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

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Substitute Councillors: Bloore, Jecks and Lockwood

C.C. All Other Members of the Council

8 December 2020

Dear Sir/Madam

STRATEGY & RESOURCES COMMITTEE WEDNESDAY, 16TH DECEMBER, 2020 AT 5.00 PM

The agenda for this virtual 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,

A handwritten signature in black ink, appearing to read 'Jackie King'.

Jackie King
Acting Chief Executive

AGENDA

1. Minutes of the meeting held on the 24th November 2020 (Pages 3 - 20)

To approve 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 her staff prior to the meeting.

- 4. To deal with any questions submitted under Standing Order 30**
- 5. 2001/22 draft budget and MTFS to 2023/24 (Pages 21 - 62)**
- 6. CIL spending review and funding statement - update (Pages 63 - 86)**
- 7. Additional Covid restrictions grant scheme - confirmation of decision taken under urgency powers (SO 35) (Pages 87 - 98)**
- 8. 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 24 November 2020 at 7.30 p.m.

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

ALSO PRESENT: Councillors Black, Bloore, Connolly, Farr, Fitzgerald, Lockwood, Mills, Morrow, N.White and Wren

185. MINUTES OF THE MEETING HELD ON THE 8TH OCTOBER 2020

These minutes were approved as a correct record.

186. CORPORATE IMPROVEMENT PLAN UPDATE

The Committee had endorsed a Corporate Improvement Plan on 9th July 2020. This comprised various measures necessary to take the Council forward, particularly in the light of the COVID emergency. A summary of progress against the plan was submitted, together with a covering report which drew attention to:

- the implementation of recommendations from the Centre for Public Scrutiny (Ed Hammond);
- Member training initiatives;
- revisions to the performance & risk regime;
- the new approach to financial management initiated by the new Section 151 Officer and the fact that the budget gap for 2019/20 had closed significantly with a view to producing a balanced budget for 2021/22; and
- the introduction of a new complaints policy.

It was intended to submit a further progress report to the Committee's meeting in March 2021.

During the debate, it was confirmed that an 'ICT / digital strategy' would be submitted to Members in due course. The need to revise target dates in the next iteration of the plan was also acknowledged.

RESOLVED – that progress to date be noted.

187. Q2 CORPORATE PERFORMANCE AND RISK REPORT

Members were presented with an analysis of the Committee's key performance indicators and risks for the second quarter of 2020/21.

Regarding Risk 3 (*"inability of the Council to make savings as identified in the MTFs and to balance the Council's budget in 2021/22 and 2022/23"*) the Chief Finance Officer explained her intended approach to tracking progress against budgeted savings.

Whilst Members welcomed the improvements being made to the risk analysis, it was suggested that risk ratings should be signed off at Executive Director level with resource allocations being driven by the 'RAG' scores.

RESOLVED – that the Quarter 2 2020/21 corporate performance and risks be noted.

188. FINANCE REPORT - PERIOD 6

A report concerning the Council's revenue budget and capital programme as at the end of September 2020 (month 6) was presented.

A £400,000 overspend against the £10.6 million general fund revenue budget was projected. This represented an improvement of £100,000 from the previous month, which was largely due to a corresponding return from the Government's Covid-19 income compensation scheme. The overspend comprised additional costs / loss of income related to Covid-19 (£1.2 million) offset by an £800,000 underspend on 'business as usual' activities. The report cautioned against the uncertainty surrounding the 2020/21 forecast and advised that, if the position did not improve, reserves would have to be drawn upon to cover the overspend.

The revised capital programme had been reduced by £104.7 million to £15.4 million to reflect forecast expenditure and to provide a stable baseline.

Cashflow shortfalls in the collection of council tax and business rates were projected to impact in Q4 of 2020/21. The impact is currently being worked through.

The Committee was also informed that the Acting Chief Executive had exercised urgency powers (granted by Standing Order 35) to enable the Council to administer the Government's Additional (Covid-19) Restrictions Grant Scheme. A report concerning this matter would be submitted to the Committee's next meeting on the 16th December 2020.

During the debate, reference was made to the Committee's resolution on 22nd September 2020 that, *"a budget and project plan be produced immediately for Planning Policy Committee spending and that it is updated and notified monthly to the Planning Policy Committee and added to that Committee's agenda on a regular basis."* It was confirmed that the required information would be included within the finance report to be submitted to the Planning Policy Committee's January 2021 meeting and would be updated monthly for that Committee.

RESOLVED – that the Council's financial position for revenue and capital be noted.

189. FLEXIBLE USE OF CAPITAL RECEIPTS

The Committee considered the merits of a strategy to enable the use of capital receipts to fund the salary costs of officers involved in one-off transformation work undertaken by the Council during 2020/21. This was permissible under Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and subsequent government guidance (March 2016) which provided greater freedoms for using capital receipts to finance expenditure.

In accordance with the statutory guidance, a schedule of the various areas of work undertaken by the transformation team in 2020/21 was presented. This identified the cost of the work (totalling c£160,000) and the estimated associated saving of £349,000 to be achieved in the current financial year. The Council had £1,851,077 of capital receipts that could be used under the scheme, which was more than sufficient to finance the transformational work identified.

RECOMMENDED – that the flexible use of capital receipts strategy be agreed.

190. CORPORATE DEBT POLICY

A proposed consolidated policy, reflecting a more joined-up framework for dealing with debt collection across the Council, was presented. It sought to maximise collection rates, while ensuring a fair, proportionate and consistent approach to debt recovery.

The policy's objectives were to:

- apply best practice to debt collection;
- ensure a professional and timely approach to recovery action;
- maximise levels of income collected by the Council;
- treat all debtors consistently and fairly;
- promote a coordinated approach towards managing multiple debts;
- ensure that debtors in genuine financial difficulty are supported to claim any benefits they are entitled to and, where appropriate, are signposted towards free debt advice; and
- ensure that vulnerable people are supported to manage their financial affairs effectively, including the payment of debt.

The policy explained the 'three-step' debt collection process and timescales which comprised billing; instigation of legal proceedings following non-payment; and escalation to collection and enforcement agencies when necessary. Reference was made to debt management principles to be followed by officers; the expectations of debtors; and arrangements for the repayment of arrears.

The policy also highlighted the priority types of debt and the potential civil sanctions arising from court judgements. These concerned housing rent arrears; council tax; business rates; housing benefit overpayments; Business Improvement District levies; sundry debts; and commercial rents. The definition of vulnerable people in the context of debt management was clarified within the policy.

RESOLVED – that the Corporate Debt Policy, as attached at Appendix A to the report, be approved.

191. CLIMATE CHANGE ACTION PLAN REPORT

A proposed initial action plan was presented in response to the Council's declaration of a climate change emergency in February 2020. The declaration confirmed the Council's aim to reduce its environmental impact and to take steps to become carbon neutral by 2030.

Several potential actions still required scoping to establish business cases before decisions could be made to proceed. The Committee was therefore invited to adopt the initial version of the plan to provide officers with a mandate to conduct the necessary work, and then submit data on significant projects to enable Councillors to make informed decisions.

The initial plan included:

- the strategic priorities informed by Surrey County Council's Climate Change Strategy, adapted as appropriate for TDC;
- actions TDC could take to:
 - reduce emissions from the Council's estate and operations;
 - influence and encourage residents and businesses to reduce their emissions; and
 - work with other agencies to collectively reduce the carbon footprint of Surrey.

It was acknowledged that certain actions could be 'quick wins' such as: creating a baseline Council carbon emissions report; conducting a feasibility study into the installation of electric vehicle charging points in the Council's car parks; and producing a climate change communications strategy.

The first iteration of the TDC's carbon emission report for 2019-20 would be available by March 2021 and would focus on emissions that the Council can directly influence.

The Committee was also invited to approve the establishment of a Member/ Officer Task & Finish Group to inform the development of the action plan.

During the debate, the absence of costings from the proposed action plan was questioned. Officers explained that the first objective was to prioritise potential actions to pursue. The associated financial and other key implications would then be assessed, including the scope for assigning dedicated cost centres for budget monitoring purposes. The debate concluded with the view that residents expect the Council to become carbon neutral and that its declaration of a climate change emergency had committed the Authority to an effective programme of change.

RESOLVED – that

- A. the Council's climate change action plan at Appendix A to the report be adopted;
- B. the Committee receives an update on the development and delivery of the action plan in June 2021 and annually thereafter; and
- C. a climate change task and finish group be established with the following terms of reference:
 - i) to inform the development of the action plan, including prioritisation of actions and identification of timescales for delivery;
 - ii) to review the carbon emissions report when produced and propose any further actions required in light of that report; and
 - iii) to inform the development of an update report to the Strategy & Resources Committee in June 2021, at which point the Group will have completed its work.

(The Group shall comprise two Councillors from each of the three largest groups and one member from the Independent Group. The officers most relevant to the topics being discussed, and the climate change lead officer, would also attend).

192. FEEDBACK FROM THE TASK & FINISH GROUP ON COMMITTEE REPORTS

In accordance with the decision of Full Council on the 16th September 2020, a Member Task & Finish Group (comprising Councillors Bourne, Caulcott and M.Cooper) had reviewed the production of committee papers. The Group had identified the need to improve the template for committee reports and for associated guidance and training for officers. The improvements were designed to make reports more concise and accessible. The new template for committee reports would be kept under review and any councillors with suggestions for further improvement were invited to share them with members of the Group.

Training for officers on report writing, including the requirements identified by the Group, would be delivered in due course and funded from within the centralised officer training budget. A key objective of the training would be to make reports more accessible for Members and the public, and to facilitate greater transparency and more informed decision making.

During the debate, it was confirmed that authors would receive guidance on the need to consider risk implications in connection with their reports.

RESOLVED – that the changes to the committee report template and plans for officer training be noted.

193. DISCRETIONARY TEST AND TRACE GRANT - ADOPTION OF POLICY

A Covid-19 Test and Trace Discretionary Payment Policy was approved by the Acting Chief Executive on the 4th November 2020 under the urgency provisions of Standing Order 35 and pending review and ratification by this Committee. This followed government guidance on the award of £500 grants to support people on low incomes who are unable to work from home if they are told to self-isolate by NHS Test and Trace and will lose income as a result.

The policy exercised the discretion available to local authorities to extend the Government's minimum eligibility criteria, i.e.:

Minimum criteria

- Have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;
- Are employed or self-employed; and are unable to work from home and will lose income as a result of self-isolating;
- Have signed up and completed the test and trace journey (receiving the initial notification to isolate will not qualify for the grant);
- Are not currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit; and
- Who are on low incomes and will face financial hardship as a result of not being able to work while they are self-isolating.

Discretionary payment – Tandridge additional criteria as relevant to the determination of whether a Discretionary Test and Trace Payment will be made

- Individuals who have made a claim for Universal Credit, Working Tax Credit, income based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit and it is likely that this claim will be successful;
- Individuals from abroad who are excluded from claiming benefits but meet all the other statutory and discretionary criteria;
- Individuals whose gross annual household income is less than £20,000 a year (£385 per week), although consideration will be given for higher annual incomes if the Council is provided with a suitable justification that is in the spirit of the grant;
- The individual's employer must confirm that, as a result of his/her isolation, s/he will lose pay as a result of the terms of his/her contract;
- If the individual is self-employed, the self-employment must clearly be of the nature where s/he cannot work from home;
- The individual does not have capital exceeding £6,000.

The Tandridge scheme for considering and allocating Covid-19 Test and Trace payments, was presented to the Committee.

RESOLVED – that the Discretionary Covid-19 Test and Trace Payment Scheme, detailed at Appendix A to the report, be ratified.

194. INVESTMENT SUB-COMMITTEE – 23RD OCTOBER 2020

RESOLVED – that the minutes of the Sub-Committee's meeting on the 23rd October 2020, as attached at Appendix A, be received.

195. CHIEF OFFICER SUB COMMITTEE – 22ND OCTOBER AND 13TH NOVEMBER 2020

RESOLVED – that the minutes of the Sub-Committee's meetings on the 22nd October 2020 and 13th November 2020 (the minutes of the latter meeting are reproduced at Appendix B) be received.

196. APPOINTMENT OF ELECTORAL REGISTRATION OFFICER AND RETURNING OFFICER

The Committee considered the need for the Council to appoint a new Electoral Registration Officer (ERO) and Returning Officer (RO). This followed the departure of Elaine Jackson who previously held both positions, in addition to her role as Acting Chief Executive.

It was proposed that Jackie King, the new Acting Chief Executive, should be appointed to both the ERO and RO positions.

RECOMMENDED – that:

- A. the Acting Chief Executive is appointed as Electoral Registration Officer and Returning Officer pursuant to section 35(1) and section 8(2)(a) of the Representation of the People Act 1983 on a temporary basis until a permanent Chief Executive is appointed; and
- B. Lidia Harrison, Head of Legal Services & Monitoring Officer, and Chailey Gibb, Lead Democratic Specialist, continue to be appointed as Deputy Electoral Registration Officers.

197. CIL SPENDING REVIEW AND FUNDING STATEMENT

The Committee considered a report which summarised the Community Infrastructure (CIL) regime, including the new statutory requirement for the Council (as the CIL charging authority) to publish an Infrastructure Funding Statement (IFS) by 31st December annually; the role of Parish and County Councils; and the process for identifying projects for CIL spending.

A proposed IFS was appended to the report, setting out:

- 'Section 106' funding obligations triggered throughout the District;
- 'Section 278' (Highways) agreements entered into with Surrey County Council; and
- Projects that have been / will be funded by CIL income.

Councillor Bourne, seconded by Councillor Botten, proposed the following additional resolution:

".. agree to the immediate formation of a 7 Member politically balanced group (2,2,2,1) tasked to determine a method of evaluating and rating future CIL requests, with the group advised by Officers to ensure adherence to the CIL regulations. The result to be brought back to this committee for formal agreement and implementation. This will be followed up with Member briefing sessions to inform all Members of the new process and how best to represent projects in their wards".

Councillor Cooper proposed the following amendment to Councillor Bourne's proposal:

"Without prejudice to the outcome of the CIL bid - Grange Meadow (item 19), agree to the immediate formation of a 7 Member politically balanced group ... [the remaining text as per the above]

... this was agreed.

Regarding the proposed IFS, Members questioned the absence of anticipated infrastructure projects not yet presented to the Committee, especially the scheme to improve Croydon Road, Caterham which was being led by the Caterham Business Improvement District (BID) group. As projects had to be included within an IFS to qualify for CIL, Members favoured the insertion of an additional list of projects to which CIL allocations were expected. Given the initial challenges associated with the Committee having to adopt a revised IFS (incorporating such a list) at a future meeting before the end of December, it was suggested that that the recommended IFS (within the agenda pack) be adopted forthwith to comply with the Regulations. However, the Committee wished to confirm its intention to adopt an updated iteration of the IFS at the earliest practicable opportunity thereafter, incorporating an 'additional list' as referred to above.

RESOLVED – that:

- A. notwithstanding the intention to produce a revised replacement Infrastructure Funding Statement (IFS) as soon as practicable during 2020/21, the IFS as attached at Appendix A to the report be agreed;
- B. Officers prepare a charging schedule for the monitoring of planning obligations to bring back to this Committee for consideration; and
- C. without prejudice to the outcome of the CIL bid, 'Grange Meadow' (item 19 on the agenda), a Member Working Group, politically balanced (2,2,2,1) be formed and tasked to determine a method of evaluating and rating future CIL requests, with the Group advised by Officers to ensure adherence to the CIL regulations – the result to be brought back to this Committee for formal agreement and implementation – this will be followed up with Member briefing sessions to inform all Members of the new process and how best to represent projects in their Wards.

Note: Councillor Pursehouse declared a non-pecuniary interest in this matter on the basis that he was the Chairman of the Blanchman's Farm Nature Reserve. He took part in the debate and voting as permitted by the Members' Code of Conduct.

198. CIL BID- GRANGE MEADOW

The Committee resolved to move into confidential session (in accordance with Section 100A (4) of the Local Government Act 1972 - paragraph 3 of Schedule 12A) to consider this matter.

A report was presented with a recommendation to award £250,000 from Community Infrastructure Levy funds for a project to improve access to the recreation ground at Grange Meadow, Bletchingley. The site in question was owned by the Council.

Arguments for and against the recommended award of CIL funds were put forward. While not disputing the need for the scheme, reservations about the proposal included a view that the works should be funded from the Council's capital programme (given that the Council owned the site) and that the scope for contributions from other relevant agencies had not yet been fully demonstrated.

Upon being put to the vote, the motion to adopt the recommendation was lost.

RESOLVED – that the CIL application be refused.

Notes:

- (i) In accordance with Standing Order 25(3), Councillor Pursehouse wished it recorded that he abstained from voting.
- (ii) Councillor Black declared a non-pecuniary interest in this matter on the basis that she was the Council's representative on the Bletchingley Sports Association. She took part in the debate as permitted by the Members' Code of Conduct.

199. FREEDOM LEISURE - VERBAL UPDATE

The Committee resolved to move into confidential session (in accordance with Section 100A (4) of the Local Government Act 1972 - paragraph 3 of Schedule 12A) to consider this matter.

The Interim Transformation Lead updated the Committee regarding the on-going impact of the pandemic upon Freedom Leisure's operations within the District and the progress of negotiations regarding Freedom's request for financial assistance following the Committee's meeting on the 8th October 2020.

Rising 11.04 pm

INVESTMENT SUB-COMMITTEE

Minutes of the virtual meeting of the Sub-Committee held on the 23rd October 2020 at 10.00 a.m.

PRESENT: Councillors Elias (Chair), Farr and Jones.

APOLOGIES FOR ABSENCE: Councillors Bourne and M.Cooper.

1. MINUTES

The minutes of the meeting held on the 21st May 2020 were approved as a correct record.

2. PRESENTATION FROM UBS MULTI-ASSET INCOME FUND MANAGERS

The Sub-Committee resolved to move into confidential session for this item in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The Council had invested £3 million in this fund which sought to generate an income of 'cash plus 3%'. It aimed to achieve a stable and sustainable yield without eroding capital. The Sub-Committee received a presentation from UBS representatives Rachel Perini (Executive Director) and Dimitris Skountzos (Client Service Manager). This covered UBS's approach to multi-asset investing with an assessment of the fund's performance to date. It was noted that the fund had limited foreign currency exposure to the extent of only 2%.

Arising from the presentation, Members requested clarification about on-going fund charges and mandate costs and the current value of the Council's investment to date. Rachel Perini undertook to provide this information after the meeting.

3. SUMMARY INVESTMENT AND BORROWING POSITION

The investment analysis at Appendices A and B was considered, together with fact sheets for the four funds within the Council's treasury investment portfolio. The current statement of investment beliefs was also included with the agenda papers.

The Sub-Committee had previously agreed that redemption proceeds from Funding Circle loans be withdrawn from Funding Circle and reallocated to the CCLA diversification fund, Schroders bond fund and UBS multi-asset fund. Members were advised that the Funding Circle redemption proceeds (which now amounted to £550,000) had not, in fact, been reinvested. The deputy Chief Finance Officer explained the reasons for this and sought the Sub-Committee's views about whether the proceeds should, instead, be retained as a possible contingency for assisting with the Council's cash flow requirements later in the current financial year. The Sub-Committee favoured this alternative approach, pending a review of the situation at the next meeting.

Arising from discussion about the loan to Freedom Leisure, it was confirmed that no repayments had been received since the third quarter of 2019/20.

Members also suggested that the statement of investment beliefs be reviewed at the Sub-Committee's next meeting.

RESOLVED – that

- A. the Council's investment and borrowing position at 30th September 2020, as set out at Appendices A and B, be noted;
- B. the individual factsheets for the long-term investments be noted;
- C. the current statement of investment beliefs be noted; and
- D. the reallocation of accumulated Funding Circle redemption proceeds be deferred, pending a review (at the Sub-Committee's next meeting) about whether they should be used to meet the Council's cashflow requirements.

4. PROPERTY INVESTMENT UPDATE

The Sub-Committee resolved to move into confidential session for this item in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The accompanying report updated Members on asset management activity and the performance of the Council's commercial property investments. This confirmed that the Quadrant House regeneration project (in Caterham Valley) was a key priority in view of the pressing deadline for spending the funding made available by the Local Enterprise Partnership. Officers provided further information about the work to progress the Quadrant House initiative and offered to submit a progress report via the Delegated Action List in the near future.

It was noted that property B (referred to in recommendation C of the minutes of the previous meeting under item 5) was no longer available as it had been acquired by another investor at a price and subject to conditions, both similar to the ones previously agreed by the Sub-Committee. It was further noted that not proceeding with the acquisition of property B had left a gap of approximately £200,000 per annum (net after borrowing costs) in the commercial income budget.

The merits of reducing the capital programme, given the current shortage of suitable commercial property acquisitions, were discussed. The total provision of £200 million for property investments to March 2021 would be significantly underspent and it was suggested that the budget be decreased to reflect actual activity, with future investment opportunities being considered on a case by case basis.

RESOLVED – that

- A. the Council's property investment activity be noted;
- B. for capital budget for the development of a commercial property investment portfolio be reduced and future suitable investments be considered on a case by case basis; and
- C. a progress report regarding Quadrant House be submitted in the near future as part of the Delegated Action List

5. DATE OF NEXT MEETING

It was agreed that the next meeting be held on Friday, 15th January 2021 at 10.00 a.m.

Rising: 12.05 p.m.

Investment	Investment Amount at 30/09/2020	Net Asset Value at 30/09/2020 Note 1	Yield Rate Note 2	Yield to 30/09/20 Note 3	Estimated Annual Return 2020/21 at 31/03/2021	2019/20 Actual
	£	£	%	£	£	£
Non - Specified (Financial Investments)- Long Term (over 12 mths)						
CCLA Property Fund	4,000,000	4,013,737	4.26	40,761	171,000	185,240
Schroders Bond Fund	3,000,000	2,798,400	4.50	33,903	125,900	124,418
UBS Multi Asset Fund	3,000,000	2,721,211	4.40	36,832	119,700	137,531
Funding Circle	1,261,826	1,415,581	3.30	19,476	40,000	78,011
CCLA Diversification Fund	2,000,000	1,928,260	3.46	35,972	66,700	66,284
Sub Total Non-specified (Financial Investments)	13,261,826	12,877,189		166,944	523,300	591,484
Non - Specified (Non-Financial Investments)- Long Term (over 12 mths)						
Gryllus Property Company Loan - Maidstone	2,394,000	2,394,000	5.81	0	139,100	139,023
Tandridge Leisure Ltd- Refurbishment Loan (TTLC)	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	945,000	945,000	5.81	0	54,900	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	5,317,500	5,317,500	-	-	-	0
Sub Total Non-specified (Non-Financial Investments)	21,989,249	21,989,249		0	1,005,821	334,651
Total Non-Specified Investments	35,251,075	34,866,438		166,944	1,529,121	926,135
Specified Investments-Short Term (less than 12 mths)						
Banks/Building Societies Deposits	0	-	0.00	0	0	6,381
Notice Accounts	4,000,000	4,040,001	0.09	3,940	12,400	20,919
Money Market Funds	10,720,000	10,720,000	0.03	9,883	20,000	75,255
Total Specified Investments	14,720,000	14,760,001		13,823	32,400	102,555
Total Non- Specified and Specified Investments	49,971,075	49,626,439		180,767	1,561,521	1,028,690
Total Investment Income Budget 2020/21					2,764,200	
Over/(under) budget					(1,202,679)	

Borrowing	Loan Amount	Estimated Average Borrowing	Interest	Expenditure to 30/09/20	Estimated Annual Cost 2020/21 at 31/03/2021
	£	£	%	£	£
General Fund Borrowing					
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	27,256	54,500
Village Health Club	938,678	938,678	2.38	11,170	22,300
Linden House	4,175,000	4,175,000	2.69	56,154	112,300
Linden House	254,000	254,000	2.42	3,073	6,100
Quadrant House	15,340,000	15,340,000	2.41	184,847	369,700
Quadrant House	800,000	800,000	2.28	9,120	18,200
Gryllus - 80-84 Station Road	724,400	724,400	2.28	8,258	16,500
Gryllus - Castlefield	15,549,000	15,549,000	2.91	226,238	452,500
Sub Total General Fund Borrowing	43,426,078	43,426,078		568,182	1,136,200
General Fund Cost of Borrowing Budget					1,889,000
Over/(Under) Budget					(752,800)
HRA Borrowing					
Public Works Loan Board	61,189,000	61,189,000	2.76	831,153	1,662,300
Sub Total HRA Borrowing	61,189,000	61,189,000		831,153	1,662,300
HRA Cost of Borrowing Budget					1,926,500
Over/(Under) Budget					(264,200)
Total Borrowing	104,615,078	104,615,078		1,399,335	2,798,500
Total Cost of Borrowing Budget					3,815,500
Total Over/(Under) Budget					(1,017,000)

Notes

1. The Net Asset Value for Funding Circle is at 31 Aug 2020

2. Yield Rate

CCLA Property Fund dividend yield Sept 20 provisional provided by CCLA 4.26%
Schroders Strategic Credit Fund Fact sheet on Schroders.co.uk current yield as at 31 Aug 2020 4.5%
UBS distribution yield latest per UBS Fact Sheet (Q2 20) 4.4 %
CCLA Diversified Fund dividend yield Sept 20 - 3.46% provided by CCLA
Funding Circle yield based on net earnings to 31 Aug 2020 per Funding Circle statement

3. Yield to 30/09/20 include actuals received or notified of at this date - CCLA Property Fund, UBS & Schroders only show 1 quarter, Diversified income Fund shows 2 quarters.

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

0

Market Value of Long Term Investments at 30/09/2020

Appendix B

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
	£	£	£	£	£	£	£	£	£	£	£
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
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
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
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
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

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
	£	£	£	£	£	£	£	£	£	£	£
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
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
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
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
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

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
	£	£	£	£	£	£	£	£	£	£	£
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
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)
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)
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)
Total	65,254	29,108	75,341	87,665	(114,644)	(8,219)	206,179	153,396	269,826	(947,093)	(538,392)

Appendix B

Gross Revenue Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	£	%	£	%	£	%	£	%
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.31%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.33%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	4.70%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.23%
Total	392,375		508,691		488,040		513,473	

FY Forecast at 30-Sept-20	
Yield 20-21	Yield 20-21
30.09.2020	30.09.2020
£	%
171,000	4.26%
125,900	4.50%
119,700	4.40%
66,700	3.46%
483,300	

Surplus/(Deficit)- Capital Value	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/
	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	£	%	£	%	£	%	£	%
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.04%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-11.32%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-11.88%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-8.68%
Total	(39,803)		(36,146)		(37,327)		(938,874)	

FY Forecast at 30-Sept-20	
Surplus/	Surplus/
(Deficit)	(Deficit)
2020/21	2020/21
£	%
(289,032)	-6.72%
(75,184)	-2.62%
(206,412)	-7.05%
(121,160)	-5.91%
(691,788)	

Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	£	%	£	%	£	%	£	%
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%
Schroders Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%
Total	352,572		472,545		450,713		(425,401)	

FY Forecast at 30-Sept-20	
Net Yield	Net Yield
2020/21	2020/21
£	%
(118,032)	-2.74%
50,716	1.73%
(86,712)	-2.93%
(54,460)	-2.63%
(208,488)	

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
	£	%	£	%	£	%	£	%
Carrying Value	2,003,355		2,075,341		2,056,664		1,831,028	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170	
Less FC Service fee	(19,121)		(19,668)		(19,729)		-19,611	
Promotions/Transfer payment							470	
Bad Debts	(58,163)		(61,288)		(111,152)		-127,649	
Recoveries	8,219		14,780		27,428		30,253	
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%*
Provisions for future losses	0		0		(10,000)			

31/08/2020 Actual	
£	%
1,415,581	
58,059	
(5,741)	
0	
(44,442)	
11,599	
19,476	1.38%

CHIEF OFFICER SUB-COMMITTEE

Minutes of the virtual meeting of the Sub-Committee held on the 13th November 2020 at 2.00 p.m.

PRESENT:

Sub-Committee Members:

Councillors Blackwell, Botten, Elias, Milton and Sayer.

Officers:

Lidia Harrison (Head of Legal Services and Monitoring Officer)

Vince Sharp (Case Officer – Support Services)

1. ELECTION OF CHAIR

Councillors Elias and Sayer were nominated (by Councillors Milton and Botten respectively)

Upon being put to a vote, Councillor Sayer was elected Chair.

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

2. RECRUITMENT OF A PERMANENT CHIEF EXECUTIVE

It was resolved that this matter be dealt with in 'Part 2' as it disclosed exempt information as defined in paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (*information relating to an individual*).

The former Acting Chief Executive, Elaine Jackson, had left the Council on 23rd October 2020 on terms agreed by the Sub-Committee at its meeting on 22nd October 2020. At that that meeting, the Sub-Committee had also agreed that, "*the role of the Head of Paid Service be delegated to the Executive Head of Corporate Resources [Jackie King] from 26th October 2020 until an interim or permanent member of staff is engaged into the Chief Executive post*" and that [Jackie King] be asked to:

- (i) *commence work with the LGA to broker conversations with other local authorities with a view to providing interim cover on a shared service arrangement until a permanent replacement can be recruited and that any such proposals are brought back to the Sub-Committee for a decision as to whether or not to pursue further interviews with interims;*
- (ii) *collate and shortlist a selection of suitable candidates for both the interim and permanent appointments through the LGA, PENNA and SOLACE;*
- (iii) *prepare a recruitment framework for the interim appointment, including timeline and a set of interview questions (the LGA had offered to provide a technical assessor to sit on the panel to assist Sub-Committee members at no cost to the Council); and*
- (iv) *ensure full costings are prepared for each option.*

It had since transpired that an interim appointment would be cost prohibitive. The Sub-Committee considered a report which recommended that Jackie King should remain as the Acting Chief Executive for a period of up to six months, pending the recruitment of a permanent Chief Executive. This period would be reduced if a permanent appointment could be made before the local elections in May 2021. The report also recommended that the Executive Head of Corporate Resources post be backfilled during the transition period.

The report advised that the Chief Finance Officer supported both proposals on the basis that they would be cost neutral within the current 2020/21 budget.

The Chair proposed an additional motion to clarify the Sub-Committee's role in the process for shortlisting applications for the Chief Executive post. This was agreed (resolution D below refers).

RESOLVED – that

- A. the option to recruit an interim Chief Executive be no longer pursued;
- B. for a period of up to 6 months, pending the appointment of a permanent Chief Executive, Jackie King remain in the post of Acting Chief Executive;
- C. the Executive Head of Corporate Resources post be backfilled during the transition period; and
- D. the Sub-Committee re-convene to consider all applications:
 - (i) forwarded by the recruitment agency (on the basis that they meet the basic selection criteria); and
 - (ii) via other channels... for shortlisting.

The meeting ended at 2.10 p.m.

2021/22 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS) TO 2023/24

Strategy & Resources Committee – 16th December 2020

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

Purpose: To Approve the Draft Budget Report

Publication status: Unrestricted

Wards affected: None

Executive Summary:

The Draft Budget for 2021/22 and the Medium-Term Financial Strategy (MTFS) to 2023/24 is brought to this Committee to inform Members of the current budget position. The final version of the budget for 2021/22 and MTFS to 2023/24 will be approved by Council on 11th February 2021. Details of the current budget gap and budget pressures and savings proposals are identified in this report.

The report will discuss the national and local context of the budget setting process, organisational and departmental strategies aligned to the financial strategy and give details of the Finance Improvement Programme, budget assumptions and principles.

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

Contact officer: Anna D’Alessandro – Chief Finance Officer (Section 151)

adalessandro@tandridge.gov.uk

Recommendation to Committee:

That Members approve the Draft Budget for 2021/22 and Medium-Term Financial Strategy to 2023/24.

Reason for recommendation:

This report will be reviewed by the Committee, which provides information on the 2021/22 budget process and MTFS to 2023/24. The Council is legally obliged duty to set a balanced budget for 2021/22 which includes details of the proposed savings and pressures.

Introduction and Background

1. The 2021/22 Draft Budget Report and MTFS to 2023/24 updates on progress to the Strategy & Resource Committee to deliver a balanced budget for 2021/22, which it is statutorily obliged to deliver and to outline plans for a more resilient medium-term.
2. The COVID-19 pandemic has created and will continue to create significant uncertainty into the following financial year, and possibly into the medium-term. The Council has been integral in the response to support residents and will continue to do, as long as it is required. This is not however without its risks and financial challenges. At the time of writing, the impact of the second lockdown on the Council services is still being worked through however, every effort is being made to exemplify the financial implications.
3. During the current financial year, particularly since Quarter 2, the Council has made good progress in improving the control of its costs especially the salaries budget. This is essential given this comprises the vast proportion of the budget. The new interim Chief Finance Officer (CFO – s151), in post c5 months to date has been involved in conversations with the Ministry for Housing, Communities and Local Government (MHCLG) regarding our financial affairs. These conversations commenced earlier in the financial year with the previous Acting Chief Executive. The CFO had a further conversation with MHCLG at the end of October at which point the Council was removed from the Ministry’s “watch list” due to the significant improvements in controlling costs to bring down the overspend in a short period of time. They also noted the significant progress that had been undertaken on the 2021/22 budget to reduce the Council’s gap. This has been very positive news for the Council as it was considered very likely some months ago that the Council could be within the realms of issuing a s114 (stop spend) notice. It is unlikely that this is now the case, however this is predicated on the basis that the Council can continue to work at pace to close the budget gap for 2021/22.
4. As in previous years, the next financial year is no exception, we will continue to see financial uncertainty in local government funding with the advent of Brexit and challenges that the pandemic continues to bring. The Spending Review (one year as opposed to multi-year as previously anticipated) was released on 25th November, with the Provisional Settlement due in mid-December and a Final Settlement in January 2021. We will be focussing on identifying, managing and monitoring risks with the view of being prepared for all economic externalities.
5. Government reductions in revenue funding and the long-term impacts of a changeable economy in a climate of austerity continue to create pressure on Council finances and are likely to do so the for the foreseeable future. The Council’s budget strategy has been, as far as practicable to make operational and efficiency savings to minimise the need for service reductions to residents of the Council.

6. No organisation operates in a vacuum, all the economic uncertainties at a UK level have the potential to affect key assumptions in our financial planning. These include future funding levels, pay, inflation, interest rates and unemployment rates, which may affect demand for services.
7. Over the past two to three years, the Council's financial position has been very precarious, exacerbated in 2020/21 by the pandemic. The Council has suffered from a low level of Reserves which haven't allowed it the spending flexibilities it would have liked.
8. A key cornerstone of the MTFS is to generate financial resilience and sustainability by building General Fund Reserves and a Contingency year-on-year over the medium-term. The MTFS aims to significantly improve the financial health of the Council, whilst delivering our priorities in the corporate and service plans for the Council.
9. Although the budget process commenced later than would have been ideal, good progress has been made over the last three months culminating in a current budget gap of c£0.2m in 2021/22 however, it is with confidence that this can be bridged over the coming weeks. The Council is working very hard to determine additional actions to close the gap and set a balanced budget when the Final Budget is presented to Strategy & Resources Committee and then Full Council in February 2021, for final approval.
10. By having a robust financial strategy and putting in place the measures set out in this report, the CFO/s151 is satisfied that a s114 report is not necessary at this time. This will be kept under constant review over the coming weeks. CIPFA's guidance to CFO's has been modified to allow Councils under budgetary pressure due to COVID-19 the time and space to explore alternatives to freezing spending via a Section 114 notice.

Organisational Strategy 2020/21 – 2023/24

11. The Council has experienced a period of significant change and is making progress in addressing a number of important areas for improvement, including tackling significant financial challenges. The implementation of action plans is integral to the way in which we support our local communities and economy as we move from our response to the COVID-19 crisis to the recovery phase and beyond.
12. The Council's [Strategic Plan 2020/2021 - 2023/2024](#) reflects both the need to complete vital improvement work, and to respond to the District's local characteristics, the needs of our residents and businesses, and the wider context – both regional and national – in which we are operating.
13. The priorities identified in the strategic plan are:
 1. **Building a better Council** – making the Council financially sustainable and providing residents with the best possible services;
 2. **Creating the homes, infrastructure and environment we need** – both now and in the future;

3. **Supporting economic recovery in Tandridge** – from lockdown to growth that everyone benefits from; and
 4. **Becoming a greener, more sustainable District** – tackling climate change.
14. We will achieve these priorities by working in partnership with other public-sector agencies and businesses within the District and beyond through adopting the principles of Local Government reform in exploring with other Local Authorities shared arrangements where practical and cost effective. As we implement our Financial Recovery Plan (largely delivered through the MTFs supported by the Finance Improvement Programme), we will identify further actions to achieve the plan's priority outcomes which are identified in the strategy.
 15. The Council also adopted an Improvement Plan which sets out key actions to enable the Council to both stabilise its finances, its governance and also make necessary improvements to services.
 16. The Financial Recovery Plan was a key feature of the Improvement Plan and is covered in greater detail in this report. Other key actions include:
 - **Improvements in Risk Management & Performance Monitoring and Reporting** which is being embedded at a Service, Committee and Corporate level;
 - **Improvements to Organisational Governance**, including member and officer training. The modern.gov system is one example of the improvements but there have also been new initiatives such as regular member briefings and the introduction of new protocols;
 - **A new Internal Audit Programme**, led by the Executive Leadership Team and monitored through the Audit and Scrutiny Committee, Internal Audit now have a direct reporting line to the CFO;
 - **Staffing and People Plan** – some changes to the officer structure are in train which will result in improved working. New policies have been put into place such as homeworking and other policies are being revised. A staff skills audit is also under way to ascertain training needs and a new People Plan is now in draft;
 - **ICT and Digital Strategy** – The first priority has been to establish reliance on the Council's IT systems. Work is now underway to create a governance framework within the organisation, to update and establish disaster recovery arrangements and to introduce a standard project management methodology across the organisation;
 - **Improvements to Planning Service** – this has involved stabilising the staffing structure and creating improvements to service delivery (for example a pre-application service). Performance has improved with all national performance indicators being met; and

- **Data Protection** – a data protection officer has been appointed and training on GDPR has taken place for all staff.
17. Progress on these actions was reported to this Committee at the last meeting and further reports on this and the strategic plan progress will be made in early 2021. A report on progress with improvements to governance will be made to Audit and Scrutiny Committee in January 2021.

COVID-19 Response for 2020/21 and into 2021/22

18. As a result of the pandemic, new areas of expenditure were required, together with fundamental changes to the Council's main sources of funding. The Council's priorities were redefined by the crisis and the delivery of some proposed investments and savings were paused.
19. The government has pledged to cover the cost of dealing with the pandemic. However, if it fails to fulfil its promise, then we will be in a difficult financial position in future years and as a result will have to make complex choices about its services. The Finance team is doing all it can to ensure it receives its fair share of funding which will help to continue to protect the essential services needed to support residents. To date, the Council has received c£1.2m of Central Government funding to cover the costs and income losses relating to COVID-19 in 2020/21 however, this falls short by c£1m in terms of financial impact.
20. As a Council we are very used to dealing with emergencies, but unlike other emergencies COVID-19 does not have a clear start and finish.
21. Our staff have responded very well to the situation and have changed how they work, where they work and often what they do, to enable the delivery of key services and to help protect and support our vulnerable people. The last nine months have been one of continuous learning and improvement, finding and refining new ways of working.
22. We recently published [Our Covid response](#) report to capture the main work that has taken place since the start of the pandemic, although it is impossible to capture everything, as the pace of implementation has been so rapid. It covers how we mobilised ourselves to respond, the key issues, impact on our services, financial, health and economic impact, how we have been communicating our new ways of working.
23. It also aims to recognise the close working and collaboration that has taken place with our partners from all agencies and sectors, without which we could not have achieved so much.
24. Below are some of the key areas of our response so far from the above report:



25. The Council is still forecasting to incur a deficit on its COVID-19 related expenditure and income loss and is looking forward to further support from Central Government, some of which has been touted in the Spending Review.

Finance Improvement Programme (FIP)

26. The Council has faced significant financial difficulties over the last two to three years, leaving it in a position of a considerable overspend in the first quarter of the current financial year, coupled with precariously low General Fund Reserves.
27. The interim CFO, in post since July 2020, was recruited to help support the Finance function and hence the Council get back on a solid and sustainable basis. As a result, the CFO introduced the FIP. The key elements of the programme are listed below:
- **Business Partnering Model.** The Finance team, has over the last few months, been working as a business partnering team, directly aligned to a Service to provide guidance and advice on financials. The Services have already started to see the benefits of working in this way;
 - **Getting the “basics right” in Finance.** We have produced a Budget Monitoring and Budget and MTFS preparation timetable. We are reporting to Members and the Executive Leadership Team (ELT) on a monthly basis whether or not there is a Committee meeting to which to report. We have also progressed rapidly into the Budget and MTFS setting process, with Member workshops having taken place in October, Scrutiny in November at Audit & Scrutiny Committee and a 2021/22 Draft Budget and MTFS to 2023/24

presented to Strategy & Resources in December. We have initiated a Risk and Opportunity Tracker and COVID Tracker from Month 7 (October) as part of our ongoing improvements to monthly reporting;

- **Redesigned monthly Financial Reports to Members.** Monthly finance reports to Members have been completely redesigned in terms of format and content to ensure they are understandable, transparent and accurate. The process commenced at Month 5 and continues to include further enhancements;
 - **Baseline of 2020/21 finances for Revenue and Capital.** Revenue and Capital baselines (i.e. line-by-line review) have been completed and information fed through into monthly reports. There is some work continuing on the Capital spend profile for 2020/21;
 - **Budget Management Accountability.** This places the accountability for the delivery and management of budgets with the relevant ELT Member and Committee. This has been enhanced through the creation of Departmental Leadership Teams (DLTs) to review finances on a monthly basis;
 - **Local Government Association commissioned to undertake a review of project capitalisation and Cash.** Work has now been completed and capitalisation of salaries has been largely been incorporated into monthly reporting. A detailed review of the cashflow model and assumptions has also been undertaken;
 - **Review of all Procurement activities (contract and off-contract spend) to identify areas of improvement.** An Improvement Plan has been developed with some savings attributable to the current year and beyond;
 - **Continuing a hard-line and grip on salary budgets and processes.** We continue to ensure we have a firm grip on salaries, this is essential given the relative size of this budget to that of the overall budget for the Council; and
 - **Grip on internal controls through a renewed focus on Internal Audit** – process has changed considerably. Internal Audit now has a direct reporting line to the CFO who will ensure all reports with limited or no assurance are presented to Audit & Scrutiny and management issues identified and addressed.
28. After the budget is completed the next piece of work will commence to review the Council's: Commercial Strategy, Financial Regulations, approvals levels and processes.

Committee/Departmental Strategies

29. **Strategy & Resource Committee** comprises of the following services:
Community Infrastructure Levy (CIL)/Land Charges – CIL is a levy that Local Authorities can choose to charge on new developments in their area. The money should be used to support development priorities by funding infrastructure that the council, local community and neighbourhoods want. The Council via the Strategy & Resources Committee agrees a strategic funding statement establishing how money is collected and also considers proposals to fund worked up projects. CIL is money that can only be spent on infrastructure and many projects are funded or delivered jointly with other agencies including for example the County Council. On a day-to-day basis the management of the CIL process is the responsibility of the Chief Planning Officer.
30. Council Tax - Council Tax is a tax on domestic properties collected by the Council and is used to pay for local services such as recycling and refuse collections, schools, roads and street lighting. For the year 2020/21 approximately £79m is payable and although we collect Council Tax we keep only 12% with the remainder to Surrey County Council, Surrey Police and Parish Councils.
31. Non-Domestic Rates - Non-Domestic Rates, or Business Rates, collected by the Council are the way those who occupy non-domestic property contribute towards the cost of local services. For 2020/21 the Council would normally have sought to have collected approximately £21m in Business Rates, however, due to the Government announcing additional reliefs due to the COVID-19 pandemic, the Authority currently has approximately £3m to collect. This year the Business Rates team is administering the distribution of approximately £23m of Central Government grants to local businesses.
32. Asset Management - The Council's Asset Management strategy is to maximise income from the council's non-residential property assets. Operational assets include the Council Offices and the Warren Lane Council depot. Future occupation patterns for offices are being explored following the impact of COVID-19. The strategy also programmes continued improvement in the condition and statutory compliance of all Council assets.
33. The Council has a small property investment portfolio which is balanced between properties acquired for regeneration advantages and protection of commercial accommodation. Investment properties have been acquired through the wholly owned property investment company Gryllus Property Ltd. Current market uncertainty has led to a slowdown of activity in property acquisitions.

34. One property acquired for preservation of commercial space and regeneration potential in Caterham town centre, Quadrant House is currently a catalyst for improvement in Caterham and has been awarded two Local Enterprise Partnership grants. The initial stage of this has seen the opening of a new business hub which seeks to encourage innovation and small business development.
35. Finance - The ongoing financial resilience of the Council is of utmost priority to ensure that we can continue to deliver essential services to the residents of Tandridge. In that light the CFO has created a Finance Improvement Programme (FIP). The Finance function undertakes a mixture of value-added functions through the recently constituted Business Partner model and transactional activity which is necessary to keep the finances under control. The capacity within the team is very constrained due to implementation of the Customer First model some two years ago, as such we are exploring ways of creating resilience within the team. We have endeavoured to take a stronger grip on our internal controls through regular dialogue with Internal Audit and reporting on the progress of internal audits to the Audit & Scrutiny Committee. Internal Audit now have a direct reporting line to the CFO. The FIP is discussed above in **Section 4** of this report.
36. Legal Services - Comprehensive Legal Services are provided across all of the Council's business groups. Broadly, three main functions can be identified which cover the scope of the services provided:
1. **Proactive Legal Services** - advising Councillors, individually if necessary and in Committee, on the legality of actions and decisions taken by the Council, monitoring actions and decisions taken by Officers and protecting the interests of the Council;
 2. **Client-focused Legal Services** - covering the majority of the Department's work, largely for 'client' departments within the Council, in areas such as:
 - Defending decisions taken by clients when they are challenged. e.g. planning and licensing appeals, dealing with complaints to the ombudsman, judicial reviews;
 - Initiating legal proceedings where it is necessary, or desirable to do so. e.g. prosecutions in relation to nuisance, food safety, health and safety and taking debt recovery actions;
 - Carrying out other legal work, e.g. on property transactions and relating to contracts; and
 - Provision of general advice, dealing with Councillor queries and regular presence at Committees to provide, if needed legal advice.
 3. **The role of the Monitoring Officer** - The Department supports the Chief Executive in the performance of the statutory role of Monitoring Officer, and the Head of Legal undertakes investigations and negotiations on allegations of maladministration or injustice which may be raised, including all dealings with the Local Government Ombudsman.

Legal Services is in many ways in a distinctive position in the Council in terms of advising all Departments. At one end of the scale is the day-to-day case work (such as prosecutions); at the other is the advice at the strategic level concerning the Council's overall powers and responsibilities, together with tactical advice on introducing and implementing policy.

There are a number of efficiencies by having an in-house legal team. Further work does need to be done to ensure that there are reductions in spend on external legal advice. The Head of Legal has had separate 'speculative' approaches from firms of solicitors who are interested in developing cost-saving arrangements on matters where there is no in-house expertise. The Head of Legal intends to explore these and other options at the earliest.

37. Community Services Committee

The Community Services Committee is the Council's largest Committee in terms of spend and is responsible for the Council's policies in respect of Leisure, Community grants, Environmental Health, Licensing, Waste and Amenity Management.

38. In 2019/20 a procurement process for the Recycling and Refuse Collection contract was progressed. This is close to conclusion with a new contract set to be in place to commence 1st April 2021. This contract proposes to improve efficiencies, provide new vehicles to deliver the service and improve recycling, carbon and particulate emissions rates.
39. As part of the new contract, options for greater involvement in the administration of the Green Waste collections are being developed. This will see a transfer of the ownership of the service with increased control and income for the Council. There is potential to expand the service further in the future.
40. The administration of Bulky Waste is also being remodelled to improve efficiency with the addition of an on-line booking system while those unable to access the internet will still be able to contact through Customer Services. It is anticipated that there will be a greater take up for the service. All proposals aim for better rates of recycling and more efficient disposal of materials.
41. A priority for the Council's Operational Services team is street cleaning and graffiti. They ensure the towns and village centres are swept and ensure public safety is at the fore. A consideration of their working models is to be progressed in 2021/22 to ensure fair rotas over the service which operates over six days. The Communities Executive work across teams to clear fly tipping and vigorously pursue prosecutions.
42. Operational Services are responsible for both On and Off-Street Parking and Parking Enforcement. New Contract arrangements were put in place in 2020 which are to be re tendered for 2021/22. The improvement in efficiency of enforcement has led to a greater availability of spaces and improved safety especially for pedestrians.

43. The Council maintains the District's Parks and many open spaces, keeping them open and accessible for public enjoyment. Services include grass cutting, hedge trimming, ditch clearance, landscaping works, tree surgery, footpath and car park maintenance. Work is evolving to look at improving biodiversity and to increase the benefits which can be offered by park pavilions and facilities.
44. An Open Space Strategy is being developed in consultation with residents, Parishes and other local interested parties to consider the use of the Council's parks and open spaces with a view to ensuring that the strategy captures and considers all the local community's and stakeholder requirements. This strategy will pull together options for our assets and how best to manage and improve them over the next five years.
45. Community Services are also responsible for the Council's cemetery and handle all requirements of 'John Doe's' and the National Assistance Act in a sensitive and thorough manner. Work will be progressed regarding the Garden of Remembrance works over the next year. More burial plots are planned for earlier release to allow families to consider and organise their wishes.
46. The Council has a shared Environmental Health and Licensing service with Mole Valley District Council which commenced in 2017. Working together has seen advantages and shared efficiencies through access to specialist knowledge. The team monitors Food Safety and Health & Safety at Work, licensing and residential premises to prevent public nuisance, maintain standards of public safety provides great benefits. The team has risen to the extreme challenges seen this year through the COVID-19 pandemic and has supported the wellbeing of the community by ensuring compliance with government guidelines.
47. **Housing Committee**

The Housing Committee is responsible for formulating and reviewing the Council's policies for the management including repair, maintenance, improvements, sale, acquisition, allocation and control of all the Council's housing stock. In addition, the Housing Committee has the vital role of looking at the private sector housing conditions including standards of condition and the provision of a housing advisory service.
48. A review of the Council's income from the housing stock (HRA) is to be completed through 2021/22. Resource issues have delayed this work previously. This will lead to a review of the Council's garage stock and a full review of the condition of the housing portfolio. Mindful of increasing regulation over environmental concerns, work is commencing to ensure costings for future efficiencies and moves towards a future carbon zero position.
49. Ongoing resilience of the Council's Housing Service is vital to be able to support our ongoing programme to provide a direct supply of new Council owned homes. In 2019/20, 43 new homes were started and 40 were scheduled to complete although the effects of COVID-19 has seen these completions slip to 2021/22.

50. The need for affordable homes grows in the District. The Council seeks to develop and extend the programme of Council house building in the next year alongside working with Housing Associations to improve the flow of supply. 'Buy backs' of Council properties are also progressing.
51. The Housing team carries out extensive support work for all residents of Tandridge not just Council tenants. Housing Needs are assessed, the Council's Homelessness strategy is being progressed, Disabled Facilities Grants are administered, and a handyman service. Administration of Housing Benefit is brought to the Housing Committee. Much of the work is governed and dictated by Legislation with considerable statutory returns throughout the year.
52. Capacity within the team has been affected by the implementation of the Customer First model and areas of expertise have been lost. Despite these, there have been efficiency benefits seen through the close working of revenue and benefits teams with Housing Needs and Tenancy Management. This work will be closely looked at over the next year to improve debt management. There have also been resource issues affecting the housing development programme. All teams have worked well to look at new models of working to ensure that the full range of activities are covered.
53. **Planning Policy Committee**

The Planning function is a key service in Tandridge. In 2019 the Service was in need of improvement due to a number of issues including the loss of a number of qualified staff.
54. As part of the Council's Improvement Plan, work has focused on the improvement of the service. A new Chief Planning Officer was appointed in March 2020 and the staffing position has been stabilised with all key roles now filled by permanent staff. The reliance on agency workers has diminished and a new staffing model is being produced which will be a "mixed economy" approach consisting of a core of permanent staff supplemented by bank staff who will be used during peaks in workload and paid on a fee basis. Therefore, it has been possible to both reduce the agency budget and utilise vacant positions to enable this refreshed approach.
55. There has been a significant improvement in service delivery, and national performance targets are being met. Furthermore, a pre-application service has been reintroduced.
56. Progress on the Local Plan has been delayed by COVID-19 and the response from the Planning Inspector is not expected until early 2021. Work continues on both enabling the Inspector to form his conclusions on the Plan as well as associated policies and strategies. The budget for the use of consultants and external legal advice will be reduced as it is now unlikely that the further consultancy work anticipated in previous years will be required and we will make greater use of internal legal resources.

57. Presently it is not known when work on the Garden Community will need to commence as this is entirely dependent upon the Inspectors pronouncements.

Financial Strategy and Draft Budget 2021/22

58. This section outlines our approach to setting the budget and MTFS adopting strategies to make our future finances as resilient as possible in the medium-term. Having this resilience affords the Council opportunities to be more enterprising in the way it meets the needs of our residents. We have taken a bottom-up approach to building our budget and MTFS model, in an attempt to build a budget in line with best practice characteristics. Over the coming months we will look for opportunities to develop the budget along the lines of "Hallmarks of a Good Budget" and continue to work on our budget setting principles.
59. We have this year ensured that we have a well scrutinised process, taking all elements of the budget to Audit & Scrutiny in late November and have concurrently worked on a Capital Programme for the next three years which is integrated into the Revenue budget.
60. Despite commencing the process late, we have made good progress over the last three months. We need to ensure that momentum is maintained to set a balanced budget in 2021/22. We commenced with an initial Corporate gap/funding shortfall of c£2.5m in September, that was added to by £0.6m due to Service pressures. Workshops with both ELT and Members have seen the gap reduce to c£0.2m through opportunities in the Spending Review, and savings identified by Services. We are confident the gap can be closed and a balanced budget set for 2021/22. More detail on all pressures and savings by Service/Committee can be found in **Appendix A.**

Budget Principles

61. The principles are:
- A balanced revenue budget with no planned use, rather build of General Fund Reserves;
 - Creation of a contingency to provide further medium-term financial resilience;
 - Regular review of Reserves to ensure appropriate coverage for emerging risks;
 - Budget envelopes set for each Service to deliver services within available resources;
 - Evidence based savings plans which are owned, tracked, monitored and reported monthly; and

- Managers accountable for their budgets.
62. The principles more specifically relating to setting sustainable medium-term budgets are:
- Developing three-year plans, integrated capital investment across the Council;
 - Continuing to adopt a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Departmental budget envelopes;
 - Envelopes validated annually based on realistic assumptions;
 - Evidence bases used to underpin all savings proposals;
 - Assurance that all savings, pressures and growth are managed within budget envelopes to deliver accountability for implementation;
 - Pay and contract inflation allocated to Service budgets to be managed within budget envelopes; and
 - A corporate contingency held centrally.

General Fund - Revenue Budget Headlines

63. As a starting point for developing the budget, an initial costing of potential budget pressures identified provisional funding shortfall/gap for 2021/22 of c£2.5m. Over the last three months since the inception of the budget setting process, the provisional gap has been reviewed as a result of the recent Statutory returns, economic forecasts and Spending Review implications. The revised corporate gap is £2.2m. Service budget pressures have added £0.8m to this gap.
64. Draft Funding and Cost Pressures (c£3m) are categorised as follows:
- **£0.1m - Funding deterioration.** This is due to erosion of the tax base of £0.3m offset by £0.1m in Band D charge increases and £0.1m funding for extra costs due to COVID-19;
 - **£0.3m – Inflationary impacts** to cover increasing prices (both contract and pay);
 - **£0.9m - Unavoidable Service costs** reflecting current organisation policies (changing the commercial investment policy and capital strategy), and unavoidable legislative changes such as reduction in New Homes Bonus grant;
 - **£0.3m - COVID-19** impact due to investment income and funding deterioration as a result of the contraction of the economy. This does not assume any 'lockdowns' during the new financial year;
 - **£0.6m – Financial sustainability measures** (building of General Fund Reserves £0.5m and Contingency £0.1m); and

- **£0.8m - Service pressures** (£0.3m – due to benefits and community alarm, £0.4m investment income voids, £0.1m service land charges and applying social distance and forbearance costs)
65. To date, savings of £2.8m have been identified. Together, these result in a gap to be closed for 2021/22 of c£0.2m as shown in **Table 1** below. Further information on the position for each Department is set out in **Appendix A**.

Table 1: Summary Draft Budget Position for 2021/22

	Roll-over budget £k	Pressures £k	Savings £k	Committee total £k	Committee gap £k
Planning	1,338	162	(439)	1,061	(42)
Community Services	6,351	293	(1,437)	5,207	(25)
Housing	459	182	(171)	470	92
Strategy & Resources	2,412	2,203	(717)	3,898	164
Policy Committees	10,560	2,840	(2,764)	10,635	189
Projected funding	(10,560)	114		(10,446)	
Net Gap	(0)	2,953	(2,764)	189	

66. Uncertainty still surrounds our funding position, the likely impact of COVID-19 and the extent to which Government measures will reduce the burden on the Council. There is every reason to be confident that a balanced budget will be achieved by the time the final budget is approved by Council in February 2021. This will be confirmed through the provisional settlement in mid-December.
67. Over the coming weeks, through to the Final Budget being presented to Strategy & Resources Committee and Council in February 2021, we will be refining all of our corporate planning assumptions which will impact the current gap.

National and Local Funding Context and the impact of COVID-19

National Context

68. On 11th March 2020, the Chancellor of the Exchequer, the Right Honourable Rishi Sunak, delivered the Government's Budget 2020¹. Dealing with the immediate COVID-19 outbreak, the Chancellor set out several measures to deal with the economic impact, announcing a £30bn stimulus package. On the same day the coronavirus outbreak was declared a global pandemic by the World Health Organisation.
69. During the following week the Government dramatically increased its efforts to reduce the spread of the COVID-19 virus. Measures announced included enforced closures of some businesses and other venues, and social distancing measures. The lockdown restrictions lasted for a significant period with a gradual easing commencing in June. During this

¹ <https://www.gov.uk/government/news/budget-2020-what-you-need-to-know>

time, gross domestic product (GDP) shrank by a record 20.4%. This marked the second consecutive quarter of decline, pushing the UK into a recession.

70. The impact of the actions taken to reduce the spread of virus and the subsequent recession has inevitably resulted in financial hardship to both individuals and businesses. The Government's financial support measures are constantly evolving and the economic outlook for the UK is uncertain and further complicated by Brexit, with the transition period coming to an end on 31st December 2020. The Institute for Fiscal Studies (IFS) is forecasting the Government's budget deficit will climb to £350bn (17% of GDP) in 2020–21², more than six times the level forecast at the March Budget. Unemployment is also expected to rise to 8-8.5% in the first half of 2021³, double the rate at the beginning of this year.
71. On 31st October, the Government announced a second national lockdown commencing on 5th November. The impact of this on the economy and the Draft Budget is not yet fully worked through; but may impact projected collection fund deficits. The continued and now heightened uncertainty reinforces our focus on building resilience and stability.
72. UK Economic Position - the UK is currently in recession and economic recovery is very uncertain. It is difficult to know what long-term impact lockdowns and social distancing requirements will have on businesses. We do not know how confident customers will be to spend in future, or whether people will simply just change their spending habits. It is not certain whether there will be a second spike of the virus, or if and when a vaccine may be available. All these factors affect economic recovery. It is considered that Business Rates income has fallen by 6% due to the economy. Added to this is the UK's exit from the European Union.
73. Unemployment - the Government's Job Retention Scheme (JRS) also known as "furlough" has mitigated the number of job losses to date and is currently extended until March 2021. There is the potential for unemployment rates to increase as the scheme is withdrawn.
74. Public Sector Debt – Government support for business and jobs during the pandemic has had a significant impact on Public Sector Borrowing. UK net debt recently reached £2tn for the first time and further heavy borrowing is expected in coming months. Over time, the UK Government is likely to seek to reduce debt to more sustainable levels. This may well have an impact for the funding of public services.
75. Fair Funding Review (FFR), rebadged Review of Relative Needs and Resources in the Spending Review in November. The comprehensive redesign of the current funding mechanism for Local Government in England has been delayed from its already delayed implementation date of 1st April 2021. Instead, one-off grants received in 2020/21 are likely to be rolled forward, potentially without uplift, for another year. Under the FFR reforms, the Business Rates system was due to be "reset" and funds

² <https://www.ifs.org.uk/publications/15081>

³ <https://www.ifs.org.uk/publications/15078>

retained by Councils in areas with high Business Rates growth redistributed more in line with needs.

Spending Review (SR) November 2020

76. The Government announced at the Budget 2020 that a Comprehensive Spending Review (CSR), setting out planned resource expenditure for three years from 2021/22 to 2023/24 and capital budgets for four years to 2024/25, would conclude in July 2020. Just two weeks later, on 24th March 2020, the Chancellor announced that the CSR would be delayed 'to enable the government to remain focused on responding to the public health and economic emergency'.
77. On Wednesday 21st October, following months of speculation about the timing and duration of the CSR, the Chancellor announced the decision to conduct a one-year SR in order to prioritise the response to COVID-19 and focus on supporting jobs. The announcement confirmed the Review on the 25th November with a Provisional Settlement in mid-December. A Final Settlement is due in January 2021.
78. Key points from the SR for District Local Authorities are:

Council Tax

- Local Authorities will be able to increase their Council Tax bills by 2% without the requirement to hold a referendum; and
- £670m to fund Council Tax support

Business Rates

- Small Business Rates multiplier (inflationary impacts) will be frozen in 2021/22 (instead of increasing by 0.55%) – but Local Authorities will be fully compensated;

Expenditure Support (including COVID-19)

- £762m to fund 75% of irrecoverable losses of Council Tax and Business Rates revenues in 2020/21;
- Around £3bn additional funding for COVID-19 in 2021/22;
- Sales, fees and charges (SFC) compensation scheme will be extended into the first 3 months of 2021/22; and
- Homelessness and rough sleeping £254m funding (of which £103m has already been announced).

2021/22 Provisional Local Government Finance Settlement (LGFS)

79. The cancellation of the Autumn Statement and the announcement on the SR has direct consequences for the timing and the type of settlement we will receive. The settlement, announcing the annual determination of funding to Local Government, is likely to be several weeks after the SR and a one-year review means that Councils will not gain certainty of their funding position until mid-to-late December

Local Context

80. Councils nationally have played a pivotal role in responding to the pandemic and the Government has enabled Local Authorities to achieve this through the swift provision of timely one-off resources. However, the economic shock the country has experienced and the recession we are facing will have profound and lasting effects, not entirely met by temporary funding.
81. The Customer First restructure at the Council consumed a significant proportion of the available reserves eroding financial resilience. Reserves were weakened further due to significant revenue budget overspends. Having eroded our Reserves substantially and facing significant financial pressures there was the very real possibility of the Council tipping into a financial deficit and the potential issuance of a Section 114 notice. Close contact with MHCLG has been maintained and the development of a FIP has resulted in a strengthening of our financial position in 2020/21.
82. The ongoing transformation of the Council's finances has provided us with the security to tackle the immediate challenges arising from the pandemic. However, much has been made of the severe financial difficulties facing a number of other Authorities and now, due to events beyond our control, we too see the future as extremely challenging. On 11th November Croydon Council became only the second council in over 20 years to issue a Section 114 notice. It is feared many other Councils are in similarly precarious positions. We will be working very diligently to ensure that Tandridge does not follow suit.

Funding Assumptions

83. The macro-environment this year has resulted in an unprecedented level of uncertainty over the budget planning and MTFS period. Over the course of this year our usual horizon scanning, intelligence gathering, and sector engagement have been undertaken to a much greater extent than would normally be required.
84. The 2021/22 budget has been drafted with total funding of £10.4m (a c£0.1m decrease on 2020/21) as set out in **Table 2** below.

Table 2: Change in funding 2020/21 to 2021/22

Likely funding breakdown	2020/21 £k	2021/22 £k	Change £k
Council tax precept	8,587	8,690	102
Business Rates	2,207	1,686	(521)
COVID-19 - extra costs funding		100	100
Funding before collection fund	10,794	10,476	(319)
CT Collection Fund	(10)	(8)	2
BR Collection Fund	(224)	(22)	203
Total Funding	10,560	10,446	(114)

Roll forward Local Government Finance Settlement (LGFS)

85. We have assumed a 'roll-forward' LGFS and the announcement of a one-year SR means this is the most likely outcome. Broadly, a roll-forward settlement would see similar principles applied to the determination of funding to Local Government in 2021/22 to those provided on 2020/21.

Council tax funding £8.7m (Core funding £8.7m less collection fund deficit £8k)

86. **Core Council tax funding increase:** The referendum principle is assumed to be maintained, allowing an increase in Council Tax of 1.99% or £5 if higher. To optimise funding in this climate we have assumed £5 increase, resulting in an additional £193k in 2021/22.
87. **Council Tax base:** In October, we completed the usual return on the valuation of the tax base. It confirmed that even though we have had a 4% increase in the volume of properties and 4% increase to exemptions, discounts and Council Tax support. Therefore, the increases to reductions in Council Tax have wholly absorbed the volume increase. The tax base is then adjusted for an estimate of collectability. Due to the economic climate, we are proposing to increase this adjustment from 0.7% to 1.2%, results in a reduction in funding of £43k in 2021/22.
88. Increasing the provision for lower collectability and evaluating that the deductions to Council Tax means we have considered the local economy contraction that could occur due to COVID-19 and the two national lockdowns.
89. **Empty Homes** – Last year there was an estimation for £47k to supplement Council Tax income. Surrey County Council's policy is that we need to demonstrate we have amended our policy and that the income is for investment to kick start owners to bring those properties back into the housing stock. As present we are not assuming any supplementary income for this in 2021/22.

90. **Collection Fund deficit £8k:** Usually we would have to until later in the year to ascertain the collection level. Based on current collectability and proposed methods of calculating the Collection Fund it is likely the deficit for 2020/21 will be in the region of £0.8m. The Collection Fund is distributed across Surrey County Council, Police Commission Council and the Council. Our element of the estimated Collection Fund is 12% - therefore the estimate for the Council is £91k. Reflected within this estimate is an increase to the debt provision, as discussed in setting the tax base.
91. The Chancellor, in the SR, suggested he would cover 75% of irrecoverable losses (the actual calculation and definition to be outlined) of the Collection fund estimate The Draft Budget assumes a deficit in the region of £91k in 2021/22, of which 75% will be covered by central government means the collection deficit is £23k before any other COVID-19 regulations is applied.
92. The Council Tax Collection Fund loss will be spread over the next three financial years: To ease the immediate pressure on budgets the Government is proposing^[1] that repayments to meet Collection Fund deficits accrued in 2020/21 will be phased over a three-year period (2021/22 to 2023/24). The Government's intention is for the deficit phasing to apply to all Authorities and the scheme will be prescribed in secondary legislation. Latest government guidance dictates that the loss should be spread equally over three years. Therefore, the estimates collection deficit of £23k will be spread over the next three financial years. The annual charge would be c£8k.

^[1]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/927363/200716_Technical_details_on_LGF_package_for_Treasurers_and_FDs_FINAL_.pdf

Business Rates funding £1.7m (Retained rates £1.7m less collection fund deficit £22k)

93. **Retained rates decrease £0.5m:** Under a roll-forward funding scenario Business Rates broadly increase in line with CPI, (0.5% in September). Due to the impact of the pandemic, we anticipate an increase to local reliefs being awarded to businesses. This has deteriorated the Business rate funding by net 24%. **Overall change from 2020/21 - decrease of £0.5m.**
94. As the pandemic has significantly affected retail and leisure businesses the government provided some assistance with Business Rates. We are still waiting to find out how this will affect the Business Rates calculations for 2021/22 and onwards, therefore we have taken a pragmatic approach to the estimating the potential funding and the collection fund. Currently we are estimating 5% lower yield (national assumption is 6%). We are expecting this to be resolved in mid-December.
95. **Business Rates Collection fund deficit £22k:** Similarly, to Council Tax, the level of deficit will be influenced by the amount of business rates collected throughout the year, 75% irrecoverable loss applied and the non COVID-19 related loss spread over three years.

Non-specific grant funding £0.4m

96. Key assumptions for New Homes Bonus is that it will continue for only legacy payments and a notional £20k grant for 2021/22.
97. COVID-19 grants and associated expenditure is not reflected in the assumptions. The grant funding is one-off. Due to the SR prudent assumptions a notional amount for small Authorities will be provided. Our assumptions have been prudently based on 2020/21 Tranche 4 £100k grant given to all small Authorities. It has only been assumed for 2021/22.
98. All income assumptions will be revised over the coming weeks following the SR, provisional LGFS, other ad-hoc government announcements for budget setting purposes.

Expenditure and Service Income Assumptions

99. Current MTFS assumptions are based on best available information. However, all assumptions will continue to be amended until the final settlement in January. The following assumptions have been built into the budget:
 - **Inflation** –1% pay and 2% contract inflation.
 - **Fees & Charges** – a 2% uplift has been applied
 - **General Reserves & Contingency build year-on-year through MTFS**
 - £500k build year-on-year over the MTFS. The net contribution to Reserves will be dependent on the 2020/21 Outturn position
 - £100k contingency build year-on-year through MTFS

General Fund Financial Performance as at Month 7 (October) Revenue and Capital

100. The Month 7 Budget Monitoring position was circulated to Group Leaders on 25th November. Headline performance is set out below.
101. **Revenue:** As at October 2020 (M7) the Council is forecasting a c£0.2m overspend in 2020/21 against the budget baseline of £10.6m, **an improvement of £0.2m from M6**. The Council has made significant strides to control spend and generate income in line with the budget over the last few months and is in an overall better financial position since the significant overspend of c£2m at M3 (June). This will ensure a more resilient financial position for 2021/22.
102. The improvement of £0.2m in the position is due to:
 - 4th Tranche COVID-19 funding;
 - Clinical Extremely Vulnerable grant;
 - Improved income to Building Control, and

- Admin fee to Community Infrastructure Levy.
103. Of the c£0.2m overspend, c£0.9m relates to COVID-19 costs/income loss offset by £0.7m underspend in the Business as usual budget, as approved by Council in February 2020.
104. There remains significant uncertainty in the 2020/21 forecast. This will be kept under close review throughout the year. If the position does not improve, we will need to draw upon Reserves to cover the £0.2m overspend.
105. **Capital:** The Council approved a capital budget for 2020/21 of £120.1m in February 2020. This was revised to £15.7m to reflect the revised Month 6 forecasts, recognising the impact of COVID-19. Against the revised budget, forecast capital spend at M7 is £15.6m; a decrease of £0.1m. The changes are summarised in **Table 3** below:

Table 3: Capital Programme 2020/21

	Original Budget	Mid Year Review	Revised Budget	Forecast Variance as at M7
	£m	£m	£m	£m
General Fund	105.1	(98.7)	6.4	(0.1)
Housing Revenue Account	15.0	(5.9)	9.1	0.0
Total	120.1	(104.6)	15.5	(0.1)

106. The majority of the change in the General Fund Capital Programme was in relation to the Property Development Fund, where the budget was reduced by £97.9m due to a change of policy. There was also £0.6m slippage on Public Conveniences work with other minor net changes making up the remaining £0.2m reduction.
107. In the HRA, £5.5m of the budget reduction is due to slippage in the Council House Building programme with £0.2m relating to slippage on the programme of planned repairs and maintenance.
108. The 2020/21 expected outturn for both revenue and capital give us confidence that the underlying budget is realistic and deliverable; providing a solid base on which to build the 2021/22 budget. Where Service variances are forecast to have an ongoing negative effect on the financial position, these are built into the starting point for 2021/22 and included in the gap.

Medium Term Financial Outlook to 2023/24

109. Over the medium-term, the gap between expected Departmental spending pressures and projected funding continues to grow. By 2023/24, the Council will need to close a total gap over the MTFS of £5.0m, as shown in **Table 4** below. This is driven by:
- Growth pressures: including inflation: c£5.7m; and
 - Savings identified to date: £2.8m
110. Although our immediate priority is understandably closing the gap and setting a balanced budget for 2021/22; our medium-term focus means that Service delivery plans are developing now which already go a significant way to improving our medium-term financial outlook. These plans will iterate as funding projections gain more certainty.

Table 4: MTFS Gap to 2023/24

	2020/21	Total	2022/23	2023/24	Total
	£k	2021/22	£k	£k	£k
	£k	£k	£k	£k	£k
Budget Envelope	10,560	10,446	10,232	10,576	
Brought forward budget	10,560	10,560	10,635	12,131	
Plus growth (inc inflation)		2,844	1,511	1,409	5,764
Less identified savings		(2,768)	(15)	(50)	(2,833)
Total Budget requirement		10,635	12,131	13,490	
Reductions still find		189	1,899	2,914	5,002

111. The unprecedented levels of uncertainty throughout the 2021/22 budget planning process continue over the MTFS. The second delay to Local Government Reform (FFR, NHB and Business Rates reset) and a one-year settlement for next year leaves the Council facing further uncertainty into 2022/23, which provides challenges to effective planning.
112. Future Council Tax base and Band D increases are simpler to predict. However, Business Rates tax base and economy are extremely difficult to predict. After consulting with Local Authority funding experts, we are basing future Business rate funding on the minimum funding of the Business Rate baseline as a potential outcome. The following (as set out in **Table 5**) is considered to represent likely outcomes at this point and will be subject to continuous review as any new intelligence emerges.

Table 5: MTFS funding to 2023/24

Likely funding breakdown	2020/21	2021/22	2022/23	2023/24
		£k	£k	£k
Council tax precept	8,587	8,690	8,882	9,097
Business Rates	2,207	1,686	1,480	1,509
COVID-19 - extra costs funding		100	(100)	
Funding before collection fund	10,794	10,476	10,262	10,606
CT Collection Fund	(10)	(8)	(8)	(8)
BR Collection Fund	(224)	(22)	(22)	(22)
Total Funding	10,560	10,446	10,232	10,576

Council Tax

113. The scenario considered to be most likely is that Council Tax continues to increase within a referendum limit of £5 on annual increases (as is expected to be the case for 2021/22).
114. In line with 2021/22 assumptions, we anticipate that the pandemic and the recession lead to increasing levels of Local Council Tax Support and that house building growth would be offset by this; resulting in a relatively flat base into 2022/23 with, modest growth ranging from c0.25% after 2023/24.
115. The Collection Fund is expected to oscillate between deficit and surplus between now and 2023/24 due to the deficit spread unwinding and recoupment of arrears increasing. We expect this to stabilise with modest surpluses thereafter.

Local Government Reform (Fair Funding Review (FFR), Business Rates Reset and Social Care Reform)

116. The review of Local Government funding distribution, the FFR, and the move to 75% retention of Business Rates has been delayed for a second time although unlike the previous delay, the Government has not indicated when reform is likely to be implemented. The current working assumption is that the delay is for a further 12 months, with reform taking effect as of April 2022.
117. Confirmation over the timing of the reform is crucial to planning, not least because we anticipate the results will reduce our overall funding. We assume transitional arrangements will be put in place, so the pace of reduction is phased/more manageable. Under normal circumstances officers would review technical working group papers as a highly effective means of keeping informed about the potential direction of reform. However, working groups which were previously developing the new system have been suspended and so the ability to gather any new and robust intelligence has been somewhat reduced.

Retained Business Rates reset

118. The level of Business Rates retained changes is part of the reform mentioned above. At this point we see an increase to our Business Rates, and we expect Business Rates Multiplier also part of the overall reform. The level of business rates retained has a direct relationship with FFR and as such we expect this funding to reduce over the remainder of the MTFS as transitional arrangements unwind.
119. The uncertainty over the details and timing of the move to 75% business rates retention is further complicated by the delay to a revaluation of the rateable values of all business and other Non-Domestic property that was due to take place in 2021. Legislation had been introduced to bring the next Business Rates revaluation forward by one year from 2022 to 2021 but has now been postponed 'to ensure businesses have more certainty during this difficult time.' The delay is understandable with changing circumstances as a result of the coronavirus pandemic. Despite this, longer periods between revaluations could increase the level of funding the District and Borough Councils choose to set aside to deal with appeals.
120. We expect the Business Rates Collection Fund to have a minor surplus in 2022/23 and 2023/24 as a result of the deficit spread being offset by the recoupment of arrears in the subsequent year.

Business Rates Pooling

121. The Council has opted to join the Surrey Business Rates Pool for 2021/22. It is estimated that the gain for the Council in joining the pool in 2021/22 is likely to be somewhere between £50k and £215k however the benefit of this won't be felt until 2022/23 due to the way in which statutory Collection Fund accounting works. When the Collection Fund budget is set that determines the income the Council will receive regardless of whether planned collection rates are exceeded or not. Any surplus or deficit is then brought forward to the following financial year This is done to allow preceptors some certainty over their budget position. Due to the uncertainty of the benefit to the Council no allowance for the potential upside of pooling has been built into the MTFS at this stage.

Grant income

122. The significant non-specific grant - New Homes Bonus – we anticipate legacy payments only which fully unwind in 2023/24.

Housing Revenue Account (HRA)

Financial Performance as at Month 7 (October) Revenue

123. The Housing Revenue Account is held as a separate ring-fenced reserve and sits outside the General Fund Account. The Reserve is only allowed to be used to support the Council's Housing stock.

124. The M7 forecasted outturn for 2020/21 was an underspend of £0.4m, within the Business as usual budget. This was generated by £0.2m savings on salaries, realigning the revenue and capital apportionments and £0.3m savings on refinancing HRA loans at lower interest rates than previous, offset by £0.2m reduce Rental Income from Dwellings and various other small variances totalling £0.1m. Refer to **Appendix A** for HRA Revenue and **Appendix B** for HRA Capital.

Draft Budget 2021/22 and Medium-Term Financial Outlook

125. The Budget was built by considering the HRA needs and requirements.
126. Consideration was made of whether services and staff allocations should be sat in the General Fund or in the HRA. All housing staff have been considered and in the budget 2021/22 they now sit in the service area they predominantly worked for. This has meant moving staff from the HRA and adding to the General Fund and vice versa.
127. Budget 2021/22 Growth items identified - £0.4m Housing repairs service moving service to sit in the correct reporting area, which will improve transparency and clarity for our residents.
128. Budget 2021/22 Opportunities of £0.4m - £0.2m elderly persons warden accommodation no longer appropriate, £0.1m additional garage rental income due to reduced void period subject to condition of the garages and £0.3m reduce HRA loan interest costs due to refinancing loans at a lower interest rate.
129. Consideration is being made to reduce and remodel services which will help reduce costs further in future financial years. These include:
- External redecoration of HRA properties to be reprofiled and re-programmed to last a further year. Currently 5 years change to 6 years; and
 - Internal redecoration of Elderly and Disable persons HRA accommodation to consider levying a small charge and reducing from 3 rooms to 1 per year. Also restrict to painting only, no wallpapering.

Draft Capital Programme to 2023/24

130. This section of the report provides an update on the development of the Capital Programme for 2021/22 to 2023/24, taking into account work that has been carried out by officers and Members over the last few months. The Draft Capital Programme is set out in **Appendix B** - further work is being undertaken to review proposed allocations in advance of presenting a Final Budget Report, ensuring all costs of borrowing are included in the Revenue budget as part of the Final Budget Report in January and February 2021.

131. Aligned to the revenue budget, Councils receive some general and specific grant funding to support capital expenditure. However, there are some significant differences to how capital expenditure is funded.
132. One of these is that Council are permitted to borrow to fund capital expenditure as long as that borrowing is deemed affordable, prudent and sustainable. Councils can also fund capital expenditure from the proceeds of selling assets (called capital receipts).
133. The Capital Programme sets out our expenditure plans and how we will pay for them over a three-year period.
134. The current three-year Capital Programme was approved by Council in February 2020. This was reviewed and rebased during this financial year to set a revised budget based on the change in the Property Investment strategy and to reflect delays due to the impact of COVID-19.
135. The main changes to the 2021/22 to 2023/24 Capital Programme beyond the rebasing exercise are reprofiling of the HRA projects across financial years, the removal of the Investment and Development Fund budget due to the changes in the Property Investment Strategy. It was replaced by Quadrant House Refurbishment Phase 2 and extending projects into 2023/24. Additionally, Planning Policy now includes a budget for capital grants and contributions to third parties which is funded from CIL.
136. The Capital Programme is funded from a combination of external and internal resources. External funding is mainly in the form of Central Government grants and CIL. Internal funding takes the form of locally raised funds such as borrowing and capital receipts. There are significant constraints on the availability of internal funds, particularly capital receipts, which are finite in nature and depend upon identifying surplus assets for sale or disposal.
137. Borrowing to fund the Capital Programme has an impact on the revenue budget in the form of interest payments and Minimum Revenue Provision (MRP) payments. Although interest rates are historically low, the more that is borrowed to fund the Capital Programme the greater the impact on the revenue budget. MRP is the minimum amount which the Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in the Council's budget. The cost of MRP to the 2021/22 budget is £0.9m and scheduled to grow steadily each year (2023/24 £1.5m).
138. All borrowing for capital schemes is done within agreed prudential limits which establishes a benchmark for affordability and sustainability. A range of indicators are maintained to demonstrate this. These indicators are maintained within the Council's Treasury Management Strategy and are monitored and reported to the Investment Sub-Committee and Council on a regular basis. The Treasury Management Strategy demonstrates how the borrowing requirement will be managed. This strategy will be set out as part of the Final Budget papers in February 2021.

139. **Table 6** below shows the draft three-year Capital Programme and how it is planned to be funded for 2021/22 to 2023/24.

Table 6: Draft 3-year Capital Programme and funding

	Total 2021/22 £k	2022/23 £k	2023/24 £k	Programme £k
Planning	733	330	0	1,063
Community Services	1,954	638	397	2,989
Housing General Fund	460	460	460	1,380
Strategy & Resources	5,367	228	272	5,867
Total Capital Programme	8,514	1,656	1,129	11,299

	Total 2021/22 £k	2022/23 £k	2023/24 £k	Programme £k
External Funding / Grants	5,360	460	460	6,280
Community Infrastructure Levy	733	330		1,063
Capital Receipts	0	0	0	0
Borrowing	2,421	866	669	3,956
Total Capital Funding	8,514	1,656	1,129	11,299

Estimated MRP included in the General Fund
Revenue Budget

871 1,344 1,443

Community Services

140. The proposed three-year Capital Programme 2021/22 to 2023/24 for Community Services is £2.7m. The schemes comprise of:

- Children’s Playground Improvements - £0.6m;
- Vehicle Replacement Programme - £0.6m;
- Works to Public Conveniences - £0.6m;
- Parks, Pavilions & Open Spaces - £0.4m;
- Garden Waste, Recycling, Food Waste and Refuse bins - £0.3m;
- Car Park Equipment Replacement Programme - £0.1m; and
- Projects collectively below £0.1m: Replacement litter bins, Land Drainage Works, Plant & Machinery Replacement Programme, Playground Improvement.

Housing General Fund

141. The proposed three-year Capital Programme 2021/22 to 2023/24 for the Housing General Fund is £1.4m. This is the Disabled Facilities Grants (DFG) programme which is mainly funded from DFG.

Strategy & Resources

142. The proposed three-year Capital Programme 2021/22 to 2023/24 for Strategy & Resources is £5.9m. The schemes comprise of:

- Quadrant House Refurbishment Phase 2 - £4.9m (this is an agreed programme of Local Enterprise grant funding); and
- IT Hardware & Infrastructure Projects - £1.0m

Planning Policy

143. The proposed three-year Capital Programme 2021/22 to 2023/24 for Planning Policy is £1.1m. This is made up of grants and contributions to third parties for capital projects and are funded from CIL. The schemes comprise of:

- Burstow Road Safety Scheme £0.3m;
- Whyteleafe Surgery £0.2m; and
- Master Park Pavilion £0.5m.

Housing Revenue Account

144. The proposed three-year Capital Programme 2021/22 to 2023/24 for the Housing Revenue Accounts is £28.3m. This is made up of:

- Council House Building Programme - £16.7m;
- Improvements to Housing Stock - £11.2m; and
- IT Hardware & Infrastructure Projects - £0.4m.

145. The draft HRA Capital Programme is funded from the following sources, as shown in **Table 7** below:

Table 7: HRA Capital Programme and Funding

	Total 2021/22 £k	2022/23 £k	2023/24 £k	Programme £k
HRA	16,554	7,705	4,025	28,284
HRA Capital Receipts / Reserves	10,894	6,214	4,025	21,133
Borrowing	5,660	1,491	0	7,151
Total HRA Funding	16,554	7,705	4,025	28,284

146. The HRA will fund its Capital Programme from capital receipts, Reserves and borrowing. The HRA has three separate Reserves it can draw upon; the New Build Reserve, Repairs Reserve and Major Repairs Reserve. The HRA is also able to use retained receipts from Right-to-Buy sales to fund part of the expenditure on building new HRA stock. The HRA can also borrow to fund its Capital Programme using the rental income to cover the cost of interest and principal repayment. There is no requirement for the HRA to make MRP payments.

Engagement and Consultation

147. In the latter half of October, a number of budget workshops were established to allow Members to scrutinise budget proposals that had been developed and put forward by Officers. Individual workshops for each of the four Committees were set up with three hours allowed for each meeting.
148. At the workshops several savings proposals were put forward by Members and these have been considered by Officers to see if they can be taken forward to develop savings or grow income in future years.
149. From 17th December to 17th January residents will be able to comment on these Draft Budget proposals and the Committee Draft budgets. The consultation will be on the Council's website and will initially refer to this paper, and direct residents to the Committee Draft budget papers when they are published. The results from this engagement will inform the Final Budget and MTFS published in February.

Next Steps

150. The provisional LGFS is expected in mid-December with the final due in January 2021. Any changes resulting from report will be fed into the final.
151. The Capital Strategy, Commercial Property Investment Strategy and Treasury Management Strategy will be taken to the Investment Sub-Committee on 15th January 2021 with the recommendation that it is taken to Council for approval on 11th February 2021. The Commercial Property Investment Strategy provides details on how the Council will manage its commercial investment activity. The Treasury Management Strategy will set out a framework within which the Council's treasury functions can manage risks, source borrowing and invest surplus cash. A set of Prudential Indicators will have been calculated and set which will support prudent decision making around treasury activity during the financial year. These strategies are currently being reviewed with a view to combining them into a single document to improve understandability.

152. Committees will be meeting the week commencing 18th January to agree their individual Revenue (including fees & charges) and Capital budgets.
153. The Final Budget Report will be presented to Strategy & Resources Committee on 2nd February 2021 and Council on 11th February 2021.
154. The Final Report will include the approach to risk mitigation and a judgement by the Council's Section 151 Officer on the adequacy and approach to Reserves and balances, to ensure delivery of a sustainable budget over the medium-term. The Final Budget Report will also list the Council's Earmarked and General Fund Reserves as well as providing the required disclosures and details for the Council Tax Requirement.
155. The report will include consideration of Equality Impact Assessment (EIA) of specific savings proposals and seek to finalise proposals that will support the delivery of the 2021/22 budget.
156. A final list of capital schemes in the Capital Programme will be set out in the Final Budget Report. The associated Capital Strategy will also contain a high-level overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of Services along with an overview of how associated risks will be managed by the Council.

Comments of the Chief Finance Officer

The Council has a duty to ensure its expenditure does not exceed resources available. Although significant progress has been made over the last few months to improve the Council's financial position, the medium-term financial outlook remains uncertain. The pandemic has resulted in increased costs which may not be fully funded in the current year or the next.

With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected from next year onward, our working assumption is that financial resources will continue to be constrained. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium-term.

It is a legal obligation that the Council sets a balanced budget for 2021/22. If this does not eventuate by the time of Final report to Strategy & Resources and Council in February, the Council will have no choice but to draw on its General Fund Reserves. We need to build not draw on Reserves to ensure medium-term financial stability.

The Section 151 Officer confirms that the 2021/22 Draft Budget and MTFs to 2023/24 has been based on reasonable assumptions, taking into account all material, financial and business issues and risks.

Comments of the Head of Legal Services

The report updates the revised medium term financial strategy. This is a matter that informs the budget process and may be viewed as a related function. It is, in any event, consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a medium-term financial strategy.

Members should have regard to the personal duties placed upon the Chief Financial Officer ('CFO-s151'). The CFO-s151 is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of Council's financial affairs. The CFO-s151 must therefore exercise a professional responsibility to intervene in spending plans in order to maintain the balance of resources so that the authority remains in sound financial health.

The Local Government Finance Act 2013 requires the CFO-s151 to also report on the robustness of the estimates for calculations and the adequacy of reserves to the Authority and that the Authority must take these matters into account when making decisions on matters before it. By law a local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'.

The report provides information about risks associated with the medium-term financial strategy and the budget. This is, again, consistent with the Council's obligation under section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It is also consistent with the Council's obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.

The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. As such the Council is required under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty) which includes a duty to consult. Having a medium-term financial strategy therefore contributes to achieving this legal duty.

Equality

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

Each budget saving will undertake an Equalities Impact Assessment to ascertain if there is a detrimental effect on any particular group. This assessment will be included in the Final Report.

Climate Change implications

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

Appendices

Appendix A – Departmental Budget Pressures and Savings 2021/22

Appendix B - Draft Capital Programme 2021/22 – 2023/24

Background papers

None

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Appendix A: Revenue Draft Budget

	2021/22 £	2022/23 £	2023/24 £	Total £
Roll-over budget	10,559,732	10,635,466	12,131,404	

Pressures

Directorate	Net Pressure			Total £
	2021/22 £	2022/23 £	2023/24 £	
Planning	161,807	107,349	54,008	323,164
Community Services	292,520	123,527	126,024	542,071
Housing	182,004	31,577	32,209	245,791
Strategy & Resources	2,203,500	1,248,499	1,196,668	4,648,667
Total General Fund	2,839,831	1,510,952	1,408,909	5,759,693
Housing Revenue Account	414,200	0	0	414,200
Total Pressures	3,254,031	1,510,952	1,408,909	6,173,893

Savings

Directorate	Net Growth			Total £
	2021/22 £	2022/23 £	2023/24 £	
Planning	(439,315)	0	0	(439,315)
Community Services	(1,437,027)	0	0	(1,437,027)
Housing	(170,945)	0	0	(170,945)
Strategy & Resources	(716,810)	(15,015)	(50,015)	(781,840)
Total General Fund	(2,764,097)	(15,015)	(50,015)	(2,829,127)
Housing Revenue Account	(414,200)	0	0	(414,200)
Total Savings	(3,178,297)	(15,015)	(50,015)	(3,243,327)

Total Budget	10,635,466	12,131,404	13,490,298
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Funding	10,559,732	10,446,209	10,232,461	
Indicative funding increase / (reduction)	(113,523)	(213,748)	343,952	16,682
Indicative funding	10,446,209	10,232,461	10,576,414	

Reductions still to find	189,257	1,898,942	2,913,885	5,002,084
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Planning

	2021/22 £	2022/23 £	2023/24 £	Total £
Brought forward budget	1,338,038	1,060,530	1,167,879	
<u>PRESSURES</u>				
<u>Key and service assumptions:</u>				
Pay inflation	11,830	23,660	24,133	59,623
Contract inflation	2,255	2,300	2,346	6,901
Pay increments	26,460	26,989	27,529	80,978
<u>Demand led:</u>				
Developer presentations income	6,000			6,000
<u>Reserve Adjustment:</u>				
CIL Drawdown	(54,400)	54,400		0
<u>Working arrangement:</u>				
Workforce Allocations and Employers costs (Primary Pension & Mobility Allowances)	173,538			173,538
Legal costs transferred to S&R	(3,876)			(3,876)
Total Pressures	161,807	107,349	54,008	323,164
<u>Savings:</u>				
<u>Working arrangements:</u>				
Improved agency / flexible resourcing approach	(120,866)			(120,866)
Evaluate consultants policy and procurement process	(100,000)			(100,000)
Evaluate external counsel policy and process	(122,600)			(122,600)
Provide statutory minimum for local plan adverts	(8,000)			(8,000)
Vacancy Review	(87,849)			(87,849)
Total Savings	(439,315)	0	0	(439,315)
Total Draft Budget	1,060,530	1,167,879	1,221,887	
Budget Envelope	1,102,221	959,382	899,372	
Reductions still to find	(41,691)	208,497	322,516	489,322

Community Services

	2021/22 £	2022/23 £	2023/24 £	Total £
Brought forward budget	6,351,092	5,206,585	5,330,112	
<u>PRESSURES</u>				
<u>Key and service assumptions:</u>				
Pay inflation	20,280	40,560	41,371	102,211
Contract inflation	67,900	58,000	59,160	185,060
Income Inflation	(20,900)	(21,300)	(21,700)	(63,900)
Pay increments	45,360	46,267	47,193	138,820
<u>Demand led:</u>				
Cemeteries income for new plots	30,300			30,300
Car Parking permits for 3 months in lieu of COVID-19	9,600			9,600
<u>Working arrangement:</u>				
Workforce Allocations and Employers costs (Primary Pension & Mobility Allowances)	139,980			139,980
Total Pressures	292,520	123,527	126,024	542,071
<u>SAVINGS</u>				
<u>Working arrangements:</u>				
Capitalise salaries for officers working on capital programme	(80,000)			(80,000)
Review staffing assignment to committees purpose	(67,500)			(67,500)
<u>Contract reviews:</u>				
Inflation containment and commissioning	(1,074,099)			(1,074,099)
<u>Income:</u>				
On Street Parking	(93,700)			(93,700)
<u>Financing:</u>				
Replacing leased vehicles with unleased vehicles	(21,300)			(21,300)
<u>Reduce / Remodel service:</u>				
Parks & Countryside – bio diversity grass cutting	(47,000)			(47,000)
Off Street Parking repairs	(19,000)			(19,000)
Parks and Countryside - non contract work	(13,000)			(13,000)
Contribution to Lottery and Small Grants	(10,500)			(10,500)
Community Transport	(10,000)			(10,000)
Net savings across committee service reviews to remodel service delivery	(928)			(928)
Total Savings	(1,437,027)			
Total Draft Budget	5,206,585	5,330,112	5,456,136	
Budget Envelope	5,231,771	4,553,774	4,268,932	
Reductions still to find	(25,186)	776,338	1,187,204	1,938,356

Housing - General Fund

	2021/22 £	2022/23 £	2023/24 £	Total £
Brought forward budget	459,063	470,122	501,700	
<u>PRESSURES</u>				
<u>Key and service assumptions:</u>				
Pay inflation	6,760	13,520	13,790	34,070
Contract inflation	2,583	2,635	2,688	7,906
Pay increments	15,120	15,422	15,731	46,273
<u>Demand led:</u>				
Review Benefits - recovery of fraud and overpayments	100,000			100,000
Community Alarm service review	83,000			83,000
<u>Legislation changes:</u>				
Private sector housing - statutory duties timing lag for repair cost recovery	10,000			10,000
Housing Benefits Admin Grant from DWP	22,000			22,000
<u>Working arrangement:</u>				
Workforce Allocations and Employers costs (Primary Pension & Mobility Allowances)	(57,459)			(57,459)
Total Pressures	182,004	31,577	32,209	245,791
<u>SAVINGS</u>				
<u>Working arrangements:</u>				
Vacancy Review	(135,000)			(135,000)
<u>Contract reviews:</u>				
Inflation and Contract Containment	(11,945)			(11,945)
<u>Financing:</u>				
Align Refugee grant to costs	(24,000)			(24,000)
Total Savings	(170,945)	0	0	(170,945)
Total Draft Budget	470,122	501,700	533,909	
Budget Envelope	378,157	329,151	308,562	
Reductions still to find	91,965	172,549	225,346	489,860

Strategy & Resources

	2021/22 £	2022/23 £	2023/24 £	Total £
Brought forward budget	2,411,539	3,898,229	5,131,712	
PRESSURES				
<u>Key and service assumptions:</u>				
Pay inflation	45,631	91,260	93,085	229,976
Contract inflation	30,668	31,281	31,907	93,855
Income Inflation	(17,788)	(18,144)	(18,507)	(54,438)
Pay increments	102,060	104,101	106,183	312,344
<u>Pressure due Capital, Investment & Treasury Management Strategy:</u>				
Loss of commercial income & tenants voids	374,532	0	0	374,532
Increased Minimum Revenue Provision	241,000	514,000	103,000	858,000
Higher Land Charges	81,000			81,000
Lower Investment returns due Bank of England base rate	300,000			300,000
<u>Legislation changes:</u>				
Loss of New Homes bonus grant	410,000	26,000	281,000	717,000
Increased audit fee	9,000	0	0	9,000
<u>Working arrangement:</u>				
Workforce Allocations and Employers costs (Primary Pension & Mobility Allowances)	(72,603)	0	0	(72,603)
<u>Contract Pressures:</u>				
Applying social distancing and business interruption	100,000	(100,000)	0	0
<u>Sustain and Build Reserves:</u>				
General Fund reserve contribution	500,000	500,000	500,000	1,500,000
General Fund contingency	100,000	100,000	100,000	300,000
Total Pressures	2,203,500	1,248,499	1,196,668	4,648,667
SAVINGS				
<u>Working arrangements:</u>				
Capitalise salaries for officers working on capital programme	(115,500)			(115,500)
Support service recharge to HRA	(147,400)			(147,400)
Agile workforce - less reliance on printing & stationery	(35,311)	(10,000)	(10,000)	(55,311)
<u>Contract reviews:</u>				
Inflation containment and commissioning opportunities	(45,900)	(5,000)		(50,900)
<u>Income:</u>				
Legal income recharged to third parties	(24,000)			(24,000)
<u>Financing:</u>				
Income Equalisation Reserve - Change of strategy lowers appropriate requirement	(150,000)			(150,000)
Triennial Pension actuarial review	(150,099)	40,000		(110,099)
Monitor capitalisation policy and grouping small items as one asset	(10,400)			(10,400)
<u>Remodel service:</u>				
Economic Development activities	(32,200)			(32,200)
Donations to organisations	(6,000)	(40,015)	(40,015)	(86,030)
Total Savings	(716,810)	(15,015)	(50,015)	(781,840)
Total Draft Budget	3,898,229	5,131,712	6,278,366	
Budget Envelope	3,734,060	4,390,154	5,099,547	
Reductions still to find	164,169	741,558	1,178,819	2,084,545

Housing - Revenue Account

	2021/22 £	2022/23 £	2023/24 £	Total £
Brought forward budget	0	0	0	
<u>PRESSURES</u>				
<u>Key and service assumptions:</u>				
Pay inflation	24,619	25,111	25,613	75,344
Contract inflation	2,400	2,448	2,497	7,345
Income inflation	(345,000)	(351,900)	(358,938)	(1,055,838)
Pay increments	72,422	73,871	75,348	221,642
<u>Financing:</u>				
Housing Responsive Repairs and Voids - assigned to appropriate committee	324,359			324,359
Housing Revenue Account reserve	394,500	250,470	255,479	900,449
Support costs and depreciation	(59,100)			(59,100)
Total Pressures	414,200	0	0	414,200
<u>OPPORTUNITIES</u>				
<u>Remodel service:</u>				
Review of Elderly Persons - Staff Accommodation	(20,500)			(20,500)
Internal Decorations	(29,700)			(29,700)
<u>Income:</u>				
Reduce void duration for Garage Rental Income	(100,000)			(100,000)
<u>Financing:</u>				
Refinancing at lower interest rates	(264,000)			(264,000)
Total Opportunities	(414,200)	0	0	(150,200)
Total Draft Budget	0	0	0	
Budget Envelope	0	0	0	
Reductions still to find	0	0	0	0

Appendix B: Draft Capital Programme

Proposed Capital Programme	2021/22 £	2022/23 £	2023/24 £	Total 2021-24 £
Housing HRA				
Structural Works	835,000	855,000	830,000	2,520,000
Modernisation & Improvements	439,000	732,000	511,000	1,682,000
Energy Efficiency Works	550,500	559,500	546,000	1,656,000
Service Renewals	685,000	712,500	695,000	2,092,500
Void Works	425,000	425,000	425,000	1,275,000
Health & Safety	190,000	190,000	180,000	560,000
Adaptations for the Disabled	250,000	250,000	250,000	750,000
Essential Structural Works	185,000	185,000	185,000	555,000
Communal Services	30,000	30,000	30,000	90,000
Council House Building	12,700,000	3,705,200	301,200	16,706,400
HRA IT Hardware/infrastructure/Projects	264,200	60,600	72,200	397,000
TOTAL HRA	16,553,700	7,704,800	4,025,400	28,283,900
Housing GF				
Disabled Facilities Grant	460,000	460,000	460,000	1,380,000
Total- Housing GF	460,000	460,000	460,000	1,380,000
Community Services				
Children's Playground Improvements	300,900	179,200	99,500	579,600
Parks, Pavilions & Open Spaces	202,800	114,200	114,500	431,500
Grange Meadow access works	250,000	0	0	250,000
Vehicle Fleet Renewals	450,800	167,900	5,000	623,700
Car Park Equipment/Maintenance	34,800	34,900	35,000	104,700
Public Conveniences	550,000	0	0	550,000
Litter Bins	8,200	8,300	8,400	24,900
Land Drainage	13,700	10,000	10,000	33,700
Plant & Machinery Replacement Programme	8,000	8,000	10,000	26,000
Garden Waste Bins	25,000	25,000	25,000	75,000
Recycling, food waste and refuse bins	90,000	90,000	90,000	270,000
Playground Improvements (Match Funding Pot)	20,000	0	0	20,000
Total- Community Services	1,954,200	637,500	397,400	2,989,100
Resources				
IT - Hardware/infrastructure/Customer First Projects	466,600	228,000	271,500	966,100
Quadrant House	4,900,000	0	0	4,900,000
Total- Resources	5,366,600	228,000	271,500	5,866,100
Planning Policy				
Capital Contributions from CIL	733,000	330,000	0	1,063,000
Total-Planning Policy	733,000	330,000	0	1,063,000
TOTAL GENERAL FUND	8,513,800	1,655,500	1,128,900	11,298,200
Total Capital Programme	25,067,500	9,360,300	5,154,300	39,582,100

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CIL spending review and funding statement - update

Strategy & Resources Committee Wednesday, 16 December 2020

Report of: Chief Planning Officer and
Executive Head of Communities

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

- This report proposes a revised Infrastructure Funding Statement (IFS) resolved by the Strategy & Resources Committee of 24th November 2020 to be produced as soon as practicable during 2020/21.
 - The revised Infrastructure Funding Statement includes an additional Table 6 which sets out a list of projects which have been put forward for consideration for Community Infrastructure Levy (CIL) funding. The list has been included to provide clarity and transparency over all stages of consideration of future bids.
-

This report supports the Council's priority of: Creating the homes, infrastructure and environment we need.

Contact officer Alison Boote Executive Head of Communities
aboote@tandridge.gov.uk

Recommendation to Committee:

That the Committee agree the revised replacement Infrastructure Funding Statement (IFS) 2020.

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Reason for recommendation:

The Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 ('Regulations') place a duty on Councils to publish an annual infrastructure funding statement ('IFS') no later than 31st December in each calendar year. This will be the Council's first Infrastructure Statement. The statement is to include projects or types of infrastructure which will be, or may be, wholly or partly funded by the Community Infrastructure Levy ('CIL').

The Council wishes to ensure clarity and transparency for developers and communities on the infrastructure under consideration for CIL to be spent on.

Introduction and background

- 1 The Strategy & Resources Committee of 24th November 2020 considered a report which summarised the requirements of the CIL regime following Regulations which came into force in September 2019.
- 2 The detailed report explained the background to the changes and the consultation on the processes with all Councillors and Parish Councils.
- 3 It was explained that seminars planned for Members had been delayed due to the Covid 19 pandemic and further engagement around governance and prioritisation of projects was required. The Committee resolved the immediate formation of a seven Member politically balanced group (2,2,2,1) to determine a method of evaluating and rating future CIL projects.
- 4 The Member group met on Monday 30th November and agreed that a full list of projects under consideration for CIL funding should be included in the Annual IFS. This is to ensure full clarity and transparency... Members are therefore requested to approve the IFS set out in Appendix A for publication on the Council's website by 31 December 2020.
- 5 The lack of current available CIL to fund all the projects under consideration does leave a gap that is required to be filled by future CIL levies from development. It was acknowledged that this gap would be unlikely to cover all the proposals hence the aim to work early in 2021 to develop the criteria for evaluating and rating all schemes.

Other options considered

- 6 The Council could decide not to agree to the recommendation however to do so would mean that the Council would fail in its statutory duty to publish a Member approved Infrastructure Statement by 31st December 2020.

Consultation

- 7 The proposal has been put forward with support from the newly formed CIL Member Working Group.

Key implications

Comments of the Chief Finance Officer

By introducing an effective monitoring system and publishing an IFS report, will increase transparency and ensure a robust system is in place to monitor the spend, whilst meeting our statutory obligations. Any costs that are funded from revenue to achieve these objectives must be contained within existing resources.

Comments of the Head of Legal Services

The requirement for an authority that receives CIL contributions to prepare an annual infrastructure funding statement is contained in Regulation 121A of the CIL Regulations 2010. Regulation 121A was added to the CIL Regulations 2010 with effect from 1 September 2019. The IFS in Appendix A details anticipated CIL/s106 income and intended infrastructure expenditure.

The first annual infrastructure funding statement must be published by 31 December 2020 and subsequent annual statements must be published thereafter at annual intervals no later than 31 December of the relevant year. The statement must be published on the Council's website.

Equality

It is not foreseen that there are any direct equality implications as a result of the recommendations in this Report as infrastructure is provided for all sections of our communities and each project funded will be rigorously assessed as part of the business case for equalities implications.

Climate change

There are no significant environmental / sustainability implications associated with this report itself. There are, however, marginal environmental/sustainability implications with some of the projects listed in Appendix B (the Infrastructure Funding Statement) which the committee are being asked to support 'in principle' with CIL funding. Overall the package of measures outlined in Appendix B can be considered to be neutral, with the flooding mitigation measures providing a positive contribution to the environment and some of the highways mitigation measures providing a potentially negative contribution if it encourages the use of the car only.

Appendices

Appendix 'A' - Infrastructure Funding Statement 2020

Background papers

None.

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

Infrastructure Funding Statement

December 2020

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1. Introduction

This is the first updated Infrastructure Funding Statement for Tandridge District. This sets out this year's (19/20) income and expenditure section 106 (S106) agreements and section 278 (s278 – relating to highways), and all Community Infrastructure Levy (CIL) that have been awarded or spent CIL funds, known also as Planning Obligations (PO) or Developer Contributions.

CIL, S106 and S278 income is used to help fund the provision of supporting infrastructure in association with development and maximise the benefits and opportunities from growth, such as employment opportunities and affordable homes.

Document history

Version	Date	Changes made
01	24 th November 2020	First edition - Strategy & Resources Committee Agreed notwithstanding the intention to produce a revised replacement Infrastructure Funding Statement (IFS) as soon as practicable during 2020/21.
02	16 th December 2020	Tables 4 and 5 re-named, new Table 6 : Community Infrastructure Levy Projects under consideration, Project Management, Document history, the version to be published by 31 st December 2021 as approved.

2. Section 106 Obligations

S106 agreements are used to mitigate the impacts of development and ensure that Tandridge's planning policy requirements (as set out in the Core Strategy and the Planning Obligations and 106 Guidance note) are fully met. S106 obligations include:

- site-specific financial contributions - these are secured and must be used for defined purposes; for instance, the provision of education facilities, traffic and transport/highways related works, open space provision and affordable housing contributions (where accepted in lieu of on-site provision); and
- non-financial obligations, including requirements such as employment and skills strategies, construction management plans and travel plans.

S106 funding must be spent in accordance with the terms of the legal agreement (as part of the planning application process). The heads of terms can include a clause to spend the S106 contribution between five and ten years of the agreement. S106 funding is more closely tied to the phasing of development set out in the terms of the legal agreement.

S106 income varies on a site-by-site basis depending on a range of factors, such as the viability of development and site-specific considerations. This makes it difficult to forecast future S106 income and expenditure.

Schedule 2 of Regulation 121A of the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 sets out 'matters to be included in the annual infrastructure funding statement. These matters are related to s106 and are set out in Table 1 below. The reporting year is from 1st April 2019 to 31st March 2020.

Some of the developments have not commenced and consequently the affordable housing may have also not been delivered.

Table 1 also sets out the application or appeal number. It provides the year the approved planning decision date and therefore only planning obligations that have been secured through unilateral undertakings, nomination rights or grants. Unilateral undertakings are a legal planning agreement under s106 of the Town and Country Planning Act (1990) and nomination rights are where the Council can put forward people from the housing waiting list to occupy the affordable housing on site. Grants are made as an off-site contribution to deliver affordable housing.

Table 1 also sets out the site address, the contribution type, a description of the obligation, the number of units or cost amount.

At present the Council are reviewing their database programme for planning, in which the planning obligations data sits. It is the Council's intention to utilise the new software to produce tables that can provide more information where appropriate.

Table 1: S106 Planning Obligations

Application No.	Obligation Type	Related Planning Application	Appeal Approved Y/N	Parish	Approved Planning Decision Date	Site Address	Contribution Type	Obligation Description	Units	Amount £
Page 71 2017/212	Unilateral & Nomination	N/A	N/A	Dormansland	15/07/2019	Land to the rear of Dormans Station, Station Road, Dormansland, RH7 6NL	Affordable Housing	Notify the Council in writing 14 days prior to commencement of the development 100% shall be A/H	9	N/A
							Highways	Towards the implementation of TRO within £3.5k 28 days of commencement. £6.5k within 28 days of completion. Registered Provider to enter into a Nomination Agreement with the Council.	N/A	10,000
							Affordable Housing	Nomination Agreement between the Council and the Registered Provider under which the Council exercises its rights to nominate prospective occupiers for the Affordable housing Units in accordance with Part VI of the Housing Act 1996 section 159 and which agreement shall provide for the Council to have the right to nominate 100% of the prospective occupiers of the Affordable Housing Units initially and	N/A	N/A

Application No.	Obligation Type	Related Planning Application	Appeal Approved Y/N	Parish	Approved Planning Decision Date	Site Address	Contribution Type	Obligation Description	Units	Amount £
								75% subsequently and the right to nominate on the first letting of a tenancy and any re-letting substantially in the form annexed hereto at.		
Page 72 2018/2445	Unilateral	N/A	Y	Caterham-on-the-Hill	20/12/2019	Land off Anne's Walk, Caterham	Affordable Housing	Owner to notify the TDC & SCC within 5 working days in advance of Commencement of Development, Occupation of first dwelling, Occupation of final dwelling.	N/A	N/A
							Affordable Housing	Provide 12 affordable units.	12	N/A
							Transport	Not to occupy dwelling until sustainable travel contribution is paid to SCC.	N/A	75,000
2018/1325	Unilateral	2006/312 & 2015/2140	N/A	Whyteleafe	12/03/2020	Former Gadoline House, 2 Godstone Road, Whyteleafe, CR3 0EA	Affordable Housing	Affordable Housing Units = 24 flats - Affordable Rent 3 x 1 bed 5 x 2 bed and Shared Ownership 6 x 1 bed 10 x 2 bed.	24	N/A
							Affordable Housing	Prior to occupation of any open market housing the owners shall construct the affordable housing.	N/A	N/A
							Transport	The owners will provide a travel voucher to the value of	N/A	4,800

Application No.	Obligation Type	Related Planning Application	Appeal Approved Y/N	Parish	Approved Planning Decision Date	Site Address	Contribution Type	Obligation Description	Units	Amount £
Page 73								£200 to the initial occupiers only.		
							Transport	Prior to occupation of any residential unit the owners shall submit Travel Plan to SCC for approval. (See discharge of planning conditions)	N/A	N/A
							Transport	Approval to be given prior to the first occupation of any residential units.	N/A	N/A
							Transport	Prior to the first occupation of any Residential Unit the Development owners shall pay SCC the commuted sum of £4,600 towards auditing and monitoring the Travel Plan.	N/A	4,600
							Affordable Housing	Approval to be given prior to the first occupation of any residential units.	N/A	N/A
2018/1325	Grant	2006/312 & 2015/2140	N/A	Whyteleafe	12/03/2020	Former Gadoline House, 2 Godstone Road, Whyteleafe, CR3 0EA	Affordable Housing	TDC to make a total grant payment of £244,000k to the housing provider towards the cost of affordable housing. To be made up of £144,000 paid to TDC by Aequitas Estates as stipulated in the	N/A	244,000

Application No.	Obligation Type	Related Planning Application	Appeal Approved Y/N	Parish	Approved Planning Decision Date	Site Address	Contribution Type	Obligation Description	Units	Amount £
Page 74								Section 106 agreement dated 20.10.2017 and a reduction of £100,000 off the price of the land pending receipt of the grant.		
								To be made up of £144,000 paid to TDC by Aequitas Estates as stipulated in the Section 106 agreement dated 20,10,2017 and a reduction of £100,000 off the price of the land pending receipt of the grant. The first instalment of £183,000 to be paid to the Association on completion of Block A and the balance of £61,000 (24 flats) to be paid on receipt of the Completion Notice for Block E (8 flats).	N/A	N/A
2018/1325	Grant	2006/312 & 2015/2140	N/A	Whyteleafe	12/03/2020	Former Gadoline House, 2 Godstone Road, Whyteleafe, CR3 OEA	N/A	On Completion of the Affordable Housing Units a summary giving a clear breakdown of the project costs and how the Affordable Housing Units have been funded, including the Associations total	N/A	N/A

Application No.	Obligation Type	Related Planning Application	Appeal Approved Y/N	Parish	Approved Planning Decision Date	Site Address	Contribution Type	Obligation Description	Units	Amount £
								contributions towards the project costs from its own funds and resources.		
							N/A	Completion Notice and Nomination Agreement (signed in duplicate) and an invoice from the Association for the relevant payment.	N/A	N/A
							N/A	Financial constraints on rented units.	N/A	N/A
							N/A	Disposal of Restrictions.	N/A	N/A
							N/A	Schedule 1 - Affordable Housing units	N/A	N/A

3. Section 278 Agreements

Section 278 Agreements relate to Highways matters and are entered into with Surrey County Council. For the financial year 2019- 20 there were two such agreements entered into as set out in Table 2.

Table 2 provides the agreement date of the s278, the planning application it relates to, the parish it sits in, the approved date of the planning application, the site address and a description of the obligation.

As with the s106 obligations, the Council are aiming to utilise the updated software to provide more information where appropriate in the next year’s Infrastructure Funding Statement.

Table 2: s278 agreements

Agreement Date	Application No.	Parish	Approved Planning Decision Date	Site Address	Obligation Description
02/12/2019	2018/2445	Caterham-on-the-Hill	20/12/2019	Land off Annes Walk, Caterham	Enter into S278 agreement with SCC & Completion of highways works SCC
28/02/2020	2018/1325	Whyteleafe	12/03/2020	Former Gadoline House, 2 Godstone Road, Whyteleafe CR3 OEA	Prior to first occupation the owner shall enter into a Section 278 agreement with SCC.

4. Community Infrastructure Levy

Community Infrastructure Levy (CIL) is a tariff-based charge on the development of new floorspace (per square metre) in the district. The money can be used to fund a wide range of infrastructure that is needed to meet the future growth needs of the district.

As a result of the recent changes to the regulations CIL is no longer restricted to projects identified in the Regulation 123 List.

CIL will be allocated on an annual basis through this Infrastructure Funding Statement to support the delivery of strategic infrastructure projects.

Neighbourhood CIL

Councils have a duty to pass on a proportion of CIL receipts to local neighbourhoods (this is known as the neighbourhood portion). As Tandridge is fully covered by parish councils, this portion is transferred from the District Council to parish council's twice a year (in April and October). The neighbourhood portion is capped at 15% per existing council tax dwelling in each parish (but rises to 25% and is uncapped in areas where a neighbourhood plan has been 'made' (adopted)).

The neighbourhood portion of the levy must be spent on the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area.

Returns from parish councils are received from Parish Councils every April-June at the same time when they one payment of their CIL proportion, the other one being made in October. The returns request information asks for any expenditure of CIL fund spent by the parish council. This is set out on the Council's website in a separate parish council returns report produced annually¹.

Matters to be included in the funding statement for CIL 2019/2020.

Schedule 2 of Regulation 121A of the Community Infrastructure Levy (Amendment) (England) (No.2) Regulations 2019 sets out 'matters to be included in the annual infrastructure funding statement. These matters are related to CIL and are set out in Table 3 below. The reporting year is from 1st April 2019 to 31st March 2020.

Table 3: The matters to be included in the Funding Statement for CIL

Matters to be included in Schedule 2 of the CIL Regulations 2019	Reported Year
(a) the total value of CIL set out in all demand notices issued in the reported year;	£2,191,552.24
(b) the total amount of CIL receipts for the reported year;	£3,284,038.47 Total, of which Tandridge District retains £2,621,381.81 after admin deducted.
(c) the total amount of CIL receipts, collected by the authority, or by another person on its behalf, before the reported year but which have not been allocated;	Allocated £150,000 for Smallfield flood alleviation second payment before the reported year.

¹ <https://www.tandridge.gov.uk/Planning-and-building/Planning-strategies-and-policies/Current-and-adopted-planning-policies/Community-Infrastructure-Levy/Spending-the-Community-Infrastructure-Levy-and-reports>

<p>(d) the total amount of CIL receipts, collected by the authority, or by another person on its behalf, before the reported year and which have been allocated in the reported year;</p>	<p>(e) below refers.</p>
<p>(e) the total amount of CIL expenditure for the reported year;</p>	<p>The Strategy and Resources Committee agreed that £250,000 per annum up to 2022 from the CIL fund to be used towards the joint Surrey County Council Feasibility Studies. The Terms and Conditions of the SCC feasibility fund have been finalised in 2020.</p>
<p>(f) the total amount of CIL receipts, whenever collected, which were allocated but not spent during the reported year;</p>	<p>As (c) and (e) above</p>
<p>(g) in relation to CIL expenditure for the reported year, summary details of—</p> <p>(i) the items of infrastructure on which CIL (including land payments) has been spent, and the amount of CIL spent on each item;</p> <p>(ii) the amount of CIL spent on repaying money borrowed, including any interest, with details of the items of infrastructure which that money was used to provide (wholly or in part);</p> <p>(iii) the amount of CIL spent on administrative expenses pursuant to regulation 61, and that amount expressed as a percentage of CIL collected in that year in accordance with that regulation;</p>	<p>(i) As (e) above</p> <p>(ii) nil</p> <p>(iii) £164,201.92 (5%)</p>
<p>(h) in relation to CIL receipts, whenever collected, which were allocated but not spent during the reported year, summary details of the items of infrastructure on which CIL (including land payments) has been allocated, and the amount of CIL allocated to each item;</p>	<p>(h) As above £250,000 per annum joint feasibility funding allocated not spent.</p>
<p>(i) the amount of CIL passed to—</p> <p>(i) any parish council under regulation 59A or 59B; and</p> <p>(ii) any person under regulation 59(4);</p>	<p>(i) £498,454.74</p> <p>(ii) nil</p>

<p>(j) summary details of the receipt and expenditure of CIL to which regulation 59E or 59F applied during the reported year including—</p> <p><i>Note: 59E relates to the recovery of CIL where a local council has not spent CIL within 5 years of receipt or has spent CIL on non-infrastructure items. 59F relates to how CIL should be applied in non-parished areas.</i></p> <p>(i) the total CIL receipts that regulations 59E and 59F applied to;</p> <p>(ii) the items of infrastructure to which the CIL receipts to which regulations 59E and 59F applied have been allocated or spent, and the amount of expenditure allocated or spent on each item;</p>	<p>(i) – (ii) Nil</p>
<p>(k) summary details of any notices served in accordance with regulation 59E, including—</p> <p>(i) the total value of CIL receipts requested from each parish council;</p> <p>(ii) any funds not yet recovered from each parish council at the end of the reported year;</p>	<p>(i) – (ii) Nil</p>
<p>(l) the total amount of—</p> <p>(i) CIL receipts for the reported year retained at the end of the reported year other than those to which regulation 59E or 59F applied;</p> <p>(ii) CIL receipts from previous years retained at the end of the reported year other than those to which regulation 59E or 59F applied;</p> <p>(iii) CIL receipts for the reported year to which regulation 59E or 59F applied retained at the end of the reported year;</p> <p>(iv) CIL receipts from previous years to which regulation 59E or 59F applied retained at the end of the reported year.</p>	<p>(i) £4,474,620.75 retained by Tandridge District Council £502,605.92 retained by Parish retained amount (to March 20)</p> <p>(ii) £230,403.06 at 18/19 retained</p> <p>(iii) nil</p> <p>(iv) nil</p>

Community Infrastructure Levy Expenditure

This section sets out how CIL income will be spent and prioritised over the next reporting period (as per the requirements set out in relevant planning practice guidance and the CIL regulations).

The level and timing of CIL funding will depend on the nature and scale of development, the number of implemented planning permissions, build-out rates, and the phasing of development etc.

CIL receipts have been spent and committed on the following projects in Table 4 and Table 5 respectively. Two other bids were considered and refused in 2020.

Table 6 is an aspirational list of projects under consideration which are subject to criteria to be agreed. Additional projects can be added to this list at any time. There is currently not sufficient funding for all the projects listed. Once criteria has been agreed the list can be refined, but there is likely to still be a significant funding gap.

The CIL Funds are retained and added to on an on-going basis so that project bids can be considered on the receipts held at time of award, the Council does not borrow on forecasted CIL income nor has it awarded funding based on expected future receipts.

Table 4: Community Infrastructure Levy Spent Projects

Ref No	Ward	Description of scheme	Delivered date	Amount
01	Burstow	Smallfield Flood Alleviation Scheme	2017	£150,000
	TOTAL:			£150,000

Table 5: Community Infrastructure Levy Committed Projects

Ref No	Ward	Description	Estimated timescale	Awarded CIL £ subject to terms
02	Burstow	Burstow Road Safety Scheme	2020-2022	£360,000
03	Oxted	Master Park Pavilion	2021-2023	£500,000
04	Whyteleafe	Whyteleafe Surgery	2020-2021	£502,000
05	Burstow	Smallfield Flood Alleviation Scheme	2021-2022	£150,000
	TOTAL:			£1,512,000

Table 6: Community Infrastructure Levy Projects under consideration –Status to be determined in line with criteria to be determined in early 2021.

Ref No	Ward	Description	Estimated timescale	Status (New criteria to be determined)
<u>Cross Ward boundaries</u>				
06	Caterham Bourne	Flood Risk Reduction works following Feasibility Study	2021-2022	To be considered under new criteria
07	Caterham Valley/Godstone	Junction 6 feasibility (as match funding with Surrey County Council as part of the feasibility fund) and detailed design.	2021-2023	To be considered under new criteria
08	Godstone/Tandridge	A25/A22 roundabout, Oxted - walking/cycling crossing improvements	2024-2026	To be considered under new criteria
<u>Bletchingley</u>				
09	Bletchingley	Bletchingley Skate Ramp	2021	To be considered under new criteria
<u>Burstow</u>				
10	Burstow	Natural flood management measures in upland around Smallfield	2021-22	To be considered under new criteria
11	Burstow	Grange End/Woodside Crescent	2021-2022	To be considered under new criteria
12	Burstow	Storage areas - creation of large attenuation basins around Smallfield	2024-25	To be considered under new criteria
13	Burstow	Broadbridge Lane Park/Rec	2024	To be considered

				under new criteria
<u>Caterham on the Hill</u>				
14	Caterham on the Hill	Caterham School – pavilion	2021-2022	To be considered under new criteria
15	Caterham on the Hill	Salmons Green – implement adult gym	2021-2022	To be considered under new criteria
16	Caterham on the Hill	Property Flood Resilience (PFR) Contributions to property level protection actions to reduce flood risk	2021-2023	To be considered under new criteria
17	Caterham on the Hill	Queens Park Upgrade	2021-2023	To be considered under new criteria
18	Caterham on the Hill	SuDS & Raingardens Contributions to local flood storage actions along flow routes	2021-2024	To be considered under new criteria
19	Caterham on the Hill	Burntwood Lane - pedestrian crossing and traffic calming	2022-2024	To be considered under new criteria
20	Caterham on the Hill	Burntwood Lane - speed reduction measures	2024-2026	To be considered under new criteria
<u>Caterham Valley</u>				
21	Caterham Valley	Croydon Road public realm regeneration	2020-2022	To be considered under new criteria
22	Caterham Valley	Caterham Valley Surgery expansion	2021-2022	To be considered under new criteria

23	Caterham Valley	Tillingdown Recreation Ground - Upgrade play equipment	2021-2022	To be considered under new criteria
24	Caterham Valley	Caterham Viewpoint and Fosterdown Wood improvements	2022-2023	To be considered under new criteria
25	Caterham Valley	Timberhill - Upgrade Play equipment	2023-2024	To be considered under new criteria
<u>Chaldon</u>				
26	Chaldon	Expansion of St Peter and St Paul CE Infant School to become an all through primary school with 1FE of entry. Providing headroom for an additional 120 places.	2021-2022 to be delivered for academic year 2022-23	To be considered under new criteria
27	Chaldon	Rook Lane - provision of pedestrian crossing in vicinity of Chaldon Common Road	2022-2023	To be considered under new criteria
<u>Godstone</u>				
28	Godstone	A22 – Eastbourne Road Blindley Heath Pedestrian Crossing (feasibility)	2022-2023	To be considered under new criteria
29	Godstone	Selbourne Square upgrades	2023-2024	To be considered under new criteria
<u>Limpsfield</u>				
30	Limpsfield	Limpsfield Crossing	2021-2022	To be considered under new criteria
<u>Lingfield</u>				
31	Lingfield	Godstone Road - Priority give way improvements	2020-2021	To be considered

				under new criteria
32	Lingfield	Ray Close/Playspace	2021	To be considered under new criteria
33	Lingfield	Lingfield Skate Ramp	2021	To be considered under new criteria
34	Lingfield	Talbot Road Recreation Ground - play equipment upgrade	2021-2022	To be considered under new criteria
35	Lingfield	East Grinstead Road - footway improvement	2021-2023	To be considered under new criteria
36	Lingfield	Godstone Road (recreation ground) Improvements	2024	To be considered under new criteria
37	Lingfield	Lingfield Common Road - measures to encourage drivers to reduce speeds	2024-2025	To be considered under new criteria
<u>Nutfield</u>				
38	Nutfield	Mid Street Recreation Ground	2022	To be considered under new criteria
<u>Oxted</u>				
39	Oxted	Oxted School SEN provision	2021	To be considered under new criteria
40	Oxted	Chestnut Copse upgrade playspace	2021	To be considered under new criteria

41	Oxted	Barnett's Shaw upgrade playspace	2025	To be considered under new criteria
<u>Tandridge</u>				
42	Tandridge	Expansion of St Peter's CE Infant School to become an all through primary school with 1FE of entry. Providing headroom for an additional 120 places.	2024-2025	To be considered under new criteria
<u>Tatsfield</u>				
43	Tatsfield	Furze field open space – drainage works	2023-2024	To be considered under new criteria
<u>Warlingham</u>				
44	Warlingham	Blanchmans Farm – Access upgrades	2021	To be considered under new criteria
45	Warlingham	Warlingham Green improvements	2021-2022	To be considered under new criteria
46	Warlingham	Tithepit Shaw Lane - pedestrian refuge in bellmouth at junction of Limpsfield Road	2023-2025	To be considered under new criteria
<u>Whyteleafe</u>				
47	Whyteleafe	A22 Godstone Road, Whyteleafe - feasibility into provision of pedestrian crossing between Station Road and Salmons Lane	2022-2024	To be considered under new criteria
48	Whyteleafe	Whyteleafe Recreation Ground upgrades	2024	To be considered under new criteria
<u>Woldingham</u>				

49	Woldingham	Woldingham Playspace / The Glebe Playground	2024	To be considered under new criteria
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5. Conclusion & Project Monitoring

The Infrastructure Funding Statement has been prepared in accordance with the CIL (Amendment) (England) Regulations 2019. It provides an overview of s106 and s278 agreements over the year 2019/2020 as well as CIL payments received, committed and spent and projects under consideration that may come forward in due course.

Projects in tables 4 and 5 are subject to contractual arrangements, projects in table 6 will be progressed in line with criteria to be determined in early 2021 and a refined list will be produced in due course.

Additional covid restrictions grant scheme- confirmation of decision taken under urgency powers (Standing Order 35)

Strategy & Resources Committee Wednesday, 16 December 2020

Report of: Executive Head of Communities

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

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 both the Local Restrictions Support Grant (**LRS**G) (national Scheme) and 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. Both the LRS G and ARG Scheme shall be administered by all business rate billing authorities in England.

Business who do not meet the eligibility criteria for a national LRS G, can submit an application for an Additional Restrictions Grant at the discretion of the Local Authority.

The requirements of the Government Guidance relating to the Additional Restrictions Grant Scheme meant that the scheme had to be set up and implemented within a very short timeframe. An Additional Restrictions Grant Scheme was developed and approved by the Chief Executive and Group Leaders by means of an Urgency Decision on 20 November 2020 pending review and ratification by the Strategy and Resources Committee.

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

Contact officer James Devonshire Specialist Service Manager –
jdevonshire@tandridge.gov.uk

Recommendation to Committee:

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

Reason for recommendation:

The Council has implemented an Additional Restrictions Grant Scheme in line with Government requirements and guidance.

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 and who are not eligible for payment under the Local Restrictions Support Grant Scheme, are able to receive financial support.

Introduction and background

1 Local Restrictions Support Grant

1.1 Businesses required to close due to national restrictions may be eligible for the following Local Restriction Support Grant:

- Properties with a rateable value of £15k or under could be eligible for grants of £1,334 every four weeks.
- Properties with a rateable value of over £15k and below £51k could be eligible for grants of £2,000 every four weeks.
- Properties with a rateable value of £51k or over could be eligible for grants of £3,000 every four weeks.

2. Additional Restrictions Grant Scheme

2.1 Whilst the Government has guided Local Authorities as to the types of business that the Government considers should be a priority for the scheme such as 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.

2.2 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.

2.3 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 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.

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

2.5 For the ARG fund to benefit the maximum number of eligible businesses, it is proposed to have four levels of grant payments between £500.00 and £3000.00, directly proportionate to the relative level of property costs for the business and considerations given to the relative impact on income due to the Covid-19 crisis. Details of the proposed grant amounts are set out in paragraph 18 (page 3) of Appendix A.

2.6 Businesses are limited to only one grant per premises in the District.

2.7 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.

3. Evidence required for the ARG Scheme application

3.1 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

4. It is a Government requirement that local authorities develop and publish an Additional Restrictions Grant Scheme.
5. 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

6. An Additional Restrictions Grant Scheme was developed and approved by the Chief Executive and Group Leaders by means of an Urgency Decision on 20 November 2020 pending review and ratification by the Strategy and Resources Committee.

Key implications

Comments of the Chief Finance Officer

The cost of Local Restrictions Support Grant and Additional Restrictions Grant schemes payments will be fully met by Central Government. Funding of £2,911,916 which has already been received, therefore there will be no adverse effect on the Councils cashflow position. To date there has been no announcement on any specific additional support to the Council to offset the additional administration costs that will be incurred.

Whenever giving out grants there is a risk of fraud. The Government is supporting Local Authorities to make checks, so applications can be verified, and payments made correctly. 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.

Comments of the Head of Legal Services

The Council has the power to deliver the Additional Restrictions Grant scheme under Section 1 of the Localism Act 2011. The Scheme is intended to provide assistance to businesses which have been impacted by Covid-19. In keeping with the Council's duties for transparency and to ensure that the Council is not subject to any judicial review challenge of its decisions the application criteria, application process and decision-making process should transparently be available and all decisions on grants should be based solely on the criteria and clearly evidenced.

Under the European Commission's COVID-19 Framework, each business may receive up to €800,000 in grants or other aid without being in breach of state aid rules. It seems from this report that the grants from the Council itself to each recipient will be comfortably below in this limit. However, for each grant recipient, the Council's grant must be aggregated to any other public-sector support (e.g. other grants) which the grant recipient is receiving from all other public bodies (e.g. from central government, other local authorities if operating there). It seems from the report that the businesses eligible for this grant are too small to have significant grants from other public bodies. However, the Council will still need to comply with the requirements indicated in the BEIS guidance regarding state aid declarations.

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

Background papers

Equality Impact Assessment

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Additional Restrictions Grant Scheme

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 records must confirm that the applicant was 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.
6. A detailed list of businesses subject to restrictions or closure and those able to remain open are available on pages 29 to 32 of the Government's list at https://www.legislation.gov.uk/ukxi/2020/1200/pdfs/ukxi_20201200_en.pdf
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. 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.

9. These additional restrictions grant 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 4 November 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

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 £3,000. The cap at £3,000.00 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
<p>Micro businesses trading from domestic premises with less than 10 staff</p> <p>If running more than one business from the same domestic property, grant monies will be split accordingly</p>	£500.00	Council Tax payer
<p>Serviced Offices or other flexible working spaces. i.e., units in industrial parks with ongoing property costs up to £15K per annum</p>	£1,334.00	The grant applicant is not the ratepayer but rents a small office within a Business Rates premises.
<p>RV or property costs between £15,001 and £51,000 per annum</p>	£2,000.00	RV or where no RV but has rent / mortgage costs / service charges.
<p>Exceptional Circumstances and RV over £51,000</p>	£3,000.00	<p>i) Business closed completely 100% income lost from 5 November 2020 to 2 December 2020</p> <p>ii) RV over £51,000</p> <p>iii) Relatively high ongoing fix property related costs</p>

19. Businesses are limited to only one grant per premises in the district.
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.

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