

## **TANDRIDGE DISTRICT COUNCIL**

### **STRATEGY & RESOURCES COMMITTEE**

Minutes and report to Council of the virtual meeting of the Committee held on the 25 March 2021.

**PRESENT:** Councillors Elias (Chair), M.Cooper (Vice-Chair), Botten (Vice-Chair), Bloore, Bourne, Caulcott, Davies, Duck, Langton, Lee, Pursehouse and Sayer

**ALSO PRESENT:** Councillors Allen, Farr, Gray, Lockwood, Ridge, Steeds, N.White and Phil Hall (PJH Management Consulting Ltd)

#### **306. MINUTES OF THE MEETING HELD ON THE 2ND FEBRUARY 2021**

These were approved as a correct record.

#### **307. QUESTIONS SUBMITTED UNDER STANDING ORDER 30**

Four questions had been submitted by Councillor Cooper.

Councillor Cooper read the questions out and responses were given by relevant officers. In each case, Councillor Cooper asked a supplementary question to which the same officer responded. Details of these exchanges are attached at Appendix A to these minutes.

#### **308. STRATEGY & RESOURCES FINANCE REPORT - MONTH 10**

A report was presented which informed Members about the progress of the finance improvement programme which had contributed to an estimated revenue surplus of £200,000 against the baseline budget of £10.6 million. Slippage of £3.4 million against the £15.7 million capital programme was being projected, together with a £200,000 surplus for the Housing Revenue Account. A £1.3 million Council Tax collection shortfall was forecast, although borrowing was not expected to be necessary to meet cashflow needs.

A summary of each Policy Committee's budgetary position was also provided. As far as Strategy & Resources was concerned, an overspend of £550,450 was projected against a baseline revenue budget of £2,411,531. This comprised an overspend of £675,150 attributed to Covid-19, offset by a £124,700 underspend on business as usual activities.

The Chief Finance Officer acknowledged the challenges associated with the £2.7million savings target for 2021/22, progress against which would be conveyed to Members in monthly finance reports. More effective management of the capital programme would also be a priority.

Discussion focused on the £197,000 per annum shortfall in net budgeted rental income following the decision not to proceed with the property purchase supported by the Investment Sub-Committee on the 24<sup>th</sup> January and 21<sup>st</sup> May 2020. Opposing views were expressed regarding the merits of the Sub-Committee's 21<sup>st</sup> May 2020 decision in the context of prevailing Government guidance to local authorities, both on that date and at the time when the Council's interest in the purchase was withdrawn. Rental yields from Quadrant House, Caterham and 44 Week Street, Maidstone were also discussed.

**RESOLVED** – that the Committee and the Council's forecast revenue and capital budgets position for the year be noted.

### 309. QUARTER 3 CORPORATE PERFORMANCE & RISKS - STRATEGY & RESOURCES

Members were presented with an analysis of the Committee's key performance indicators and risks for the third quarter of 2020/2, together with updates on progress against Strategic Plan actions. An amendment to the target for performance indicator SR7 (percentage of calls answered within 60 seconds by Customer Services) for 2021/22 was also proposed, i.e. from 80% down to 60%.

Following comments from Members, Officers agreed to review the risk ratings for:

- Corporate Risk 2 - commercial tenants and businesses unable to make payments to the Council due to Covid-19 – rating of 20 [likelihood 4 x impact 5] (it was suggested that the likelihood score should be lower); and
- Corporate Risk 4 - Local Plan is found unsound by the Inspector – rating of 12 [likelihood 3 x impact 4] (it was suggested that the likelihood score should be higher).

Regarding Corporate Risk 1 (inability of the Council to make savings as identified in the Medium Term Financial Strategy and to balance the budget in 21/22 and 22/23) it was acknowledged that progress against the various savings targets should form the basis of future status updates.

The proposed reduction in the target for SR7 (percentage of calls answered within 60 seconds by Customer Services - from 80% to 60%) was debated. The Acting Chief Executive advised that the proposal reflected the high volume of calls having to be dealt with by Customer Services and was not a capability issue. Members requested additional data to help inform a decision on the matter, e.g. the actual quantity of calls and comparative performance measures used by other Authorities. The Committee concluded that it was premature to amend the target for SR7 at this stage and chose just to note the Quarter 3 performance and risk data.

**RESOLVED** – that the Quarter 3 2020/21 performance and risks for the Strategy & Resources Committee be noted.

### 310. ADDITIONAL RESTRICTIONS GRANTS SCHEME - ACTION TAKEN UNDER THE URGENCY PROVISIONS OF STANDING ORDER 35

Since December 2020, the Council had been operating an Additional Restrictions Grant Scheme (approved by the Committee on 16<sup>th</sup> December 2020) facilitated by an Officer/ Member advisory panel. That scheme closed on the 14<sup>th</sup> February 2021, having dealt with 283 applications and approved grants totalling £278,400 to be allocated to businesses up until the end of the 2021/22 financial year.

A new scheme had been launched on 8<sup>th</sup> March 2021, based on government guidance; experience from the first scheme; and best practice from elsewhere. A report was submitted explaining that the decision to implement the new scheme had been undertaken by the Acting Chief Executive, in consultation with Group Leaders, under the urgency provisions of Standing Order 35, and subject to ratification by this Committee. The report advised that the new scheme was aimed at businesses:

- with relatively high ongoing fixed property-related costs
- demonstrating significant falls in income due to the Covid-19 crisis
- which occupy property with a rateable value or annual rent or annual mortgage payments
- trading on or before 4<sup>th</sup> November 2020.

The qualifying criteria and levels of grant available were defined in five categories, ranging from micro-businesses to large enterprises with an annual rateable value over £51,000. The level of grant available had increased by 50%, i.e. £750 for micro-businesses to £4,500 for large businesses.

The criteria enabled discretion to award grants to non-Tandridge residents if they ran a business within the District and employed local residents. Micro-businesses, where an owner resides out of the District but is licenced by the Council (e.g. taxi drivers) may also be eligible if all criteria are met. Businesses were limited to one grant per premises in the District.

Members thanked the officers involved in the Covid grants process for their efforts in administering the schemes while maintaining critical, routine business and income functions.

**RESOLVED** – that the Additional Restrictions Grant Scheme, detailed at Appendix A to the report, be ratified.

### 311. KPMG - UNITARY WORK COSTS

A report was presented which explained the circumstances of KPMG's request for £15,000 for its work in identifying Local Government reorganisation options for Surrey. The eleven Surrey Districts / Boroughs had originally commissioned KPMG to prepare alternative proposals to the single Surrey unitary model being pursued by Surrey County Council in the summer of 2020. A fee of £10,000 per District / Borough had been agreed, with TDC's contribution being ratified by this Committee on the 17<sup>th</sup> August 2020.

Subsequently, following the delay to the anticipated Devolution White Paper, the scope of KPMG's engagement was extended to identify areas for large scale collaborative / shared services and for public relations work in promoting the case for alternative Surrey reorganisation solutions to a single unitary. These extended terms of engagement, with a request for a further £20,000, were considered by the Committee on 22nd September 2020. However, the Committee rejected this additional funding request given that the immediate prospect of a single Surrey Unitary initiative appeared to be receding.

The report advised that an agreement, on behalf of all Surrey Districts and Boroughs, had since been entered into which committed all eleven authorities to pay an additional £5,000 to KPMG for the development of the collaborative /shared service options, but not the PR work in light of the delay to the Devolution White Paper. The report explained that, unfortunately, there was no audit trail regarding the Council being party to the agreement and that an invoice from KPMG for the total £15,000 due from Tandridge had since been received.

During the debate, the Chief Finance Officer confirmed that the invoice had not yet been paid. While most Members acknowledged that the Council was obliged to pay the invoice and that the work done by KPMG was beneficial, concern was expressed at the apparent lack of internal governance regarding the sequence of events since the 22<sup>nd</sup> September 2020.

**RESOLVED** – that the payment of an additional £5,000 to KPMG for consultancy support work on a joint District and Borough Council outline proposal for the development of alternatives to a single unitary structure for Local Government in Surrey be agreed.

## 312. FINANCE - FUTURE LEADERSHIP ARRANGEMENTS

In accordance with the Committee's decision on 2nd February 2021, an independent options appraisal had been undertaken to identify a future model for providing the Council's financial leadership. This work had been conducted by PJH Management Consulting Limited and assessed the relative merits of:

**Option 1:** recruit a permanent employee to the post of s151 Officer;

**Option 2:** enter into an agreement with Surrey County Council (SCC) whereby SCC will provide TDC with a comprehensive finance function comprising the s151 role and leadership and management of a full range of financial functions; and

**Option 3:** share a finance function with a local district or borough council.

Option 3 was not considered viable in the short term as no other council in Surrey or Kent had expressed an interest in developing a sharing proposal.

Phil Hall, of PJH Management Consulting Limited, attended the meeting to present his report which identified Option 2 as the favoured solution, supported by a business case. The report was accompanied by SCC's proposition document.

The report concluded that the provision by SCC of a comprehensive finance function is deliverable and will enable TDC to benefit from the scale, relevant experience and range of skills of the SCC finance team, offering continuity for TDC's financial improvement plan and an acceleration of the transformation of its finance function. It was further recommended that:

- external specialist financial advice be procured to conduct an annual review of SCC's service and for exceptional occasions when the s151 Officer has a conflict of interests; and
- a review group be established to monitor progress against the transformation plan.

Phil Hall summarised the case for option 2 and advised that, subject to giving due notice, the Council could withdraw from the agreement with SCC and revert to an in-house service model.

Regarding the procurement of external advice referred to above, Councillor Sayer proposed that this be subject to consultation with Group Leaders, as per the recommendation for entering into the agreement with SCC.

**RESOLVED** – that:

- A. the Committee's preferred option is for the Council to enter into an agreement with Surrey County Council in which it provides TDC with a comprehensive finance function comprising the s151 role and leadership and management of a full range of financial functions, and supports TDC through the Tandridge Finance Transformation Plan;
- B. the Acting Chief Executive, following consultation with the Group Leaders and Chair the Committee, be authorised to approve the agreement with Surrey County Council;
- C. the Acting Chief Executive, following consultation with the Group Leaders and Chair the Committee, be authorised to procure an arrangement whereby the Council can draw upon external specialist financial advice (for an annual review of the SCC service and for the exceptional occasions when the s151 Officer has a conflict of interests); and
- D. a small Member / officer working group be established to monitor progress with the Tandridge Finance Transformation Plan.

Note: In accordance with Standing Order 25(3), Councillor Pursehouse wished it recorded that he voted against A to D above.

Rising 9.25 pm