to deliver non-statutory services in response to residents’ needs.

**RESOLVED** – that:

- A. progress in key workstreams related to Council recovery be noted; and
- B. the Corporate Improvement Plan, set out in Appendix E, be endorsed.

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

## **49. PROPOSED AMENDMENTS TO THE CONSTITUTION**

A report was submitted to enable the Committee to consider proposed amendments to the Constitution in response to recent issues raised at, and arising from, Group Leader meetings. The suggested changes concerned the rights of political groups to appoint their Members to pre-allocated seats on Committees and Sub-Committees; enabling those asking questions under Standing Order 29 (1.2) to also ask a supplementary question; and to change Officer / Member consultation arrangements given that Tandridge is now a 'no overall control' Council.

The merits of amending recommendations C and D, to avoid reliance on officers having to make changes every time political balance changes, were discussed. Councillor Bourne, seconded by Councillor Botten, proposed that the recommendations should be approved as per the report but that the scope for making further amendments to future-proof the Officer / Member consultation arrangements throughout the Constitution (to retain the objectives of recommendations C and D but without the need for further revisions to reflect changes in political control) be reconsidered by the Committee later in the year.

Arising from discussion about the proposed changes to Standing Order 29 (1.2), the Head of Legal agreed to consider a suggestion for a further future amendment to clarify the way in which supplementary questions may be answered.

**RECOMMENDED** – that

- A. Standing Orders 13, 20 and 21 be amended in accordance with Appendix F to clarify the rights of political groups to appoint, and subsequently change, their Members on pre-allocated seats on Committees and Sub-Committees;
- B. Standing Order 29 (1.2) be amended in accordance with Appendix G to allow a Councillor, or a person resident, working or studying in the District, to ask a supplementary question at a Council or Committee meeting arising from the answer to their original question;
- C. subject to the Council remaining in a state of no overall control (i.e. where no single political group has an absolute majority of seats), throughout Financial Regulations, the Scheme of Delegation and the Planning Protocol (parts C, E and F of the Constitution), all references to officers having to consult specific Members of the Administration (listed at Appendix H) be deleted and replaced with a requirement that such consultations take place with the Leaders, or their nominated representatives, of political groups comprising ten or more Councillors;
- D. should a single political group gain an absolute majority of seats on the Council, the Chief Executive, in accordance with the power granted by Standing Order 46 (2), be authorised to rescind the constitutional amendments in C above and replace them with a requirement for officers to consult solely with the Leader of the Council or his/her nominated representative; and

- E. the scope for making further amendments to future-proof the Officer / Member consultation arrangements throughout the Constitution (to retain the objectives of recommendations C and D above but without the need for further revisions to reflect changes in political control) be reconsidered by the Committee later in the year.

## **50. OUTSIDE BODY APPOINTMENTS – LE PERSONNE BENEVOLENT TRUST AND GATWICK AIRPORT NOISE EXECUTIVE BOARD**

The Committee was invited to nominate Members to serve on these two bodies.

**RECOMMENDED** – that

- A. Councillor Connolly be nominated to fill the vacant trustee position on the board of the Le Personne Benevolent Trust; and
- B. Councillor Lockwood be nominated to serve on the Gatwick Airport Noise Executive Board.

### **COMMITTEE DECISIONS** *(Under powers delegated to the Committee)*

## **51. CHIEF OFFICER SUB-COMMITTEE REPORT**

The Committee was informed about Chief Officer Sub-Committee meetings that had taken place since the beginning of the 2019/20 Municipal Year.

The Committee agreed to terminate public access to the meeting to enable Members to discuss the matter. The reason for this was that such discussion was likely to involve the disclosure of exempt information defined in Paragraph 1 of Schedule 12A to the Local Government Act 1972 (information relating to individuals) and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**RESOLVED** – that the report be noted.

## **52. CIL BID – BURSTOW ROAD SAFETY SCHEME, SMALLFIELD**

The Committee agreed that webcasting be terminated for this item as it would otherwise involve the likely disclosure of exempt information as defined in the paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (*“Information relating to the financial or business affairs of any particular person, including the authority holding that information”*).

A £360,000 award from Community Infrastructure Levy (CIL) funds to Surrey County Council for the purposes of a road safety scheme near Burstow Primary School in Smallfield (Wheelers Lane and Redehall Road junction) was proposed. Details of the proposed scheme were presented.

For background purposes, the report explained the CIL regime whereby charges (arising from the planning process) were collected in order to help fund infrastructure requirements. Five priorities for CIL spending priorities had previously been identified by the Council as follows:



- increasing capacity in education;
- increasing capacity in health;
- flood alleviation;
- regeneration; and
- highways improvements.

Upon introducing the item, Officers advised of an amendment to the report arising from discussion with Members prior to the meeting. This concerned the fourth and final caveat to the proposed award for the road safety scheme which Officers wished to change as follows:

“(iv) ~~should costs increase, the Highways Authority would be required to re-apply should they seek any additional contributions from CIL funds~~ while the scheme is being delivered, the Highway Authority would be expected to cover them, but if the Highway Authority believes that the only way this could be done was through CIL, a new CIL application for the additional funds would need to be submitted for the committee’s consideration in the knowledge that the outcome of such a bid could not be guaranteed.”

Discussion on the merits of the bid ensued.

Officers confirmed the intention to review the criteria and process for future CIL allocations. Member seminars on this subject would be arranged accordingly.

**RESOLVED** – that an award of £360,000 of Community Infrastructure Levy funds be made to Surrey County Council as the relevant Highway Authority to undertake road safety improvements near Burstow Primary School in Smallfield subject to:

- (i) the Highway Authority incurring the costs upfront and is reimbursed using the CIL award
- (ii) the funds to be provided at the appropriate stage as set out in paragraph 5.1. of the report (i.e. “... *to allow the Highway Authority to incur the costs up front and be reimbursed for the works on satisfactory delivery*”)
- (iii) the funds being spent within 2 years of this committee date for the works described in the report
- (iv) should costs increase while the scheme is being delivered, the Highway Authority would be expected to cover them, but if the Highway Authority believes that the only way this could be done was through CIL, a new CIL application for the additional funds would need to be submitted for the Committee’s consideration in the knowledge that the outcome of the bid could not be guaranteed.

**Declarations of interest:**

- (i) Councillor Botten declared an interest in this item on the basis that he was the Chairman of Governors of Burstow Primary School. Whilst this did not amount to a Disclosable Pecuniary Interest under the Members’ Code of Conduct, Councillor Botten did not participate in the discussion or voting in connection with this item.
- (ii) Councillor Bourne declared an interest in this item on the basis that he was a governor of Burstow Primary School and a local Ward Member (Burstow, Horne & Outwood). This did not amount to a Disclosable Pecuniary Interest under the Members’ Code of Conduct and Councillor Bourne took part in the discussion and voting in connection with this item.

- (iii) Councillor Fitzgerald declared an interest in this item on the basis that he was a local Ward Member (Burstow, Horne & Outwood). This did not amount to a Disclosable Pecuniary Interest under the Members' Code of Conduct and Councillor Fitzgerald took part in the discussion in connection with this item.

Rising: 10.12 p.m.

**Provisional revenue outturn position for the General Fund - net overspend of £1,990,857**

Committee/Area	2019/20 Budget (£)	Outturn (£)	Variance (favourable) /adverse (£)	% Variance
Strategy & Resources	1,110,150	2,143,638	1,033,488	93%
Community Services	6,472,650	6,913,341	440,691	7%
Housing	809,900	651,737	(158,163)	(20%)
Planning / Planning Policy	2,049,270	2,724,111	674,841	33%
<b>General Fund Revenue (Net Total)</b>	<b>10,441,970</b>	<b>12,432,827</b>	<b>1,990,857</b>	<b>19%</b>

The main items making up the variances in the General Fund by Committee are:-

**Strategy & Resources Committee overspend of £1,033,488:**

- Salaries overspend of £445,294 – Following the introduction of Customer First this overspend has arisen from the need to maintain the continuity of service provision. The additional costs result from a combination of factors; early departure costs and additional costs following delays in the exit of some permanent staff and from difficulties and delays in recruiting permanent staff. This resulted in the recruitment of temporary staff, agency staff and consultants in order to ensure the maintenance of service provision.
- Additional Treasury Income of £55,013 - Due to acquisition of Castlefield House in December resulting in additional interest income from Gryllus.
- Printing and postage underspend of £46,700 due to lower volume of usage.
- Bad Debt Provision overspend of £51,631 – An increase in the amount of aged debt which is considered to be potentially uncollectable requires additional Bad Debt Provision.
- Collection Fund shortfall in income of £652,101. This is attributable to –
  - a deficit on the Collection Fund in respect of the Council Tax surplus of £87,524 in 2019/20. At the time of budget setting the Councils share of the surplus was estimated at £125,000, however the final position was a surplus of £37,976.
  - a surplus on the Collection Fund in respect of NNDR in of £234,550 in 2019/20. No surplus or deficit was anticipated at budget setting.
  - a shortfall in Section 31 Grant of £630,082
  - an adjustment to S31 Grant in respect of previous years of £169,041

**Planning Committee overspend of £674,841:**

- Salaries overspend of £546,640 - Following the introduction of Customer First this overspend has arisen from the need to maintain the continuity of service provision. The additional costs result from a combination of factors; early departure costs and additional costs following delays in the exit of some permanent staff and from difficulties and delays in recruiting permanent staff. This resulted in the recruitment of temporary

staff, agency staff and consultants in order to ensure the maintenance of service provision.

- Planning Applications and Advice overspend of £702,754 -

Legal fees due for the Felbridge Junction appeal of £461,000 have been included in the outturn. Negotiations with one of the parties involved in the final settlement are still ongoing. It is therefore possible a lower figure may be agreed by either before the draft accounts are prepared in which some of provision may be released. However based on current progress at this time this is considered unlikely. There is an overspend in relation to an external contract with Terraquest of £97,000. Terraquest were appointed following Customer First to deal with the planning validation as a result of staffing shortfalls. This contract which was underperforming has been terminated and the work has been taken back in house. This was reported to Members in an earlier cycle. In addition there is an under recovery of income on planning fees of £75,000 and on Developer Pre- Application meetings of £30,754. This is attributable to Brexit uncertainty and the general economic climate. There are also a number of other overspends; an under recovery of income on Members presentations of £12,000 and other minor overspends of £27,000, including consultancy and counsels fees.

- Enforcement (non-salary) underspend of £36,644 - This arises because of a successful bid for additional grant funding from the MHCLG to enable improvements to be made to the Planning Enforcement service. Additional income has also been received from fees for a Planning Enforcement notice.
- Local Plan underspend of £436,991 - This has arisen due to less than expected spend on consultants and counsels fees.
- Neighbourhood Plan underspend of £19,664 - Due to additional grant received.

#### **Community Services Committee overspend of £440,691:**

- Salaries overspend of £103,500 – Following the introduction of Customer First this overspend has arisen from the need to maintain the continuity of service provision. The additional costs result from a combination of factors; early departure costs and additional costs following delays in the exit of some permanent staff and from difficulties and delays in recruiting permanent staff. This meant that it was necessary to recruit temporary, agency and consultancy staff in order to ensure the maintenance of service provision.
- Tandridge Commercial Services overspend of £147,672 - This arises following the centralisation of call centre staff as part of Customer First and will mean that Tandridge Commercial Services may lose the recovery of overheads previously charged as part of the overall service costs. Officers will be carrying out an in-depth review of overhead recoveries to ensure that these costs are apportioned accurately between services.
- High risk tree works overspend of £6,300 - It should be noted that in future years the tree spend budget has been increased by £60,000 to an overall budget spend of £110,000.
- Sports and Recreation pavilions overspend of £16,328 - To ensure the Council was compliant with Health and Safety rules, Legionella inspections had to be carried out in all of the Council owned pavilions.

- Additional car parking revenue of £7,800.

#### **Housing Committee underspend of £158,163:**

- Salaries overspend of £302,905 - Following the introduction of Customer First this overspend has arisen from the need to maintain the continuity of service provision. The additional costs result from a combination of factors; early departure costs, additional costs following delays in the exit of some permanent staff and from difficulties and delays in recruiting permanent staff which resulted in the recruitment of temporary staff, agency staff and consultants in order to ensure the maintenance of service provision. The closure of the Douglas Brunton Centre has also added additional redundancy costs.
- Housing Benefit Payments & Recovery net underspend of £206,200 - The recovery of Housing Benefits overpayments was below budget by £237,500. However, this was more than offset by a writeback from the overpayment bad debt provision of £387,000. There was a further net underspend of £56,700 on other budgets within this area.
- The Douglas Brunton Centre's budget has been overspent by £30,458. Of this overspend £18,596 is due to a loss of 6 months sales income and the annual membership fees as a result of transferring management to the Westway Centre and £11,862 is due to repairs expenditure to meet Health and Safety requirements prior to handover.
- Meadowside has underspent by £18,068 due to an increase on sales and an underspend on the repairs budget.
- Additional Grant has been received for Syrian refugees resulting in an underspend of £58,709.
- Homelessness has underspent by £170,788 due to additional Central Government grant plus a transfer in from the homelessness reserve.
- There is an underspend on Housing Benefit administration due to additional Government grant.
- Private Sector Housing Enforcement overspend of £18,578 – A charge by Mole Valley for a shared member of staff has resulted in an overspend of £18,578. Provision has been made in the salaries budget for 2020/21 to cover this work.

Salaries budgets were overspent by £1,397,600 in 2019/20. Officers have been working hard to control salaries expenditure on additional employees, agency staff and consultants. Significant effort was put in during 2019/20 to control expenditure on temporary staff and contractors once the scale of the financial impact from the temporary staffing measures arising from the implementation of Customer First became clear. It was necessary to introduce centralised control in respect of the recruitment of all staff at the centre and this is now being rigorously managed. These controls have prevented the staffing overspend being very much greater in 2019/20, than it otherwise would have been. In 2020/21, these arrangements are working effectively in controlling expenditure upon salaries and staffing. These processes will be maintained during this year and beyond.

### Provisional revenue outturn position for the Housing Revenue Account

The transfer to reserves in 2019/20 would be £795,320 (compared to a budgeted transfer of £1,320,597) - key variances shown below.

- £168,500 overspend on Salaries due to the need to maintain service provision following the introduction of Customer First.
- £180,800 overspend on Service Costs. This comprises of two main factors:
  - The depreciation charge for the year was £293,800 greater than budgeted for (a total charge of £5,153,700). Depreciation is a real charge for the HRA affecting the bottom line. The depreciation charge is transferred to the Major Repairs Reserve where the funds are used to finance capital expenditure to maintain the HRA stock. This overspend could not be forecast earlier as the charge for depreciation is based on asset values provided by the Councils valuers at the 31<sup>st</sup> March 2020.
  - There was a net underspend of £113,000 in other service cost areas, with the largest single element being an underspend of £86,000 on consultancy and legal costs.
- £65,500 overspend on Corporate Support Service recharges due in the main to an additional pension charge to the HRA for unfunded pensions.
- £86,900 underspend on Repairs and Maintenance costs.
- £100,700 underspend on interest payable on loans (due to re-financing at lower rates than forecast).
- £255,400 adverse variance on Rental Income from Council Dwellings. This is due to an error in closing the account for the prior year, where £265,000 of income was accounted for in 2018/19 rather than in 2019/20. This was reported as a positive variance for 2018/19 in the outturn report to Members at the 13<sup>th</sup> June 2019 Strategy & Resources Committee.
- £57,700 adverse variance on Garage income due to lower demand than forecast. The budget for 2020/21 has already been revised lower to a more realistic estimate.

In relation to Right to Buy sales during 2019-20, these amounted to 7 sales compared to an original estimate of 8 sales. This has generated total capital receipts of £1,111,810. Income from Right to Buy sales can be particularly volatile. The last 5 years has seen some volatility in sales with 21 sales in 2015/16, 10 in 2016/17, 8 in 2017/18, 11 in 2018/19 and 7 in 2019/20.

## APPENDIX 'C'

## APPENDIX 'C'

Capital Programme – required slippage of £39,456,748 (expenditure on individual schemes which, whilst unspent during 2019/20, is still necessary to complete the schemes)

Capital Scheme	Slippage £	Reason for Slippage
<b>GENERAL FUND</b>		
<b>Community Services</b>		
Vehicle Fleet Renewals	59,900	Renewals did not occur in 2019/20
Car Parking	17,300	Delay in planned works
Children's Playground Equipment	27,000	Delay in planned works
Purchase of Waste Collection Vehicles	2,800,000	Delayed expenditure on purchase of Waste Collection Vehicles
Land Drainage Capital Works	5,000	Delay in planned works
Park, Pavilions & Open Spaces	88,900	Delay in planned works
Playground Improvements Match Funding Pot	50,000	Delay in planned works
Litter Bins	20,000	Delay in planned works
Public Conveniences Capital Works	275,000	Delay in planned works
Roads & Paths St Marys Church	7,600	Delay in planned works
Plant, Furniture & Equipment (GF)	(20,760)	Expenditure made in advance of 2020/21 Budget
Refuse, Recycling and Food Waste bins	(41,692)	Expenditure made in advance of 2020/21 Budget
<b>Community Services Total</b>	<b>3,288,248</b>	
<b>Housing General Fund</b>		
Disabled Facilities Grants Mandatory	0	Underspend on DFG is transferred to reserves for use in future years
<b>Housing GF Total</b>	<b>0</b>	
<b>Strategy &amp; Resources Committee</b>		
Property Development Fund	33,707,500	Underspend on the Investment and Development Fund of £33,707,456 due to less investment property purchases than expected
Land/Asset Development	134,000	Delay in programme of works
<b>Strategy &amp; Resources Total</b>	<b>33,841,500</b>	
<b>General Fund Total</b>	<b>37,129,748</b>	
<b>Housing Revenue Account</b>		
Council House Building	2,277,000	Minor delays in the overall build programme. Split £959,500 20/21 and £1,317,500 21/22
Housing Management Software	50,000	Budget not spent but improvement works for Orchard identified for 2020/21
<b>HRA Total</b>	<b>2,327,000</b>	
<b>Capital Programme Total</b>	<b>39,456,748</b>	

## INVESTMENT SUB-COMMITTEE

Minutes of the virtual meeting of the Sub-Committee held on the 21<sup>st</sup> May 2020 at 5.30 p.m.

**PRESENT:** Councillors Elias (Chair), Bourne, Davies, Jecks and Jones.

**ALSO PRESENT:** Councillors Allen, Farr and Sayer.

### 1. MINUTES

The minutes of the meeting held on the 24<sup>th</sup> January 2020 were approved as a correct record.

### 2. DECLARATIONS OF INTEREST

Councillor Jecks declared that he:

- is a non-executive director of UBS Asset Management UK Limited; and
- chairs two other committees regarding investments for which CCLA is the fund manager.

These did not amount to disclosable pecuniary interests under the Members' code of conduct and Councillor Jecks remained in the meeting.

#### ***SUB-COMMITTEE DECISIONS*** ***(under powers delegated to the Sub-Committee)***

### 3. SUMMARY INVESTMENT AND BORROWING POSITION

The investment analysis at Appendices A and B was considered, together with fact sheets for the four funds within the Council's treasury investment portfolio.

Reports regarding the finances of Gryllus Property Limited were requested for future meetings. Officers confirmed that a financial analysis of the company's acquisitions could be circulated to Sub-Committee members before the next meeting. The Sub-Committee was also advised that the company's audited accounts for 2019/20 would be finalised shortly.

At its previous meeting, the Sub-Committee agreed that the redemption proceeds from Funding Circle loans should not be automatically re-invested in further loans but should, instead, be regularly withdrawn from Funding Circle and invested elsewhere within the Council's treasury portfolio (in equal portions), namely 25% to each of the following funds:

- CCLA (diversification fund)
- CCLA (property fund)
- Schroders bond fund
- UBS multi-asset fund

£294,000 had since been withdrawn from the original Funding Circle investment but had not yet been reallocated. The Sub-Committee now wished to exclude the CCLA property fund from the reallocation arrangement and considered that the available liquidity from redeemed Funding Circle loans should only be invested in the other three funds, i.e. one-third to each.



**RESOLVED** – that

- A. the Council’s investment and borrowing position at 31st March 2020, as set out at Appendices A and B, be noted;
- B. the individual factsheets for the long-term investments be noted;
- C. the current statement of investment beliefs be noted; and
- D. upon redemption of the Council’s current Funding Circle loans, the monies be reallocated to the following funds (one-third to each):
  - CCLA (diversification fund)
  - Schroders bond fund
  - UBS multi-asset fund

#### **4. EXCLUSION OF THE PUBLIC**

**RESOLVED** – that members of the press and public be excluded from the meeting for the consideration of the item covered by Minute 6 below because:

- (i) it involves the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12A to the Local Government Act 1972 (i.e. information relating to the financial or business affairs of any particular person); and
- (ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

#### **5. PROPERTY INVESTMENT UPDATE**

The Sub-Committee considered a report about recent property investment activity, including the impact of the Covid-19 pandemic upon the Council’s portfolio and a spreadsheet showing a selection of property acquisitions by other councils since March 2019.

On the 28<sup>th</sup> November 2019, the Strategy & Resources Committee resolved that Gryllus Property Limited should proceed with the purchase of two properties, identified within the associated (confidential) report as properties A and B, “*following completion of due diligence undertaken in accordance with Financial Regulation 17 on such terms as the Chief Executive and Section 151 Officer, in consultation with the Leader of the Council or Deputy Leader and Chair or Vice Chair of the Strategy & Resources Committee and members of the Investment Sub Committee, consider prudent*”.

The Sub-Committee was advised that due diligence in respect of the abovementioned ‘property B’ was nearing completion. An acquisition business case was also presented.

Opposing views were expressed as to whether the Council should be investing in commercial property in the wake of the Covid-19 pandemic and representatives of the Independent and OLRG Alliance Group did not support recommendations B and C below.

**RESOLVED** – that

- A. the Council's property investment activity be noted;
- B. the Sub-Committee supports officers' continued investigations into potentially suitable investments; and
- C. the Sub-Committee supports officers to proceed with the purchase of 'Property B', subject to the conditions agreed at the meeting.

Rising: 6.45 p.m.

**Note:** On the 8<sup>th</sup> June 2020, the Chief Executive advised the Leaders of the three main political groups that, in view of the uncertainty arising from the Government's consultation into the role of the Public Works Loan Board (PWLB) and the financing of commercial property investments, the Council should not proceed with the purchase of 'Property B'. Consequently, Resolution C above has not been actioned.

## APPENDIX E – CORPORATE IMPROVEMENT PLAN

	Theme	Action	Original Target Date	Lead	Impact of COVID	Next Action	Target Date for Next Action
1	<b>Strategic plan</b>	Develop strategic plan, member level performance and risk framework: <ul style="list-style-type: none"> <li>○ Review draft with new administration</li> <li>○ Strategy and Resources Committee</li> <li>○ Full Council</li> </ul>	<ul style="list-style-type: none"> <li>● May 2020</li> <li>● Jun 2020</li> <li>● Jul 2020</li> </ul>	Heather Wills	Process stalled due to inability to convene face-to-face meetings with all Councillors.	Reconvene workshop with all Group Leaders to draft a final Strategic Plan that considers the new post COVID world	<ul style="list-style-type: none"> <li>● Jul 2020</li> </ul>
		Develop and implement officer level performance and risk framework	<ul style="list-style-type: none"> <li>● Jun 2020</li> </ul>	Heather Wills	Final version now completed, to be reviewed once strategic plan complete	Officers to use as part of regular suite of management tools	<ul style="list-style-type: none"> <li>● Complete, to be reviewed</li> </ul>
2	<b>Governance</b>	<b>Governance review</b> Presentation of findings of first phase of review	<ul style="list-style-type: none"> <li>● Mar 2020</li> </ul>	Lidia Harrison	Process stalled due to inability to convene face-to-face meetings with all Councillors.	Verbal report provided to the three Party Leaders (Cllrs Elias; Sayer; Botten) by CfPS, briefing for all Members and senior Officers scheduled for 1/7/20	<ul style="list-style-type: none"> <li>● Jul 2020</li> </ul>
		Develop action plan and start implementation	<ul style="list-style-type: none"> <li>● May 2020</li> </ul>	Lidia Harrison		Following this an action plan will be developed along with a training and development plan	<ul style="list-style-type: none"> <li>● Sep 2020</li> </ul>
		<b>Audit and whistleblowing</b>	<ul style="list-style-type: none"> <li>● Apr 2020</li> </ul>	Jackie King	Policy drafted but not rolled out yet as the dispersed workforce	Process for roll out and training to be worked out now social distancing	<ul style="list-style-type: none"> <li>● Jul 2020</li> </ul>

	Theme	Action	Original Target Date	Lead	Impact of COVID	Next Action	Target Date for Next Action
Page 20		Review and ensure effective implementation of whistleblowing policy			has presented a challenge to deliver the right kind of training around this.	measures are clear and risk assessments have been carried out.	
		<b>Audit programme</b> Review audit programme outputs and prepare action plan	• Jun 2020	Grant Miles	Audit programme slipped but now back on track.	Management actions are being completed for each of the audit reports.	• Jul 2020
		<b>Member Development</b> Develop member development programme	• Apr 2020	Chailey Gibb with support from associated external resource if required	Development programme has continued to be worked up however no training has taken place.	Programme of online training to be developed to accommodate current working environment.	• Sep 2020
		<b>Member Induction</b> Implement member induction programme	• May – Oct 2020	Chailey Gibb with support from associated external resource if required	Not required as May Election was postponed	Have programme ready for May 21 and examine what items might be brought forward for existing Members	• Ongoing
3	<b>Financial recovery plan</b>	Develop draft recovery plan	• Apr 2020	Grant Miles	Work started and additional focus on financial expenditure has been ongoing due to increased financial risk as a result of COVID. Monthly reports to Government are being submitted	Working Group with Members to be set up to provide a further in-depth review of financial position and what actions can be taken to mitigate further risks.	• July 2020

	Theme	Action	Original Target Date	Lead	Impact of COVID	Next Action	Target Date for Next Action
Page 21					and CEx and CFO are in regular dialogue with MHCLG. Group Leaders have been briefed and S&R Committee will be briefed on 9/7/20.	Awaiting announcements from MHCLG re financial support for Councils	
		Scope detailed options appraisal for shared services	<ul style="list-style-type: none"> <li>Jul 2020</li> </ul>	Paul Smith	Provisional discussions have taken place with Group Leaders and CEx	Agree with Members that this is a direction of travel that would be supported albeit with recognition that the Council has no formal mandate to drive this agenda and any results would be predicated on willing participation from Members and other authorities.	<ul style="list-style-type: none"> <li>Ongoing but initial scoping to be carried out by Sep 2020</li> </ul>
		Review investment policy	<ul style="list-style-type: none"> <li>Jun 2020</li> </ul>	Grant Miles/ Alison Boote	Review stalled due to capacity	<p>Agree new timetable for review with members and in light of current financial situation.</p> <p>MHCLG advice on investments policies awaited</p>	<ul style="list-style-type: none"> <li>Sep 2020</li> </ul>
4	<b>People plan</b>	<b>Recruitment and retention</b> Permanently recruit Monitoring Officer	<ul style="list-style-type: none"> <li>Mar 2020</li> </ul>	Jackie King	Interim staffing model put in place mid-March as existing Dir People was on long-term sick leave. This	Discussion with the GL is taking place regarding some of these roles: Chief Executive will take lead and progress filling	<ul style="list-style-type: none"> <li>Jul – Oct 2020</li> </ul>

	Theme	Action	Original Target Date	Lead	Impact of COVID	Next Action	Target Date for Next Action
		<p>Permanently recruit s151 officer</p> <p>Permanent appointment of Chief Executive</p> <p>Develop and implement long-term staffing model</p>	<ul style="list-style-type: none"> <li>• Apr 2020</li> <li>• Jun / Jul 2020</li> <li>• Mar 2020 onwards</li> </ul>		Officer resigned early June, and as a consequence the Council will need to revisit its staffing model in light of this change and the financial position.	the ELT roles and COSC will make appointments in respect of the statutory roles.	
Page 22		<p><b>Organisational development</b></p> <p>Develop and introduce Values and Behaviours</p> <p>Complete and adopt People Plan (including mechanisms for ongoing staff engagement)</p> <p>Review HR policies, contracts, procedures and benefits</p> <p>Implement actions arising from staff survey</p>	<ul style="list-style-type: none"> <li>• Apr 2020</li> <li>• Apr 2020 onwards</li> <li>• Apr 2020 onwards</li> <li>• Jun 2020</li> </ul>	Jackie King & Paul Smith	<p>Work has stalled due to pandemic however engagement with staff continues to ensure that they receive key messages and that they have a voice and are heard.</p> <p>The work from home model was implemented as soon as the impact of COVID was understood and prior to formal lockdown. The workforce has responded very well to new ways of working and to being redeployed to service the COVID response.</p>	<p>This work will now be progressed.</p> <p>The Council is in continuous improvement mode: the staffing model will reflect this, ensuring that resources are focused on key service delivery areas whilst also satisfying government requirements for ongoing support to the COVID pandemic.</p>	<ul style="list-style-type: none"> <li>• Ongoing</li> </ul>

	Theme	Action	Original Target Date	Lead	Impact of COVID	Next Action	Target Date for Next Action
		<b>Capacity</b>		ELT	COVID has and will continue to change both the demands and priorities on the Council and also will create new ways of working.	Identify capacity within the organisation to deliver post COVID services and priorities including new ways of working and ensuring that people resources are allocated to priorities	<ul style="list-style-type: none"> <li>Oct 2020</li> </ul>
Page 23		<b>Leadership</b> Develop and implement leadership development programme, including: <ul style="list-style-type: none"> <li>○ Culture shift</li> <li>○ Management team</li> <li>○ Top team (senior management with senior political leadership)</li> <li>○ Championing diversity</li> </ul>	<ul style="list-style-type: none"> <li>Jun 2020</li> </ul>	Elaine Jackson/ Heather Wills	Culture shift is already happening, and staff have demonstrated excellent team working and resilience throughout this period. No formal training or development has taken place however this needs to be brought forward now to assist Officers to succeed in their roles.	Develop leadership programme that incorporates learning from governance review and reflects the fact that some Members and Officers are newly appointed.	<ul style="list-style-type: none"> <li>Sep 2020</li> </ul>
		<b>Pay and reward</b> Agree actions to address any issues arising from Equal Pay Audit (Strategy and Resources Committee)  Agree actions to address any issues arising from Payroll Audit (Strategy	<ul style="list-style-type: none"> <li>Jul-Aug</li> </ul>	Jackie King	Audit programme is slightly behind.	Develop management actions for consideration by Strategy & Resources Committee	<ul style="list-style-type: none"> <li>Sep 2020</li> <li>Aug 2020</li> </ul>

	Theme	Action	Original Target Date	Lead	Impact of COVID	Next Action	Target Date for Next Action
		and Resources Committee)					
Page 24		<p><b>Health and wellbeing</b></p> <p>Mental Health First Aiders Wellbeing toolkit for managers</p> <p>Review Community Safety capacity</p> <p>Review Health &amp; Well-being capacity</p>	<ul style="list-style-type: none"> <li>• Jun 2020</li> <li>• Jun 2020</li> <li>• Jun 2020</li> </ul>	Jackie King	<p>Progressing and training has taken place for Mental Health First Aiders.</p> <p>Impact of COVID on staff to be considered</p>	<p>Further training and publicise this once training is complete.</p>	<ul style="list-style-type: none"> <li>• Jul 2020</li> <li>• Oct 2020</li> </ul>

	Theme	Action	When	Lead	Impact of COVID	Next Action	Target Date
5	<b>ICT/ digital strategy</b>	<p>Develop a digital strategy, to include:</p> <ul style="list-style-type: none"> <li>○ Identification of required outcomes and benefits</li> <li>○ Relevant good practice</li> <li>○ Infrastructure, security and resilience requirements</li> <li>○ Capacity, expertise and governance required to deliver</li> </ul>	<ul style="list-style-type: none"> <li>• Apr 2020</li> <li>• May 2020</li> </ul>	Melanie Thompson	<p>Review has been delayed due to access to key staff – this is now complete.</p>	<p>Review Digital Strategy report and turn into an action plan that can deliver the efficiency savings that good use of IT can deliver.</p> <p>This will include how the governance of this work will be embedded.</p>	<ul style="list-style-type: none"> <li>• Sep 2020</li> </ul>



	Theme	Action	When	Lead	Impact of COVID	Next Action	Target Date
		<ul style="list-style-type: none"> <li>Requirements for ongoing revenue/ capital resourcing</li> </ul> Adopt strategy					
6	<b>Other statutory responsibilities</b>	<b>Data protection</b> Develop assurance mechanisms to ensure that data is managed and guarded lawfully by the Council and its contractors	<ul style="list-style-type: none"> <li>Sep 2020</li> </ul>	Lidia Harrison	Work ongoing to improve data management.	Data Protection Officer (DPO) now appointed and review under way. Information Governance Board set up and led by DPO. Audit work reviewed, and action plan being developed.	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
		<b>Emergency planning (EP)/ business continuity:</b> Review and update processes and procedures	<ul style="list-style-type: none"> <li>May 2020</li> </ul>	Jackie King	Full implementation of EP and Business continuity during COVID.	Once COVID operational response is complete “a lessons learned” review will be undertaken and an impact report completed. Recovery phase started.	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
		<b>Safeguarding:</b> Review processes and procedures, ensure	<ul style="list-style-type: none"> <li>Jun 2020</li> </ul>	Jackie King	Safeguarding key priority during COVID pandemic.	Update Council policies and	<ul style="list-style-type: none"> <li>Aug 2020</li> </ul>

Theme	Action	When	Lead	Impact of COVID	Next Action	Target Date
	safeguarding audit compliance				procedures including nominated leads.	
	Deliver staff training	<ul style="list-style-type: none"> <li>Sep 2020</li> </ul>			Roll-out training for staff and re-engage with Surrey-MASH	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
	Deliver member training	<ul style="list-style-type: none"> <li>Dec 2020</li> </ul>			Identify Councillor who can be nominated "Safeguard lead"	<ul style="list-style-type: none"> <li>Oct 2020</li> </ul>
	<b>Health and safety (H&amp;S):</b> Identify senior responsible officer	<ul style="list-style-type: none"> <li>Mar 2020</li> </ul>	Alison Boote	No impact	Officer now identified and operationally responsible.	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
	Carry out H&S Audit				Complete	
	Implement action plan	<ul style="list-style-type: none"> <li>Mar 2020</li> <li>Ongoing</li> </ul>			Ongoing implementation of recommendations	
	<b>Equalities and diversity (E&amp;D):</b> Develop corporate E&D plan	<ul style="list-style-type: none"> <li>Jul 2020</li> </ul>	Jackie King	COVID impact on BAME communities highlights the need to have good practices and processes in place to ensure the Council is inclusive and welcoming.	Set up E&D forum and engage with staff to drive agenda forward	<ul style="list-style-type: none"> <li>Start Jul 2020</li> </ul>

	Theme	Action	When	Lead	Impact of COVID	Next Action	Target Date
		Review HR policies and practice	<ul style="list-style-type: none"> <li>Jul 2020</li> </ul>				<ul style="list-style-type: none"> <li>Jul /Aug 2020</li> </ul>
		Design and implement E&D performance monitoring	<ul style="list-style-type: none"> <li>Aug 2020</li> </ul>				<ul style="list-style-type: none"> <li>Jul /Aug 2020</li> </ul>
		Conduct member and officer training	<ul style="list-style-type: none"> <li>Sept 2020</li> </ul>				<ul style="list-style-type: none"> <li>Sep 2020</li> </ul>
		Review service delivery against corporate equalities and diversity objectives	<ul style="list-style-type: none"> <li>Dec 2020</li> </ul>				<ul style="list-style-type: none"> <li>Dec 2020</li> </ul>
	<b>Planning service</b>	Team development/ mentoring	<ul style="list-style-type: none"> <li>Apr 2020</li> </ul>	Charlotte Parker	Increased planning applications and enquiries.	Stabilise Resourcing – temporary and permanent appointments have been made but new model of resourcing to be developed	<ul style="list-style-type: none"> <li>Jul 2020</li> </ul>
		Identify capacity and develop a plan for infrastructure planning and liaison	<ul style="list-style-type: none"> <li>Apr 2020</li> </ul>		Decision on Local Plan by Planning Inspector delayed	Agree Planning Protocols	<ul style="list-style-type: none"> <li>Jul 2020</li> </ul>
		Performance management	<ul style="list-style-type: none"> <li>Apr 2020</li> </ul>			Agree Statement of Community Involvement & Development Management Charter	<ul style="list-style-type: none"> <li>Nov 2020</li> </ul>

	Theme	Action	When	Lead	Impact of COVID	Next Action	Target Date
						Re-introduce Pre-Application Service  Improve Pre-application advice and develop online support	<ul style="list-style-type: none"> <li>Completed</li> <li>Nov 2020</li> </ul>
		Identify capacity to deliver strategic plan priorities for economic development	<ul style="list-style-type: none"> <li>Jun 2020</li> </ul>		Increased focus required	Develop resource model and action plan	<ul style="list-style-type: none"> <li>Aug 2020</li> </ul>
Page 28	<b>Enabling and assuring improvement</b>	<p><b>Partnership working:</b> Initial stakeholder engagement with partners to gather views</p> <p>Local Partnership Board Maintain, resource and enhance where appropriate partnership working in relation to:</p> <ul style="list-style-type: none"> <li>Community safety</li> <li>Wellbeing prescription services</li> <li>Health and wellbeing</li> <li>Gatwick and Gatwick Diamond</li> <li>Business Improvement Districts</li> </ul>	<ul style="list-style-type: none"> <li>Complete</li> <li>May 2020 onwards</li> <li>May 2020 onwards</li> </ul>	Elaine Jackson	Partnership Boards were stood down. The Council is no longer taking part in Gatwick Diamond.	Boards are now being set up again and each one will need to be considered in light of COVID with potential new terms of reference and deliverables. Further reporting once information is known.	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>

	Theme	Action	When	Lead	Impact of COVID	Next Action	Target Date
		<b>Corporate peer challenge:</b> Complete self-assessment Peer team on site Publish report and agree action plan Review progress	<ul style="list-style-type: none"> <li>Oct 2020</li> </ul>	Elaine Jackson	Planning of the assessment has been postponed.	Discuss timing of this with LGA	<ul style="list-style-type: none"> <li>TBC</li> </ul>
		<b>Learning from complaints:</b> Adopt new complaints policy, including process for learning from complaints	<ul style="list-style-type: none"> <li>Jun 2020</li> </ul>	Jackie King	Slight delay in roll-out of new policy and procedure.	Policy roll-out completed, process for learning is being worked through.	<ul style="list-style-type: none"> <li>Sep 2020</li> </ul>
	COVID Impact	<b>Plans to be developed but to include:</b>  Ongoing response to Covid pandemic to support vulnerable people  Impact on building occupancy  Other aspects embedded in improvement plan as above as appropriate.	<ul style="list-style-type: none"> <li>July 2020</li> </ul>	ELT	n/a	Develop plan	<ul style="list-style-type: none"> <li>Jul 2020</li> </ul>

### Proposed amendments to Standing Orders

#### Standing Order 13 - Appointment of Committees

- (1) The Council shall at the Annual Meeting appoint Policy Committees and any other Committees which it is deemed necessary to appoint (such appointments shall be confined to determining Committees' terms of reference; their size; and the allocation of seats to political groups).
- (2) The Council may at any time similarly appoint such other Committees as are necessary to carry out the work of the Council.
- (3) Subject to any statutory provision, the Council:-
  - (i) shall not appoint any Member of a Committee to hold office later than the next Annual Meeting of the Council;
  - (ii) may at any time dissolve a Committee, amend a Committee's terms of reference, or alter a Committee's membership in so far as its size or allocation of seats to political groups are concerned.
- (4) Committees may, in turn, appoint Sub-Committees in accordance with Standing Order 20.
- (5) Subject to (6) below, the appointment of Members to committee seats shall be determined by political groups and noted by Full Council at the earliest opportunity.
- (6) Political Group Leaders may, from time to time, change their Members (including substitutes) in respect of the Committee seats allocated to their Groups by submitting written notice to the Chief Executive or nominated representative. Such changes will become effective for the next meeting of the respective Committee, provided that the required notice is received at least seven clear working days prior to the meeting in question.

#### Standing Order 20 – Sub-Committees

- (1) Every Committee may appoint Sub-Committees for purposes to be specified by the Committee. Such appointments shall be confined to determining Sub-Committees' terms of reference; their size; and the allocation of seats to political groups). Subject to (3) below, the appointment of Members to Sub-Committee seats shall be determined by Political Groups and noted by the parent committee at the earliest opportunity.
- (2) Subject to Standing Order 18(1), each Sub-Committee shall elect a Chairman at its first meeting of the Municipal Year.
- (3) Political Group Leaders may, from time to time, change their Members (including substitutes) in respect of the Sub-Committee seats allocated to their Groups by submitting written notice to the Chief Executive or nominated representative. Such changes will become effective for the next meeting of the respective Sub-Committee, provided that the required notice is received at least seven clear working days prior to the meeting in question.

## Standing Order 21 - Committees and Sub-Committees – Substitutes and Quorum

- (1) Every Political Group may appoint a substitute Member for each Committee and Sub-Committee by submitting written notice to the Chief Executive or nominated representative. Such appointments, or changes to existing appointments, will become effective for the next meeting of the respective Committee or Sub-Committee, provided that the required notice is received at least seven clear working days prior to the meeting in question.
- (2) A substitute member of any Committee or Sub-Committee shall, in the absence of the appointed Member, be entitled to attend, speak and vote at the meeting. ~~but s~~ Should the appointed Member arrive during the course of the proceedings, the substitute Member, after completion of the Item of business under consideration, ~~subject to Standing Order No. 23, shall be required to withdraw from further participation~~ may remain in the meeting and, subject to the consent of the Chairman (Standing Order No. 23), may speak to subsequent items but shall not vote.
- (3) The quorum for Committee and Sub-Committee meetings shall be:
  - at least one quarter of the membership of the Committee or Sub-Committee; or
  - three Members

....whichever is the greater number.

## STANDING ORDER 29

**QUESTIONS AND REPRESENTATIONS AT MEETINGS  
(other than petitions – Standing Order 30 refers)**

(1) Questions

- 1.1 A Member of the Council may ask the Chairman of a Committee any question regarding a Committee minute which is under consideration by the Council.
- 1.2 Subject to (i) to (xi) below, a Councillor, or a person resident, working or studying in the District, may put a question to any meeting of the Council (other than the Annual Meeting) or a Committee on any matter in relation to which the Council / Committee has powers or duties or which affects the District:
- (i) such questions must be received by e-mail or in writing to the Chief Executive or nominated Officer at least three clear working days prior to the meeting;
  - (ii) the Chief Executive may exercise discretion to refuse to allow a question to be presented if he / she considers it to be offensive, excessively lengthy, outside the scope of this Standing Order, or on the same subject as another question or upon which a question has been answered in the previous three months;
  - (iii) at Council meetings, the Chairman may request that the answer be given by the Chairman of a relevant Committee;
  - (iv) at Committee meetings, the Chairman may request that the answer be given by another Member or an Officer;
  - (v) questions from a person resident, working or studying in the District shall be e-mailed to all Members by 6.00pm on the working day prior to the meeting and either:
    - read out at the meeting by the individual concerned from within the meeting room; or,
    - if members of the public are not permitted to attend in person for health & safety reasons, the individuals concerned will be given the opportunity to pre-record their questions (such recordings to be facilitated by the Council, limited to the individual speaking to camera, without additional augmentations to promote their views) and for the recordings to be replayed at the meeting. Otherwise, such questions will be read out by the Chief Executive or nominated officer, either from within a physical meeting place or from a remote location.
  - (vi) the time allowed for questions and answers shall be ten minutes unless the Chairman deems that there are special circumstances for extending that period;
  - (vii) the questions shall be taken in the order that they were received by the Chief Executive or nominated Officer;
  - (viii) such questions shall be dealt with at the beginning of the relevant meeting;
  - ~~(ix) every question shall be put and answered without discussion;~~



- (ix) answers may take the form of:-
- (a) a direct oral answer; or
  - (b) where the desired information is contained in a publication of the Council, a reference to that publication.
  - ~~(c) a written answer (copies of which shall be circulated to Members of the Council) where the reply to the question cannot conveniently be given orally.~~
- (x) at the meeting, subject to the questioner being present, the Chairman will ask the questioner if the response answers their concern or if they wish to ask one supplementary question (if a supplementary question is asked, it must arise from the reply given);
- (xi) the Chairman may invite other Members present at the meeting to respond to a supplementary question.

**References within the Constitution whereby officers are required to consult specific Members on certain matters**

It is proposed that, in all such cases, the officers concerned must also consult the Leaders (or their nominated representatives) of other Political Groups which comprise ten or more members (currently the Independent and OLRG Alliance and the Liberal Democrats)

<b>Financial Regulations (Part C)</b>	
<b>16 - Invest to Save</b>	<p>Subject to achieving a financial return of at least 2% above bank base rates and a measurable improvement in service, spending be approved as follows:</p> <p>(i) Up to £30,000 – to be approved by the relevant Chief Officer, subject to the concurrence of the Chief Finance Officer (or in his absence, or where the expenditure relates to his Directorate, by the Chief Executive) <b>and in the consultation with the Chair of the Strategy &amp; Resources Committee;</b></p>
<b>17 - purchase of land and buildings utilising the Investment &amp; Development Fund or the Housing Revenue Account</b>	<p>Subject to the conditions specified within Annex A [to Financial Regulation 17] the Chief Executive, <b>in consultation with:</b></p> <p>a) <b>the Leader or Deputy Leader and the Chair or Vice Chair of the Strategy &amp; Resources Committee</b>, can utilise the Investment &amp; Development Fund; or</p> <p>b) <b>the Leader or Deputy Leader and the Chair or Vice Chair of the Housing Committee</b>, can utilise the Housing Revenue Account</p> <p>... for the purchase of land or buildings in accordance with the Council's general power of competence under the Localism Act 2011, or in the case of the HRA, for the Council's House Building Programme.</p> <p>Subject to all other conditions specified in Appendix E, the Chief Executive, <b>in consultation with the Leader or Deputy Leader and the Chair or Vice Chair of the Strategy &amp; Resources Committee</b>, can amend the phasing of the capital budget for the Investment &amp; Development Fund up to the maximum of the available approved funding.</p>
<b>Delegation of powers to committees and officers (Part E)</b>	
<b>Overview - clause (vi)</b>	<p>Authority to settle court proceedings to protect the Council's interests is delegated to the Monitoring Officer <b>in consultation with the Chair or a Vice Chair of the relevant Committee</b></p>

<b>Terms of Reference of all Policy Committees – Clause C</b>	Subject to the agreement of the Chief Executive <b>and in consultation with the respective Policy Committee Chairs</b> , to deal exclusively with any matter that also falls within the terms of reference of another Policy Committee / other Policy Committees and to resolve such matters unless reserved for determination by Full Council.
<b>Housing Committee – powers to resolve (clause ii)</b>	Freehold disposals of Housing Revenue Account assets worth between £250,000 and up to £1 million (the Chief Executive can determine freehold disposals of assets worth less than £250,000 <b>in consultation with the Chair of the Committee</b> ).
<b>Housing Committee – powers to resolve (clause iii)</b>	Authority is delegated to the Chief Executive, <b>in consultation with the Housing Committee Chair</b> , to approve leasehold disposals of HRA assets of up to 16 years and with an annual rental valuation of up to £75,000.
<b>Licensing Committee – scheme of delegation</b> for alcohol and entertainment licensing	Officers to <b>consult the Chair and Vice-Chair of the Committee</b> to determine whether complaints are frivolous or vexatious.
<b>Strategy &amp; Resources Committee – powers to resolve (clause iii)</b>	The Chief Executive can determine freehold disposals of General Fund assets worth less than £250,000 <b>in consultation with the Chair of the Committee</b> .
<b>Strategy &amp; Resources Committee – powers to resolve (clause iv)</b>	Authority is delegated to the Chief Executive, <b>in consultation with the Chair of the Committee</b> , to approve leasehold disposals of General Fund assets of up to 16 years and with an annual rental valuation of up to £75,000.
<b>Planning Protocol (within Part F)</b>	
<b>Planning Protocol – 12.4</b>	In exceptional and special circumstances, the Chief Planning Officer may, <b>in consultation with the Head of Legal and the Chairman and Vice- Chairman of the Planning Committee</b> , use his / her discretion to report the determination of Certificates of Lawfulness of an Existing or Proposed Use of Development (CLEUDs / CLUPDc) to the Planning Committee for decision.
<b>Planning Protocol – Appendix 4 (Development Management Charter) – Enforcement Action</b>	In particularly sensitive cases [enforcement matters] may be referred to the Planning Committee for discussion. Committee referral will be subject to the agreement of the [Chief Planning Officer] <b>in consultation with the Chairman and/or Vice Chairman of the Committee</b> .

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<b>REPORT TO THE STRATEGY &amp; RESOURCES COMMITTEE – 28<sup>TH</sup> JULY 2020</b> <b>AGENDA ITEM 5</b>	
<b>DISCRETIONARY HOUSING PAYMENTS POLICY</b>	
Report of:	David Gray - Resident Support Lead Specialist <a href="mailto:dgray@tandridge.gov.uk">dgray@tandridge.gov.uk</a> - 01883 732923
Purpose of report:	To provide Members with an update on recent expenditure from the Discretionary Housing Payments (DHP) budget and to seek approval for an updated policy for the administration of these payments.
Publication status:	Unrestricted
Recommendations:	That, in accordance with its delegated powers, the Committee resolves that:  A. the current position regarding Discretionary Housing Payment applications and payments be noted; and  B. the updated policy attached at Appendix A be adopted and approved for publication.
Appendices:	Appendix A – proposed Discretionary Housing Payment policy
Background papers defined by the Local Government (Access to Information) Act 1985	None

## 1. Background

- 1.1 Discretionary Housing Payments (DHPs) are intended to provide Housing Benefit claimants with further financial assistance in situations where a local authority considers that additional help with housing costs is required. This may include situations where a claimant is affected by one or more of the welfare reform measures, meaning that the benefits they receive are insufficient to cover their housing costs even after Housing Benefit or the housing costs element of Universal Credit has been awarded.
- 1.2 The Discretionary Financial Assistance Regulations 2001 (SI 2001/1167) as amended by the Discretionary Financial Assistance (Amendment) Regulations 2008 SI 2008/637 provide a statutory framework for the administration of DHPs. However, these regulations provide very broad discretion in respect of how these payments should be administered. Further, local authorities have a duty to act fairly, reasonably and consistently. Each case must be considered on its own merits, and the decision-making should be consistent throughout the financial year, regardless of budgetary

constraints. The Council's current policy was approved by this Committee at its meeting on 26 March 2015.

1.3 The amount of DHP that a council can provide in a financial year is cash limited by the Secretary of State. Each council receives a grant from the Government that funds part of this amount and has the option to pay over and above this amount, up to a maximum of two and a half times the grant allocation. However, any additional funding on this basis would have to be made from the Council's own finances.

1.4 Any underspend in DHP below the level of grant received is known to have an adverse effect on the allocation of future grants. It is, therefore, essential to carefully balance the risk of underspending the grant allocation versus any overspend that results in a contribution from the Council's own funds. Rigorous budget monitoring is crucial to managing the risks involved.

## 2. Expenditure

2.1 The likelihood of an increased demand on DHPs to assist households affected by welfare reform changes made to the National Benefits System, which began in 2013, was recognised by the Government. As a result, there was a significant increase in DHP allocations from 2013/14 onwards.

2.2 With the exception of 2015/16 when the grant allocation reduced by 37.5% from the previous year, grants have stayed at these post-2013 higher levels, although they have reduced slightly year on year since the peak year of 2017/18.

2.3 On 16<sup>th</sup> March 2020 the Council's DHP allocation for 2020/21 was confirmed by DWP as being £190,960, an increase of 30% on the previous year. In view of the likely financial impact of the COVID-19 pandemic on many households, this increase is welcomed.

2.4 The Government has, previously, made it clear that DHPs are not intended to replace lost benefits but to provide, instead, extra resources that local authorities can use to assist those most affected by the changes to adjust to a long term, sustainable and affordable approach.

2.5 The table below shows the amount of grant received in recent years, the total permitted spend that the Council could make in each year and the actual level of expenditure.

### **TDC Discretionary Housing Payment Grant since 2015/16**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Government Contribution	£67,609	£104,880	£165,669	£159,588	£146,009	£190,960
Permitted total	£169,023	£262,200	£414,173	£398,970	£365,024	£477,400
Expenditure	£69,162	£103,362	£165,576	£161,895	£141,709	
TDC contribution	£1,5553	£0	£0	£2,307	£0	

- 2.6 It is evident that, in most years, actual spend has been very closely aligned to the level of grant received, meaning that, either it has been unnecessary for any contribution to be made from the Council's own resources or the contribution required has been minimal. The only exception to this was 2015/16, when in anticipation of a likely overspend, due to the significant reduction in its grant allocation, the Council set a budget of £95,000 for the year. This allowed some headroom for expenditure above the level of grant. In the end, very little of this additional budget was required.
- 2.7 The table below shows a summary of all claims received in recent years, up to the end of 2019/20.

#### **DHP Activity since 2016/17**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
No. of applications received	183	217	261	187
No of grants awarded	113	182	194	119
Proportion of awards approved	62%	84%	74%	63.6%
Expenditure	£103,362	£165,576	£161,895	£129,994
Average Award	£914.71	£909.76	£834.51	£1092.38

### 3. Discretionary Housing Payments Policy

- 3.1 The Council's current Policy was approved by this Committee at its meeting on 26 March 2015. A number of changes were made to the Policy at that time, as a result of a recognition that demand on the budget was likely to continue to increase as further welfare reform measures were implemented.
- 3.2 It is evident that, since then, these changes have been effective in ensuring that the Council's use of DHP is able to support those who most need financial assistance while ensuring that any burden on the Council's own finances is kept to a minimum.
- 3.3 The changes made in 2015 have been consolidated within the Policy that has been brought to this Committee for approval, which is at Appendix A. In effect, the content of the Policy varies minimally from the current policy. However, a number of changes to the layout and format have been made.

### 4. Financial / risk implications

- 4.1 Given the demands on the General Fund and the need to find savings in future years to balance the funding gap in the Medium Term Financial Strategy it is not recommended that any significant expenditure above the DHP grant allocation is made
- 4.2 When HRA tenants apply for and are successful in their application for DHP grant this is beneficial for the HRA as the payment of the grant towards housing costs can stop arrears from forming or reduce the level of arrears.

5. Legal implications

5.1 The Council's practices, in relation to the allocation of DHP payments, are in line with its legal duties. The Council is not obliged to contribute any *de minimus* levels from its own resources.

5.2 As the new Policy does not contain any material amendments, there are no legal implications. However, the Council is adhering to best practice by reviewing this and keeping it up-to-date

6. Equality impacts

6.1 Consideration of impacts under the Public-Sector Equality Duty are as follows:

Questions	Answer	
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No	<i>The provision of affordable housing, which in this case is aimed at vulnerable households is supportive of the Council's equality objectives</i>
What steps can be taken to mitigate any potential negative impact referred to above?	'not applicable'	

7. Data Protection impacts

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	

8. Climate Change Implications

8.1 It is not considered that this report contains any proposals that will significantly impact the Council's ability to take action on climate change and hit its target of net zero carbon by 2030.

9. Conclusion



- 9.1 Members are asked to note the contents of this report and to approve the updated Discretionary Housing Payments Policy for adoption from 1 August 2020.

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## TANDRIDGE DISTRICT COUNCIL

### DISCRETIONARY HOUSING PAYMENTS POLICY

#### 1. Policy Introduction

Discretionary Housing Payments (DHP) permit all local authorities to provide additional financial support for people who are entitled to Housing Benefit (HB) or the Housing Cost Element of Universal Credit (UC). They are designed to provide further financial assistance to people in receipt of HB or a relevant award of UC who have a shortfall between their HB or UC housing costs element and their rent. A relevant award of UC means an award that includes a housing costs element.

The legislation governing the DHP scheme can be found in the Discretionary Financial Assistance Regulations 2001 (SI 2001 / 1167) and subsequent amendment regulations.

The Department for Work and Pensions has produced a good practice guide for the administration of DHP. This policy takes this guidance into account.

The main features of DHPs are that:

- They are purely discretionary; a claimant does not have a statutory right to a payment.
- The administration of payments is for an individual council to determine with a few specific exceptions which are detailed in Section 5.
- DHP is not a payment of HB or UC. However, there must be entitlement to one of these benefits in the week a DHP is awarded for.
- The amount that can be paid in any financial year is cash limited by the Secretary of State. Each council receives a grant from the Government that funds part of this amount and has the option to pay over and above this amount. However, any additional funding on this basis would have to be made from the Council's own finances.
- Given the pressures on its budgets and the changes which have been implemented from national government which affect benefit entitlement, Tandridge District Council (the Council) will not in general supplement the DHP budget above the monies granted each year by the Government.

#### 2. Purpose of the Policy

The purpose of this policy is to specify how the Council will administer DHPs within the District of Tandridge.

The Council will seek through the operation of this policy to:

- Alleviate poverty, prevent homelessness and support domestic violence victims trying to move to a place of safety;

- Keep residents in their own home, provided the home is of an appropriate size at reasonable cost for the needs of the family and there are good reasons why it would not be possible to move;
- Support residents move to suitable alternative accommodation where that provides the best long-term solution to better meeting their housing costs;
- Support the vulnerable or elderly in the local community;
- Support household stability so that children and young people can receive appropriate education and that vulnerable young people are supported in moving to adulthood;
- Keep families together;
- Keep local support mechanisms in place; where either the applicant is in receipt or providing support; and
- Assist people to obtain or retain employment.

In this context it is, however, important to note that the DHP scheme is intended to be a short-term emergency fund.

### **3. Types of Shortfall covered by DHP**

The various types of shortfalls that a DHP can cover include:

- reductions in HB or UC where the Benefit Cap has been applied;
- reductions in HB or UC for under-occupation in the social rented sector;
- reductions in HB or UC as a result of Local Housing Allowance (LHA) restrictions;
- a rent shortfall to prevent a household becoming homeless whilst the housing authority explores alternative options;
- rent officer restrictions such as local reference rent or shared room rate;
- Income tapers.

### **4. What DHPs cannot cover**

There are certain elements of a claimant's rent that cannot be included in costs for the purposes of a DHP because the regulations exclude them.

Excluded elements are:

1. Ineligible charges: service charges that are not eligible for HB or UC as specified by legislation.
2. Increases in rent due to outstanding rent arrears: A rental liability may be increased as a mechanism to recover arrears of rent however this increase does not form part of the rental liability that can be considered eligible for a DHP award.
3. Sanctions and reductions in any welfare benefit: DHPs cannot meet these

because to do so would undermine the effectiveness of the sanctions or reduction in benefit.

4. Benefit suspensions: HB or UC can be suspended either because there is a general doubt about entitlement or because a customer has failed to supply information required for their claim to be assessed. In such cases, it would not be permissible to pay DHPs instead. One of the intentions of the suspension provisions is to act as a lever to ensure that the customer takes the necessary steps to provide the authority with the required information/evidence - paying DHPs could reduce the effectiveness of this lever.
5. Shortfalls caused by benefit overpayment recovery: when recovery of an overpayment is taking place, such shortfalls should not be considered for a DHP.

## 5. Council Tax Support

Following the abolition of Council Tax Benefit from April 2013, DHPs can no longer be made towards council tax liability. However, a separate fund has been set aside by the Council to assist vulnerable people who are struggling to meet their Council Tax payments.

Details of the scheme are contained in the **Council Tax Support Discretionary Fund Policy**.

## 6. Making a Claim

- A claim for a DHP must be made in writing, preferably on the Council's specific DHP application form. This can be downloaded on-line. Alternatively, a claim may be made by letter or by email
- On request, the Council will issue the claimant with a DHP application form.
- The Council may request evidence/ further information in support of an application
- The Council reserves the right to verify any information or evidence provided by the claimant.
- The Council may also accept claims from someone acting on behalf of the person concerned, such as an appointee or advocate if the person is vulnerable and requires support.

## 7. Awarding a DHP

Tandridge District Council will decide whether or not to award a DHP and how much any award might be. This decision will be made by a specialist within the Council's Resident Support Service.

When making this decision, the Council will take into account:

- the shortfall between HB / UC housing costs element and rental liability;

- the steps taken by the claimant to reduce their rental liability;
- the medical circumstances (including ill health and disabilities) of the claimant, their partner, any dependants and other occupants of the claimant's home;
- the income and expenditure of the claimant, their partner, any dependants or other occupants of the claimant's home;
- any savings or capital that might be held by the claimant or their family;
- the level of indebtedness of the claimant and their family;
- any exceptional nature of the claimant or their family circumstances;
- the length of time they have lived in the property;
- the amount available in the DHP budget at the time of the application
- the possible impact on the Council of not making such an award, e.g. the pressure on statutory homeless accommodation.

An award of a DHP does not guarantee that a further award will be made at a later date even if the claimant's circumstances have not changed.

The DHP may be less than the difference between the liability and the amount of HB or UC housing costs element.

It is important to recognise that a key aim of this policy is to support people finding long term, sustainable solutions which reduces or prevents dependency on DHPs.

There can however be no blanket policy or exemptions, each case will be considered strictly on its merits, and all claimants will be treated equally and fairly

## **8. Priority Criteria**

As the fund is cash-limited, awarding a DHP to meet each and every shortfall is not likely to be a viable option. The Council has considered how best to prioritise the funding, whilst remembering that each case must be considered on its own individual merits.

The Council may assist the following priority groups to stay in their home

- Families with children at a critical point in their education
- Young people leaving local authority care
- People going through the approval process to become foster carers who may need to show that they have a spare room to be approved. If a DHP was paid on this basis it would be up to the claimant to inform the LA of any change of circumstances if, for example, they were not subsequently approved.
- Families with kinship care arrangements. Children who go into the care of family and friends are often extremely vulnerable and will usually benefit from the stability of remaining in a familiar area and continuing to attend their local school
- Families with a child temporarily in care but who is expected to return home. What is considered to constitute 'temporarily' will be at the Council's discretion
- Families with a social services intervention, for example highly dependent adults, children at risk or involvement in a family intervention project

- People who have had to flee domestic abuse or have moved because of the threat of violence in another area
- Where someone in the household is expecting a baby (including those currently in shared accommodation or subject to an under-occupation reduction)
- Ex-homeless people being supported to settle in the community;
- People with health or medical problems who need access to local medical services or support that might not be available elsewhere
- People with disabilities who need, or have had, significant adaptations made to their property, or where they are living in a property particularly suited to their needs.
- Where the claimant or someone in their household has a disability which requires them to have a larger property than would usually be the case for the size of their household due to, for example, a medical condition or where a child has a particular disability that might mean they are unable to share a bedroom
- People with disabilities who receive informal care and support in their current neighbourhood from family and friends which would not be available in a new area. This could also include families who have a child with a disability who rely heavily on local support networks
- Households with disabled children who require an overnight carer
- Frail elderly people who have lived in the area for a long time and would find it difficult to establish support networks in a new area
- People who need to live near their jobs because they work unsocial hours or split shifts; or where moving home may mean living in an area where public transport would be inadequate to enable them to sustain their current job.
- People with families who were previously members of the Armed Forces and who are being assisted to settle in the local community

## **9. Additional Features of the Council's DHP Scheme**

- 9.1 **Spare Room Subsidy Restriction** - Renewals of DHP granted to offset the cost of the loss of the Spare Room Subsidy will be reduced by half, i.e. from 14% of rent to 7%; and 5% of rent to 12.5% where, after three months, claimants cannot demonstrate they have actively sought employment (where they are out of work), alternative employment or more appropriate accommodation. Further reductions will be considered as an option if the tenant takes no action to seek employment or more suitable accommodation.
- 9.2 **Income** - Applications for support will be turned down if it is evident that the claimant has sufficient income or capital to pay their housing benefit shortfall, or if it is considered that they would not comply with any of the conditions attached to an initial award.

- 9.3 **LHA new claim shortfall** - DHP will not be payable where the tenancy was not affordable at the start as the claimant should be aware of the maximum rent used in the calculation by looking at the LHA rates, it would not be usual for a claimant to be awarded a DHP in this situation. However, if the claimant could afford the property before they claimed then consideration could be given for a DHP after the 13 weeks rule expires.
- 9.4 **Non-dependant deductions** – DHP will not usually be awarded to help cover the shortfall made by non-dependant deductions. A shortfall caused by these deductions would usually be expected to be met by the non-dependant(s) within the household.
- 9.5 **Fraudulent claim history** - DHP will not usually be awarded where fraud has been admitted or proven in relation to claims for housing benefit, Council Tax Support, or Discretionary Housing Payments.
- 9.6 **Exceptional circumstances** - Officers will have authority to pay DHP even where the above criteria would mean that it is not due or should be reduced where applicants have limited scope to change their accommodation. For example, where the household contains children in a school year which would make it undesirable for the family to move at this point or where disabled people who are affected by spare room subsidy have had adaptations made to their home, in which case it would not be cost effective for them to move.
- 9.7 Where a HB or UC claim has been reassessed for a period for which DHP was initially awarded to cover shortfall, the DHP award could be cancelled and the claimant will be required to repay the DHP. This will prevent having to pay twice for the same period.

## 10. The level of a DHP award

If the purpose of the DHP is to meet a rental shortfall it is entirely up to the Council to decide how much of the shortfall to meet. However, in the case of a shortfall the level of DHP must not exceed the weekly eligible rent on the home.

Eligible rent means all of the payments specified in Regulation 12(1) of the Housing Benefit Regulations 2006 or the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 except those specified in Regulation 12(3)(b)(i) to (iii) of those regulations, i.e. deductions in respect of certain specified service charges.

Following the introduction of UC, the Council is required to consider claims from claimants who are not receiving HB. Claimants receiving UC will not, necessarily, receive a specific amount towards housing costs. Therefore, the Council can decide on the amount of DHP to award, providing it does not exceed the weekly eligible rent.

For lump sum payments such as deposits or rent in advance this limit does not apply, but the Council will need to have regard to its overall DHP budget.



## **11. Length of award**

- The length of time for which a DHP will be awarded on the basis of the evidence provided and the known facts.
- The start date of an award will usually be the Monday after the written claim for a DHP is received by the Resident Support Service
- The Council will consider any reasonable request for backdating an award. However, these will be limited to the current financial year.
- The DHP will normally be paid for a minimum of one week.
- The maximum length of award will usually be to the end of the tenancy or a period not exceeding 12 months, whichever is the shorter.

## **12. Rent in Advance and Tenancy Deposits**

- When making a DHP to assist the claimant with securing a new tenancy The Council will consider whether it is appropriate to make the payment to the landlord rather than the claimant.
- As a lump sum payment for rent in advance is not made in respect of a period, the Council does not have to be satisfied that the claimant is entitled to HB other than at the point the award is made.
- If the rent in advance is for a property outside the District of Tandridge this does not prevent a DHP payment being made if the claimant is currently in receipt of HB or UC in the District.
- Before awarding a DHP for rent in advance or a deposit, the Council may wish to establish with the claimant whether they:
  - are due to have a deposit or rent in advance in respect of their existing tenancy returned to them
  - have received assistance from the Council through a rent deposit guarantee scheme or similar scheme
- Once a DHP has been made to the claimant for rent in advance or a deposit and used for that purpose, legislation does not provide for it to be refunded.
- The regulations do not say that DHPs can only be paid in respect of one property; they just limit the weekly amount that can be paid when the DHP does relate to rent on a person's home.
- Unless there are exceptional circumstances, DHPs will not normally be awarded, in relation to rent in advance and tenancy deposit costs, where the applicant is moving into the District from another local authority area.

### **13. Method and Frequency of Payment**

The Council will decide the most appropriate person to pay based upon the circumstances of each case. This could include paying:

- the claimant
- their partner
- an appointee
- their landlord (or an agent of the landlord) or
- any third party to whom it might be most appropriate to make payment

The Council will pay an award of DHP by the most appropriate means available in each case. This could include payment:

- to a bank account
- In the case of a TDC tenant, by crediting the claimant's rent account

If Housing Benefit is in payment, payment frequency will be in line with Housing Benefit payments.

If the claimant is receiving the housing costs element of Universal Credit, the method of payment will be decided on a case by case basis.

### **14. Notification**

The Council will inform the claimant in writing of the outcome of their application within 14 days of receipt or as soon as reasonably practicable after that. Where the application is unsuccessful, the Council will set out the reasons why this decision was made and explain the right of review. Where the application is successful, the Council will advise:

- the weekly amount of DHP awarded or amount of lump sum
- whether it is paid in advance or in arrears
- the period of the award
- how, when and to whom the award will be paid
- the requirement to report a change in circumstances
- any actions expected of the claimant before consideration of a further award

### **15. Change of circumstances**

- A claimant receiving DHPs is required to notify the Council of any changes of circumstances which may be relevant to their continuing to get DHPs.
- The Council may revise the award of a DHP where the claimant's circumstances have materially changed

### **16. Stopping a DHP award**

There are instances, other than a change of circumstances, in which DHPs can be stopped.

The Council can stop making DHP payments where:

- The Council decides that DHPs are being, and/or have been made because someone has misrepresented or failed to disclose a material fact, fraudulently or otherwise; and/or
- DHP has been paid as a result of an error.

## **17. Overpayment**

- The Council will normally seek to recover any overpaid DHP that is recoverable by the legislation.
- The Council will make every effort to minimise overpayments of DHP.
- An invoice will be issued to the claimant or the person to whom the award was paid.
- The letter that notifies a decision that there is an overpayment will also set out the right of review.
- The Council can recover DHPs if it has been decided that payment has been made as a result of misrepresentation or failure to disclose a material fact, either fraudulently or otherwise. The Council may also recover DHPs if it decides they have been paid as a result of an error made when the claim was determined.
- Where a claim has been reassessed for a period for which DHP was awarded to cover shortfall, the DHP award will be cancelled and the claimant will be required to repay the DHP. This will prevent having to pay twice for the same period.

## **18. Fraud**

The Council is committed to the fight against fraud in all its forms. A claimant who tries to fraudulently claim a DHP by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under the Fraud Act 2006. Where the Council suspects that such a fraud may have occurred, the matter will be investigated as appropriate and this may lead to criminal proceedings being instigated.

## **19. Publicity**

The Council will publicise the scheme appropriately and will work with all interested parties to achieve this. A copy of this policy will be made available for inspection and will be posted on the Council's web site. Information about the amount spent will not normally be made publicly available except at the end of the financial year.

## **20. Rights to Seek a Review**

DHPs are not payments of HB and are therefore not subject to the statutory appeals process.

The Council will operate the following policy for dealing with a review request following a refusal to award a DHP, a decision to award a reduced amount of DHP, a decision not to backdate a DHP or a decision that there has been an overpayment of a DHP.

- A claimant (or their appointee or agent) who disagrees with a DHP decision may request a review. This should be delivered in writing to the Resident Support Service within one calendar month of the written decision about the DHP.
- A Resident Support Specialist who was not previously involved in making the decision under review, and who is at least of equal seniority to the officer who made the previous award, will review the case. They will review all the evidence held and will make a decision within 14 days of receipt of the request for a review or as soon as practicable, thereafter.
- Where the reviewing officer decides not to revise the original decision, they will notify the claimant in writing, setting out the reasons for their decision.
- The decision made by the reviewing officer will be final, subject only to an application for Judicial Review.
- In exceptional circumstances only, any of the above time periods for review may be extended by the reviewing officer. In deciding whether to grant an extension, they will take into account any delay in seeking independent advice that was outside the control of the claimant.

## **21. Policy Review**

The policy will be reviewed on an annual basis or in line with any major changes to the HB, UC or Financial Assistance regulations to ensure it remains valid, relevant and effective in achieving the policy objectives

<b>REPORT TO THE STRATEGY &amp; RESOURCES COMMITTEE – 28<sup>TH</sup> JULY 2020</b>	
<b>AGENDA ITEM 6</b>	
<b>REVIEW OF THE COUNCIL TAX SUPPORT SCHEME</b>	
Report of:	Alan Godfrey – Resident Support Specialist agodfrey@tandridge.gov.uk
ELT Lead:	Alison Boote – Interim Executive Head of Communities
Purpose of report:	For Members to review and agree to an outline for a first proposal on amendments to the current Council Tax Support ('CTS') Scheme for the Council Tax year 2021/2022. The proposed amendments will be included in the public consultation, and analysis of this consultation and final recommendations to be considered by this Committee in November 2020.
Publication status:	<i>Unrestricted</i>
Recommendations:	That  A. a public consultation exercise be undertaken between August and October 2020 regarding potential amendments to the Authority's Council Tax Support Scheme; and  B. a further report be submitted to the Committee's meeting on the 24th November 2020 regarding proposed amendments to the Scheme (for 2021/2022) in light of the consultation findings.
Appendices:	None
Background papers defined by the Local Government (Access to Information) Act 1985	None

## 1. Background

- 1.1 The former national Council Tax Benefit ('CTB') scheme was abolished on 31 March 2013 and replaced with a new system of localised Council Tax Reduction ('CTR') / Council Tax Support ('CTS'), which requires each billing authority to design and implement its own scheme for awarding council tax discounts to working age customers on low incomes. In doing so the Department for Communities and Local Government ('the Department') reduced the funding available, to local councils to pay for this support, from 100% subsidy to a grant of only 90%. This grant was rolled into mainstream local authority funding which has since been reduced significantly.

- 1.2 Before 2013-14, the maximum CTB award that a family could receive was their council tax liability. Families receiving a means-tested out-of-work benefit – that is, income support, income-based jobseeker’s allowance, income-based employment and support allowance (‘ESA’) or pension credit guarantee credit – automatically qualified for maximum CTB. Those who were not ‘passportted’ onto full CTB in this way had to undergo a separate means test, which compared the family’s income with a centrally determined measure of minimum needs. Needs were expressed as an ‘applicable amount’, the sum of various allowances and premiums which depended on age, whether single or in a couple, number of children and any disability and which were generally aligned with parameters elsewhere in the benefit system. If the family’s income was below their applicable amount, they qualified for maximum CTB; otherwise, their CTB was reduced by 20p for each £1 of income more than their assessed needs until their entitlement was exhausted.
- 1.3 Since 2013/14 the Department transferred responsibility for CTS to local authorities. Local authorities now have a duty to provide a local CTS scheme. The Department expected that localising responsibility for Council Tax support would give local authorities a greater stake in promoting local economic growth. The Department introduced CTS at a time of wider changes, both to local authority funding and the benefits system. The Department for Work & Pensions (‘DWP’) introduced Universal Credit, a single benefit payment replacing six working-age benefits. As part of this, the Government removed some of the local authorities’ responsibility for administering Housing Benefit by 2017 but opted not to include Council Tax Benefit in Universal Credit, localising it as Council Tax support instead.
- 1.4 The Department formally consulted local authorities, drafted legislation, and designed a ‘default scheme’ which they could adapt to design their own schemes. The Department’s reductions to Council Tax Support funding meant that all local authorities faced a funding shortfall.
- 1.5 Most local authorities have now opted to change from the default scheme to meet their funding reduction, whilst continuing to protect vulnerable groups, and support improved work incentives delivered by the Governments welfare reform programme. Local authorities opted to pass at least some of the funding reductions on to claimants, with some requiring all working age claimants to make a minimum contribution to their Council Tax bill.
- 1.6 The roll-out of Universal Credit (UC) has had significant consequences for CTS, CTS scheme designs and local authorities workload. Rather than reduce the amount of work being done by staff trained in benefit assessments, local authorities receive daily Universal Credit Digital Service (‘UCDS’) notifications which provide updates to claimants who have claimed Universal Credit. Local authorities have mitigated this increased workload by automating the assessment process where possible and making changes to their CTS schemes.
- 1.7 90% of local authorities have made some changes to their CTS scheme for working-age households (other than mirroring changes made to the wider benefits system) by 2018–19s. 82% of English councils chose to deviate from the default scheme at the first available opportunity in 2013-2014.
- 1.8 Following the Customer First restructure, the number of staff available to process benefit assessments has changed dramatically. The previous Benefits Section consisted of 12 staff (8 F/T positions, 1 P/T position, 2 temporary staff, and admin support from a joint Revs & Benefits officer). There are now 7 staff within both the Case and Specialist teams (5 F/T positions and 2 P/T positions) though the workload remains

relatively the same. The proposed changes to the CTS scheme would significantly reduce this workload and readdress the balance of lower staffing levels.

## 2. The Current Policy

- 2.1 The Council continues to adopt the default scheme whilst facing increased financial challenges through the combination of funding reductions and welfare reforms. The Council now bears the risk of any rise in claimant numbers. This was a risk that the Council inherited from central government. Most recently we have seen the number of working age claimants we have increase from 2,175 at end of March 2020 to 2,299 by end of June. This is a 5.7% increase in number of claimants we have. The DWP recently provided us with figures which show an increase in the amount of people claiming Universal Credit in our area, and as a result a 409% increase in the number of UCDS we received between 1<sup>st</sup> March 2020, and 29<sup>th</sup> May 2020. The increase in claimant numbers and the amount of UCDS we need to process increases the cost of running the current scheme, both financial and in terms of amount of time spent processing claims.
- 2.2 The default scheme has only had minor amendments made to it to meet legislation changes. The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 As the remaining 10% of local authorities look to change their schemes within the next few years, it's unlikely there will be any further changes made to the default scheme.
- 2.3 The default scheme is a means tested benefit, in a similar manner to Housing Benefit where new claimants are expected to provide details of their and their households income and capital. Existing claimants are to report relevant changes in their or their households circumstances.
- 2.4 Our current scheme does mean some UC claims are reassessed up to 12 times a year when their Universal Credit award changes (Rather than once or twice). This has a negative impact on staff working on both Benefits and Council Tax tasks, daily processing stats, and provides a lower level of customer service as the claimant is receiving up to 12 letters a year, direct debits change more frequently, and it can make it hard to budget their payments as a result.

## 3 Proposed new policy

- 3.1 Councils' schemes differ substantially, which can mean that similar families can have a very different council tax bill depending on where they live. When considering different approaches to amending the current scheme, Officers have looked to simplify the scheme to allow easier accessibility for claimants, and reducing administration, whilst maintaining as generous scheme as possible and allowing high level of council tax collection. Any proposed changes must go out for public consultancy before implementation.
- 3.2 There is now seven years' worth of data available from councils who amended their CTS schemes between 2013 and 2020. In considering the design and creation of a simplified CTS scheme (for 2021/22), Officers have looked at the various pros & cons of different schemes to provide the best financial assistance to claimants, provide greater customer service and reduce the administrative impact of Universal Credit and other welfare reform on an already strained Benefits Section. Details of the proposed changes are set out in para 3.6.
- 3.3 The scheme provided by the Council must be accessible to all people who live and work in the District, protect vulnerable groups and support improved work incentives delivered by the Government's welfare reform programme.

- 3.4 The central government cuts to national benefits, and the abolition of extra support for third and subsequent children have often been mirrored in councils' CTS schemes, reducing the income that claimants can earn before their CTS is withdrawn. This means that even the default option involves a reduction in CTS relative to maintaining the generosity of the pre-2013 national council tax benefit system.
- 3.5 Designing a new CTS scheme is complex and requires expertise in forecasting and modelling the impact of any scheme choices on a range of different issues from ensuring vulnerable groups are protected, minimising the effects of any reduction in CTS and reducing cost to administrate any CTS scheme. The proposed changes has been put forward by Resident Support Specialists and who will be seeking advice from an external consultant for scheme design & modelling, the initial Equality Impact Assessment (EIA), exceptional Hardship scheme measures, the final modelling to establish CTS award levels, development of a consultation document, development and creation of new s13A 1 A Scheme documentation (CTS Policy) for the Council in line with the new scheme and the public consultation.
- 3.6 **The proposed changes to the existing policy are:**
- 3.7 **1. Income banding scheme –**
- 3.7.1 A simplified CTS scheme for working aged applicants, based on an income band system. Depending on where a household's total income falls within a range of specified bands, that household may be entitled to relief of up to hundred percent of the annual council tax charge. Some local authorities have limited the maximum relief to eighty percent of the annual council tax charge meaning that every working-age household, regardless of their circumstances, must pay at least a certain share of their gross council tax bill. Under that type of scheme, even those who would previously have had no net council tax bill, because their incomes and assets were so low that they would have qualified for a hundred percent discount, would now must pay something. The Council intends to continue to support it's residents with as generous scheme as possible, so would retain CTS relief of up to hundred percent.
- 3.7.2 An income banding scheme with up to hundred percent CTS, retains some of the benefits of the default scheme whilst protecting the vulnerable, considering the impact on claimants and lowering administration. The most pressing effect of Universal Credit on CTS schemes is that it means administration costs become a much more significant burden than was the case under its previous scheme.
- 3.7.3 Where a claimant who is receiving UC, income for CTS is determined by UC's monthly assessment system. This has led to monthly variations in earnings which creates need for monthly assessments/billing/changing of Direct Debits etc as there is no averaging provision in UC. As previously stated, this could lead to a monthly assessment of their claim, with up to twelve award letters a year being sent out, frequent changes to their Council Tax payments and direct debits.
- 3.7.4 With an income banding scheme, unless a claimant's income either decreased to a lower band or increased to a high band, their CTS would remain the same. This ensures that all claims, including UC claims aren't assessed every time there is a small change in their income (It would have to be a significant change which changes their income band) and provides greater customer service and makes it easier to budget payments of council tax.



- 3.7.5 There will be incomes which Officers do not include in weekly income figure in a similar way to the default scheme e.g. DWP benefits relating to disability, or children to ensure maximum protection for more vulnerable groups.
- 3.7.6 The income bands will increase annually in line with inflation ('CPI'). To see what band applies, Officers would calculate the amount of a claimant's household's weekly income. This is done by simply adding together all the money regularly coming in to their home. Any money received at frequencies of more than a week e.g. annually, monthly, should be converted to weekly amounts. Once calculated, an income band would then be applied, and a CTS award made for that band.
- 3.7.7 The Government has said that local authorities must protect pensioners at the same level of support as the council tax benefit scheme and has prescribed a national scheme for pensioners that provide the same outcomes as council tax benefit, so the income banding scheme only applies to working age claimants or mixed aged couples.
- 3.7.8 Details of the income banding figures would be provided to Members before public consultation began though would likely match those adopted in other council income banding schemes so examples can be provided for reference.

### **3.8 2. Self Employed earnings to be assessed using minimum income floor ('MIL')**

- 3.8.1 The DWP and HMRC currently use MIL when assessing someone's entitlement to Universal Credit and Tax Credits. MIL would be determined in the same way as Universal Credit and Tax Credits policy with a 'Gainful self-employment' determination being made.
- 3.8.2 If someone is self-employed and their earnings are low, their CTS banding may be worked out on higher earnings than they have. This is called the 'minimum income floor'. The minimum income floor is set at the level of the national minimum wage at the number of hours a person would be expected to work. How many hours this is depends on an individual's circumstances. For many people it will be 35 hours per week, but if someone has a disability, have caring responsibilities, or look after children it might be less.
- 3.8.3 How this works is if someone's self-employed earnings are below the minimum income floor, the minimum income floor figure will be used to work out their earnings instead of their actual earnings figure. If they earn above the minimum income floor, their actual earnings will be used to work out their CTS banding.
- 3.8.4 This change brings self-employed claimants in line with PAYE claimants, and matches the changes adopted by Universal Credit and HMRC in the assessment of Tax Credits. A clause will be added to the MIL amendments to allow the local authority to remove MIL earnings in exceptional circumstances e.g. COVID-19 crisis.

### **3.9 3. Non-dependant Deductions**

- 3.9.1 If someone is entitled to CTS, their entitlement may be reduced if they have a non-dependent adult living with them. This is called a non-dependant deduction and is because the non-dependant is expected to contribute to the household expenses. A non-dependant is an adult who lives with the claimant. This doesn't mean their partner or adult children who are still dependent on the claimant – for example,

because they are in education. It could be for example, an adult son or daughter who is working or unemployed and who still lives with the claimant.

- 3.9.2 The current exemptions from a non-dependant deduction would apply to protect the vulnerable, but where non-dependant deductions are based on earnings and like a claimant, each time their income changes, the non-dependant deduction could change, we would adopt a similar non-dependant 'banding' to determine any deduction made. There would be 3 non-dependant deduction rates – 1 for non-dependants who aren't currently working, and two gross annual earnings income bands for those that are.
- 3.9.3 There are many delays in processing claims especially whilst waiting for evidence of a non-dependant's gross earnings. Non-dependant income banding will prevent this and be less likely to lead to non-dependant income fraud or failing to keep the Council informed of changes. Less delays and speedier service.
- 3.9.4 The weekly financial contribution for each non-dependent member of a household will be –
- £5 - non-worker
  - £10.00 - if they have gross annual earnings of £22,999 or less and
  - £30.00 - if they have gross annual earnings of £23,000 or above

#### 3.10 **4. Removal of Second Adult Rebate -**

- 3.10.1 Second adult rebate is a rebate someone can get on their council tax. A claimant can't get a second adult rebate at the same time as CTS. Typically, someone might want to claim second adult rebate if they can't get Council Tax Support because their income or capital is too high, and if there's another adult living with them who isn't their partner. They would need to be on low income or getting certain benefits for a claimant to get the rebate. Officers propose to remove second adult rebate for working age claimants, though it would remain for pension age claimants. As with non-dependant assessments, assessing second adult rebate claims often takes a greater amount of time than other claims, as there are delays in the second adult's earnings being provided. There are often gaps and delays in updates when a second adult's earnings change, and it doesn't take into consideration the income and capital of the person liable to pay the Council Tax. This could lead to a liable person earning thousands of pounds and have high capital assets but still receiving a second adult rebate of their Council Tax bill if their non-dependant son or daughter is not working or on a low income. There are not have many working age second adult rebate claims as most liable people pay their Council Tax without any need to claim.

#### 3.11 **5. Capital Limit change for working age**

The current maximum capital limit is £16,000, where the first £6,000 doesn't not affect a working age claim. A tariff income for capital between £6,000 and £16,000 is then applied to reduce any award of CTS. For working age claimants, we propose to reduce the maximum capital limit to £10,000. Anyone that has over £10,000 in capital should be able to afford their Council Tax. Normal capital disregards would apply though.

### 3.12 **6. Maximum CTAX band**

The maximum amount of CTS would be capped at the band D council tax charge. For example; Mr Smith and his partner, are not presently entitled to CTS, their home is a band E property. Mr Smith and his partner have assets of less than £10,000.00 and a low weekly income. Mr Smith applies for a CTS and is entitled to a reduction of forty percent of the band D charge based on his household circumstances which determine his income banding.

### 3.13 **7. Backdating CTS claims**

3.13.1 For working age claimants, the Council is currently able to backdate requests for CTS for six months if the person has a valid reason for requesting a backdate and can provide sufficient evidence for that backdate. Housing Benefit claims can only be backdated by one month, and most local authorities have changed their schemes to match changes made by Government to the Housing Benefit backdating regulations.

3.13.2 It is proposed to reduce the backdate limit to one month to mirror Housing Benefit and to prevent requests to reconsider turning down a backdate request of more than a month. Often someone has a valid reason for not making a claim for one month but the majority of backdate requests we have for longer than one month are refused as the person making the request does not have a valid reason to have delayed for such a period.

## 4 Consultation agreement and final proposal

4.1 The Local Government Finance Act 2012 requires councils to consult on the proposed change to the scheme as follows:

- consult with precept authorities
- publish a draft scheme in such manner as it thinks fit
- consult such other persons as it considers are likely to have an interest in the operation of the scheme

4.2 The Government code of practice for consultation suggests consultation should last for “proportionate amount of time” on the basis of legal advice and taking into account the nature and impact of the proposal. Usually the consultation period used has been between 8-12 weeks. Unfortunately, due to the COVID-19 crisis Officers are currently behind in the scheduled timetable though no key dates have currently been missed. Once Members agree to public consultation on the proposed changes, work will begin on development of a consultation document. A consultation period of three months public consultation is recommended. This would take place between August 2020 and October 2020.

4.3 Work would be done to provide Members with an initial Equality Impact Assessment (IEA) and Exceptional Hardship Scheme. This would provide a detailed assessment of the possible impact of any changes considered to both the public and the council e.g. who maybe positively or negatively affected by changes to the scheme, what and how savings would be made be they financial or time spent on administration.

#### 4.4 The key milestones are shown below

- At the start of November 2020, it is anticipated that the public consultation would end. A full analysis would be made on any feedback received and a final EIA and proposal would be prepared and submitted to Members for review based on those findings. In November/December 2020, Committee agreement would be sought and then final agreement at full Council.
- Between January 2021 and March 2021, changes to administration and implementation would take place with staff instruction/training on the new scheme.
- 1<sup>st</sup> April 2021 would see the commencement of the new scheme

#### 5. Financial /Risk Implications

- 5.1 If the Council does not go out to public consultation by August 2020, it's unlikely that any changes will be made to the CTS scheme for 2021/2022. This would mean there would be a delay of over of year of making any amendments to the scheme. The Council would not be able to make any changes until 2022/2023, so the current issues around the existing scheme would continue e.g. poor customer service, difficulty for claimants to budget due to frequent changes in their CTS award, multiple assessments for UC claims, and heavy workload for the assessment of benefits.
- 5.2 In April 2021, the Council is moving from its current benefits system provider, Capita, to a new service provider, Northgate. Northgate have stated that if changes are made to the CTS scheme, they would implement them as part of the changeover. We would effectively go live with a new benefits system with an updated CTS scheme. If the Council delayed making any changes to its CTS scheme until 2022/2023, then Northgate will need to amend the benefits systems accordingly which will likely incur additional costs.
- 5.3 It is not intended that the revised scheme would increase the level of support provided or increase the cost of the Council Tax Support Scheme. The cost of the scheme of the proposed scheme will be considered carefully in determining bandings during the development of the scheme and the proposed scheme will be reported to back to Members when developed.
- 5.4 The estimated cost of the development of the scheme, £7,500 + VAT, can be funded from within the existing budget.

#### 6. Legal implications

- 6.1 Schedule 1A of the Local Government Finance Act 2012 requires local authorities to consider whether to revise or to replace its scheme each year. The revision of a scheme is a decision reserved to full Council.
- 6.2 Any revisions or a replacement scheme must have been considered and agreed no later than the 31st January 2021 for operation by 1st April 2021.
- 6.3 There are no requirements to undertake public consultation should the scheme remain unchanged.

6.4 In order to discharge its duties under the Equality Act 2010 the Council will need to consider the effects of proposals on people with a protected characteristic as defined by the act, which can be done by way of an equality impact assessment.

7. Equality impacts (6.4 above also refers)

7.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer	
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	Yes	The proposals would only apply to working age claimants as pension age claimants are excluded.
What steps can be taken to mitigate any potential negative impact referred to above?	Any negative impact would be fully investigated within an Equality Impact Assessment (IEA) and Exceptional Hardship review as stated in 3.5 and 4.3	

8. Climate Change Implications

8.1 There are no climate change implications arising from this report.

9. Conclusion

9.1 Members are recommended to agree to a public consultation exercise being undertaken and for the findings to be reviewed and reported back to the Committee in November 2020. We currently have 3,644 people claiming CTS, of which 2,299 are working age claimants. We currently pay £4,915,615.73 in Council Tax Support, of which £3,093,150.09 is paid to working age claimants. Since 2017, we have seen our CTS expenditure increase year on year.

The proposed changes to the CTS scheme would protect vulnerable groups, whilst reducing the overall cost of the scheme (Total reduction would be based on what was finally agreed to after public consultation and full savings determined for report due later in the year). It would also see secondary savings in the administration of the scheme through reduced processing time, and CTS claimants on UC would not be amended every time there was a change in their UC. This would mean fewer notification letters needing to be issued, less Council Tax bills sent and fewer direct debits needing to be amended, which would mean improved customer service as less interaction with claimants for staff in Benefits, Revenues and Customer Services as claimants will not have need to call or contact us regarding changes or bill amendments.

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<b>REPORT TO THE STRATEGY AND RESOURCES COMMITTEE - 28<sup>TH</sup> JULY 2020 AGENDA ITEM 7</b>	
<b>COUNCIL BUDGET MONITORING 2020/21</b>	
Report of:	Elaine Jackson – Acting Chief Executive, Director of Resources <a href="mailto:ejackson@tandridge.gov.uk">ejackson@tandridge.gov.uk</a>  Grant Miles – Interim Chief Financial Officer (Section 151) – <a href="mailto:gmiles@tandridge.gov.uk">gmiles@tandridge.gov.uk</a>
Purpose of Report:	To report upon monitoring of the Council’s budget for the period 1 <sup>st</sup> April 2020 to the 30 <sup>th</sup> June 2020 (Period 3) and to provide an updated forecast of the Council’s financial position in the light of the financial implications from the Covid -19 pandemic.
Publication status:	Unrestricted
Recommendation:	That the Committee notes the Council’s overall financial position.
Appendices	<p>Appendix A: Revenue Budget monitoring report for the period 1<sup>st</sup> April 2020 to the 30<sup>th</sup> June 2020:</p> <p>Appendix A(i) Council (General Fund) revenue monitoring report  Appendix A(ii) Housing Revenue Account revenue monitoring report  Appendix A(iii) Explanation of Forecast Overspends &amp; Underspends</p> <p>Appendix B: Council Capital monitoring report for the period 1st April 2020 to the 30th June 2020:</p> <p>Appendix B(i) Capital Programme monitoring report for the period 1st April 2020 to the 30th June 2020  Appendix B(ii) Capital Programme monitoring report Narrative Explanation of Scheme Progress</p> <p>Appendix C Support package for Local Authorities letter from Simon Clark MP Minister for Regional Growth and Local Government (2nd July 2020)</p>
Background papers*	None

\*defined by the Local Government (Access to Information) Act 1985

1. Background
  - 1.1. This report considers the Council’s financial position in the light of the Covid-19 pandemic. As reported in the two previous budget monitoring reports to this committee the Council’s finances have been heavily impacted by Covid-19.
  - 1.2. It should be noted that the Covid-19 pandemic has created a dynamic environment leading to continuous change to plans and figures. The current environment is a dynamic one that is constantly changing in relation to events, plans and programmes. As a result of this it is

inevitable that there will be changes over time in financial information, forecasts and reports to Members.

- 1.3. At the end of April, the impact of Covid-19 was forecast to lead to a year end overspend of £3,878,461. At the end of May this forecast was revised downward by £1,301,734 to £2,576,727. The current forecast at the end of July is £1,990,750. Further details about the reduction as given in section 5 of this report.
- 1.4. Considerable background information has been given in previous monitoring reports and therefore this report only seeks to provide new additional information.
- 1.5. The Council continues to provide monthly data returns to Government on our forecast financial position and is maintaining close contact with the Ministry of Housing, Communities & Local Government (MHCLG).
2. Council's Overall Estimated Financial Position taking into account Covid-19
  - 2.1. This report provides information on spending compared to the approved budget for the overall forecast financial position of the Council at the end of the financial year. This is the third monitoring report produced this year with monthly reports being prepared by the finance team.
  - 2.2. Monitoring reports would not normally be presented to committee until later in the year as no significant variances would usually be apparent at this early stage. However, the unprecedented impact of the Covid-19 pandemic is likely to have substantial impact on the Council's finances and therefore it is planned to produce monthly monitoring reports to monitor the situation. It should be recognised to forecast for a period of 9 months on the basis of 3 month's data is difficult in such unprecedented times. It should be noted that this is particularly difficult when the situation is a dynamic and changing environment, over which the Council does not have control and are affected by decisions taken at a national level.
  - 2.3. The figures in this report are therefore based on various assumptions which may or may not be proved to be accurate but are based on Officers best assessments of the facts at the time. It is still not clear how much future additional financial support will be provided to councils to deal with the financial impact of the pandemic. The direct costs of fighting the virus will possibly be covered by grant from central government however the picture is less clear when it comes to items such as lost income as a direct result of the virus, e.g. rental or car parking income.
  - 2.4. When looking at the impact of Covid-19 three scenarios have been made – realistic, optimistic and pessimistic. Officers believe the realistic scenario is the most likely outcome. The figures in the realistic scenario are based on 3 months of lockdown, 3 months of unlocking and 6 months of returning to normal (defined as 80% of the pre Covid-19 normal).
  - 2.5. This report highlights any significant variances. The aim of this process is to provide regular and consistent information for each Committee on monitoring of income and expenditure within the relevant General Fund (GF), Housing Revenue Account (HRA) and Capital budgets.
  - 2.6. At this stage in the year monitoring reports are not being taken to individual Policy Committees however a summary of the Council wide position is being reported to Strategy and Resources Committee where each Committee's key highlights are grouped together to provide a Council-wide perspective.



3. 2020/21 Revenue Budget Monitoring position for the Whole Council

- 3.1. The revenue budget forecast by Committee for the General Fund at 30<sup>th</sup> June 2020 is set out in **Appendix A(i)**. The overall forecast based on the realistic scenario is that the Council's General Fund budget totalling £10,559,732 will be overspent by £1,990,750 at the year end. This forecast is based on Officers assumptions on the impact of Covid-19 and the effect it has had on income and expenditure in the first 3 months of the year. This forecast is a reduction of £585,977 when compared to the end of May forecast overspend of £2,576,727 which was reported to this committee on 9<sup>th</sup> July. The main causes of the reduced overspend are detailed in the table below:

	May Forecast Variance £	June Forecast Variance £	Change £	Comment
Salaries expenditure	17,500	36,500	19,000	The Council continues to incur additional overtime costs in relation to Covid-19. Overtime costs have increased by £17,100 since the last monitoring report.
Local Plan	0	-500,000	-500,000	The Executive Team have reviewed and agreed that this amount of the budget can be released as there will not be significant expenditure on the Local Plan in 2020/21 and this can be released
Covid-19 Grant	-897,750	-872,750	25,000	The first tranche of the Covid-19 grant was received in 2019/20 and has been used to offset Covid-19 costs in that financial year.
Covid-19 New Burdens Grant	0	-130,000	-130,000	Additional grant received from Government to offset the additional administration costs of implementing the Covid-19 support to businesses.
Other areas	3,456,977	3,457,000	23	Combined effect of all other changes.
<b>General Fund Forecast Year End Overspend</b>	<b>2,576,727</b>	<b>1,990,750</b>	<b>-585,977</b>	

- 3.2. A review of the salaries budget has been undertaken and is built into the figures. Salaries are currently forecast broadly on budget with a minor variance of £36,500 overspend identified at this stage in the year. Once Covid-19 overtime costs of £41,100 are adjusted for the General Fund is forecasting a £4,600 underspend on salaries.
- 3.3. **Appendix A(ii)** sets out the forecast financial position on the Council's Housing Revenue Account at 30th June 2020, and this identifies an underspend of £142,300 at the year end. This underspend will lead to an additional £142,300 being transferred to HRA reserves at the year end. This forecast assumes that HRA rent collected will fall this year and an increased transfer to the bad debts provision will be required. The position has improved significantly from the £87,000 overspend forecast in May and reported to this committee on 9<sup>th</sup> June as some savings have been identified on interest charges on HRA loans.
- 3.4. **Appendix A(iii)** provides a narrative explanation of the variances and the assumptions which underlie the predicted overspends which are detailed in Appendix A(i) & A(ii).
4. Comments of the Acting Chief Finance Officer
- 4.1. A forecast overspend has been identified across all committee budgets. The key variances are summarised below.
- 4.2. The Council's General Fund is forecasted to be overspent by £1,990,750 at the year end. The table below details the split between committees, salary, non-salary variances and Covid-19.

Committee	Salaries Overspend / (Underspend) June (P3) (£)	Non-Salaries Overspend / (Underspend) June (P3) (£)	Salaries Forecast Overspend / (Underspend) 2020/21 (£)	Non-Salaries Forecast Overspend / (Underspend) 2020/21 (£)	Covid-19 Overspend / (Underspend) 2020/21 (£)	Committee Forecast Overspend / (Underspend) Total (£)
Strategy & Resources	27,700	30,000	27,700	197,000	747,300	<b>972,000</b>
Planning Policy	(10,700)	(18,200)	(10,700)	(500,000)	784,400	<b>273,700</b>
Community Services	(40,500)	8,300	(40,500)	0	1,735,800	<b>1,695,300</b>
Housing General Fund	18,900	(175,545)	18,900	0	33,600	<b>52,500</b>
<b>Total</b>	<b>(4,600)</b>	<b>(155,445)</b>	<b>(4,600)</b>	<b>(303,000)</b>	<b>3,301,100</b>	<b>2,993,500</b>
Less Covid-19 Grant	0	0	0	0	(872,750)	<b>(872,750)</b>
Less New Burdens Grant	0	0	0	0	(130,000)	<b>(130,000)</b>
<b>Total</b>	<b>(4,600)</b>	<b>(155,445)</b>	<b>(4,600)</b>	<b>(303,000)</b>	<b>2,298,350</b>	<b>1,990,750</b>

- 4.3. **Salaries** - At the end of Period 3 (June) there is an actual underspend of £4,600 on salary budgets across the Council, excluding expenditure of £41,100 which relates to overtime on Covid-19 which is included in the Covid-19 column of the table. Since last year Officers have been working hard to control expenditure on additional employees, agency staff and consultants. Recruitment of all employees and the management of agency staff is being

rigorously managed at the centre. The evidence is that these new arrangements are working effectively to control employee costs and the processes established will be maintained during this year and beyond. On this basis Officers are confident that there will not be an overspend on salaries across the Council in 2020/21.

- 4.4. In order to ensure to limit the financial impact of Covid-19 on the Council's limited financial reserves in 2020/21 and to protect the Council's forecast low level of reserves at the end of 2020/21, it is planned to only recruit only to vacancies and temporary staff which occur in absolutely essential posts until the end of the financial year. This is particularly important given that the Medium Term Financial Strategy shows that the Council has a budget gap of over £2m to address in 2021/22. Protecting and conserving the Council's limited reserves in 2020/21, will provide more flexibility to enable the Council to set a legal budget in 2021/22.
- 4.5. **Non-Salaries** - Expenditure and income at the end of June on areas not impacted by Covid-19 are only forecasting two variances.
- 1) Strategy and Resources Committee - Interest receivable.  
The 2020/21 budget was set assuming income of £197,000 from Gryllus for a property deal that was close to being concluded. A decision to now not proceed with this purchase will result in a budget variation and a need to find further savings in the next budget round to balance the Medium Term Financial Strategy.
  - 2) Planning Policy Committee – Local Plan  
The Executive Team have reviewed the Local Plan and agreed that £500,000 of this a budget can be released in 2020/21 and there no further significant expenditure anticipated in year. A sum of £120,000 has been retained for expenditure on the Local plan in 2020/21 as some pieces of work to finalise the Plan are being carried out.
- 4.6. **Covid-19** - This shows the impact of Covid-19 on those areas affected. **Appendix A(i)** shows a breakdown of the forecast impact of Covid-19 on each area within the Council's General Fund budget. The forecast overspends are based on discussions with Budget Managers. The estimates are based on knowledge available to Budget Managers and should be seen as a realistic and prudent assessment. However, it should be recognised that it is difficult for Managers to form a judgement on circumstances which are currently very fluid. There are a number of unknowns such as when the lockdown and measures on social distancing will end and when a return to normal activity will occur. A detailed explanation in relation to each forecast overspend is set out in **Appendix A(iii)** detailing the assumptions made.
- 4.7. The Council has received two grants totalling £897,950 from central government to help ease the impact of Covid-19. On top of this, in early July, we also received a New Burdens Grant of £130,000 to help alleviate the costs associated with administering the Business Support Grants and 100% Business Rate Relief schemes.

First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Covid -19 New Burdens Grant	Total Covid-19 Additional Funding
£25,698	£872,252	£130,000	<b>£1,027,950</b>

- 4.8. The first tranche of £25,698 was received in 2019/20 and used in that year to cover cost relating to Covid-19. The second tranche of £872,252 and the new burdens grant of £130,000 have been applied to reduce the forecast overspend in 2020/21.

4.9. If it were not for the receipt of these grants the forecast overspend would be greater.

5. Additional Support Package for Local Authorities

5.1. Since the May budget monitoring report was produced the Minister for Housing, Communities and Local Government announced a package of further financial support for Councils suffering from the financial impact of the Covid-19 pandemic. The letter is attached at **Appendix C**. The key points are:-

- A sum of £500m of funding to cover local authority spending pressures which will be distributed on the basis of population, deprivation and service costs. The Council should be cautious in its expectations in terms of funding, as this may not result in a significant amount of funding for Tandridge when distributed.
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income which in theory equates to 71% of income losses over budget.
- A phased repayment system for Collection Fund deficits over 3 years is being designed.
- A commitment to provide support in the Spending Review for irrecoverable tax income.

5.2. It should be noted that the letter refers to ‘shared financial pain’, which indicates the Central Government will be expecting Local Authorities to share some of the burden and that the Council is unlikely to be fully recompensed.

5.3. At this stage it is not possible to speculate on the amount of money that the Council will receive, as a result of the measures announced. Based on earlier conversations with MHCLG it is anticipated that the funding will be provided later in the Summer.

5.4. No account of these announcements has been made in the monitoring that is presented in this report as further details are required to provide accurate estimates.

6. Reserves

6.1. The table below demonstrates the effect of the current forecast overspend on the Council’s General Fund reserves:

	£000
Opening balance of Reserves 1st April 2020	3,669
Use of Reserves in 2020/21	<u>(1,991)</u>
Closing balance of Reserves 31st March 2021	<u><u>1,678</u></u>

6.2. The Council now has an estimated minimum level of reserves at the end of 2019/20 and consequently it will be necessary to be very prudent going forward in order to prevent the Council ending the year with a deficit on General Fund reserves. If the Council ends up with a deficit on its reserves at the end of the year, it will be necessary for the council to rectify the deficit and rebuild its reserves at the next available budget setting process and continue to do so until reserves are restored to a safe level.

- 6.3. The Council's reserves have been reduced to a very low level which reduces the Council's resilience and ability to react to offset the effect of any further financial shocks. The Medium Term Financial Strategy looks to build upon reserves in future years by adding £500k to the base budget annually for the next 3 years. The Council will examine all options to control expenditure and increase income where feasible in the current financial year to conserve its scarce reserves. Clearly any funding which is received from Government would reduce the pressure on the Council's reserves.
- 6.4. Under the Local Government Act 1988 it is illegal for planned expenditure in the current or a future year to exceed budgeted resources and available reserves – in other words, for the authority's budget to end the year to be unbalanced. During the financial monitoring process if it becomes clear that the budget may not balance the options available include:
- generating more income
  - cutting costs.
- 6.5. However, if actions to generate income or cut costs are unlikely to result in the budget being balanced then an authority could have to consider a course of action such as implementing a voluntary spending freeze.
- 6.6. A spending freeze is an option that enables an authority to retain control of the financial outcomes without triggering the statutory effects of issuing a Section 114 report.

## 7. Housing Revenue Account

- 7.1. The HRA is forecasting a year end underspend of £142,300. Details of the main variances are given at **Appendix A(ii)** and the narrative explanation is set out in the HRA section of **Appendix A(iii)**.

## 8. 2020/21 Capital Budget Monitoring Position

- 7.1 The capital budget for the whole Council totals £120,112,048 including slippage from 2019/20 which has now been carried forward following approval by this committee on 9<sup>th</sup> July 2020. The Capital Programme is forecast to be underspent in 2020/21 by £102,370,800.
- 7.2 The largest and most significant variance in the capital programme is on the Property Development Fund where we are now forecasting very little expenditure against a budget of £98,481,500. This is due to the Council now reconsidering its investment strategy while the results of a government consultation into PWLB borrowing are awaited.
- 7.3 Covid-19 has significantly affected the Council's Capital Programme expenditure. The largest area of the Capital Programme affected by Covid-19 is expenditure on the repair and maintenance of the Council's housing stock together with the Council House Building programme. A decision was taken at lockdown to suspend all work on repairs and maintenance and the new build programme.
- 7.4 The position on each scheme is detailed in **Appendix B(i)** including the draft 2019/20 Capital outturn, details of spend to the end of June 2020 and the forecast variance of spend at year end. A detailed narrative setting out the current progress on each scheme is set out in **Appendix B(ii)**.

## 8 Impact on the Council's Cash Flow as a result of Covid-19

- 8.1 There is a concern amongst all Billing Authorities about the extent to which Covid-19 reduces the money received in respect of Council Tax and Business Rates. As many Billing Authorities only retain a small proportion of, with the majority collected being paid to preceptors. The concern is as precepts were set well before the start of the financial year, prior to the onset of Covid-19 collection rates will be significantly below expectation as the finances of residents and local businesses deteriorate. As precept payments to Surrey County Council, Surrey Police and the Government were set in line with statute the gearing effect will particularly reduce the Tandridge's cashflow.
- 8.2 Council Tax - As a Billing Authority, Tandridge collects £79m in Council Tax for 2020/21, on behalf of preceptors. This is distributed approximately Surrey 75%, Surrey Police 12.5% and Tandridge 12.5%. Therefore, Tandridge only retains £9.9m of this revenue paying nearly £70m to preceptors. Consequently, for example, a 10% fall in the amount collected would result in £7.9m reduction in cash received which with fixed payments being made, set under statute, would leave a gap in the Council's cash flow for which short term borrowing would be required.
- 8.3 On the positive side Council Tax payments are collected over 10 months, whilst payments to preceptors are made over 12 months, therefore there is some cover against the risk of borrowing, although the Council would lose some interest on earnings from cash balances. The Council is modelling the impact upon cashflow, of the Council Tax collection achieved in April and May, in order to establish potential shortfall in cash receipts.
- 8.4 A cashflow modelling exercise based on Council Tax collected in April, May and June indicates that the shortfall in Council Tax collection in 2020/21 will be 4.7% less than the budgeted amount. This assumes that the current levels of Council Tax collected is replicated for the remainder of 2020/21 and neither improves or deteriorates for the remaining 9 months. The modelling shows that if this performance were to be replicated throughout the year, the negative impact upon the Council's cash flow would be around £3,683,000 for the whole year. However, the unknown factor for the Council is whether the collection rate will continue to deteriorate or will improve each month. It is prudent to assume that it will deteriorate, as the crisis bites on household budgets. Discussions with Surrey Council have indicated that in principle they are minded to allow precepts to be flexed and they are engaging in a data gathering exercise with Surrey Borough and District Councils to understand the financial impact upon Surrey in terms of borrowing.
- 8.5 Business Rates - As a Billing Authority, Tandridge would collect £21.9m in Business Rates for 2020/21, on behalf of preceptors. However, as a result of Covid-19 additional Business Rate Relief of 100% has been granted to the Retail, Hospitality and Leisure sectors. This is distributed as Central Government - Central Share, 50%, Tandridge 40% and Surrey 10%. However out of the 40% Tandridge receives, it has to pay a Tariff Payment to Central Government of £7.9m with Tandridge only retaining £0.8m in cash. Therefore, of the £21.9m collected from business ratepayers a sum of £18.9m is paid to Central Government including the Tariff, a sum of £2.2m is paid to Surrey leaving £0.8m of cash to be retained by the Council. Following the business rates holiday the Council will receive additional funding which reduces the collectable rates to £14.7m. A 10% fall in the amount collected would result in £1.47m reduction in the cash received, which with the fixed payments based on the £21.9m determined in February under statute, would leave gap in the Council's cash flow for which short term borrowing would be required.

- 8.6 A cashflow modelling exercise based on Business Rates collected in April, May and June indicates that the shortfall in Business Rates collection in 2020/21 will be 16% less than the budgeted amount. This assumes that the current levels of Business Rates collected is replicated for the remainder of 2020/21 and neither improves or deteriorates for the remaining 9 months. The modelling shows that if this performance were to be replicated throughout the year, the negative impact upon the Council's cash flow would be around £1,808,000 for the whole year. However, the unknown factor for the Council is whether the collection rate will continue to deteriorate or will improve each month. It is prudent to assume that it will deteriorate, as the crisis bites on business cash flows. However, the unknown for the Council is whether the Business Rates collection rate will continue to deteriorate each month. Preliminary discussions with Surrey Council have indicated that in principle they are minded to allow precepts to be flexed and they are engaging in a data gathering exercise with Surrey Borough and District Councils to understand the financial impact upon Surrey in terms of borrowing. However, the amount received by Surrey is relatively small (£2.2m). The major part of payments made in relation to Business Rates is to Government and these payments total £18.9m.
- 8.7 On a positive note, the Council will receive the additional cash on a monthly basis for the Business Rates holiday about £12m, so there is certainty over this element of the cash receipts. Government has also rescheduled the first three instalments payable in relation to the Central Share, with the first payment in July, so this provides security over the Council's cash flow until July. The Council has modelled the impact on cash flow, of the Council Tax collection achieved in April, May and June, in order to establish the potential shortfall in cash receipts.
- 8.8 Overall the cash flow modelling indicates that because Council Tax receipts are received in advance of precept payments, the forward Council Tax receipts will mitigate the impact of the shortfall Business Rate receipts until the end of the year. The impact of the overall forecast shortfall of £5.5m in combined Council Tax and Business Rate will not impact until February 2021.

## 9 Financial / Risk Implications

- 9.1 At the current time a net overspend of £1,990,750 for the General Fund is forecast due to the reasons highlighted above and in the appendices. The overspend will necessitate funding from the Council's reserves at the end of the financial year although it is hoped that a further part of the Covid-19 related expenditure will be funded by additional government grant above that already received.
- 9.2 As previously discussed the Covid-19 situation is constantly changing and the Council updates it's plans and projections regularly to take account of the latest developments and guidance from Government. The overspend forecast between May and June has reduced by £585,977 in light of the most recent information and as a result of management action. Details of the changes are shown in the table in section 3 of this report. Future monitoring report will continue to be updated based on the most up to date understanding of the situation and guidance available.

## 10 Legal Implications

- 10.1 Section 151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. This report satisfies the requirements of that legislation in terms of monitoring the Council's budgets.

11 Equality Impacts

11.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable

12 Data Protection Impacts

12.1 Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	Not applicable

13 Climate change impacts

13.1 This report does not contain proposals that would impact on the Council's commitments to taking action on climate change.

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



## 2020/21 Forecast: General Fund Financial Position at year end 31/03/2021

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21	Budget Variances June (Period 3)	Forecast Variance at year end (31/3/2021) Non-Covid-19	Forecast Variance at year end (31/3/2021) Covid-19	Overall Forecast Variance at year end (31/3/2021)
	£	£	£	£	£
<b>Strategy and Resources Committee</b>					
Salaries	5,166,671	57,700	27,700	30,000	57,700
<u>Non Salaries</u>					
Interest Payable	1,889,000	0	0	75,000	75,000
Investment Property Income	(989,000)	0	0	247,250	247,250
Interest Receivable	(2,764,200)	0	197,000	300,000	497,000
IT - Software and hardware	10,400	0	0	10,000	10,000
Covid 19 Grants	0	0	0	15,000	15,000
Land Charges	(135,000)	0	0	34,000	34,000
Other Variances less than £10k	988,833	0	0	35,950	35,950
Corporate Items	(1,755,173)	0	0	100	100
<b>Resources Total</b>	<b>2,411,531</b>	<b>57,700</b>	<b>224,700</b>	<b>747,300</b>	<b>972,000</b>
<b>Planning Policy</b>					
Salaries	1,510,700	(9,600)	(10,700)	1,100	(9,600)
<u>Non Salaries</u>					
Planning Application and Advice	(634,562)	74,000	0	491,300	491,300
Local Plan	439,500	(93,000)	(500,000)	19,500	(480,500)
Community Infrastructure Levy	0	0	0	45,000	45,000
Building Control Chargeable	0	0	0	227,500	227,500
Other net items of less than £10,000	22,400	(300)	0	0	0
<b>Planning Policy Total</b>	<b>1,338,038</b>	<b>(28,900)</b>	<b>(510,700)</b>	<b>784,400</b>	<b>273,700</b>
<b>Community Services Committee</b>					
Salaries	2,235,300	(32,200)	(40,500)	8,300	(32,200)
<u>Non Salaries</u>					
Car Parking-Off Street	17,100	0	0	124,900	124,900
Car Parking-On Street	0	0	0	54,800	54,800
Hackney Carriage/Private Hire	(17,600)	0	0	51,600	51,600
Leisure & Community Grants	468,200	0	0	567,000	567,000
Waste Services	3,736,800	0	0	558,700	558,700
Environmental Services	99,500	0	0	71,800	71,800
Cesspool Services	(34,800)	0	0	75,600	75,600
Operational Services	(244,400)	0	0	156,500	156,500
Parks and Open Spaces	1,025,600	0	0	63,200	63,200
Other Variances less than £10k	(934,600)	0	0	3,400	3,400
<b>Community Services Total</b>	<b>6,351,100</b>	<b>(32,200)</b>	<b>(40,500)</b>	<b>1,735,800</b>	<b>1,695,300</b>
<b>Housing - General Fund</b>					
Salaries	775,800	20,600	18,900	1,700	20,600
<u>Non Salaries</u>					
Meadowside Mobile Homes	(109,500)	(10,265)	0	10,800	10,800
Housing of the Homeless	(59,900)	(65,119)	0	8,600	8,600
Private Sector Enabling	63,863	(2,203)	0	12,500	12,500
Other net items of less than £10,000	(211,200)	(99,658)	0	0	0
<b>Housing General Fund Total</b>	<b>459,063</b>	<b>(156,645)</b>	<b>18,900</b>	<b>33,600</b>	<b>52,500</b>
Covid-19 Grant	0	0	0	(872,750)	(872,750)
Covid-19 New Burdens Grant	0	0	0	(130,000)	(130,000)
<b>Council General Fund Position at 31/03/2021</b>	<b>10,559,732</b>	<b>(160,045)</b>	<b>(307,600)</b>	<b>2,298,350</b>	<b>1,990,750</b>

## 2020/21 Forecast: Housing Revenue Account Financial Position at year 31/03/2021

KEY HRA REVENUE VARIANCES	Annual Budget 2020/21 (£)	Budget Variances June (Period 3) (£)	Forecast Variance at year end (31/3/2021) Non-Covid-19 (£)	Forecast Variance at year end (31/3/2021) Covid-19 (£)	Overall Forecast Variance at year end (31/3/2021) (£)
Salaries	1,722,400	7,700	5,900	1,800	7,700
Services costs	5,951,600	0	0	100	100
Corporate Support Services- Internal Recharges	1,441,800	0	0	0	0
Repairs and Maintenance	2,640,500	0	0	(100,000)	(100,000)
Interest Charges payable on HRA Loan(net)	1,912,100	0	(264,000)	0	(264,000)
Rental Income from Council Dwellings	(14,200,500)	0	0	200,000	200,000
Garages	(279,700)	0	0	10,000	10,000
Other Income	(226,000)	0	0	3,900	3,900
<b>Forecast HRA Position at 31/03/2021 before transfer to reserves</b>	<b>(1,037,800)</b>	-	<b>(258,100)</b>	<b>115,800</b>	<b>(142,300)</b>
Transfer to reserves	1,037,800	-	258,100	(115,800)	142,300
<b>Forecast HRA Position at 31/03/2021 after transfer to reserves</b>	<b>0</b>	-	<b>0</b>	<b>0</b>	<b>0</b>

**Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P03 June****Community Services Committee**

The Community Services Committee budget is showing an overall forecast overspend at the 31/3/2021 of £1,695,300 including the impact of Covid-19. The financial forecast shown in Appendix A(i) is shown split between the forecast overspend without the impact of Covid-19 with the impact of Covid-19 shown separately on the Council's Budgets. The analysis shown below and the forecast is based on a Realistic projection, However the Pessimistic and Optimistic projections are also provided. These are shown below in the narrative explanation for each budget area. Where specific management actions at this early stage have been identified to address the forecast overspend, these are shown below.

**Explanation of the reasons for the forecast overspend****Non Covid-19 Budget spending****Salaries**

The Community Services salaries budget is underspent by £32,200. Included in this underspend is expenditure of £8,300 on unbudgeted overtime in relation to Covid-19 work. However aside from overtime in relation to Covid-19 work it is anticipated that salaries expenditure will be in line with the budget at year end and there will be no salaries overspend on Community Services. Salaries and agency staff and consultancy expenditures across the Council are being rigorously being managed at the centre and it is anticipated that the salaries budget across the Council will be on target at year end. This is a realistic projection.

**Non-Salaries**

Non-salaries expenditure and income budgets are in line with the budget at the end of June. No expenditure variances have been identified aside from the financial impact of Covid-19. It is anticipated therefore that the Community Services Non-salaries expenditure and income budgets will be on target at year end.

**Covid-19 Budget Spending****Forecast Income loss****Car Parking-Off Street-**

<b>Realistic £124,900</b>	52% of Budget Income, based on 3 months lockdown 100% £nil income + 3 months at 66.7% of Budget + 6 months at 20% of Budget
Optimistic £27,800	12% of Budget Income, based on 6 weeks at lockdown with £nil income
Pessimistic £241,700	100% of Budget Income, based on 12 months £nil income

The contract the Council recently undertook with Surrey County Council was that any cost overruns are to be borne by the Council. As we are currently in lockdown the likelihood of many Parking Fine Notices being issued by the Enforcement Officers will be drastically reduced.

**Car Parking-On Street**

<b>Realistic £54,800</b>	52% of budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% of Budget + 6 months at 80% of budget
Optimistic £12,200	12% of budget Income, based on 6 weeks at lockdown with £nil income
Pessimistic £106,000	100% of budget Income, based on 12 months £nil income

Currently throughout the District, all the Councils car parking charging has been suspended.

### Hackney Carriages / Private Hire

**Realistic £51,600** 60% of budget Income, based on 3 months lockdown with 100% £nil income + 3 months at 0% of Budget + 6 months at 80% of budget

Optimistic £12,231 12% of budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £106,000 100% of budget Income, based on 12months £nil income

Whilst in lockdown there is unlikely to be any income from Hackney Carriages and this might push some of the drivers into seeking other types of work and not return to taxi driving.

### Environmental Services

**Realistic £71,800** 52% of budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% of Budget + 6 months at 80% of budget

Optimistic £14,885 12% of budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £129,000 100% of budget Income, based on 12months £nil income

Decrease in demand and requirement for licences due to Covid19 and the current lockdown.

### Waste & Other Services

**Realistic £48,700** details as noted below

Optimistic £48,700 details as noted below

Pessimistic £48,700 details as noted below

This is a loss of income from the Garden Waste Club due to Covid19 delaying the start date of the new waste contract.

### Cesspool Services

**Realistic £75,600** based on a reduction of 30% of budget income

Optimistic £25,200 based on a reduction of 10% of budget income

Pessimistic £126,000 based on a reduction of 50% of budget income

The cesspool team may not be able to achieve budget due to staff sickness and Covid-19 restrictions on movement. Also, as the lockdown continues homeowners with less available money may try and delay having to have cesspool empty as often, although the contra to this is that as people are homeworking we may find more demand is wanted from the service, however we are limited to the 2 vehicles and 2 qualified drivers who can deliver the service.

### Operational Services

**Realistic £156,500** average 45% of budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% - 80% of Budget + 6 months at 80% of budget

Optimistic £37,700 average 11% of budget Income, based on 6 - 7 weeks at lockdown with £nil income

Pessimistic £361,600 100% of budget Income, based on 12months £nil income

The operational team are working within the boundaries of Covid-19, social distancing and Healthy and Safety restriction with having to wear PPE and lastly staff sickness means the team are unable to work at normal capacity. This will all have a knock-on effect on the team's capabilities to deliver a normal service of maintaining the HRA housing stock and therefore will also lead to less billable work for the team.

## **Parks & Open Spaces**

**Realistic £63,200** 52% of Budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% of Budget + 6 months at 80% of budget

Optimistic £20,000 12% of Budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £123,700 100% of Budget Income, based on 12months £nil income

Decrease in revenue from sports facilities due to these being closed whilst in lockdown.

Also, within the Parks & Open Spaces numbers the Grounds Maintenance contract with HRA sits. The team may not be able to deliver to contract due to staff sickness and Covid-19 restrictions on movement. It has been assumed that the team will have reductions as noted below:-

Realistic 8% of income – based on each if the team members being off sick for 4 weeks

Optimistic 4% of income – based on each if the team members being off sick for 2 weeks

Pessimistic 17% of income - based on each if the team members being off sick for 8 weeks

## **Forecast Additional Expenditure**

### **Leisure and Community Grants**

**Realistic £567,000** based on support to 31<sup>st</sup> March 2021

Optimistic £283,500 based on 50% support to 31<sup>st</sup> March 2021

Pessimistic £567,000 based on support to 31<sup>st</sup> March 2021

These costs represent the additional costs the Council may incur on the Tandridge's leisure centres. The estimated cost (realistic) has reduced by £395,800 when compared to the £962,000 figure forecast at the end of April. This is due to a lower level of support now being forecast.

Freedom Leisure have requested a package of financial support to enable them to continue the contract while the facilities are closed and to reopen leisure facilities when the lockdown is lifted, which is anticipated to be later in July. A package of proposals has been received and is under consideration by Members. There is also a separate paper being presented to this committee on Freedom Leisure.

### **Waste & Other Services**

**Realistic £510,000** details as noted below

Optimistic £260,000 assumed that 50% of the all the costs listed below are incurred

Pessimistic £510,000 details as noted below

These costs represent the additional costs the Council may incur on the Waste Services.

£425,000 - increase costs of Collection due to Covid-19. Increase in waste staffing costs due to higher than normal staff sickness, agency staff having to be brought in to run the service. Also, there

is additional H&S requirements to ensure the waste team stay safe. In particular, there is extra cleaning and disinfecting of equipment and personnel. Assumed £35,400 for 12 months

£35,000 – Professional Fees - Possible extension to existing waste contract as we will not be able to mobilise for the new contract at planned start date. Assumed legal costs of redrafting contracts etc and additional costs of setting up extension to existing contract.

£50,000 – Covid-19 has delayed the ordering and purchasing of the new waste vehicles. We will have to keep the old vehicles for longer and therefore may incur high maintenance costs and / or hiring costs of vehicles. Assumed 25% contingency based on current maintenance budget of £200,000.

The cost of £510,000 has reduced by £882,000 from the end of April20 forecast amount of £1,392,000. This is due to change in assumptions regarding the waste collection contract where we are now not anticipating that the rules around social distancing will not be a prescriptive which would have added substantial additional costs to the collection process.

#### Proposed Management Action regarding: Overspends

Management are trying to mitigate and prevent any additional non-Covid 19 overspends with the Covid-19 overspends there is little opportunity for management to mitigate these.



Proposed Management Action regarding: Overspends

The positions will continue to be closely monitored.





### Forecast Additional Expenditure

**Rent Loss from Bad Debts-**                    **Realistic £210,000**, Optimistic £100,000, Pessimistic £400,000

As HRA arrears are expected to increase significantly and an increased revenue contribution to the bad debts reserve is forecast. At this stage it is assumed that an increase of £210,000 will be required. This forecast included both dwellings and garages. The situation will become clearer over the coming months as the level of direct debit cancellation and increase in arrears becomes known.

### Forecast Underspend

**Repairs and Maintenance expenditure-    Realistic (£100,000)**

Due to the lockdown and required social distancing measures planned repairs and maintenance have been postponed. It is thought that some of the delayed work can be caught up with during the year depending on the weather but not all planned expenditure is likely to occur this financial year. It is estimated that an underspend of £100,000 is likely.

### Proposed Management Action regarding: Overspends

The level of HRA rent arrears will be closely monitored throughout the year. A reduced level of repairs and maintenance work is likely to alleviate the in-year impact of an increased transfer to the bad debts provision however the repairs and maintenance work will still need to be undertaken in future years.

Any government assistance available to tenants to help them deal with the financial impact of Covid-19 on their ability to pay their rent will signposted to tenants. Discretionary Housing Payments may be used to clear tenant arrears in some cases if additional funds are made available.

**Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P3 June****Planning Policy Committee**

The Planning Policy Committee budget is showing an overall forecast overspend at the 31/3/2021 of £273,700 including the impact of Covid-19. The financial forecast shown in Appendix A(i) is shown split between the forecast overspend without the impact of Covid-19 with the impact of Covid-19 shown separately on the Council's Budgets. The analysis shown below and the forecast is based on a Realistic projection, however the Pessimistic and Optimistic projections are also provided. These are shown below in the narrative explanation for each budget area. Where specific management actions at this early stage have been identified to address the forecast overspend, these are shown below.

**Explanation of the reasons for the forecast overspend****Non Covid-19 Budget spending****Salaries**

The Planning Policy salaries budget is underspent by £9,600. Included in this underspend is expenditure of £1,100 on unbudgeted overtime in relation to Covid-19 work. However aside from overtime in relation to Covid-19 work it is anticipated that salaries expenditure will be in line with the budget at year end and there will be no salaries overspend on Planning Policy. Salaries and agency staff and consultancy expenditures across the Council are being rigorously managed at the centre and it is anticipated that the salaries budget across the Council will be on target at year end. This is a realistic projection.

**Non-Salaries**

Non-Salaries expenditure and income budgets are currently showing on budget at the end of June, with the exception of the Local Plan. This budget is showing a £500,000 favourable variance as expenditure has been reduced to generate an in-year saving. No other expenditure variances have been identified aside from the financial impact of Covid-19.

**Covid-19 Budget Spending****Forecast Income loss**

**Planning Applications & Advice-                      Realistic £491,330    Optimistic £175,475, Pessimistic £533,425**

Existing Planning Applications are still being processed but it is expected that these will dry up in the coming weeks, leaving a shortfall in income received. The realistic forecast is based on losing 70% of our income, the pessimistic 75% and the optimistic 25%.

**Community Infrastructure Levy - Realistic £45,000    Optimistic £22,500, Pessimistic £67,500**

This has been included as any slowdown in development will have an impact on the 5% admin fee the Council can claim. The realistic forecast is based on losing 70% of our income, the pessimistic 75% and the optimistic 25%.

**Southern Building Control Partnership    Realistic £227,500    Optimistic £113,750, Pessimistic £341,250**

This assumes that SBP will not get any income for 3 months (optimistic), 6 Months (realistic) or 9 months (pessimistic) and this is TDC share (as per set out in the Inter Authority Agreement) of the net cost after deducting costs of vacancies which will not be filled until the market starts to pick up.

#### Forecast Additional Expenditure

##### **The Neighbourhood Plan**

**Overspend of £19,500**

A delay in the Neighbourhood Plan going to referendum will result in a delay to the grant being received to cover the cost of the examiner. The end result will mean the grant will be not be received in until later years whereas the costs has been incurred in this financial year 2020/21, which has caused an adverse variance of £19,500 to the 2020/21 budget.

#### Proposed Management Action regarding: Overspends

The positions will continue to be closely monitored.

## Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P3 June

### Strategy and Resources Committee

The Strategy and Resources Committee budget is showing an overall forecast overspend at the 31/3/2021 of £972,000 including the impact of Covid-19. The financial forecast shown in Appendix A(i) is shown split between the forecast overspend without the impact of Covid-19 with the impact of Covid-19 shown separately on the Council's Budgets. The analysis shown below and the forecast is based on a Realistic projection, however the Pessimistic and Optimistic projections are also provided. These are shown below in the narrative explanation for each budget area. Where specific management actions at this early stage have been identified to address the forecast overspend, these are shown below.

### Explanation of the reasons for the forecast overspend

#### Non Covid-19 Budget spending

##### Salaries

The Strategy and Resources salaries budget is overspent by £57,700. Of this overspend, £30,000 is in relation to Covid-19 work. A year end Strategy and Resources Committee salaries overspend of £57,700 is being forecast, however it is worth noting that this is offset by minor underspends within other committees and the General Fund as a whole is forecasting a £4,600 underspend on salaries once overtime from Covid-19 is excluded. Salaries and agency staff and consultancy expenditures across the Council are being rigorously managed at the centre and it is anticipated that the salaries budget across the Council will be on target at year end. This is a realistic projection.

##### Non-Salaries

The only non Covid-19 variance is the reduction on budgeted Interest Receivable of £197,000 due to the decision to not proceed with an agreed property purchase through Gryllus.

No other non Covid-19 expenditure variances have been identified at the end of June.

#### Covid-19 Budget Spending

##### Forecast Income loss

**Interest Receivable**                                  **Realistic £300,000**, Optimistic £89,800, Pessimistic £500,000

A reduction in interest receivable following the cut in the Bank of England base rate from 0.75% to 0.1% influencing the return on investments.

This estimated variance has increased by £120,400 from the £179,600 forecast at the end of April. This is due to a detailed review of projected investment income. Lower returns are now forecast on fund investments.

**Investment Property Income**                    **Realistic £247,250**, Optimistic £197,802, Pessimistic £494,500

Due to the enforced closedown some tenants have requested rent holidays, this primarily affects Quadrant House.

**Land Charges Income**                              **Realistic £34,000**, Optimistic £20,250, Pessimistic £67,500

Reduction in Land Charge searches as the lockdown resulted in the reduction of property purchases.

Forecast Additional Expenditure

**Interest Payable** **Realistic £75,000**

Forecasted additional Interest payable on short term borrowing to manage cost flow due to the reduced collection of Business Rates and Council Tax.

This estimate has decreased by £195,000 from the £270,000 forecast at the end of April. This is due to a review of cash flow now projecting a lower level of borrowing over a shorter timespan to meet cash flow needs.

**IT – Software Overspends** **Realistic £10,000**

Software and Hardware to accommodate the need for staff to work from home.

**Covid-19 – Support Grants** **Realistic £15,000**

Grants made to Parish councils and Volunteer Agencies.

Proposed Management Action regarding: Overspends

Salaries will continue to be under constant monitoring and there will be continued management of agency posts. Costs incurred in relation to Covid-19 will also be monitored and insured essential, with forecasts being reviewed as the situation develops.

Scheme Name	Annual Budget incl. slippage 2020/21	Budget YTD P3	Actual YTD P3	Variance YTD P3	Forecast Annual Variance 2020/21 at P3	Annual Percentage Variation	Budget Manager
	£	£	£	£	£	%	
<b>Community Services</b>							
Vehicle Fleet Renewals	543,900	136,000	0	(136,000)	(136,000)	-25%	Nic Martlew
Car Parking	47,300	11,800	15,129	3,329	0	0%	Nic Martlew
Ellice Road Car park	0	0	0	0	0	-	Grant Miles
Children's Playground Equipment	292,000	73,000	0	(73,000)	(73,000)	-25%	Nic Martlew
Purchase of Waste Collection Vehicles	2,800,000	700,000	0	(700,000)	0	-	Simon Mander
Land Drainage Capital Works	15,000	3,800	0	(3,800)	(3,700)	-25%	Nic Martlew
Park, Pavilions & Open Spaces	188,900	47,200	4,744	(42,456)	(47,200)	-25%	Nic Martlew
Playground Improvements Match Funding Pot	50,000	12,500	0	(12,500)	0	-	Nic Martlew
Waste & Recycling Contract Equipment	0	0	6,619	6,619	7,000	-	Simon Mander
Litter Bins	22,000	5,500	0	(5,500)	(5,500)	-25%	Nic Martlew
Garden Waste Bins	111,000	27,800	0	(27,800)	(27,700)	-25%	Simon Mander
Public Conveniences Capital Works	550,000	137,500	0	(137,500)	(137,500)	-25%	Nic Martlew
Roads & Paths St Marys Church	7,600	1,900	0	(1,900)	0	0%	Nic Martlew
Plant, Furniture & Equipment (GF)	30,240	7,600	16,323	8,723	0	0%	Nic Martlew
Refuse, Recycling and Food Waste bins	58,308	14,600	0	(14,600)	(14,600)	-25%	Simon Mander
<b>Total-Community Services</b>	<b>4,716,248</b>	<b>1,179,200</b>	<b>42,814</b>	<b>(1,136,386)</b>	<b>(438,200)</b>	<b>-9%</b>	
<b>Housing General Fund</b>							
Social Housing Grants	100,000	25,000	0	(25,000)	(100,000)	-100%	Peter Trowbridge
Disabled Facilities Grants Mandatory	426,000	106,500	69,553	(36,947)	(106,500)	-25%	Jane Ellis
<b>Total-Housing GF</b>	<b>526,000</b>	<b>131,500</b>	<b>69,553</b>	<b>(61,947)</b>	<b>(206,500)</b>	<b>-39%</b>	
<b>Resources Committee</b>							
Property Development Fund	98,841,500	24,710,400	10,013	(24,700,388)	(97,860,500)	-99%	Alison Boote
Land/Asset Development	0	0	0	0	0	-	Alison Boote
Council Offices Buildings	100,000	25,000	6,345	(18,655)	(25,000)	-25%	Alison Boote
Customer First / IT	150,000	37,500	0	(37,500)	0	0%	Mel Thompson
IT - Hardware/Infrastructure/Customer First Project	723,600	180,900	0	(180,900)	(180,900)	-25%	Mel Thompson
<b>Total-Resources</b>	<b>99,815,100</b>	<b>24,953,800</b>	<b>16,358</b>	<b>(24,937,443)</b>	<b>(98,066,400)</b>	<b>-98%</b>	
<b>Total-General Fund</b>	<b>105,057,348</b>	<b>26,264,500</b>	<b>128,724</b>	<b>(26,135,776)</b>	<b>(98,711,100)</b>	<b>-94%</b>	
<b>Housing Revenue Account</b>							
Council House Building	11,376,700	2,844,200	778,034	(2,066,166)	(2,844,200)	-25%	Peter Trowbridge
Structural Works	705,000	176,250	14,983	(161,267)	(176,200)	-25%	Robert Preedy
Modernisation & Improvements	765,500	191,375	77,499	(113,877)	(191,400)	-25%	Robert Preedy
Energy Efficiency Works	541,500	135,375	35,188	(100,187)	(135,400)	-25%	Robert Preedy
Internal Service Renewals	611,000	152,750	231,210	78,460	(66,500)	-11%	Robert Preedy
Works to Void Properties	425,000	106,250	0	(106,250)	(106,200)	-25%	Robert Preedy
Health & Safety	90,000	22,500	13,587	(8,913)	(22,400)	-25%	Robert Preedy
Adaptations for the Disabled	225,000	56,250	41,879	(14,371)	(56,200)	-25%	Robert Preedy
Essential Structural Works	185,000	46,250	10,610	(35,640)	(46,200)	-25%	Robert Preedy
Communal Services	60,000	15,000	3,853	(11,148)	(15,000)	-25%	Robert Preedy
Housing Management Software	70,000	17,500	2,500	(15,000)	0	0%	Mel Thompson
<b>Total-HRA</b>	<b>15,054,700</b>	<b>3,763,700</b>	<b>1,209,341</b>	<b>(2,554,359)</b>	<b>(3,659,700)</b>	<b>-24%</b>	
<b>Total Capital Programme</b>	<b>120,112,048</b>	<b>30,028,200</b>	<b>1,338,065</b>	<b>(28,690,135)</b>	<b>(102,370,800)</b>	<b>-85%</b>	

**2020/21 Capital Monitoring - Budget Managers Comments**  
**Period 3, June 2020**

<b>Community Services</b>
<b>Vehicle Fleet Renewals</b>
It is expected that due to Covid-19 there will be some delay on the purchase of vehicles
<b>Car Parking</b>
Resurfacing work at Warren Lane Car park, new lighting at Ellice Road Car Park, CCTV at Woldingham & resurfacing at the Leisure Centre CP will be incurred in 2020/21. It is likely that all the budget will be spent in the current year
<b>Children's Playground Equipment</b>
It is expected that due to Covid-19 there will be some delay in the progress of these works
<b>Purchase of Waste Collection Vehicles</b>
The programme was slipped from 2019-20.
<b>Land Drainage Capital Works</b>
This money will be spent during the winter months on flood alleviation works.
<b>Park, Pavilions &amp; Open Spaces</b>
A sum of £40,000 has been committed in 2020/21 but the Council is waiting for report/guidelines on Queens Park Pavilion cladding works before commencing the works.
<b>Playground Improvements Match Funding Pot</b>
The budget will be slipped from 2019-20. Parish Councils have been approached and waiting for bids.
<b>Waste &amp; Recycling Contract Equipment</b>
This project is complete
<b>Litter Bins</b>
Having completed consultation & Member Workshops a Committee paper and policy was considered at the March Community Services Committee meeting.
<b>Garden Waste Bins</b>
A small underspend is being forecast by the Budget Manager.
<b>Public Conveniences Capital Works</b>
Having completed consultation & Member Workshops a committee paper and recommendations were considered at the March Community Services Committee meeting.
<b>Roads &amp; Paths St Marys Church</b>
The remaining budget from 2019/20 of £7,500 has been slipped into 2020-21 and it is expected that this will be spent in 2020/21.
<b>Plant, Furniture &amp; Equipment (GF)</b>
The expenditure to date amounts to £16,323 and it is anticipated that this budget will be spent in full by the end of the year.



<b>Housing General Fund</b>
<b>Social Housing Grants</b>
No Social Housing Grant allocations at this time.
<b>Disabled Facilities Grants Mandatory</b>
Demand for DFGs remains high and is driven by the increasing aging population in the District, however there may be delay in scheme completion due to Covid-19

<b>Strategy &amp; Resources</b>
<b>Property Development Fund</b>
Budget spend is dependent on suitable acquisitions being identified. If this scheme is under budget at the year end then it will be carried forward into future years. Further commercial investments are currently on hold awaiting the results of a government consultation on the future lending terms of the Public Works Loan Board (PWLB). Expenditure on the refurbishment of Quadrant House is expected to be £981,000 for the current year
<b>Council Offices Buildings</b>
This budget covers the planned maintenance programme for the Council Offices, however there may be delay due to Covid-19
<b>Customer First / IT</b>
Ongoing ICT development works progressing. This scheme is expected to be on budget in the current financial year.

<b>Housing Revenue Account</b>
<b>Council House Building</b>
The budget underspend from 2019-20 of £2.3m has been slipped into 2020-21. Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials. The Court development however is still progressing. The year end variance reflects this position.
<b>Structural Works</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Modernisation &amp; Improvements</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Energy Efficiency Works</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Internal Service Renewals</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Works to Void Properties</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Health &amp; Safety</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Adaptations for the Disabled</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Essential Structural Works</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Communal Services</b>
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
<b>Housing Management Software</b>
Ongoing IT development works progressing.



Ministry of Housing,  
Communities &  
Local Government

To all English local authority Leaders and  
Chief Executives

**Simon Clarke MP**  
*Minister for Regional Growth and Local Government*

**Ministry of Housing, Communities and Local  
Government**

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2 July 2020

Dear Colleague,

## **SUPPORT PACKAGE FOR LOCAL AUTHORITIES – COVID-19 AND BEYOND**

I cannot emphasise enough how important your tireless efforts have been during this pandemic. Local government has been at the heart of an immense national response, and I know you will help lead us through the strong and swift economic recovery we need.

The Secretary of State for Housing, Communities and Local Government, Rt Hon Robert Jenrick MP, set out at the start of the pandemic that the Government would ensure councils have the resources they need for long term financial sustainability and to continue to deliver vital services.

To do that, we provided £27 billion to support local councils, businesses and communities; including the £3.8 billion of support specifically for local authorities. This funding has allowed councils to deliver for their communities: including helping get rough sleepers off the streets, establishing our shielding programme, and providing support for 800,000 small and medium-sized businesses.

But these pressures have not yet passed, and today we announced further measures as part of a comprehensive package of support for local authorities, these include:

- A further £500 million of funding to cover local authority spending pressures
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income
- Phased repayment of Collection Fund deficits over the next 3 years
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review

Firstly, on expenditure, we remain firm that we will support councils with the money needed to carry out the tasks we have asked of you including adult social care; children's services; public health services; fire and rescue services; household waste services; shielding the clinically extremely vulnerable people; homelessness and rough sleeping; domestic abuse; managing excess deaths and support for re-opening the country. I've been pleased that councils have worked with us openly and collaboratively throughout the pandemic, and the information provided has been hugely important in shaping our understanding of the pressures you face.

We understand that you are continuing to see increased costs across a range of services, and so the Secretary of State has announced a further £1 billion to help ensure that, along with past

funding provided, you have the money you need to meet these costs in the coming months. We will continue to monitor this situation as the economy reopens. You have told us what is going on in your local areas through the monitoring returns and we have used this data to shape our approach to allocating the £500 million. Our first round of allocations in March was based primarily around getting emergency support into Adult Social Care. The second round addressed both expenditure pressures and income shortfalls. With the benefit of better data, we now plan to address income shortfalls separately to expenditure and so we have created a new formula for the additional £500 million. This formula will reflect the factors which the returns have told us correlate most closely with your expenditure, and will take account of population, deprivation and the way that service costs vary across the country. Allocations will be communicated shortly, and as before, I ask that you continue to work with parish and town councils in your communities in determining how this further funding is spent.

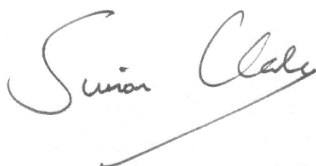
As well as the increased spending during the pandemic, I know the national lockdown has had a significant impact on your incomes. We know that the pandemic has had an unprecedented impact on councils' income from sales, fees, and charges – for which they could not have planned. To help mitigate this, the Government is introducing a co-payment scheme to compensate local authorities for relevant, irrecoverable losses in 2020-21. Under this scheme, councils bear the first 5% of losses compared to their budgeted income – reflecting the fact these income sources are by their nature volatile from one year to the next – but the Government will support those worst affected by covering 75p in every pound of losses beyond this. This further financial support will also mean that your previous allocations can go further in meeting the expenditure pressures posed by the pandemic. Further details of the scope of this scheme, including the principles which we intend to cover losses on, will be shared with you ahead of the first process of collecting, calculating, and compensating for relevant losses.

We are also considering how to support you in managing your tax losses. The Secretary of State has committed today to consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government. However, as these losses materialise in budgets in 2021-22, details of this measure will be determined at the Spending Review. We have announced today that the repayment of collection fund deficits arising this year will be spread over the next three years rather than the usual one, and I believe that this support will give you considerable additional breathing room in setting budgets for next year before we make a fuller announcement at the Spending Review.

The package we are delivering is designed to help councils through the coming months and, whilst there will be some shared financial pain, it continues to meet our commitment to stand with local government as it delivers vital support for our communities during the pandemic. However, I recognise that a small number of local authorities have experienced exceptional pressures as a result of the pandemic. I will continue to work with these councils to understand the issues that they are facing for the rest of year. I would encourage any local authority with exceptional pressures to engage with my team of officials over the coming weeks as we finalise these proposals.

Together, I believe these measures amount to a comprehensive package of support for the sector, allowing you to rise to the challenges we will continue to face during our recovery from the pandemic, without compromising your long-term sustainability.

Yours ever,

A handwritten signature in black ink, appearing to read 'Simon Clarke', written over a horizontal line.

**SIMON CLARKE MP**  
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<b>REPORT TO THE STRATEGY &amp; RESOURCES COMMITTEE – 28<sup>TH</sup> JULY 2020</b> <b>AGENDA ITEM 8</b>	
<b>INDEPENDENT REVIEW OF GOVERNANCE</b>	
Report of:	Lidia Harrison - Head of Legal Services and Monitoring Officer <a href="mailto:lharrison@tandridge.gov.uk">lharrison@tandridge.gov.uk</a> - 01883 732740
ELT Lead:	Elaine Jackson - Acting Chief Executive <a href="mailto:ejackson@tandridge.gov.uk">ejackson@tandridge.gov.uk</a> - 01883 732717
Purpose of report:	To inform Members of the outcome of the independent review of the Council's governance conducted by the Centre for Public Scrutiny and next steps to address its findings.
Publication status:	Unrestricted
Recommendations:	That the Committee  A. notes the findings of the independent review of the Council's governance;  B. endorses the statement by Group Leaders as set out at section 3.2; and  C. agrees to receive further updates on actions to address the recommendations, as part of reporting on the Corporate Improvement Plan.
Appendices:	Appendix 'A' - Tandridge DC Governance review final report (Centre for Public Scrutiny)
Background papers defined by the Local Government (Access to Information) Act 1985	None

## 1. Background

1.1 An independent review of the Council's governance has been conducted by the Centre for Public Scrutiny (CfPS). The review was informed by:

- Interviews carried out with a selection of senior Members and Officers in January 2020;
- A detailed review of documentary evidence.

1.2 Work to complete the review was delayed by the COVID-19 pandemic: a written report setting out findings and recommendations for action has now been received by the Council.

## **2. Findings of the review**

2.1 The report identifies four core, long-standing issues which have weakened the Council's overall governance position relating to leadership, workforce, politics and finances. The review recommends actions to support stabilisation and achieve improvement which the Council should take in relation to:

- i) beginning to build a foundation of trust on which longer-term actions can be built;
- ii) pursuing a different dynamic around attitudes, behaviours and values;
- iii) developing a clearer understanding of respective roles and responsibilities for Members and Officers;
- iv) bringing consistency and transparency on the basics of how decisions are made and how they are held to account;
- v) developing more awareness, ownership and management of risk.

2.2 The report notes that a number of recommended actions are already underway:

- the introduction of regular Group Leader meetings;
- the development of a new Strategic Plan;
- the drafting of a new set of protocols to better support policy-making and the clear identification of roles and relationships.

2.3 The report recommends technical changes to the way that processes and systems operate, including actions relating to information access and sharing. These include:

- increased provision of Member briefings;
- increased use of Member working groups;
- continuation of Group Leaders' meetings;
- re-establishment of the Standards Committee.

2.4 The report recommends changes to the remit and focus of Strategy and Resources Committee, Overview and Scrutiny Committee and full Council, including:

- i) ensuring that Strategy and Resources committee focuses on long-term improvement, ownership of the Strategic Plan and complex cross-cutting issues escalated from other committees;
- ii) revising the focus of Overview and Scrutiny Committee, with a strengthened focus on audit and cross-council financial matters;
- iii) developing opportunities for better substantive discussion of matters of local importance at full Council.

## **3. The Council's response to the review**

3.1 Briefings for all Members and senior Officers have been held, offering an opportunity to question and receive clarification from the report's author, Ed Hammond.

3.2 Leaders of the Council's four Groups have issued the following statement:

*As Group Leaders, we recognise that the Council is in a difficult position. The ongoing Covid-19 crisis presents us with significant difficulties which are exacerbated by the existing, deep-set issues about governance. These issues are not new and have been present in the Council for some time. The response and solution to these issues must lie with us acting collectively as leaders of each of the Council's political groups, working with the Council's senior officers. What we have in common is the desire to see local people served and supported by the work that both Members and Officers do together as a Council: we are committed to working together to address the issues.*

3.3 In addition to the actions already underway outlined in section 2.2 above, the Council has also:

- i) commissioned Member development sessions, delivered by the Local Government Association, to support Members' understanding of the respective roles and responsibilities of members and officers;
- ii) commissioned a workshop for senior Members and Officers, also delivered by the Local Government Association to consider further how to work effectively in a council which is in No Overall Control;
- iii) reconvened the Standards Committee, which met on 21 July and considered, among other matters, an enhanced member development programme.

3.4 Work is currently underway to:

- i) develop a new process for development of reports for Committees which will ensure:-
  - appropriate ownership and signoff of reports;
  - advance notice of forthcoming reports via an externally-published forward plan, enabling members and the public to be appropriately involved in policy development;
  - an appropriate template for officer reports to ensure all appropriate information is included;
- ii) develop protocols for the signoff of minutes and on decision-making relating to planning (among other topics);
- iii) plan Member development sessions on:
  - the fundamentals of good governance;
  - chairing skills for Committee Chairs;
  - effective meetings for all Members;
- iv) develop a fortnightly briefing note for Members;
- v) deliver workshops for Officers on political awareness.

3.5 Officers will now work with Members to develop detailed plans to address all remaining recommendations of the review, including but not limited to:

- i) revised arrangements for officer-level governance;
- ii) preparation of the Annual Governance Statement (which will be brought to members for approval in the Autumn prior to the November deadline for completion);
- iii) further arrangements for regular briefing of Members in relation to council policy, governance, legal and financial matters;
- iv) a range of actions to build trust between Members and between Members and Officers;
- v) a framework which sets out the values that both Members and Officers hold in relation to the Council, which will guide their behaviour;
- vi) arrangements for the handling of member queries;
- vii) arrangements for member oversight of the delivery of key objectives, policies and decisions.

3.6 All of the actions identified above can, with the support of the Local Government Association, be delivered within existing resources and some of these actions will enable more efficient use to be made of existing resources.

#### **4 Financial / risk implications**

4.1 There are no direct financial implication from the matters covered in this report. The costs associated with the good governance review by the Centre for Public Scrutiny is £3,050.00. Other costs will be addressed when this Committee considers the further output and action plan implementation in due course.

#### **5 Legal implications**

5.1 The Council is a creature of statute and must obey legislation, act within the guidance and regulations issued and ensure probity and compliance with ethical behaviour. The report produced by CfPS highlights a number of issues of governance that demonstrate the Council has not lived up to the standards required.

5.2 The report contains a significant number of issues for the Council to address. Whilst many issues have been resolved there are still a small number to be concluded.



## 6. Equality impacts

6.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable

6.2 An increased focus on achieving good governance in the Council should ensure that, as the Council takes decisions, all potential implications and impacts on different groups in the community (positive and negative) are appropriately considered.

## 7. Data Protection impacts

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	N/A

## 8. Conclusion

8.1 Further updates on the planning and implementation of actions to address the findings of the governance review will be reported to the Committee as part of the Corporate Improvement Plan. The Standards Committee will also take an overview of actions relating to member behaviour, member training and development and standards.

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# Tandridge District Council: governance review

## Report and suggested actions

July 2020

Contact: Ed Hammond / [ed.hammond@cfps.org.uk](mailto:ed.hammond@cfps.org.uk)

## About CfPS

CfPS is a national centre of expertise on governance and scrutiny. We passionately believe that better governance and scrutiny leads to more effective decision-making, reduced risk and ultimately improved outcomes. Our work spans corporate decisions impacting on the public, to how tax payers' money is spent. We focus on behaviours and culture, as well as design and delivery.

Our work championing governance and scrutiny in public, private and voluntary sector organisations is for everyone's benefit. The challenges facing businesses and organisations now and in the future, require collaborative approaches.

We do this through research, policy development, campaigning, consultancy and training.

Since its launch, CfPS has supported hundreds of organisations and people. through leading research, policy and practical support. With a long-track record helping local councils, we also work with a wide range of others including health bodies, housing organisations, membership organisations, government agencies, regulators and private sector businesses. We deliver large improvement programmes on behalf of the Ministry of Housing, Communities and Local Government (through the Local Government Association) and the NHS.

More information can be found at [www.cfps.org.uk](http://www.cfps.org.uk)

## About governance

Governance is about the way that we work together to make good decisions. Good governance is necessary for us to know that we are providing the services and support that people need and expect. Good governance is also necessary to ensure that the insights and perspectives of a range of people are used to inform decision-making, and to ensure that decisions are made transparently, consistently and on the basis of evidence, by people with the legitimacy to make those decisions – whether they are councillors or officers.

For these reasons, good governance is central to local democracy and to the business of local authorities.

## Introduction

This paper sets out findings and areas for improvement, arising from a review of governance arrangements at Tandridge carried out by the Centre for Public Scrutiny. It focuses on short and medium term issues and solutions, and is designed to align with and support the council's ongoing work on a Strategic Plan, the Council's ongoing work to develop protocols to define relationships between key individuals, and to bring consistency to the way the Council works.

With the postponement of the 2020 election and the impact on decision-making of the pandemic, now is the time to be taking firm and concerted action to improve governance. Our original plan was to use this paper as the basis for a fuller report setting out longer term actions. However, the fluid nature of the pandemic and the response that it demands suggests that a more dynamic approach is needed. As such this represents our complete findings at this stage. Further resource will instead be put into the provision of practical, ongoing support to the council as it takes action on the issues we set out here.

For the moment, the focus of the Council is on **stabilisation**, and this is reflected in these findings and suggested actions. Key to stabilisation will be an understanding and acceptance of mutual trust and the core principles of collective leadership and responsibility, shared between all members. This form of leadership is particularly important for an authority under no overall control.

Highlighting this need for stabilisation, we set out some initial actions which can be carried out immediately. Many but not all of these will involve changes to the council's constitution, but our suggestions go beyond this. We envisage that this process will kick off a more regular process of constitutional review, which should be an annual process tied to the production of the Annual Governance Statement. We talk later in this paper about effective member leadership and ownership of the governance framework overall.

While a number of the actions suggested in this paper are short term in nature, none represent a quick fix. The actions contained here – connecting as they do with the wider framework provided by the Strategic Plan – will allow councillors to take the first steps towards the stabilisation of the authority, beyond which more considered, long term plans can be made. Turning things around will be complex and will take time. Councillors and officers alike should set their expectations accordingly. The report aims to focus on the future and to provide positive, concrete actions which councillors and council officers can collectively own in order to stabilise the authority. In order to do this, it is necessary for councillors and officers to affirm the need for **collective ownership, collective responsibility and collective leadership** – reflecting Tandridge's status as a committee system authority under no overall control.

This is about changing behaviours, and ensuring that councillors and officers work together in a way that reflects the "Nolan principles" – the seven principles of public life which are the basis of the ethical standards expected of public office holders. These principles are **selflessness, integrity, objectivity, accountability, openness, honesty and leadership**. Detailed definitions of these principles can be

found at <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>.

This report focuses on Tandridge's distinctive context as a committee system authority under no overall control. It recognises the pre-eminent role in this framework of decision-making committees and seeks to support and bolster the critical role of these committees.

Taking these positive steps requires an acknowledgment of the place the Council is in now. This is necessary, in order to recognise the presence of weaknesses within the governance framework and in the relationships between the people and groups whose roles are central to that framework. It is not done with a view to apportion blame or to single out specific responsibility for problems that have occurred, and which persist.

For the Council to improve in its delivery of both statutory services and discretionary services there must be a commitment for all to keep moving forward using the learning from this review and resist the temptation to keep looking back and undermining progress.

## Method

This report is based on:

- Interviews carried out with a selection of senior councillors and officers in January 2020;
- A detailed review of documentary evidence, including:
  - The council's constitution;
  - The council's annual governance statements in recent years;
  - Material (where it exists) relating to the council's overall vision and priorities;
  - Material (where it exists) relating to policy development and business planning;
  - Material (where it exists) relating to performance, finance and risk monitoring;
  - Agendas, reports and minutes from formal meetings including full Council, service committees and the scrutiny committee, going back a period of around eighteen months depending on the committee cycle of individual bodies.

Findings have in general been triangulated – assertions made by individuals or evidence identified on the basis of documentary analysis has been corroborated through other sources. For reasons both of brevity and confidentiality, we have not set out in full which evidence sources have been used to support each individual assertion.

# 1. Overall themes and immediate actions

## 1.1 The council's general governance position

The council is in a difficult place.

Some members and officers within the Council have a good sense of its strengths and weaknesses on governance, but many – including some members and officers in senior positions – do not. On paper, the Council's governance framework is broadly fit for purpose. The Council has an up to date constitution whose legally required components are in line with those in other authorities, although it has not been subject to the kind of regular, forensic review that we would expect. In recent months, practical action has been taken to address shortcomings in accountability by introducing more clarity around the respective roles of officers and members in oversight, through project boards and project delivery reports. A new Strategic Plan is being developed and corporate work on improvement is underway. The challenge is to maintain this direction of travel, and this is where governance shortcomings pose real risks.

The Council has no clear objectives at the moment. As such, it also has no sense of how governance might connect to its objectives. Consequently governance is seen by some as a distraction to delivery. Because of this, governance is not thought about and reflected upon in the planning of major activity, meaning that significant time is spent unproductively in post-hoc discussions and disagreements when things don't go as expected. In sections 2.1 and 2.2 below we highlight the need for member training and development, including mandatory training for all councillors on the governance and decision-making systems of the council.

The Council, corporately, still thinks of governance as only being about structures, systems, and processes. It has a limited understanding of the behavioural elements of good governance. By this we mean the way that personal relationships and trust influence accountability and transparency, and the way that individuals operate within and interpret the governance framework set out in documents like the constitution. It also has a limited understanding of how political and organisational risk intersect, and how an awareness of risk should be used to define and refine the organisation's priorities.

It is acknowledged by all of those officers to whom we spoke, and to many, but not all, of the members to whom we spoke, that the organisation is troubled and suffers from governance weakness. There are a set of challenges – leadership, workforce, political and financial – which would be mitigated more effectively if strong governance systems were in place. Stabilising the authority is proving a challenge, and this is not helped by the attitude that some councillors have towards governance and its importance. Responsibility for taking concerted action to address these issues is something that lies with all members and officers, not just the political leadership – there is a collective responsibility for good governance.

Good governance is necessary for the council to be effective in providing the services and support that local people expect. Without strong and effective decision-making in place, the council's action will be muddled and fragmented. It will not

reflect the vision that councillors have for the future of the area, and raises the likelihood that the authority will be poor at managing the external and internal risks which it is likely to experience – the pandemic being a key example of one such a risk.

There are four core issues which have served to weaken Tandridge’s overall governance position recently.

On **leadership**, the failure to assert a clear set of priorities and objectives for the council make political accountability difficult to discern. Under no overall control a different attitude and mindset must define how councillors in leadership positions act.

On **workforce**, the Customer First changes to workforce and HR arrangements have caused confusion about officer responsibility to members. The attendant uncertainty around roles and responsibilities has exacerbated an existing preoccupation by some members on operational matters. It is worth noting that the Customer First programme is a symptom, rather than a cause, of the Council’s ongoing governance problems.

On **politics**, there is significant political tension. This has been exacerbated by a lack of political nous from some senior officers, and a failure on the part of some senior members to come to terms with a changed political balance at the authority. The comparative inexperience of new councillors has magnified these issues, as new councillors unable to navigate the council’s systems have become increasingly frustrated.

On **finances**, the Council’s medium-term budget position remains uncertain. Good governance requires real member oversight of the budget development process in 20/21, and members of all groups being involved in tough conversations about prioritisation, focus and organisational direction. This has been exacerbated by the financial impact of the COVID-19 pandemic. This work will be assisted by the new Strategic Plan.

It is worth noting that these issues have not come about suddenly, over the past few months. They are long-standing and reflect the position of an authority where governance matters have not been taken seriously for a considerable time. Historically, senior officers were part of this problem; with the council in the process of renewing its senior leadership team that particular shortcoming is being addressed.

**a. Actions for stabilisation**

We think that there are a set of connected objectives for the council in the coming months. Our focus in this report is on the next few months. The nature of the pandemic makes it difficult to put firm timescales on these actions, but clear plans need to be put in place over the course of summer and autumn 2020.

<b>Principal stabilisation objectives</b>
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- Beginning to build a foundation of trust on which longer-term actions can be built (through one to one and group discussion, clarification around certain member and officer roles and more clarity on members' own motivations and objectives, as well as increased council transparency);
- Pursuing a different dynamic around attitudes, behaviours and values – recognising that this will be the start of the process and it will take time. The council can use conversations about motivations and barriers to begin to build better relationships. In the first instance, the way to do this will be to develop meaningful, substantive cross-party conversations on solutions to governance and other challenges that can be held in common;
- Developing a clearer understanding of what respective roles for members and officers look like;
- Bringing about consistency and transparency on the basics of how decisions come to be made, and how they are held to account;
- Developing more awareness, ownership and management of risk – to governance and to the authority at large.

Some of these themes will come to be fully developed only in the medium to long term. There are no quick fixes.

The council is already taking steps to stabilise. There are three principal developments in recent months which we believe will anchor this process, and support what we have to recommend on governance. These are:

- The introduction of new regular group leader meetings;
- The development of the new Strategic Plan;
- The drafting of a new set of protocols to better support policy-making and the clear identification of roles and relationships.

These measures – and particularly the Strategic Plan – should not be seen as a panacea for the Council's difficulties. The Strategic Plan will provide a framework within which governance changes can be made to stabilise the authority but agreeing and implementing these changes will require further concerted action from members and officers, particularly in the short term.

#### **b. Clarifying ownership of governance itself**

No one person is responsible for overall stewardship of the governance system. We note throughout this report a tendency to focus on the structures and systems of governance rather than its core objectives, and this is reflected in a lack of interest from members of the leadership. As a result of Customer First the Monitoring Officer role has been effectively hollowed out, with ownership of various key governance functions being shared between a number of officers in a way that is inappropriate.

There is a patchy awareness that this needs to change, but until permanent appointments are made to key positions this is unlikely.

### **Ownership of governance, change and actions taken further to this review**

The council should use the **Annual Governance Statement (AGS)** as a way to manage and champion governance stabilisation and improvement. The AGS is required to be preceded by a review, and in this instance we think it should – on the officer side - be owned by the Chief Executive, practically led by the Monitoring Officer. A new AGS, based on this independent governance review and the further internal review we mention above, should be drafted

On the member side, such a review should be led and owned by Group Leaders collectively, and is likely to develop from some of the one-to-one conversations we discuss later in this report.

The implementation and impact of short term actions carried out following this governance review can be reported in the next AGS. Medium term actions, drafted on the conclusion of this governance review, will be fed into the AGS to provide clearer council direction on these matters.

The council should **confirm permanent arrangements for the Monitoring Officer (MO)** role and ensure that the MO is empowered to exercise their key statutory functions, and those set out in the constitution;

The development of the **Strategic Plan should highlight the need for clear lines of accountability** and mechanisms for member oversight and ownership of key objectives, projects and decisions. This will embed, and provide the framework for, the broader changes discussed in this report.

The purpose of the AGS is to provide public assurance on the extent to which the authority's governance systems and processes conform with local expectations, and with wider sector norms – as well as taking account of emerging risks and pressures which could lead to a need for change. It is only possible for the AGS to provide this assurance if it is informed by a meaningful review. This need has not, in the past, been acknowledged, and the AGS has reflected more the need to produce and sign off a decontextualised document rather than presenting the culmination of a reflective review on the council's governance position.

The existing agreed AGS (operative 2019/20) is of poor quality and using this mechanism to make clear commitments at full Council on governance improvement would be a vital way of demonstrating senior member and officer ownership.

The aim should be to produce a new AGS, based on this review, within a timescale that complies with the law (given the inevitable delays owing to the pandemic). The aim should not be that the AGS will provide a complete road map for governance improvement, but it will be an important medium-term staging post on this journey.

## 1.2 Immediate changes

There are some basic actions which can be taken now to tighten up existing systems and procedures. They are “quick wins”, which reflect findings explained in more detail elsewhere in this paper and should where possible be built into the protocols under development.

### **Improving officer reports.**

- **Legal signoff:** The Monitoring Officer or another qualified lawyer should provide commentary on reports submitted formally to members. The MO or another qualified lawyer should be consulted on the content of forthcoming committee reports, and should explicitly clear such reports, to ensure that high quality legal advice can be provided.
- **Ownership of reports.** A single named senior officer should be identified as holding responsibility for leading each report and decision through the system, as a strengthening of the existing officer-level governance system. This is one of a number of actions that we suggest as a way to improve the quality of officer reports, most of which we consider can be acted on in the very short term.
- **A new template** for officer reports should be trialled, to bring consistency on the objectives for a decision, other options considered and rejected, detail on the justification for the proposed decision, legal and financial implications of the decision and clear links to relevant background papers, where they exist. This should be refined with the assistance of members.

**Clarify arrangements for the signoff of minutes.** Current arrangements have led to concerns being raised that approval of minutes rests entirely in the hands of the Chair, with other committee members having no opportunity to influence them. An improved approach would be that all councillors attending committees as members of those committees should have an opportunity to review the minutes before publication. Councillors should have three clear working days to suggest such amendments. The request should be considered by the clerk of the committee, with requests being escalated to a more senior officer (in attendance at the committee in question) in the case of disagreement. We recognise that such a system could be seen as cumbersome, but given the limited trust between members we think it is proportionate for the moment – but could be reviewed after a number of months;

**Publish and refine the Forward Plan.** We understand that steps are being taken to both refine and publish the Forward Plan of forthcoming decisions, which has hitherto been produced for internal use. The Forward Plan’s content should be further refined to ensure that it best meets members’ needs – helping them to understand how, where, why and when important decisions are emerging, and to plan their engagement with those decisions both in committee and in other forums.

**Agree a way forward on decision-making relating to planning.** Recent disagreement on the remit and work of the Planning Committee is symptomatic of some of the more general points we make below on roles and responsibilities. As a matter of principle councillors (not

just the Chair of Planning as ultimate decision maker) should be able to express views on whether an application is likely to prove contentious and therefore whether it should be considered at Planning Committee – as long as that is justified in planning terms, following advice given by the Chief Planning Officer. We understand that forthcoming protocols will cover this issue. Councillors should seek to debate and decide on this issue subject to advice given by the Monitoring Officer and Chief Planning Officer, bearing in mind that councillors are likely to be best placed to understand the likely impact of a decision on the ground. Once introduced, this approach should be subject to early review.

## 2. Objectives for stabilisation

### 2.1 Building a foundation of trust

Overall, there is exceptionally little trust – between members themselves, and between some members and officers. There are a number of ways to begin setting the foundations to rebuild elements of trust, but this will be a slow and complex process, requiring individuals in key positions (including opposition members) to take leaps of faith, against what they may see as their better judgement.

We realise that this asks a lot. Collective responsibility is difficult to take on when individual councillors may feel that they personally are not “to blame” for the position in which the Council finds itself. But joint ownership of the problems and their solutions will be critical to building a way out of Tandridge’s problems. This is the only way forward if the Council is able to succeed in its improvement journey, as collective effort, skills and knowledge must be combined to protect services for residents. Some trust issues hinge on confusion around roles and responsibilities, which we cover below.

Political risk is involved in taking action to address this, but the risk of letting these issues drift is more significant. Councillors must recognise that addressing the political dynamic of the authority is the single most important thing that can be done to stabilise and, in due course, to improve. It is the principal cause of the lack of trust at member level.

The organisation has fixated on the political tension between rival political groups as being the root cause for many of the authority’s problems. This tension has produced significant disruption. It is a symptom of wider flaws and failings in governance, rather than being the cause of those flaws and failings.

This situation is exacerbated by factors relating to the council’s political balance, and a lack of recognition by members and officers of the fact of the Council being under no overall control in the way that they act.

This sense of political defensiveness is one of the factors that has made the organisation introspective. There is a lack of understanding about how the shift in political balance means that the way the council, councillors and offices work together needs to change. Behaviours, systems and expectations have to change in consequence.

This has also led by mistrust between members and officers. Some members’ behaviour towards officers is negative and combative – we highlight this in more detail in section 2.2 below. Some officers feel that they need to “manage” members, rather than engaging in open dialogue with them. This mistrust has compounded, leading to further suggestions that officers support the administration at the expense of opposition groups.

Officers and leading members alike need to develop a greater sense of political nous and awareness – including:

- a better understanding of the concerns, and rights, of councillors in the context of a council under no overall control.
- a better understanding of what motivates councillors as politicians individually and collectively, and what motivates the members of individual political groups;

A lack of awareness of these issues amongst the officer corps can lead to a risk of decisions being made and processes followed which inadvertently advantage one Group over another – further damaging trust.

**Workshops/one to one meetings with councillors** (initially group by group, and later collectively) should be convened to ensure that members' motivations and objectives are better understood both by their peers, and by officers. Initially these would need to be facilitated by external individuals - possibly LGA member peers – and would attempt to flush out deep set and complex trust issues. It may be that for some members these conversations would develop into longer term coaching and mentoring relationships.

Trust can be further addressed by beginning to open out information and insight about council business and council policy. This is explored in more detail in the sections 2.3 and 2.4. As a first step, the council should start trialling briefings for members on:

- key matters relating to the development of council policy. Earlier information sharing will help opposition members in particular to engage more constructively with more confidence;
- key matters of council governance, legal and financial matters. This would include explanation of the key components of the governance framework, rules relating to financial procedures and procurement, the council's legal obligations, and matters relating to personal conduct, informed by the Nolan principles.

All senior officers should be required to attend training/workshops on political awareness.

## 2.2 Improving attitudes, behaviours and values

The challenges described above on trust have not been helped by some members' behaviours. Serious allegations have on occasion been made against officers. These instances have been managed poorly, with officers effectively firefighting individual crises and allegations of wrongdoing rather than seeking to take concerted action to work with senior members to understand why and how trust has broken down. Some of this behaviour is reflective of the extreme frustration felt by these members. A number feel a sense of "us" and "them" – that they are not "part of" the Council, but somehow separate from it, which should not be the case. Some members distrust

attempts to build better working relationships, because they feel that these will be used to make them somehow complicit in decisions with which they do not agree.

There is variable understanding amongst members and officers of the obligations placed on public office holders around behaviour and conduct. Some may understand the importance of these principles in the abstract, but fail to translate that into informing how they act day to day.

This is evidenced through difficulties in transacting the work of the corporate improvement working group, and the agreement of last year's member/officer protocol. While specific examples of poor behaviour are limited to a minority of councillors, all members share a collective responsibility for good behaviour. Other councillors and groups have made attempts to challenge negative behaviours but these have been sporadic and ad hoc – failing to hit home because the issue has not been treated sufficiently seriously by the administration group.

Changes to behaviour need to be underpinned by a commitment to the **Nolan principles**, providing a common understanding of the basic, core standards to which all are subject.

**Members should be required to sign up to the same values framework as officers.** Members should acknowledge the need to hold themselves to high standards of conduct. A public commitment that members and officers, with distinct roles, need to work together, is important. This process should be overseen by a renewed Standards Committee.

The Standards Committee has not met for a number of years; on page 23 we suggest action to restart regular Standards Committee meetings to take ownership of this matter.

Members, generally, do not appreciate the serious impact that these issues have had on officers.

Taking forward a clear approach to member development, which is owned by members themselves, will be central to both stabilisation and improvement. This approach will need to recognise the ongoing nature of member development and the need for this development to be integrated into councillors' day to day work on the council – development here is about providing councillors with practical support rather than instruction on theory.

Coaching, mentoring and small-group measures to build trust should be integrated with interactive development activities and briefing on some of the technical measures above. The aim should be to put positive behaviours at the heart of the council's wider stabilisation and improvement plans.

All members and officers should be required to attend **training on the fundamentals of good governance**. Further required training and development would include

discussion and the setting of clear expectations on member behaviours, in the context of the political dynamic at the council (as set out below). This training would serve a further purpose of garnering views on further governance changes to be picked up in the medium term.

**Members should collectively, and with the support of officers, sign up to a proportionate member development programme designed around practical support in their roles.**

## 2.3 A clearer understanding of members' and officers' roles

Good governance requires that:

- Individual responsibility is clear. Councillors and officers must understand where their respective duties and accountabilities lie. Importantly, ownership of action on risk is a part of this;
- Collective responsibility is clear. Within a functioning governance system there has to be a collective responsibility for good governance, held by everybody.

Neither of these is wholly present in Tandridge. The council's constitution (including the scheme of delegation) sets out the legal foundation within which such roles and responsibilities should be exercised, but behaviours do not always reflect this. The lack of detail provided on officer delegation (including a lack of detail on the appropriate seniority of officer who may exercise certain delegated functions) does not help.

Councillors focus unduly on operational matters (as evidenced through debate, discussion and decision in committee). This has led to a situation where member and officer roles have become blurred. Some officers spend a substantial proportion of their time working to resolve operational issues for members. Members need a way to sort problems out for their residents, but current practices feel unsustainable and disproportionate. Confusion further propagates a lack of trust.

### Strategic vs operational issues

It is important for both members and officers to identify where responsibility for issues sits with members and where it sits with officers. This is central to much of what follows, and to ensuring that members do not feel overwhelmed and officers undersupported.

The general principle underlying the member-officer relationship in English councils is that councillors lead on strategy and that officers lead on operational matters. The demarcation is not always so obvious. We have noted above that councillors are wholly absent from discussion and decision on the council's main vision and overall priorities, and that they have involved themselves unduly in operational matters.

**Action on addressing the strategic / operational imbalance**



Progress requires three complementary tasks:

- Building a strategic space within which members can operate. We make suggestions below on a new role for Strategy and Resources Committee, and earlier involvement by councillors in policy development including more systematic use of working groups;
- Agreeing on the scope of what is 'strategic'. What is "strategy" and what is "operational" is not hard and fast. Discussion and agreement of core principles – underpinned by the framework of the Strategic Plan and the associated protocols – will assist in determining where the balance lies;
- Ensuring that councillors feel confident and assured acting at a strategic level, and partially withdrawing from operational matters. Discussion of strategy will feel alien and unfamiliar to members; continued discussion of operational issues will feel comfortable. It will be tough for councillors, and officers, to break out of their old roles. Members will also need assurance that withdrawal, even partial, from more operational matters will not result in poorer services. This connects with the trust issues identified above, and issues identified below relating to the relationship between councillors and officers.

### **Understanding councillors' time constraints**

We have been acutely aware in conducting this work that councillors have limited time at their disposal. Councillors' roles must be interpreted and understood in light of the multiple calls on their time – including personal caring and employment responsibilities. This section explores and suggests ways to reprioritise and refocus councillors' time

The aim should be to move away from less productive focus on operational matters, and time-consuming conversations with officers about the provision of information, and towards a better defined sense of members' and officers' mutual roles which allows each cohort to play to its strengths – officers' professional skill and expertise, and members' insight and perspective on the needs of local people.

### **The role of members and officers in different parts of the governance framework**

The council needs to find clarity on the roles played by members and officers in respect of the following areas:

- Full Council;
- The administration;
- Committees (and in particular committee chairs);
- Opposition parties;
- The role of officers;
- Scrutiny and audit.

These are all explored below. At the end of the section we set out actions relating to the creation of new spaces within which members and officers can work to develop policy and hold deliver to account.

### *Full Council*

The way that business is transacted at full Council is atypical of a modern local authority with a committee system. Working through and debating the minutes of recent committee meetings is unproductive and duplicative, involving the repetition of previous argument and debate. Full Council minutes provide consistent evidence of this form of unproductive, circular discussion.

Full Council is best seen as the crucible for political debate on matters of direct importance to local people. It should provide the opportunity for political opposition and disagreement – providing a safety valve around the discussion of the most contentious matters. It should provide a space in which councillors can come together to surface and deal with disagreements, and to demonstrate to the public that they can work together to develop and implement solutions which meet local needs. Better use of motions and councillor and public questions to committee chairs may provide a better approach.

Removal of full Council minute approval is something which we consider can happen immediately, and the Chair of Council should work together with officers and Group Leaders to experiment with different approaches to productive debate over the course of the coming meetings.

More systematic amendments to business and agenda management at full Council is something that can be picked up in the medium term.

**Rules of procedure for full Council should be amended** to remove regular consideration of committee minutes and to develop opportunities for better substantive discussion on matters of local importance through planned debates and the use of motions and questions for the administration.

### *The role of the administration*

Many of the matters raised above derive from the fact that, to date, the political leadership has not set a direction and priorities or established their appetite for risk.

This means that member direction and oversight is diffuse and scattergun. Members focus their efforts on a variable range of matters of personal interest rather than matters which are strategically appropriate. This confusion has been exacerbated by Customer First, which has loosened lines of officer accountability.

The council's administration needs to articulate its vision more clearly and act in accordance with its roles. Leading the process to agree and implement the Strategic Plan provides an opportunity to do this.

We consider that the roles of the administration are:

- To set and drive the vision for the Council;
- To be prepared to work flexibly;
- To draw in other councillors from all parties into the vision;
- To build consensus;
- To be bound by and champion the council's governance framework – the rules and procedures which define how decisions are made transparently;
- To set an example of how best to operate under no overall control;
- To challenge the existing assumptions which they (the administration) may hold about the most appropriate ways to run the council.

There is an overriding need for the administration to proactively support the institution of the Council itself, and the officers employed by it, ensuring that their role, and the complementary role of members (as we discuss elsewhere) is well understood. Officers unclear about these roles, or poorly sighted on the motivations and objectives of the administration, are not well supported.

These roles reflect the situation in which the Council finds itself as a committee system authority under no overall control. The committee system is a governance model which is built around discussion and consensus. A council operating under “no overall control” has to understand the motivations of other Groups and challenge its own assumptions about how its objectives can be delivered with the support of other politicians.

Where a leading party has previously held a majority of seats at the council, and an election means that they are still the largest party but operate as a minority administration, the way that such a party exerts leadership has to change significantly. Under these circumstances the largest group has to take proactive steps to broker consensus amongst other political groups.

This requires a recognition that, in these circumstances, it is impossible for a party which is the largest, but which does not hold a majority, to shore up power and control. A recognition that power and control needs to be ceded in order to take a more collegiate approach, cross-party, is a sign of strength under these circumstances.

Where a council does not take these steps the following can and will occur:

- Sclerosis, as it proves difficult or impossible for the administration to push forward its own vision in the teeth of opposition from other groups;
- Uncertainty, as the political position makes it difficult for the administration itself and the senior officer corps to plan and direct the work of the authority;
- A weak response to the needs of local people, because both of the above means that the authority will be unable to confidently and effectively make decisions in the interests of the community.
- The hidden costs relating to confusion and inefficiency in governance – a particular concern at a time of financial challenge

- Reputational risk for all parties and the Council, which will arise where the organisation appears to have no focus and objectives.

### *Members' roles in and around committees*

In a committee system authority the role of decision-making committees is critical. They are the primary space for legal decision making in an open, democratic environment. However, as things stand, the way that committees operate serves councillors poorly. Poor access to information (which we discuss in section 2.4) means that councillors cannot play an active and informed role as decision makers. Although Chairs' have better access to information – in part through the operation of the callover system – review of committee minutes suggests some difficulties in leading and managing business.

Currently callovers provide an opportunity for the chair and vice chair of a committee to discuss forthcoming committee business with senior officers. The chair and vice chair sometimes use this as an opportunity for more general discussion of policy priorities – which gives them a privileged opportunity to speak to officers about these issues which is not open to members of other parties.

Two options exist – either

- open up callover meetings to a wider range of councillors and use them as the basis for broader member briefings, or
- limit their use to focus exclusively on the practical management of the agenda for the meeting itself.

Both approaches have their pros and cons, and both represent approaches taken by councils in similar situations. We recommend – given the wider measures discussed below – that the second option be taken. We talk in more detail about this in section 2.3 below on broader changes to policy development.

**Amend business in callover** to focus on the practical management of the agenda for the meeting itself.

Prior to callover, agenda development for committee meetings (and hence the decision-making cycle in the authority) has to date been led and managed by officers through project boards. Committee chairs are somewhat involved later in the process – committee members generally not at all.

Understanding the role and responsibilities of chairs is particularly important. Chairs need to combine expertise in three areas:

- Skills in chairing meetings. The ability to be able to convene and facilitate debate, and to develop consensus. This covers actions within the committee room but also outside it – informal liaison between members and officers is an important part of this;
- Process knowledge. Understanding the procedures and rules which underpin committee, and council, operation. Chairs are of course advised by officers,

but they need a reasonable understanding of the rules under which they operate in order to work effectively;

- Subject knowledge. Chairs require an understanding of the substantive matters they are discussing, in order to develop debate, ask the right questions and come to the right decisions.

Chairs are also responsible for ensuring that committee members can play an active part in discussions in committee. This requires:

- Prompt information sharing about forthcoming decisions;
- Member involvement in agenda-setting.

Current shortcomings in both of these areas means that decision-making in committee is loose and poorly directed. Some members legitimately feel blindsided by not knowing what issues will be coming up for decisions at committees which may only be days away, further solidifying a lack of trust in an organisation which seems to be holding information back. A lack of member confidence and leadership means that the same issues are brought back for discussion and debate again and again. In particular, this happens in Strategy & Resources Committee (which lacks a meaningful strategic role, tending to duplicate business originally transacted in other committees, rather than examining cross-cutting, corporate and strategic issues) and at full Council, whose agendas (as we have noted already) focus on minutes provide little space for meaningful debate on matters of significant local concern, as would be expected in a typical full Council meeting.

**A clear understanding of members' roles** (administration and opposition, through decision-making, policy development and scrutiny) and officers' roles should be built into the Protocols currently under development, as well as into member and officer development plans. This will feed into the practical actions we suggest below about building a strategic space within which members can exercise this role.

**Strategy and Resources Committee should take direct ownership of long-term improvement**, supported by strong governance exerted by senior officers. The Committee should take ownership of the Strategic Plan, consider and decide upon complex cross-cutting matters escalated from other committees. It is likely that ultimate member ownership of the corporate risk register would sit with Strategy and Resources.

### *The role of opposition parties*

Opposition parties have an important role in the governance framework. In a committee system authority under no overall control the importance of this role is heightened.

Political opposition in Tandridge is often combative. It is right that opposition councillors and groups should hold strong views and express them forcefully. Local democracy requires vigorous and robust debate. Opposition councillors told us that

they experience significant frustration in how they go about their work – feeling that they have had no influence in the council and that information has been kept from them. This frustration comes across strongly in recorded committee and council minutes. The associated feelings of unfairness have in our view contributed to this combative and confrontational approach, but the way that this approach has sometimes evidenced itself – through persistent complaints against officers and allegations of officer incompetence – is unacceptable.

Addressing motivations and behaviours as we suggested in section 2.2 will begin to assist with these issues. But a clearer understanding of the role of political opposition is also necessary. In our view political opposition in the context in which the Council finds itself should be about:

- Constructive challenge to the vision of the administration;
- Constructive challenge to the way that the council is seeking to implement this vision;
- Early involvement in policy development, bringing different views and perspectives to bear on the policy development process;
- Support to the institution of the Council and to officers – by resolving to work constructively to resolve problems in the interests of local people.

Where the opposition does not agree with a matter they should engage and not resort to complaining and confrontation. This is counter to building trust and is also very time-consuming to service.

**An understanding of the role of political opposition** should be built into the wider actions to embed trust, and into the protocols – particularly insofar as they relate to the sharing of information and councillors' roles in policy development.

### *The role of officers*

We have noted elsewhere some officers' lack of political awareness and nous. Officers need support in order to support members in a febrile political environment.

The Customer First programme has shaken councillors' confidence in the officer corps. Members have reported not knowing who to speak to with regard to issues of common concern, and have in some cases called into question officers' expertise, the belief having developed that the council lost its most experienced staff during the implementation of the programme.

This has created a uniquely unsupportive environment for officers, and difficulties in their relationships with members. Customer First exacerbated an existing looseness around officer roles, and has encouraged an escalation of the tendency of councillors to wish to involve themselves in highly operational matters.

This involves members and officers being clear that:

- Officers are employed by the Council, not by the administration's group, to develop and implement decisions made by the authority and its committees;
- As such, officers are employed to support all members;
- Officers take the lead on operational matters – the delivery of services – on the basis of decisions that members make.

As things stand, officers are given little political direction, owing to the lack of any member-led corporate objectives. This compounds with a lack of political awareness amongst officers to produce a landscape where ownership of decisions, and decision-making, is often unclear.

The kinds of one-to-one and group meetings between members and officers that we suggest in section 2.1 will go some way to building this understanding of the complementary member/officer roles. Our suggested actions are designed to build better and deeper working relationships between members and officers. We anticipate that this will link into the drafting and refinement of the council's new protocols.

It has been suggested that the council move to a greater sharing of services and their management. This would be a high-risk strategy until the council has demonstrably stabilised, given the need to address local member-officer relationships and accountabilities.

With better and more effective spaces for member debate the necessity arises to amend the operation of existing elements of the decision-making and reporting framework – in particularly those that involve officers.

As things stand, the lack of complementary officer and member systems for the oversight and development of policy remains a risk factor. The creation of new briefing and working group arrangements for member discussion of policy issues – and clarity around the sharing of information on a more systematic basis with members – will need to be mirrored by appropriate governance and support at officer level.

We recognise that the operation of officer-level governance is in a state of flux, with improvements currently being made. We expect that the conclusion of the Strategic Plan and the agreement of the protocols will lead, in the first instance, to more clarity on officer-led operational spaces. At the moment, officer-level boards carry out work to:

- Oversee corporate and service performance;
- Ensure the committees are serviced and planned for;
- Provide project and programme governance for significant pieces of work.

This breadth needs focus. In respect of the servicing of committees, officer-level governance should:

- use consistent and clear criteria derived from the Strategic Plan (once developed), the budget and policy framework, and the scheme of delegation,

to understand when forthcoming decisions and issues should be escalated to committee and where further pre-decision, policy development work with members may be required. Decisions on these matters will need to be made by Group Leaders;

- seek to understand what of the information they have at their disposal should be submitted to members to assist them in this role, guided by members' expectations;
- in carrying out all these duties, should be driven by what officers know and understand about members' objectives and motivations, with members (particularly the relevant chair(s)) being actively involved in agenda planning.

The work of officer-level boards will in future need to be seen as part of a wider landscape of supporting member involvement in policy development, as we discussed on the previous page. These arrangements will take time to put in place but immediate steps can be taken by members to have conversations about their expectations on involvement in policy and decision-making, in line with the actions we propose later in this section.

It may be that in the medium term the wider objectives of officer-level governance require that the "committee servicing" part of boards' roles be managed in a different way. We also understand that the development of protocols for information, project management and policy development are likely to have a positive impact in this area.

### **Setting broader expectations around officers' role in the governance framework**

Good governance and good member oversight requires that officer-level boards exhibit some broader behaviours, which link to all three of their roles. In the short and medium term, officer-level governance should be:

- Informed by evidence and information. We cover this in more detail below.
- Focused on outcomes – an understanding of what optimum outcomes look like and a more rigorous sense of what the criteria for success look like in this context;
- Focused on project risks, and variances from agreed plans (in terms of both performance and finance);
- More outward looking, identifying contingencies and alignment with the work of the council's partners, and highlighting opportunities and needs to gather more information about local people's needs;
- Focused on the need to develop and follow a paper trail. All of the above work should be evidenced and documented. Ownership and responsibility for individual elements of projects, and for projects as a whole, should be developed. In due course, this will allow for the creation of a meaningful and accurate corporate programme, driven by the priorities in the Strategic Plan.



### Scrutiny

The role of scrutiny is poorly defined. It duplicates certain performance management activity and takes general updates on matters of member interest, with little regard to the value or utility in such work. The role of scrutiny in a committee system needs to be carefully considered in order not to duplicate with the role of other bodies (for example, on oversight of performance management). At Tandridge the scrutiny committee also holds responsibility for audit.

**Recast the scrutiny committee as a space for oversight and scrutiny of cross-council financial matters.** This would facilitate a strengthening of this committee's existing audit functions, functions which would need to be bolstered through discussion between the s151 officer and councillors. This could be a space for ongoing review of the budget building process as well as in-year financial monitoring. Insight from these matters would be fed into service committees as appropriate (initially through minute-sharing – this will have to be managed so as to reduce risks of duplication).

Scrutiny could also take a role, alongside these financial functions, on the monitoring of the ownership of risk undertaken by Strategy and Resources Committee – ensuring that the council's risk framework overall works well, and that strong measures for mitigation are in place for the most serious, systemic risks facing the authority. This reflects comments below on the corporate ownership of risk overall.

This would complement the role of service committees, ensuring that they could focus on decision-making and the formal elements of policy development. Scrutiny would need to feed insights into that process, and work programmes could be designed to dovetail accordingly.

This reflects some of the roles taken on by scrutiny in other committee system authorities – although it reflects Tandridge's unique needs.

Changes to the work of scrutiny need not be made immediately, and are likely to follow on from any wider changes to the management of business at full Council and Strategy and Resources Committee, alongside the establishment of member working groups for policy development, as set out on the next page.

### Standards Committee

Members have a leading responsibility around standards. We have noted earlier in this report that the council has a Standards Committee but it has not met for some considerable time. This needs to be immediately addressed.

**Restart regular Standards Committee meetings**, with the committee taking a role on individual standards and conduct issues as well as having a broader role, in exercising leadership by members on standards and conduct generally, and by

proactively taking steps to enhancing both. We think that the Standards Committee also provides a space – alongside work undertaken by Group Leaders – in driving forward member development plans.

### **Creating new spaces for dialogue on council policy**

The findings on the previous pages highlight the various overlapping roles held by various individuals and groups of individuals within the council. It sets out councillors' absence from the "strategic space", and the need for more member engagement in the development of decisions.

This will mean more collective responsibility and collective ownership of decisions – and it should lead to a reduction in the extent to which members feel that they can go back and unpick decisions already made.

Many of the challenges highlighted in this review arise from members' absence from the strategic space. The creation of new spaces for members to discuss matters relating to policy – complementing and supporting committee decision-making – will help to address this. The enhancement of these spaces will need to be complemented by a refinement in the work carried out in existing spaces – in particular, callovers and officer-level governance.

All of the below actions should be interpreted in the context of the need for them to support and complement the need for debate, dialogue and decision in committee. Committee will remain the space for formal debate and discussion and informal mechanisms should not usurp this role. In this context, Chairs and Vice Chairs of committees can play a central role in informal debate and discussion of matters due to come to their committees.

The council should introduce mechanisms – through the Strategic Plan and its protocols – by which councillors can translate the Plan's vision and aspirations into reality through discussion, challenge, refinement and review of policies. The objective of this exercise would be to develop policy to secure the objectives set out in the Strategic Plan, with ongoing monitoring of service delivery itself being provided by information-sharing as set out in section 2.4. As that section sets out, this will need to be supported by changes in the way that information is made available to members.

Ways of working to support this early member involvement in policy development will include:

- Member briefings. These would provide a space for officers to update members on how services are being delivered and on the general approach to the delivery of the Strategic Plan;
- The use of the forward plan and Strategic Plan to identify where particular forms of early cross-party policy development work may be necessary – these discussions taking place between Group Leaders. Group Leader meetings should not be used for substantive agreement on future policy, but can be

used to co-ordinate how wider involvement and debate can best be facilitated;

- Small, one-off and time-limited cross-party advisory working groups. These can be general (providing updates and information) or can be more like workshops, with officers and members working together to think through forthcoming policy issues, preparatory to decision-making in committee. We anticipate that such groups will be particularly necessary in the short term, as a way to build trust. These groups would assist, support and complement committees in developing policy and reaching consensus on the more complex and high profile challenges affecting the council and the people it serves. The council will need to develop a proportionate way to ensure that the overall system of such groups is overseen to ensure that they operate in a co-ordinated manner;
- The use of committee meetings for higher quality substantive debate, based on higher quality officer reports, as set out in the next section;
- More systematic methods – through scrutiny and service committees – to keep performance under review. We note in section 2.4 that information sharing on performance is scattergun and of an overall poor quality, and suggest ways to address this.

This will be supported by some of the activities recommended in sections 2.1 and 2.2 on trust and behaviour.

This will require change to the role of callovers, as discussed above.

These mechanisms, and others like them, will need to be embedded in the way the council implements the Strategic Plan – probably by way of the Protocols which accompany it, but also through changes to standard operating procedures relating to the development of policy.

This is all about all councillors having between them a range of ways to informally and formally influence decision-making at the council in various meetings and forums. The framework provided by the Strategic Plan will provide the context within which these new systems can be built – the Protocols and constitutional changes associated with action on this report will lay out the detail. The important thing is that these changes will need to collectively form a consistent and transparent framework, which does not privilege any one group – a necessary component of governance in a committee system council under no overall control.

## **2.4 Setting clear expectations on access to and use of information**

Many of the trust issues highlighted above relate to the perception that the organisation fails to share information with its members in a timely and effective way.

Good governance is framed by the making of decisions based on evidence, and on the use of information to drive accountability and responsibility. Generally, the

authority does not understand how important the flow of accurate information is to its effective functioning.

Moves have been made in recent months to make more systematic the way that information is shared with members.

In advance of the agreement of the budget, challenge workshops were held with members, in which information was shared on savings and growth proposals. This is a good start but also reflects the idiosyncrasies around members' preoccupation with operational matters, with some savings and growth proposals under discussion being of extremely low value.

### **Information management generally**

The principle of equality of access to information should underpin the way that the council approaches this matter. In a committee system authority under no overall control, while there are certain business-critical matters where confidentiality is necessary – and where the administration may be able, following officer advice, to justify not sharing certain information – this should be the exception. In order for councillors to exercise the roles set out in section 2.3 they will need open access to information. But alongside these rights and privileges will come the expectation that information will be used productively and in the service of constructive debate on the authority and its business. Protocols may need to make reference to behavioural expectations around information access and use.

A new approach to members' and officers' roles requires a more systematic approach to the collection and use of information. This should be underpinned by an adherence to and understanding of the protocols under development. There are a number of connected issues here:

- Whether the organisation in fact prepares and possesses the information that members need in order to understand council business. This seems variable, but for the most part information does not exist. Options appraisals, business plans, financial projections and other kinds of background papers which support decision-making are largely absent from formal decision reports.
- Whether that information is shared with members in a systematic and proportionate way. The council, for example, maintains a Forward Plan of sorts, but it is not published (although publication in the short term is planned). Committee members only learn about the content of their committee's agendas when the agenda is published five working days beforehand, although chairs have some prior knowledge.

Generally, officer reports and project delivery reports, when submitted to committee, are poorly drafted. They tend not to reflect or engage with members' priorities and motivations. This has led to a sense from some members that information is being kept from them, while other members (and officers) feel that councillors have all the information they need. We noted in section 1 that immediate action can be taken to address this through clarity on ownership of reports.

There has been a tendency to focus on volume, rather than quality, of information. Agendas are regularly heavy, with significant amounts of information provided to members irrespective of its relevance to the decision at hand. This is another facet of the lack of political awareness within the organisation, an environment in which officers' uncertainty around members' needs and motivations leads to this overprovision. This exacerbates the sense that members consider key facts and data are kept from them, with volume being used as a smokescreen for these efforts. As a matter of general practice, information should not be submitted to members in committee for information. However, regularly-shared performance, finance and risk information can be shared more systematically outside of the committee context, with Chairs taking the decision – following consultation with committee members - to escalate specific matters to committee if there are particular concerns. The work of scrutiny, and the information it gathers, can support this “by exception” activity.

The ad hoc approach to information production and publication, and the overall lack of trust, means that some councillors regularly go on “fishing expeditions” for information, inside and outside committee. This is an understandable and logical reaction to the situation. However, the nature and volume of these requests (and the ad hoc way they are dealt with) is causing real issues for organisational capacity at senior level. Some senior officers spend up to 80% of their time solely servicing these queries, which is unsustainable. This can make the member/officer relationship more antagonistic and transactional. The approach that we suggest towards an opening-out of the way that information is created and shared will involve a commitment to a corresponding decline in the regular use of member queries direct to officers. Group Leaders will need to take personal ownership of this matter in order to drive down this use of officers' time.

The council needs to develop an understanding that, if members have better access to information in a more systematic way – assurance on matters like performance and policy development – the perceived need to focus on operational matters will recede.

More consistency over the content and “look” of officer reports – and the level of detail provided – will begin to provide some of this assurance. But more fundamental issues around content also need to be addressed. Members' involvement earlier in the policy development process will give officers more confidence to write shorter, sharper reports to engage directly with members' motivations and objectives.

Agreeing what information members are likely to need given the role they are performing will need to be a priority. Where cross-party working groups are established to consider policy matters they will need information to support this role, which should be based on principles set out in the protocols.

**Group Leaders should be invited to discuss with their members the kind of information about strategic council performance and corporate activity which they would like to see regularly, outside of the context of committee,** with a view to beginning more systematic information sharing in the coming months. This links with the action above about regular member briefings on certain matters, and should focus on the need for members to limit their engagement with operational matters

(save where operational issues raise concerns about strategic management).

Designing better approaches for the recording and reporting of information at officer level – on delivery and performance – with the trialling of more robust approaches to information management and reporting in the interim where resources and capacity allow. This should be designed to integrate with the new protocols currently under development.

Leaders of Groups, the Chief Executive and Monitoring Officer – independently facilitated – should discuss collectively and one-to-one a more proportionate and responsive way for member queries – both on information and on resolving local problems – to be addressed.

## 2.5 Ownership and action on risk

The organisation has little sense of how to use the information at its disposal to make accurate judgements about risk – both political and organisational. There is an unwillingness to think about and act on risk at a strategic level, and no sense of ownership of risk either amongst senior officers or members. The Strategic Plan will set a direction which will allow the council to begin to understand and address risks. Dealing with the matter properly will require both member and officer training – reflecting what we said in section 2.3, about roles.

Without a form of corporate plan or strategy, risks cannot be understood, let alone addressed.

Recent improvements to officer-level governance has seen the introduction of more regular reporting and consideration of risk matters. However, risk registers – to the extent that they exist – are inconsistent, and are overall of poor quality. Assessments of impact and likelihood of risk are clearly made differently from officer to officer. Systematic ownership of risks individually and collectively at an officer level is difficult to make out.

There is no evidence that risk is used as a trigger for escalating matters of concern either to senior member spaces, or for discussion in officer spaces like Senior Leadership Team. Senior officer and member discussions on priorities and trends are not informed by any awareness of risk, or by member ownership of risk.

An understanding of risk should underpin the way that the authority prioritises its work, and how members direct officers to support local people. Members should bring insight on risk from their work in the community, and should use that insight to complement and refine officers' professional judgement. Framing the political disagreements, and need for officer oversight, with reference to risk provides a mechanism for making political tension – a critical part of the way that the council works – work better for the authority by channelling it into concrete debate on risk.

Prioritise, closely connected with the Strategic Plan **a corporate risk framework** and

register which is designed to draw on councillors' insight and knowledge of the local community, married with officers' professional insight and expertise. This should be owned by the Strategy and Resources Committee.

Assign **individual political leadership for certain critical organisational risks**, with robust member oversight.

Assign **collective member ownership on the risk framework more generally**. Principal ownership of the overall risk framework should be held by the Strategy and Resources Committee, with the council's scrutiny committee exercising oversight over the whole system, connected with its audit role. Individual service committees should lead on ownership and direction on risks relating to their service areas. Officer-level governance should be amended to reflect these new member roles.

Integrate **development for members and officers on risk** as part of the wider member and officer development plans.

### 3. Taking action

#### Short term

Immediate action is necessary to address risk relating to governance.

This report deliberately does not set timescales and detailed scopes for suggested actions because member ownership will come from discussing, refining and attaching timescales and lead responsibility to them. Our intention has not been to provide a ready-made “blueprint” which can be adopted wholesale, but to provide a framework for members to decide on what should happen next.

In terms of ordering, however, there are likely to be two parallel tracks to action. Members will need to play a central, active role in each:

- Making technical changes to the way that processes and systems operate. This incorporates our quick wins set out in section 1.2 but also some of the wider actions around information access and sharing. It will take time for some of these later arrangements to be brought in – the council currently lacks a consistent set of systems for the preparation and use of information – but the Strategic Plan will provide context within which this work can happen, and confidence to members that a clear timescale exists within which measures can be brought in;
- Taking action on trust, attitudes and behaviours. This “softer” action will be more complex and more difficult to bring about. The introduction of some of the technical measures will begin to create spaces within which member dialogue becomes easier. But further conversations will need to be planned and designed to embed this process. It is vital that these measures are not allowed to slip off the radar because they are less immediately tangible than the more technical changes.

Some of the technical actions we suggest involve making changes to the formal and informal spaces in which member influence and decision-making happen. These changes to the overall member landscape include:

- Increased provision of member briefings;
- Increased use of member working groups;
- Continuation of Group Leaders’ meetings;
- Changes to the remit and focus of Strategy and Resources Committee, Overview and Scrutiny Committee and full Council;
- Reestablishment of the Standards Committee.

These elements go together, and it will take time during their implementation for arrangements to come up to full speed. Problems and inconsistencies will arise, and it is important that members commit to working together to refining these new ways of working.

We recognise that members and officers will need to think carefully about the resources available to carry out this work. In respect of much of the actions we suggest, the focus is on reducing the burden on both members and officers from



carrying out unproductive activity, focusing instead on working together better. But in the short term there will be an unavoidable need for time-limited additional resource to bring together action and maintain focus on stabilisation. Support from the Local Government Association will provide part of this resource.

In implementing actions associated with this report, the council will also need to be aware of the risks attached to the forthcoming election. Our actions are designed to assist in building a sense of collective responsibility and, where possible, consensus to the council. As part of this Group Leaders will have to speak frankly, at the earliest opportunity, about the intersection of this work with the necessary political campaigning associated with the forthcoming election. Without thought and care, this campaigning activity could derail positive steps to improve matters at the council.

#### Medium term

Once the council has had an opportunity to stabilise, there will be a chance to review and change the committee structure. This may be best done once the Strategic Plan has taken shape and the opportunity exists to form the structure around the council's aims and objectives. These steps can be undertaken once the outcomes of some of the initial actions are known, allowing councillors to understand with more confidence what the best structural arrangements exist for them to best carry out their roles. This is likely also to involve revisiting the frequency of meetings. It may be that with increased confidence on information sharing and better management of business overall, members can experiment with lightening the current committee cycle, and the number of meetings overall.

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<b>REPORT TO THE STRATEGY &amp; RESOURCES COMMITTEE – 28<sup>TH</sup> JULY 2020 AGENDA ITEM 9</b>	
<b>STRATEGIC PLAN</b>	
Report of:	Heather Wills - Improvement Adviser <a href="mailto:hwills@tandridge.gov.uk">hwills@tandridge.gov.uk</a> - 07770 701188
ELT Lead:	Elaine Jackson - Acting Chief Executive <a href="mailto:ejackson@tandridge.gov.uk">ejackson@tandridge.gov.uk</a> - 01883 732717
Purpose of report:	To seek approval of a strategic plan for the Council for the period 2020/21 – 2023/24.
Publication status:	Unrestricted
Recommendations:	That the Committee approve the draft Strategic Plan, as set out in Appendix A.
Appendices:	Appendix 'A' – Draft strategic plan
Background papers defined by the Local Government (Access to Information) Act 1985	None

## 1. Background

- 1.1 Work began to develop a strategic plan for the Council in January 2020. Workshops were held with Members and Officers to explore potential priorities for the Council and the District, informed by analysis of local demographic, economic and social information. Meetings were held with stakeholders and partners to understand their perspectives and hopes for the District. This work was paused in mid-March due to COVID-19. In the interests of moving this work forwards, Group Leaders came together in July to review work to date and identify priorities for action.
- 1.2 The independent review of governance (referred to elsewhere on this agenda) has highlighted that it is essential that the Council has a clear set of priorities and objectives. This will give clear direction to Officers and will ensure that scarce resources are targeted where they are most needed.
- 1.3 As the Council starts to look ahead to the longer term following the immediate response to COVID-19, the following context is relevant:
- All councils are facing significant budget challenges – particularly in relation to reduced income streams in boroughs and districts;

- The global and national economic impacts of the pandemic will be profound for businesses and communities, and will potentially increase demand for local government services and support;
- Councils across Surrey have collaborated with each other, with town and parish councils, and with voluntary and community organisations to deliver support – in many cases delivering new services and working in new ways;
- During the COVID pandemic residents and visitors have valued walking, cycling and a return to nature – we are keen to understand how this may help our District to thrive;
- Much of the COVID response has been achieved by communities and volunteers: councils have an important enabling role but at times need to get out of the way to allow others to deliver.

1.4 The Government has confirmed that it plans to publish a White Paper on Recovery and Devolution in the Autumn: this may provide a framework for continued public service reform in Surrey. In this context, it is essential that this Council can clearly define what it wants to achieve for local residents: there is an opportunity for the Council to make a positive contribution to the debate and drive a bid for a unitary in the east of the county in the interests of local residents and businesses.

## **2. A draft strategic plan for Tandridge Council**

2.1 A strategic plan for the period 2020/21 – 2023/24 has been drafted, informed by Member and Officer workshops and feedback earlier in the year, the views of partners and stakeholders from the business, health and voluntary and community sectors, and the input of Group Leaders in July. The draft plan appears at Appendix A.

2.2 The Council has to make some difficult choices. It is financially challenged, has experienced a period of significant change and is currently working through a vital improvement programme. Unless and until this important work is progressed, there will be a limit on what it can achieve.

2.3 However, the Council is not operating in a vacuum:

- i) The District's local economy was facing a number of challenges pre-COVID and these have been exacerbated as a result of the pandemic. Funding and other opportunities will arise, working with the Local Enterprise Partnership, using Government funding, and working with local businesses and other partners. It is essential that the Council uses its local knowledge, partnerships and influence to mitigate the risk of further economic decline, which would be costly for local people, and to maximise opportunities as they occur for the benefit of local residents and businesses.
- ii) Actions by the Council can positively impact on wider public sector organisations – and the public purse. More affordable housing in the District can help to make it possible for social care and health workers to live and work locally. Support for homeless people can reduce costs to a wide range of public agencies- and support for local businesses can reduce local unemployment figures. By working closely with our partners – such as providers of health services - the Council will try to ensure that these services meet the needs of local people.

2.4 Working in partnership in this way does not necessarily require significant expenditure or resources on the part of this Council: by doing so, the Council will ensure that Tandrige gets its fair share of investment which is managed and allocated beyond the District's boundaries.

2.5 The plan contains the following high level priority outcomes:

- i) **Building a better Council** – making the Council financially sustainable and providing residents with the best possible services:
- ii) **Making Tandrige a good place to live and work** - with homes, open spaces and infrastructure that meet local needs now and into the future;
- iii) **Supporting economic recovery in Tandrige** – from lockdown to growth that everyone benefits from;
- iv) **Becoming a greener, more sustainable District** – tackling climate change.

We will achieve these priority outcomes by working in partnership with other public sector agencies and businesses within the District and beyond.

2.6 Actions have been identified for each proposed priority: some of these relate to more detailed strategies and action plans which will be separately reported to Members.

2.7 While the plan identifies outcomes to be achieved over the medium term, the Council will keep the plan under review, both to monitor delivery and to ensure appropriate flexibility in response to changing circumstances and opportunities. It is anticipated that, in six months time, when further progress has been made against improvement and financial recovery plans, it will be possible to develop the Council's ambitions further.

2.8 The actions proposed within this plan can be delivered through existing resources (and the action relating to the financial recovery plan is designed to ensure the Council's financial sustainability). As the Council implements its financial recovery plan, any further actions to deliver the plan's priority outcomes which have additional resource implications, including opportunities to secure external funding, will be brought to Members for approval.

2.9 Subject to approval of this plan by the Committee, Officers will develop:

- Regular reports to the Committee to enable Members to oversee the delivery of the plan
- A framework to monitor and manage risks relating to relevant detailed actions within the plan.

### 3 **Financial / risk implications**

3.1 Given the challenging financial position of the Council both in the current financial year and over the medium-term, we need to ensure that any new financial implications of the strategic plan are comprehensively assessed to ensure deliverability within current budgets. New plans and proposals referred to in the strategic plan will be developed for Member decision along with proposals for the financing of support for development and implementation of the Local Plan. The financial implications of these will need to be fully evidenced via a business case to ensure they are deliverable within existing budgets.

#### 4 **Legal implications**

- 4.1 In order to govern the direction of the Council, using a strategic plan as the steering document, a change to the way it will work has been proposed. The draft plan sets out a number of detailed objectives for 2020/21 – 2023/24. There may be a variety of statutory powers that underpin the actions in the strategic plan, but it may be possible to justify them by reference to the well-being power in section 2 of the Local Government Act 2000. Pursuant to the well-being power the Council may do anything which it considers likely to achieve promotion of the economic, social or environmental well-being of the whole or any part of the District or all or any people resident or present in. It will be for Officers to ensure that specific actions are carried out according to law.
- 4.2 Section 3 of the Local Government Act 1999 also requires best value authorities, including the Council, to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The development of the actions in the draft strategic plan, together with their delivery and subsequent monitoring will contribute to the way in which the best value duty can be fulfilled. Monitoring reports to Committees and actions arising from those reports will help to demonstrate that the Council has undertaken activity to satisfy the statutory duty.

#### 5. **Equality impacts**

- 5.1 The high-level priority outcomes within this plan are informed by an understanding of local communities and their needs. As significant new actions to address these priority outcomes are approved, they will each be subject to impact assessments to consider potential positive or negative impacts.

#### 6. **Data Protection impacts**

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

<b>Questions</b>	<b>Answer</b>
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	N/A

**7. Climate change impacts**

- 7.1 The proposed strategic plan includes a priority to develop a greener, more sustainable District and an action to implement a climate change action plan. It is currently intended to bring this plan for member approval in September.

**8. Conclusion**

- 8.1 This report presents a draft Strategic Plan for Member review and approval. Subject to the views of the Committee, once agreed the plan will be published with appropriate design and branding: it will be shared with Officers, partners and stakeholders, and published on the Council's website.

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# Strategic Plan

2020/21 – 2023/24

## Introduction

Tandridge Council has experienced a period of significant change and is making progress in addressing a number of important areas for improvement, including tackling significant financial challenges. We know we have to get these things right to support our local communities and economy as we move from our response to the COVID crisis to recovery.

This plan reflects both the need to complete that vital improvement work, and to respond to the district's local characteristics, the needs of our residents and businesses, and the wider context – both regional and national – in which we are operating.

Although close to London, we are a very rural district, with almost 94% covered by Green Belt. Many residents commute into London and enjoy living in a District with beautiful green spaces and a large number of listed buildings and conservation areas. The district is an attractive place for visitors, in striking distance of many local attractions, and a destination for walkers in the Downs: tourism is an increasingly important source of income for the local economy. The district's significant amount of open space presents opportunities to work with partners and our residents to explore the potential for better use of this space.

A significant proportion of our population is highly skilled. Most of these residents commute outside the district to work and employment opportunities in the area are in lower skilled roles.

We have good road links to Gatwick, the coast and through to Europe, but road connections between the main routes are less good, and rail links are slower than in neighbouring areas. Infrastructure is deteriorating and needs investment to secure upgrades to transport, schools and health services. 92% of businesses in the district have 9 employees or fewer. Rural businesses struggle with poor broadband connections and isolation and there is little opportunity to relocate to more appropriate and/or larger premises due to a lack of quality employment space in the district.

A lack of affordable housing makes home ownership for younger people, families and keyworkers difficult. 407 households on the Council's housing register are considered to be in urgent housing need.

In February 2020 the Council declared a climate change emergency, making a commitment to do what it can to tackle climate change.

Like all local areas up and down the country, the Tandridge district has been impacted by the COVID-19 pandemic. Local voluntary, faith and community organisations, town and parish councils have come together with the Council and other public agencies to support vulnerable people at this time of crisis. We want to continue to build on these partnerships to support strong and healthy local communities.

As elsewhere, the pandemic is seriously impacting the local and regional economy. Alone the Council does not itself have all the levers to address these challenges but is committed to working in partnership to support economic recovery.

This plan sets out our priorities and the actions we are taking now and into the next four years. Recognising this is a time of significant change and challenge, we will keep it under regular review, refining and updating our plans as needed.

## Our priorities

- 1. Building a better Council** – making the Council financially sustainable and providing residents with the best possible services.
- 2. Making Tandridge a good place to live and work** - with homes, open spaces and infrastructure that meet local needs now and into the future.
- 3. Supporting economic recovery in Tandridge** – from lockdown to growth that everyone benefits from.
- 4. Becoming a greener, more sustainable District** – tackling climate change.

*We will achieve these priorities by working in partnership with other public-sector agencies and businesses within the district and beyond.*

*As we implement our financial recovery plan, we will identify further actions to achieve this plan's priority outcomes.*

## Our action plan

<u>Priority Outcomes</u>	<u>Actions</u>	<u>Completed by</u>	<u>Responsibility</u>
<b>1. Building a better Council</b>			
1.1 Agreeing and implementing the Financial Recovery Plan	Develop a plan for financial recovery which is credible and enables key services to be delivered within acceptable timescales	Aug 2020	Chief Finance Officer
	Explore commercial opportunities within the District including (but not limited to): <ul style="list-style-type: none"> <li>• supporting other statutory services with more cost-effective delivery models building on the example of the Wellbeing Prescription Service</li> <li>• developing expertise and capacity in Planning services to provide support to other rural districts and customers</li> <li>• generating income from the open space within the District building on the value of exercising outdoors, closer to nature (learning from COVID experience)</li> </ul>	Dec 2020	Chief Executive & Chief Finance Officer
	Review opportunities for joint working and shared services with other Local Authorities	Ongoing (starting Sep 2020)	Transformation Lead
1.2 Engaging with local government reform	Make a positive contribution to the debate on local government in Surrey and drive a bid for a unitary in the east of the county in the interests of local residents and businesses	Ongoing	Chief Executive
1.3 Implementing the Corporate Improvement Plan	Implement recommendations of the independent review of governance	Dec 2020	Monitoring Officer
	Develop and implement a digital strategy for the Council	Dec 2021	Executive Head of Corporate Resources
	Adopt new complaints policy and process	Sept 2020	
	Undertake a Corporate Peer Challenge to gain an external perspective on the Council's progress	Apr 2021	Chief Executive
1.4 Supporting and developing staff to deliver this plan and services for residents	Ensure staff are equipped with the right IT and tools to carry out their job	Dec 2020	Executive Head of Corporate Resources

<u>Priority Outcomes</u>	<u>Actions</u>	<u>Completed by</u>	<u>Responsibility</u>
	Adopt new Values and Behaviours for members and officers	Apr 2021	
	Complete review HR of policies, contracts, procedures and benefits	Dec 2020	
1.5 Looking for opportunities to support better health and wellbeing for local residents	Adopt a strategy to improve open spaces in the District, which will include maximising their potential to improve health and wellbeing	Mar 2021	Executive Head of Communities
	Work with the Voluntary, Community and Faith Sectors (VCFS) to develop proposals to support community resilience in the face of a crisis, building on work during the COVID pandemic	Ongoing	Executive Head of Corporate Resources
	Maximise wellbeing and opportunities for young people through development of a Youth Strategy in partnership with health and employment partners	Jan 2023	
<b>2. Making Tandridge a good place to live and work</b>			
2.1 Achieving a fully-functioning planning service that protects the interests of the District	Complete and adopt the Local Plan	2021	Chief Planning Officer
	Determine when to undertake a local plan review	2021	
	Produce design guide to inform planning applications for development within the Green Belt (Greenbelt Supplementary Planning Document)	Sep 21	
2.2 Ensuring consistent, efficient appropriate planning decision-making and enforcement, including breaching of planning conditions	Develop and implement an action plan to improve capacity and delivery in the planning team	Mar 2021	
	Use best endeavours to protect our valued landscapes, open spaces and high quality built and historic environment by developing expertise in our team	Sept 2020 and ongoing	
2.3 Lobbying for infrastructure that meets the needs of local residents, public sector partners and businesses for the whole District	Contribute to the development of the Surrey Infrastructure Plan and use influence to ensure that existing standards are met	Ongoing	Chief Executive
	Revise the Infrastructure Delivery Plan, informed by the Local Plan, Surrey Infrastructure Delivery Plan and open spaces strategy, and develop a costed proposal to increase capacity to support its delivery	2021	Chief Planning Officer

<u>Priority Outcomes</u>	<u>Actions</u>	<u>Completed by</u>	<u>Responsibility</u>
	Prepare a funding statement setting out the Council's infrastructure priorities for the next five years	Annually from 2020	
	Monitor and respond to funding and partnership opportunities which meet the needs of the district	Ongoing	
	Deliver infrastructure through utilisation of the Council's Community Infrastructure Levy (CIL) and collection of planning obligations	Ongoing	
2.4 Developing policies and working with others to support the building of affordable homes	Carry out housing needs assessment for the District to inform plans for affordable homes	Dec 2021	Executive Head of Communities
	Conduct a review of Sheltered Housing to inform plans to ensure the right mix of provision in the District	Nov 2020	
	Review the Council's housing stock and prepare plans to improve environmental performance and increase provision of affordable and lifetime homes	Dec 2022	
	Deliver 100 new affordable homes	Dec 2022	
	Explore alternative options for reviewing viability assessments submitted with planning applications, and if appropriate implement change accordingly, to maximise delivery of affordable housing	Dec 2020	Chief Planning Officer
<b>3. Supporting economic recovery in Tandridge</b>			
3.1 Working closely with businesses, listening and responding to their concerns	Continue to meet with local Business Improvement Districts (BIDs) and hold annual business network meetings to understand what's needed to help economic recovery	Ongoing	Executive Head of Communities
3.2 Working with partners to support economic recovery	Establish a Business Development Board to drive economic recovery in the District	Mar 2021	Executive Head of Communities
	Continue to seek opportunities to drive and influence recovery and good growth, informed by insight about local needs and 'what works'	Ongoing	Executive Head of Communities
	Work with Local Enterprise Partnership (LEP) to develop and implement a LEP industrial strategy that benefits Tandridge District	Ongoing	
	Support Caterham Business Improvement District to deliver Caterham Regeneration Programme	Ongoing	

<u>Priority Outcomes</u>	<u>Actions</u>	<u>Completed by</u>	<u>Responsibility</u>
	Develop plans to promote and expand the evening economy in Caterham in line with the Caterham Masterplan	2021 - 2024	Chief Planning Officer
	Work with Surrey County Council to ensure that the Surrey Place Ambition strategy delivers good growth for the Tandridge district	Ongoing	Chief Executive
	Work with Surrey County Council and broadband providers to extend network across Tandridge and to improve speed of service	Ongoing	
<b>4. Becoming a greener, more sustainable District</b>			
4.1 Deliver the climate change action plan, including supporting and promoting the use of alternative fuel sources for vehicles in the district	Deliver climate change action plan	2020 - 2024	Executive Head of Corporate Resources
	Conduct feasibility study to install electric vehicle charging points in TDC operated car parks	Dec 2020	
	Install electric vehicle charging points as appropriate throughout the district	2021 - 2024	
	Complete baseline report on organisations' greenhouse gas emissions and produce action plan	Jan 2021	
4.2 Promoting green and sustainable development through planning policies	Work with local parishes to complete Neighbourhood plans	2020 - 2021	Chief Planning Officer
	Consult on and adopt a Green Infrastructure Strategy	2021 - 2022	

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<b>REPORT TO THE STRATEGY &amp; RESOURCES COMMITTEE – 28<sup>TH</sup> JULY 2020 AGENDA ITEM 10</b>	
<b>PERFORMANCE AND RISK</b>	
Report of:	Jackie King – Executive Head of Corporate Resources <a href="mailto:jkking@tandridge.gov.uk">jkking@tandridge.gov.uk</a> - 01883 732875
ELT Lead:	Elaine Jackson - Acting Chief Executive <a href="mailto:ejackson@tandridge.gov.uk">ejackson@tandridge.gov.uk</a> - 01883 732717
Purpose of report:	To update members on work to develop appropriate arrangements for member oversight of strategic performance and risk.
Publication status:	Unrestricted
Recommendations:	That the Committee notes and comments on the proposed approach to strategic performance and risk management
Appendices:	A – framework for risk management
Background papers defined by the Local Government (Access to Information) Act 1985	None

## 1. Background

- 1.1 Strategy and Resources Committee, on 9<sup>th</sup> July, received a report of progress against Key Performance Indicators for the fourth quarter of 2019/20, together with the associated risk analysis. That meeting discussed the importance of ensuring that risk analysis considered by members is current and reflects all appropriate strategic risks.
- 1.2 The following related streams of work are currently underway:
- i) The development of a strategic plan for the Council (which appears elsewhere on this agenda);
  - ii) Actions to address the independent review of governance (which appears elsewhere on this agenda): this review highlights the need for members to focus on matters of strategic importance to the Council, and for the Council to focus more on the awareness, ownership and management of risk.

## **2. Proposed approach to member review of performance and risk**

### Performance

- 2.1 Following the adoption of the strategic plan, it is proposed to hold workshops for members of each Committee to identify the key strategic performance indicators for their Committee and the appropriate targets for each indicator. These will be measures of performance essential to the remit of that Committee and of concern to local residents (e.g. performance in relation to the determination of planning applications).
- 2.2 The workshop for Strategy and Resources Committee will additionally consider key corporate indicators which, at a strategic level, can be seen as indicators of the 'health' of the organisation (e.g. levels of complaints, staff sickness levels).
- 2.3 Once these indicators and targets are confirmed, reports will be submitted to each Committee, including, on an exception basis, information on actions being taken to address any indicators where performance is not on target.

### Risk

- 2.4 A new approach to risk identification, analysis and reporting to members is in development. In line with the recommendation of the independent review of governance that Strategy and Resources Committee focus on strategic, cross-cutting issues, the corporate risk register (showing those risks rated as 'red') will be brought to each meeting of this Committee for review. Senior officer-level review of the register will be scheduled to ensure that the most up-to-date information informs the version of the register which is seen by members.
- 2.5 The proposed format of the corporate risk register, with an illustrative example, appears at Appendix A.
- 2.6 All Committees will receive reports relating to relevant priority actions and outcomes in the strategic plan: risks relating to those actions and outcomes will be addressed in each report as appropriate.
- 2.7 The Overview & Scrutiny Committee (which will be considering new terms of reference on the 31st July) may wish to examine particular performance and/ or risk challenges, on an exception basis.

## **3 Financial / risk implications**

- 3.1 The resource requirement for the delivery the performance workshops will consist mainly of officer time. The cost of these workshops will therefore be contained within existing staff budgets.

## **4 Legal implications**

- 4.1 Effective use of risk identification supports the Council in managing threats and opportunities to achieve the aims and objectives within its strategic plan. A risk analysis will also support Members and Officers in decision making by setting out where the Council is comfortable taking different levels of risk, and which levels are unacceptable.

## 5. Equality impacts

5.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable

5.2 The establishment of more robust processes for risk management and mitigation will support more thorough consideration of risks relating to equalities and diversity for the Council.

## 6. Data Protection impacts

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	N/A

## 7. Conclusion

7.1 This report sets out plans to enable members to regularly review the strategic risks to the Council and its performance. Subject to the comments of the Committee and the outcomes of proposed workshops for each Committee, officers will proceed to develop the framework for reporting, and will bring the first cycle of performance reports to the September meetings, and the corporate risk register to the next meeting of this Committee.

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## Appendix A – framework for risk management

All risks are assessed according to the Likelihood (or probability) that the risk will occur: this ranges from 1 (Rare) to (Almost certain). We will also assess the Impact (or severity) on the Council that the risk would have if it were to occur: this ranges from 1 (Negligible) to 5 (Extreme). Multiplying both scores together establishes a risk rating and informs the way we manage it.

<b>Impact</b>	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
<b>Likelihood</b>						

Ref	Risk cause and event	Risk consequences	Risk owner	Likelihood	Impact	RAG	Mitigating actions and responsibility
C01	Inability of the Council to make savings as identified in the MTFs and to balance the budget in 2021/2 and 2022/3	<ul style="list-style-type: none"> <li>• Council reserves exhausted</li> <li>• s114 notice issued by Chief Financial Officer leading to freezing of all non-essential expenditure</li> <li>• Inability to deliver priority services for residents and support recovery from COVID-19</li> </ul>	Chief Financial Officer	4	5	20	<ul style="list-style-type: none"> <li>• Recruitment and overtime freeze can be put in place but will place pressure on already overstretched teams</li> <li>• Increased charging agreed for council owned assets</li> <li>• Reduce service standards</li> <li>• Explore opportunities to deliver services with other councils to reduce operating costs</li> </ul>
C02							

<b>REPORT TO THE STRATEGY &amp; RESOURCES COMMITTEE – 28<sup>TH</sup> JULY 2020 AGENDA ITEM 10</b>	
<b>COMMUNITY GOVERNANCE REVIEW- CATERHAM VALLEY PARISH COUNCIL</b>	
Report of:	Chailey Gibb, Lead Democratic Specialist <a href="mailto:cgibb@tandridge.gov.uk">cgibb@tandridge.gov.uk</a> – 01883 732968
ELT Lead:	Jackie King, Interim Executive Head of Corporate Resources <a href="mailto:jking@tandridge.gov.uk">jking@tandridge.gov.uk</a> – 01883 732875
Publication status:	Unrestricted
Recommendations:	That, in accordance with its delegated powers, the Committee determines that:  A. a Community Governance Review be undertaken forthwith to examine the merits of increasing the number of Councillors from six to ten (five in each of the two Parish Wards) with effect from May 2021; and  B. the terms of reference of the review be as per 4.4 below.
Appendices:	Appendix 'A' - table showing the ratios of Councillors per electors for Parish Councils throughout the District.
Background papers defined by the Local Government (Access to Information) Act 1985	Request from Parish Council dated 5 May 2020

## 1. Background

1.1 Part 4 of the Local Government and Public Involvement in Health Act 2007 empowers Districts and Boroughs to take decisions about governance arrangements for parish councils within their areas (e.g. the creation of new Parishes / Parish Wards; parish boundary changes; the number of seats on Parish Councils and associated electoral arrangements). The Act requires relevant districts and boroughs to base such decisions on the outcome of community governance reviews, to be conducted in accordance with Government guidance which include the following stages:

- setting terms of reference;
- consulting with parishioners and other stakeholders on draft proposals; and
- taking representations into account.

- 1.2 Community Governance Reviews may be initiated by a petition, the District / Borough Council itself or, as in this case, a request from a Parish Council.
- 1.3 The whole of the Tandridge District became parished in 1999. The 20 Parish Councils concerned are listed at Appendix 'A', together with current electorates and the number of seats on each Council.
2. Request from Caterham Valley Parish Council for an increase in the number of its Councillors
- 2.1 At its meeting on 5<sup>th</sup> September 2017, the Parish Council resolved to request an increase in the number of its Councillors from six to ten. This was explored at the time, but the parish councillors wished to complete their term of office until May 2020.
- 2.2 The Parish Clerk contacted the Democratic Services team in Autumn 2019 to enquire about increasing the number of councillors. However, there was not enough time to conduct the review before the May 2020 elections.
- 2.3 Due to the covid-19 pandemic, the Local Government and Police and Crime Commissioner (Coronavirus) (Postponement of Elections and Referendums) (England and Wales) Regulations 2020 postponed the elections scheduled for May 2020 by one year. Following this, the Parish Council enquired about the increase in the number of its councillors again in May 2021.
- 2.4 The Government's guidance on community governance reviews refers to the following typical ranges of Parish Council size relative to the number of electors:

<b>Parish Councils in England with the following electorate ranges</b>	<b>Typical number of Parish Councillors</b>
less than 500	between 5 and 8
between 501 and 2,500	between 6 and 12
between 2,501 and 10,000	between 9 and 16

- 2.5 The guidance also cites a National Association of Local Councils Circular which suggests that the minimum number of Councillors for any Parish should be seven.
3. Make up of Caterham Valley Parish Council and electoral arrangements / history
- 3.1 As shown in the table at **Appendix 'A'**, Caterham Valley's electorate is approximately 6,500. The Parish Council comprises just six seats (three for each of its Harestone and Valley Parish Wards). Consequently, it has a ratio of over 1,000 electors per Councillor, the highest in the District.
- 3.2 The Parish Council was formed following its inaugural election in 2000, together with those covering the previously 'un-Parished' areas in the north of the District (i.e. Caterham Valley, Warlingham, Whyteleafe and Woldingham). Elections have followed in four-yearly cycles ever since and both Wards have been contested on every occasion. The next election is in May 2021.

- 3.3 At the time of preparing this report, one seat in the Harestone Ward is vacant following a recent resignation.
- 3.4 In recent years, there have been informal discussions about the potential for a Caterham Town Council which could be created by merging the Caterham on the Hill and Caterham Valley Parish Councils. The creation of a town council would have to be subject to a separate community governance review and would not be covered in this review.
4. Conducting a Community Governance Review
- 4.1 The guidance accompanying the legislation indicates that, before conducting a review of individual areas, it is good practice for the Council to first consider whether it wishes to deal with such requests as one-off reviews or if, to avoid a piecemeal approach to local governance arrangements, it would be more appropriate to conduct a wider review of some or all of the area covered by the District / Borough.
- 4.2 Subject to Caterham Valley Parish Council being able to enlarge next May, officers consider that it would be legitimate to conduct an immediate review in this instance because:-
- (i) the request does not have a direct impact on the governance arrangements of any neighbouring parishes; and
  - (ii) the governance arrangements for the other 19 Parish Councils in the District do not appear to be presenting any difficulties.
- 4.3 There are a number of requirements relating to the conduct of Community Governance Reviews which must be observed. The aim of each review must be to *“reflect the interests and identities of the community and to secure for it convenient and effective local governance”*. The County Council must also be notified that a review is taking place.
- 4.4 Terms of reference must be drawn up for each review. If the Committee is minded to accommodate Caterham Valley Parish Council’s request, Members are invited to consider the following draft terms of reference:
- (i) the review should be limited to considering the Parish Council’s request for its size be increased from six to ten Councillors;
  - (ii) in conducting the review, local people will be made aware that the review is being carried out at the instigation of the Parish Council, and the reasons provided by the Parish Council for the request;
  - (iii) the consultation provides information on the choices available to Tandridge when considering the request. Given the limited scope of the review there are only two choices available, namely to increase the size of the Parish Council to ten Members or to conclude that no change is needed; and
  - (iv) the review should commence in September 2020 and allow a minimum of six weeks for consultation responses to be received.

4.5 Consultation must take place with local residents and other relevant groups / individuals who could reasonably be expected to have an interest in the review. The Council must, of course, take account of representations received.

4.6 The legislation does not impose a required means of consultation and we are not necessarily obliged to canvass every household by post. There are over 4,000 residential properties in Caterham Valley and such a measure would cost in the region of £1,800. Given that the subject matter is relatively minor (i.e. compared to the proposed creation of a new Parish Council or a significant boundary change) it is suggested that residents be engaged via a local media campaign and information on the Council and Parish websites and notice boards. District and County Councillors would also be consulted, together with the local constituency offices of registered political parties, the Surrey & Sussex Association of Parish and Town Councils (SCAPTC) and community groups. At the conclusion of the consultation period, Committee Members will consider the results and recommend an outcome to Full Council. The review process and any recommendations arising therefrom will be published in a public notice.

## 5. Provisional Timetable

5.1 Subject to this Committee's approval, the Community Governance review timeline would be as follows:

- Mid September 2020 - commence consultation (for a minimum of six weeks)
- December 2020 - consider responses received
- 21<sup>st</sup> January 2021 – present recommendations to Strategy & Resources Committee
- 11<sup>th</sup> February 2021 - Council ratifies decision
- should the review process conclude that that the number of Parish Council seats be increased to ten, an Order would be made to that effect and the election process to fill the ten vacancies would commence.
- 6<sup>th</sup> May 2021– Polling Day
- 10<sup>th</sup> May 2021 – the ten duly elected Councillors would commence office.

## 6 Comments of the Chief Finance Officer

6.1 If the Council were to contact every resident in the parish by post this would result in stationery and postage costs estimated at £1,800. However, this is not planned in this Review and contact with residents is proposed by alternative means.

6.2 The cost of carrying out the Community Governance Review will therefore consist principally of Officer time, which will be met from existing budgets.



7 Comments of the Head of Legal Services

7.1 It is vital that the Community Governance Review is undertaken in accordance with the Local Government and Public Involvement in Health Act 2007 and the guidance produced by the Department for Communities and Local Government and the Local Government Boundary Commission for England. Failure to adhere to these could result in the review being open to challenge and judicial review.

8 Climate Change implications

8.1 There are no proposals that would significantly impact on the Council's climate change commitments.

9. Equality implications

9.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	Not at this point.
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable.

10. Conclusion

10.1 The Parish Council has made a case for increasing the number of its seats from six to ten. This is a reasonable request given that the Council's current size, in relation to the Parish's electorate, is well below that for others in the District and elsewhere. The size of Parish Councils can only be increased following the consideration of recommendations arising from a Community Governance Review.

10.2 The proposed timetable for the review in section 6.1 above recommends that the additional seats sought by Caterham Valley Parish Council could be created for the elections in May 2021.

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

Parish / Parish Ward	Electorate on 1 June 2020	Number of Councillors	Electors per Councillor
<b>Bletchingley</b>	2386	9	265
<b>Burstow</b>	3542	11	322
<b>Caterham on the Hill</b>	9853		1095
Portley Ward	3413	3	
Queens Park Ward	2939	3	
Westway Ward	3501	3	
<b>Caterham Valley</b>	7946		1324
Harestone Ward	3217	3	
Valley Ward	3282	3	
<b>Chaldon</b>	1447	7	207
<b>Chelsham &amp; Farleigh</b>	653		93
Chelsham Ward	544	5	
Farleigh Ward	109	2	
Crowhurst	267	5	53
<b>Dormansland</b>	2679		383
Dormans Park Ward	643	2	
Dormansland Ward	2036	5	
<b>Felbridge</b>	1800	7	257
<b>Horne</b>	754	7	108
<b>Limpsfield</b>	2880	9	320

<b>Parish / Parish Ward</b>	<b>Electorate on 1 June 2020</b>	<b>Number of Councillors</b>	<b>Electors per Councillor</b>
<b>Lingfield</b>	2619		374
Lingfield Ward	2147	6	
Felcourt Ward	472	1	
<b>Nutfield</b>	2130	9	236
<b>Outwood</b>	564	5	113
<b>Oxted</b>	8861		738
North Ward	4002	6	
South Ward	4859	6	
<b>Tandridge</b>	535	7	76
<b>Tatsfield</b>	1504	7	215
<b>Warlingham</b>	6590		599
East Ward	3731	6	
West Ward	2859	5	
<b>Whyteleafe</b>	3230	7	461
<b>Woldingham</b>	1580	9	176

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