

To: MEMBERS OF THE STRATEGY & RESOURCES  
COMMITTEE  
Councillors Elias (Chair), M.Cooper (Vice-Chair), Botten  
(Vice-Chair), Bourne, Caulcott, Davies, Duck, Langton, Lee,  
Pursehouse and Sayer

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Substitute Councillors: Bloore, Jecks, Lockwood and  
Morrow

C.C. All Other Members of the Council

17 March 2021

Dear Sir/Madam

**STRATEGY & RESOURCES COMMITTEE**  
**THURSDAY, 25TH MARCH, 2021 AT 7.30 PM**

The agenda for this meeting of the Committee, to be hosted from the Council Offices, Oxted via Zoom, 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,



Jackie King  
**Acting Chief Executive**

## **AGENDA**

**1. Minutes of the meeting held on the 2nd February 2021 (Pages 3 - 30)**

To confirm as a correct record

**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 any questions submitted under Standing Order 30**
- 5. Strategy & Resources finance report - month 10** (Pages 31 - 64)
- 6. Quarter 3 Corporate Performance & Risks - Strategy & Resources** (Pages 65 - 94)
- 7. Additional Restrictions Grants Scheme - action taken under the urgency provisions of Standing Order 35** (Pages 95 - 106)
- 8. KPMG - unitary work costs** (Pages 107 - 110)
- 9. Finance - Future Leadership Arrangements** (Pages 111 - 150)
- 10. Any other business which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency**

## TANDRIDGE DISTRICT COUNCIL

### STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of the virtual meeting of the Committee held on the 2nd February 2021 at 7.30pm

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

**ALSO PRESENT:** Councillors Allen, Bloore, Farr, Lockwood, Mills, Ridge, Morrow, Steeds and N.White

#### 260. MINUTES OF THE MEETING HELD ON THE 21ST JANUARY 2021

These minutes were approved as a correct record.

#### 261. INVESTMENT SUB-COMMITTEE - 15TH JANUARY 2021

The minutes of the Sub-Committee's meeting on the 15<sup>th</sup> January 2021, attached at **Appendix A**, were received. The Capital, Investment and Treasury Management Strategy (Item 2 of the minutes) was subject to ratification by Full Council on the 11<sup>th</sup> February 2021.

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

**RECOMMENDED** – that the Capital, Investment and Treasury Management Strategy (accessible via the following link) be approved:

<https://www.tandridge.gov.uk/Portals/0/Documents/Your-council/Councillors-and-committees/Capital-Investment-and-TM-Strategy.pdf?ver=2021-02-01-145345-137>

#### 262. 2021/22 FINAL BUDGET AND MTFS TO 2023/24

A report with a proposed final revenue budget for 2021/22, together with recommendations regarding the capital programme and a Council Tax precept were considered. The recommendations were presented in the context of the Council's organisational strategy, finance improvement plan and departmental service plans; and the Government's recent policy announcements concerning Local Government finance (including the 'provisional settlement').

The report included detailed commentary about the budget setting process, with reference to a self-assessment against best practice guidance and key underlying budget principles. An analysis of the main changes to the draft budget submitted to the 16<sup>th</sup> December 2021 meeting (when a £189,000 revenue deficit was being forecast) was provided, together with the significant variations from the 2020/21 net revenue budget. The report also referred to:

- government funding for TDC associated with the Covid-19 pandemic
- projected income generated by a £5 Council Tax increase

- likely Council Tax and business rates collection fund deficits
- the intention to retain the current Council Tax Support Scheme
- an assumed reduction in New Homes Bonus
- inflationary provisions of 0.5% for staff salaries and 2% for contract payments
- a 2% uplift in General Fund fees & charges
- intended annual contributions to reserves and contingencies
- a medium term financial outlook to 2023/24
- assumed Government reforms to Local Authority finance from April 2022
- the development of the capital programme to 2023/24 (including a rebasing exercise, re-profiling HRA projects and the removal of the Investment & Development Fund)
- the adequacy of reserves and a risk mitigation strategy

The report acknowledged the uncertainties associated with Local Government funding over the medium term, with several factors likely to impact upon the Council's funding position beyond 2021/22.

Upon introducing the report, the Chief Finance Officer (CFO) referred to the £100,000 transfer from the Local Plan to the salaries budget to strengthen staffing resources under the remit of the Chief Planning Officer.

In response to Members' questions, Officers:

- explained that the additional £105,000 provision in the Strategy & Resources budget had arisen from a review of where certain salary costs should be charged;
- confirmed that the contract savings reflected in the Community Services budget were challenging but realistic – projected savings for all policy committees would be tracked next year to enable Members to monitor whether they were being achieved
- advised that the presentation of the Strategy & Resources budget would be reviewed to reflect the fact that a significant proportion of the costs were corporate items, dependent upon external economic factors beyond the Council's control;
- surmised that relevant committees (especially Chairs and Vice-Chairs) and applicable Executive Leadership Team (ELT) leads were accountable for achieving budget targets

While the CFO did not favour the use of RAG ratings for budget monitoring purposes, the Finance Team would consider how best to present information to committees about the position of their budgets throughout 2021/22. In any event, ELT was aware of its duty to provide clear and accurate financial reports to enable committees to make informed decisions.

Some Members reiterated concerns that costs associated with the two Local Plan options (presented by the Planning Inspector) had not been factored into the budget and, therefore, felt unable to support it.

### ***COUNCIL DECISIONS***

*(subject to ratification by Council)*

#### **RECOMMENDED** – that

- A. the net revenue budget requirement be set at £11.3million (net cost of services after service specific government grants) for 2021/22 (Appendix A to the report), subject to confirmation of the final Local Government Financial Settlement;

- B. the final budget envelopes for departments for 2021/22 at Appendix B to the report be approved;
- C. the total £39.6 million proposed three-year Capital Programme (comprising £11.3m General Fund and £28.3m Housing Revenue Account (HRA)) of which £25.1 million Capital Budget is for 2021/22 at Appendix C to the report be approved;
- D. the total Council Tax Requirement be set at £8.7 million for 2021/22, based on a Council Tax increase of £5 to cover core Council services (Appendix D to the report);
- E. it be noted that, for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in Council tax is not such as to trigger a referendum (i.e. not greater than £5);
- F. the Tandridge District Council precept for Band D Council Tax be set at £225.98, which represents a £5 uplift, this being a rise of £0.10 a week from the 2020/21 precept of £220.98 – a full list of bands is as follows:

Band A	£ 150.65	Band E	£ 276.19
Band B	£ 175.76	Band F	£ 326.41
Band C	£ 200.87	Band G	£ 376.63
Band D	£ 225.98	Band H	£ 451.96

- G. the Parish Councils' precept requirements for 2021/22 at Appendix E to the report be noted;
- H. the current Local Council Tax Support Scheme (unchanged) be adopted for financial year 2021/22; and
- I. the impact of the financial strategy to build the General Fund Reserves via a £0.5m contribution per annum, application of a general contingency of c£0.1m per annum (£117k for 2021/22) and creation of a Partnership & Transformation Reserve to support exploring partnership opportunities (£0.2m 2021/22) be noted (this will bring the General Fund balance to £3.1m as at 31 March 2022 (Appendix F to the report).

In accordance with Standing Order 25(3), Members requested that their votes in connection with the recommendations A and B and D to I above be recorded (recommendation C was agreed unanimously):

#### Recommendations A and B

**For:** Councillors Cooper, Duck, Elias, Milton and Pursehouse

**Against:** none

**Abstentions:** Councillors Botten, Bourne, Caulcott, Davies, Langton, Lee and Sayer

#### Recommendation D

**For:** Councillors Botten, Bourne, Caulcott, Cooper, Duck, Elias, Lee, Milton and Pursehouse

**Against:** none

**Abstentions:** Councillors, Davies, Langton and Sayer

### Recommendations E to I

**For:** Councillors Botten, Bourne, Caulcott, Cooper, Davies, Duck, Elias, Langton, Lee, Milton, Pursehouse and Sayer

**Against:** none

**Abstentions:** none

## **263. OXTED BID RENEWAL BALLOT**

The Oxted Business Improvement District (BID) had been established in 2015 following consideration by the former Resources Committee and the outcome of a statutory ballot of non-domestic ratepayers in the area. The purpose of such BIDs was to improve local commercial areas via levies paid by such ratepayers.

The operational duration of BIDs was limited to five years, at which point fresh ballots were required to determine whether they could continue. The Oxted BID's first term should have finished on 31<sup>st</sup> December 2020 but this was extended as part of the Covid-19 legislation.

A report was submitted inviting the Committee to support the renewal of the Oxted BID and for the Council's vote (as one of the non-domestic ratepayers in the town) to be cast accordingly. The report explained that the renewal ballot (proposing an on-going 2% levy rate) would take place between the 18<sup>th</sup> February and 18<sup>th</sup> March 2021, to be administered by Civica Election Services at a cost of £1,855 plus VAT. The Council was required pay for the ballot unless the vote was lost, and turnout was less than 20%, in which case BID itself would be liable. The BID levy would be mandatory for all liable businesses, regardless of whether or how they vote.

Although the Council had been financing levy collection costs (£980 for postage and £806 staff time) since the BID's inception, the report recommended that such costs be reimbursed by the BID in future. The BID's draft business plan was appended to the report to help inform the Committee's decision.

Members spoke in favour of the Council's continued support for the initiative and commented on the valued support which the BID had provided to Oxted business throughout the pandemic.

**RESOLVED** – that:

- A. the Council votes in support of a Business Improvement District in Oxted; and
- B. the cost of levy collection be met by the Oxted BID.

## **264. QUADRANT HOUSE UPDATE**

Funding of £4.915 million had been received from the Coast to Capital Local Economic Partnership (LEP) for developing this Council-owned site in Croydon Road, Caterham. In May 2020, the Committee authorised officers to proceed with the launch of a business hub initiative for the premises and to enter into contracts for the refurbishment of the common parts (phase 1). A report was presented which confirmed that both of those objectives had been achieved and sought further authority for officers to enter into a contract to carry out phase 2 works, namely:

- thermal efficiency measures, e.g. added insulation and new windows
- enhancement of the Croydon Road façade, including the installation of a 'living wall' with added biodiversity and microclimate benefits
- a roof terrace at third floor level in the south building
- ramped access to Quadrant north entrance and replacement lifts and escape staircases
- improved appearance through new signage and services integration
- refurbishment of office suites on 2nd and 3rd floor of south building, to include new LED lighting and a new, centralised heat pump air conditioning system
- photovoltaic panels on the top floor roof.

The report informed Members about the project timetable for the refurbishment project and acknowledged that certain elements of the above works would require planning permission. Details of the proposed tender process were also provided.

Members welcomed the opportunity to utilise the LEP funding to transform this part of Caterham while achieving a significant reduction in carbon emissions.

**RESOLVED** – that authority be delegated to the Executive Head of Communities, in consultation with Corporate Procurement Board, to enter into a contract for phase 2 refurbishment works at Quadrant House on such terms as she considers necessary.

## 265. UPDATE ON PROCUREMENT AND STANDING ORDERS

Since the current version of Contract Standing Orders (CSOs) was approved at Full Council in December 2019, the following changes had been recommended by the Council's Internal Auditors (Southern Internal Audit Partnership (SIAP)) following their review of the procurement process:

- the inclusion of a reference to pre-tender estimates and how contract awards over the original estimate are approved
- the inclusion of a reference to the treatment of 'abnormally low tenders'
- clarification that the confidentiality of quotations, tenders and the identity of contractors must be preserved

SIAP had also recommended other actions to enhance the procurement process, including measures to ensure compliance with CSOs, a more robust procurement card policy, revisions to the procurement strategy to clearly define roles and responsibilities, and the adoption of performance indicators.

A report was presented in light of both SIAP's review and the implications of Brexit on the Council's procurement processes. Proposed revisions to CSO's were considered (these would require amendments to the Constitution and, therefore, would need to be ratified by Full Council) together with a procurement improvement plan and a set of procurement related performance indicators to measure the following:

- (i) savings achieved due to a procurement process (methodology to be agreed with the finance team)
- (ii) % of procurement transactions greater than £5,000 captured on 'in-tend' (target of 95% in year 1, 100% thereafter)
- (iii) % of spend with 100 top suppliers currently compliant with CSOs (80% in year 1, 100% thereafter)
- (iv) number of contract values awarded to within 10% of pre-contract estimated value (target of 95% in year 1, 100% thereafter)
- (v) number/value of current CSO waivers in force
- (vi) number of contracts awarded to local SMEs

The report also informed Members about the role of the Corporate Procurement (Officer) Board.

In response to Members' questions, the Performance Specialist explained the approach to 'abnormally low tenders'; his role in leading the procurement process within the Council in liaison with contract managers; the intention to define a target in respect of KPI (i) above; and the fact that carbon emissions formed part of the 'social value' element of the tender scoring process. He also confirmed that SIAP had been made aware of the report and were content that it addressed the recommendations arising from its audit.

**RESOLVED** – that:

- A the set of standard procurement Key Performance Indicators detailed in Appendix B to the report be agreed; and
- B. the Procurement Improvement Plan as detailed in Appendix C to the report be noted.

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

**RECOMMENDED** - that amendments be made to Contract Standing Orders in accordance with the summary at **Appendix B** to these minutes.

## 266. PAY POLICY STATEMENT 2021/22

The Localism Act 2011 required Councils to publish annual pay policy statements. A proposed 2021/22 statement for Tandridge was submitted.

It was acknowledged that the first line of section 3.2 of the proposed policy statement should say that the Senior Leadership Team comprises six Chief Officers (not five).

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

**RECOMMENDED** – that the proposed Pay Policy Statement for 2020/21, attached at **Appendix C**, be approved.



## **267. CHIEF OFFICER SUB-COMMITTEE - 14TH JANUARY 2021**

**RESOLVED** – that the minutes of the Sub-Committee's meeting, attached at Appendix D, be noted,

## **268. SITUATION OF POLLING PLACES - DELEGATION TO ELECTORAL REGISTRATION OFFICER**

The Council's Constitution identified the determination of polling district reviews as a matter to be reserved for Full Council following recommendations from this Committee. While not explicitly stated, this definition also intended to relate to polling places. A report was submitted which sought authority for the Electoral Registration Officer to designate polling places in situations where it was impracticable to take proposals through the committee process.

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

**RECOMMENDED** – that in circumstances where it would not be practicable to seek Committee / Council approval for a change in a polling place in time for an election, authority be delegated to the Electoral Registration Officer, in consultation with Ward Members and Group Leaders, to make such changes should the need arise.

## **269. FINANCE - FUTURE LEADERSHIP ARRANGEMENTS**

The Chief Finance Officer's secondment from Surrey County Council was due to end on the 31<sup>st</sup> March 2021. The Local Government Act 1972 required every local authority to appoint a suitably qualified officer responsible for the proper administration of its financial affairs (commonly referred to as the Section 151 Officer). A report was submitted to enable the Committee to consider options for securing future financial leadership and further transformation of the Council's finance function, namely:

- seek to recruit a permanent employee to the post of s151 Officer
- seek to recruit a replacement interim s151 Officer (not recommended due to cost and disruption)
- pursue Surrey County Council's offer to provide TDC with a comprehensive finance function, comprising the s151 role and a full range of financial services
- a sharing arrangement with another neighbouring authority

The report outlined a process for appraising the above options and then establishing a business case for the favoured solution.

In response to Members' questions, the Acting Chief Executive agreed to provide further information after the meeting regarding:

- the other councils which had been approached regarding the possibility of sharing a s151 Officer with Tandridge
- the consultant being engaged to support the options appraisal process (this was in response to an observation that the individual concerned should be independent and not associated with any of the options).

Given the Council's statutory duty to have a s151 Officer in place, the Committee was advised that it would not be practicable to defer the matter until a new, permanent Chief Executive had been appointed.

***RESOLVED*** – that an options appraisal and business case is undertaken to identify a future model for providing the Council's financial leadership, with the Acting Chief Executive reporting back to this Committee in March 2021 for decision.

Rising 9.21 pm

## INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the on the 15<sup>th</sup> January 2021 at 10.00 a.m.

**PRESENT:** Councillors Elias (Chair), Bourne, Farr (substitute in place of Davies), Jones and Milton (substitute in place of M.Cooper)

**APOLOGIES FOR ABSENCE:** Councillors M.Cooper and Davies

### 1. MINUTES OF THE MEETING HELD ON THE 23RD OCTOBER 2020

These minutes were approved as a correct record.

In respect of item 2 of the minutes, arising from the presentation from UBS, it was confirmed that UBS had provided clarification concerning ongoing fund charges and mandate costs, together with the latest value of the Council's investment. This information had been circulated to members of the Sub Committee shortly after the meeting

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

### 2. CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGY 2021/22

A proposed consolidated strategy was presented. This had been produced in accordance with CIPFA guidelines and provided a high-level overview of how capital expenditure, capital financing and treasury management activity support the delivery of the Council's priorities, along with an explanation of how risk, security and liquidity are managed. The strategy included:

- a summary of the Council's capital expenditure and financing plans, with associated governance arrangements;
- an overview of the treasury management function which sought to ensure that income raised during the year is sufficient to meet expenditure plans and that any available surplus cash is invested at low risk, while ensuring security and liquidity; and
- the Council's approach to property investment (including reference to recent restrictions on the ability to borrow from the Public Works Loan Board for purchasing properties with the primary aim of generating yield) and the pursuance of redevelopment and regeneration opportunities.

Various issues were raised during the discussion about the strategy, including:

- whether it was appropriate to highlight the potential for regeneration investments to drive up yield from business rates (para 3.7)

- clarification that the £4.9 million investment for the refurbishment of Quadrant House, Caterham would be funded by the Local Economic Partnership (para 7.4) and that 'Disabled Facilities Grants' and 'Community Infrastructure Levy' comprised the other sources of external funding for the capital programme
- a suggestion that, in future, separate tables be provided to distinguish Housing Revenue Account provisions from those in the General Fund
- confirmation that Minimum Revenue Provision (MRP) would continue to be applied in accordance with the Asset Life Method, but that:
  - 'equal instalment' calculations would be used to charge MRP to internal borrowing;
  - the annuity method would apply to commercial activities, allowing MRP to increase gradually over the asset life (section 8)
- a request for future clarification about the figures in Table 6 under para 9.2 (current treasury investment portfolio) concerning the value of the respective funds
- the need for corrections in Table 10 under para 9.19 regarding treasury management investments (the corrections are incorporated in the revised version of strategy attached to these minutes)
- the scope for enhancing the presentation of the table under para 37 of the investment property strategy regarding the performance of the Council's property portfolio.

The Chief Finance Officer confirmed her intention to establish more regular dialogue with the Council's Treasury advisors (Link) to test whether the treasury investment portfolio and borrowing strategy remained suitable in light of other economic factors. She also acknowledged the need for the capital programme to remain flexible and to avoid imposing unacceptable financing costs upon the General Fund after taking other variables into account.

**RECOMMENDED** – that the Capital, Investment and Treasury Management Strategy (accessible via the following link) be approved:

<https://www.tandridge.gov.uk/Portals/0/Documents/Your-council/Councillors-and-committees/Capital-Investment-and-TM-Strategy.pdf?ver=2021-02-01-145345-137>

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

### 3. SUMMARY INVESTMENT AND BORROWING POSITION

The investment analysis at Annexes A and B was considered, together with fact sheets for the four funds within the Council's treasury investment portfolio. The Chief Finance Officer asked if members of the Sub-Committee could provide feedback about whether they find the analysis and fact sheets useful. This would be pursued after the meeting.

At the previous meeting, the Sub-Committee had agreed that, *“the reallocation of accumulated Funding Circle redemption proceeds [approximately £0.77m at the end of November 2020] be deferred, pending a review ... about whether they should be used to meet the Council’s cashflow requirements”*. Members were advised about the potential need for borrowing in March 2021 for cashflow purposes and that, in view of the current uncertainty, the Funding Circle redemption proceeds remained unallocated. In this respect, the Chief Finance Officer stated that she would be consulting the Council’s treasury advisors (Link) towards the end of the financial year about the relative merits of utilising the proceeds to assist with cashflow, or reinvesting them across the CCLA; UBS and Schroder funds. Officers would also assess whether it would be sustainable for the Council to continue to draw the current levels of income from those funds.

The Chief Finance Officer also advised about the intended future approach to accounting for the Freedom Leisure loans.

Arising from a question about Gryllus, it was confirmed that valuations of its properties as at 31<sup>st</sup> December 2020 were expected to be received by the end of February 2021.

**RESOLVED** – that:

- A. the Council’s investment and borrowing position at 31<sup>st</sup> December 2020, as set out in Annexes A and B, be noted;
- B. the individual factsheets for the long-term investments be noted; and
- C. the application of accumulated Funding Circle redemption proceeds continues to be reviewed.

Rising 11.20 a.m.

Investment	Investment Amount at 31/12/2020	Net Asset Value at 31/12/2020 Note 1	Yield Rate Note 2	Yield to 31/12/20 Note 3	Estimated Annual Return 2020/21 at 31/03/2021	2019/20 Actual
	£	£	%	£	£	£
<b><u>Non - Specified (Financial Investments)- Long Term (over 12 mths)</u></b>						
CCLA Property Fund	4,000,000	4,013,737	4.27	84,719	171,400	185,240
Schroders Bond Fund	3,000,000	2,927,632	4.50	33,903	131,700	124,418
UBS Multi Asset Fund	3,000,000	2,817,616	4.50	84,148	126,800	137,531
Funding Circle	1,261,826	1,091,959	4.50	55,666	65,000	78,011
CCLA Diversification Fund	2,000,000	1,971,862	3.36	35,972	66,300	66,284
<b>Sub Total Non-specified (Financial Investments)</b>	<b>13,261,826</b>	<b>12,822,805</b>		<b>294,408</b>	<b>561,200</b>	<b>591,484</b>
<b><u>Non - Specified (Non-Financial Investments)- Long Term (over 12 mths)</u></b>						
Gryllus Property Company Loan - Maidstone	2,394,000	2,394,000	5.81	0	139,100	139,023
Tandridge Leisure Ltd- Refurbishment Loan (TTLIC)	0	0	0.00	0	0	1,520
Freedom Leisure- Loan (TLP)	1,017,000	1,017,000	5.50	0	53,271	63,926
Freedom Leisure- Loan (de Stafford)	651,750	651,750	7.58	0	47,050	54,484
Caterham Barracks	0	0	0.00	0	0	21,774
Gryllus Property Company Loan - 80-84 Station Rd East	1,012,500	1,012,500	5.81	0	58,800	53,924
Gryllus Property Company Loan - Castlefield	11,664,000	11,664,000	6.10	0	711,500	0
Gryllus Property Company Share Capital Note 4	5,251,500	5,251,500	-	-	-	0
<b>Sub Total Non-specified (Non-Financial Investments)</b>	<b>21,990,749</b>	<b>21,990,749</b>		<b>0</b>	<b>1,009,721</b>	<b>334,651</b>
<b>Total Non-Specified Investments</b>	<b>35,252,575</b>	<b>34,813,554</b>		<b>294,408</b>	<b>1,570,921</b>	<b>926,135</b>
<b><u>Specified Investments-Short Term (less than 12 mths)</u></b>						
Banks/Building Societies Deposits	0	-	0.00	0	0	6,381
Notice Accounts	4,000,000	4,042,381	0.07	4,920	12,400	20,919
Money Market Funds	20,000,000	20,000,000	0.01	15,779	20,000	75,255
<b>Total Specified Investments</b>	<b>24,000,000</b>	<b>24,042,381</b>		<b>20,699</b>	<b>32,400</b>	<b>102,555</b>
<b>Total Non- Specified and Specified Investments</b>	<b>59,252,575</b>	<b>58,855,935</b>		<b>315,107</b>	<b>1,603,321</b>	<b>1,028,690</b>
<b>Total Investment Income Budget 2020/21</b>					<b>2,764,200</b>	
<b>Over/(under) budget</b>					<b>(1,160,879)</b>	

Borrowing	Loan Amount at 31/12/20	Estimated Average Borrowing	Interest	Expenditure to 31/12/20	Estimated Annual Cost 2020/21 at 31/03/2021
	£	£	%	£	£
<b>General Fund Borrowing</b>					
Gryllus Loan	3,420,000	3,420,000	2.46	42,066	84,100
Freedom Leisure Loan	2,225,000	2,225,000	2.45	54,513	54,500
Village Health Club	938,678	938,678	2.38	22,341	22,300
Linden House	4,175,000	4,175,000	2.69	56,154	112,300
Linden House	254,000	254,000	2.42	6,146	6,100
Quadrant House	15,340,000	15,340,000	2.41	184,847	369,700
Quadrant House	800,000	800,000	2.28	18,240	18,200
Gryllus - 80-84 Station Road	724,400	724,400	2.28	16,516	16,500
Gryllus - Castlefield	15,549,000	15,549,000	2.91	452,476	452,500
<b>Sub Total General Fund Borrowing</b>	<b>43,426,078</b>	<b>43,426,078</b>		<b>853,298</b>	<b>1,136,200</b>
<b>General Fund Cost of Borrowing Budget</b>					<b>1,889,000</b>
<b>Over/(Under) Budget</b>					<b>(752,800)</b>
<b>HRA Borrowing</b>					
Public Works Loan Board	61,189,000	61,189,000	2.76	831,153	1,662,300
<b>Sub Total HRA Borrowing</b>	<b>61,189,000</b>	<b>61,189,000</b>		<b>831,153</b>	<b>1,662,300</b>
<b>HRA Cost of Borrowing Budget</b>					<b>1,926,500</b>
<b>Over/(Under) Budget</b>					<b>(264,200)</b>
<b>Total Borrowing</b>	<b>104,615,078</b>	<b>104,615,078</b>		<b>1,684,451</b>	<b>2,798,500</b>
<b>Total Cost of Borrowing Budget</b>					<b>3,815,500</b>
<b>Total Over/(Under) Budget</b>					<b>(1,017,000)</b>

## Notes

### 1. Net Asset Value

The Net Asset Value for CCLA Property Fund is at 30 Sept 2020

### 2. Yield Rate

CCLA Property Fund dividend yield Dec 20 provisional provided by CCLA 4.27%

Schroders Strategic Credit Fund Fact sheet on Schroders.co.uk current yield as at 30 Nov 2020 4.5%

UBS distribution yield latest per UBS Fact Sheet (Q3 20) 4.5 %

CCLA Diversified Fund Class 2 dividend yield Dec 20 provided by CCLA 3.36%

Funding Circle yield based on net earnings to 31 Dec 2020 per Funding Circle statement

3. Yield to 31/12/20 include actuals received or notified of at this date - CCLA Property Fund, UBS & CCLA show 2 quarters, Schroders only shows 1 quarter.

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

Carrying Value	Carrying Value 31.3.2017	Carrying Value 31.3.2018	Carrying Value 30.6.2018	Carrying Value 30.9.2018	Carrying Value 31.12.2018	Carrying Value 31.3.2019	Carrying Value 30.6.2019	Carrying Value 30.9.2019	Carrying Value 31.12.2019	Carrying Value 31.03.2020	Carrying Value 30.09.2020	Carrying Value 31.12.2020
	£	£	£	£	£	£	£	£	£	£	£	£
CCLA Property Fund	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Schroders Bond Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
UBS Multi Asset Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
CCLA Diversification Fund	n/a	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total	10,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

Market Value	Market Value 31.3.2017	Market Value 31.3.2018	Market Value 30.6.2018	Market Value 30.9.2018	Market Value 31.12.2018	Market Value 31.3.2019	Market Value 30.6.2019	Market Value 30.9.2019	Market Value 31.12.2019	Market Value 31.03.2020	Market Value 30.09.2020	Market Value 31.12.2020
	£	£	£	£	£	£	£	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,082,986	4,276,854	4,299,512	4,300,362	4,369,186	4,276,005	4,346,669	4,302,769	4,302,769	4,188,063	4,013,737	4,013,737 *
Schroders Bond Fund	2,963,563	2,912,837	2,908,609	2,891,399	2,825,575	2,865,130	2,910,421	2,873,584	2,934,878	2,539,938	2,798,400	2,927,632
UBS Multi Asset Fund	3,018,705	2,918,160	2,895,094	2,905,148	2,777,398	2,868,479	2,916,977	2,927,623	2,957,787	2,520,713	2,721,211	2,817,616
CCLA Diversification Fund(indicative market value)	n/a	1,921,257	1,972,126	1,990,756	1,913,197	1,982,167	2,032,111	2,049,420	2,074,392	1,804,193	1,928,260	1,971,862
Total	10,065,254	12,029,108	12,075,341	12,087,665	11,885,356	11,991,781	12,206,179	12,153,396	12,269,826	11,052,907	11,461,608	11,730,846

Surplus/(Deficit)	Surplus/ (Deficit) 31.3.2017	Surplus/ (Deficit) 31.3.2018	Surplus/ (Deficit) 30.6.2018	Surplus/ (Deficit) 30.9.2018	Surplus/ (Deficit) 31.12.2018	Surplus/ (Deficit) 31.3.2019	Surplus/ (Deficit) 30.6.2019	Surplus/ (Deficit) 30.9.2019	Surplus/ (Deficit) 31.12.2019	Surplus/ (Deficit) 31.03.2020	Surplus/ (Deficit) 30.09.2020	Surplus/ (Deficit) 31.12.2020
	£	£	£	£	£	£	£	£	£	£	£	£
CCLA Property Fund	82,986	276,854	299,512	300,362	369,186	276,005	346,669	302,769	302,769	188,063	13,737	13,737
Schroders Bond Fund	(36,437)	(87,163)	(91,391)	(108,601)	(174,425)	(134,870)	(89,579)	(126,416)	(65,122)	(460,062)	(201,600)	(72,368)
UBS Multi Asset Fund	18,705	(81,840)	(104,906)	(94,852)	(222,602)	(131,521)	(83,023)	(72,377)	(42,213)	(479,287)	(278,789)	(182,385)
CCLA Diversification Fund	n/a	(78,743)	(27,874)	(9,244)	(86,803)	(17,833)	32,111	49,420	74,392	(195,807)	(71,740)	(28,138)
Total	65,254	29,108	75,341	87,665	(114,644)	(8,219)	206,179	153,396	269,826	(947,093)	(538,392)	(269,154)

\* CCLA Property fund Market value is at 30 Sept 2020



Gross Revenue Yield	Yield 2016/17 £	Yield 2016/17 %	Yield 2017/18 £	Yield 2017/18 %	Yield 2018/19 £	Yield 2018/19 %	Yield 2019/20 £	Yield 2019/20 %	FY Forecast at 30-Sept-20		FY Forecast at 31-Dec-20	
									Yield 20-21 30.09.2020 £	Yield 20-21 30.09.2020 %	Yield 20-21 31.12.2020 £	Yield 20-21 31.12.2020 %
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.31%	171,000	4.26%	171,400	4.27%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.33%	125,900	4.50%	131,700	4.50%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	4.70%	119,700	4.40%	126,800	4.50%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.23%	66,700	3.46%	66,300	3.36%
Total	392,375		508,691		488,040		513,473		483,300		496,200	

Surplus/(Deficit)- Capital Value	Surplus/ (Deficit) 2016/17 £	Surplus/ (Deficit) 2016/17 %	Surplus/ (Deficit) 2017/18 £	Surplus/ (Deficit) 2017/18 %	Surplus/ (Deficit) 2018/19 £	Surplus/ (Deficit) 2018/19 %	Surplus/ (Deficit) 2019/20 £	Surplus/ (Deficit) 2019/20 %	FY Forecast at 30-Sept-20		FY Forecast at 31-Dec-20	
									Surplus/ (Deficit) 2020/21 £	Surplus/ (Deficit) 2020/21 %	Surplus/ (Deficit) 2020/21 £	Surplus/ (Deficit) 2020/21 %
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(289,032)	-7.20%	(289,032)	-7.20%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	(75,184)	-2.69%	(7,246)	-0.25%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	(206,412)	-7.59%	(140,172)	-4.97%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	(121,160)	-6.28%	(102,530)	-5.20%
Total	(39,803)		(36,146)		(37,327)		(938,874)		(691,788)		(538,980)	

Net Yield	Net Yield 2016/17 £	Net Yield 2016/17 %	Net Yield 2017/18 £	Net Yield 2017/18 %	Net Yield 2018/19 £	Net Yield 2018/19 %	Net Yield 2019/20 £	Net Yield 2019/20 %	FY Forecast at 30-Sept-20		FY Forecast at 31-Dec-20	
									Net Yield 2020/21 £	Net Yield 2020/21 %	Net Yield 2020/21 £	Net Yield 2020/21 %
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%	(118,032)	-2.94%	(117,632)	-2.93%
Schroders Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	50,716	1.81%	124,454	4.25%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	(86,712)	-3.19%	(13,372)	-0.47%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	(54,460)	-2.82%	(36,230)	-1.84%
Total	352,572		472,545		450,713		(425,401)		(208,488)		(42,780)	

## Peer to Peer Investment

### Funding Circle

### Carrying Value

Interest Paid by Borrowers

Less FC Service fee

Promotions/Transfer payment

Bad Debts

Recoveries

Amounts Recovered on principal in prior years (prior to 06.04.15)

### Net Yield

### Provisions for future losses

	2016/17 £	2016/17 %	2017/18 £	2017/18 %	2018/19 £	2018/19 %	2019/20 £	2019/20 %	31/08/2020 Actual		31/12/2020 Actual Provisional	
									£	%	£	%
	2,003,355		2,075,341		2,056,664		1,831,028		1,415,581		1,091,959	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170		58,059		101,195	
Less FC Service fee	(19,121)		(19,668)		(19,729)		(19,611)		(5,741)		(9,932)	
Promotions/Transfer payment							470		0			
Bad Debts	(58,163)		(61,288)		(111,152)		(127,649)		(44,442)		(66,341)	
Recoveries	8,219		14,780		27,428		30,253		11,599		30,743	
Amounts Recovered on principal in prior years (prior to 06.04.15)	0		0									
Net Yield	112,827	5.63%	114,838	5.53%	81,201	3.95%	76,634	4.19%	19,476	1.38%	55,666	5.10% **
Provisions for future losses	0		0		(10,000)							

\*\*Funding Circle Net yield - this has been calculated against the current value, however principal is being withdrawn throughout the year. If calculated against the opening balance then the net yield would be 4%

**Summary of proposed amendments to Contract Standing Orders in light of:**

- Internal Audit recommendations; and
- the implications of Brexit

Paragraph number (where relevant)	Details of amendment
1.3	<p>addition of the following bullet point regarding rules which all procurements and resulting contracts made by or on behalf of the Council must comply with:</p> <p><i>“the UK Regulations 2015 and as of January 2021 the ‘Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations 2019 and Public Procurement (Amendment etc. (EU Exit) (No.2) Regulations 2019 (‘Withdrawal Regulations’)”</i></p>
4.3	<p>addition of the following words in italics:</p> <p>Where a proposed Contract is likely to exceed the <i>UK Find a Tender Threshold</i> [previously OJEU]) the Council has no authority to waive these CSOs.</p>
6.6	<p>addition of the following words in italics:</p> <p>Contracts over the current <i>UK Find a Tender Threshold</i> (previously OJEU) <i>additionally must be advertised via the Find a Tender Service (FTS).</i></p>
9.2	<p>new text as follows: <i>“Social Value is the means by which the Council aims to meet its Climate Change objectives detailed in the Procurement Strategy.”</i></p>
Throughout	<p>reference to ‘Find a Tender Service’ procurement thresholds in place of EU thresholds</p>
15.4	<p>new clause, <i>“ Where the final contract award is greater than the value approved by the CPB, the award must be approved by the CPB.”</i></p> <p>(Internal Audit recommendation)</p>
26.5	<p>new clause, <i>“The confidentiality of quotations, tenders and the identity of contractors must be preserved at all times and the information about one contractor’s response must not be given to another contractor”.</i></p> <p>(Internal Audit recommendation)</p>

Paragraph number (where relevant)	Details of amendment
28.2	<p>new clause for 'Abnormally low tenders':</p> <p><i>"There is no definition in the Regulations of an abnormally low tender, but in practice, it will be identified where the tenderer's price is significantly lower than other tenderers. Where such a tendered price is received an explanation from the tenderer must first be sought. Where the evidence does not provide a satisfactory explanation, the tender can be rejected."</i></p> <p>(Internal Audit recommendation)</p>
Public Contract Regulation definition	<p><i>"Refer to Public Contract Regulations or PCR 2015 and from January 2021 is amended to 'PCR 2015 (as amended)' and, the first time PCR 2015 is defined, expand the definition so it reads 'Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations 2019 and Public Procurement (Amendment etc. (EU Exit) (No.2) Regulations 2019 ('Withdrawal Regulations')"</i></p>
UK Regulations definition	<p><i>Refers to The Public Contracts Regulations 2015. From January 2021 is amended to 'PCR 2015 (as amended)' and, the first time PCR 2015 is defined, expand the definition so it reads 'Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations 2019 and Public Procurement (Amendment etc. (EU Exit) (No.2) Regulations 2019 ('Withdrawal Regulations')"</i></p>

**TANDRIDGE DISTRICT COUNCIL - PAY POLICY STATEMENT 2021/22****1. Introduction**

This Pay Policy Statement provides the framework for decision making on pay and, in particular, senior pay. Preparing and publishing this statement is a requirement under the Localism Act 2011.

Tandridge District Council (TDC) is required to publish an annual statement which has been approved by full Council. The information is set out under headings which have been prescribed by the Localism Act and relates to the 2021/22 financial year unless otherwise stated.

**2. Background**

- The Council is opted out of the terms and conditions of employment operated by the National Joint Council (NJC) for Local Government Services and has local terms and conditions of employment.
- The local pay scales cover all employees of the Council (including Chief Officers).
- As required by law, the Council auto-enrols all eligible employees into a pension scheme - the Local Government Pension Scheme (LGPS).
- Relative to most other parts of the country, the district is expensive to move to and live in.
- Competition for some specialist posts remains high nationally with our neighbouring Local Authorities competing for the same skills and experience.

**3. Definitions**

For this Policy the following definitions will apply:

**3.1 Pay**

The term 'Pay' in addition to salary includes overtime, fees, allowances, benefits in kind, increases in or enhancements to pension entitlements, merit payments, retention payments, redundancy payments, honorariums and termination payments.

**3.2 Chief Officer**

The Council's Senior Leadership Team consists of 16 officer roles; 6 of whom are Chief Officers for the purposes of this policy statement, under the definition in the Localism Act 2011 and Local Government and Housing Act 1989:

- Head of Paid Service (Chief Executive Officer)
- Statutory Officer, Monitoring Officer (Head of Legal Services)
- Statutory Officer, Section 151 Officer (Chief Finance Officer)
- Non-Statutory Officer, reporting to Head of Paid Service (Executive Head of Communities)

- Non-Statutory Officer, reporting to Head of Paid Service (Chief Planning Officer)
- Non-Statutory Officer, reporting to Head of Paid Service (Executive Head of Corporate Resources)

### **3.3 Lowest paid employees**

The lowest paid staff employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Councils grading structure (TC2) which is set at the National Living Wage. With effect from January 1, 2021 this was £17,842 per annum (£9.25 per hour).

The Council also employs apprentices and trainees who are not included within the definition of lowest paid employees as they are employed under the terms and conditions and pay rates applicable to the relevant career grade scheme. All salaries of these employees are set at or above the National Minimum Wage.

## **4. Level and elements of remuneration for Chief Officers**

All staff are employed on a TDC contract of employment and therefore subject to PAYE. All staff are on local conditions and the pay and reward structure applies to all. The Council has a salary and grading structure (pay scales) for all staff which includes the grades and salaries applicable to Chief Officers. The grade allocated to a post is determined by the duties, level of responsibility and competencies required as outlined in the job description and person specification. The authority has a Grading Scheme which is used to evaluate the grade of posts.

In addition to basic pay all officers receive the following benefits:

- If the officer is a member of the LGPS, the agreed employers contribution (currently 17.1% of gross salary plus any other pensionable pay).
- A business mobility allowance which is paid in monthly instalments. The amount paid is linked to the mileage travelled whilst carrying out the council's business on a three-tier scale and is reviewed annually on a three-year rolling basis. Employees pay tax and national insurance on this allowance.
- All other employees are entitled to claim a casual mileage allowance when travelling on council business.
- Access to a Cashplan scheme. Employees pay tax on this benefit.
- Access to an Employee Assistance Programme (EAP).
- Payment of an annual subscription to one professional institution where this has a clear benefit or is a requisite for the job. In some cases, if role specific, a maximum of two professional subscriptions may be reimbursed, at the discretion of the Executive Head of Corporate Resources.

**5. Remuneration of Chief Officers on recruitment**

TDC commitment is to pay appropriately to attract and retain competent and experienced senior staff to lead the organisation.

TDC policy is to appoint at the bottom of the salary scale, or near the bottom taking into account the relevant skills and experience of the person appointed. Progression through the grade, subject to satisfactory performance, is on an annual basis each April until the top of grade is reached.

As outlined in the Council's Constitution, Chief Officers (definition in 2.2 above refers) are appointed by the Chief Officer Sub-Committee (COSC), following recommendations from the Chief Executive, which then reports its decision to Council.

Appointments to the post of Chief Executive are made by the Council following recommendations made by the COSC.

**6. Increases and additions to remuneration for Chief Officers**

Cost of living pay increases, for all staff, are considered annually and determined through negotiation with Staff Conference, the forum with which Management negotiates and consults with on terms and conditions of employment and other staff related matters.

The Council operates a pay scheme whereby Chief Officers and staff can be awarded a single increment on the salary scale each April. Once an employee reaches the top of their salary scale there is no opportunity to move into the next grade.

Other salary increases can only be given as a result of change in duties and/or responsibilities and any other circumstances which are formally submitted by the Line Manager to the 151 Officer and Executive Head of Corporate Resources for consideration. These will only be approved in line with the organisational pay policy.

Incremental and cost of living increases are normally paid with effect from the 1<sup>st</sup> April each year.

**7. The use of performance related pay for Chief Officers**

TDC no longer operate performance related pay.

**8. The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority**

TDC Management of Organisational Change Policy sets out a consistent method of calculating redundancy pay which is applied to all redundant employees. The current level of enhanced redundancy pay is calculated using the statutory system with a multiplier of 1.5 and no cap on weekly earnings. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment and may be reviewed and adjusted at any time.

Discretionary payments made to officers on **senior management grades** (SM1 and above) to which they are contractually entitled must be authorised by the Strategy and Resources Committee.

TDC Management of Organisational Change and Retirement Policies set out how we will calculate any payments made to support early retirement in the efficiency of the service. Where it is proposed to grant early retirement with no actuarial reduction in the pension payable in respect of a person on a **senior management grade**, this must be authorised by the Strategy and Resources Committee. Staff on all other grades must be authorised by the Chief Executive.

**9. The publication of and access to information relating to remuneration of Chief Officers**

TDC annual pay policy statement and the pay scales for all staff are published on the Council's website where it can be easily accessed. Information about Chief Officer remuneration has been published since 2008/09 as part of the Final Statement of Accounts.

**10. Pay multiple (ratio) between bottom and top staff**

TDC defines the lowest paid employees as those that are on the second grade (TC2) of the pay scales. The lowest salary being paid to members of staff on the TC2 grade as at January 2021 was £17,842.

The Chief Executive's salary grade is SM4 on the Tandridge pay scales.

The Council pays all employees including Chief Officers, from the same incremental pay scale structure.

The pay multiple between the lowest paid (full time equivalent) employee and the Chief Executive is a ratio of 1:1.63

The pay multiple between the median full time equivalent earnings and the Chief Executive is a ratio of 1:3.78 where all Council employees are taken into account.

The resulting ratios between the mean and median average earnings and the Chief Executive's salary, together with the ratio between the lowest and highest salary as at January 1, 2021 (with comparisons for the previous year) are:

	<b>As at 1 January 2020</b>	<b>As at 1 January 2021</b>
Mean Average	1: 3.2	1:3.28
Median Average	1: 3.68	1:3.78
Lowest/Highest salary	1: 6.64	1:6.63

The Lowest/Highest salary ratio of 1:6.63 is well within the maximum ration of 1:20 identified as a maximum pay multiple in the Hutton Review of Public Sector Pay.

Details of the remuneration paid to all members of the Council Leadership Team can be found in the Councils annual statement of accounts.

## **11. Components of Employee reward package**

Our total reward package for all employees (including Chief Officers) includes pay, Local Government Pension Scheme employer contribution, enhanced holiday entitlement (in excess of statutory requirements), enhanced sick pay (in excess of statutory requirements), basic level healthcare scheme, eye test vouchers and agile/flexible working benefits.

All employees can take advantage of several salary sacrifice schemes including Childcare Vouchers and the Cycle to Work scheme, and benefit from discounts on shopping, entertainment, and holidays through the employee benefits schemes.

## **12. Election fees (See Annexe A)**

Fees for local elections vary according to the size of the electorate and number of postal voters and are calculated according to a scale of fees set on a Surrey wide basis for all eleven Districts and Boroughs, as outlined in Annexe 'A'. Payments for parliamentary elections and national referendums are set by central government and are not borne by the Council as the money is reclaimed. These payments are not included in the calculation referred to in paragraph 9 above.

## **13. Policy on employing someone who has left the Council's employment.**

Employees who leave the Council voluntarily without a severance payment are free to apply for jobs that are advertised at their discretion.

Employees who leave the Council with a redundancy payment and no enhancement and subsequently apply and are successful for a position within the Council must repay any redundancy payment, if the appointment is within a month of their termination date.

If the appointment start date is longer than a month the employee can return to work in the position offered but in accordance with the Redundancy Modification Orders, will lose their contractual rights to have their continuous service recognised for all purposes.

Employees who leave the Council with an enhanced severance package will not normally be re-employed or engaged under a contract for services for a period of two years.

## **14. Policy on employing someone who is also drawing a pension**

In line with our Retirement Policy we will consider requests from staff who wish to draw their pension but continue working in a reduced capacity. We would expect to see a reduction in salary through either reduced hours or responsibility which would generate at least £10,000 a year in savings.

Employees who leave the Council on ill-health retirement with the possibility of a return to work under the Local Government Pension Scheme Regulations or who are granted early retirement will be considered on a case by case basis depending upon the circumstances and having due regard to their termination package. The final decision on these cases will be made by the Chief Executive.



**15. Policy on lowest paid**

With effect from April 1, 2015 a commitment was made by Members that all staff, excluding apprentices and trainees, would be paid the UK National Living Wage and are therefore paid at or above the bottom point of the TC2 grade. All apprentices and trainees are paid at least the rate for 18-20-year olds under the National Minimum wage rates.

All jobs are evaluated against the Council's Grading Scheme Criteria to ensure that post holders are fairly paid for the duties they carry out.

**16. Gender Pay Gap data**

GPG data is published on the council website and refreshed on an annual basis to reflect the position as at the 31<sup>st</sup> March each year.

**17. Equal Pay**

The Authority carries out an Equal Pay Audit from time to time which also helps to ensure that our pay and rewards for staff are fair and meet legislative and best practice requirements.

**18. Exit Cap and Recovery Provisions**

The UK Government introduced The Restriction of Public Sector Exit Payments Regulations 2020 from 4<sup>th</sup> November 2020 that impose a cap of £95,000 on exit payments for public sector workers. The minimum salary to which the recovery provisions apply is £80,000 per annum. Council policies have been updated as appropriate to take this into account.

**19. Equality and Diversity**

The council is committed to ensuring that no-one is discriminated against, disadvantaged or given preference, particularly based on protected characteristics as defined in the Equality Act 2010.

This policy will be applied equally to all employees.

ELECTION OF COUNTY/ BOROUGH / PARISH COUNCILLORS IN SURREY: SCALE OF RETURNING OFFICER'S FEES AND CHARGES - 2020/2021			
	The scale of Fees and Charges specifies the maximum recoverable amounts available for each electoral area.		
	It also sets maximum recoverable amounts for specified services and specified expenses.		
	Neither of these can be exceeded but the Returning Officer is entitled to disburse funds on the different functions specified in the fee scale as he/she sees fit, provided the expenditure is accounted for properly and only spent on what is necessary for the efficient and effective conduct of the election.		
<b>Part A -</b>	<b>Note: The Returning Officer or County DRO may allocate some of his/her fee to deputies or vire them to another expenditure head.</b>		
	<b>Calculated by using CBZX 12 month rolling index on National Statistics website</b>	2019/2020	2020/2021(Hourly Rate)
	<b>for 2007/8 and 2008/9 and average rate of increase in pay across County authorities during 2017 for 2017/18.</b>	Bringing payments up to Living Wage	The Hourly rate is calculated for working 15 1/2 hours
<b>1</b>	(a) Separate County, Borough or Parish Elections		
	First 500 electorate	£32	£32
	For every additional 500 electors, or part thereof	£16	£16
	(b) Combined County / Borough and Parish Elections		
	First 500 electorate (in combined part of area only)	£43	£43
	For every additional 500 electors, or part thereof (in combined part of area only)	£21	£21
	Note 1: Where a combined fee is payable, that fee must be split between the areas. A total combined fee is not payable in each area.		
	Note 2: Where a single election is payable from this fee scale in combination with an election paid by central government, the combination element will only be paid by this local fee scale if there is no payment for combination in the government fee scale.		
	Note 3: Where more than two elections are combined from this fee scale, the following payment will be made per 500 electors or part thereof for each extra election. This is only applicable in the areas in which those elections apply.	£6.00	£6.00
	(c) Uncontested Election *	£27.00	£27.00
	* Fee applicable at by-elections for County / Borough or Parish Councillors or, at Ordinary Elections, when the election of Borough Councillors is contested but the election for the Parish or Parish Ward is uncontested.		
<b>2</b>	In each contested electoral area, for services in connection with the despatch and receipt of postal ballot papers		
	For first 100 postal voters	£7.00	£7.00
	For each additional 75 postal voters or fraction thereof	£6.00	£6.00
<b>3</b>	In each contested electoral area, for services in connection with the preparation and issue of Official Poll Cards (all types - Poll/Postal Poll/Proxy Poll/ Proxy Postal Poll)		
	First 2000 poll cards	£20.00	£20.00
	For every additional 250 poll cards, or fraction thereof	£1.00	£1.00
<b>4</b>	<b>NOTE: At a contested by-election the total fee payable to the Returning Officer must be at least equal to the sum of the Presiding Officer and Count Assistant fees stated at B1(a) and B4(a)(i) respectively and the amount opposite</b>	£90.00	£90.00
<b>5</b>	Max fee for training Presiding Officers and Poll Clerks per session (min 25 people at ordinary election. One session only at by-election if training deemed necessary). This fee to be distributed direct to the Trainer(s).	£162.00	£162.00
<b>Part B -</b>	<b>Expenses of Returning Officer or County DRO for which maximum amounts are specified</b>		
In no case shall a charge exceed the sum actually and necessarily payable or paid by the Returning Officer or County Deputy Returning Officer. Subject thereto the MAXIMUM charges shall be as follows:			
<b>1</b>	<b>For the Presiding Officer at each Polling Station</b>		
	(i) (a) at separate Borough or Parish Polls (including payment for use of mobile phone £260.00	£260.00	£269 (£17.03)
	(i) (b) at combined Borough / Parish Polls (including payment for use of mobile phone £300.00	£300.00	£319 (£20.25)
	(i) (c) for each extra election above a combined election	£30.00	£30.00

	(ii) Where at a polling place there is more than one polling station, the maximum recoverable amount in respect of one only of the presiding officers at the polling station at such a polling place is increased by	£20.00		£20.00
	NB Where a polling station is situated within the boundary of a District or Borough Council which adjoins a London Borough the fees in B1 (a) & (b) are increased by	£40.00		£40.00
	<b>Max fee per session for training of Presiding Officers as necessary</b>	£43.00		£43.00
<b>2</b>	For each Poll Clerk at each Polling Station			
	(a) at separate Borough or Parish Polls	£145.00		£167(£10.77)
	(b) at combined Borough / Parish Polls	£170.00		£192(£12.39)
	(c) for each extra election above a combined election depending on local circumstances and as the Returning Officer thinks fit	£15.00		£15.00
	Part time Poll Clerk	Will be calculated on hourly rate		Will be calculated on hourly rate
	NB Where a polling station is situated within the boundary of a District or Borough Council which adjoins a London Borough the fees in B2 (a) & (b) are increased by	£40.00		£40.00
	<b>Max fee per session for training of Poll Clerks as necessary</b>	£43.00		£43.00
<b>3</b>	<b>For the remuneration of persons employed in the despatch and receipt of postal ballot papers. (NB. See C3 below. If external contractors are used to prepare/despatch ballot paper packs then the total fee is actual costs.)</b>			
	For each 100 postal ballot papers, or fraction thereof in each electoral area of the County / Borough / Parish	£75.00		£75.00
<b>4</b>	<b>For the remuneration for persons employed in connection with the count</b>			
	(a) Counting Assistants			
	(i) For overnight counts			£17.00
	(ii) For Weekend Day time counts			£14.00
	(iii) For Day time counts			£11.00
	(b) Count Supervisors			
	(i) For overnight counts			£27.00
	(ii) For Weekend Day time counts			£24.00
	(iii) For Day time counts			£22.00
	( c ) Senior Count Supervisors			
	(i) For overnight counts			£33.00
	(ii) For Weekend Day time counts			£30.00
	(iii) For Day time counts			£28.00
<b>5</b>	<b>Clerical and other assistance employed by the RO or DRO for each Electoral Division, Ward or Parish Ward</b>			
	(a) Contested Elections: * County/Borough Councillors and Parish Councillors			
	(i) Separate Polls			
	First 500 electorate	£35.00		£35.00
	For every additional 500 electorate, or part thereof	£17.00		£17.00
	(ii) Combined Polls (County/Borough & Parish)			
	First 500 electorate (in combined part of area only)	£46.00		£46.00
	For every additional 500 electorate, or part thereof (in combined part of area only)	£23.00		£23.00
	Note: Where a combined clerical fee is payable, that fee must be split between the areas. A total combined fee is not payable in each area.			
	(b) Uncontested Elections * :	£28.00		£28.00
	* Fee applicable at by-elections for County / Borough or Parish Councillors or, at Ordinary Elections, when the election of Borough Councillors is contested but the election for the Parish or Parish Ward is uncontested. The Fee is also applicable at Ordinary Elections where the Parish or Parish Ward is contested but the Borough Ward is uncontested.			

## CHIEF OFFICER SUB COMMITTEE

Minutes and report to Council of the virtual meeting of the Sub-Committee held on the 14<sup>th</sup> January 2021 at 12.30pm

**PRESENT:** Councillors Blackwell, Botten, Elias, Milton and Sayer

Annette Capper (Interim Executive Head of Corporate Resources)  
Lidia Harrison (Head of Legal Services & Monitoring Officer)  
Vince Sharp (Democratic Services)  
Heather Wills (Improvement Adviser)

**ALSO PRESENT:** Steve Guest (SOLACE)  
Terry McDougall (SOLACE)  
Robert Tinlin (LGA / technical adviser to the Council)

### 1. ELECTION OF CHAIR FOR THE MEETING

Councillor Sayer was elected Chair for the meeting.

### 2. MINUTES OF THE MEETING HELD ON THE 13TH NOVEMBER 2020

These were approved as a correct record.

### 3. CHIEF EXECUTIVE RECRUITMENT UPDATE

At its previous meeting, the Sub-Committee had agreed that Jackie King remain in post as Acting Chief Executive for a period of up to six months (i.e. ending 13<sup>th</sup> May 2021) pending the appointment of a permanent Chief Executive. It had also been agreed that the Executive Head of Corporate Resources (EHCR) post be back-filled during the transition period. Subsequently:

- Annette Capper had been appointed as an interim EHCR until the 31<sup>st</sup> March 2021; and
- members of the Sub-Committee had been meeting on an informal basis to discuss the development of a recruitment brief and to receive advice from SOLACE, the agency procured by the Council to facilitate the recruitment.

The Sub-Committee considered a report which referenced recent advice from SOLACE in light of the current national lockdown (imposed by the Government to help suppress the spread of Covid-19) and its potential impact on the recruitment process. The report suggested that the recruitment process be paused and recommence either:

- immediately following the lifting of national lockdown measures if local elections are deferred to 2022 or late in 2021; or

- immediately following the lifting of national lockdown measures and local elections if local elections take place in May 2021 or soon afterwards.

Upon discussing the relative merits of the matter and having received advice from SOLACE and Rob Tinlin, the Council's technical adviser for the recruitment process, the Sub-Committee concluded that, on balance, it would be in the Council's best interests to commence the recruitment process and for an advertisement to appear in the following week's Municipal Journal. Although the risks were understood, Members considered that the key objective was to achieve stability for the Council and that the field of potential candidates should be tested forthwith.

The SOLACE representatives explained the nature of the search process following the advertisement. They also outlined the implications of having to repeat the exercise if, for whatever reason, a suitable candidate(s) did not materialise.

Robert Tinlin advised that, while normal council business could be transacted during the pre-election period, it was advisable for councils to avoid, if at all possible, holding sensitive meetings at that time. A special Full Council meeting to agree the appointment of a new Chief Executive, as required by law could therefore be scheduled prior to the pre-election period (assuming the May 2021 elections went ahead as scheduled).

Annette Capper left the meeting and the terms of her appointment as Interim EHCR were also discussed.

***RESOLVED*** – that:

- the Council proceed forthwith with the process for recruiting a new Chief Executive; and
- Annette Capper's appointment as Interim Executive Head of Corporate Resources be extended, if necessary, for up to a further two months until the 31<sup>st</sup> May 2021.

Rising 1.09 pm

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## Strategy & Resources Finance report - month 10

### Strategy & Resources Committee – 25 March 2021

Report of: Anna D'Alessandro – Chief Finance Officer (Section 151)

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Purpose: To note the Committee and Council's forecast revenue budget positions for the year

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Publication status: Unrestricted

Wards affected: All

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#### Executive summary:

This report accompanies the presentation that outlines the Strategy and Resources **2020/21 budget position at the end of January 2021 (P10)**.

Also Included is a summary of each Committee's key highlights grouped together to provide a Council-wide perspective, along with details of any overspends referred to it by other Policy Committee

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#### This report supports the Council's priority of:

Effective budget monitoring giving a clear and precise overview of the Strategy and Resources committee's financial position.

**Contact officer** Martin Field – Finance Business Partner

mfield@tandridge.gov.uk –

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#### Recommendation to Committee:

To note the Committee and the Councils forecast revenue and capital budgets position for the year.

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#### Reason for recommendation:

Please see slide presentation

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## **Introduction and background**

- 1 This report shows the financial position of the Strategy and Resources committee and a full council position as at period 10 (January).

## **Key implications**

### **Comments of the Chief Finance Officer**

- 2 The Council has a duty to ensure its expenditure does not exceed resources available. The short and medium-term financial outlook remain uncertain. The pandemic has resulted in increased costs and income loss which are not fully funded in the current year.
- 3 The Council's finances have turned around quite considerably over the last half of this financial year which places it in a much more sustainable and resilient position for 2020/21. We have undertaken this substantially by ensuring a tight grip on costs particularly salaries budgets, we do however have the last quarter of the year remaining and need to ensure we continue this grip and control to ameliorate the financial position even further. In previous months we indicated the potential issuance of a s114 notice, however this is now no longer the position within which we find ourselves. This will be kept under constant review.
- 4 Much work on the budget setting process for next year and into the medium-term indicates that the Council's finances will continue to be constrained, as they have been for the majority of the past decade. This subsequently places an onus on the Council to continue to consider issues of financial sustainability as a matter of urgency in order to ensure stable provision of services in the future. Within this context the Council will continue to develop and implement plans to ensure that the delivery of services are contained within resources and we work towards closing the medium-term gap.
- 5 The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions, taking into account all material, financial and business issues and risks.

### **Comments of the Head of Legal Services**

- 6 The Council is under a duty to set a balanced and sustainable budget. The Local Government Finance Act requires the Council to take steps to ensure that the Council's expenditure (that is expenditure incurred already in year and anticipated to be incurred) does not exceed the resources available whilst continuing to meet its statutory duties.
- 7 The Committee should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Committee and Council and they must take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.



## **Equality**

- 8      This report does not disadvantage or discriminate against any different groups with protected characteristics in the community.

## **Climate change**

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

## **Appendices**

Appendix 'A' – Council's Period 10 (January) Financial Report

## **Background papers**

None

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# Month 10 (January 2020) Financial Report

## Strategy & Resources Committee 25<sup>th</sup> March 2021

Page 35

Anna D'Alessandro  
Chief Finance Officer (s151)

# Contents

- Update on the Finance Improvement Programme (FIP)
- Executive Summary
- Key Messages – Revenue & Capital
- Committee position summaries (BAU & COVID-19 impacts)
- Cashflow Impact
- Risks and Opportunity Register

## **Annex – Detailed Revenue & Capital**

- Revenue – Detailed Position & Variance analysis by Committee
- Housing Revenue Account (HRA) – Detailed Position
- Capital – Detailed Position

# Finance Improvement Programme - update

- **The first phase Finance Improvement Programme (FIP)** has been ongoing now for the last c6 months. Much progress has been made which has enabled the finances of the Council to improve. A Q1 (Month 3) overspend of c£2m has turned around to a surplus position at Month 8 and a balanced budget for 2021/22 has been set and approved. This surplus has increased at Month 10 (details as part of this report). This phase of the Programme has been all about “getting the basics” right in both revenue and capital, reported to Members via a monthly reporting process either through Committees or emailed directly to Group Leaders for dissemination to the Group
- **The next phase of the journey for Finance** will be a review of the Council’s Finance leadership arrangements with the secondment ending for the CFO (s151) on 31st March. S&R agreed at the meeting on 2nd February 2021 to explore 3 options for the provision of the statutory and financial leadership and associated financial activities – recruitment of a permanent CFO, sharing with another District and sharing with Surrey County Council. This options appraisal is currently being undertaken and a report will be provided to S&R for review and agreement at the meeting at end of March. The priorities for the Finance function for 2021/22 have been set with discussions on the 2022/23 budget setting having commenced

# Executive Summary

## Revenue (slides 5 & 6, 8 - 10, Annex slides: 15 - 26):

- At M10, the Council is projecting a **full year £0.2m surplus** against the budget baseline of £10.6m, **an improvement of c£0.1m from M9**
- Of the overall £0.2m surplus, £0.8m Business as Usual (BAU) underspend, offset by £0.6m COVID-19 overspend

## Capital (slide 7, Annex slide 29):

- The approved budget is £15.7m
- The latest forecast is a increase in slippage of £1.2m from M9
- **Total slippage is now £3.4m.** The slippage relates primarily to delays in the Property Development Fund expenditure on Quadrant House of £0.6m, delayed expenditure on the Council House Building programme of £1m in relation to Uplands and buy backs, £0.3m in CIL and lessor slippage on other schemes as detailed in the Annex.

## HRA (Annex slides 27 & 28):

- **HRA is forecasting a surplus of £0.2m** against the approved budget, unchanged from M9

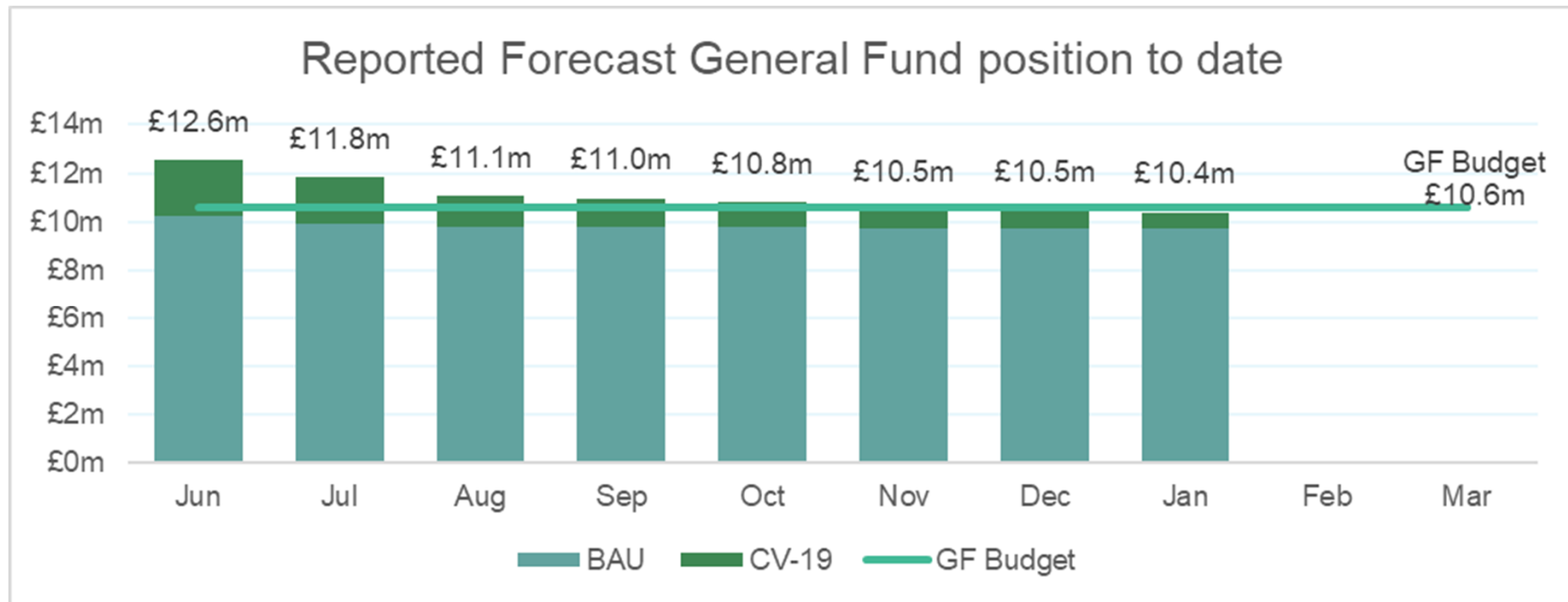
## Cashflow (slide 11):

- £1.3m Council Tax shortfall, Business Rates no shortfall on collection
- The Council **does not** expect to need to borrow to meet its cashflow needs

# Key Messages – Full-Year Forecast

- At M10, the Council is projecting a full year £0.2m surplus against the budget baseline of £10.6m, an improvement of c£0.1m from M9
- The £0.2m underspend comprises of:
  - £0.8m Business as Usual underspend, primarily due to:
    - £0.5m underspend on salaries
    - £0.4m underspend on the Local Plan
    - £0.3m additional New Homes Bonus (NHB) income to support the General Fundoffset by:
    - £0.2m reduction in interest receivable due to investment property decisions and
    - £0.2m increased MRP charges
  - £0.6m CV-19 overspend, primarily due to:
    - £1m extra cost due to social distancing guidance, contractual forbearing due to services closed for lockdown staff overtime and other treasury costs
    - £1m loss of income due to planning applications, car parking, lower investment income due to Bank of England base rates and stock market rates, and our investment portfolio due to tenants rent holidaysoffset by £1.4m of government support.
- *Detailed variance analysis by Committee can be found in the Annex slides*

# Key Messages – Monthly Movement (M9-M10)



- **At M10, there is an improvement of c£0.1m from M9**
- This is all in COVID-19 related income and expenditure
  - We are now forecasting reduced borrowing costs of £75k due to improved cashflow position and lower waste collection costs of £50k as some forecast costs of COVID-19 have not materialised.



# Key Messages – Capital

- The Council's approved **Capital budget for 2020/21 is £120.1m**. The original budget approved in Feb was £82m. In July, S&R approved 2019/20 carry forward of £38.1m. On 24<sup>th</sup> November S&R approved reducing the Budget by £104.4m due to Property Development Fund change of policy
- **The restated approved budget is now £15.7m**
- **The Forecast has changed by £1.2m due to slippage of:**
  - **£0.3m Council House Building** – Further slippage on Uplands and buy backs
  - **£0.3m Community Infrastructure Levy contribution to third parties** – Slippage on planned schemes
  - **£0.2m Improvements to HRA stock** – Slippage on planned repairs work
  - **£0.4m** multiple other small schemes

	Restated Budget 2020/21 £	Forecast at M10 2020/20 £	Forecast Variance 2020/21 £	Change from M9 to M10 £
Strategy & Resources	1,747,200	997,700	(749,500)	(143,500)
Planning Policy	299,000	30,000	(269,000)	(269,000)
Community Services	3,813,400	2,913,800	(899,600)	(115,725)
Housing General Fund	526,000	380,000	(146,000)	(76,000)
<b>Total General Fund</b>	<b>6,385,600</b>	<b>4,321,500</b>	<b>(2,064,100)</b>	<b>(604,225)</b>
Housing Revenue Account	9,275,300	7,905,300	(1,370,000)	(567,600)
<b>Total Capital Programme</b>	<b>15,660,900</b>	<b>12,226,800</b>	<b>(3,434,100)</b>	<b>(1,171,825)</b>

# Summary of Committee positions

Policy Committee	20/21 BAU forecast at M10 £	Overall Annual Budget £	M9 BAU Variance £	20/21 CV-19 forecast at M10 £	Overall Forecast Variance £	Committee Change from M9 to M10 £	Increase / Decrease / Unchanged
Planning Policy	910,132	1,338,038	(427,906)	220,986	(206,920)	0	unchanged
Community Services	6,232,100	6,351,100	(119,000)	985,900	866,900	7,200	Increase
Housing General Fund	317,063	459,063	(142,000)	400	(141,600)	(18,400)	Decrease
Strategy & Resources	2,286,831	2,411,531	(124,700)	675,150	550,450	(80,000)	Decrease
<b>Policy Committee Budget Envelopes</b>	<b>9,746,126</b>	<b>10,559,732</b>	<b>(813,606)</b>	<b>1,882,436</b>	<b>1,068,830</b>	<b>(91,200)</b>	<b>Decrease</b>
CV-19 Grants				(1,264,500)	(1,264,500)	0	Unchanged
<b>Overall</b>	<b>9,746,126</b>	<b>10,559,732</b>	<b>(813,606)</b>	<b>617,936</b>	<b>(195,670)</b>	<b>(91,200)</b>	<b>Decrease</b>
Forecast change from M9 to M10	(3,500)			(87,700)	(91,200)		
Increased / Decreased	Decrease			Decrease	Decrease		

## **£0.2m PLANNING POLICY underspend** (unchanged from M9)

- **£0.4m underspend on BAU**
  - £13k underspend on salaries (unchanged from M9)
  - £0.4m underspend on the Local Plan
- **£0.2m overspend CV-19 (unbudgeted)**
  - **£0.3m of CV-19 Extra costs primarily due to** Lower income volumes in Planning Applications and advice, Community Infrastructure Levy (CIL) admin fees and Building Control income

Offset by

- **£0.1m** of COVID-19 Income support grant applied £33k

*Details for each Committee can be found in the Annexes to this report*

# Summary of Committee positions

## £0.9m overspend COMMUNITY SERVICES (unchanged from M9)

- **£0.1m underspend on BAU** - c£0.2m underspend on salaries (no change since M9) offset by £36k loss of off street car parking income due changing charge rates
- **£1m overspend CV-19 (not budgeted – overspend)**
  - **£0.6m of CV-19 costs primarily due to :**
    - £0.3m – An improvement of c£0.3m. At S&R Committee on 24<sup>th</sup> November, Members agreed to provide Freedom Leisure (FL) with a rent free period of £53k. However, the 2020/21 budget currently includes c£200k of rental and interest income expected from FL plus loan repayment. All invoices have been sent and no payments have been received to date. A prudent assumption, is that no funds will be received from FL this FY and that a provision has been made for the loan. We await the outcome of the bid for Govt funding
    - £0.3m – Waste Services. Costs of additional Health & Safety requirements, cleaning and disinfecting equipment and personnel, social distancing of workers, professional fees of extension of waste contract, increased cost of maintaining old vehicles where renewal is delayed and hire of vehicles
  - **c£0.4m of loss of income** due to lower volumes of income due to lower capacity and opportunities (car parking, taxi licenses, Tandridge Commercial service)
  - **offset against £0.1m CV-19 Income Support Grant** applied to the committee

## £0.1m underspend HOUSING GF (unchanged from M9)

- **£0.1m underspend on BAU** - on salaries (unchanged from M9)
- **£1k overspend CV-19 costs** (unbudgeted – minor change since M9)

# Summary of Committee positions

**£0.6m overspend STRATEGY & RESOURCES** (unchanged from M9)

**£0.1m underspend on BAU**

- £0.3m additional New Homes Bonus income used to support revenue budget
- £0.2m underspend on salaries (unchanged from M9); and

**Offset by:** £0.2m increased MRP charges and £0.2m reduction in interest receivable due to investment property decisions

**£0.7m overspend CV-19 costs (unbudgeted overspend)**

- **£0.1m of CV-19 costs (unbudgeted overspend) primarily due to :**
  - £0.1m staff overtime and other associated costs to ensure the council continues working.
- **£0.6m of loss of income primarily due to:**
  - £0.3m – Reduction in interest receivable following cut in the Bank of England base rate
  - £0.2m – Reduction in Investment Property Income, due to the enforced closedown some tenants have requested rent holidays, this primarily affects Quadrant House

**£1.4m CV-19 total grant funding**

- £1.1m - CV-19 grant. Received in four separate tranches
- £0.2m –CV-19 grant : £130k New burdens, £43k - COVID-19 Clinically Extremely Vulnerable grant
- c£100k of income support grant as part of the Income Compensation Scheme

# Cash Flow Impact due to CV-19

- Concern about the extent to which CV-19 reduces amounts received for Council Tax and Business Rates
- Precepts were set well before the start of the financial year, prior to the onset of CV-19
- Collection rates will be below expectation but we are seeing continuous improvement in the position
- Payments to preceptors set in line with statute, the gearing effect reducing Council's cashflow
- **Council Tax shortfall** in collection in 2020/21 will be **1.7% less than budget = negative** impact on Council's cash flow of c£1.3m for 2020/21 (deterioration of £0.2m since M9)
- **Business Rates** is no longer forecasting a **shortfall** in collection in 2020/21 (improvement of £0.1m since M9)
- Overall impact is a combined shortfall of £1.3m, will not impact until March 2021
- The Council is **no longer forecasting a need to borrow for cashflow needs**

# Risks and Opportunity Register

Committee	Risk	Mitigation	Category	Amount
Community Services	<b>Economic development</b> – requirement for additional resources to support economic recovery after COVID-19	Will look to contain within existing budget across the Council	BAU, COVID-19	TBC
Strategy & Resources	<b>Leadership recruitment</b> – potential extra costs due to interim CXO and CFO if filled with agency cover	Currently CXO acting up from Exec Head of Resources and CFO seconded from SCC	BAU	TBC
All	Present assumptions are that <b>lockdown restrictions</b> could reduce: income streams further, Council tax and Business rates collectability, and <b>social distance guidance</b> increases costs	Monitor guidance as it is released and plan alternative strategies to deliver inline with current guidance. Income Support Compensation grant will offset 71% of income losses.	COVID-19	TBC
All	<b>Unknow outturn variances</b> – There is a risk of unidentified adverse variances materialising as part of the year end closedown process. Examples of Risks include: <ul style="list-style-type: none"> <li>• The high level of income budgeted for reclaiming Housing Benefit Overpayment but low level of visibility within the organisational</li> <li>• Quadrant House voids and associated Business Rates payments</li> </ul>	Officers are investigating the key risk and opportunity areas for outturn	BAU	TBC

# Risks and Opportunity Register (Cont'd)

Committee	Opportunity	Mitigation	Category	Amount
Community Service	<b>Freedom Leisure support grant:</b> Current provision for worst case scenario	Negotiations under way. Possible government support for leisure operators	COVID-19	TBC
Community Service	<b>Waste Contract:</b> Extra costs for provision of social distancing guidance	Offset underspends and grants	COVID-19	£216k
All	<b>Unknown outturn variances</b> – There is a opportunity of unidentified favourable variances materialising as part of the year end closedown process. Examples of Opportunities include: <ul style="list-style-type: none"> <li>• Further improvement on the salaries underspend</li> <li>• Additional New Burdens Grants from Government</li> <li>• Additional Sales, Fees and Charges grant form Central Government (claims 2 and 3 yet to be added)</li> <li>• A more favourable interest receivable position</li> <li>• Potential release of provision made for Planning appeal if costs are lower and case is settled before the year end.</li> </ul>	Officers are investigating the key risk and opportunity areas for outturn	BAU	TBC

# ANNEX

## DETAILED REVENUE AND CAPITAL

Planning Policy Service - Revenue (Slides 15 - 17)

Community Service - Revenue (Slides 18 – 21)

Housing Service - Revenue (Slides 22 – 23)

Strategy & Resources - Revenue (Slides 24 – 26)

Housing Revenue Account (Slides 27 – 28)

Capital – Detail (Slides 29)



# Planning Policy - Overview

2020/21 Forecast to year-end (31<sup>st</sup> March 2021)

Committee Chair: Cllr K Jecks, Executive Head: C Parker

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21  £	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	M10 Overall Forecast Variance at year end (31/3/2021) £	M9 Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b><u>Planning Policy</u></b>						
Salaries	1,510,700	(15,900)	2,900	(13,000)	(13,000)	0
<b><u>Non Salaries</u></b>						
Planning Application and Advice	(634,562)	0	250,786	250,786	250,786	0
Local Plan	439,500	(400,000)	0	(400,000)	(400,000)	0
Enforcement	22,400	(12,006)	0	(12,006)	(12,006)	0
Other net items of less than £10,000	0	0	0	0	0	0
Covid-19 Income Support Grant	0	0	(32,700)	(32,700)	(32,700)	0
<b>Planning Policy Total</b>	<b>1,338,038</b>	<b>(427,906)</b>	<b>220,986</b>	<b>(206,920)</b>	<b>(206,920)</b>	<b>0</b>

# Planning Policy - BAU Variance Analysis

## Planning Policy Committee - Revenue Summary:

Budget Baseline: £1,338,038

Net BAU underspend of £427,906 (no change since M9)

CV-19 overspend £220,986 (£5k change since M9)

## Business as Usual:

- **£400,000 underspend on the Local Plan.** Included in the Local Plan budget were costs for the delivery of the South Godstone Garden Community, such as early work on the Area Action Plan. Removal of £500k from a total budget of £621k at such an early point in the year was premature and did not capture all projected costs. In addition to the £127k currently budgeted in 2020/21, it is estimated that a further £100k needs to be identified for expenditure bringing the total forecast cost to £227k. We will keep in regular contact with the Project Manager to ensure our forecast outturn reflects the Planning Inspector's expectations of where the Local Plan will have progressed by year end. Costs will continue to be refined. Any slippages in progress in 2020/21 may impact future years. A complete review has been undertaken of all costs as part of the 2021/22 budget setting process. We are currently assessing the extent of any further underspends to carry forward to 2021/22 in an Earmarked Reserve
- **£15,900 salaries underspend** (unchanged from M9)
- **£12,006 Enforcement** – lower volumes of cases requiring counsel fees

# Planning Policy - CV-19 Variance Analysis

At M10, the Committee is projecting **a full year CV-19 £220,986 overspend**

**Extra costs of £2,900**, (unchanged from M9) due to:

- **£2,900** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce
- **£0** – £44,000 Expenditure for meeting Tandridge's share of expected loss that will be made by Southern Building Control as a result of reduced business activity. The improvement relates to the actual income levels are now higher than initially anticipated. The current variance can be met from the building control reserve. Offset by COVID-19 Income support grant of £44,000 (no change since M9).

**Loss of Income £250,786** (unchanged from M9) due to:

- **£250,786** – **Reduced income on Planning Applications** and advice (no change since M9)
- **£0** – **£45,000 Loss of 5% admin fee for Community Infrastructure Levy** work due to slowdown in development to be recovered by admin fee reserve. (no change since M9).

**Offset by COVID-19 Income support grant applied to Committee of £32,700**

# Community Services - Overview

2020/21 Forecast to year-end (31<sup>st</sup> March 2021)

Committee Chair: Cllr B Connolly, Executive Head: A Boote

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21  £	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	M10 Overall Forecast Variance at year end (31/3/2021) £	M9 Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b><u>Community Services Committee</u></b>						
Salaries	2,235,300	(156,100)	27,000	(129,100)	(129,100)	0
<u>Non Salaries</u>						
Car Parking-On Street	(106,000)	0	33,100	33,100	26,900	6,200
Car Parking-Off Street	17,100	35,800	106,900	142,700	83,500	59,200
Hackney Carriage/Private Hire	(17,600)	0	20,000	20,000	29,500	(9,500)
Leisure & Community Grants	468,200	0	308,000	308,000	308,000	0
Waste Services	3,590,100	0	263,200	263,200	313,700	(50,500)
Environmental Services	297,800	0	6,000	6,000	2,000	4,000
Cesspool Services	(34,800)	1,300	0	1,300	0	1,300
Operational Services	(217,500)	0	248,000	248,000	248,000	0
Parks and Open Spaces	1,093,100		21,500	21,500	32,600	(11,100)
Other Variances less than £10k	(974,600)	0	11,100	11,100	3,500	7,600
Covid-19 Income Support Grant	0	0	(58,900)	(58,900)	(58,900)	0
<b>Community Services Total</b>	<b>6,351,100</b>	<b>(119,000)</b>	<b>985,900</b>	<b>866,900</b>	<b>859,700</b>	<b>7,200</b>

# Community Services - BAU Variance Analysis

## Community Services Committee - Revenue Summary:

Budget Baseline: £6,351,100

Net BAU underspend £119,000 (£1,300 deterioration since M9)  
CV-19 overspend £985,900 (£5,900 deterioration since M9)

### **Business as Usual:**

- **£156,100 salaries underspend** (unchanged from M9)

Offset by:

- **£35,800 – reduced income** from BAU due to changing the Ellice Road Car Park, free parking from 1 hour to 3 hours during the period 1 July 20 – 30 September 20.
- **£1,300 – higher diesel costs** for cesspool service due to having to travel further to unload waste due to local waste points being shut.

# Community Services - CV-19 Cost Variance Analysis

At M10, the Committee is projecting **a full-year CV-19 £985,900 overspend**

**Expenditure of £560,600** (improvement of £42,900 since M9), **primarily due to increased costs of:**

- **£308,000** – Support to Freedom Leisure, currently under consideration by Members (no change since M9)
- **£214,500** – Waste Services, costs relate to additional H&S requirements, cleaning and disinfecting of equipment and personnel, social distancing of workers, professional fees in relation to extension of existing waste contract, increased cost of maintaining old vehicles where renewal has been delayed and hire of vehicles (improvement of £50,500 since M9)
- **£27,000** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce (unchanged from M9)
- **£11,100** – Miscellaneous expenditure on multiple budget lines relating to CV-19 (£7,600 deterioration since M9)

# Community Services - CV-19 Income Loss Variance Analysis

**Loss of Income of £484,200** (deterioration of £48,800 since M9) **primarily due to:**

- **£248,000** – Loss of income for Tandridge Commercial Services as the operational team is working within the boundaries of CV-19, social distancing and Health & Safety restriction with having to wear PPE and 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 lead to less billable work for the team
- **£48,700** – Loss of income for Garden Waste Club due to CV-19 delaying the start date of the new waste contract
- **£106,900** – Loss of income for off-street Car Parking
- **£21,500** – Parks and Open Spaces decrease in revenue from sports facilities
- **£20,000** – Loss of income from Hackney Carriages taxi driver licencing
- **£33,100** – Loss of income for on-street Car Parking
- **£6,000** – Decrease in revenue from premises licences

**Offset by CV-19 Income support grant applied to Committee of £58,900**

# Housing Services – Overview

2020/21 Forecast to year-end (31<sup>st</sup> March 2021)

Committee Chair: Cllr L Parker, Executive Head: A Boote

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21  £	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	M10 Overall Forecast Variance at year end (31/3/2021) £	M9 Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b><u>Housing - General Fund</u></b>						
Salaries	775,800	(142,200)	2,800	(139,400)	(139,400)	0
<u>Non Salaries</u>						
Meadowside Mobile Homes	(109,500)	0	(2,400)	(2,400)	7,600	(10,000)
Alarm Systems	(163,000)	(7,200)	0	(7,200)	0	(7,200)
Private Sector Enabling	63,863	8,800	0	8,800	0	8,800
Housing of the Homeless	(59,900)	0	0	0	8,600	(8,600)
Syrian Refugees	15,000	(4,000)		(4,000)	0	(4,000)
Other net items of less than £10,000	(63,200)	2,600	0	2,600	0	2,600
<b>Housing General Fund Total</b>	<b>459,063</b>	<b>(142,000)</b>	<b>400</b>	<b>(141,600)</b>	<b>(123,200)</b>	<b>(18,400)</b>



# Housing Services – Variance Analysis

## Housing Committee - Revenue Summary:

Budget Baseline: £459,063      Net BAU underspend £142,000 (deterioration of £200 since M9)  
CV-19 overspend £400 (improvement of £18,600 since M9)

### **Business as Usual:**

- **£142,200 salaries underspend** (no change since M9)
- **£7,200** – underspend on Alarm systems equipment
- **£4,000** – underspend on Syrian refugees

Offset by:

- **£8,800** – Additional costs of Environmental Health Partnership
- **£2,600** – Other minor overspend items

### **CV-19 - costs of £400, (£18,600 improvement since M9) due to:**

- **£2,800** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce

Offset by:

- **£2,400** – Increased income at Meadowside due to additional sales.

# Strategy & Resources – Overview

2020/21 Forecast to year-end (31<sup>st</sup> March 2021)

Committee Chair: Cllr T Elias, Executive Heads: J King, L Harrison, A Boote, A D'Alessandro

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21  £	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	M10 Overall Forecast Variance at year end (31/3/2021) £	M9 Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b><u>Strategy and Resources Committee</u></b>						
Salaries	5,166,671	(237,200)	52,200	(185,000)	(185,000)	0
<u>Non Salaries</u>						
Interest Payable	1,889,000	0	0	0	75,000	(75,000)
Investment Property Income	(989,000)	0	247,250	247,250	247,250	0
Interest Receivable	(2,764,200)	197,000	300,000	497,000	497,000	0
IT - Software and hardware	10,400	0	14,000	14,000	14,000	0
Covid 19 Grants	0	0	15,000	15,000	15,000	0
Land Charges	(135,000)	0	34,000	34,000	34,000	0
Other Variances less than £10k	770,333	0	17,000	17,000	17,000	0
Public Sector Reform funding	0	15,000	0	15,000	10,000	5,000
Monitoring Officer Function External Legal	0	26,000	0	26,000	26,000	0
Corporate Items	(1,755,173)	(48,000)	0	(48,000)	(48,000)	0
Printing, Stationary and Postage	185,900	(56,000)	0	(56,000)	(46,000)	(10,000)
Software and Hardware Accessories	10,400	(10,400)	0	(10,400)	(10,400)	0
Economic Development	22,200	(11,100)	0	(11,100)	(11,100)	0
Covid-19 Income Support Grant	0	0	(4,300)	(4,300)	(4,300)	0
<b>Resources Total</b>	<b>2,411,531</b>	<b>(124,700)</b>	<b>675,150</b>	<b>550,450</b>	<b>630,450</b>	<b>(80,000)</b>

# Strategy & Resources - BAU Variance Analysis

## Strategy and Resources Committee - Revenue Summary:

Budget Baseline: £2,411,531

Net BAU underspend: £124,700 (£5,000 improvement)

CV-19 overspend : £675,150 (£75,000 improvement)

### **Business as Usual underspends £564,700:**

- **£250,000 additional income relating to New Homes Bonus (NHB).** Combination of receiving additional monies and choosing to use it all to support revenue budget
- **£237,200 salaries underspend**, comprised of numerous over and underspends (no change)
- **£56,000 saving on printing, stationery and postage** due to reduced occupancy
- **£11,100 underspend due to review of Economic Development** service provision across all committees
- **£10,400 underspend due to capital** policy review to group small capital items.

### **Offset by overspends £440,000:**

- **£197,000 reduction in interest receivable** due to a decision to not proceed with an agreed property purchase through Gryllus
- **£152,000 increased charges to Minimum Revenue Provision**
- **£50,000 reduction in support service charges** in relation to Land Charges
- **£15,000 contribution to Public Sector Reform** to pay for consultancy costs in response to Government consultation
- **£26,000** - External legal advice regarding monitoring officer functions

# Strategy & Resources – CV-19 Variance Analysis

At M10, the Committee is projecting **a full-year CV-19 £675,150 overspend**

## **Extra costs of £98,200, due to:**

- **£15,000** – Support grants paid to Parish and volunteer agencies
- **£14,000** – Purchase of IT Software and Hardware to accommodate staff home working
- **£17,000** – Miscellaneous expenditure on multiple budget lines relating to CV-19
- **£52,200** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce

## **Loss of Income £581,250:**

- **£300,000** – Reduction in interest receivable following the cut in the Bank of England base rate from 0.75% to 0.1%. Lower returns are now forecast on fund investments
- **£247,250** – Reduction in Investment Property Income, due to the enforced closedown some tenants have requested rent holidays, this primarily affects Quadrant House
- **£34,000** – Reduction in Land Charge searches income as the lockdown resulted in the reduction of property purchases

**Offset by CV-19 Income support grant applied to Committee of £4,300**

# Housing Revenue Account - Overview

2020/21 Forecast to year-end (31<sup>st</sup> March 2021)

<b>KEY HRA REVENUE VARIANCES</b> Committee Chair - Councillor L Parker Officer - A Boote	<b>Annual Budget 2020/21</b>  <b>(£)</b>	<b>Forecast Variance at year end (31/3/2021) BAU</b>  <b>(£)</b>	<b>Forecast Variance at year end (31/3/2021) COVID-19</b>  <b>(£)</b>	<b>M10 Forecast Variance at year end (31/3/2021) Total</b>  <b>(£)</b>	<b>Change in Forecast since December M9</b>
Salaries	1,722,400	55,500	4,700	<b>60,200</b>	0
Services costs	5,951,600	(26,100)	(29,600)	<b>(55,700)</b>	9,900
Corporate Support Services	1,441,800	0	0	<b>0</b>	0
Repairs and Maintenance	2,640,500	(27,600)	(86,600)	<b>(114,200)</b>	(30,400)
Interest Charges on loan	1,912,100	(264,000)	0	<b>(264,000)</b>	0
Rental Income Dwellings	(14,200,500)	0	200,000	<b>200,000</b>	0
Rental Income Garages	(279,700)	0	10,000	<b>10,000</b>	0
Other Income	(226,000)	(6,300)	(5,800)	<b>(12,100)</b>	(350)
<b>Forecast outturn before transfer to reserves</b>	<b>(1,037,800)</b>	<b>(268,500)</b>	<b>92,700</b>	<b>(175,800)</b>	<b>(20,850)</b>
Transfer to reserves	1,037,800	268,500	(92,700)	175,800	20,850
<b>Forecast outturn after transfer to reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Housing Revenue Account - Summary

## Key variances in HRA BAU Budget (net c£0.3m underspend)

- **Underspend of £268,500**, (£12,250 deterioration since M9)
  - **£264,000 on interest payable**. Partly due to loans being refinanced at a lower than expected interest rate.
  - £26,100 collection of small variances against service costs, £27,600 on repairs and maintenance and £6,300 other income.
- **Offset by overspend of £55,500 on salaries** (unchanged from M9)

## Key variances in HRA CV-19 expenditure (net c£0.1m overspend)

- **Overspend £210,000 on rent loss from bad debts** as HRA arrears are expected to increase significantly
- **Offset by Underspend £86,600 on repairs and maintenance expenditure**. Due to the lockdown and required social distancing measures, planned repairs and maintenance have been postponed
- **Underspend of £30,700 Service costs - Legal cost** savings expected due to TDC legal dept being able to deal with more of these items

# Capital – Detailed Analysis

Capital Budget Monitoring at Period 10 end January 2021	Restated Budget 2020/21 £	Forecast at M10 2020/21 £	M10 Forecast Variance 2020/21 £	M9 Forecast Variance 2020/21 £	Change From M9 to M10 £
<b>Community Services</b> - Committee Chair: Councillor B Connolly - Officers: A Boote					
Waste and Recycling	2,991,300	2,293,100	(698,200)	(698,200)	0
Parks, Playgrounds and Open Spaces	285,000	120,000	(165,000)	(37,500)	(127,500)
Community infrastructure and assets	537,100	500,700	(36,400)	(48,175)	11,775
<b>Total Community Services</b>	<b>3,813,400</b>	<b>2,913,800</b>	<b>(899,600)</b>	<b>(783,875)</b>	<b>(115,725)</b>
<b>Housing General Fund</b> - Committee Chair: Councillor L Parker - Officer: A Boote					
Social Housing Grants	100,000	30,000	(70,000)	(70,000)	0
Disabled Facilities Grants	426,000	350,000	(76,000)	0	(76,000)
<b>Total Housing GF</b>	<b>526,000</b>	<b>380,000</b>	<b>(146,000)</b>	<b>(70,000)</b>	<b>(76,000)</b>
<b>Strategy &amp; Resources</b> - Chair: Cllr T Elias - Officers: J King/L Harrison/A D'Alessandro/A Boote					
Property Development Fund	981,000	400,000	(581,000)	(581,000)	0
Council Offices Buildings	75,000	25,000	(50,000)	(25,000)	(25,000)
GF IT - Hardware/Infrastructure	691,200	572,700	(118,500)	0	(118,500)
<b>Total Strategy &amp; Resources</b>	<b>1,747,200</b>	<b>997,700</b>	<b>(749,500)</b>	<b>(606,000)</b>	<b>(143,500)</b>
<b>Planning Policy</b> - Committee Chair: Councillor K Jecks - Officers: C Parker					
Capital contributions to third parties from CIL	299,000	30,000	(269,000)	0	(269,000)
<b>Total Planning Policy</b>	<b>299,000</b>	<b>30,000</b>	<b>(269,000)</b>	<b>0</b>	<b>(269,000)</b>
<b>Total-General Fund</b>	<b>6,385,600</b>	<b>4,321,500</b>	<b>(2,064,100)</b>	<b>(1,459,875)</b>	<b>(604,225)</b>
<b>Housing Revenue Account</b> - Committee Chair: Councillor L Parker - Officer: A Boote					
Council House Building	5,900,000	4,786,300	(1,113,700)	(815,900)	(297,800)
Improvements to Housing Stock	3,164,500	2,946,300	(218,200)	13,500	(231,700)
Housing Management Software	70,000	90,100	20,100	0	20,100
HRA IT - Hardware/Infrastructure	140,800	82,600	(58,200)	0	(58,200)
<b>Housing Revenue Account</b>	<b>9,275,300</b>	<b>7,905,300</b>	<b>(1,370,000)</b>	<b>(802,400)</b>	<b>(567,600)</b>
<b>Total Capital Programme</b>	<b>15,660,900</b>	<b>12,226,800</b>	<b>(3,434,100)</b>	<b>(2,262,275)</b>	<b>(1,171,825)</b>

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## Quarter 3 Corporate Performance & Risks - Strategy & Resources

### Strategy & Resources Committee Thursday, 25 March 2021

Report of: Acting Chief Executive

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Purpose: For information

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Publication status: Open

Wards affected: All

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#### Executive summary:

- The appendices to this report contain data on the Committee's key performance indicators and risks for Quarter 3 2020/21, to enable the Committee to monitor how the Council is delivering the services for which it is responsible.
- The Committee is also invited to review the Strategic Plan update in Section 4.
- A performance indicator summary table has been included in Section 5. The aim is to provide an opportunity for Officers and Members to review and feedback on the current performance indicators (and targets) and put forward any amendments for 2021/22.

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

**Contact officer** William Mace Performance Specialist  
wmace@tandridge.gov.uk –

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#### Recommendation to Committee:

A - That the Quarter 3 2020/21 performance and risks for the Strategy & Resources Committee be noted.

B – That amendments to performance targets as proposed in Section 5 be adopted.

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## **Reason for recommendation:**

To support the Committee to monitor and manage its performance and risks.

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### **1. Introduction and background**

- 1.1. The Council previously reported its performance and risk data across its four policy committees via committee delivery plans. These plans came to an end in March 2020.
- 1.2. Since April 2020 performance and risk reports have been presented to each policy committee at the end of each quarter. The reports include a covering report and an appendix with individual performance charts and commentary for each performance indicator, and the committee's risk register.
- 1.3. A summary table of the committee's key performance indicators and their targets is proposed, in this report, to be included in the Quarter 3 report each year. The aim is to enable officers and Members to provide feedback on the indicators and their targets to inform the following year's performance and risk reports.

### **2. Notes on performance and risk data**

- 2.1. See Appendix A and Appendix B for the Strategy & Resources Quarter 3 (2020/21) performance data and risk register respectively.
- 2.2. Wherever possible the most recent data has been included in the appendices, regardless of whether it technically falls into the reported quarter. However, due to the committee report timelines, there may be occasions where data is not available in time for the committee report. In these cases, the data will be provided in the next scheduled report.

### **3. Quarter 3 headlines**

- 3.1. Performance
  - 3.1.1. Out of 11 performance indicators:
    - 6 are **on target**;
    - 5 are **off target**:
      - staff sickness overall (by 1.45 days);

- the percentage of calls answered within 60 seconds by Customer Services (by 12%);
- number of overdue complaints (by 4);
- number of Freedom of Information Requests (FOIs) (by 20);
- general accounts receivable debt collected (by 12%).

3.1.2. See Appendix A for details.

### 3.2. Risk

3.2.1. 5 out of 10 Corporate risks are rated as red, they are:

- Inability of Council to make savings as identified in the Medium Term Financial Strategy and to balance the Council Budget in 2021/22 and 2022/23;
- Commercial tenants and businesses unable to make payments to the Council, due to Covid-19;
- No ICT disaster recovery solution in place;
- Local plan is found unsound by the Inspector;
- The Council's Business as Usual capacity is constrained due to lack of resources.

3.2.2. See Appendix B for details.

3.2.3. 10 out of 35 Strategy & Resources Committee risks are rated as red. The ones that are not listed on the corporate risk register are:

- Inability of Council to make savings as identified in the Medium Term Financial Strategy and to balance the Council Budget in 2021/22 and 2022/23;
- Increased demand on the Revenues Team collecting and recovering Council Tax due to increased financial hardship being experienced by significant numbers of Council Tax Payers;
- Commercial tenants and businesses unable to make payments to the Council, due to Covid19;
- Increased demand on the Business & Income Team collecting and recovering Council Tenant Rent and Service Charges due to increased financial hardship being experienced by significant numbers of Council Tenants;
- No ICT disaster recovery solution in place;
- Significant increase in sickness absence levels amongst staff;
- Inadequate resource in emergency planning to deal with the increased demand;
- Increase in unplanned expenditure;
- Inability of residents to contact the Council due to office being closed, IT issues and/or phone lines busy;

- The Council's Business as Usual capacity is constrained due to lack of resources.

3.2.4. See Appendix C for details.

#### **4. Strategic Plan update**

- 4.1 Strategic Plan actions within the remit of this Committee have been reviewed to ensure that all are on track for delivery. The following new or additional milestones have been identified:
- (i) A workshop to consider new Values and Behaviours for Members and Officers is being scheduled for March 2021;
  - (ii) A detailed plan in relation to commercial opportunities will be developed by Autumn 2021, as part of the budget process;
  - (iii) The potential for sharing with other authorities will be reviewed in relation to all services as part of the budget process for 2022/23;
  - (iv) All HR benefits will be reviewed by the end of March 2022;
  - (v) A strategy for economic recovery will be developed by the end of November 2021.
- 4.2 An update report on progress in delivering the Strategic Plan will be brought back to the first full Committee meeting of the new municipal year.

#### **5. Performance indicator summary table**

- 5.1. The Performance Specialist and other officers will take notes on Members feedback during the committee meeting, and feedback as necessary
- 5.2. Strategy & Resources 2020/21 key performance indicators:

Indicator	Directorate	What does it measure?	Why is it a useful?	Current target	Rationale for target	Comments	Proposed amendments for next year
Percentage of Council Tax Collected	Communities <i>Specialist Services</i>	Percentage of council tax collected: calculated as a cumulative year-to-date figure, from the total council tax payments received compared to the total amounts payable in that year.	Allows for monthly performance monitoring and benchmarking against other Surrey District & Brough Councils.	98.7% (annual target)	This is a historic target but still remains relevant given the current collection restrictions brought about by the COVID legislation.	None.	None.
Non-domestic rates collected	Communities <i>Specialist Services</i>	The percentage of non-domestic rates due for the financial year which were received by the Council: Percentage calculated, as a cumulative year-to-date figure, from the total	Allows for monthly performance monitoring and benchmarking against other Surrey District & Brough Councils	98.6% (annual target)	This is a historic target but remains relevant given the current collection restrictions brought about by the COVID legislation.	None.	None.

Indicator	Directorate	What does it measure?	Why is it a useful?	Current target	Rationale for target	Comments	Proposed amendments for next year
		business rates payments received compared to the total amounts payable in that year.					
General Accounts Receivable Debt Collected	Finance	Percentage calculated, as a cumulative year-to-date figure, from the total Accounts Receivable payments received compared with the cumulative year to date amounts invoiced/billed in.	To ensure that overdue debts are recovered consistently in a timely manner in accordance with policy.	81%	Historical target based on previous years debt collection.	A recent audit has highlighted improvements in the reporting capability of Agresso to provide more proactive data.	None.
Days taken to process Housing Benefit/Council Tax Benefit new claims	Communities <i>Specialist Services</i>	Days taken to process Housing Benefit/Council Tax Benefit new claims.	Ensures claims are administered within statutory timeframes.	30 days	National target.	None.	None.

Indicator	Directorate	What does it measure?	Why is it a useful?	Current target	Rationale for target	Comments	Proposed amendments for next year
Days taken to process Housing Benefit/Council Tax change events	Communities <i>Specialist Services</i>	Days taken to process Housing Benefit/Council Tax change events.	Ensures claims are administered within statutory timeframes.	12 days	National target.	None.	None.
The number of working days/shifts lost due to sickness absence (long and short-term)	Resources <i>HR</i>	The number of working days/shifts lost due to sickness absence (long and short-term). The figure reflects performance over the previous 12 months, i.e. a rolling annual figure.	Sickness absence is a cost to the Council. Identifying genuine absence helps to put preventative measures in place and ensure early return to work.	7.1 days	Aim is to reduce sickness absence year on year.	None.	None.
The number of working days/shifts lost due to sickness absence (short-term only – 20 days or less)	Resources <i>HR</i>	The number of working days/shifts lost due to sickness absence (short-term only – 20 days or less). This figure reflects performance	Sickness absence is a cost to the Council. Identifying genuine absence helps to put preventative measures in	4.1 days	Aim is to reduce sickness absence year on year.	The impact of the pandemic continues to affect sickness absence due to remote working and social isolation. The Council offers support	None.

Indicator	Directorate	What does it measure?	Why is it a useful?	Current target	Rationale for target	Comments	Proposed amendments for next year
		over the previous 12 months, i.e. a rolling annual figure.	place and ensure early return to work.			to all employees via the Mental Health First Aid scheme and Employee Assistance Programme, as well as occupational health referrals as required.	
Staff turnover	Resources <i>HR</i>	Percentage of voluntary leavers. The figure reflects performance over the previous 12 months, i.e. a rolling annual figure.	Employee turnover can have negative impact on an organisation's performance. Understanding the reasons behind staff turnover can inform recruitment and retention initiatives and increase employee retention.	15%	Aim is to reduce voluntary staff turnover figures year on year.	Voluntary staff turnover figure is down when compared to 2019/20. However, the impact of the pandemic may be impacting, as staff reluctant to move jobs in uncertain times.	None.



Indicator	Directorate	What does it measure?	Why is it a useful?	Current target	Rationale for target	Comments	Proposed amendments for next year
The percentage of calls answered within 60 seconds by Customer Services	Resources <i>Customer Services</i>	The percentage of calls answered within 60 seconds by Customer Services & Case Teams.	Measures the response time that customers have to wait to speak to an advisor.	80%	The target of 80% within 1 minute was set prior to the Customer First project. It was set in line with other District and Boroughs across Surrey.	In the current climate and with the budgeted resources, it is unlikely that we will ever achieve this target. To meet the target would require significantly increasing the resources in the team and reducing the volume of calls considerably.	Consequently we propose setting a more realistic target of 65% of calls answered within 60 seconds, and set a level of abandoned calls under 10%.  This will need to be supported in conjunction with the business to improve the number of online forms to enable residents to be able to self-serve more.
Number of overdue complaints	Resources <i>Business Improvement &amp; Service Delivery</i>	Number of overdue complaints at the beginning of each month.	To ensure compliance with the complaints policy.	1	New indicator: currently baselined to 10% of November 2020 data.	A cohort of staff are receiving effective complaints handling training in March 2021.	None.

Indicator	Directorate	What does it measure?	Why is it a useful?	Current target	Rationale for target	Comments	Proposed amendments for next year
Number of overdue Freedom of Information Requests (FOIs)	Resources <i>Business Improvement &amp; Service Delivery</i>	Number of overdue FOIs at the beginning of each month	To ensure compliance with the FOI policy.	4	New indicator: currently baselined to 10% of November 2020 data.	Additional training on redaction is currently being undertaken across the case teams.	None.

## **6. Key implications**

### **6.1. Comments of the Chief Finance Officer**

- 6.1.1. Costings for projects are individually costed as projects come forward and monitored throughout the life of the project. It is possible that the impact of Covid-19 will add additional costs to projects and delay the speed of implementation. The key risks, their likelihood, impact and mitigation are identified in the Risk section of the appendix.

### **6.2. Comments of the Head of Legal Services**

- 6.2.1. There are no direct legal implications arising from this report, but the report does provide Members with an overview of the achievement of targets in the past quarter and highlights risk management considerations where appropriate.
- 6.2.2. Freedom of Information remains an important element of the Council's commitment to transparency and accountability. Performance has undoubtedly been impacted by the increase in lengthy requests during the pandemic and as a consequence is off target by twenty. There appears to be a resource issue in relation to staff who are willing and able to take on the redaction process in the FOI workstream. This has also fed into a delay in responses. The Freedom of Information Officer changed in January 2021 from Legal Specialist to the Head of Legal and Monitoring Officer, due to the departure of the previous post holder. It is hoped that ongoing work on policy, training and systems can improve the Council's performance in this area.

### **6.3. Other corporate implications**

- 6.3.1. Not applicable.

### **6.4. Equality**

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

### **6.5. Climate change**

- 6.5.1. This report contains no proposals that would impact on the Council's commitment to climate change.

## **7. Appendices**

- 7.1. Appendix 'A' – Quarter 3 2020/21 Strategy & Resources Performance Charts
- 7.2. Appendix 'B' – Quarter 3 2020/21 Corporate Risk Register

7.3. Appendix 'C' – Quarter 3 2020/21 Strategy & Resources Committee Risk Register

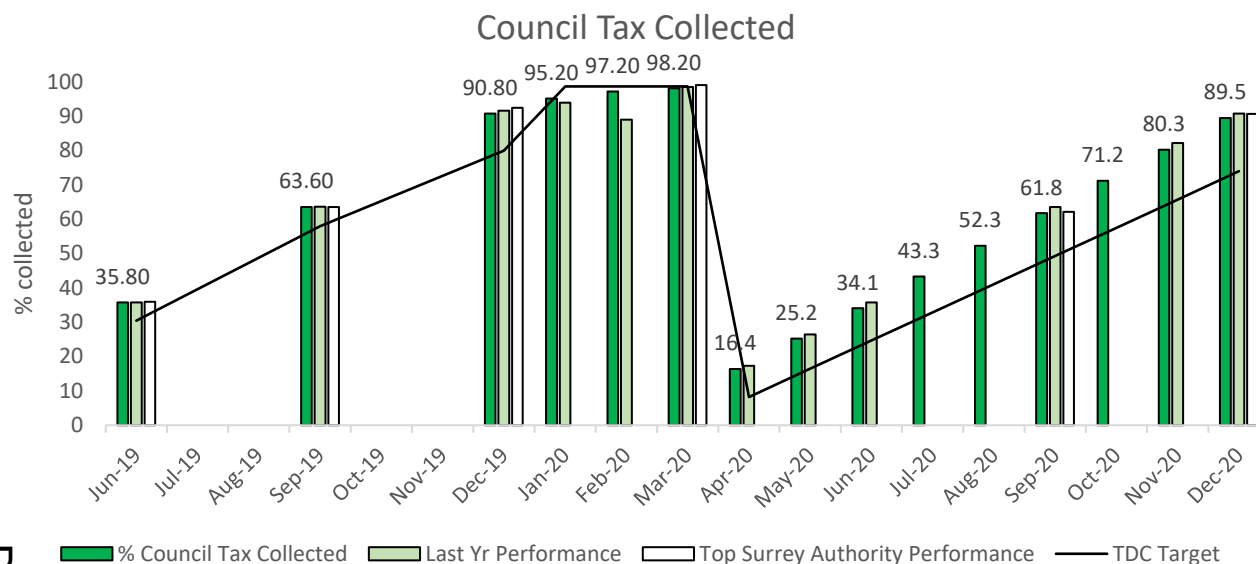
## **8. Background papers**

8.1. None.

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

## APPENDIX A – Strategy & Resources Performance Charts

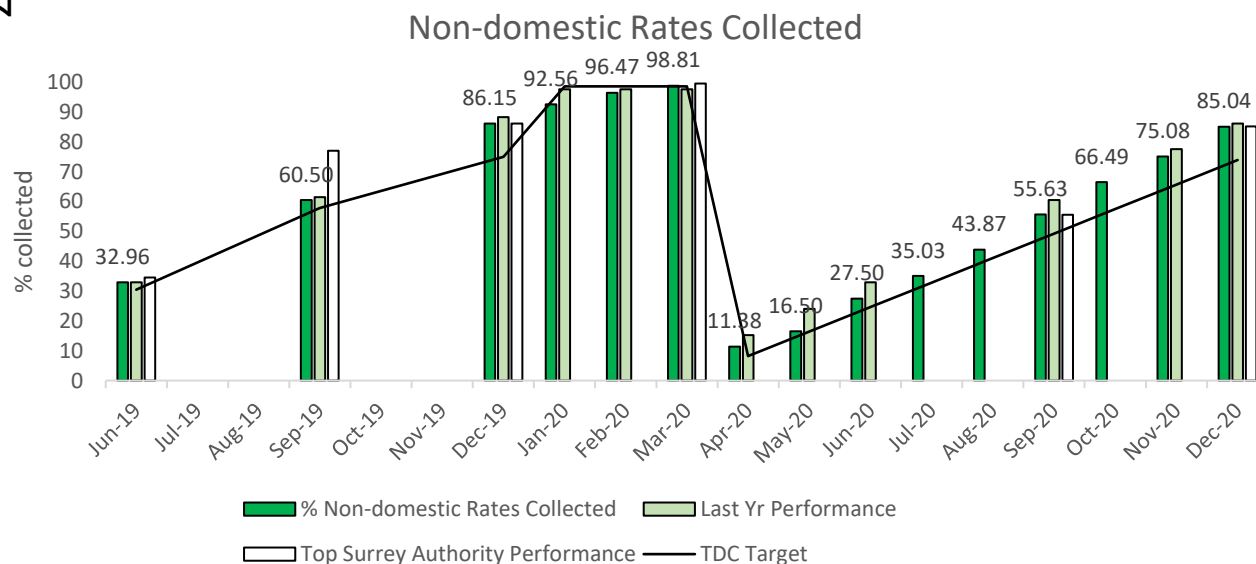
### SR1 - Percentage of Council Tax collected



#### Performance Summary

- Collection performance was 15.52% above the increasing monthly target, which at the end of December stood at 73.98%. Performance remained down by 1.3% compared to the same period in 2019/20 with a collection rate at that stage of 90.80%.
- Despite the team having to grasp additional COVID related work through business grants and the Northgate implementation project, collection rates in Tandridge were close to highest in Surrey at the end of December 2020. Approximately 1,273 Summonses to be issued mid-January totalling £1.6m
- Target: 73.98% (monthly, cumulative).

### SR2 - The percentage of non-domestic rates due for the financial year which were received by the Council

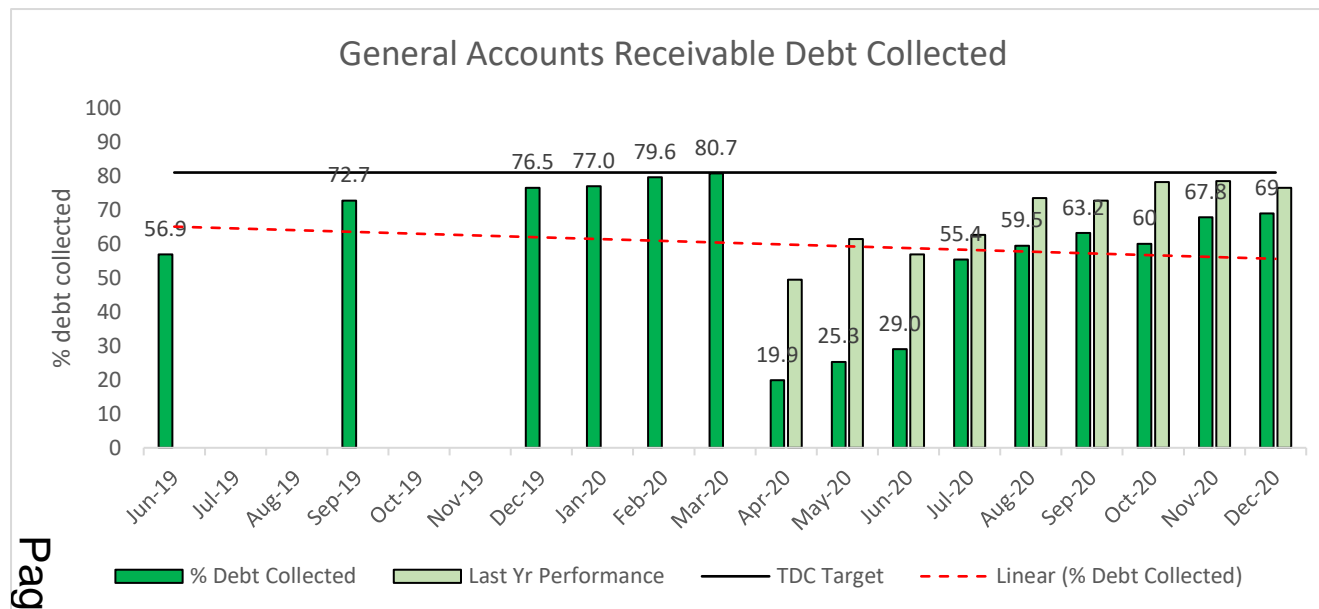


#### Performance Summary

- Collection performance was 11.15% above the increasing monthly target which at the end of December stood at 73.89%. Performance was down by 1.11% compared to the same period in 2019/20 with a collection rate at that stage of 86.15%.
- Despite the team having to grasp additional COVID related work through business grants and the Northgate implementation project, collection rates in Tandridge were close to the highest in Surrey at the end of December 2020. 120 Summonses were issued in January totalling £638k.
- Target: 73.89% (monthly, cumulative).

## APPENDIX A – Strategy & Resources Performance Charts

### SR2b - General Accounts Receivable Debt Collected



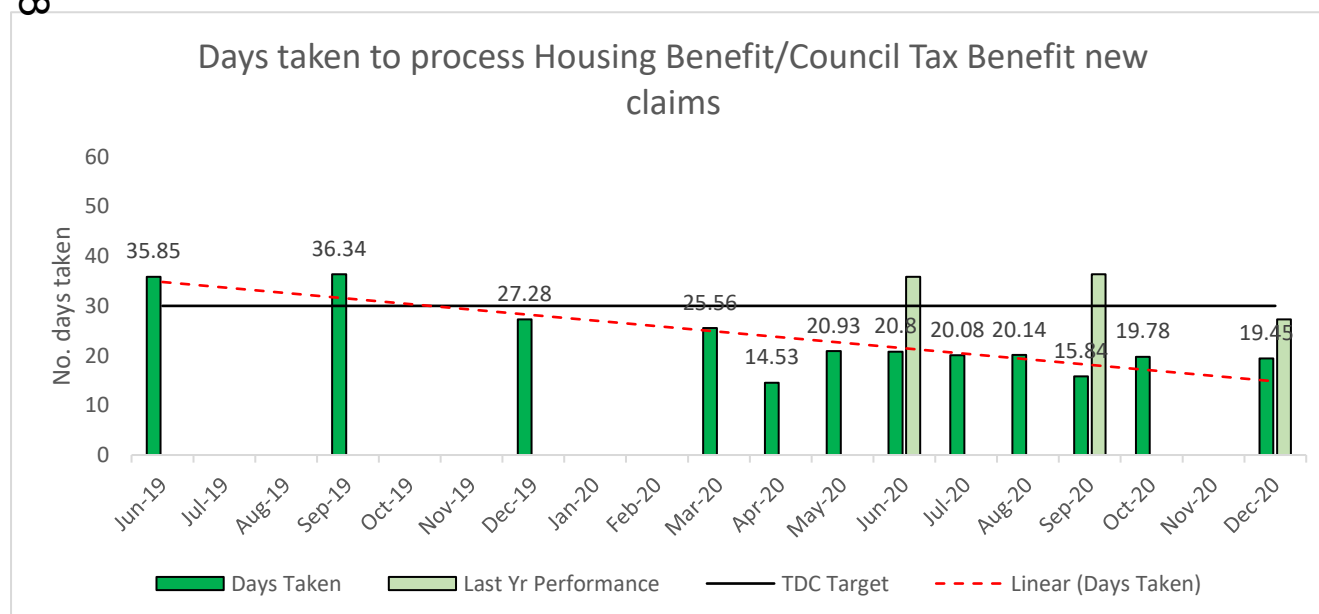
#### Performance Summary

- Although performance is off-target, we are closing the gap regarding like-for-like performance.
- Due to Covid-19 all recovery and enforcement (Bailiff) action ceased at the start of lockdown as per government guidelines.
- 800+ reminders were sent out on 14 January 2021.
- There are several large CIL invoices outstanding totalling over £800k, and a notable debt related to the leisure operator.
- The new corporate debt policy was agreed by this committee in November 2020 and being implemented.

- Target: 81%.

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### SR3a - Days taken to process Housing Benefit/Council Tax Benefit new claims



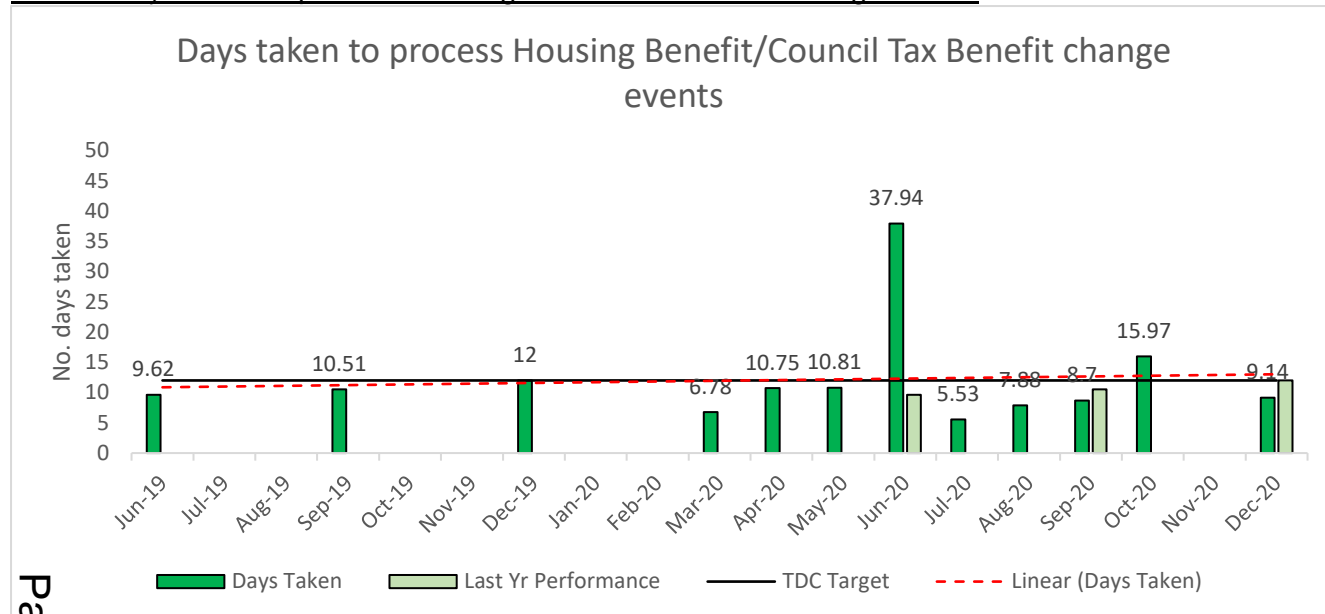
#### Performance Summary

- Target continues to be met in Quarter 3 2020-21.
- A number of staff were on annual leave over the festive period so the backlog of work outstanding significantly increased. Focused work days to tackle increases in certain areas have been carried out including new claims after New Year (50 outstanding at peak). It is anticipated day stats will increase once the backlog of work is increased.

- Target: 30 days.

## APPENDIX A – Strategy & Resources Performance Charts

### SR3b - Days taken to process Housing Benefit/Council Tax change events

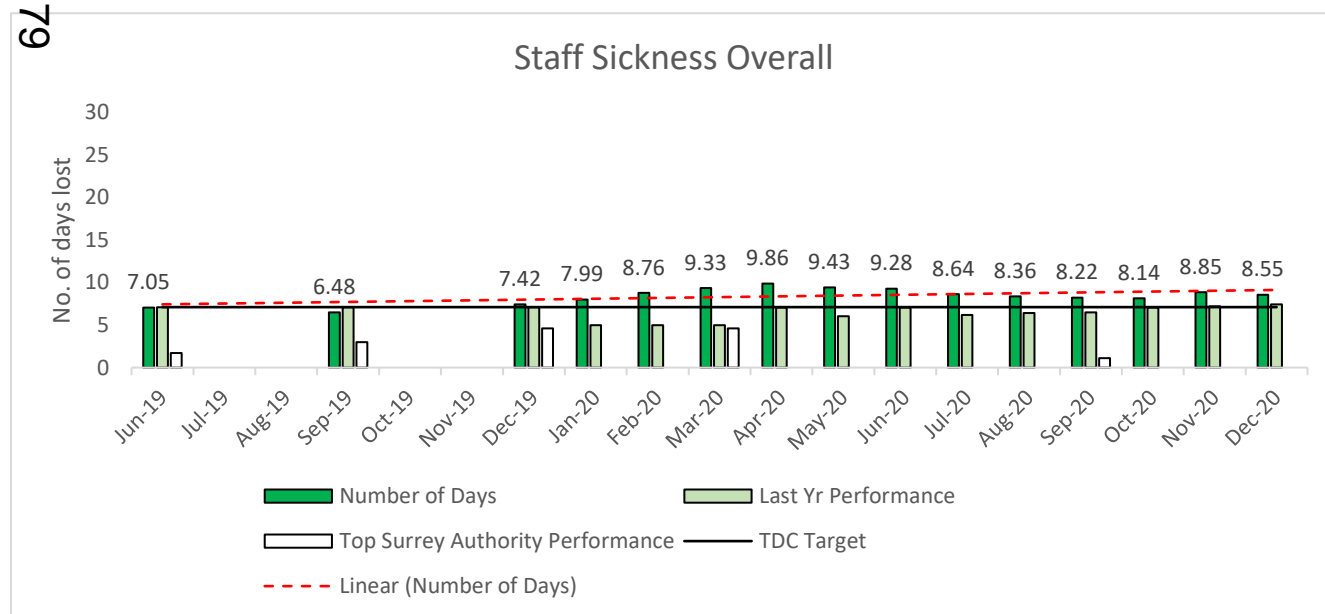


#### Performance Summary

- Target continues to be met in Quarter 3 2020-21.
- As above (SR3a).
- Target: 12 days.

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### SR4 – The number of working days/shifts lost due to sickness absence (long and short-term)

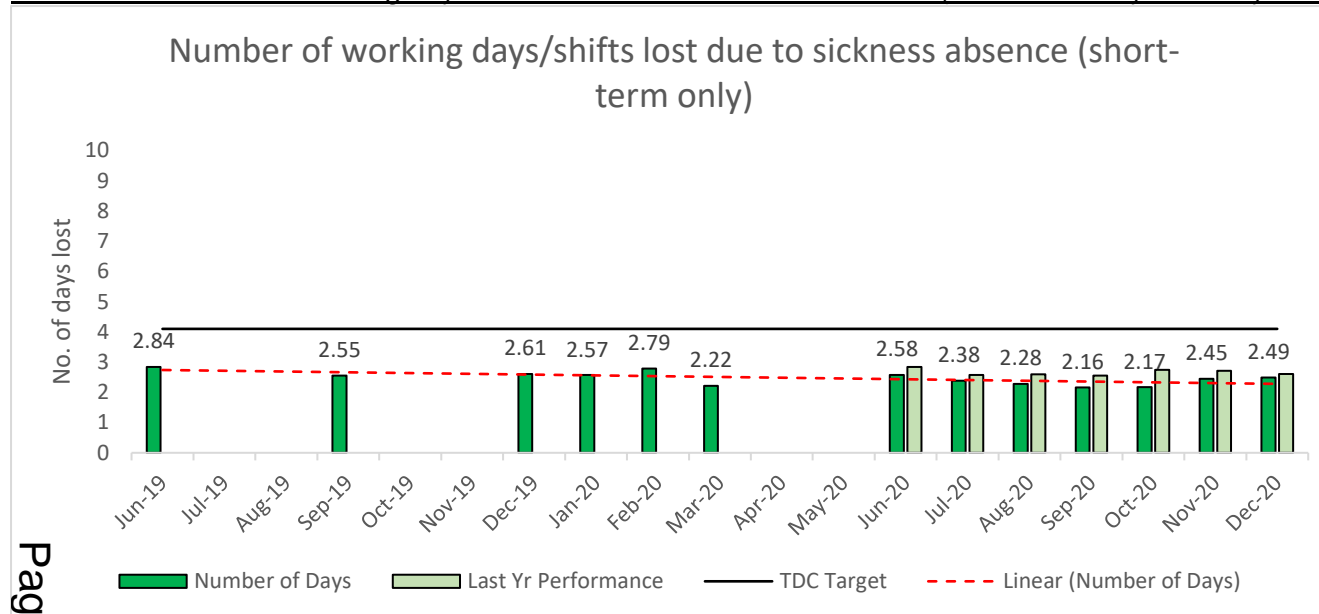


#### Performance Summary

- Sickness absence in December 2020 reduced from November 2020. The 12-month rolling figure, like-on-like to 2019/20, continues to be higher, but the gap is reducing.
- The difference is primarily due to an increase of the days lost to long term sickness year on year, however this trend continues to reduce. Mental health issues and Musculoskeletal conditions continue to be the most frequently cited reason for sickness. 15% of days lost were related to Covid-19.
- We continue to be mindful of the impact remote working and social isolation are having on the workforce currently and have communicated the MHFA scheme to all employees.
- HR Specialists continue to monitor and review sickness absences, carrying out sickness review meetings (remotely) alongside managers in line with the policy and signposting to support services where necessary.
- Advice from OH continues to be sought, particularly in connection with long term absences and those involving mental health concerns.
- Target: 7.1 days.

## APPENDIX A – Strategy & Resources Performance Charts

### SR5 – The number of working days/shifts lost due to sickness absence (short-term only – 20 days or less)

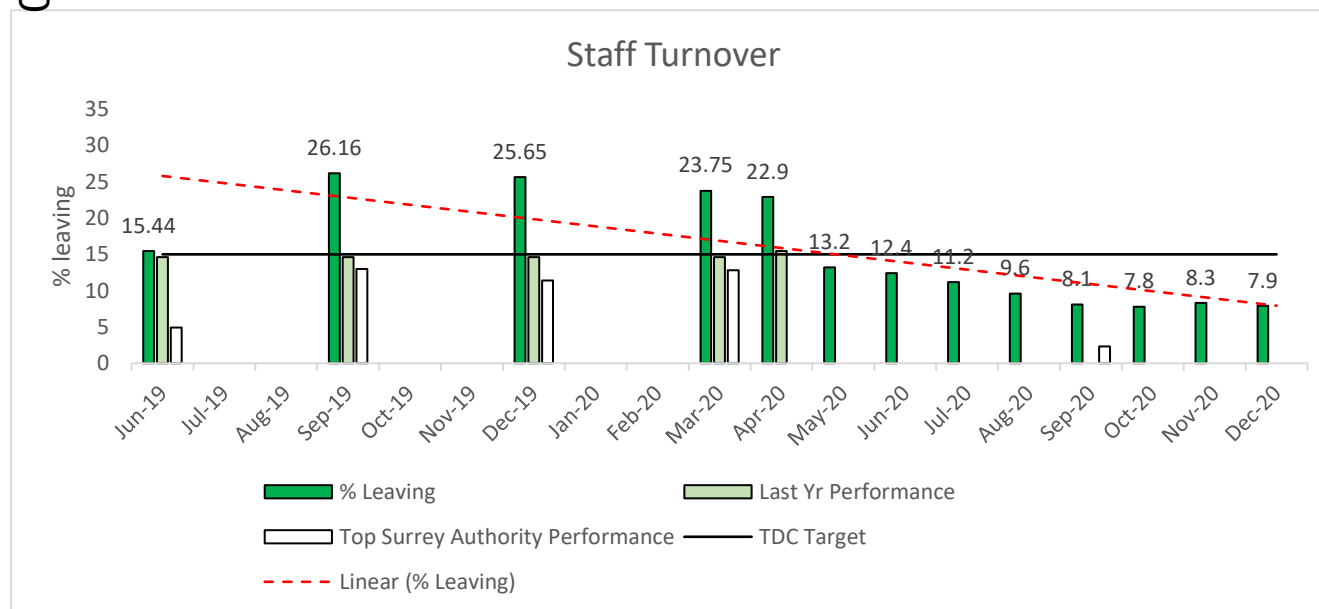


#### Performance Summary

- We continue to perform on target for December 2020, with a comparable like-on-like performance with the same period last year.
- Target: 4.1 days.

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### SR6 – Staff turnover



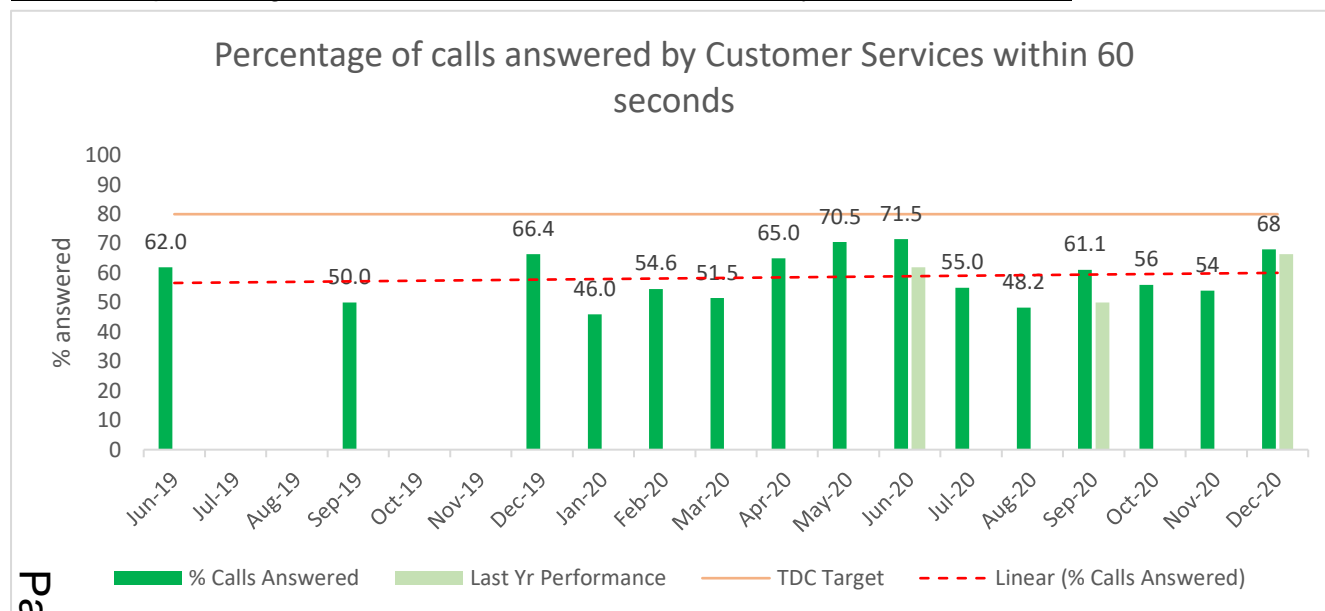
#### Performance Summary

- The annual (voluntary leavers) turnover figure commenced the year at 14.3%. By November, this figure was at 8.3%, but has reduced slightly to 7.9%.
- HR continue to carry out exit interviews, where possible, as soon after receipt of resignation.
- Target: 15%.



## APPENDIX A – Strategy & Resources Performance Charts

### SR7 - The percentage of calls answered within 60 seconds by Customer Services

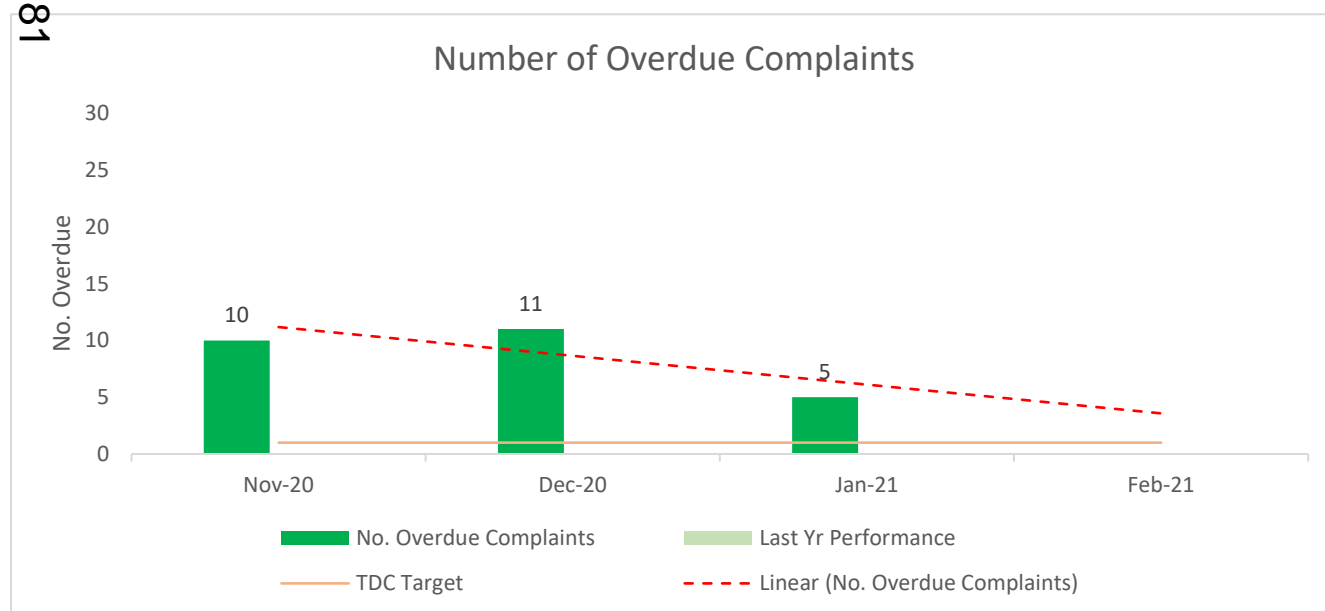


#### Performance Summary

- Although off target the service level in December had improved from the previous 3 months (average of 57%). The average speed of answer was 1 minute and 8 seconds. The average abandonment rate was 5.8%. The target is to be below 10%.
- The target of 80% within 1 minute was a very ambitious target set before customer First went live. In the current climate and with the budgeted resources it is unlikely that we will ever achieve this target. A more realistic target will be set for next financial year.
- Target: 80%.**

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### SR8 – Number of Overdue Complaints

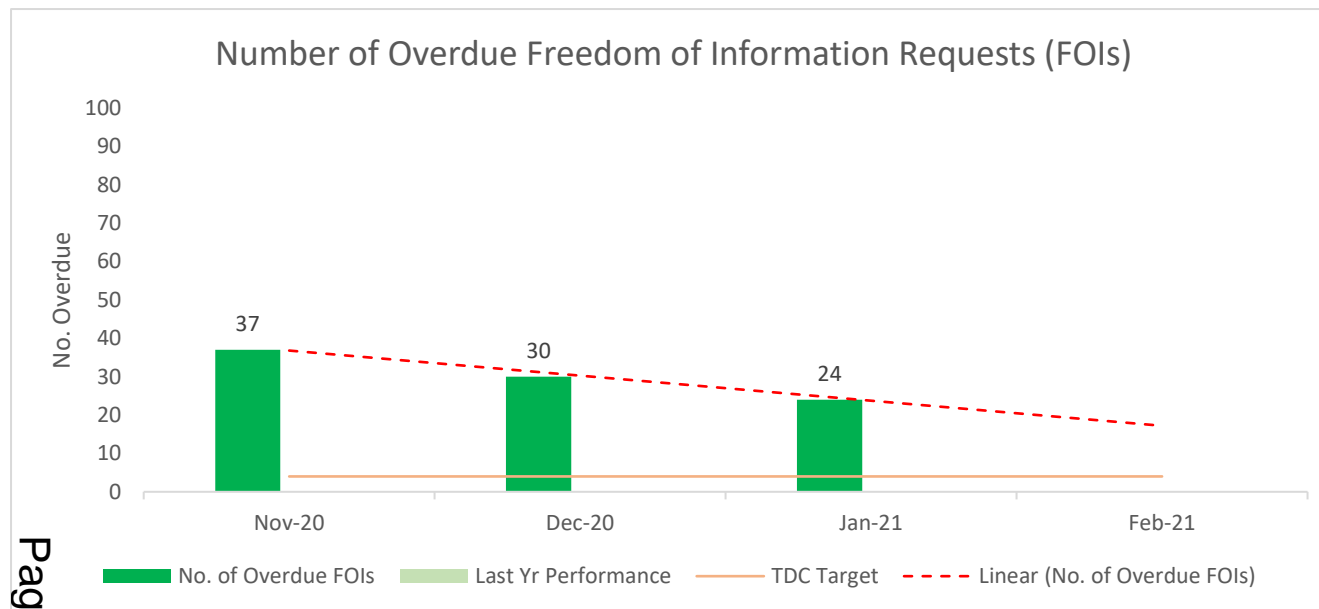


#### Performance Summary

- After reviewing the data source for this indicator, it was felt that a more accurate data source could be used and the indicator reframed, to align it more towards its intended use. Hence the data has been replaced and indicator reframed from % "Complaints Responded to Within 10 Working Days" to "number of overdue complaints".
- Actions: the KPI is monitored fortnightly by the Senior Leadership Team and monthly by the Executive Leadership Team; a new automated process is being developed for managing complaints; and the responsible officer has approached Mole Valley District Council regarding complaints related to the shared Environmental Health service that Tandridge District Council does not operate.
- Target: 1** - currently baselined to 10% of November 2020 data.

## APPENDIX A – Strategy & Resources Performance Charts

### SR9 – Number of Overdue Freedom of Information Requests (FOIs)



#### Performance Summary

- After reviewing the data source for this indicator, it was felt that a more accurate data source could be used and the indicator reframed, to align it more towards its intended use. Hence the data has been replaced and indicator reframed from % “FOIs Responded to Within 20 Working Days” to “number of overdue FOIs”.
- Actions: the KPI is monitored fortnightly by the Senior Leadership Team and monthly by the Executive Leadership Team; a new automated process is being developed for managing complaints; and the responsible officer has approached Mole Valley District Council regarding FOIs related to the shared Environmental Health service that Tandridge District Council does not operate.
- Target: 4 - currently baselined to 10% of November 2020 data.

Ref:	Risk cause and event	Risk consequences	Risk Owner	Likelihood	Impact	RAG	Mitigating actions and responsibility *BOLD* = new mitigation	Status Update	Committee Risk Register
1	Inability of Council to make savings as identified in the Medium Term Financial Strategy and to balance the Council Budget in 2021/22 and 2022/23	<ul style="list-style-type: none"> <li>* Council exhausts reserves to balance the budget.</li> <li>*Section 114 notice required to be issued by Chief Financial Officer leading to cessation of non-essential spend and essential service provision at minimal level</li> <li>* Reputational damage</li> </ul>	Section 151 Officer	4	5	20	<ul style="list-style-type: none"> <li>* <b>Savings trackers to be used to monitor savings delivery in 2021/22 (and reported monthly to the Executive Leadership Team and Members as part of the Finance Report). If savings reported are not achieved then the Service will have to find compensating savings from their budget.</b></li> <li>* <b>We are ensuring appropriate use of government issued Covid-19 grants and ensure all COVID costs and income loss are accurately used and reported.</b></li> <li>* Reserves can be used to support the achievement of savings. However, we have built Reserves as part of the 21/22 budget setting process to provide us with resilience and flexibility over the medium-term where there is significant funding uncertainty. We are only getting to the point over the next year or so where we were at higher Reserves levels a number of years ago. We would look to prioritise those investments by using Reserves which provide a payback (in an invest to save approach).</li> <li>* Recruitment and overtime freeze has been put in place but will place pressure on already stretched teams. This is also supported by a HR/Finance Panel whereby the Chief Executive and Chief Finance Officer approve all new appointments (permanent and interim) and extensions.</li> <li>* Arbitrary cuts to budgets can be enforced but this is a blunt instrument and better done in a targeted way.</li> </ul>	Balanced budget adopted by Council Feb 21.	Strategy & Resources
2	Commercial tenants and businesses unable to make payments to the Council, due to Covid-19.	<ul style="list-style-type: none"> <li>* Reduced cash flow.</li> <li>* Negative impact on budgets.</li> </ul>	Executive Head of Communities	4	4	16	<ul style="list-style-type: none"> <li>* <b>Additional government funds available for business support.</b></li> <li>* Continue to keep close contact with tenants and understand their cashflow issues.</li> <li>* Consider offering short-term rent free periods and deferred payment schemes for previously strong tenants.</li> <li>* Consider the cost benefit of empty rate/refurbishment costs alongside rent considerations if tenants were to vacate.</li> </ul>	* Executive Head of Communities progressing options appraisal for improving commercial rent collection as part of corporate resources re-alignment.	Strategy & Resources
3	No ICT disaster recovery solution in place	<ul style="list-style-type: none"> <li>* Inability to recover IT services if a potential disaster occurred, severely impacting delivery of most Council business</li> <li>* Recovery of IT systems ineffective.</li> </ul>	Head of Digital Business Transformation and Democratic Services	3	5	15	<ul style="list-style-type: none"> <li>* <b>Agree disaster recovery solution.</b></li> <li>* <b>Procure secondary site equipment.</b></li> <li>* <b>Close monitoring of progress by ELT.</b></li> <li>* Use of cloud based IT systems</li> <li>* Continuance of overnight back up tapes.</li> </ul>	<ul style="list-style-type: none"> <li>* Disaster recovery solution agreed and procurement of secondary site equipment commenced.</li> <li>* The solution is approximately 6 months away from delivery, hence the risk remains red. Other actions associated with this risk are being progressed in tandem.</li> </ul>	Strategy & Resources

4	Local plan is found unsound by the Inspector	<ul style="list-style-type: none"> <li>* Impact on ability to reject inappropriate planning applications</li> <li>* Unable to lobby and deliver infrastructure that meets the needs of local residents, public sector partners and businesses for the whole District.</li> <li>* More challenge to develop policies and working with others to support the building of affordable homes.</li> <li>* Inability to meet statutory requirement and risk of statutory intervention</li> <li>* Unable to review Community Infrastructure Levy.</li> <li>* Additional costs associated with developing a new Plan</li> <li>* Reputational damage</li> </ul>	Chief Planning Officer	3	4	12	<ul style="list-style-type: none"> <li>* <b>Dialogue maintained with the inspector following receipt of preliminary conclusions.</b></li> <li>* Members to be made aware of any risks associated with responses / hearing sessions to the Inspector.</li> <li>* Ensure responses to the Inspector are submitted in a timely manner.</li> <li>* Work with statutory bodies where appropriate to ensure no objection.</li> <li>* Maintain and defend the strategy set out in the submitted Our Local Plan.</li> <li>* Consider legal advice appropriately.</li> <li>* Use consultants and experts in their field where appropriate to defend the Council's Local Plan.</li> <li>* Undertake additional evidence and main modifications as required by the Inspector.</li> <li>* Continue to have discussions with the Inspector via the Programme Officer.</li> <li>* Keep members updated.</li> </ul>	* Additional resources identified in the 2021/22 budget for the Planning service. Work underway to consider options relating to Junction 6 and transport modelling.	Planning Policy
5	The Council's Business as Usual capacity is constrained due to lack of resources.	<ul style="list-style-type: none"> <li>* Non-delivery and disruption of statutory and non-statutory services.</li> <li>* Increased staff absence levels and staff turnover.</li> <li>* Reduction in staff resilience.</li> <li>* Council suffers loss or temporary unavailability of key staff</li> </ul>	Executive of Head of Corporate Resources	3	4	12	<ul style="list-style-type: none"> <li>* Senior managers proactively support teams to prioritise actions.</li> <li>* Support for staff welfare in place (e.g. mental health first aiders).</li> <li>* Appropriate HR policies in place (e.g. flexible working).</li> <li>* Executive Leadership Team reviewing operating models to release capacity where possible.</li> </ul>	* New risk added to the register.	Strategy & Resources
6	Up to date safeguarding policies and procedures not applied	<ul style="list-style-type: none"> <li>* Risk of harm to children and vulnerable people.</li> <li>* Failure of statutory duty.</li> </ul>	Executive Head of Corporate Resources	3	3	9	<ul style="list-style-type: none"> <li>* <b>Safeguarding project Approval to Start Form being submitted March 2021.</b></li> <li>* Mandatory online training module issued to all staff.</li> <li>* Safeguarding policies in place.</li> <li>* Safeguarding Officer in place.</li> <li>* Multi-agency safeguarding meetings in place.</li> </ul>	* Online training up-to-date and managed via HR training platform. Now planning to conduct a more detailed investigation and training needs assessment for frontline staff and review policies.	Strategy & Resources
7	Resources and capacity constrained due to ongoing Covid-19 response & recovery	<ul style="list-style-type: none"> <li>* Impact on delivery of business as usual activities and COVID response support.</li> <li>* Council suffers loss or temporary unavailability of key staff.</li> </ul>	Executive Head of Corporate Resources	3	3	9	<ul style="list-style-type: none"> <li>* COVID response team mobilising staff and partners to support as necessary.</li> <li>* Strategic co-ordination in place with the SLRF.</li> <li>* Local outbreak plan in place and continually monitored and updated.</li> <li>* Council Covid-19 project team in place.</li> <li>* Monitoring of staff absence levels in place.</li> <li>* Appropriate HR policies in place.</li> </ul>	* Risk reframed from previous focus on second lockdown, and new mitigation added.	Strategy & Resources
8	Failure to mobilise waste contract	<ul style="list-style-type: none"> <li>* Failure of statutory duty requiring immediate rectification.</li> <li>* Major reputational damage in the local community.</li> <li>* Poor sanitation in the District due to lack of an alternative option.</li> </ul>	Executive Head of Communities	2	3	6	<ul style="list-style-type: none"> <li>* Effective programme management in place.</li> <li>* Procurement process in place.</li> <li>* Regular contract meetings with the supplier.</li> </ul>	* Risk reviewed and mitigations are working effectively.	Community Services
9	Unable to recruit a permanent Chief Executive	<ul style="list-style-type: none"> <li>* Lack of strategic direction and capacity impact on ability to deliver services and priorities</li> <li>* Strain on resources at the Executive Leadership Team level.</li> </ul>	Executive Head of Corporate Resources	2	3	6	<ul style="list-style-type: none"> <li>* Use of expert recruitment partner and extensive advertisement</li> </ul>	* New risk added to the register.	Strategy & Resources
10	Legal and Covid 19 safety requirements are not met for the May elections	<ul style="list-style-type: none"> <li>* Failure of statutory duty</li> <li>* Health and safety of the public and elections staff compromised</li> <li>* Reputational damage.</li> </ul>	Returning Officer / Deputy Returning Officer	1	5	5	<ul style="list-style-type: none"> <li>* <b>Additional Covid 19 protocols and preparations are on track.</b></li> <li>* Established controls and processes in place.</li> <li>* Use of Government support and guidance</li> </ul>	* New mitigations added (see left), and no further actions are deemed necessary at this time.	Strategy & Resources

## APPENDIX B - Risk Matrix

Likelihood	Almost Certain	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Probable	3	3	6	9	12	15
	Possible	2	2	4	6	8	10
	Remote	1	1	2	3	4	5
			1	2	3	4	5
			Negligible	Minor	Moderate	Significant	Severe
			Impact				

### Page 85 Likelihood criteria

Risk Level		Controls
1	Remote	Sufficient controls in place
2	Possible	Conditions exist for occurrence
3	Probable	Controls not fully effective
4	Likely	No effective measures
5	Almost Certain	No effective measures at all

### Impact criteria

Risk Level		Impact
1	Negligible	No or negligible impact or disruption to finances, reputation & strategic priorities
2	Minor	Minor impact or disruption to finances, reputation & strategic priorities
3	Moderate	Moderate impact or disruption to finances, reputation & strategic priorities
4	Significant	Major & medium term impact or disruption to finances, reputation & strategic priorities
5	Severe	Severe & medium to long term impact or disruption to finances, reputation & strategic priorities



Ref:	Risk cause and event	Risk consequences	Risk owner	Likelihood	Impact	RAG	Mitigating actions and responsibility	Status update	Included in Corporate Register
1	Inability of Council to make savings as identified in the Medium Term Financial Strategy and to balance the Council Budget in 2021/22 and 2022/23	<ul style="list-style-type: none"> <li>* Council exhausts reserves to balance the budget.</li> <li>* Section 114 notice required to be issued by Chief Financial Officer leading to cessation of non-essential spend and essential service provision at minimal level</li> <li>* Reputational damage</li> </ul>	Section 151 Officer	4	5	20	<ul style="list-style-type: none"> <li>* <b>Savings trackers to be used to monitor savings delivery in 2021/22 (and reported monthly to the Executive Leadership Team and Members as part of the Finance Report). If savings reported are not achieved then the Service will have to find compensating savings from their budget.</b></li> <li>* <b>We are ensuring appropriate use of government issued Covid-19 grants and ensure all COVID costs and income loss are accurately used and reported.</b></li> <li>* Reserves can be used to support the achievement of savings. However, we have built Reserves as part of the 21/22 budget setting process to provide us with resilience and flexibility over the medium-term where there is significant funding uncertainty. We are only getting to the point over the next year or so where we were at higher Reserves levels a number of years ago. We would look to prioritise those investments by using Reserves which provide a payback (in an invest to save approach).</li> <li>* Recruitment and overtime freeze has been put in place but will place pressure on already stretched teams. This is also supported by a HR/Finance Panel whereby the Chief Executive and Chief Finance Officer approve all new appointments (permanent and interim) and extensions.</li> <li>* Arbitrary cuts to budgets can be enforced but this is a blunt instrument and better done in a targeted way.</li> </ul>	* Balanced budget adopted by Council Feb 21.	YES
2	Increased demand on the Revenues Team collecting and recovering Council Tax due to increased financial hardship being experienced by significant numbers of Council Tax Payers	<ul style="list-style-type: none"> <li>* Reduced cash flow.</li> <li>* Negative impact on budgets.</li> <li>* Increased recovery costs.</li> <li>* Increase in failed payments.</li> <li>* Risk of being able to pass on precepts.</li> </ul>	Case Services Manager	4	4	16	<ul style="list-style-type: none"> <li>* Identified as critical service area.</li> <li>* Experienced staff retained on service delivery and not redirected to Covid-19 response.</li> <li>* Information, support and advice published on website.</li> <li>* Creation of council tax hardship fund.</li> </ul>	* Covid related risk - Customers being signposted to financial support agencies such as CAB and Parashoot. Additional resource moved to team to assist with grant payments. Monthly reports provided to SLT lead and finance.	
3	Commercial tenants and businesses unable to make payments to the Council, due to Covid-19.	<ul style="list-style-type: none"> <li>* Reduced cash flow.</li> <li>* Negative impact on budgets.</li> </ul>	Executive Head of Communities	4	4	16	<ul style="list-style-type: none"> <li>* <b>Additional government funds available for business support.</b></li> <li>* Continue to keep close contact with tenants and understand their cashflow issues.</li> <li>* Consider offering short-term rent free periods and deferred payment schemes for previously strong tenants.</li> <li>* Consider the cost benefit of empty rate/refurbishment costs alongside rent considerations if tenants were to vacate.</li> </ul>	* Executive Head of Communities progressing options appraisal for improving commercial rent collection as part of corporate resources re-alignment.	YES
4	Increased demand on the Business & Income Team collecting and recovering Council Tenant Rent and Service Charges due to increased financial hardship being experienced by significant numbers of Council Tenants	<ul style="list-style-type: none"> <li>* Reduced cash flow.</li> <li>* Negative impact on budgets.</li> <li>* Increased recovery costs.</li> <li>* Increase in failed payments.</li> <li>* Risk of being able to pass on precepts.</li> </ul>	Case Services Manager	4	4	16	<ul style="list-style-type: none"> <li>* Identified as critical service area.</li> <li>* Experienced staff retained on service delivery and not redirected to Covid-19 response.</li> <li>* Information, support and advice published on website.</li> </ul>	* Signposting underway to financial support services such as CAB and Parashoot. Close monitoring of accounts and use of Discretionary Housing Payment scheme to support those most in need. HRA income review still underway and report to be presented to Housing Committee in 2021.	

5	No ICT disaster recovery solution in place	<ul style="list-style-type: none"> <li>* Inability to recover IT services if a potential disaster occurred, severely impacting delivery of most Council business</li> <li>* Recovery of IT systems ineffective.</li> </ul>	Head of Digital Business Transformation and Democratic Services	3	5	15	<ul style="list-style-type: none"> <li>* <b>Agree disaster recovery solution.</b></li> <li>* <b>Procure secondary site equipment.</b></li> <li>* <b>Close monitoring of progress by ELT.</b></li> <li>* Use of cloud based IT systems</li> <li>* Continuance of overnight back up tapes.</li> </ul>	<ul style="list-style-type: none"> <li>* Disaster recovery solution agreed and procurement of secondary site equipment commenced.</li> <li>* The solution is approximately 6 months away from delivery, hence the risk remains red. Other actions associated with this risk are being progressed in tandem.</li> </ul>	YES
6	Significant increase in sickness absence levels amongst staff	<ul style="list-style-type: none"> <li>* Impact on the ability to deliver BAU.</li> <li>* Impact on the ability to assist vulnerable residents.</li> <li>* Increased pressure on remaining staff.</li> </ul>	Executive Head of Corporate Resources	4	3	12	<ul style="list-style-type: none"> <li>* Ongoing monitoring of sickness levels, which includes advising the Covid-19 response team of changes.</li> <li>* Encourage staff to work at home where possible.</li> <li>* Employee support schemes in place.</li> </ul>	<ul style="list-style-type: none"> <li>* Mental health issues and Musculoskeletal conditions continue to be the most frequently cited reason for sickness absence. We continue to be mindful of the impact remote working and social isolation are having on the workforce currently and continue to offer support to all employees via the Mental Health First Aid scheme and Employee Assistance Programme.</li> </ul>	
7	Inadequate resource in emergency planning to deal with the increased demand	<ul style="list-style-type: none"> <li>* Inability to support residents.</li> <li>* Increased demand on limited resource leading to sickness absence.</li> </ul>	Executive Head of Corporate Resources	4	3	12	<ul style="list-style-type: none"> <li>* Review demand and available resourcing.</li> </ul>	<ul style="list-style-type: none"> <li>* Emergency Planning and Community Safety realigned into the Customer Engagement and Partnerships Team to increase resilience.</li> </ul>	
8	Increase in unplanned expenditure	<ul style="list-style-type: none"> <li>* Impact on Council's budget.</li> <li>* Need to cut resources and / or services.</li> </ul>	Section 151 Officer	4	3	12	<ul style="list-style-type: none"> <li>* MHLG have advised s151 officers to approach them directly if there is a risk of a s114 notice.</li> </ul>	<ul style="list-style-type: none"> <li>* Improvement to the budget monitoring and reporting process have meant a close eye has been kept on the financial position. Offsetting savings have been found to alleviate some of the adverse costs due to COVID-19. The Council has maintained close contact with MHLG and has been removed from the list of concerns. The Council's finances have strengthened over the second half of the year and we now expect to finish the year in an underspend position.</li> </ul>	
9	Inability of residents to contact the Council due to office being closed, IT issues and/or phone lines busy	<ul style="list-style-type: none"> <li>* Negative impact on Council's reputation.</li> <li>* Poor social media and confidence in Council.</li> <li>* Residents' needs not being met.</li> </ul>	Head of Customer Engagement & Partnerships	4	3	12	<ul style="list-style-type: none"> <li>* Closely monitor impact of increased call volumes from vulnerable residents and staff absence.</li> <li>* Regular review of social media to pick up concerns / complaints.</li> <li>* Various ways for people to access Council.</li> <li>* Customer Service Advisors working from home.</li> <li>* Council Offices open.</li> </ul>	<ul style="list-style-type: none"> <li>* Information message updated on front end telephone lines to advise residents of alternative ways to contact the council.</li> <li>* Customer service emails acknowledged and responded to within 24 hours.</li> <li>* Staff will continue to work in bubbles when they return to office so that the full team are not in the office at the same time, therefore reducing the risk of transmission.</li> </ul>	
10	The Council's Business as Usual capacity is constrained due to lack of resources.	<ul style="list-style-type: none"> <li>* Non-delivery and disruption of statutory and non-statutory services.</li> <li>* Increased staff absence levels and staff turnover.</li> <li>* Reduction in staff resilience.</li> <li>* Council suffers loss or temporary unavailability of key staff.</li> </ul>	Executive of Head of Corporate Resources	3	4	12	<ul style="list-style-type: none"> <li>* Senior managers proactively support teams to prioritise actions.</li> <li>* Support for staff welfare in place (e.g. mental health first aiders).</li> <li>* Appropriate HR policies in place (e.g. flexible working).</li> <li>* Executive Leadership Team reviewing operating models to release capacity where possible.</li> </ul>	<ul style="list-style-type: none"> <li>* New risk added to the register.</li> </ul>	YES
11	Replacement of the Revenues and Benefits back office software system	<ul style="list-style-type: none"> <li>* Impact upon the collection of council tax and business rates.</li> <li>* Impact upon the administration and payment of housing benefit.</li> <li>* Reduced cashflow.</li> <li>* Risk of being able to pass on precepts.</li> <li>* Reputational risk to the Council.</li> </ul>	Head of Digital Business Transformation and Democratic Services	2	5	10	<ul style="list-style-type: none"> <li>* Detailed project plan with timescales and milestones.</li> <li>* Weekly meetings between Northgate &amp; project manager.</li> <li>* Progress reports to business leads.</li> <li>* Full engagement with the business.</li> </ul>	<ul style="list-style-type: none"> <li>* The risk has been reviewed and no further actions are necessary at this time.</li> </ul>	



APPENDIX C - Strategy and Resources Risk Register

12	Up to date safeguarding policies and procedures not applied	<ul style="list-style-type: none"> <li>* Risk of harm to children and vulnerable people.</li> <li>* Failure of statutory duty.</li> </ul>	Executive Head of Corporate Resources	3	3	9	<ul style="list-style-type: none"> <li>* <b>Safeguarding project Approval to Start Form being submitted March 2021.</b></li> <li>* Mandatory online training module issued to all staff.</li> <li>* Safeguarding policies in place.</li> <li>* Safeguarding Officer in place.</li> <li>* Multi-agency safeguarding meetings in place.</li> </ul>	<ul style="list-style-type: none"> <li>* Online training up-to-date and managed via HR training platform. Now planning to conduct a more detailed investigation and training needs assessment for frontline staff and review policies.</li> </ul>	YES
13	Lack of suitable low risk investment properties	<ul style="list-style-type: none"> <li>* Reduced cash flow.</li> <li>* Negative impact on budget.</li> <li>* Loss of reputation to the Council.</li> </ul>	Executive Head of Communities	3	3	9	<ul style="list-style-type: none"> <li>* Continue to keep close attention on market conditions.</li> <li>* Managing ongoing relationships with Investment Agents.</li> </ul>	<ul style="list-style-type: none"> <li>* Continuing to watch the effects of Covid on future occupancy demand and activities in each market sector</li> </ul>	
14	Resources and capacity constrained due to ongoing Covid-19 response & recovery	<ul style="list-style-type: none"> <li>* Impact on delivery of business as usual activities and COVID response support.</li> <li>* Council suffers loss or temporary unavailability of key staff.</li> </ul>	Executive Head of Corporate Resources	3	3	9	<ul style="list-style-type: none"> <li>* COVID response team mobilising staff and partners to support as necessary.</li> <li>* Strategic co-ordination in place with the SLRF.</li> <li>* Local outbreak plan in place and continually monitored and updated.</li> <li>* Council Covid-19 project team in place.</li> <li>* Monitoring of staff absence levels in place.</li> <li>* Appropriate HR policies in place.</li> </ul>	<ul style="list-style-type: none"> <li>* Risk reframed from previous focus on second lockdown, and new mitigation added.</li> </ul>	YES
15	Inability to deliver wellbeing prescription service in the current climate	<ul style="list-style-type: none"> <li>* Not meeting CCG contract terms.</li> <li>* Inability to get future funding.</li> <li>* Inability to provide support for residents.</li> </ul>	Head of Customer Engagement & Partnerships	3	3	9	<ul style="list-style-type: none"> <li>* Appointments offered as telephone / video consultations or can resume appointments once face to face at GP practice or at home is made available again.</li> <li>* Email communication offered to clients who decline telephone.</li> <li>* If staffing levels are impacted, client calls will be covered by any available Advisor/Management and prioritised based on need.</li> <li>* Proposal for future funding will be prepared remotely.</li> <li>* Quarterly reports will be published to the usual timescale.</li> </ul>	<ul style="list-style-type: none"> <li>* Wellbeing Prescription continues to operate and fulfil appointments digitally. A return to face-to-face appointments is being monitored closely in-line with government and public health guidelines.</li> </ul>	
16	Increased demand on the Benefits Team processing claims for Housing Benefit, Council Tax Support and Discretionary Housing Payments.	<ul style="list-style-type: none"> <li>* Failure to process new claims in target times.</li> <li>* Failure to action change events in target times.</li> <li>* Delays in the calculation, award and payment of benefits resulting in financial hardship for customers.</li> <li>* Increased homelessness if housing lost as a result of delays.</li> </ul>	Case Services Manager	3	3	9	<ul style="list-style-type: none"> <li>* Identified as critical service area with appropriately knowledgeable and experienced staff retained on service delivery and not redirected to Covid-19 response.</li> <li>* Secondment of knowledgeable and experienced staff from elsewhere in the Council to support service area.</li> </ul>	<ul style="list-style-type: none"> <li>* Weekly monitoring of caseload and performance.</li> <li>* Overtime currently being used to ensure work is completed within statutory time periods.</li> </ul>	
17	Inability to complete compliance checks due to social isolation and/or sickness absence	<ul style="list-style-type: none"> <li>* Potential incidents.</li> <li>* Reputational risk to the Council.</li> <li>* Financial impact to the Council's budget.</li> </ul>	Executive Head of Communities	3	3	9	<ul style="list-style-type: none"> <li>* Continue to carry out inspections and progress statutory functions where premises are safe to do so.</li> </ul>	<ul style="list-style-type: none"> <li>* Continuing to carry out inspections within Covid regulations and where safe to do so</li> </ul>	
18	Staff accumulating excess annual leave due to inability / lack of desire to take leave in current environment	<ul style="list-style-type: none"> <li>* Large number of staff requesting to take leave later in the year.</li> <li>* Negatively affecting productivity later in the year.</li> </ul>	Executive Head of Corporate Resources	4	2	8	<ul style="list-style-type: none"> <li>* Communication to staff clarifying that leave still needs to be taken for welfare reasons and to avoid situation where high level of staff all want to use leave later in year.</li> <li>* Leave years are calculated on joining anniversary not calendar year so are staggered.</li> </ul>	<ul style="list-style-type: none"> <li>* HR team have reviewed this risk and not identified any significant instances of accumulated annual leave.</li> </ul>	
19	Increase in mental health problems in staff	<ul style="list-style-type: none"> <li>* Lack of productivity in staff.</li> <li>* Increase in sickness absence.</li> </ul>	Executive Head of Corporate Resources	4	2	8	<ul style="list-style-type: none"> <li>* Sickness levels are being monitored daily and there is no significant increases to note currently.</li> <li>* Starting to see signs of trauma associated stress through dealing with vulnerable people and also distressing content of COVID response planning and cell meetings. Workplace trauma psychologist has delivered workshop to assist with handling the effects of this work.</li> <li>* Mental Health First Aider training to be progressed virtually in July 2020.</li> </ul>	<ul style="list-style-type: none"> <li>* Employee support schemes are in place, including Mental Health First Aid and the Wellbeing Prescription Service.</li> </ul>	

APPENDIX C - Strategy and Resources Risk Register

20	Inability to maintain high standards of delivery for statutory services	* Reputational impact. * Lack of confidence from Members.	Acting Chief Executive	2	4	8	* <b>Corporate Improvement Board in place.</b> * Staff able to work from home and access all relevant information. * Processes and procedures in place. * Performance monitoring in place.	* Performance indicators for key service areas are being reviewed as part of the March 2021 committee performance reports. The Corporate Improvement Board has been instated.	
21	Failure to meet Council Tax collection targets	* Failure of statutory duty. * Reduced cash flow.	Specialist Services Manager	2	4	8	* Established working protocols. * Team resourcing closely monitored and issues reported to ELT. * Performance monitoring in place.	* Figures up to the end of Quarter 3 (December 2020) confirm collection rate is above target and close to the best in Surrey.	
22	Council is subject to a cybersecurity attack	* Data breach. * Impact on delivery of services * Reputational damage.	Head of Digital Business Transformation and Democratic Services	2	4	8	* Cyber Essentials certification in place. * Council information governance, which includes cyber security elements, is reviewed quarterly and formally assessed annually. * Internal audit of this area underway.	Cyber Essentials certification is in place, and other aspects of cyber security are being assessed as part of an NHS digital security assessment.	
23	Failure to maintain and develop ICT systems	* ICT systems failure. * Inability to deliver affected core & statutory services. * Financial costs of rectification.	Head of Digital Business Transformation and Democratic Services	2	4	8	* Digital Strategy in development, which will set out plans for ongoing maintenance and management of systems. * Cyber Essentials certification. * Business continuity plans in place and being reviewed. * Business analyst team in place to drive IT service developments.	* Digital Strategy on track to come to committee in June.	
24	Staff facing significant financial hardship problems due to the impact the Coronavirus is having on the economy	* Negative impact on mental health. * Lack of productivity. * Increase in sickness absence level.	Executive Head of Corporate Resources	3	2	6	* 1-2-1s with Line Managers. * Regular catch up with teams and individuals whilst working from home. * Sickness levels monitored daily.	* No significant instances identified in this quarter.	
25	Inability to spend Right To Buy receipts on time resulting in having to return them	* Reduced cash flow. * Impact on budgets. * Increased recovery costs.	Executive Head of Communities	2	3	6	* Project use of Right To Buy receipts in close discussion with colleagues.	* Use of Right To Buy receipts continue to be monitored through Finance and Housing Development quarterly. * All receipts scheduled to be used in the Council Housebuilding Programme	
26	Breach of GDPR due to Council business being conducted on personal devices	* Reputational damage.	Head of Legal Services & Monitoring Officer	2	3	6	* New Homeworker Policy which mandates rules for staff. * Discourage use of Zoom for business. * Confidential material not to be placed in home bins, but shredded in the office. * Staff to close windows when having work calls.	* The mitigating actions have been reviewed and no further actions were deemed necessary at this point.	
27	Failure to meet Housing Benefits targets	* Failure of statutory duty. * Reduced / delayed support to recipients. * Reputational damage.	Specialist Services Manager	2	3	6	* Established working protocols. * Team resourcing closely monitored and issues reported to ELT. * Performance monitoring in place.	* Weekly monitoring reports taking place. Introduction of Northgate benefits system. Regular meetings held with Department of Work & Pensions to monitor performance.	
28	Unable to recruit a permanent Chief Executive	* Lack of strategic direction and capacity impact on ability to deliver services and priorities * Strain on resources at the Executive Leadership Team level.	Executive Head of Corporate Resources	2	3	6	* Use of expert recruitment partner and extensive advertisement	* New risk added to the register.	YES
29	Legal and Covid 19 safety requirements are not met for the May elections	* Failure of statutory duty * Health and safety of the public and elections staff compromised * Reputational damage.	Returning Officer / Deputy Returning Officer	1	5	5	* <b>Additional Covid 19 protocols and preparations are on track.</b> * Established controls and processes in place. * Use of Government support and guidance	* New mitigations added (see left), and no further actions are deemed necessary at this time.	YES

APPENDIX C - Strategy and Resources Risk Register

30	Inability of TDC IT infrastructure to support significant increase in home working	<ul style="list-style-type: none"> <li>* Inability for people to work from home.</li> <li>* Unable to carry out BAU.</li> <li>* Failure to support vulnerable residents.</li> <li>* Inability to carry out financial transactions.</li> <li>* Increase in number of people in the office leading to higher risk of spreading Covid-19.</li> </ul>	Head of Digital Business Transformation and Democratic Services	1	4	4	<ul style="list-style-type: none"> <li>* Current TDC infrastructure was tested and is working with a significant number of staff working from home.</li> <li>* Communications have gone out specifically instructing staff to use their own devices to surf the internet and not to use video conferencing unless absolutely necessary.</li> <li>* Team have set up a remote working email address for staff to contact them if they are having issues, this is monitored on a rota basis from 8am every day.</li> </ul>	* Risk reviewed and scored lowered to 4 from Amber to Green.	
31	Inability to pay staff due to IT and resourcing issues	<ul style="list-style-type: none"> <li>* Inability of staff to pay their monthly outgoings.</li> <li>* Staff facing hardship.</li> <li>* Poor staff morale.</li> </ul>	Executive Head of Corporate Resources	1	4	4	* Ongoing review.	* Additional resourcing and IT related risks feature on this register, and no pay issues have been raised at present.	
32	Lack of resilience in IT and telecommunications systems nationally due to a significant increase in home working	<ul style="list-style-type: none"> <li>* Inability for people to work from home.</li> <li>* Unable to carry out BAU.</li> <li>* Failure to support vulnerable residents.</li> <li>* Inability to work with partner organisations.</li> <li>* Increase in number of people in the office leading to higher risk of spreading Covid-19.</li> </ul>	Head of Digital Business Transformation and Democratic Services	1	4	4	* Monitoring updates from Microsoft.	* The risk has been reviewed and no further actions are necessary at this time.	
33	Inability to respond to some SARs and FOIs due to relevant hardcopy files being in the office and therefore not accessible when working from home	<ul style="list-style-type: none"> <li>* Poor image for Council.</li> </ul>	Legal Specialist & Data Protection Officer	2	2	4	* Explain the situation where possible.	* No change to the risk score, however there is ongoing work on policy, training and systems to improve the Council's performance in this area.	
34	Missing documentation related to the Council's assets.	<ul style="list-style-type: none"> <li>* Unable to respond promptly to internal/external enquiries.</li> </ul>	Executive Head of Communities	2	2	4	* Legal undertaking full review and audit of relevant documentation and assets.	Work Continuing. No change to the risk	
35	Musculoskeletal and other problems to staff caused by home work stations not meeting normal health & safety standards	<ul style="list-style-type: none"> <li>* Increase in long-term sickness absence.</li> <li>* Negative impact on productivity.</li> </ul>	Executive Head of Corporate Resources	3	1	3	<ul style="list-style-type: none"> <li>* Working at home staff training module instated on HR training system.</li> <li>* We have now allowed staff with personalised equipment and furniture to transfer this to home setting.</li> <li>* Other requests will be reviewed on an individual basis.</li> </ul>	* HR available to respond to individual requests, however the risk does not appear to be increasing.	

## APPENDIX C - Risk Matrix

Likelihood	Almost Certain	5	5	10	15	20	25
	Likely	4	4	8	12	16	20
	Probable	3	3	6	9	12	15
	Possible	2	2	4	6	8	10
	Remote	1	1	2	3	4	5
			1	2	3	4	5
			Negligible	Minor	Moderate	Significant	Severe
			Impact				

### Likelihood criteria

Risk Level		Controls
1	Remote	Sufficient controls in place
2	Possible	Conditions exist for occurrence
3	Probable	Controls not fully effective
4	Likely	No effective measures
5	Almost Certain	No effective measures at all

### Impact criteria

Risk Level		Impact
1	Negligible	No or negligible impact or disruption to finances, reputation & strategic priorities
2	Minor	Minor impact or disruption to finances, reputation & strategic priorities
3	Moderate	Moderate impact or disruption to finances, reputation & strategic priorities
4	Significant	Major & medium term impact or disruption to finances, reputation & strategic priorities
5	Severe	Severe & medium to long term impact or disruption to finances, reputation & strategic priorities



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## **Additional Restrictions Grants Scheme - action taken under the urgency provisions of Standing Order 35**

### **Strategy & Resources Committee Thursday, 25 March 2021**

Report of: Executive Head of Communities

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Purpose: For decision

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Publication status: Unrestricted

Wards affected: All

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#### **Executive summary:**

On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and/or Local Covid Alert Level (LCAL) 3 restrictions.

The Department for Business, Energy and Industrial Strategy published guidance for Local Authorities in administering the Additional Restrictions Grant (ARG) Scheme (discretionary scheme) to support businesses in their areas.

This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. The ARG Scheme shall be administered by all business rate billing authorities in England. Business who do not meet the eligibility criteria for other grant schemes, can submit an application for an Additional Restrictions Grant at the discretion of the Local Authority.

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**This report supports the Council's priority of:** Supporting economic recovery in Tandridge

**Contact officer** James Devonshire Specialist Services Manager  
JDevonshire@tandridge.gov.uk

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## **Recommendation to Committee:**

That the Additional Restrictions Grant Scheme detailed at Appendix A be ratified.

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## **Reason for recommendation:**

The Additional Restrictions Grant Scheme has been developed to ensure businesses facing financial hardship because of a requirement under national restrictions to close or part close are able to receive financial support.

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## **Introduction and background**

1. Since December 2020 the Council has been operating an Additional Restrictions Grant Scheme with the assistance of an Officer/ Member Advisory Panel. This scheme was approved by Strategy & Resources Committee on 16 December 2020. In consultation with the advisory panel, the scheme was closed on 14 February 2021, allowing for review and to incorporate the lessons learnt and best practice into a new, Spring 2021 scheme launched on 8 March 2021.
2. At the time of closing the first scheme, the Council had administered 283 applications and had spent £278,400 of its total allocated pot, this being in the region of £2.2m. This funding is to be administered to businesses throughout the 2020-21 and 2021-22 financial years.
3. The Spring 2021 scheme was approved by the Chief Executive and Group Leaders by means of an Urgency Decision in February 2021, pending review and ratification by the Strategy and Resources Committee.
4. The Government has guided Local Authorities as to the types of business that the Government considers should be a priority for the scheme. This includes hospitality venues, cinemas and personal care establishments including barbershops and nail salons. Local Authorities have the discretion to determine for themselves whether particular situations not listed in the guidance are broadly similar in nature to those listed in the guidance and, if so, whether they should be eligible for payments under the ARG Scheme.
5. Local Authorities may choose to make payments to other businesses based on local economic need, including if it can be demonstrated that the grant will make a significant contribution to protecting local jobs, if the business is in a prominent location, or if the business makes a significant contribution to the local economy.
6. The Additional Restrictions Grant is primarily and predominantly aimed at:
  - Businesses with relatively high ongoing fixed property-related costs
  - Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis



- Businesses which occupy a property, or part of a property, with a rateable value or annual rent or annual mortgage payments

- Businesses that were trading on or before 4 November 2020.

Companies that are in administration, are insolvent or where a Striking off Notice has been made are not eligible for funding under this scheme.

7. Some Criteria and the level of grant available within the Spring 2021 scheme has been amended to ensure consistency in the approval of grants. Both the qualifying criteria and levels of grant are set out clearly in five categories ranging from Micro-businesses to large businesses with an annual Rateable Value over £51,000.
8. The level of grant available under the new scheme has increased by 50% and now ranges between £750.00 for Micro-Businesses and £4,500 for large qualifying businesses. Details of the proposed grant amounts are set out in paragraph 18 (page 3) of Appendix A.
9. Discretion may be exercised to approve a grant, where a business owner resides outside of the district but operates a business within and employs local Tandridge residents. Micro-businesses, where an owner resides out of the district and is licenced by the Council, such as taxi drivers, may be eligible for a grant if all criteria is met.
10. Businesses are limited to only one grant per premises in the District.
11. The application form will be available on the Council's website only. The electronic form, including the declaration, must be fully completed with all the required evidence to be considered for a grant.

#### Evidence required for the ARG Scheme application

12. For an application to be considered, the Council requires businesses to demonstrate that they meet the eligibility criteria stated above. In order to do so, applicants may be asked to provide the following:
  - Evidence of property costs such as rent, rates or mortgage payments above the de minimis level (see table below). This should take the form of leases/agreements showing an obligation to pay and bank statements evidencing that payments have been made;
  - Evidence to demonstrate a substantial loss in income as a result of the Covid-19 crisis. This is likely to be in the form of filed accounts for previous years and management accounts/bank statements for the current period; and

- Confirmation of State Aid compliance.

### **Other options considered**

- 13 It is a Government requirement that local authorities develop and publish an Additional Restrictions Grant Scheme.
- 14 Although not a requirement under the guidance, a cross party Officer / Member Advisory Panel has been convened, to ensure transparency and fairness in the Council's decision to administer grant payments to businesses.

### **Consultation**

15. The Spring 2021 scheme was approved by the Chief Executive and Group Leaders by means of an Urgency Decision in February 2021, pending review and ratification by the Strategy and Resources Committee.

## **Key implications**

### **Comments of the Chief Finance Officer**

Funding for the payment of grants is received from Central Government. If any grant remains unspent this will need to be returned to Government.

Local Authorities must ensure the safe administration of grants and appropriate measures are put in place to mitigate against the risks of both fraud and payment error.

### **Comments of the Head of Legal Services**

The Additional Restrictions Grant ('ARG') scheme is intended to aid businesses which either have closed (and do not pay business rates) or have not closed but nevertheless have been impacted by Covid-19. The Council has discretion to determine its own eligibility criteria for making grants, in addition to the national eligibility criteria. The criteria set out in this report are therefore in line with the national scheme.

The urgency decision is identified under Standing Order 35 in the Council's Constitution. The reason the decision was urgent was due to the launch of the latest scheme on the 8<sup>th</sup> March 2021.

Standing Order 35 provides for the Chief Executive to take decisions that Committee or Full council would normally take, in emergency situations subject to consultation with Group Leaders. As reported, the Acting Chief Executive exercised this power in February 2021.

## **Equality**

An Equality Impact Assessment has been completed which has not identified any negative impacts as a result of this Policy. A copy of the EIA is available in the background papers to this report

## **Climate change**

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

## **Appendices**

Appendix 'A' – Additional Restrictions Grant Scheme 2- Spring 2021

## **Background papers**

Equality Impact Assessment

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## **Additional Restrictions Grant Scheme**

**(Spring 2021)**

### **Introduction**

1. On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and/or Local Covid Alert Level (**LCAL**) 3 restrictions:

<https://www.gov.uk/government/news/furlough-schemeextended-and-further-economic-support-announced>

2. The Department for Business, Energy and Industrial Strategy published guidance for Local Authorities in administering an Additional Restrictions Grant (**ARG**) to support businesses in their areas.
3. This support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22. The ARG Scheme shall be administered by all business rate billing authorities in England.
4. Funding will be made available to eligible Local Authorities at the point that national restrictions are imposed or at the point the Local Authority first entered LCAL 3 restrictions.

### **Which types of business will receive this funding?**

5. The Council's first scheme ran from November 2020 to 14 February 2021 and our Spring Scheme will run from 8 March 2021 to 31 May 2021.
6. The Council's records must confirm that the applicant is a ratepayer in respect of the hereditament on the date when LCAL 3 or national restrictions first came into force. Where the Council has reason to believe that the information that they hold about the ratepayer on the first full day of national or LCAL 3 restrictions is inaccurate they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer. The Council will make it clear to recipients that the grant is for the ratepayer and may be liable for recovery if the recipient was not the ratepayer on the eligible day. Some businesses outside the business rate system may also be eligible for grants as set out in the category table below.
7. Whilst the Government has guided Local Authorities as to the types of business that the Government considers should be a priority for the scheme, Local Authorities have the discretion to determine for themselves whether particular situations not listed are broadly similar in nature to those above and, if so, whether they should be eligible for payments under the ARG Scheme.

8. The Council may choose to make payments to other businesses based within the Tandridge District on local economic need, including if it can be demonstrated that the grant will make a significant contribution to protecting local jobs, if the business is in a prominent location, or if the business makes a significant contribution to the local economy.
9. These additional restrictions grants are primarily and predominantly aimed at:
  - Businesses with relatively high ongoing fixed property-related costs;
  - Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis;
  - Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments; and
  - Businesses that were trading on or before Tier 4 restrictions commenced, i.e. 20 December 2020
10. Companies that are in administration, are insolvent or where a striking off notice has been made are not eligible for funding under this Scheme.

#### **Evidence required for the ARG Scheme application**

11. For an application to be considered, the Council requires businesses to demonstrate that they meet the eligibility criteria stated above. In order to do so, applicants may be asked to provide the following:
  - Evidence of property costs such as rent, rates or mortgage payments above the *de minimis* level (see table below). This should take the form of leases/agreements showing an obligation to pay and bank statements evidencing that payments have been made;
  - Evidence to demonstrate a substantial loss in income as a result of the Covid-19 crisis. This is likely to be in the form of filed accounts for previous years and management accounts/bank statements for the current period; and
  - Confirmation of State Aid compliance.
12. Annual property costs will include rent, mortgage payments, insurance, rates, flexible licence fees.
13. If a business is in a sector that has not been allowed to open/trade, or if a business provides services that are not permitted due to social distancing rules and have not been able to move to online services, the level of income lost will be more significant compared to a business still able to operate but at a reduced level. This will be

considered in confirming whether a grant is awarded and the grant amount to be offered. Businesses that have not been forced to close, but have suffered a significantly reduced income, may still be considered for a grant.

## State Aid

14. All payments made under the ARG Scheme must be State Aid compliant. Please see further Government guidance on this via this link (Section 47-50):  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf)

## How Grants will be provided

15. The Council will be responsible for administering and delivering the ARG Scheme to eligible businesses in Tandridge.

## How much funding will be provided to successful businesses?

16. The Council will have access to funds from central Government for the ARG scheme and all grants allocations will be up to a maximum of £4,500. The cap at £4,500.00 is to enable the Council to support more local businesses.
17. In order for the ARG fund to benefit the maximum number of eligible businesses, it is proposed to have four levels of grant payments, directly proportionate to the relative level of property costs for the business and taking into account the relative impact on income due to the Covid-19 crisis.
18. The grant levels and eligibility criteria are presented in the table below:

Category	Maximum Grant Amount	Criteria
<b>Micro businesses</b> trading from domestic premises with less than 10 staff  Maximum payment of £750 per domestic premises regardless of number of businesses operating from the premises	£750.00	Council Tax payer or proof of residency within Tandridge  Or  If non-resident, applicant must be a Tandridge Council licence holder
<b>Serviced Offices</b>  If not a Tandridge resident, business needs to have	£2,001.00	The grant applicant rents a small office space within a

rented serviced office over 12 months. Lease or rental agreement needs to be provided		Business Rates premises in Tandridge District.  (Discretion to be exercised e.g. applicant may not reside in District but employs Tandridge residents)
<b>Flexible working spaces</b> with ongoing property costs up to £15K per annum <b>or</b> <b>RV up to £15,000</b>	£2,001.00	Tandridge Council Tax Payer but may occupy working space outside the District  or <b>Tandridge District Business Rate payer</b>
RV or <b>property costs</b> between £15,001 and £51,000 per annum	£3,000.00	RV or where no RV but has rent / mortgage costs / service charges.
<b>Exceptional Circumstances</b> and RV over £51,000	£4,500.00	i) Business closed, 100% income lost or severely restricted  ii) RV over £51,000  iii) High ongoing fix property related costs

19. Businesses are limited to only one grant within this scheme.

20. In determining the appropriate level of grant, the Council may take into account the number of employees and the scale and risk of potential job losses, whether businesses have had to close completely and are unable to trade online, and the consequent scale of impact of Covid-19 losses.

### The Application Process

21. The application form will be available on the Council's website only. This electronic form, including the declaration, must be fully completed with all the required evidence to be considered for a grant.

22. This application process will allow the Council to undertake pre-payment checks to confirm eligibility and to allow the Council to determine how to use its discretion in relation to the appropriate level of grant.

23. The Council will use its discretion in identifying the right business to receive this funding,



based on the application process.

24. If successful, the Council will email the applicant, stating that by accepting the ARG payment, they confirm they are eligible under the ARG Scheme, and that any payments accepted will be in compliance with State Aid requirements.
25. As a condition of receiving funding, the Council will require the business applicant to sign a declaration stating that they are not committing fraud and that they are fully complying with any State Aid limits, as well as giving the Council permission to share data to ensure compliance and confirm that Government guidelines have been complied with.

### **Decision-Making Process**

26. Applications will be determined by authorised Council officers and may consult an Advisory Panel made up of Council Officers and Members.
27. All decisions will be communicated by email to business and the communication will explain the reason for the decision. Decisions will be made as soon as possible.
28. There is no statutory right of appeal against a decision regarding an ARG payment.

### **Payments of Grant and Tax**

29. All payments of grant will be made by a BACS transfer to the applicant's ordinary business bank account. Bank accounts will be verified by the Council's counter-fraud team.
30. The ARG payments are classified as "grants" and not "loans", and therefore will not require repayment unless paid in error or where fraudulent activity is detected.
31. Grant income received by a business is taxable therefore funding paid under the ARG Scheme will be subject to tax.

### **Managing the risk of fraud**

32. The Council will not accept fraudulent applications. Any business that dishonestly provides false or misleading information in communication with the Council, including verbal communication, will be committing a criminal offence contrary to the Fraud Act 2006 and will be subject to a criminal investigation and criminal proceedings may be taken against them.
33. All information is subject to internal and external audit checks.

### **Sharing Information**

- 34 By applying for an ARG, all applicants give authority to the Council to share data for efficient system administration and to protect the public purse, subject to Data Protection legislation. This may include sharing data with Surrey County Council and other Local Authorities.
- 35 The Council will be required to share data with government departments for monitoring and other reasons. By applying for an ARG, all applicants give authority for this.

### **Review and future updates**

- 36 Each scheme will be renewed quarterly. Authority to review and renew each scheme is to be delegated to the Executive Head of Communities in consultation with the Additional Restrictions Grant Advisory Panel.

## KPMG – UNITARY WORK COSTS

### Strategy & Resources Committee – 25 March 2021

Report of: Acting Chief Executive

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

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#### Executive summary:

This report seeks to gain Committee endorsement for the additional £5000 agreed in relation to the Unitary work carried out on behalf of all Surrey District and Borough Councils by KPMG.

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

**Contact officer** Jackie King [jking@tandridge.gov.uk](mailto:jking@tandridge.gov.uk)

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#### Recommendation to Committee:

That the action taken to pay an additional £5000 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 endorsed.

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#### Reason for recommendation:

The recommendation is put forward on the basis that the work undertaken and completed by KPMG was agreed as a collective decision of all Districts and Boroughs which has resulted in valuable ongoing discussions regarding collaborative and shared services and much improved networking and communication.

It has also provided a comprehensive report which will enable an informed and swift response to any future unitary proposals.

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#### Introduction and background

1. Early in 2020 Surrey County Council indicated its desire to explore options for Local Government reorganisation within Surrey and expressed that a single unitary was their preferred option.

2. As a result of this announcement the eleven Surrey district and borough councils agreed to engage KPMG on a consultancy basis to help prepare an alternative proposal to the single unitary approach.
3. A greatly reduced rate was negotiated with KPMG due to the availability of a team who were just completing a piece of similar work elsewhere and districts and boroughs agreed that the costs would be equally apportioned between them and this amounted to £10,000 each. A Committee paper was brought to S&R on 17<sup>th</sup> August 2020 where this expenditure was approved.
4. Subsequently, following the delay of the anticipated Devolution White Paper from Central Government, it was proposed and agreed by the districts and boroughs that the scope of the work should be expanded to develop potential areas for large scale collaborative/shared services and for KPMG to develop PR support work in connection with alternative proposals to a single unitary.
5. This increased scope of work was brought to Committee on 22<sup>nd</sup> September with a report requesting an additional £20,000 of expenditure. This was not approved and the decision specified that any future expenditure above the originally agreed £10,000 should be brought back to Committee for approval.
6. At some point between the September 22<sup>nd</sup> meeting and the Interim Transformation Lead leaving the Council it appears an agreement was made that all districts and boroughs would each contribute an additional £5,000 to the development of the additional collaborative/shared service options (but not the PR work as this was not necessary following the delay of the decision by Central Government). This was following letters of invitation being sent to three counties in October 2020 which indicated the unitary agenda is only delayed and not discounted.
7. Unfortunately the request for any further expenditure to be brought back to S&R was overlooked and recently the Council has received the invoice for the agreed £15,000.
8. As indicated above, it is still expected that Local Government Reorganisation and unitary authorities agenda will be back on the table in the medium-term in Surrey. Therefore the total expenditure of £15,000 on this work is considered a good investment for current and future outcomes.

## **Key implications**

### **Comments of the Chief Finance Officer (s151)**

The Chief Finance Officer supports the payment to KPMG of the work undertaken on Unitary options. To date S&R has only approved £10k and it is essential before payment is made to KPMG (which they are now seeking) that the proper governance process is undertaken which is for Committee to approve the additional payment. It is important to note that the payment for the additional £5k is not budgeted but is affordable due to underspends elsewhere this financial year.

### **Comments of the Head of Legal Services (Monitoring Officer)**

Given that the additional work by KPMG has been completed, the Committee Members have no option but to agree to pay the invoice for £5,000.00. Failure to do so may lead to claims for non-payment against the Council.

### **Equality**

There are no equalities implications directly arising from this report.

### **Climate change**

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

### **Appendices**

None

### **Background papers**

None

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## Finance – Future Leadership Arrangements

### Strategy & Resources Committee – 25<sup>th</sup> March 2021

Report of: Acting Chief Executive, Jackie King

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Purpose: For Decision

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Publication Status: Unrestricted

Wards affected: All

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#### Executive Summary

The Council has set a priority of putting our finances onto a significantly more robust and sustainable footing. Significant progress has been made under the current interim s151 Officer who is a part-time secondee from Surrey County Council. The secondment arrangement is due to conclude at the end of March 2021.

This report sets out the results of the options appraisal and business case requested by the Committee to identify a future model for providing the Council's financial leadership. The results indicate the 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 s151 role and leadership and management of a full range of financial functions.

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#### This report supports the Council's priority of:

Building a better Council – making the Council financially sustainable and providing residents with the best possible services.

**Contact Officer:** Jackie King, Acting Chief Executive - [jking@tandridge.gov.uk](mailto:jking@tandridge.gov.uk)

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#### Recommendation to Committee

That the Committee agrees:

1. that its 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 s151 role and leadership and management of a full range of financial functions, and supports TDC through the Tandridge Finance Transformation Plan;
  2. to authorise the Acting Chief Executive, following consultation with the Group Leaders and Chair of Strategy & Resources Committee, to approve the agreement with Surrey County Council;
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3. to authorise the Acting Chief Executive to procure an arrangement whereby the Council can draw upon external specialist financial advice (as described in para 11(i));

4. to establish a small member officer working group to monitor progress with the Tandridge Finance Transformation plan

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### Reason for Recommendation

The Council is required by law to designate a named finance professional as its s151 (Chief Finance) Officer. With the expiry of the current secondment arrangement at the end of March 2021, the Council must determine its future model for providing financial leadership.

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### Introduction and Background

- 1 The Council has, in recent months, embarked on a significant programme of improvement. Our Corporate Improvement Plan was approved in January 2020, followed by our four-year Strategic Plan which was approved in July. Central to both is financial recovery, with the objective of putting our finances onto a significantly more robust and sustainable footing.
- 2 The Council has not had a permanent s151 Officer for some time and, since summer 2020, the role of s151 Officer has been provided on a part-time secondment basis by a senior finance officer from Surrey County Council.
- 3 The Interim s151 Officer (secondment from Surrey CC) has instigated a series of financial recovery actions, to ensure more robust management of the Council's finances. Notably this has changed the approach to financial management of the Council's finance team with the introduction of a finance business partnering model, placing finance at the heart of the Council's decision-making. A Finance Improvement Programme has focused on "getting the basics right" with improvements to reporting, grip and control, and capitalisation policy; and has contributed to a closing of the projected budget gap for 2020/21 and successful budget-setting for 2021/22, whilst also building General Fund Reserves. Positive feedback has been received from MHCLG.
- 4 The secondment arrangement is due to conclude at the end of March 2021, and the Council must therefore consider its options for securing future financial leadership and further transformation of the finance function. There is an imperative to sustain our financial recovery trajectory and strengthened financial management capability and capacity. The continuation of the secondment arrangement is not considered to be a sustainable option.
- 5 This Committee on 2<sup>nd</sup> February agreed that an options appraisal and business case should be undertaken to identify a future model for providing the Council's financial leadership, requiring the Acting Chief Executive to report back to the Committee on 25<sup>th</sup> March for decision. The work has been conducted independently by an experienced finance consultancy, PJH Management Consulting Ltd, and the report setting out the options appraisal and outline business case is **attached at Appendix A**.



## Options Appraisal and Business Case

6 The report appraises two key options:

- **Option 1:** Recruit a permanent employee to the post of s151 Officer.
- **Option 2:** Enter into an agreement with Surrey County Council in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions (SCC's proposition document is attached at Appendix 1 to the options appraisal and outline business case).

A further option, in which TDC shares a finance function with a local district or borough council was also explored. The Acting Chief Executive initiated conversations with local district and borough councils in both Surrey and Kent, to test the appetite for a sharing of finance functions. No council has, to date, expressed interest in developing a sharing proposal – reflecting both a reluctance to share a critical corporate function and a lack of capacity to prepare and deliver a shared service model. It is possible that sharing options with local districts might emerge in the long-term, but for the purposes of this report it is concluded that this is not a viable option in the short-term.

7 Additional context for the options appraisal is a recent review by the Local Government Association (LGA) which highlighted significant weaknesses (around capacity, processes and systems) in the way the finance function operates. A common assumption has therefore been made for both options – that for the purposes of the option appraisal it is assumed that the appointee would have a mandate within TDC to lead the transformation of the finance function and to implement the recommendations of the LGA Review, including increasing the capacity of the finance team.

8 The options appraisal uses three key criteria to test the options. These are:

- Impact on financial recovery, financial management transformation and sustainability
- Deliverability (including urgency)
- Cost and value for money

9 The options appraisal is summarised as follows (assessing options as High/Medium/Low against the three criteria):

Criteria	Option 1 (recruit and provide in-house)	Option 2 (Surrey CC provide)
Impact on financial recovery, financial management transformation and sustainability	Medium	High
Deliverability (including urgency)	Low	Medium
Cost and value for money	Medium	Medium

10 The appraisal therefore concludes that Option 2 (Enter into an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership

and management of a full range of financial functions) scores more highly against the key criteria, and is the preferred option.

- 11 The report then proceeds to test the preferred option further, using an outline business case methodology recommended by HM Treasury. The key points are:
- (i) Four key risks to TDC are identified, together with recommended mitigating actions. These are about:
- ensuring a robust agreement under s113 of the Local Government Act 1972 that clarifies roles, responsibilities and mutual expectations;
  - TDC access to external financial advice for an annual review of the SCC service and for the exceptional occasions when the s151 Officer has a conflict of interests;
  - continued staff engagement and consultation; and
  - further development of the business partnering approach to maintain close working relationships between the finance team and TDC.
- (ii) A programme management approach is recommended, with close TDC review to monitor progress through three key phases of activity:
- Initial due diligence by both parties (4-6 week) leading to finalisation and signing of the agreement by both parties.
  - Tandridge Finance Transformation (up to March 2022) - this phase will enable the restructuring of the finance function, improvement of key processes, development of business partnering and strengthening of budget accountability. During this period, staff will remain on TDC employment contracts, and any restructuring undertaken in accordance with TDC change management procedures.
  - Ongoing operation - this will be a “steady state” where the TDC financial processes have largely been transformed. There will be strategic choices for TDC to make about the future basis of employment of finance staff; and around access to SCC’s new financial systems.
- (iii) Final costs for the service to be provided by SCC will need to be determined in the “due diligence” period and included in the formal agreement. However the expectation is that SCC, partly because of its existing range of skills and experience and some economies of scale, will be able to resource the transformation period at a lower cost than could realistically be achieved in-house for the same outcomes.
- 12 **The report concludes 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 trajectory and an acceleration of the transformation of its finance function.**
- 13 It is further recommended that TDC set up a review group to monitor progress with the Transformation Plan. This should involve a small group of members and senior officers including the Chief Executive.

## **Other Options Considered**

The options appraisal and business case provide the information for Committee to consider the issues and to make an informed decision on the way forward.

## **Consultation**

Initial discussion has been undertaken with the political Group Leaders, to gather views to inform the drafting of this report. Engagement with members, senior officers, staff conference and the TDC finance team has been undertaken as part of the options appraisal and business case.

## **Key Implications**

### **Comments of the Chief Finance Officer**

The Chief Finance Officer is fully supportive of the independent approach conducted in terms of the business case and timelines presented in this report. A decision from Members must be reached as a matter of urgency as the Finance team require a permanent s151 officer to provide leadership and stability, given the current arrangements are due to terminate at the end of March 2021.

### **Comments of the Head of Legal Services**

The Council has the necessary legal powers to implement the delivery models being explored for the establishment of shared service arrangements. Sections 111 & 113 of the Local Government Act 1972, Section 2 of the Local Government Act 1972 and the Local Authorities (Goods and Services) Act 1970, will enable both Councils to formally regularise the increasing co-operations that are taking place.

Section 111 of the Local Government Act 1972 is entitled "Subsidiary powers of local authorities". It is a generalised catch-all provision to enable local authorities to "do anything.... which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions" (Section 111(1)). The use of the power under Section 111 is by its very nature applied to a very wide range of local authority functions, and its use must be subsidiary to the discharge of a function.

Under section 113 of the Local Government Act 2000, a local authority may enter into an agreement with another local authority for the placing at the disposal of the latter authority the services of staff employed by the former authority. Section 113 provides that this arrangement cannot be entered in respect to any Officer, without consulting with him/her. The effect of this is that an Officer can effectively be directed to work for another authority, if there is a clause in his/her contract of employment that allows for this.

Under Section 2 of the Local Government Act 2000 every local authority has power to do anything which they consider is likely to achieve the promotion or improvement of the economic, social or environmental wellbeing of their area. This is the closest that the law in relation to local government functions comes to conferring on councils what is sometimes referred to as a 'power of general competence'.

The Local Authorities (Goods and Services) Act 1970 allows local authorities to make arrangements with each other for the provision of goods, administrative, professional or technical services and vehicle, plant or apparatus.

## **Equality**

It is not foreseen that there are any direct equality implications as a result of the recommendations in this Report. Options will be rigorously assessed as part of the appraisal and business case for equalities implications.

## **Climate Change**

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

## **Appendices**

**Appendix A** - PJH Management Consulting Ltd, and the report setting out the options appraisal and outline business case

**Appendix 1 to Appendix A** - SCC's proposition document

## **Background Papers**

Report to Strategy & Resources Committee, 2<sup>nd</sup> February 2021.

Local Government Association, Finance Review Report for Tandridge District Council, January 2021.



# **Finance Delivery Options Appraisal and Outline Business Case**

**PJH Management Consulting Ltd**

**March 2021**

## Executive Summary

Tandridge District Council (TDC) is considering its options for the future leadership and management of its finance function, including s151 Officer. The background is a significant programme of improvement within TDC, a need for ongoing recovery of the Council's financial position, and considerable turbulence in s151 arrangements over a number of years. Good financial progress has been made recently, under an interim s151 arrangement provided by an individual on part-time secondment from Surrey County Council (SCC).

A recent review by the Local Government Association (LGA) has highlighted significant weaknesses in the way the finance function operates; this analysis has been confirmed by discussions with the finance team undertaken for this options appraisal and business case. There is a pressing need for stability in the leadership of the finance function, and for a transformation of the way the function operates.

Two key options have been appraised:

- **Option 1:** Recruit a permanent employee to the post of s151 Officer.
- **Option 2:** Enter into an agreement with Surrey County Council in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions (SCC's proposition document is attached as **Appendix 1**)

A common assumption has been made for both options – that for the purposes of the option appraisal it is assumed that the s151 Officer would have a mandate within TDC to lead the transformation of the finance function and to implement the recommendations of the LGA Review, including increasing the capacity of the finance team.

The options appraisal uses three key criteria to test the options. These are:

- **Impact on financial recovery, financial management transformation and sustainability** – helping to progress TDC's journey towards financial sustainability and the transformation of the finance function.
- **Deliverability (including urgency)** – from both a legal and management perspective, and that they are capable of being implemented within an urgent timescale.
- **Cost and value for money** – providing value for money, and deliverable within a reasonable cost envelope.

The options appraisal is summarised as follows (assessing options as High/Medium/Low against the three criteria):

Criteria	Option 1 (recruit and provide in-house)	Option 2 (Surrey CC provide)
Impact on financial recovery, financial management transformation and sustainability	Medium	High
Deliverability (including urgency)	Low	Medium
Cost and value for money	Medium	Medium

**The appraisal therefore concludes that Option 2 (Enter into an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) scores more highly against the key criteria, and is the preferred option.**

The report then proceeds to test the preferred option further, using an outline business case methodology recommended by HM Treasury. This tests the proposal across five dimensions:

- **Strategic** – the option provides continuity in s151 arrangements and enables TDC to access SCC’s skills and recent experience in financial recovery and transformation of a finance function. There is therefore a strong strategic fit.
- **Economic** – four key risks to TDC are identified, together with recommended mitigating actions. These are about ensuring a robust agreement that clarifies roles, responsibilities and mutual expectations; access to external financial advice for an annual review of the SCC service and for the exceptional circumstances where the s151 Officer has a conflict of interests; continued staff engagement and consultation; and further development of the business partnering approach to maintain close working relationships between the finance team and TDC.
- **Commercial** – the legal basis for the proposed agreement is s113 of the Local Government Act 1972, which permits a local authority to enter into an agreement to place their staff at the disposal of another local authority, for the purposes of their functions. The agreement will specify the proposed term, roles and responsibilities including services to be provided, TDC “client officer” designation, annual review mechanism, and costs. A draft “heads of terms” for the agreement is in the process of being prepared by SCC for TDC to review.
- **Financial** – the current salary budget for the finance team is £745,000. Final costs for the service to be provided by SCC will need to be determined in the “due diligence” period and included in the formal agreement. However the expectation is that SCC, partly because of its existing range of skills and experience and some economies of scale, will be able to resource the transformation period at a lower cost than could realistically be achieved in-house for the same outcomes. Some costs should be incurred by TDC for occasional external finance advice and these would be additional to the core SCC service.
- **Management** – Finance is a core and critical function for any organisation. Any transfer of responsibilities, or transformation of delivery, must therefore be undertaken with proper care and attention. A programme management approach is recommended, with close TDC review to monitor progress through three key phases of activity:
  - Initial due diligence by both parties (4-6 week) leading to finalisation and signing of the agreement by both parties.
  - Transformation - this phase will enable the restructuring of the finance function, improvement of key processes, development of business partnering and strengthening of budget accountability. During this period, staff will remain on TDC employment contracts, and any restructuring undertaken in accordance with TDC change management procedure.
  - Ongoing operation - this will be a “steady state” where the TDC financial processes have largely been transformed. There will be strategic choices for TDC to make about the future basis of employment of finance staff; and around access to SCC’s new financial systems.

**In conclusion, 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 trajectory and an acceleration of the transformation of its finance function.**



## **1. Background**

- 1.1 Tandridge Council (TDC) has, in recent months, embarked on a significant programme of improvement. The Corporate Improvement Plan was approved in January 2020, followed by the four-year Strategic Plan in July. Central to both is financial recovery, with the objective of putting the Council's finances onto a significantly more robust and sustainable footing.
- 1.2 The Council has not had a permanent s151 Officer for two years with as many as five individuals holding the role for short periods. Since summer 2020, the role of s151 Officer has been provided on a part-time secondment basis by a senior finance officer from Surrey County Council (SCC).
- 1.3 The Interim s151 Officer (secondment from SCC) has instigated a series of financial recovery actions, to ensure more robust management of TDC's finances. Notably this has changed the approach of TDC's finance team to financial management with the introduction of a finance business partnering model, placing finance at the heart of its decision-making. A Finance Improvement Programme has focused on "getting the basics right" with improvements to reporting, grip and control, and capitalisation policy; and has contributed to a closing of the projected budget gap for both 2020/21 and 2021/22. Positive feedback has been received from MHCLG.
- 1.4 In November 2020 the Council invited the Local Government Association (LGA) to conduct a capacity review of the finance function. The LGA reported in January 2021 and identified a series of weaknesses in the operation of the finance function. These are set out in section 3 of this report.
- 1.5 The secondment arrangement is due to conclude at the end of March 2021, and TDC is therefore considering its options for securing future financial leadership and further transformation of the finance function. There is an imperative to sustain the TDC's financial recovery trajectory and its strengthened financial management capability and capacity. The continuation of the current secondment arrangements is not considered to be sustainable.
- 1.6 There are a number of options available to TDC to secure ongoing appropriate financial leadership. In brief, there are two in-house options:
  - Seek to recruit a permanent employee to the post of s151 Officer.
  - Seek to recruit a replacement Interim s151 Officer.

There are then two broad options for sharing finance leadership and financial support:

- First, SCC has suggested that it could offer to provide TDC a comprehensive finance function comprising the s151 role and a full range of financial services.
- Second, TDC could partner with a neighbouring council to share finance functions, including the s151 role and leadership and management of a full range of financial functions.

Any option that involves sharing will need to demonstrate how TDC's interests are protected, and any potential conflicts of interest managed.

- 1.7 The Strategy & Resources Committee on 2<sup>nd</sup> February 2021 agreed that a full options appraisal and business case is prepared, in order for the Committee to decide on the future finance leadership arrangement.

## **2. Structure of this Report**

- 2.1 This report first considers the scope of the finance service and then appraises the options outlined in the previous section against a series of key decision criteria relating to impact, deliverability and cost. It identifies a preferred option for further development.
- 2.2 The second part of the report tests the preferred option against a series of outline business case tests, to ensure that it is deliverable from a strategic, economic, commercial, financial and management perspective.

## **3. Finance Service – Scope and Additional Information**

- 3.1 The scope of the appraisal and business case will be all functions currently managed by the Interim s151 Officer - the finance team (consisting of the Deputy s151 Officer, four finance business partner posts; seven case officers and one interim case officer covering accounting support, accounts payable, accounts receivable and some debt recovery functions). In addition, the Interim s151 Officer oversees the insurance arrangements (currently provided by LB Sutton) and internal audit contract (currently provided by the Southern Internal Audit Partnership). The current salary budget for the department is £745,000.
- 3.2 The recent LGA review provides useful additional information to set the context for the options appraisal. It states that *“The Finance team at Tandridge District Council has been through a considerable amount of change over the past 3 years, as has the rest of the Council under the reorganisation following Customer First. The former Exchequer Services function was separated from the Finance Team due to its substantial transactional nature and in the process lost some key members of staff who took a lot of experience, knowledge and processes with them. The Finance Team then became split in two and resulted in more queries and questions being generated between the two halves as well as from the rest of the organisation, whose default position is still to ‘ask Finance’ and cc them into every email. The Finance Team has also been reduced from 10 to 5 members of staff, without the volume of work reducing. A succession of Section 151 Officers with different approaches and experience over the past 3 years has also impacted on the service and has resulted in a lack of strategic direction and changing priorities and processes”*.
- 3.3 Specific operational issues identified by the LGA as affecting the performance of the finance team were:
- Poorly defined roles and responsibilities and an absence of documented processes for transactional processes (this is confirmed by recent internal audits of accounts payable and accounts receivable / debt management functions, both of which provided only “limited assurance”).

- Lack of capacity and capability to make best use of the Council’s Agresso financial system, plus continued use of an inefficient, complex and largely manual bank reconciliation system.
  - Inappropriate budget management responsibilities, with too much reliance being placed by the organisation on the finance team; hence “business partners” are not able to perform in the way their job title suggests.
  - Lack of capacity in the finance business partner team, out-of-date job descriptions, lack of professional development, and a preponderance towards firefighting.
- 3.4 The LGA recommended *“The Council as a matter of urgency needs to stabilise arrangements regarding the undertaking of the Section 151 role to provide much-needed certainty as to future direction and control of the management of the finance function. Without that stability much of the remaining recommendations run the risk of being abortive”*. It therefore advised that TDC urgently consider its options between permanent recruitment and a shared service, and that the *“Council should, despite its current budgetary constraints, increase the establishment of the team by the equivalent of 2 FTE assistant business partner roles to provide resource to stabilise the service”*.
- 3.5 As part of this options appraisal the author has met with all of the finance staff, to gain insight into their roles, the activities performed, and the challenges faced. This has broadly confirmed the LGA’s analysis of the issues but the following are also worthy of emphasis:
- Poor morale, brought about by the impact of the Customer First reorganisation, frequent changes of leadership and excessive hours being worked by many officers.
  - An unbalanced staffing structure among “business partners”.
  - A number of “single points of failure” due to an over-dependence on key individuals across both “business partner” and “case officer” teams.
- 3.6 I would also concur with the recommendation regarding the urgent need to achieve stability in the s151 role. This is critical to providing the leadership and transformation of the function. However I have a concern that the recommendation to provide additional capacity in the form of two assistant business partner roles is too simplistic. While it would alleviate some capacity issues, it would not address the wider and deep-rooted challenges facing the team. For example, the implementation of the bank reconciliation module will require dedicated resource and expertise to make this change successfully. This indicates that a transformation of the finance function, whether provided in-house or via SCC, is required to improve financial processes, reset budget accountability across the organisation, and restructure the team to rebalance resources and build capacity and capability. Transformation will inevitably require extra resource in at least the short-term.

## **4. Options Appraisal**

4.1 As stated in para 1.6, there are a number of options available to TDC to secure ongoing appropriate financial leadership. In brief, the in-house options are:

- Seek to recruit a permanent employee to the post of s151 Officer.
- Seek to recruit a replacement Interim s151 Officer.

There are then two broad options for sharing finance leadership and financial support:

- First, SCC has suggested that it could offer to provide TDC a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions.
- Second, TDC could partner with a neighbouring council to share finance functions, comprising s151 role and leadership and management of a full range of financial functions.

4.2 At its meeting on February 2<sup>nd</sup>, the Strategy & Resources Committee were advised that the option to recruit a replacement Interim s151 Officer was not recommended due to the cost and disruption involved. It is therefore not considered further in this report, and, while remaining a fallback option should all the other options prove not to be acceptable or viable, recruitment of another Interim s151 Officer would be likely to exacerbate the challenges facing the organisation and its finance team.

4.3 Sharing options require a willing partner. The Acting Chief Executive has initiated conversations with local district and borough councils in both Surrey and Kent, to test the appetite for a sharing of finance functions. No council has, to date, expressed interest in developing a sharing proposal – reflecting both a reluctance to share a critical corporate function and a lack of capacity to prepare and deliver a shared service model. It is possible that sharing options with local districts might emerge in the long-term, but for the purposes of this report it is concluded that this is not a viable option in the short-term.

4.4 There are therefore two key options to be appraised:

- Recruit a permanent employee to the post of s151 Officer.
- Enter into an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions.

4.5 A common assumption has been made for both options – that for the purposes of the option appraisal it is assumed that the appointee would have a mandate within TDC to lead the transformation of the finance function and to implement the recommendations of the LGA Review, including increasing the capacity of the finance team. Similarly, it is assumed that, in both options, the s151 Officer is able, as a member of the Executive Leadership team, to influence and be assured over key financially related activities such as payroll and revenues and benefits.

- 4.6 **Option 1: Recruit a permanent employee to the post of s151 Officer.** In this option TDC will seek, through a competitive recruitment process, a permanent s151 Officer. The appointee would provide leadership to the finance function which would remain in-house.

To inform this option, informal discussions have been held with two executive search recruitment agencies, to gain their insight into the recruitment options for a permanent s151 Officer. Both felt that successful recruitment to the role would be possible, but noted:

- The market for suitably qualified and experienced chief finance officers is currently a hard one, with a limited supply of strong candidates.
- A salary of £90-£100K would be advisable.
- Recruitment may be affected by any reputational issues affecting TDC. This could be mitigated by successful recruitment to the Chief Executive role; and possibly through TDC being open to flexible working arrangements (ie some remote working).

- 4.7 **Option 2: Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions.** SCC has submitted, for the purposes of this option appraisal and as the basis for further development, a summary proposition that outlines its thinking of how it would provide the service to TDC, and how it would address the challenges faced by the council and its finance team. The summary proposition is attached as **Appendix 1**. The document:

- Outlines the intended benefits to TDC.
- Presents pen pictures of the senior managers who would lead delivery of the SCC service.
- Sets out a proposed approach involving three phases with proposed timelines.
- Places at its heart a “Tandridge Finance Transformation” (TFT) plan, to be designed with TDC during phase one and delivered in phase two.
- Retains TDC finance staff “in situ” as TDC employees in at least phases one and two.
- Provides options for the basis of the longer-term service relationship in phase three (whether to TUPE transfer staff to SCC, and whether to migrate TDC to SCC’s new finance system).

- 4.8 The report to Strategy & Resources Committee advised of three key criteria against which to test the options. These are:

- 4.8.1 **Impact on financial recovery, financial management transformation and sustainability** – given the challenges facing TDC and the finance team, options need to demonstrate a positive impact, helping to progress the journey towards financial sustainability and the transformation of the finance function.

- 4.8.2 **Deliverability (including urgency)** – options need to demonstrate that they are deliverable from a legal and management perspective, and that they are capable of being implemented within an urgent timescale, given the scheduled end of the current secondment arrangement at the end of March 2021.

- 4.8.2 **Cost and value for money** – options need to demonstrate that they provide value for money, and are deliverable within a reasonable cost envelope. For the purposes of this appraisal, that envelope has been taken as the current budget **plus** the additional capacity recommended by the LGA.

- 4.9 The options appraisal is summarised in the tables below:

Criteria	Option 1 (recruit and provide in-house)	Assessment (H/M/L)
Impact on financial recovery, financial management transformation and sustainability	<p>Successful recruitment of a permanent s151 Officer would enable the continuation (albeit after some short-term disruption) of the current financial recovery actions. As a full-time member of the Executive Leadership Team, the post-holder would be at the heart of its planning and service delivery. S/he would be able to lead a restructuring of the finance function.</p> <p>The caveat on this option is that the capacity of the finance team remains limited in relation to the scale of challenge facing TDC, with an understandably limited range of experience and skills. The pace of transformation possible would therefore be constrained by capacity and range of expertise available.</p>	Medium
Deliverability (including urgency)	<p>Recruitment agencies have confirmed that, in their view, successful recruitment is feasible. They acknowledge however that the market is limited and the pool of possible candidates is likely to be small. Recruitment will also take time (around 6 months) and, if the current secondment arrangements were not open to extension, this would require further interim cover.</p> <p>Finance team members would remain employees of TDC, but a restructuring would be needed to ensure the right balance of resources.</p>	Low
Cost / VFM	Recruitment of the s151 Officer would incur an upfront agency cost of c£20-30K. It is assumed that the full additional capacity recommended by the LGA would be needed into the medium-term.	Medium

Criteria	Option 2 (Surrey CC provide)	Assessment (H/M/L)
Impact on financial recovery, financial management transformation and sustainability	<p>Entering an agreement with SCC to provide the s151 Officer role would enable continuity of the financial recovery work initiated by the current secondee. In addition SCC have substantial experience of financial transformation, having successfully implemented their own Finance Improvement Programme since 2018. Its finance team has extensive experience (in all relevant areas bar housing) and a range of skills that can be used to assist TDC.</p> <p>SCC is in the process of implementing its new financial system (a newer version of that currently used by TDC) which can provide an opportunity for TDC.</p>	High
Deliverability (including urgency)	<p>As stated above, this option provides continuity of s151 arrangements.</p> <p>There is an established legal basis for the sharing of functions between councils and at least one current example of Council A providing a s151 Officer to Council B (Portsmouth and the Isle of Wight). A formal agreement will be needed to underpin the sharing arrangements. There is a risk with any shared service model of a loss of control by the recipient council, and this needs to be mitigated through the formal agreement and annual review mechanisms. Finally there will, by exception, be occasions where the s151 Officer has a conflict of interests across the two organisations and this would need to be mitigated again through the agreement but also by TDC having access to external financial advice in such exceptional circumstances.</p> <p>Finance team members would remain employees of TDC during the transformation phase, but a restructuring would be needed to ensure the right balance of resources. Further work is required for SCC, in consultation with TDC during the proposed phase three, to develop the operating model by which it would provide the functions – either directly by SCC staff (following a TUPE transfer of TDC finance staff) or through management oversight of staff remaining as TDC employees.</p>	Medium

Cost / VFM	<p>There would be no upfront recruitment costs.</p> <p>Realistically TDC would need to agree a level of transformation funding with SCC to provide additional capacity for it to tackle specific issues (such as bank reconciliation) and to address workload challenges. In the medium-term however it is likely that the transformed finance function could be delivered at a lower cost than that recommended by the LGA, part of which would be due to the range of expertise available within SCC and some economies of scale.</p> <p>Some costs should be incurred by TDC for external finance advice and these would be additional to the core SCC service – to advise TDC on (1) an annual review of the SCC service; and (2) exceptional circumstances where the s151 Officer is subject to a conflict of interests between the two organisations, and has to stand back from TDC decision-making. These additional costs should not be substantial in relation to the overall finance budget, as they are likely to be limited in nature.</p>	Medium
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- 4.10 **Option 2 (Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) scores more highly against the key criteria, and is therefore recommended as the preferred option for further development using an outline business case discipline.** This is provided in the following section of this report.



## 5. Outline Business Case

### Introduction

- 5.1 The previous section identified Option 2 (Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) as the preferred option. In this section that option is developed further, using an outline business case methodology. A best practice methodology, recommended by HM Treasury and commonly used in the public sector, is a “five case” model. This tests the proposal across five dimensions:

- Strategic – how does the proposal meet TDC’s strategic objectives.
- Economic – how does it manage risks.
- Commercial – how will it be structured so that TDC can best protect its interests.
- Financial – how does it achieve value for money and be affordable.
- Management – how will it be delivered and managed robustly on an ongoing basis.

It should be emphasised that this is an **outline** business case as it has not yet been possible to produce a **full** business case on the preferred option. This is due to the shortage of time available and a lack of hard data on, for example, transactional volumes. There will therefore be a need for both parties to undertake a short period of due diligence before finalising and entering the agreement (this is phase one of the SCC proposition at Appendix 1).

### Strategic Case

- 5.2 TDC has made significant financial recovery progress under the Interim s151 Officer, with positive feedback from MHCLG. The preferred option provides continuity with no disruption to that progress. In addition, the SCC proposition outlines that its own transformation journey, restoring financial balance and achieving a step-change in the way the finance function operates, and, through its Orbis Partnership arrangements, its experience in delivering process improvement, efficiencies and reductions in transaction unit costs.

### Economic Case

- 5.3 From a TDC perspective, the key potential risks of the preferred option, together with recommended mitigating actions, are as follows:

Potential Risk	Recommended Mitigation
Loss of control by TDC over its finance function	A robust agreement should be put in place (heads of terms are being drafted by SCC for review by the TDC Head of Legal and Monitoring Officer) setting out the proposed term, roles and responsibilities including services to be provided, TDC “client officer” designation, and costs. There should be an annual review process whereby TDC formally review the way the service is working with SCC (with TDC having access to some external financial advice to assist)

Advice provided by the s151 Officer on issues where there is a conflict of interest between the two councils	TDC should retain access to external financial advice in exceptional circumstances where the s151 Officer is subject to a conflict of interests between the two organisations, and has to stand back from TDC decision-making.
Key members of the finance team leave, with a loss of organisational knowledge	Staff engagement and formal consultation should be used throughout to address concerns raised by staff. There are also benefits to staff of being part of a larger finance function, including career opportunities and access to training and development. SCC would need to put in place arrangements to provide cover for any staff with specific organisational knowledge or roles.
“Remote” relationship between TDC senior managers and members, and the SCC finance function	The “business partnering” approach initiated by the Interim s151 Officer should be maintained, developing close relationships between finance staff and TDC managers and members. Technology (and pandemic experience) means this can be delivered in ways other than through an office environment, but it will be important for SCC to have presence at TDC offices as well as at their new Woodhatch base.

### Commercial Case

- 5.4 The preferred option will be delivered through a formal agreement between the two councils. The legal basis for this is s113 of the Local Government Act 1972. It permits a local authority to enter into an agreement to place their staff at the disposal of another local authority, for the purposes of their functions. Agreements of this type are in a fairly standard form, and have been used by both councils. For example, SCC (through its “Orbis” partnership arrangements with East Sussex CC and Brighton & Hove City Council) and TDC (through functions such as parking) have experience in the use of such agreements. “Heads of terms” are in the process of being drafted by SCC for review by TDC and these will cover the proposed term, roles and responsibilities including services to be provided, TDC “client officer” designation, and costs. There should be an annual review process whereby TDC formally review the way the service is working with SCC (with TDC having access to some external financial advice to assist). TDC will also wish to protect its interests including access to external financial advice for exceptional issues and periodic review of the agreement and how it is working.

## **Financial Case**

- 5.5 The current salary budget for the finance team (including those transferring back to finance wef March 1<sup>st</sup>) is £745,000. This includes provision for a full-time s151 Officer.

Final costs for the service to be provided by SCC will need to be determined at the end of the “due diligence” period and included in the formal agreement. It is not yet possible to estimate the final costs until fuller information is available on, for example, transactional volumes. However the expectation is that SCC, because of its existing range of skills and experience and some economies of scale, will be able to resource the transformation period at a lower cost than could realistically be achieved in-house for the same outcomes.

Some costs will be incurred by TDC for external finance advice and these would be additional to the core SCC service – to advise it on (1) an annual review of the SCC service; and (2) exceptional circumstances where the s151 Officer is subject to a conflict of interests between the two organisations, and has to stand back from TDC decision-making. These additional costs should not be substantial in relation to the overall finance budget.

## **Management Case**

- 5.6 Finance is a core and critical function for TDC. Any transfer of responsibilities, or transformation of delivery, must therefore be undertaken with proper care and attention. A programme management approach is recommended, involving:

- Project plans
- Specified phases of work with clear expected outcomes, activities and costs
- Close management of actions, risks and issues
- Full involvement of expert TDC legal and HR staff
- Engagement with all affected staff

There are expected to be three key phases of activity (to be firmed up as part of the first):

- Initial due diligence by both parties (4-6 weeks); this will lead to finalisation and signing of the agreement by both parties. During this period, the secondment of the Interim s151 Officer will need to be extended.
- Delivery of the Tandridge Finance Transformation Plan (up to March 2022); this will enable the restructuring of the finance function, improvement of key processes such as bank reconciliation, and development of business partnering and strengthening of budget accountability. During this period staff will remain on TDC employment contracts, and restructuring would be undertaken in accordance with the established TDC Management of Organisational Change procedure. As with any restructuring process, it is possible that a member of staff may be left without a job and at risk of redundancy, but it is too early to assess the potential impact on existing staff structures.
- Ongoing operation (period to be determined); this will be a “steady state” where the TDC financial processes have largely been transformed and where there will be a process of continuous improvement. The SCC proposition outlines two strategic choices to be agreed with TDC for this period – whether the restructured staff team should transfer under TUPE to SCC or remain as TDC employees with management provided by SCC (there are pros and cons of both options and they can be worked through to reach a

conclusion involving formal staff consultation); and whether to migrate TDC to SCC's new financial system.

It is recommended that TDC set up a review group to monitor progress with the transformation plan. This should involve a small group of members and senior officers including the Chief Executive.

## **6. Conclusion and Next Steps**

- 6.1 This option appraisal recommends Option 2 (Enter an agreement with SCC in which it provides TDC with a comprehensive finance function comprising s151 role and leadership and management of a full range of financial functions) as the preferred option for the future delivery of the finance function. The outline business case has further tested the option successfully using a best practice "five case" methodology, recommended by HM Treasury and commonly used in the public sector.
- 6.2 The next step is for the options appraisal and outline business case to be reviewed by the Strategy & Resources Committee on March 25<sup>th</sup>. The Committee will be asked to determine a way forward.
- 6.3 Should the Committee agree to accept the conclusions and recommendations of the options appraisal and business case, the immediate next steps will be to extend the secondment of the interim s151 Officer pending the completion, by both parties, of due diligence and finalisation of the formal agreement. This should be completed within a relatively short period of time, say 4-6 weeks.



## **Tandridge Finance Transformation**

March 2021

## Introduction

Surrey County Council (SCC) has been providing finance leadership and management support to Tandridge District Council (TDC) during the 2020-21 financial year, led by Anna D'Alessandro, acting as the Chief Finance Officer.

During this period, a finance improvement plan has been initiated and steady progress has been made such that the council has moved from a challenging financial position to being able to set a balanced budget for 2021-22.

Going forward however the service is in need of an injection of additional capacity and capability in order to deliver the further improvement to which TDC aspires and to establish an effective, sustainable, transformative and high performing finance function.

To achieve this, there is a need to accelerate the pace of change and to shift the emphasis from improvement to transformation in the finance function.

The current management arrangements between SCC and TDC are due to end on 31st March 2021 and TDC wishes to review its future options and decide whether to develop an in-house solution or to work with another partner.

This proposal has been developed to support TDC in its decision making by offering a partnership option which would allow access to the expert finance leadership and management available within Surrey County Council and supported by an efficient and effective transactional services model provided through our shared service arrangement (Orbis) for the transactional elements.

Taken together we believe that this combination will provide TDC with a pathway to achieving sustainable, transformative excellence in its finance function over the medium and longer-term.

If TDC accepts the SCC proposal, we would continue to manage the service in line with current arrangements with Anna D'Alessandro providing leadership of the finance function and s151 support.

During Phase 1 (see below) we would wish to establish a formal agreement (as allowed for under section 113 of the Local Government Act 2000) to provide clarity and certainty to both councils as to the scope and nature of the sharing arrangement.

Should TDC decide not to proceed with this proposal, SCC are prepared to discuss the basis on which we could continue to support TDC during an agreed transition period.

## Why partner with Surrey County Council?

Surrey County Council (SCC) is uniquely placed to support TDC. Since 2018, SCC has been through a transformational journey in its own finance services, providing a valuable insight into what is needed to effect sustainable change. The success of this journey was recognised in 2020 when the finance team was highly commended in the CIPFA Public Finance Awards.

This turnaround has been achieved by bringing together a new team and working with a business partner ethos. The team combines a blend of finance leadership at Director and S151 level, skilled finance managers and technical experts who are able to represent the function and work with services to strengthen their own capabilities.

We now boast a service that understands ‘what good looks like’ in financial management. The service is highly performing with a team made up of experienced experts in transforming services and which is increasingly seen as a leader and enabler of transformation across SCC.

Alongside this breadth of capability, Surrey is able to call upon a depth of capacity, experience and knowledge. Our scale offers a sustainable and resilient service with additional support available for all aspects of the finance service offer.

Key to sustaining this successful model has been the development of knowledge, skills and behaviours to underpin technical excellence including a full range of finance technical skills (corporate, capital, commercial and service based).




The development of Business Partnering skills has driven a new relationship between the finance function and the council’s front-line services, building relationships based on shared objectives, understanding and challenging combined with data driven insights, joint problem-solving – the service strapline is “Successful Together”.

Underpinning this is the innovative Finance Academy which exists to further develop staff and councillor skills and capabilities.

The Surrey change journey is set out in Appendix 1. This provides an overview of the approach, programme roadmap and the range of issues that were addressed through the programme.

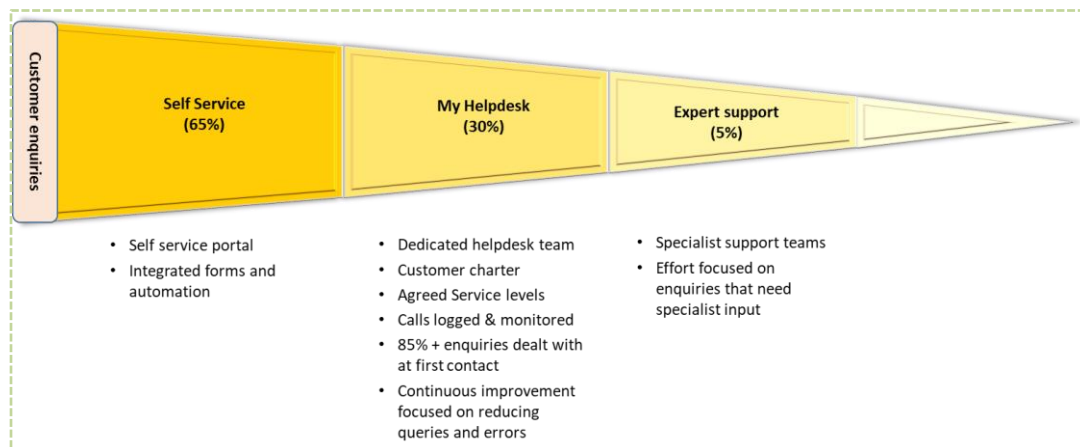
Working with SCC will provide TDC with access to this capability, capacity and learning and an understanding of the work that will be necessary for TDC to go on its own journey to achieving excellence in its finance function.

SCC’s transactional services are delivered through the Orbis partnership comprising Surrey CC, East Sussex CC and Brighton and Hove City Council. The Orbis partnership brings together highly skilled, professional workforces to share expertise and resources in the delivery of support services and provides the full range of finance transactional support functions as outlined.

 Helpdesk	 HR	 Finance
<u>Payroll, HR &amp; Pensions</u> <ul style="list-style-type: none"> <li>• 175,000 enquiries pa</li> <li>• 80% + first time fix rate</li> </ul>	<u>Payroll</u> <ul style="list-style-type: none"> <li>• 1.2m payments pa</li> <li>• 99.2% accuracy</li> </ul> <u>Recruitment</u> <ul style="list-style-type: none"> <li>• 4,900 hires pa</li> <li>• 98% satisfaction</li> </ul> <u>Safer Staffing (eDBS)</u> <ul style="list-style-type: none"> <li>• &gt;15k eDBS checks pa</li> <li>• 3 day turnaround</li> </ul>	<u>Accounts Payable</u> <ul style="list-style-type: none"> <li>• 480k invoices pa</li> <li>• Value of £1.5bn</li> </ul> <u>Debt management</u> <ul style="list-style-type: none"> <li>• 180k invoices pa</li> </ul> <u>Accredited BACS bureau</u> <ul style="list-style-type: none"> <li>• £4bn payments pa</li> </ul>

The Orbis operating model promotes staff and customer self-service, supported by a Helpdesk which acts as a first point of contact for staff and customer enquiries (see Diagram below).

The Helpdesk typically achieves in excess of 80% resolution at first contact which allows expert and business partnering staff to focus on value adding tasks rather than routine transactional activities.



## Key benefits

What SCC can offer	Benefits to TDC
Working with a trusted public sector partner	Shared values and social aims
Expert financial leadership and management	TDC is able to draw upon the existing skills and capabilities within SCC which would otherwise be expensive and difficult for TDC to attract
Full transparency on costs	Enables TDC to minimise costs of change
Depth and breadth of finance capacity and capability	TDC is able to draw upon the skills and capabilities of the sizeable Surrey and Orbis teams.
Access to Business Partnering skills, networks and expertise	TDC is able to draw upon the skills and capabilities developed in business partnering within SCC and in its continuous learning ethos from its networks.
Access to Finance Academy	Development opportunities for finance staff members and budget holders
Experience in managing transformational change in the finance function	Confidence that TDC is working with a partner who understands and can guide TDC through its journey to excellence



What SCC can offer	Benefits to TDC
A tried and tested finance Partnership Agreement model between services and the finance function	A reshaped relationship between front-line services and the finance function with a focus on working together to develop solutions
Experience in identifying and delivering process improvement, efficiencies and reductions in transactional unit costs	Enables TDC to minimise costs of change and maximise savings
Potential for the future development of a managed finance service hosted by SCC	Confidence in maintaining long term, sustainable excellence in its finance function
Potential for future access to best of breed transactional finance solution	Potential to further reduce the TDC transactional unit costs without the up-front investment in time and money

## Key people

Our overall engagement will be led by Anna D'Alessandro who will call upon other members of the SCC finance team as required to support the development and delivery of the TFT programme.



### **Anna D'Alessandro – Director, Corporate Finance (SCC) and CFO (s151) of Tandridge District Council**

Anna is a highly accomplished, results driven Chief Finance Officer (s151) with both commercial and public sector experience, underpinned by best practice financial management and project and programme management experience.

She has worked across two continents, advising on and implementing, complex transformation projects as a senior consultant in a Big 4 Professional Services Firm. She has also led large teams across a number of finance areas in local government.



### **Rachel Wigley – Director, Financial Insight**

Rachel is a highly motivated, capable, experienced finance director. She is a key leader of the successful Surrey County Council Financial Improvement Programme. Prior to joining Surrey, Rachel led a shared finance service across 3 London boroughs, helping to deliver a substantial transformation and savings programme for the 3 councils.

Rachel is experienced in developing teams, has a clear communication style coupled with the drive and energy to deliver on council priorities.



### **Mike Lea – Assistant Director, Business Operations, Orbis**

Mike will lead our engagement on transactional services. He has worked in shared services for 15 years and is experienced in constructing new and revised processes and systems from inception to implementation.

He is committed to bringing in successful change that demonstrates quality and a real customer focus. He project managed the partnership between East Sussex County Council and SCC which has achieved a number of externally recognised awards.



### **Emma Pope – Finance & Procurement Operations Mgr, Orbis**

Emma will support Mike on transactional services. Emma is highly knowledgeable in Local Authority practices and systems with 20 years continuous service in finance operations. She is a high-delivering manager providing drive and enthusiasm with proven leadership, management, and project management skills.

She is responsible for the operation, integrity, performance, improvement and communication of the order to cash and purchase to pay processes, providing advice, direction and subject matter expertise for the end to end process.

## Proposed approach and indicative timelines

We will work with TDC on a partnership basis, working collaboratively with you to ensure that our proposed approach is flexible and adaptable to the needs of TDC.

At this stage we envisage that our overall proposed approach would run in 3 broad phases as outlined in the diagram below (and Appendix 2).

We have identified dates by which we anticipate each phase will be completed:

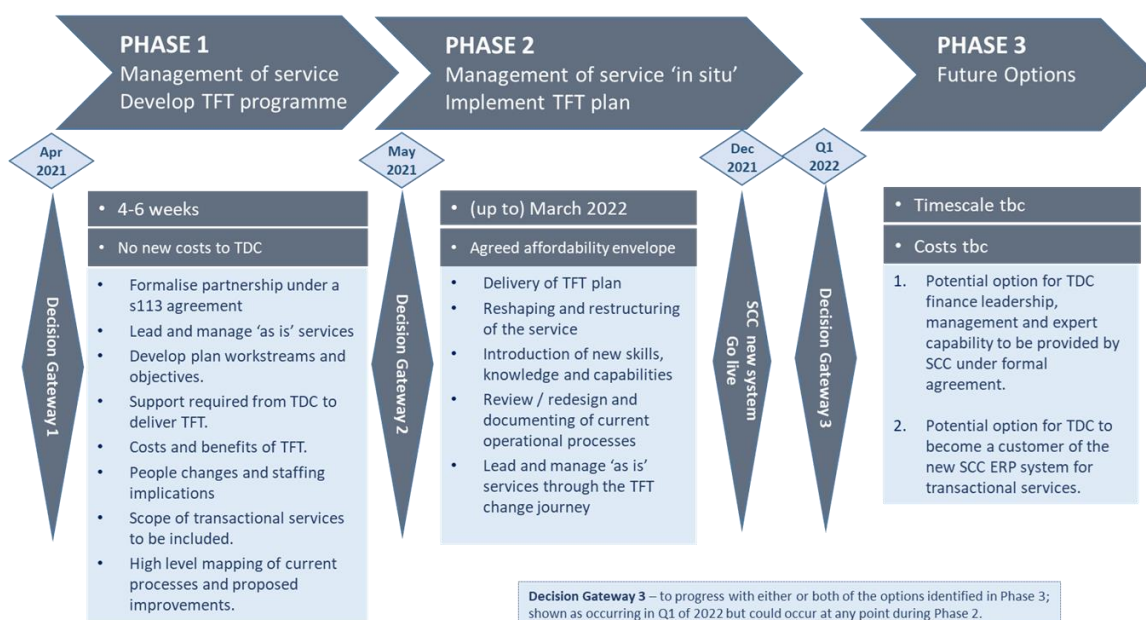
**Phase 1** – Conclude discovery phase and develop the Tandridge Finance Transformation (TFT) plan

**Phase 2** – Implementation of the TFT plan / consider moving to Phase 3

**Phase 3** – Consideration of 2 longer term future options:

Option 1 = Finance function to be hosted and provided by SCC

Option 2 = TDC to become a future customer of the new SCC ERP system



### Decision gateways

We recognise that TDC will wish to review its options at key points and prior to committing to any longer-term solutions. Our proposal is phased to provide TDC with gateway decision points in advance of any longer-term commitments being made. At each of these, TDC will be able to continue, pause or stop with no additional commitment beyond that already made at each Phase.

Gateway 1 - to decide whether to proceed with this proposal and to develop the TFT plan in partnership with Surrey County Council.

Gateway 2 - to decide whether to proceed with the delivery of the TFT plan once the costs and implications are known.

Gateway 3 – to decide whether to progress with either or both of the future options identified in Phase 3, each of which would involve a longer-term service agreement with SCC. This gateway is shown as occurring in Q1 of 2022 but could occur at any point during Phase 2.

## Phase 1 – Develop TFT plan

If TDC accepts the SCC proposal, we would continue to manage the service in line with current arrangements with Anna D'Alessandro providing leadership of the finance function and s151 support. Alongside this we will consolidate our learning to date and build a Tandridge Finance Transformation (TFT) plan to help guide TDC through the transformation of its finance function.

A number of areas to be explored further have been identified (App 3). These will be added to and refined during Phase 1 leading to the development of a plan for the key activities to be undertaken in Phase 2. Other key activities in Phase 1 will include:

- Establish formal s113 agreement to provide clarity on the partnership between SCC & TDC
- Development of key workstreams, objectives and actions required including a high-level implementation plan for phase 2
- Development of a cost plan for Phase 2
- Development of outline 'to be' operating model and staffing structure for finance function, addressing any gaps in the capability and capacity required.
- Develop and cost the transition plan to the new model.
- Identify the people changes and staffing implications of the new model.
- Scope and due diligence on transactional processes to be included including collection of transactional volumes & indicative unit costs.
- Build understanding, high-level mapping of key operational and transactional processes and identification of proposed improvements.
- Assess requirements to ensure TDC gets the best from the Agresso financial system
- 'Quick wins' – identify early opportunities to effect improvement and build confidence

## Phase 2 – Implement TFT plan

Delivery of Phase 2 will be managed using a documented programme management approach (Appendix 4 contains an example of the proposed approach to building and tracking the plan).

As part of this approach we will identify, assess and document the key risks and issues that will need to be addressed in order to deliver the plan successfully.

Our approach will be to focus on identifying and delivering improvements across 3 key domains: people, processes and systems.

Once the 'to be' operating model is agreed, we will move quickly to reshape and restructure the service allowing the introduction of new skills, knowledge and capabilities.

For transactional services our initial focus will be on mapping, documenting and stabilising the existing processes. We will then assess the potential to redesign these processes, establish clear process ownership, introduce metrics and explore the opportunities to automate these, reducing the amount of manual effort involved and releasing capacity from the existing teams.

We will look to move quickly in areas that offer early improvement opportunities such as the banking reconciliation process.

## Phase 3 – Future Options

Phase 3 is not in scope for the current proposal but offers the potential to develop 2 further options in the future which may add additional value to TDC.

Option 1 would allow for the reshaped and redesigned finance function to be hosted and provided by SCC. This could involve a TUPE transfer of the staff concerned or a Managed Service option whereby TDC would continue to employ the staff, but SCC would provide leadership and management oversight.

Moving to this option could be considered during Phase 2 (ie the period up to March 2022).

Option 2 would allow for TDC to become a future customer of the new SCC ERP system once this has been delivered (December 2021). This may provide the option for further process and transaction unit cost efficiencies over the medium and longer term.

## Costs

### Phase 1 – due diligence phase and development of the TFT plan

During Phase 1 SCC will not charge TDC more than the current costs allowed for in the existing budget. Appropriate development activity required by SCC during this phase will be met by SCC.

The costs of undertaking the necessary programme of work to deliver Phase 2 and the estimated cost of delivering a new fit-for-purpose finance function will be determined during Phase 1.

### Phase 2 – Implementation of the TFT plan

Given the scale of the change we believe is required, it is likely that further investment by TDC will be necessary to deliver this change and in the additional capability and capacity required for TDC to have a fit-for-purpose finance function. SCC will approach this in an open book, transparent and collaborative manner and seek only to recover its costs.

#### Costs of change, management and delivery of TFT plan

SCC will seek to minimise the one-off costs of delivering the TFT plan and to ensure that these remain affordable to TDC.

#### Ongoing costs of finance function

The aim of the TFT plan will be to deliver a fit-for-purpose finance function which is affordable to TDC. We envisage that we will be able to offset at least some of the costs of increasing the capability and capacity of the team by efficiencies elsewhere.

### Phase 3 – longer-term future options

The costs for each of these options would need to be firmed up during Phase 2. Any decision to progress either of the options would be subject to a further decision by TDC (at Gateway 3).



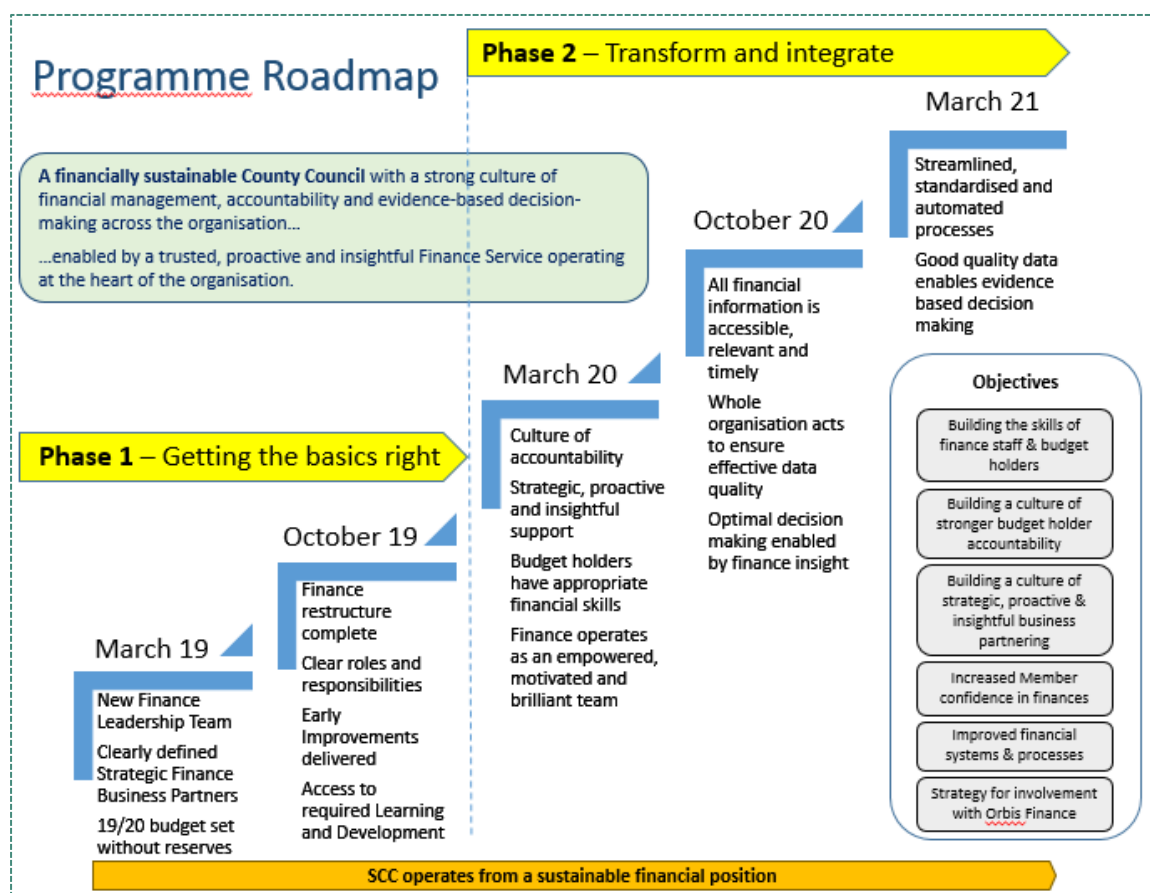
## Appendix 1 - Surrey’s transformation journey

In 2018, Surrey was faced with a highly critical external review of its financial management. The picture now is very different – a balanced budget, ambitious plans and a Finance Service that is highly regarded across the organisation, seen as a key enabler of the transformation of the council.

This turnaround has been achieved by finance professionals acting as business partners to the organisation with an emphasis on engagement, insight and joint problem-solving; and supporting this with investment in people, their skills and behaviours through our innovative Finance Academy. The business partnering approach is adopted throughout the council, a change which provides better support to the delivery of organisational priorities by ensuring we have a good understanding of service issues, share goals and work collaboratively to find solutions to problems.

The function is led by Leigh Whitehouse (Executive Director of Resources), Anna D'Alessandro (Director of Corporate Finance) and Rachel Wigley (Director of Financial Insight). The Finance Team comprises around 80 staff, organised under seven Strategic Finance Business Partners, with teams responsible for corporate financial planning, pension fund and administration management, treasury management, risk management, commercial finance, finance service improvement and support to each of the major service directorates. Some functions are shared through the Orbis Partnership with East Sussex County Council and Brighton & Hove City Council.

A summary of the change programme ‘roadmap’ is set out below:



The turnaround programme was built on six major components to achieve the changes necessary. These components are interrelated and mutually self-supporting and act as building blocks for achieving the change.

Changes to processes and structures in the finance team were of fundamental importance, but equally so was raising the profile of financial management and establishing credibility and trust in the finance function across the council.



### Business partner approach

The Finance Service has adopted a business partnering approach to supporting the Council. This has been a key building block to many of the other aspects of the Finance Improvement Programme. As business partners, Finance aims to be a trusted, proactive and insightful Finance Service operating at the heart of the organisation. To achieve this, a set of expected behaviours was developed and the Finance service are committed to embedding these:



### **Partnership agreement**

The Finance Service recognised that it could not adopt an effective Business Partnering approach alone. It needed to engage with the rest of the Council and listen to the feedback of the services it supports.

Improving the organisations financial management arrangements is one of the focus areas of our Organisational Strategy and recognises that in order to be a modern and confident organisation delivering value for money services, there needs to be clarity about the financial management roles and responsibilities. There also needs to be an understanding about how finance and services work together in partnership across the organisation to achieve this.

The Partnership Agreement was co-designed by a group of service and finance managers working together. The Agreement sets out the ambition to achieve six key financial management outcomes:

- The best use of financial resources in meeting organisational objective;
- A culture of accountability where managers and members take money really seriously, and balance this against their other responsibilities and objective;
- A grip on the county council’s finances, drawing on high quality financial information, aligned with activity and performance information;
- Great strategic and operational decision-making, based on sound and credible financial analysis and insight;
- Self-reliance among budget managers making use of effective tools, guidance and systems;
- Strong relationships underpinned by mutually understood roles, constructive challenge and collaborative problem-solving.

The Partnership Agreement recognises that Finance cannot achieve these ambitions alone and that everyone has a role to play in ensuring excellent financial management is at the core of all our decision making. It therefore sets out the respective roles and responsibilities and a series of mutual expectations about how this can be achieved.

Strategic Finance Business Partners are now members of each Directorate Leadership Team, working together with services to deliver the improvements they need, and contributing much more than just a finance perspective, really adding value.

### **Restructure**

The business partnering approach provided the building blocks for the restructure of the Finance Service. The recognition and the unleashing of the talent within the finance team, augmented by some excellent external recruitment was vital to resetting the relationship with the wider council, including elected members, and to achieving the recovery of trust and a reputation for professional excellence.

The commitment to embedding business partnering was at the core of the Finance restructure and resulted in a recognition that a modern Finance Team needed to be professionally and technically competent in finance and accounting skills but also needed to develop the ‘softer skills’ required to be an effective business partner. As a result, a Behaviours, Skills and Knowledge Framework was developed which sets out the expectations for each level within the service and this was used as the basis for the assessments and interviews carried out for the restructure.



### **Finance Academy/Behaviours, skills & knowledge**

Underpinning the whole of the Finance Improvement Project is the Finance Academy. This recognises that changing the way the service works, improving processes and re-engaging with services needs to be supported by investment in the financial management skills and capabilities of the whole organisation.

The Finance Academy is a different approach to a learning and development programme and is based on a number of design principles, which were developed alongside representatives from across the organisation. The content on the Finance Academy platform will come in many forms but will be accessible anytime and from anyplace. Much of the content is short, recorded pieces that can be re-visited when required. The aspiration for the Finance Academy platform to be a single point of reference for all financial management related material, including case studies, best practice examples and hints and tips for systems and processes.

The priority area for the Finance Academy was the numerous budget holders across the organisation (c 300). The first phase of ‘Financial Management Partnership Workshops’ were designed and piloted with a group of budget holders representing a number of services.

These sessions importantly train budget holders alongside the finance business partners who support them to help to embed the partnership agreement, enhance relationships and develop a common understanding.

A three-stage approach to refreshing and developing the financial understanding of our elected Members is also being developed as set out below:

- Fundamentals Programme – aimed at all Members, and consisting of three modules:
- Insights Programme – aimed at members holding specific roles (eg scrutiny committee, audit & governance)
- Strategic Finance Programme – aimed at Cabinet Members

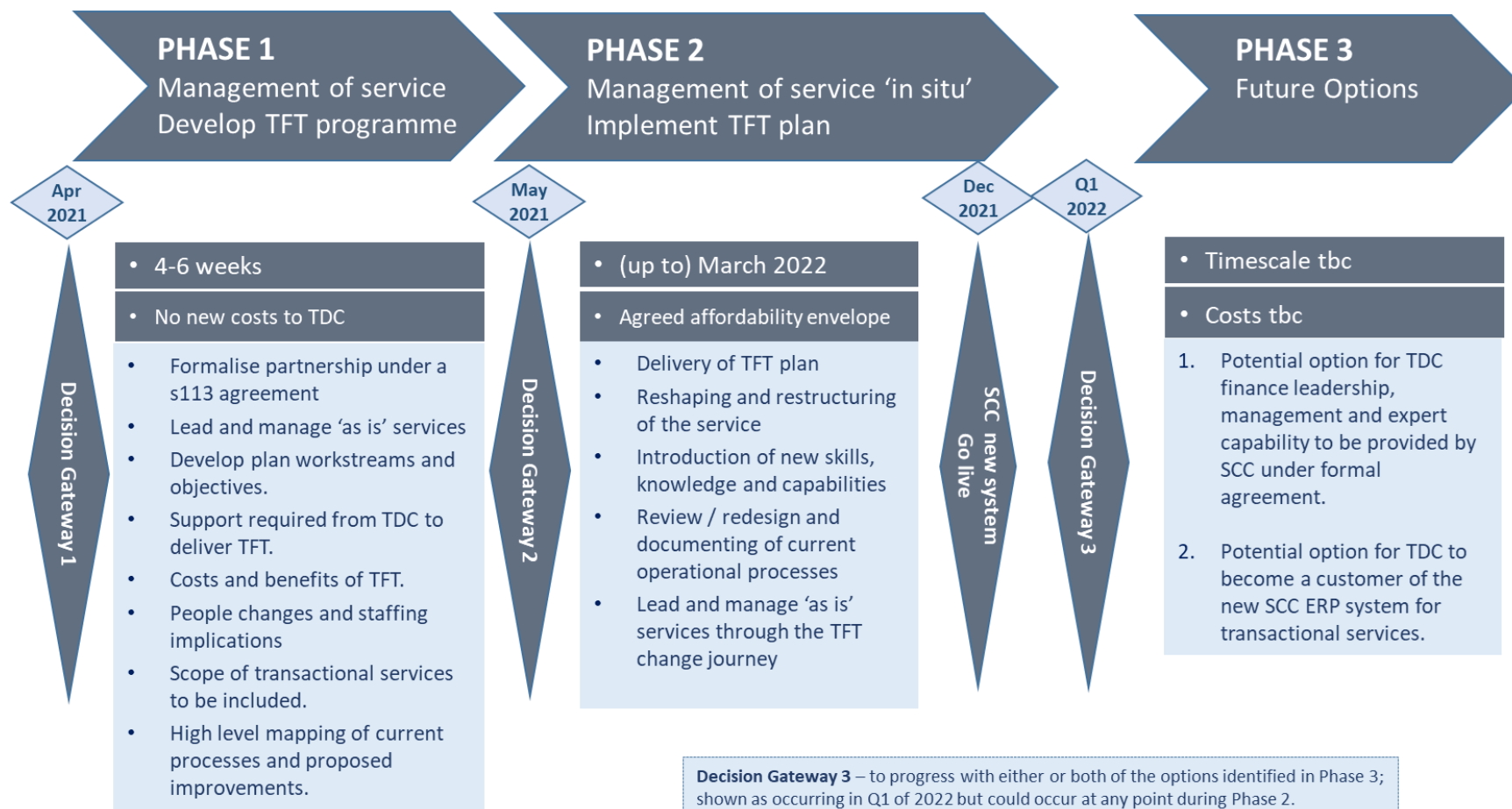
### **Review of processes**

As part of the FIP, one of the key themes was to make improvements to the financial processes, including when and how we engaged with services to share budget monitoring information, improving reporting and linking it to what service data is telling us.

We asked both the finance team and services what financial data and process improvements they believed were required. This resulted in several targeted work streams:

- ‘Quick Wins’ – the change champions within Finance led on a number of improvements that could be made without the need for significant investment in time or resources, bringing about some immediate improvements helping to improve experiences within the team and those of our budget holders.
- An intensive review of our budget monitoring process, including detailed process mapping – this work assisting in identifying some of the quick wins and will also be used as we look to further improve these processes and how they interact with other systems, alongside the Digital Business and Insights Programme.
- Review and update of our monthly reports to both Directorate Leadership Teams and the Corporate Leadership Team.

## Appendix 2 – Indicative phased approach and timelines



## Appendix 3 – identified improvement areas to be addressed by TFT plan

Service area		Identified areas to be explored further in Phase 1	Potential deliverables in TFT plan
Finance Function		It was established early in the SCC journey that there needed to be an assessment of the overall capacity and skills available against those required to achieve the ambitions for the service. It is proposed to explore the options to undertake a similar assessment during Phase 1.	A gap analysis of the skills and capacity required vs that currently available to the council. This would be used to inform the need to bring in additional capacity and capability as part of the new operating model.
Finance Function	Business Partnering	Lack of capacity in the finance business partner team, out-of-date job descriptions, lack of professional development, and a preponderance towards firefighting.	Reshaped function, clearer responsibilities, supported by development opportunities including access to the SCC business partnering / Finance Academy.
Council Services	Budget management	Inappropriate budget management responsibilities, too much reliance placed on the finance team, preventing business partners from performing their roles effectively.	A remodelled budget management framework with clear roles and accountabilities within services and the finance function.
Transactional	Accounts payable / receivable	Poorly defined roles and responsibilities.	New roles and responsibilities defined with clear accountability for service performance.
Transactional	Accounts payable / receivable	Lack of documented processes, ownership of end-to-end processes and measurement of process effectiveness.	Map processes, identify improvement opportunities, metrics and assign ownership of overall process effectiveness.
Transactional	Accounts payable / receivable	Limited audit assurance.	Address weaknesses identified in internal audit reviews to provide full assurance.
Transactional	Systems	Lack of capacity and capability to make best use of the Council's Agresso financial system.	Review system capabilities, those not currently used and changes required to make effective use of the systems capabilities. External input from current provider and potentially an external review of current systems.
Transactional	Banking	Inefficient and complex separate bank reconciliation system.	Review, propose & implement improvements.

## Appendix 4 – TFT Plan Example Delivery approach

Workstream	Task	Lead	Why?	Key Actions	Deliverable	Progress
<b>Building a skilled, capable and modern finance team</b>	Assessing the strengths and weaknesses of the existing Finance team		Provide insight into the skills and capacity available in the team vs that aspired to	<ul style="list-style-type: none"> <li>Review the existing finance team.</li> <li>Draw on experience of SCC FIP methodology to frame approach.</li> <li>To engage the finance team in the review so that they have the opportunity to contribute / feel consulted</li> </ul>	Learning and development strategy / plan based on the strengths and weaknesses of the finance team	
	Developing a new operating model for finance business and budget planning, and finance business partnering		To develop a more dynamic Finance function that can drive change more effectively	<ul style="list-style-type: none"> <li>Engage TDC services to understand need</li> <li>Develop proposed operating model</li> <li>Consultation on model</li> <li>Develop transition plan</li> <li>Develop a learning and development strategy for finance staff</li> </ul>	<ul style="list-style-type: none"> <li>Proposed operating model for the Finance team</li> <li>Costed transition plan for how the new model will be implemented</li> </ul>	
	To bolster the skills of the current Finance team through recruitment		To ensure there is suitable, authoritative financial leadership in the Council	<ul style="list-style-type: none"> <li>To support the recruitment and induction of additional suitably qualified finance staff</li> </ul>	Induction package for additional finance staff	
	Implementing a new operating model for the finance team		To transform the existing Finance function	<ul style="list-style-type: none"> <li>Work with HR etc to implement the transition plan</li> <li>Regular meetings with staff to maintain morale and focus during transition</li> </ul>	New operating model in place	

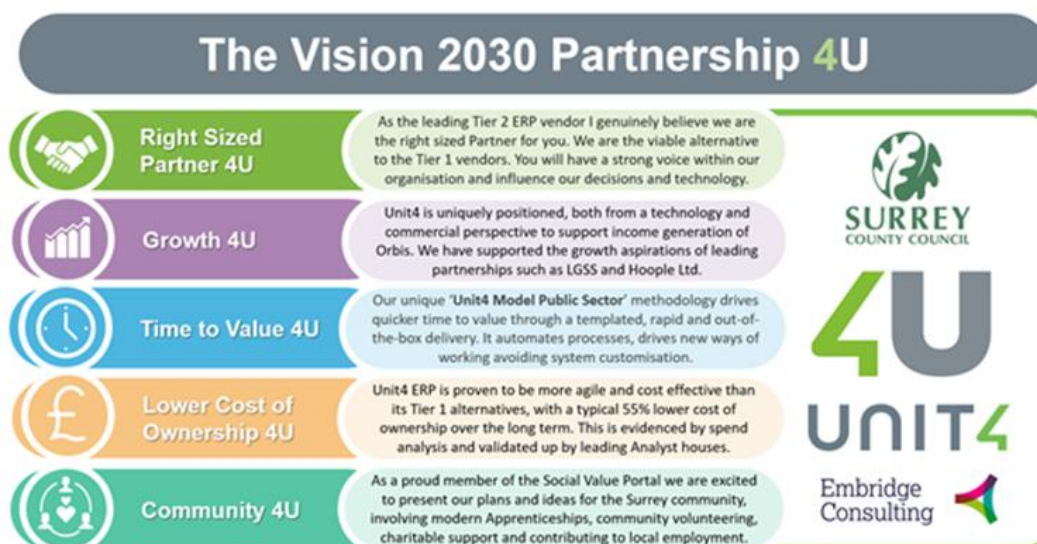
## Appendix 5 – Back Office Modernisation

As part of the SCC Finance Improvement Programme, the DB&I Programme was established to replace the existing SAP system at Surrey County Council.

The aim of the programme is to deliver a more modern, intuitive and efficient back-office system and processes to enable the council to drive service transformation, improve management decision making through easily accessible data and insight, and to have a flexible and mobile workforce. This programme will have a significant impact on the ability of Finance to deliver further best practice process improvements.

The programme is now at an advanced stage of the design of the new system to replace the existing corporate Enterprise Resource Planning system, which is used to manage the organisation's business critical Finance, HR, Payroll and Procurement processes. The new system is due to go-live in November 2021.

Unit 4 have been appointed to design, build and deliver its market leading ERP platform to SCC and have outlined their vision for this project in the table below.



Once implemented the councils back-office systems and functions will be transformed into a fully automated, cloud-based solution, accessible on desktops, laptops and mobile phones and available 24 hours a day, seven days a week.

The Unit 4 solution will lead to increased productivity, improved operational efficiency and a drastic reduction in the time spent on routine administrative tasks, leading to a significant reduction in operating costs and the overall costs of ownership.

In collaboration with Embridge Consulting, Unit4 have invested heavily in developing a public sector model and methodology that provides an extensive set of predefined Local Government business processes across Unit4 ERP, with pre-configured build and supporting collateral (design, test-scripts, training). This innovative approach provides access to an ERP solution using 'good practice' and minimises the time taken to take advantage of the latest functionality.

Phase 3 of our proposal could provide an opportunity for TDC to become a customer on the new system, providing access to a best of breed, modern finance system backed by the resilience and expert knowledge that SCC can offer in support of its operation. but without the investment of up-front costs and time normally associated.

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