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To: MEMBERS OF THE STRATEGY & RESOURCES COMMITTEE
Councillors Bourne (Chair), Langton (Vice-Chair), Black, Bloore, Botten, Caulcott, Cooper, Davies, Elias, Gillman, Pursehouse and Stamp

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Substitute Councillors: Allen, Groves, Morrow and Sayer

C.C. All Other Members of the Council

24 November 2021

Dear Sir/Madam

STRATEGY & RESOURCES COMMITTEE THURSDAY, 2ND DECEMBER, 2021 AT 7.00 PM

The agenda for this meeting of the Committee to be held in the Council Chamber, Council Offices, Station Road East, Oxted 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,

David Ford
Chief Executive

AGENDA

- 1. Apologies for absence (if any)**
- 2. 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.

- 3. Minutes of the meeting held on the 5th October 2021 (Pages 3 - 18)**
To confirm as a correct record

4. **To deal with any questions submitted under Standing Order 30**
5. **Investment Sub-Committee - 5th November 2021** (Pages 19 - 26)
To receive the minutes of this meeting and to consider the recommendation under item 4 to dispose of Redstone House
6. **CIL Working Group - 8th November 2021** (Pages 27 - 62)
To receive the minutes of this meeting and to consider the recommendations under item 3 regarding the allocation of CIL funds
7. **2020/21 Outturn Month 12 (March 2021)** (Pages 63 - 104)
8. **2022/23 draft budget and Medium Term Financial Strategy** (Pages 105 - 152)
9. **Household Support Fund - Confirmation of decision taken under urgency powers (Standing Order 35)** (Pages 153 - 164)
10. **Designation of Polling Station for Chelsham & Farleigh** (Pages 165 - 170)
11. **Any other business which, in the opinion of the Chair, should be considered as a matter of urgency**

TANDRIDGE DISTRICT COUNCIL

STRATEGY & RESOURCES COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 5th October 2021 at 7.30pm

PRESENT: Councillors Bourne (Chair), Langton (Vice-Chair), Black, Caulcott, Cooper*, Elias, Gillman, Groves (substitute in place of Bloore), Morrow (substitute in place of Botten), Pursehouse and Stamp

** Councillor Cooper joined at the beginning of the meeting via Zoom and was, therefore, unable to vote*

ALSO PRESENT: Councillors Allen, Farr, Lockwood, Mills, O'Driscoll, Ridge, Steeds, Swann and N.White

APOLOGIES FOR ABSENCE: Councillors Bloore, Botten and Davies

141. MINUTES OF THE MEETING HELD ON THE 14TH SEPTEMBER 2021

These were confirmed and signed as a correct record.

142. QUESTIONS SUBMITTED UNDER STANDING ORDER 30

Questions had been submitted by Councillors Elias and Cooper. The questions and responses, including those to supplementary questions, are attached at Appendix A.

143. CHIEF OFFICER SUB-COMMITTEE - 18TH JUNE AND 9TH JULY 2021

The minutes of the Sub-Committee's meetings held on the 18th June and 9th July 2021 were considered.

RESOLVED – that the minutes, attached at Appendices B and C, be received.

144. INVESTMENT SUB-COMMITTEE - 24TH SEPTEMBER 2021

The minutes of the Sub-Committee's meeting held on the 24th September 2021 were considered.

RESOLVED – that the minutes, attached at Appendix D, be received.

145. STRATEGY & RESOURCES QUARTER 1 (21/22) PERFORMANCE REPORT

The Committee considered an analysis of progress against its key performance indicators, together with updated risk registers, for the first quarter of 2021/22.

In response to concerns regarding performance against KPI SR7 (*% of calls answered by the Customer Services Team within 60 seconds*) the Head of Customer Engagement and Partnerships considered that the 80% target was unrealistic and would benefit from review for various reasons, e.g.

- under the current operating model (introduced as part of the Customer First programme in 2018) the team was responsible for a range of corporate administrative functions besides answering phone calls, and the target had been missed ever since;
- apprentices and trainees had to be given time off to study for their National Vocational Qualifications;
- the telephony system was over 20 years old and in need of replacement – this would facilitate more effective ‘channel shift’ whereby those residents able to ‘self-serve’ could do so without having to make calls to the Council, thus enabling the team to prioritise vulnerable residents who require more dedicated telephone support;
- the average length of calls, and the ‘after-call’ time required for the team to process associated actions was increasing.

The Chief Executive responded to various questions by confirming that:

- senior managers would be addressing key risks and outstanding actions as a matter of urgency;
- he would be assessing the underlying reasons for relatively high rates of sickness absence (KPI SR4) before identifying remedial actions;
- regarding Corporate Risk 11 (*senior management vacancies inhibiting corporate performance and improvement*) an interim HR specialist had recently been appointed, although the Chief Planning Officer vacancy remained unfilled – he would be assessing the effectiveness of the current senior management structure (to be informed by a review of the Council’s strategic priorities) before considering the future of the Executive Head of Resources post which had been vacated in July 2021;
- he acknowledged the need improve staff morale through better communication and engagement; and
- the effectiveness of home working was monitored according to whether relevant services continued to be delivered – this relied on an element of mutual trust.

Members reiterated previous suggestions that committee minutes should include lists of actions to be undertaken by specific officers, thus improving transparency and accountability. Progress against the actions concerned could then be reviewed at the next meeting of a committee, or at the following Full Council.

Regarding the Finance and Planning Transformation projects (identified as a 'status update' in respect of S&R Risk 1 – *"inability to maintain high standards of delivery for statutory services"*) the Programme Management Officer surmised that separate reports would be presented to the Committee on progress against key milestones. He also explained actions being taken to address performance against KPI SR8 (*number of overdue complaints*) including the report to the 30th September 2021 Audit & Scrutiny Committee and fortnightly monitoring by the Executive Leadership Team.

Arising from the discussion, the Chair requested that information be e-mailed to Members about whether:

- assurances could be given regarding performance against KPI 3a (*days taken to process new benefit claims*) in light of the migration to the new (Northgate) software system (later in the debate, the Executive Head of Communities stated that she was content with the way in which claims were being dealt with); and
- the Council incurred penalties for not responding to Freedom of Information requests within statutory timeframes.

RESOLVED – that that the Quarter 1 (2021/22) performance and risks for the Strategy & Resources Committee be accepted.

ACTIONS:

		Officer responsible for ensuring completion	Deadline
1	E-mail to committee members regarding performance against KPI 3a (<i>days taken to process new benefit claims</i>) in light of the migration to the new (Northgate) software system.	Alison Boote (Executive Head of Communities)	19.10.21
2	E-mail to committee members explaining whether penalties are incurred for not responding to Freedom of Information requests within statutory timeframes.	Lidia Harrison (Head of Legal Services and Monitoring Officer)	19.10.21

146. CATERHAM BID RENEWAL BALLOT

The purpose of Business Improvement Districts (BIDs) was to improve local commercial areas via levies paid by local non-domestic ratepayers. The Caterham Valley BID had reached the end of its first five-year term and a fresh ballot of non-domestic ratepayers in its area was required to determine whether it could continue.

A report was submitted inviting the Committee to support the renewal of the BID and for the Council's vote (as one of the non-domestic ratepayers in the area) to be cast accordingly. The renewal ballot (proposing an on-going 2% levy rate) would take place between the 19th October and 18th November 2021, to be administered by Civica Election Services at a cost of £1,860. The Council was required to pay for the ballot unless the vote was lost, and turnout was less than 20%, in which case BID itself would be liable. The BID levy would be mandatory for all liable businesses, regardless of whether or how they vote.

Although the Council had been financing levy collection costs (e.g. for postage, printing and staff time) since the BID's inception, the report recommended that such costs be reimbursed by the BID in future.

During the presentation of the report, the Committee was informed about the support provided by the BID, in conjunction with officers, to Caterham business. The BID's planned initiatives for its second term were also explained, including clarification that it did not wish to take over from Caterham Valley Parish Council regarding the provision of Christmas lights.

RESOLVED – that:

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

147. PROCUREMENT OF ELECTIONS PRINTING

The Council's current electoral print supplier had given notice of their withdrawal from the electoral market from the 31st December 2021. Approval was therefore sought for the tender and procurement of a new four-year contract from the 1st January 2022. The value of the contract was stated to be £381,532.74, with an average annual spend in the region of £78,000.

In response to questions, the Lead Democratic Specialist explained that the contract value was based on average expenditure during the previous four years and that approximately 12 potential suppliers remained in the market. She also advised that annual printing budgets varied according to the number of elections held during the year and that the Council recouped expenditure on polls conducted on behalf of other bodies (e.g. General, County and Parish elections). She undertook to provide Members with a breakdown of election printing expenditure during the previous four years, based on election types.

RESOLVED – that

- A. the tender and procurement of the electoral print services for four years from the current contract end date of 31st December 2021 be approved; and
- B. the Chief Executive be authorised to procure and award the contract(s), in consultation with the Chair and Vice-Chair of the Committee, necessary for the implementation of electoral print services in-line with the procurement routes.

ACTION:

	Officer responsible for ensuring completion	Deadline
E-mail to committee members providing a breakdown of election printing expenditure during the previous four years, based on election types.	Chailey Gibb (Lead Democratic Specialist)	19.10.21

COUNCIL DECISIONS
(subject to ratification by Council)

148. REVIEW OF THE TIMETABLE OF MEETINGS FOR THE REMAINDER OF 2021/22 AND ASSOCIATED GOVERNANCE MATTERS

A report was presented in response to the following resolution at the 27th May 2021 Annual Council meeting:

“the Strategy & Resources Committee formally review the calendar of meetings at its meeting on 5th October 2021, so as to make an appropriate recommendation to the subsequent Full Council meeting”

The report explained the rationale for current timetable and proposed changes to meeting dates in March and April 2022. The main reasons for the suggested new dates were that:

- budget monitoring reports were no longer being submitted to policy committee meetings (they would be e-mailed separately to Members instead) which removed the need for committees to meet during a compressed period at the end of each cycle; and
- certain committees should meet earlier in March 2022 to avoid the pre-election period.

The report also proposed that Standing Order 30 be amended whereby, for meetings which continued to take place during pre-election periods, the routine item for questions would not appear on the agenda. Finally, the report recommended that the standard start time for meetings be brought forward to 7.00pm.

Councillor Morrow, seconded by Councillor Elias, proposed amendments to the recommendations whereby:

- several meeting dates in March and April 2022 would be changed to ensure that only one policy or planning committee met in a week;
- the standard start time for committee and council meetings would remain at 7.30pm with an earlier start time of 7.00pm only in exceptional circumstances;
- the 2022/23 timetable would be based on the principle of having only one policy or planning committee in a week, to be held on a Thursday;
- recommendation B of the report (proposing changes to Standing Order 30 to prevent questions being submitted at meetings during pre-election periods) would be deleted.

Various views were expressed on the merits of both the original recommendations and Councillor Morrow’s amendments.

Upon being put to the vote, the amendments were approved.

RECOMMENDED – that:

- A. the dates of meetings during March/April 2022 be amended to be as follows:
- Thursday 3rd March - Planning (no change)
 - Tuesday 8th March - Standards (no change)
 - Thursday 10th March - Planning Policy (as proposed)
 - Tuesday 15th March - JCC (no change)
 - Thursday 17th March - Community Services
 - Tuesday 22nd March - Audit & Scrutiny
 - Thursday 24th March - Housing
 - Thursday 31st March - Planning (as proposed)
 - Thursday 7th April – Strategy & Resources
 - Thursday 21st April - Council (no change)
 - Thursday 28th April - Planning (as proposed)
- B. the standard start time for committee and council meetings be 7.30pm, with 7.00pm start times arranged when necessary to accommodate very long agendas; and
- C. a provisional timetable of meetings for 2022/23 be presented to the Strategy & Resources Committee on the 1st February 2022 for ratification at the following Council meeting, with the principle of having only one policy or planning committee in a week, held on a Thursday, being applied as far as practicable.

In accordance with Standing Order 25(3) Councillors Bourne and Pursehouse wished it recorded that they abstained from voting on the deletion of Recommendation B of the report which proposed changes to Standing Order 30 whereby the standard item for asking questions would cease to be included on agenda for committee and council meetings held during pre-election periods.

Note – the revised timetable, incorporating the dates in Recommendation A above, is attached at Appendix E.

149. GATWICK NOISE MANAGEMENT BOARD COMMUNITY FORUM - APPOINTMENT OF A SUBSTITUTE MEMBER

The Committee was invited to consider appointing a substitute Member to serve on the Gatwick Noise Management Board's Community Forum (Councillor Lockwood being the Council's principal representative). This followed an expression of interest from Councillor Ridge to serve in that capacity.

An alternative proposal to appoint Councillor Gillman was put forward on the basis that the principal and substitute representatives should not be from the same Ward. A vote between Councillors Gillman and Ridge was therefore conducted.

RECOMMENDED – that Councillor Ridge be appointed as the Council's substitute member to serve on the Gatwick Noise Management Board's Community Forum.

Rising 9.15 pm

Strategy & Resources Committee – 5th October 2021
Standing Order 30 questions and responses

Questions from Cllr Elias and responses from the Chief Finance Officer

At the 24th September 2021 Investment Sub-Committee meeting, I asked for clarification as to the Council's level of total reserves. I pointed out that the recent independent review by the Link Group of Tandridge's Treasury Management Activity stated (top of page 3 and various other places in the report) that *"the Council had £23m of reserves and balances and £9.2m of working capital"* at 31st March 2021. I also pointed out that the 11th February 2021 Council agenda (page 148) showed total reserves of £16.6m as at 31st March 2021. Finally, the Council's Statement of accounts posted on the Council's website on 31st July 2021 shows (page 25) total usable reserves of £27.7m at 31st March 2021 (up from £19m at 31st March 2020).

- (a) Bearing in mind the range of values of total usable reserves at 31st March 2021 given to members in the past few months (from £16.6m to £27.7m), could members now be given a definitive answer as to the amount of the Council's total usable reserves as at 31st March 2021?**

Response from the Chief Finance Officer

£16.6m was the estimated balance of reserves at the time of setting the budget in February 2021, based on an estimated movement (draw down or transfer back to reserves from the previous year). The net movements in the reserves are finalised as part of the preparation of the 20/21 annual accounts which show an increase to c£28m as at 31st March 2021. It is important to note that the accounts have yet to be signed off from audit and these numbers are subject to change.

However, albeit c£28m is the total useable reserves (GF and HRA) for the Council as at 31st March 2021. Of this, only £3.3m is the General Fund balance which could be applied to support the general running of the Council. This represents an increase of £0.3m from 2019/20 due to an increase in the Income Equalisation Reserve which supports voids and rental losses of our properties and is earmarked for that purpose. The remaining c£24m is earmarked against specifics like CIL, HRA and capital and cannot be used for general use.

I appreciate there may be some confusion when looking at the amounts we have to support our day-to-day cashflow requirements (which we call internal borrowing to which all of this c£28m can be applied) vis-a-vis having amounts like earmarked reserves being ready and available to pay back when required – as earmarked reserves come with conditions attached to them.

- (b) Bearing in mind that the external auditing of the 2021 year end accounts has been under way for some time, what do the council's external auditors think our useable reserves are?**

Response from the Chief Finance Officer

The auditors received a draft version of our 2020/21 accounts submitted by the end of June in accordance with statutory deadlines. The auditors have not flagged any issues with our reserves position at this time, however given our accounts are still in draft, this may be subject to change until the time of signing.

Supplementary question from Councillor Elias

As of today, are our useable reserves £27.7 million? We haven't heard anything to the contrary from the auditors?

Response from the Chief Finance Officer

That is correct.

- (c) Could an explanation please be provided to members, in layman's terms (on the assumption that members are not CIPFA-trained accountants) as to the different values of the total usable reserves as shown above?**

Response from the Chief Finance Officer

As at 31st March, the Council's total useable reserves are c£28m (as per my earlier response), of these:

- £9.8m are capital reserves*
- £6.8m relate to the HRA*
- £7.7m relate to those earmarked for a specific revenue purpose and may have conditions attached to them or need to be returned to a third party – such as CIL, s31 Grants, COVID monies*
- the balance of £3.3m is the available balance of General Fund reserves*

- (d) When are the Council's audited accounts at 31st March 2020 expected to be formally issued? What are the reasons for the delay?**

Response from the Chief Finance Officer

As I discussed at the Audit & Scrutiny meeting last Thursday, the external audit of the Draft Statement of Accounts for the year ended 31 March 2020 has not yet been completed by the external auditors, Deloitte LLP, due initially to the impact of Covid-19 on audit resource and, subsequently, a significant level of re-work required on Deloitte's part to provide certainty that TDC's financial system reconciled to its published Statement of Accounts. Work on auditing the accounts for the year ended 31 March 2020 is substantially complete and moving into a quality-assurance phase, with no major changes or errors identified to-date. The date for signing the 2019/20 accounts as currently determined by the auditors will be "asap".

Supplementary question from Councillor Elias

I wasn't at the Audit & Scrutiny Committee meeting. Is there an estimated date? Are we talking about a month, or two or three?

Response from the Chief Finance Officer

The external auditors haven't specified a date, they have only said their audit will be completed as soon as possible. We questioned them about this at the 30th September Audit & Scrutiny Committee and they quoted a resource allocation of 120 man-days. The only timeframe they have confirmed is 'asap'.

- (e) when are the Council's audited accounts at 31st March 2021 expected to be formally issued? What are the reasons for the delay?**

Response from the Chief Finance Officer

As I discussed at Audit & Scrutiny last Thursday, the external audit of the draft Statement of Accounts for the year ended 31 March 2021 has not yet been completed by the external auditors, Deloitte LLP, due to the prior year audit not yet being completed and the outturn position remaining under review. Work to finalise the testing by external audit continues alongside the 2019/20 audit and the timetable for completion will be dictated to some extent by finalisation of the outturn report.

The curtailment of the outturn report was due to awaiting the Grant Thornton report and its recommendations, which confirmed a c£920k gap in the 2020/21 budget. As the result, it has provided more doubt in the underlying position and in the confidence of financial reporting. In order to gain confidence for future budgets and financial reporting, a root and branch review of the fundamentals of finance and a line by line review of the 2021/22 budget position will be undertaken. This, coupled with our finance transformation programme, will provide confidence in the underlying position, and will enable the 2020/21 outturn to be published; the 2020/21 accounts to be signed; and the 2022/23 budget to be set and approved in February 2022. We are currently pulling together a comprehensive action plan.

- (f) what is the total cost (including contractors) of the Joint Working Arrangements with Surrey County Council for Finance Services divided as follows?:**

- (i) period July 2020 to 31st March 2021**
- (ii) period 1st April 2021 to 30th September 2021; and**
- (iii) expected cost for the period 1st October 2021 to 31st March 2022**

Response from the Chief Finance Officer

The total cost on the Joint Working Agreement with the County was set out in the report provided to and agreed by S&R on 6th July. There have been no changes to that information since that report was prepared and agreed by the Committee. I'm happy to resend that information to you and the rest of the Committee.

Supplementary question from Councillor Elias

Please could you remind me what the three numbers are [in respect of (i) to (iii) above]?

Response from the Chief Finance Officer

The report to S&R on 6th July identified a recurring cost to the finance function of £735,000 in 2021/22. There was a forecast overspend on that budget in 21/22 of c£27,000, which was a result of the Tandridge finance transformation programme which would build much needed capacity, capability and resilience of the team. As always, we attempt to make in-year mitigations against any overspends where possible. Aside from that, there was an additional one-off investment £80K, approved at the same meeting, to support the delivery of the finance transformation programme, to be funded from the flexible use of capital receipts due to the transformative nature of the project.

(g) what is the total cost of all contractors and supernumerary staff, broken down by department/discipline, over the same periods?:

(i) period July 2020 to 31st March 2021

(ii) period 1st April 2021 to 30th September 2021; and

(iii) expected cost for the period 1st October 2021 to 31st March 2022

Response from the Chief Finance Officer

To ensure the figures can be accurately reported as requested, further time is required to investigate and review the information which will all be part of the 2022/23 budget setting information.

Supplementary question from Councillor Elias

Could you provide some rough estimates?

Response from the Chief Finance Officer

No, I'm sorry I can't.

Question from Cllr Cooper (read out by the Committee Clerk)

At the last S&R meeting held on 14th September, I asked a series of questions on TDC's actions since deciding to announce a 'Climate Change Emergency' at the Full Council Meeting on 13th February 2020. The answers given to my questions were Q1) Zero; Q2) Climate Change Working Group to consider; Q3) Climate Change Working Group to look at; Q4) Zero; Q5) Climate Change Working Group to consider; Q6) Zero. **Given TDC have declared an emergency could I have an update on these answers please?**

Response from the Chair

The are no changes I'm aware of. Until the Climate Change Working Group reports back to the Committee, that situation won't change. I suggest you address future questions to your colleagues on the Working Group.

TANDRIDGE DISTRICT COUNCIL

CHIEF OFFICER SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 18th June 2021 at 9.00am.

PRESENT: Councillors Bloore, Botten, Bourne, Elias and Sayer

1. ELECTION OF CHAIR

Councillor Sayer was elected Chair for the meeting.

2. DEPARTURE OF ACTING CHIEF EXECUTIVE

The Sub-Committee considered a report regarding the terms of the Acting Chief Executive's departure. This was in light of her resignation on the 19th May 2021 and the fact that the new Chief Executive would be joining the Council on the 21st June 2021.

RESOLVED – that the Acting Chief Executive will:

- A. revert to her former Executive Head of Corporate Resources post and associated salary from the 21st June 2021;
- B. depart on the 16th July 2021 (her last day of service being the 11th August 2021, adjusted for leave from the 19th to 30th July 2021); and
- C. receive a payment based on 63 hours of untaken leave.

Rising 9.40 am

TANDRIDGE DISTRICT COUNCIL**CHIEF OFFICER SUB COMMITTEE**

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 9th July 2021 at 9.00am.

PRESENT: Councillors Bloore, Botten, Bourne, Elias and Sayer.

1. ELECTION OF CHAIR

Councillor Sayer was elected Chair for the meeting.

2. DEPARTURE OF THE EXECUTIVE HEAD OF CORPORATE RESOURCES

The Sub-Committee resolved to deal with this matter in 'Part 2' by virtue of Paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to an individual).

Due to the lack of senior management capacity available at the present time, it was agreed that the Executive Head of Corporate Resources should remain in post for a longer period than that originally decided by the Sub-Committee on the 18th June 2021 in order to provide support to the new Chief Executive.

RESOLVED – that:

- A. the Executive Head of Corporate Resources' last day of service be extended from the 11th to the 30th August 2021 with her last day in the office being the 30th July 2021; and
- B. the financial arrangements arising from A above be determined by the Chief Executive, Head of Legal and Chief Finance Officer, in consultation with Councillor Sayer as Chair of the two relevant Sub-Committee meetings.

Rising 9.50 am

TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 24th September 2021 at 10.00am.

PRESENT: Councillors Bourne (Chair), Cooper, Elias, Jones and Langton

ALSO PRESENT: Councillor Farr

1. MINUTES OF THE MEETING HELD ON THE 11TH JUNE 2021

These were confirmed as a correct record.

2. FUND MANAGER SELECTION

Arising from the 11th June 2021 meeting, Link Group (the Council's treasury advisors) had conducted a fund manager selection process to inform a review of the Council's medium / long term investment portfolio. This was in light of the previous decision to cease re-investing in Funding Circle peer to peer loans and to withdraw funds as those loans were repaid. Approximately £1.3 million had been redeemed from Funding Circle to the end of August 2021. To date, these proceeds had been used to support the Council's cashflow.

Nazmin Miah and Dan Willson from Link Group attended the meeting (via Zoom) to present their report which included:

- (i) an analysis of the Council's Capital Financing Requirement (CFR), borrowing and reserves / balances;
- (ii) coverage of the Council's current debt and investment position, including reference to the £12million currently invested with the following externally managed funds:
 - CCLA Property Fund (£4 million)
 - Schroders Credit Fund (£3 million)
 - CCLA Diversified Income Fund (£2 million)
 - UBS Multi-Asset Income Fund (£3 million)
- (iii) a summary of the fund manager selection process which culminated in representatives of four shortlisted funds (Fidelity, Legal & General, Newton and Royal London) attending a presentation day;
- (iv) a comparative performance analysis of the funds referred to in (ii) and (iii) above, based on income generation, capital growth / contraction and a combination of both;

- (v) interest rate forecasts and projections of the Council's CFR and reserves / balances;
- (vi) the potential implications of International Financial Reporting Standard (IFRS) 9 on the Council's investments and useable reserves from 2023/24.

Regardless of the outcome of this current review, Dan Willson emphasised the need for the Council to maintain on-going vigilance about how its chosen funds were performing, to ensure they remained fit for purpose.

While accepting that the Sub-Committee was responsible for making final decisions, Members questioned the absence of recommendations regarding the optimum mix of funds for the Council to invest in. The Link representatives explained that their role was to support the Council with its decision making by presenting facts for Members to consider in light of the Authority's appetite for risk. They also advised that Environmental, Social and Governance (ESG) considerations had been addressed as part of the fund manager selection process, a key aspect of which was the extent to which fund managers engaged with companies about what they were doing to reduce or offset their impact on the environment.

In response to Members' questions, it was confirmed that the level of reserves identified within Link's report was based on the Council's Statement of Accounts for 2020/21, although those accounts were still subject to external audit sign off. The projected reduction in reserves in 2021/22 was attributed to the Council's housebuilding programme and associated calls on the Housing Revenue Account's capital programme. It also emerged that some of the Council's long term investments had been classified as short term within Link's analysis.

The Chair sought to establish certain fundamentals to help guide future decisions regarding the Council's investment portfolio. The Chief Finance Officer advised that, based on the information in Link's report, external investment of the £1.3 million Funding Circle proceeds was a viable option, but expressed caution should those funds remain inaccessible beyond 2022/23 due to the uncertainties surrounding IFRS 9. Retention of the £1.3 million for internal borrowing was a credible alternative.

RESOLVED – that a decision on possible adjustments to the Council's investment portfolio be deferred until the Sub-Committee's next meeting, to be informed by a remodelled report from Link Group identifying the Council's short, medium and long-term investment position and supporting commentary from the Chief Finance Officer.

Rising 11.50 am

APPENDIX E

AMENDED TIMETABLE OF MEETINGS FOR 2022 (based on Recommendation A of Minute 148)

JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022
1 Sat	1 Tues S&R	1 Tues	1 Fri	1 Sun
2 Sun	2 Weds	2 Weds	2 Sat	2 Mon BH
3 Mon BH	3 Thurs P	3 Thurs P	3 Sun	3 Tues
4 Tues	4 Fri	4 Fri	4 Mon	4 Weds
5 Weds	5 Sat	5 Sat	5 Tues	5 Thurs elections
6 Thurs	6 Sun	6 Sun	6 Weds	6 Fri
7 Fri	7 Mon	7 Mon	7 Thurs S&R	7 Sat
8 Sat	8 Tues	8 Tues S	8 Fri	8 Sun
9 Sun	9 Weds	9 Weds	9 Sat	9 Mon
10 Mon	10 Thurs C¹	10 Thurs PP	10 Sun	10 Tues
11 Tues	11 Fri	11 Fri	11 Mon	11 Weds
12 Weds	12 Sat	12 Sat	12 Tues	12 Thurs
13 Thurs P	13 Sun	13 Sun	13 Weds	13 Fri
14 Fri	14 Mon	14 Mon	14 Thurs	14 Sat
15 Sat	15 Tues	15 Tues JCC	15 Fri BH	15 Sun
16 Sun	16 Weds	16 Weds	16 Sat	16 Mon
17 Mon	17 Thurs C²	17 Thurs A&S CS	17 Sun	17 Tues
18 Tues CS	18 Fri	18 Fri	18 Mon BH	18 Weds
19 Weds	19 Sat	19 Sat	19 Tues P	19 Thurs
20 Thurs PP	20 Sun	20 Sun	20 Weds	20 Fri
21 Fri ISC 10am	21 Mon	21 Mon	21 Thurs C	21 Sat
22 Sat	22 Tues	22 Tues CS A&S	22 Fri	22 Sun
23 Sun	23 Weds	23 Weds	23 Sat	23 Mon
24 Mon	24 Thurs	24 Thurs PP H	24 Sun	24 Tues
25 Tues H	25 Fri	25 Fri	25 Mon	25 Weds
26 Weds	26 Sat	26 Sat	26 Tues	26 Thurs AC
27 Thurs A&S	27 Sun	27 Sun	27 Weds	27 Fri
28 Fri	28 Mon	28 Mon	28 Thurs P	28 Sat
29 Sat		29 Tues H	29 Fri	29 Sun
30 Sun		30 Weds	30 Sat	30 Mon
31 Mon		31 Thurs S&R P		31 Tues P

APPENDIX E

KEY TO CODING

AC	Annual Council
A&S	Audit & Scrutiny Committee
BH	Bank Holiday
C	Council
CS	Community Services Committee
H	Housing Committee
ISC	Investment Sub-Committee (dates to follow)
JCC	Joint Consultative Committee
P	Planning Committee
PP	Planning Policy Committee
S	Standards Committee (dates to follow)
S&R	Strategy & Resources Committee

1 = To set the Council Tax & budget for 22/23

2 = Contingency date for 1 above if the budget
etc cannot be determined on 10th Feb

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TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 5th November 2021 at 10.00am.

PRESENT: Councillors Bourne (Chair), Cooper, Elias and Langton

ALSO PRESENT: Councillors Farr

APOLOGIES FOR ABSENCE: Councillor Jones

1. **MINUTES OF THE MEETING HELD ON THE 24TH SEPTEMBER 2021**

The minutes were confirmed and signed as a correct record.

2. **SUMMARY INVESTMENT AND BORROWING POSITION AT 30TH SEPTEMBER 2021**

The investment analysis at Appendices A and B was presented.

The Chair explained that the anticipated remodelled report from Link Group (the Council's treasury advisors) would now be presented to the Sub-Committee's meeting on the 21st January 2022. This would help to inform a decision on the use of the redeemed proceeds from Funding Circle which had accumulated since the decision to cease re-investing in its peer to peer loans and to withdraw funds as those loans were repaid. It was confirmed that the 11.2% yield rate from Funding Circle (Appendix A refers) reflected the withdrawal of the principal element of the investment, together with a one-off recovery of non-performing loans amounting to £38,000 and did not reflect pure income.

Members reiterated their wish from the 11th June 2021 meeting that the term 'high yielding' should be removed from future investment reports.

RESOLVED – that the Council's investment and borrowing position at 30th September 2021, as set out in Appendices A and B, be noted.

3. **GRYLLUS HOLDINGS, GRYLLUS HOUSING AND GRYLLUS PROPERTY FINAL ACCOUNTS 2020/21**

The Sub-Committee considered financial statements for the year ended 31st March 2021 in respect of these Council owned subsidiary companies, together with a report from Kreston Reeves LLP arising from its audit of the accounts.

The key issues identified within the Officer covering report were:

- Gryllus Holdings had been dormant during the reporting period and an unqualified audit opinion had been issued. (The term 'dormant' was questioned during the debate, but it was acknowledged that the company had not been trading and that no movement of balances had taken place).
- Gryllus Housing had been dormant during the reporting period and the accounts were unaudited.
- Gryllus Property Limited had recorded a loss of £1,792,530 arising from revaluations of the company's three properties (30-32 Week Street, Maidstone; 80-84 Station Road East, Oxted and Castlefield House, Reigate). This had been expected as Castlefield House was purchased during the 2020/21 reporting year and its valuation had attracted one off purchase costs. Without such costs, the company made an operational post tax profit of £72,373. An unqualified audit opinion had been issued.

The Kreston Reeves audit had identified:

- a late VAT payment (by one day) which had incurred an HMRC penalty fine
- an incorrect posting of £205,583 rental income.

Consequently, Kreston Reeves had recommended measures to reduce the likelihood of such errors reoccurring, namely additional staffing capacity to deal with VAT payments and a quarterly reconciliation of actual and expected rental income. It was confirmed that these matters would be addressed as part of the Finance Transformation Programme.

The Chief Finance Officer (Anna D'Alessandro) advised that she had replaced Simon Jones as a director of all three companies.

RESOLVED – that the following be noted:

- (i) the annual financial statements for Gryllus Holdings Limited, Gryllus Housing Limited and Gryllus Property Limited for the year ended 31st March 2021;
- (ii) the report from Kreston Reeves arising from its annual audit of Gryllus Holdings Limited and Gryllus Property Limited for the year ended 31st March 2021; and
- (iii) the management accounts for Gryllus Property Limited (profit by property).

4. INVESTMENT PROPERTY UPDATE

The Sub-Committee resolved to move into 'Part 2' for this item in accordance with Paragraph 3 (information relating to financial or business affairs) of Part 1 of Schedule 12A of the Local Government Act 1972.

The officer report advised Members about the performance of the of the commercial investment properties owned by the Council and its subsidiary company, Gryllus properties:

TDC properties:

- Quadrant House, Caterham Valley
- Redstone House, South Nutfield
- Village Health Club, Caterham on the Hill

Gryllus properties:

- Castlefield House, Reigate
- 80-84 Station Road East, Oxted
- 30-32 Week Street, Maidstone

The information comprised an update about asset management activity for each property; an analysis of opportunities and risks; and valuations carried out by Wilkes, Head and Eve (WHE) in December 2020 for the Gryllus properties and February 2021 for the TDC properties. Members considered that future WHE valuations would benefit from input from the asset management team to ensure they were as realistic as possible.

Members were also provided with:

- rent / service charge collection data for Quadrant House and a risk register compiled by Huntley Cartwright quantity surveyors; and
- an options analysis from Colliers (property consultants) regarding the future use of 30-32 Week Street. Arising from this, it was acknowledged that the property would be marketed 'to let'.

The officer report advocated that Redstone House be sold. Under the Council's scheme of delegation (Part E of the Constitution) such a disposal, due its value being more than £1 million, would need to be recommended by the Strategy & Resources Committee for ratification by Full Council. The property had recently been vacated by the Surrey & Borders Partnership NHS Foundation Trust which had been paying rent of approximately £50,000 per annum to the Housing General Fund. The rationale for selling the property had been presented in a briefing note to the Sub-Committee, Bletchingley & Nutfield Ward Councillors and Housing Committee members. The briefing note was appended to the agenda pack for the meeting and explained why the property was considered inappropriate for use as social housing.

The Sub-Committee supported the recommendation to sell Redstone House but considered that planning permission should be sought by the Council with a view to the property being offered for sale with the required consents in place.

Members also requested additional information regarding the capital expenditure requirements for Linden House prior to its re-letting. Officers undertook to provide this after the meeting.

RESOLVED – that

- A. the recent and proposed property asset management activity be noted; and
- B. Redstone House be marketed for sale and that planning consent for the necessary changes of use be sought to enable the property to be sold with the required planning permission already in place.

COUNCIL DECISION

*(subject to ratification by the
Strategy & Resources Committee and Full Council)*

RECOMMENDED – that Redstone House be sold for the best consideration as can be achieved by the Executive Head of Communities.

ACTIONS:

		Officers responsible for ensuring completion	Deadline
1	Future external property valuations be informed by contributions from the Council's asset management team	Claire Hinds (Finance Business Partner) to liaise with Kate Haacke (Lead Asset Management Specialist)	As soon as practicable prior to the next valuation
2	E-mail to Sub-Committee members confirming the capital expenditure requirements for Linden House prior to its re-letting	Kate Haacke (Lead Asset Management Specialist)	19.11.21

Rising 11.24 am

Summary of Investments and Borrowing

Appendix A

Investment	Investment Amount 31/03/21 £	Net Asset Value 30/09/21 £	Yield Rate Note 1 %	Forecast Return 2021/22 £	Previous Year Actual £
Non - Specified (Financial Investments)- Long Term (over 12 mths)					
CCLA Property Fund	4,000,000	4,448,206	3.65	162,300	179,910
Schroders Bond Fund	3,000,000	2,915,856	4.38	127,600	125,529
UBS Multi Asset Fund	3,000,000	2,794,549	4.34	121,300	140,171
CCLA Diversification Fund	2,000,000	2,051,402	3.23	66,200	62,069
Funding Circle	863,160	637,686	11.20	84,900	77,070
Sub Total Non-specified (Financial Investments)	12,863,160	12,847,699		562,300	584,749
Non - Specified (Non-Financial Investments)- Long Term (over 12 mths)					
Gryllus Property Company Loan - Maidstone	2,394,000	2,394,000	5.81	139,023	139,023
Freedom Leisure- Loan (TLP)	774,857	774,857	5.50	42,600	53,271
Freedom Leisure- Loan (de Stafford)	496,571	496,571	7.58	37,600	47,050
Gryllus Property Company Loan - 80-84 Station Rd East	1,012,500	1,012,500	5.81	54,979	54,979
Gryllus Property Company Loan - Castlefield	11,664,000	11,664,000	6.10	711,504	711,504
Gryllus Property Company Share Capital Note 2	5,251,500	5,251,500	-	-	0
Sub Total Non-specified (Non-Financial Investments)	21,593,429	21,593,429		985,706	1,005,827
Total Non-Specified Investments	34,456,589	34,441,128		1,548,006	1,590,576
Specified Investments-Short Term (less than 12 mths)					
Notice Accounts	4,000,000	4,042,002	0.17	7,000	11,449
Money Market Funds	3,250,000	12,285,000	0.02	2,700	15,870
Total Specified Investments	7,250,000	16,327,002		9,700	27,319
Total Non- Specified and Specified Investments	41,706,589	50,768,130		1,557,706	1,617,895
Total Investment Income Budget 2021/22				1,515,700	2,764,200
Over/(under) budget				42,006	(1,146,305)

Borrowing	Loan Amount £	Interest %	Forecast Cost 2021/22 £	Previous Year Cost £
General Fund Borrowing				
Gryllus Loan	3,420,000	2.46	84,132	84,132
Freedom Leisure Loan	2,225,000	2.45	54,513	54,513
Village Health Club	938,678	2.38	22,341	22,341
Linden House	4,175,000	2.69	112,308	112,308
Linden House	254,000	2.42	6,147	6,147
Quadrant House	15,340,000	2.41	369,694	369,694
Quadrant House	800,000	2.28	18,240	18,240
Gryllus - 80-84 Station Road	724,400	2.28	16,516	16,516
Gryllus - Castlefield	15,549,000	2.91	452,476	450,913
Sub Total General Fund Borrowing	43,426,078		1,136,366	1,134,803
Total GF PWLB Budget 2021/22			1,137,000	1,889,000
Over/(under) budget			(634)	(754,197)
HRA Borrowing				
Public Works Loan Board	61,189,000	2.70	1,632,209	1,661,341
Sub Total HRA Borrowing	61,189,000		1,632,209	1,661,341
Total HRA PWLB Budget 2021/22			1,662,500	1,926,500
Over/(under) budget			(30,291)	(265,159)
Total Borrowing	104,615,078		2,768,575	2,796,144
Total Budget 2021/22			2,799,500	3,815,500
Total Over/(under) budget			(30,925)	(1,019,356)

Notes:

1. Yield Rate - forecast annual return divided by net asset value. Funding Circle yield rate - forecast annual return divided by average opening & closing net asset value adjusted for estimated principal withdrawn Sept 21 to Mar 22
2. Gryllus share capital comprises of equity shares arising from loans granted - no dividend will be paid in the current year

Market Value of Long Term Investments at 30/09/2021

Appendix B

	2016/17	2017/18	2018/19	2019/20	2020/21
Carrying Value	Carrying Value 31.3.2017	Carrying Value 31.3.2018	Carrying Value 31.3.2019	Carrying Value 31.03.2020	Carrying Value 31.03.2021
	£	£	£	£	£
CCLA Property Fund	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
UBS Multi Asset Fund	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
Total	10,000,000	12,000,000	12,000,000	12,000,000	12,000,000

2021/22
Carrying Value 30.09.2021
£
4,000,000
3,000,000
3,000,000
2,000,000
12,000,000

	2016/17	2017/18	2018/19	2019/20	2020/21
Market Value	Market Value 31.3.2017	Market Value 31.3.2018	Market Value 31.3.2019	Market Value 31.03.2020	Market Value 31.03.2021
	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,082,986	4,276,854	4,276,005	4,188,063	4,158,183
Schroders Bond Fund	2,963,563	2,912,837	2,865,130	2,539,938	2,908,911
UBS Multi Asset Fund	3,018,705	2,918,160	2,868,479	2,520,713	2,777,398
CCLA Diversification Fund(indicative market value)	n/a	1,921,257	1,982,167	1,804,193	1,955,874
Total	10,065,254	12,029,108	11,991,781	11,052,907	11,800,366

2020/21
Market Value 30.09.2021
£
4,448,206
2,915,856
2,794,549
2,051,402
12,210,013

	2016/17	2017/18	2018/19	2019/20	2020/21
Surplus/(Deficit)	Surplus/(Deficit) 31.3.2017	Surplus/(Deficit) 31.3.2018	Surplus/(Deficit) 31.3.2019	Surplus/(Deficit) 31.03.2020	Surplus/(Deficit) 31.03.2021
	£	£	£	£	
CCLA Property Fund	82,986	276,854	276,005	188,063	158,183
Schroders Bond Fund	(36,437)	(87,163)	(134,870)	(460,062)	(91,089)
UBS Multi Asset Fund	18,705	(81,840)	(131,521)	(479,287)	(222,602)
CCLA Diversification Fund	n/a	(78,743)	(17,833)	(195,807)	(44,126)
Total	65,254	29,108	(8,219)	(947,093)	(199,634)

2020/21
Surplus/(Deficit) 30.09.2021
448,206
(84,144)
(205,451)
51,402
210,013

Gross Revenue Yield	Yield 2016/17	Yield 2016/17	Yield 2017/18	Yield 2017/18	Yield 2018/19	Yield 2018/19	Yield 2019/20	Yield 2019/20	Yield 2020/21	Yield 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.42%	179,910	4.33%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.90%	125,529	4.32%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	5.46%	140,171	5.05%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.67%	62,069	3.17%
Total	392,375		508,691		488,040		513,473		507,679	

Surplus/(Deficit)- Capital Value	Surplus/ (Deficit) 2016/17	Surplus/ (Deficit) 2016/17	Surplus/ (Deficit) 2017/18	Surplus/ (Deficit) 2017/18	Surplus/ (Deficit) 2018/19	Surplus/ (Deficit) 2018/19	Surplus/ (Deficit) 2019/20	Surplus/ (Deficit) 2019/20	Surplus/ (Deficit) 2020/21	Surplus/ (Deficit) 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(29,880)	-0.72%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	368,973	12.68%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	256,685	9.24%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	151,682	7.76%
Total	(39,803)		(36,146)		(37,327)		(938,874)		747,460	

Net Yield	Net Yield 2016/17	Net Yield 2016/17	Net Yield 2017/18	Net Yield 2017/18	Net Yield 2018/19	Net Yield 2018/19	Net Yield 2019/20	Net Yield 2019/20	Net Yield 2020/21	Net Yield 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%	150,030	3.61%
Schroders Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	494,503	17.00%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	396,856	14.29%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	213,751	10.93%
Total	352,572		472,545		450,713		(425,401)		1,255,139	

Peer to Peer Investment	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
Funding Circle	£	%	£	%	£	%	£	%	£	%
Carrying Value	2,003,355		2,075,341		2,056,664		1,831,028		863,160	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170		127,982	
Less FC Service fee	(19,121)		(19,668)		(19,729)		(19,611)		(12,462)	
Promotions/Transfer payment							470		0	
Bad Debts	(58,163)		(61,288)		(111,152)		(127,649)		(80,881)	
Recoveries	8,219		14,780		27,428		30,253		42,431	
Net Yield	112,827	5.63%	114,838	5.53%	81,201	3.95%	76,634	4.19%	77,070	8.93% *
Provisions for future losses	0		0		(10,000)					

*Funding Circle Net yield - this has been calculated against the current value, however principal has been withdrawn throughout the year. If calculated against the average of the opening and closing value then the net yield would have been 8.93% as there was a large recovery received in June 2021 (£38,494) which has inflated this yield.

TANDRIDGE DISTRICT COUNCIL

CIL WORKING GROUP

Minutes of the meeting of the Working Group held in the Council Chamber, Council Offices, Station Road East, Oxted on the 8th November 2021 at 6.30pm.

PRESENT: Councillors Blackwell, Bloore, Botten, Bourne, Flower, Gaffney, Hammond, Langton, Lockwood and Pursehouse.

1. ELECTION OF CHAIR FOR THE REMAINDER OF 2021/22

Councillors Bourne and Pursehouse were nominated. Upon being put to the vote, Councillor Bourne was elected Chair of the Working Group for the remainder of 2021/22.

2. DECLARATIONS OF INTEREST

Members declared interests as follows:

Councillor Blackwell declared that she had been appointed by the Council to the Friends of Limpsfield Common (outside body) but had not been invited to a meeting for over two years and was not involved in the Limpsfield Common access and improvement project.

Councillor Bloore declared that he was a member of Warlingham Parish Council and withdrew from the vote on the Warlingham Green improvement project.

Councillor Gaffney declared that she was a Valley Ward Member but had not been involved in the Croydon Road, Caterham regeneration project, although she had attended meetings in her capacity as a local Councillor to receive updates about the initiative.

Councillor Langton declared that he was a volunteer member of the Friends of Limpsfield Common. He contributed to the discussion about the access and infrastructure project but did not vote.

Councillor Pursehouse declared that he was a member of both Warlingham Parish Council and the Warlingham Green improvement project team. He left the Chamber for the discussion and voting on that bid.

3. APPLICATIONS FOR CIL FUNDS

The Group had been provided with written copies of the completed application forms and officer assessments in respect of five CIL applications, i.e.:

Project (applicant shown in brackets) in order of application number	CIL requested	Original Officer ranking
Warlingham Green improvement project – phase 1 (Warlingham Parish Council)	£491,355	4
Limpsfield Common access and infrastructure project (Friends of Limpsfield Common)	£71,032	3
A25 Westerham Road signalised pedestrian crossing and traffic calming measures (Surrey County Council Highways)	£75,000	2
Croydon Road, Caterham regeneration (Tandridge District Council)	£950,000	1
Barn100 – improvements to the Barn Theatre, Oxted (Oxted & Limpsfield Barn Theatre)	£162,500	5
Total CIL requested	£1,749,887	
CIL funding available	£3,097,014	

Representatives of each organisation gave short presentations about their bids and responded to Members' questions.

Following the presentations, the Group discussed the merits of the bids and whether they should be supported in full, in part, or not at all. The key points to emerge were:

Warlingham Green improvement project – phase 1

The Group recommended that the bid should be approved in full. However, concerns were expressed at the imposition, by Surrey Highways, of a 12% supervisory charge which amounted to £37,120. It was agreed that representations should be submitted to the County Council arguing that such charges were unreasonable.

Limpsfield Common access and infrastructure project

It became apparent that the proposed works were phase 1 of a larger project, funding for which had not yet been sourced. Only 1.5% of match funding (£1,100 for a children's trail) had been raised for this phase, with the required CIL contribution now amounting to 98.5% which reduced both the 'match funding' assessment score, and the project's relative ranking (from 4th to 5th). However, this was partly offset by a higher rating for 'value for money' given the Group's wish to take the volunteering aspect and role of the National Trust into account. As such, the bid still scored well, and the Group recommended full payment, subject to the project being completed within two years of the commencement date.

A25 Westerham Road signalised pedestrian crossing and traffic calming measures

The bid was poorly received as Members argued that Surrey County Council (SCC) should not be relying on CIL funding to expedite the installation of the pedestrian crossing. Nevertheless, the need to prioritise the road safety of (Limpsfield Infant) school children was considered paramount and the Group concluded that the bid should be supported in full to enable the crossing to be installed at the earliest opportunity. It was, however, agreed that a letter (with cross-party support) be sent to the SCC to express the District Council's concerns.

Croydon Road, Caterham regeneration

The Group recommended that the bid should be approved in full.

Barn100 – improvements to the Barn Theatre, Oxted

The Group questioned the extent to which the bid met strategic infrastructure criteria. A partial award of £50,000 was, however, recommended in recognition of the value of this unique community facility to the District. Members also suggested that officers provide feedback to the Barn Theatre's project team concerning the bid.

Regarding the general aspects of the CIL bidding process, the Group considered that applicants should be encouraged, where practicable, to hire Tandridge based contractors for the delivery of projects. However, Members also acknowledged the need to balance value for money aspects against the desire to support the local economy.

Updated officer assessment schedules, reflecting the recommended awards and the Working Group comments, are attached at Appendices A to E to these minutes. i.e.:

- Appendix A - Warlingham Green project
- Appendix B - Limpsfield Common project (including revised assessment score)
- Appendix C - A25 Limpsfield pedestrian crossing etc
- Appendix D - Croydon Road, Caterham regeneration
- Appendix E - Barn Theatre improvements

RECOMMENDED – that the following be ratified by the Strategy & Resources Committee:

A. awards of CIL be made as follows:

Project	Award	Revised ranking
Warlingham Green improvement project – phase 1	£491,355	3
Limpsfield Common access and infrastructure project	£71,032 ¹	4
A25 Westerham Road traffic calming / road safety initiatives	£75,000	2
Croydon Road, Caterham regeneration	£950,000	1
Barn100 – improvements to the Barn Theatre, Oxted	£50,000	5
Total CIL grant awarded	£1,637,387	
Balance available for future allocations	£1,459,627	

Note 1: subject to the Limpsfield Common access and infrastructure project being completed within 2 years of the commencement date.

- B. representations be submitted to Surrey County Council's Executive Director of Customer and Communities expressing concern at the imposition of the Surrey Highways 12% supervisory charge for the Warlingham Green improvement project (£37,120);
- C. regarding the A25 (Limpsfield) traffic calming project, a letter be written to SCC, endorsed by all four Political Group Leaders, explaining Members' reservations about the nature of the bid and the reliance upon CIL funding to expedite the signalised pedestrian crossing but that, nevertheless, the application would be approved in the interests of children's safety;
- D. an advisory note be attached to all CIL decision notices encouraging the use of contractors from within the District wherever practicable.

Rising: 9.15 p.m.

APPENDIX A**Assessment of CIL bid full application**

TDC CIL Reference Number:	IA-00232
<u>Officer recommended ranking:</u>	4th of 5
<u>WG final ranking (where differs):</u>	3rd of 5

Officer Assessment

Project title:	Warlingham Green Improvement Project Phase One				
Applicant:	Warlingham Parish Council				
Total cost of project (£):	596,355	CIL requested (£):	491,355	Percentage to be funded by CIL:	82%
Amount recommended:	<i>(full/partial/none)</i>				
	Working Group: Full award				

Project summary

The project seeks to improve The Green at Warlingham, which the Warlingham Parish Plan 2008 found to need a major makeover as it looks tired, dominated by traffic and parking so that pedestrians feel unsafe.

The main improvements proposed are:

- 1) the cracked and uneven pavements all around The Green will be replaced with attractive stone paving;
- 2) new pedestrian crossing points from each side of The Green to the centre and a new zebra crossing at the western entrance, to improve access and encourage use;
- 3) new drainage to deal with the flooding at the eastern corner and stop the grass getting so boggy;
- 4) new street furniture and planting including benches, cycle racks and low-level lighting on the central part of The Green, plus a water feature;
- 5) re-laid paths on the centre of The Green with a greater area of hardstanding;
- 6) new roadway surfacing at the entrances to The Green and on parking bays; this with speed tables at the zebra crossings should slow down drivers and indicate they are entering a special area.

Due to funding, the project is to be split into three phases. The first phase (subject of this application) will deliver what the Parish Council perceives as the highest priorities, namely:

- the repaving of the western and southern pavements, including making the narrow western pavement wider;
- the crossings including the new zebra;
- some small adjustments to corners and islands to make it easier for large vehicles to turn and improve the exit from Glebe Road;
- improved drainage at the eastern corner;
- the road tables to slow traffic entering The Green.
- Also, some new furniture and planting.

Benefit	Officer Assessment	Officer Panel Score
Support development	<p>Warlingham is an area of the District which has received significant development in recent years, particularly in Limpsfield and Westhall Roads with a large number of flatted developments, including sheltered housing. The Council's records show that the parish of Warlingham has received approximately 9% of the total development in the District over the past 5 years, which is the third most of any individual parish (after Oxted and Caterham Valley). The emerging Local Plan has also allocated around 400 residential units, including Extra Care accommodation to Warlingham, which is the most for any area when excluding the proposed Garden Community. The infrastructure requirements for some of these allocated sites mention the need for improvements to a pedestrian crossing at Warlingham Green as well as a cycle route from Warlingham Green to Upper Warlingham Station.</p> <p>The project aligns with the Tandridge District Core Strategy (2008) which seeks to protect the role of Warlingham and other local centres in Policy CSP 23. In addition, the project aligns with the Tandridge Local Plan part 2: Detailed Policies (2014) which acknowledges the importance of local centres, such as Warlingham, in catering for the needs of people in the local area and contribute towards maintaining sustainable communities (paragraph 3.1).</p> <p>Warlingham is designated as a local centre in the emerging Local Plan (still in Examination) whose function remains an integral role in providing for the needs of the community (paragraph 25.4). Policy TLP24: Retail Hierarchy also seeks to support regeneration of local centres where necessary. The emerging Plan also recognises that access to high quality open spaces make an important contribution to health and wellbeing of communities.</p> <p>Warlingham does not have a Neighbourhood Plan but the Warlingham Parish Plan was published in 2008 and identified the importance of The Green in defining Warlingham's character and identity which it noted was being challenged by competing pressures from traffic and parking. The improvements to The Green are also cited as desirable in the Tandridge District Infrastructure Delivery Plan (2019).</p> <p>This project seeks improvement to this local centre within the District, with good detail and some evidence to show how the improved physical environment and better functioning of the town centre would support recent and future development in the area.</p>	4
Economic growth & regeneration	<p>The Town and Centre Review 2018 identified that Warlingham was a centre in decline in terms of the number of A1 units in the area (shops). The improvements to this local centre will create a more attractive, safer and more accessible environment which will encourage more visitors to Warlingham Green, thereby generating more trade for the shops, cafes and other businesses. Details of benefits to economic growth and regeneration in the area as a result of the project have therefore been identified.</p>	3

Flood defence	The Project will define and implement a solution to the longstanding problem of flooding at one end of The Green when it rains heavily. Although there is no history of businesses or homes being flooded here, it requires the heavy traffic to drive through or round the water and thereby disrupts traffic flow. Details of modest benefits to flood defence in the area have therefore been identified.	2.3
Health provision & wellbeing	Improvements to pedestrian access to The Green would encourage more residents to walk to access these facilities promoting active travel and healthier lifestyle choices. Improved access to green spaces in this accessible, village centre location is also considered to have a positive impact on health and wellbeing. The project is also aligned with the recommendations of the Surrey County Council Healthy Streets Plan (currently in consultation). Details of benefits to health and wellbeing in the area have therefore been identified.	2.7
Education provision	None	0
Transportation	The project promotes better road safety in the area for both motorists and pedestrians. The road tables and new zebra crossing will slow traffic down as it enters The Green, where it is proposed to implement a 20mph speed limit following the implementation of the changes. This, with the installation of the new crossing points, will enable pedestrians to cross the road much more safely than is the case at present, when crossing to the central Green can be dangerous, especially as many drivers drive far too quickly around The Green. Floodlights at the three zebra crossings will make these more visible, as there is a history of near misses at the zebra at the eastern end with drivers not realising the crossing is there. The rearrangement of the traffic islands at the Glebe Road exit will make turning right out of Glebe Road much safer. The re-laid pavements, replacing old tarmac which is in a very poor state of repair, will be much safer for pedestrians, especially those with mobility issues, reducing the chances of trips and falls. Details of benefits to road safety and active travel in the area have therefore been identified with some supporting evidence.	4.3
Amenity provision	The centre of Warlingham Green is an important amenity space. The Project will make it more accessible through the provision of five new crossing points and new and amended paths, and improve its quality through the addition of benches, bins and low-level lighting and new planting. A later phase of the Project will further improve the area. This improved amenity space will support the growing population of Warlingham, and the project is included in the Tandridge Open Space Strategy. Details of benefits to improve existing amenity provision in this local centre have therefore been identified with addition of planting and street furniture.	4
Environment & climate change	Improvements to pedestrian access to The Green would encourage more residents to walk contributing to better more active travel and better choices for the environment. The project also proposes new trees and planting which will benefit the biodiversity of the area. Details of moderate benefits to the environment have therefore been identified.	3

Match funding	<p>18% match funding provided by Parish Council CIL.</p> <p>Note that the Parish Council have previously spent over £54,000 on preparatory work to date from its own non-CIL funds. The Scheme is too small to qualify for LEP or Government funding and Surrey does not have an available fund for highway improvements undertaken by others, although its Community Fund may assist with a later phase addressing the non-highways aspects. Major local retailers were approached but either did not respond or had no suitable fund.</p>	2
Value for Money	<p>Economy - A detailed cost plan has been attached which indicates a cost per home in Warlingham for this phase of the project of £158. A competitive tender process is to be undertaken once funding for the project has been secured. VAT will be payable on project cost, but the Parish Council intends to re-claim from HMRC any VAT it pays;</p> <p>Efficiency – The Parish Council have committed considerable resources to the project so far with the view that it will transform the shopping and leisure experience in the centre of Warlingham;</p> <p>Effectiveness – The plans show improvements to road safety and improved amenity space, which is considered will improve the overall use of the space and benefit surrounding businesses;</p> <p>Equality – The project will make the centre of Warlingham a more attractive and usable environment for all local residents and visitors by giving it a complete makeover, making it safer and more accessible. A major consultation with residents including a leaflet delivered to all homes and an exhibition in the Library was undertaken in 2018, and the Scheme was amended in response. A formal vote on the final Scheme hosted by Tandridge District Council on its website was then held in early 2020, resulting in 81% of residents who took part voting in favour (604 ‘for’, 142 ‘against’).</p> <p>Deliverability – No planning permission is required. Surrey Highways approvals will be needed and obtaining these is included in the project plan and costing. Surrey Highways have already been extensively involved in the Scheme and the design has been amended to meet their safety requirements.</p> <p>Maintenance arrangements – There is agreement with Surrey Highways regarding the maintenance of the renewed paving. Additional paving purchased by the Parish Council and given to them to provide for future maintenance. This is included in the cost plan. The Parish Council will own the new street furniture and replace/repair it if and when necessary.</p> <p>Good detail, with some evidence, has been provided to show that the project would represent good value for money, delivering the stated outcomes at a reasonable cost.</p>	3

Score summary	Support development			Economic growth & regeneration			Flood defence			Health provision			Education provision			Transportation			Amenity provision			Environ-ment & climate change			Match funding			Value for money			
	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	TOTAL SCORE
Officer panel score:	4	6	24	3	6	18	2.3	5	11.5	2.7	4	10.8	0	4	0	4.3	3	12.9	4	2	8	3	2	6	2	6	12	3	6	18	121.2
Agreed WG score (where differs from officer panel):																															
Conclusions																															
Officer Questions/Applicant Answers:																															
<p>Q. Please can you provide clarification regarding the option of the pavement adjoining the shops on the south pavement (section 2.6 from the application form). It would be useful if you could share any advice you may have received from the County Highways Authority regarding the option to include this element within the scheme.</p> <p>A. "On the specific query about the pavement not owned by Surrey, they (SCC) have not given us any advice about this. The plan, costing and maintenance contribution to Surrey assume this area is in. If the owners decline to have their land included it will be left out and the costs will reduce accordingly. Appropriate legal agreements will be signed with the owners if they wish to be included to cover the installation of the paving and future maintenance by Surrey."</p> <p>Follow-up Q. Has approval has been sought from the Local Area Committee at SCC for this scheme and its potential inclusion in their programme for the forthcoming year?</p> <p>A. One of the Working Group Team has been a member of the Local Committee for some time and although the Committee is aware of the Scheme it does not have a role in reviewing or approval of this proposal as it has no role sponsoring, funding or managing the project. Given the scale and nature of the proposed scheme Surrey County Council have, of course, been closely consulted and their approval obtained. Correspondence has been provided by WPC from Zena Curry, Head of East Area Highways, SCC in August 2020 which indicates support by Surrey County Council for the scheme subject to the resolution of some detailed design issues.</p>																															

Working Group comments:

The Group recommended that the bid should be approved in full. However, concerns were expressed at the imposition, by Surrey Highways, of a 12% supervisory charge which amounted to £37,120. It was agreed that representations should be submitted to the County Council arguing that such charges were unreasonable.

APPENDIX B**Assessment of CIL bid full application**

TDC CIL Reference Number:	IA-00235
<u>Officer recommended ranking:</u>	3rd of 5
<u>WG final ranking (where differs):</u>	4th of 5

Officer Assessment

Project title:	Access and Infrastructure Project Responding to Community Needs at Limpsfield Common – Phase one				
Applicant	The Friends of Limpsfield Common				
Total cost of project (£):	289,900 72,132	CIL requested (£):	71,032	Percentage to be funded by CIL:	25% 98.5%
Amount recommended:	(full/partial/none)				
	Working Group: Full award				

Project summary

Everyone should have the opportunity to access a clean, green and safe natural environment for outdoor activities, general health and wellbeing and connection with nature. This project will provide new ways to access and engage Limpsfield Common for families, children and those people who may find access to the countryside and the natural environment a challenge. It will also enable the community to explore Limpsfield Common with more confidence, through signage, trails and way marking.

As part of a much larger project the CIL funding will be used specifically in Phase One to:

1. Establish an Easy Access trail of 1.2 km on the High Chart section of the common, designed to provide an opportunity for those who need a trail that is less challenging, but still enables access to nature and the countryside.
2. Create a Children's Trail that provides a challenging route and additional information about Limpsfield Common (we have now been successful funding this via the Chart Fayre Fund and Oxted Rotary).
3. Create and install 8 Information Panels across the Chart at each main car park to provide users of the common with clear guidance on the trails and facilities through new maps and text and downloadable information.
4. Upgrade and increase facilities at one car park (High Chart) as the principal entrance to the common.

Benefit	Officer Assessment	Officer Panel Score
Support development	<p>Limpsfield is located within close proximity of the settlements of Oxted and Hurst Green, areas which have received a number of new housing developments in recent years (for example Bay Trees and the Hollies west of Red Lane and the housing development in Fairviews, Williams Road, Carrols Way etc east of Holland Lane and north of Holland Junior School). The Council's records show that the parish of Limpsfield has received approximately 8% of the total development in the District over the past 5 years, which increases to 29% when combined with the neighbouring parish of Oxted indicating that this combined area has received the most development in the District over recent years. The emerging Local Plan also allocates around 110 residential units to Hurst Green in the parish of Oxted.</p> <p>The applicant also comments that Limpsfield Common is an attraction that is considered to benefit the wider community within the District being an asset that can be enjoyed by residents from across the District and beyond. No evidence has been submitted showing the proportion of visitor numbers from different areas however it is accepted that as National Trust land this area is likely to attract visitors from further afield and therefore would not solely benefit the residents of the immediate parishes of Limpsfield and Oxted.</p> <p>The project aligns with the Tandridge District Core Strategy (2008) which encourages improvements to recreational facilities to meet the needs of all sections of the community (Policy CSP 13) and the Tandridge Local Plan Part 2: Details Policies (2014) which particularly supports the provision of such facilities in highly accessible locations (paragraph 18.3).</p> <p>The emerging Local Plan (still in Examination) recognises that access to high quality open spaces make an important contribution to health and wellbeing of communities. The multifunctional role open spaces play is also valued in terms of habitat creation, biodiversity and setting the aesthetic and physical character of the area (paragraphs 27.1 and 27.2). As a National Trust asset, the site also plays a role in attracting visitors to the area with tourism recognised as making an important contribution to the local and rural economy in the emerging Local Plan (paragraphs 28.1 and 28.2).</p> <p>The project is not included in the Tandridge District Infrastructure Delivery Plan (2019), which does however include a project to upgrade the park/recreation ground at the Limpsfield High Street playing field which is included in the red line for this site.</p> <p>The project seeks to improve access and use of Limpsfield Common through improved signage, trails and waymarking. The site lies in the area of the district which has received significant development and is an important amenity space for local residents and the wider community. There is good detail that the project supports development in the District with some supporting evidence.</p>	4.3

Economic growth & regeneration	The Project will enhance local amenity ensuring that Limpsfield Common will be a component that continues to attract people, development and businesses to the area. However, the impact on economic growth and regeneration is considered to be modest.	2
Flood defence	None	0
Health provision & wellbeing	<p>There is an increasing body of evidence that access to nature improves mental and physical health (see Tandridge Open Spaces Strategy). This was recently highlighted by the Covid pandemic and the need to seek respite in natural environments. The Project provides opportunities to explore the Common and engage in the whole 147 hectares of land by waymarking, trails and information. A survey of local people asked for a range of enhancements which include an Easy Access trail to ensure that those less confident or able to access a natural environment can do so. This will include a natural, yet easier to access trail for those who find walking difficult and for the use of buggies.</p> <p>A good level of detail has been provided to show how the project will encourage better use of an existing amenity space which is likely to have a positive impact on the health and wellbeing of residents in the district.</p>	3.3
Education provision	The Project will provide orientation so that access to the Common is easier for schools and families to provide outdoor learning. Schools will be encouraged to use the new amenities – trails, orientation, information – to enhance their outdoor learning provision. As such, this project is considered to have a modest impact on education benefits in the district.	2
Transportation	The overall project includes development of new paths to encourage walking to local schools, but detail on this aspect is minimal.	1
Amenity provision	<p>The project will enhance the amenity value of Limpsfield Common by :</p> <ul style="list-style-type: none"> • providing 2 new access trails (1.8 km and 1.2 km) to natural green space, especially for people with limited mobility or families with buggies • providing new waymarking and orientation • providing new information about how to access and engage with the space and facilities on the common • providing new downloadable maps • upgrading a major entrance point to the common 	5

	<p>The information panels and trail information will include elements of education on the natural features and history of the common which can be revised/renewed over time. This project is aligned to the Limpsfield Neighbourhood Plan and the Tandridge Open Spaces Strategy. Overall this project will provide an enhanced amenity with new features that will continue to provide green, open spaces to current and future residents and businesses in Tandridge.</p> <p>Substantial details and evidence of benefits to amenity provision as a result of this project have therefore been identified with the improvements to the access and the quality of the amenity space provided.</p>	
Environment & climate change	Given the feedback obtained from the community survey, the applicant would expect the enhanced amenity to encourage more local people stay local for leisure activities, however the impact is considered to be modest.	1.3
Match funding	75% match funding provided through the Chart Fayre Rotary, Limpsfield Task Force, and Friends of Limpsfield Common as well as ongoing fundraising. Plus, the value of volunteer labour via the installation of the major elements of the oak infrastructure. N.B. Only 1.5% of match funding available for phase one of the project, which is to be considered in isolated from future phases of the project following the meeting of the Working Group.	5
Value for Money	<p>Economy - The Friends of Limpsfield Common have consulted with National Trust staff to seek prices for the design of interpretation and common materials used within woodlands.</p> <ul style="list-style-type: none"> • We also have one tender for the Easy Access Trail (value £10k) have one tender – Easy Access Trail • One tender for the improved car park (value £3k) • A quote for Oak posts – which will be via National Trust/Surrey sourced wood which will be milled by volunteers • Volunteering plays a major role in the design and delivery of this Project <p>If required by the terms of CIL funding we would obtain 3 tenders for the elements of the project requiring significant expenditure.</p> <p>Efficiency – The works proposed are considered to constitute an efficient use of resources with the use of volunteers and support from the National Trust.</p> <p>Effectiveness – The planned improvements are considered to improve the quality and accessibility of the amenity for use by residents and the wider community.</p>	4.3

<p>Equality – The enhanced facility will be open, free and available for a variety of uses by all residents of Tandridge. This Common provides very substantial social value. User groups of Limpsfield Common are both formal and informal, ranging from sport and exercise related, to health and wellbeing, conservation, nature, history. The common forms an important backdrop to the culture and environment of Tandridge as a whole.</p> <p>Deliverability – Joint project team with Friends of Limpsfield Common and National Trust – both parties have extensive experience of delivering projects within a landscape/woodland setting.</p> <p>Maintenance arrangements – Friends of Limpsfield Common Task Force and the National Trust</p> <ul style="list-style-type: none">• The Oak posts have a guaranteed 50-year life; minimal maintenance needed• The Friends of Limpsfield Common, the Task Force and National Trust operations will maintain the enhancements via a little and often operational approach – using volunteers and operational budgets <p>Substantial detail, with good evidence, has been provided to show that the project would represent good value for money, delivering the stated outcomes at a reasonable cost.</p>																															
Score summary	Support development			Econ-omic growth & regener-ation			Flood defence			Health provision			Educ-ation prov-ision			Transp-ortation			Amenity provision			Environment & climate change			Match funding			Value for money			
	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	TOTAL SCORE			
Officer panel score:	4.3	6	25.8	2	6	12	0	5	0	3.3	4	13.2	2	4	8	1	3	3	5	2	10	1.3	2	2.6	5	6	30	4.3	6	25.8	130.4
Agreed WG score (where differs from officer panel):																									1		6	5		30	110.6
Conclusions																															

Officer Questions/Applicant Answers:

Q1. Please can you provide a supporting statement regarding the volunteering aspect of your application to include the resources and skills available;

A. A Statement of Volunteering dated October 2021 has now been provided.

Q2. Please be aware that any grant will be subject to a condition precedent demonstrating that you have raised sufficient funds and would also be granted on a cost reimbursement basis for the actual costs incurred.

Applicant response to Q2. – 1. *Our bid to CIL at approximately £70k is for a stand-alone element of a much larger bid to Surrey Fund.*

For the stand-alone element, we already have secured some financial support from 2 community organisations and volunteer labour, as per the bid.

Our bid to Surrey Fund will be proceeding - but the bid to CIL is stand alone and works with or without Surrey Fund support.

Is this an issue?

Officer Answer; As the CIL bid can stand alone this is not an issue. Only if you needed to raise funds ahead of commencing would a Condition precedent be set.

2. *Does the second part of the second bullet (Q2 above) point mean that we would repay any amount of the CIL fund (should we be awarded it) against the actual costs incurred. This is practise we are familiar with and of course!*

Officer Answer; A CIL Grant is subject to Contract, we would reimburse for actual costs incurred subject to a sign off procedure.

Working Group comments:

It became apparent at the meeting that the proposed works were essentially phase one of a larger project, funding for which has not yet been sourced. As such, only 1.5% of match funding (£1,100 for a children's trail) had been raised for this phase, with the required CIL contribution now amounting to 98.5% which reduced both the 'match funding' assessment score, and the project's relative ranking (from 4th to 5th). However, this was partly offset by a higher rating for 'value for money' given the Group's wish to take the volunteering aspect and role of the National Trust into account. As a result, the bid still scored well, and the Group recommended full payment, subject to the project being completed within two years of the commencement date.

APPENDIX C

Assessment of CIL bid full application

TDC CIL Reference Number:	IA-00236
Officer recommended ranking:	2nd of 5
WG final ranking (where differs):	

Officer Assessment

Project title:	A25 Westerham Road, Limpsfield				
Applicant	Surrey County Council - Highways				
Total cost of project (£):	311,600	CIL requested (£):	75,000	Percentage to be funded by CIL:	24%
Amount recommended:	<i>(full/partial/none)</i>				
	Working Group: Full award				

Project summary

To provide traffic lights on the existing two stage informal pedestrian crossing on the A25 Westerham Road Limpsfield outside Limpsfield Infants School. The project will provide a safer crossing for pedestrians and people pushing bicycles as the traffic will be stopped by a red light so they can cross the road more easily.

There is an existing informal two stage pedestrian crossing on the A25 Westerham Road outside Limpsfield Infant School. However, it can be difficult to cross the A25 using this crossing during busy periods as drivers are not required to stop to let pedestrians cross the road. The installation of a signalised crossing will mean that drivers will need to stop at a red traffic light when the button is pushed to allow pedestrians and pedestrians pushing pedal cycles to cross the road. Many people feel safer crossing busy roads like the A25 at this type of crossing as they know that drivers will stop at the red traffic light.

Concerns have been raised about traffic speeds on the A25. The project will also include measures to reduce traffic speeds on the A25 Westerham Road. These will include the provision of two new traffic islands and the provision of on street car parking spaces on the eastbound carriageway west of Kent Hatch Road. Additional hatched road markings and the car parking spaces will reduce the number of lanes from two to one on the eastbound approach to Kent Hatch Road. New road makings consisting of "Dragons Teeth" a "SLOW" marking and a 30mph roundel will be laid on the approach to the 30mph terminal speed limit sign just to the east of the entrance to the allotment site.

Benefit	Officer Assessment	Officer Panel Score
Support development	<p>Limpsfield is located within close proximity of the settlements of Oxted and Hurst Green, areas which have received a number of new housing developments in recent years (for example Bay Trees and the Hollies west of Red Lane and the housing development in Fairviews, Williams Road, Carrols Way etc east of Holland Lane and north of Holland Junior School). The Council's records show that the parish of Limpsfield has received approximately 8% of the total development in the District over the past 5 years, which increases to 29% when combined with the neighbouring parish of Oxted indicating that this combined area has received the most development in the District over recent years. The emerging Local Plan also allocates around 110 residential units to Hurst Green in the parish of Oxted.</p> <p>The project aligns with the Tandridge District Core Strategy (2008) which seeks to ensure that suitable provision is made for cycling and walking, particularly in relation to safer routes to schools (paragraphs 10.7 and 10.8). The Tandridge Local Plan Part 2: Detailed Policies (2014) also seeks to ensure that the public highway is suitable for all road users and encourages the use of more sustainable forms of transport. The emerging Local Plan (still in Examination) also seeks to support a modal shift towards more sustainable ways to travel and recognises that it is important that we make the opportunities for other modes of travel, such as cycling and walking, more available and inviting to reduce congestion, reduce car-based emissions and increase methods of travel which help people lead healthier lifestyles (paragraphs 31.1 and 31.2).</p> <p>The Tandridge Infrastructure Delivery Plan (2019) includes improvements to the A25 Westerham Road junction with B269 High Street, Limpsfield/Wolfs Row, which is in close proximity to this current project. The applicant states that the new crossing would enable more residents of Limpsfield to cross the A25 Westerham Road further to the west of the existing pedestrian crossing at the A25 Westerham Road/High Street/Wolf's Row junction, in order to access National Trust land and the open countryside for recreation.</p> <p>The project seeks to improve the safety and use for all road users of a main road in an area of the District that has been subject to substantial development. The project aligns with a number of strategies and policies which encourage a shift towards enabling active travel to both improve road safety and capacity but also to encourage healthier lifestyles. The new crossing would enable better community connectivity across the A25 Westerham Road, resulting in safer access to Limpsfield Infant School as well as better access to Limpsfield Common for the residents of Limpsfield. There is substantial detail that the project supports development in the District and this is supported by evidence.</p>	5

Economic growth & regeneration	This project will make it easier for parents to drop off their children at Limpsfield Infant School, which in turn would make it easier for parents to seek employment, but otherwise the project makes a minimal contribution to economic growth and regeneration.	1
Flood defence	None	0
Health provision & wellbeing	<p>The signalised pedestrian crossing will provide improved access to the existing public rights of way that lead to the rural areas to the north of the A25 and Limpsfield Common to the south of the A25. This improved access will encourage greater use of the rights of way by walkers and cyclists leading to better health and well-being. The project will result in more people walking and an associated reduction in pollution with more people parking further away from the school. It will increase children's confidence when walking to school.</p> <p>This project will enable better connectivity across the busy A25, and detail has been provided of a number of benefits that this would have to the health and well-being of residents and those accessing the school. Benefits to pollution and air-quality in the area are also highlighted, but evidence is limited.</p>	3
Education provision	This proposal assists residents when bringing their children to Limpsfield Infant School, but otherwise has a minimal impact on the provision of education.	1
Transportation	<p>The project improves connectivity across this main road, particularly in terms of safety for those crossing the A25 to access the school and the surrounding countryside. This project aligns with Surrey County Council's current Transport Plan which seeks improvement to pedestrian facilities and encourages walking and cycling.</p> <p>The project will also include measures to reduce traffic speeds on the A25 Westerham Road, and research generally shows that lower traffic speeds result in fewer accidents and less severe injuries for casualties involved in those accidents.</p> <p>Strong benefits have been identified regarding road safety and improvements to active travel and connectivity across this busy main road as a result of the project, and this is supported by evidence.</p>	5.3

Amenity provision	The crossing would have a minimal impact on amenity but is likely to encourage and/or enable more residents of Limpsfield to cross the A25 Westerham Road further to the west in order to access National Trust land and the open countryside for recreation.	1.3
Environment & climate change	The project benefits the environment as the crossing may encourage more people to walk or cycle rather than drive if they feel they are safer crossing the A25 Westerham Road and if traffic speeds are lower. The shift to active travel aligns with the strategies in the draft Tandridge Climate Change Action Plan and Surrey's Climate Change Strategy 2020.	3
Match funding	76% match funding provided by Surrey County Council Local Committee funding.	6
Value for Money	<p>Economy - The costs given above are estimated costs based on the experience of the costs of other similar projects. The detailed design for the scheme is almost complete, but it has not yet had a Road Safety Audit or been costed. Feasibility Design drawings are attached to this application. A contingency of approximately 15% has been included within the figures above. If works are delivered within budget, then any surplus would be returned to Tandridge District Council.</p> <p>Efficiency – SCC have significant experience in undertaking similar projects to achieve the stated benefits, and have a well-established procurement process.</p> <p>Effectiveness – The proposed works would appear effective at achieving the desired benefits to road safety;</p> <p>Equality – The improvements to connectivity across the A25 will benefit all local residents seeking to access the countryside to the south of the village as well as those accessing the school. The project will result in improved equality for all road users;</p> <p>Deliverability – This scheme is being designed and managed by the County Council's in-house design team. The construction will be carried out by the County Council's term Highways contractor Kier Group PLC, with the signals element being installed by Svetofor Systems Ltd.</p> <p>Maintenance arrangements – Surrey County Council will be responsible for the ongoing maintenance of the crossing and all speed reducing measures installed as a result of this scheme.</p> <p>Substantial detail, with some evidence, has been provided to show that the project would represent good value for money, delivering the stated outcomes at a reasonable cost.</p>	4

Score summary	Support development			Economic growth & regeneration			Flood defence			Health provision			Education provision			Transportation			Amenity provision			Environ-ment & climate change			Match funding			Value for money			
	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	TOTAL SCORE
Officer panel score:	5	6	30	1	6	6	0	5	0	3	4	12	1	4	4	5.3	3	15.9	1.3	2	2.6	3	2	6	6	6	36	4	6	24	136.5
Agreed WG score (where differs from officer panel):																															
Conclusions																															
Officer Questions/Applicant Answers:																															
<p>Q1. Further detail should be provided regarding milestones (section 6.4 on the form);</p> <p>A. Timescales for the project were addressed as part of the presentation and Q&A session.</p> <p>Q2. Please be aware that any grant is subject to terms and conditions which would be on a cost reimbursement basis for actual costs incurred.</p>																															
Working Group comments:																															
<p>Members were concerned that Surrey County Council (SCC) were relying on CIL funding to expedite the installation of the pedestrian crossing. Nevertheless, the need to prioritise the road safety of (Limpsfield Infant) school children was considered paramount and the Group concluded that the bid should be supported in full to enable the crossing to be installed at the earliest opportunity. It was, however, agreed that a letter (with cross-party support) be sent to the SCC to express the District Council’s concerns.</p>																															

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APPENDIX D

Assessment of CIL bid full application

TDC CIL Reference Number:	IA-00237
Officer recommended ranking:	1st of 5
WG final ranking (where differs):	

Officer Assessment

Project title:	Croydon Road Regeneration Improvements				
Applicant:	Tandridge District Council				
Total cost of project (£):	1,450,150	CIL requested (£):	950,000	Percentage to be funded by CIL:	65.5%
Amount recommended:	<i>(full/partial/none)</i>				
	Working Group: Full award				

Project summary

Croydon Road is one of the key shopping streets in Caterham Valley town centre. However, it has been in decline for several years and the number of vacant units increased sharply in 2020. The street has an unattractive appearance, is dominated by cars and motor vehicles and there is a lack of seating and greenery. It is not a pleasant environment in which to spend time. This limits spending in local shops and services and limits the quality of occupier that the street can attract. Local people choose to do their comparison shopping and spend their leisure time elsewhere. Local businesses complain there are limited options for their staff and clients.

The proposed improvements aim to attract new businesses to Caterham and to boost economic growth and employment opportunities. This will be achieved by making Croydon Road a greener and nicer place to spend time and money. We will improve safety for pedestrians and cyclists, create seating areas and make positive environmental changes by planting more trees and introducing rain gardens and pocket parks. The construction of rain gardens will help address surface flooding issues. The opportunity to provide useable outdoor space in the vicinity of cafes and restaurants will provide much needed business continuity during the pandemic and beyond, helping to future proof the town centre. The improvements will complement the living wall to be installed at Quadrant House. The CIL funding will be used to fund the construction of the improvements to Croydon Road, including:

- Replacement paving slabs for the pavements;
- Replacement hard surfacing for the parking areas;
- Removal of unnecessary street clutter;
- Planting of appropriate trees;
- Creation of pocket parks/parklets;
- Creation of rain gardens;
- Creation of space for café seating;
- Provision of public seating;

- Provision of cycle parking;
- Provision of new signage and bins;
- Reduction in traffic speed.

The expected benefits of the project include:

- Improved public space to complement and support the investment that is going in to Quadrant House and 67-60 Croydon Road thus helping to halt decline and contributing to the preservation and growth of the local economy. Encouraging existing businesses and prospective new businesses to make further investments in the town;
- Improve the physical environment for pedestrians and cyclists – includes shoppers, visitors, residents and workers from local businesses – encouraging active travel, decreasing pollution and contributing to improved physical health;
- Enhance greenery contributing to improved mental health and wellbeing;
- Environmental improvements - including to air quality and biodiversity, as well as improving resilience to climate change e.g. use of rain gardens and planting to improve resilience to extreme rainfall events, and resilience to extreme heat through creation of shade (tree planting);
- Generate a 'pride of place' for people living and working in Caterham.

Benefit	Officer Assessment	Officer Panel Score
Support development	<p>Caterham Valley is an area of the District which has received a number of new housing developments in recent years (for example 172 Whyteleafe Road, 156-170 Whyteleafe Road, Croudace House, Land off Annes Walk, 67-69 Croydon Road, Bronzeroak House). The Council's records show that the parish of Caterham Valley has received approximately 21% of the total development in the District, which is the second most for any Parish in the District (after Oxted). The emerging Local Plan has also allocated around 170 residential units to the Caterham area. The project is cited as desirable in the Tandridge District Infrastructure Delivery Plan 2019.</p> <p>Despite the amount of recent development in the area, there has been a lack of investment in infrastructure and there is almost no public realm in the town centre. If Caterham Valley is to be a sustainable community where residents can walk or cycle to their local town centre and desire to work, shop and go out locally, this situation must be addressed.</p> <p>This project will improve existing infrastructure that will support future housing growth in the area. It will both address infrastructure deficits resulting from recent development AND forward fund infrastructure which will support future committed development e.g. within the local plan. For sustainable growth it is important that our town centres can support residents to work, shop and spend time locally and that people's daily needs can be met within a short walk or cycle. The benefits of this approach are multiple: people become more active, improving their mental and physical health, traffic is reduced, and air quality improved, local shops and businesses thrive, and people see more of their local neighbourhoods.</p> <p>This bid strongly aligns with the Caterham Masterplan, a supplementary planning document adopted by Tandridge District Council in 2018. The Masterplan is a key element of the wider Caterham & North Tandridge regeneration aspiration programme and sets out a new vision for Caterham and Caterham on the Hill. This project aims to deliver some parts of that vision. The Masterplan notes that whilst Caterham is one of the key urban settlements in Tandridge and a sought-after place to live with a broad range of housing and good quality schools, the town centre has failed to keep pace with competing towns and in particular fails to offer the quality of environment, experience and choice that many local residents expect. The project also aligns with Policy CSP21 of the Core Strategy which seeks to protect and enhance the role of Caterham Valley town centre by working with partners to undertake specific improvements to the physical environment and increase the range of services and facilities.</p>	5

	<p>This project seeks to regenerate this important town centre within the District, with strong detail and evidence provided to show how the improved physical environment and better functioning of the town centre would support recent and future development in the area.</p>	
Economic growth & regeneration	<p>The scheme aims to deliver parts of the vision contained in the Caterham Masterplan Supplementary Planning Document. The Masterplan was created in recognition of significant challenges in Caterham and North Tandridge. For example, Tandridge's economic performance has underperformed relative to other districts in Surrey or the Gatwick Diamond. According to the 2018 Strategic Economic Needs Assessment that formed part of the Local Plan examination library, Gross Value Added (GVA) in Tandridge is 23% lower than the Surrey average and there is a considerable gap between resident and workplace wages indicating that a large number of high-skilled workers commute-out to work elsewhere. This is consistent with ONS data on commuting flows. There is a shortage of high quality employment space and good infrastructure to attract and support high-value business growth.</p> <p>Tandridge's unemployment claimant count was 1.5% of the workforce in February 2020. This rose to 4.4% in May. This was the 52nd biggest claimant count percentage rise in the country out of 383. Source: NOMIS, Claimant Count, district and unitary authorities.</p> <p>Tandridge district contains two designated town centres; Caterham Valley and Oxted. It also has number of local centres and neighbourhood centres. The number of vacant units in Caterham Valley town centre has increased significantly. Some of these are long term vacant premises. The applicant has included evidence in the application form which shows how poorly Caterham Valley has fared compared to other centres in the district.</p> <p>This project aligns with Tandridge District Council's Core Strategy (2008) and Detailed Policies document (2014), which promotes a sustainable economy through 'supporting an economy that is thriving and growing within environmental limits (both urban and rural)' and 'maintaining and enhancing the role of town centres and other centres.'</p> <p>The emerging Local Plan (still in Examination) also recognises the importance of the Town Centre in Caterham Valley and seeks to protect and enhance its role as a retail centre that also provide key services for the wider community. The plan states that Caterham Town Centre would benefit from regeneration which would increase the quality of environment, experience and choice that many local residents expect and desire (paragraph 25.17). Policy TLP28 for Caterham Town and Local Centre requires the need to 'ensure streetscape and public realm improvements are central to design to create an attractive environment with active frontages'. The Caterham Regeneration Programme is also specifically mentioned in the Council's Strategic Plan (2020) in terms of supporting economic recovery in Tandridge.</p>	5.7

	<p>The project also aligns with the Caterham, Chaldon & Whyteleafe Neighbourhood Plan 2018-2033, which was adopted in June 2021 (paragraph 6.12). The Neighbourhood Plan recognises the need to retain and enhance the vitality and viability of retail centres and the need to support the local economy. It supports the vision set out in the Caterham Masterplan to encourage footfall throughout the day and into the evening.</p> <p>Substantial detail and evidence has been provided to show that the project would strongly support economic growth and regeneration of the area.</p>	
Flood defence	<p>The project team recognises that there are opportunities in Croydon road to mitigate flood risk. The team is aware that the town centre is at risk of flooding and that there was a flash flood incident in 2016 that overwhelmed the local road and drainage infrastructure and some properties. Due to the very high cost of providing a full flood attenuation scheme, this CIL application does not include for a full flood attenuation scheme. Instead this project addresses localised surface water flooding and ponding through the provision of rain gardens in key, vulnerable locations. Unless significant additional funding comes forward via the Levelling Up Fund or other sources, it will not be possible to deliver a full attenuation scheme.</p> <p>The project seeks to address some of the known flooding issues in the area but in the absence of a full flood attenuation scheme can only make a moderate benefit to flood defence at this time.</p>	3
Health provision & wellbeing	<p>This is not specifically a health project. However, there will be benefits for health in the form of improved physical and mental health/wellbeing and a reduction in pollution. The scheme will also encourage active travel i.e. walking and cycling, enabling residents of Caterham better access to facilities and shopping experience in their local area. The project is also aligned with the recommendations of the Surrey County Council Healthy Streets Plan (currently in consultation).</p> <p>Detail has been provided to show that the project would improve the physical environment of the town centre and encourage active travel.</p>	3
Education provision	None	0
Transportation	<p>The scheme will adopt a reduced traffic speed of 20 mph and aims to promote active travel through the provision of cycle signage, cycle storage and wider parking bays to reduce the risk of vehicle owners opening the doors of parked cars into oncoming cyclists. The provision of seating areas will encourage all visitors but may be particularly welcomed by older residents and visitors and families. Details of benefits to road safety and improvements to active travel have been identified.</p>	3.3

Amenity provision	Croydon Road currently has no amenity space, and this has presented challenges to the businesses located here. Whilst there is no scope to provide a town square, the provision of pocket parks and seating areas will have a significant impact. Bus layover areas have been rationalised to ensure that TFL buses layover in one area, rather than on both sides of the road. This helps create more amenity space. Moderate benefits to amenity provision in the area have been identified with the addition of pocket parks and seating areas.	3.7
Environment & climate change	<p>By encouraging active travel i.e. walking and cycling, rather than continued reliance on the private car, this project supports a reduction in carbon dioxide emissions. The average petrol car on the road in the UK produces the equivalent of 180g of carbon dioxide every kilometre.</p> <p>The planting of trees and plants as part of the scheme will capture damaging carbon dioxide and therefore will also help mitigate the temperature rise that contributes to climate change. The shade created by trees will mitigate the impact of rising temperatures. The rain gardens will help to alleviate the impact of extreme rainfall and surface water flooding, which are also symptoms of climate change.</p> <p>The additional planting will also promote greater biodiversity. The link between climate change and biodiversity has long been established. Rapid climate change affects ecosystems and species ability to adapt and biodiversity loss increases. This project will deliver biodiversity net gain.</p> <p>The project includes details and evidence of several elements intended to benefit the environment and have a positive impact on climate change. The project aligns with the draft Tandridge Climate Change Action Plan and Surrey's Climate Change Strategy 2020.</p>	5
Match funding	34% match funding provided, including LEP grant, Parish Council CIL and private sector funds from the Caterham BID.	3
Value for Money	Economy - A competitive tender will be undertaken for each phase of the project. The cost of the construction/works phase will be below threshold. The procurement will be a two-stage restricted process using the PAS 91 qualification questionnaire, as allowed for in the regulations (public contract regulations 2015). Responses to the PAS 91 questionnaire will enable us to assess contractor abilities, capacity and experience to perform the contract. Consideration will be given to contractors based locally or employing local staff and the positive impact on the local economy. A shortlist of qualifying contractors will then be invited to tender for the opportunity, which will be advertised on the Council's tendering portal, as well as Contracts Finder and the Government's new Find A Tender Service. The contract would be awarded to the most economically advantageous tender.	3.3

	<p>Efficiency — The project involves partnership working between Tandridge District Council and the Caterham BID, with involvement from SCC, and is considered to make efficient use of the resources available;</p> <p>Effectiveness – The proposed physical improvements are considered to be effective in achieving the desired benefits to regenerate the town centre.</p> <p>Equality – Investment in Caterham town centre is needed to support the local economy and to level-up the economy in Tandridge and the wider East Surrey area. Investment in this town-centre improvement project would also be an investment in the green infrastructure that will help to ensure environmental resilience and sustainability.</p> <p>Deliverability – No planning permission is required. Highways authority approval to proceed is required. This is being taken forward via a S278 agreement. The stage one road safety audit and technical appraisals are nearing completion and we will be progressing the detailed design phase this autumn. In addition, the Caterham Business Improvement District is a key partner in this project. The BID initiated the project and is working closely with TDC to progress it. The BID represents all businesses in the town centre who have a rateable value, currently circa 200 businesses. The BID has committed £100,150 to the project already and if successful at re-ballot can commit further funds to the project.</p> <p>Maintenance arrangements – The project team are working with the highways authority to design a scheme that will ultimately be adopted and maintained by the highways authority. This means using materials that are within the highways authority approved materials list. It may necessary for TDC to maintain certain elements of the scheme, notably the soft landscaping, for a period of five years from planting. Once the planting is established, responsibility for maintenance will transfer to the highways authority. Opportunities for local businesses to sponsor new planting will be explored. However, it will be critical that experienced gardeners/horticulturalists are used to maintain the planting in the initial years, and therefore we are liaising closely with TDC’s parks team and tree officers. The timing of the planting will also be a factor in its success.</p> <p>Good detail, with some evidence, has been provided to show that the project would represent good value for money, delivering the stated outcomes at a reasonable cost.</p>	
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Score summary	Support development			Economic growth & regeneration			Flood defence			Health provision			Education provision			Transportation			Amenity provision			Environment & climate change			Match funding			Value for money			
	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	TOTAL SCORE			
Officer panel score:	5	6	30	5.7	6	34.2	3	5	15	3	4	12	0	4	0	3.3	3	9.9	3.7	2	7.4	5	2	10	3	6	18	3.3	6	19.8	156.3
Agreed WG score (where differs from officer panel):																															
Conclusions																															
Officer Questions/Applicant Answers:																															
<p>Q. Please can you provide clarification regarding the suggestion to re-ballot the Caterham BID in Section 4.2, and whether this is essential or supplementary to the success of the project. Please be aware that if this is deemed to be essential then any grant will be subject to a condition precedent demonstrating that this has been achieved.</p> <p>A. An update on the re-ballot was provided as part of the presentation and Q&A session.</p>																															
Working Group comments:																															
The Group recommended that the bid should be approved in full.																															

APPENDIX E

Assessment of CIL bid full application

TDC CIL Reference Number:	IA-00240
Officer recommended ranking:	5th of 5
WG final ranking (where differs):	

Project title:	Barn 100, Oxted (theatre)				
Applicant	Oxted and Limpsfield Barn Theatre Company Ltd				
Total cost of project (£):	325,000	CIL requested (£):	162,500	Percentage to be funded by CIL:	50%
Amount recommended:	<i>(full/partial/none)</i>				
	Working Group: Partial award - £50,000 (15%)				

Officer Assessment

Project summary

Barn100 is a project to celebrate the Barn theatre's centenary in 2024. It seeks to remodel the front of the theatre, provide double the number of toilets together with a new accessible toilet, provide a new enlarged bar store and provide additional room for customer circulation and ancillary offices to enhance visitor experience. The benefits include:

- Modern fitted toilets with sustainable water control systems;
- Reduction of stressful queues to toilets during intervals, ensuring a better experience for customers;
- Greater circulation space creating a healthier environment and improved social distancing;
- Improved welcome and experience for our guests;
- Making the theatre more visible and attractive to those visiting and passing by.

The applicant states that the Barn is the only local theatre available for the community to hire, and the improved facilities are considered to improve the capacity of the theatre to serve new and existing residents. The applicant states that as part of the cultural heritage of Oxted and Limpsfield they are supporting the growing community in Oxted and surrounding areas by providing an updated/improved social and performing facility. Many local schools, such as St Mary's School, also use the theatre and these works will help to expand their Performing Arts experience.

Benefit	Officer Assessment	Officer Panel Score
Support development	<p>The theatre is located in Oxted and is easily accessible to residents in Limpsfield. The area has received a number of new housing developments in recent years (for example Bay Trees and the Hollies west of Red Lane and the housing development in Fairviews, Williams Road, Carrols Way etc east of Holland Lane and north of Holland Junior School). The Council's records show that the parish of Oxted has received approximately 21% of the total development in the District over the past 5 years, which increases to 29% when combined with the neighbouring parish of Limpsfield indicating that this combined area has received the most development in the District over recent years. The emerging Local Plan also allocates around 110 residential units to Hurst Green in the parish of Oxted.</p> <p>The project aligns with the Tandridge District Core Strategy (2008) which encourages the development of improved community facilities to meet the needs of all sections of the community (Policy CSP 13), and the Tandridge Local Plan Part 2: Detailed Policies (2014) which encourages proposals for community facilities where they are sustainably located and suitable to meet the needs of the local community (Policy DP18).</p> <p>The project also aligns with the emerging Local Plan (still in Examination) which seeks to encourage access to formal and informal community meeting spaces to improve the wider determinants of health and wellbeing (paragraph 19.3). The project was not however included in the Tandridge District Infrastructure Delivery Plan (2019), which included a number of other projects relating to recreation, sport and community facilities in Oxted. Oxted has not yet adopted a neighbourhood plan, but the Barn Theatre is mentioned as an important asset adjacent to the Limpsfield Parish boundary in the Limpsfield Neighbourhood Plan.</p> <p>The project seeks to improve the facilities of the theatre, which is hoped to further increase its use as a unique facility within the community. The building is located in an area of the district which has received significant development and is an important cultural facility for local residents which can also benefit the wider community. There is substantial detail that the project supports development in the District with some supporting evidence.</p>	4.3
Economic growth & regeneration	<p>Modernisation and increase in size of facilities completed by local contractors supported by local professionals. Better facilities and increased use of venue likely to increase financial viability of the business. Evidence from the Tandridge Retail and Leisure Study Update (2018) suggests that from a 2015 household survey, The Barn Theatre in Oxted has a relatively low share of the theatre trips generated in the District at 6.6% compared to 70.4% which were attracted to the West End/London. Improvement to the facilities is therefore considered to have a modest impact on economic growth in the area.</p>	2.3

Flood defence	None	0
Health provision & wellbeing	Increased circulation space supports the general mental and physical health, comfort and well-being of our audience with less stress queuing for the toilets. Good quality cultural facilities can play an important role in the health and wellbeing of communities, but the impact of this project is considered to be limited.	1.7
Education provision	Oxted theatre work closely with St Mary's School, Oxted and many other performing arts schools who welcome the additional toilets and space which can enable them to extend the level of participation, but otherwise the project has a minimal impact on the provision of education.	1
Transportation	Provides improvements to increase the use of a local community facility situated in a sustainable location. In addition, the enlarged bar store will result in fewer deliveries of bar stock and fewer lorries on the road, thereby reducing the carbon footprint of both the supplier and our volunteers who take deliveries. However, the benefits are considered to be modest.	1.7
Amenity provision	The building provides a unique venue that is used by local and non-local theatre groups and performers as well as youth groups, schools, charity events and is also available for commercial hire to local businesses. Improvements to the outdated facilities will improve the use and experience of users of the theatre. Moderate benefits are therefore identified as the project will encourage better use of an existing community facility.	3
Environment & climate change	Sustainable water closets reducing quantity of water and enhanced insulation to the new section of building, together with the road miles concept and fuel saving. Provides improvements to increase the use of a local community facility situated in a sustainable location. Moderate benefits to the environment and climate change have been identified as part of this project.	3
Match funding	50% match funding provided by Oxted Parish Council CIL and fundraising.	4

Value for Money	<p>Economy – Three tenders were sought. The chosen contractor, who is local and employs local tradespeople, was substantially the cheapest of the three and can start works in January 2022. Fundraising is ongoing. Failure to fund raise the additional monies in the time required will require a loan. Should this be necessary, such facilities are already in place.</p> <p>Efficiency – The project is considered to make good use of existing resources in order to achieve the desired benefits.</p> <p>Effectiveness – The plans appear effective in achieving the additional space required to improve the facilities.</p> <p>Equality – The improvements sought are likely to make this community facility more appealing to the wider community.</p> <p>Deliverability – Full Planning Permission has been granted. Fundraising is in progress and successful. Project drawings are complete. Contractor is in place.</p> <p>Maintenance arrangements – Ongoing maintenance is the responsibility of the Trustees and Directors either hands-on or using specialist contractors where required. It is not considered to be a burden and can be managed in the same way as the existing buildings on site are currently. The areas of modern construction will facilitate maintenance.</p> <p>Good detail, with some evidence, has been provided to show that the project would represent good value for money, delivering the stated outcomes at a reasonable cost.</p>	3
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<u>Score summary</u>	Support development			Economic growth & regeneration			Flood defence			Health provision			Education provision			Transportation			Amenity provision			Environment & climate change			Match funding			Value for money			
	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	S	W	WS	TOTAL SCORE
Officer average panel score:	4.3	6	25.8	2.3	6	13.8	0	5	0	1.7	4	6.8	1	4	4	1.7	3	5.1	3	2	6	3	2	6	4	6	24	3	6	18	109.5
Agreed WG score (where differs from officer panel):																															
Conclusions																															
<u>Officer Questions/Applicant Answers:</u>																															
Q1. Please can you provide further information regarding the phasing of the project; A. <i>Phasing was addressed as part of the presentation and Q&A session.</i>																															
Q2. Please be aware that any grant will be subject to a condition precedent demonstrating that you have raised sufficient funds and would also be granted on a cost reimbursement basis for the actual costs incurred.																															
<u>Working Group comments:</u>																															
The Group questioned the extent to which the bid met strategic infrastructure criteria. A partial award of £50,000 was, however, recommended in recognition of the value of this unique community facility to the District. Members also suggested that officers provide feedback to the Barn Theatre’s project team concerning the bid.																															

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2020/21 Outturn Month 12 (March 2021)

Strategy & Resources Committee – 2 December 2021

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

Purpose:

The purpose the report is to provide Members with the Council's 2020/21 Outturn position on Revenue, Capital and HRA

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report accompanies the presentation that outlines the overall Council **2020/21 budget position at the end of March 2021 (Outturn)** and is supported by the initial independent review of the Council's Financial Management and Reporting arrangements by Laura Rowley.

This report supports the Council's priority of:

Effective budget monitoring giving a clear and precise overview of the Overall Revenue and Capital financial position (including HRA).

Contact officer Verity Royle – Finance Business Partner
vroyle@tandridge.gov.uk

Recommendations to Committee:

That the Committee:

- A. Notes the Council's Revenue and Capital positions for the year (Appendix A)
- B. Approves the following transfers to Reserves from the Outturn position as set out below:
 - **£682k Planning Reserve** to support the delivery of the Local Plan and other general Planning related activities (including £130k Homes England money)
 - **£134k Reserve to mitigate future financial uncertainties/risks in the medium-term** and support budget planning
 - **£42k Academy/Northgate Reserve**
 - **£27k CV-19 Reserve** to support future CV-19 related spend
- C. Approves Capital carry forwards of £4.3m from 2020/21 to future years (£2.5m to 2021/22 and £1.8m 2022/23)
- D. Notes the gap mitigation strategy regarding the request for capitalisation directive for 2022/23 (**Appendix A slide 5**), and
- E. Notes the independent review of the Council's Financial Management and Reporting arrangements (**Appendix B**).

Reason for recommendation:

Please refer to slide presentation (Appendix A) and the independent review of the Council's Financial Management and Reporting arrangements (Appendix B) attached.

Background

1. 2020/21 commenced in exceptional circumstances during the first national CV-19 lockdown. Budget of £10.6m seemed to provide a stable base to tackle CV-19, however the year started with significant uncertainty. In May (Month 2) 2020, BAU forecast balanced budget with a potential CV-19 deficit of £3.9m as reported to the Strategy & Resources Committee.
2. At M6, following a mid-year review of the Capital Budget, the budget was reviewed and revised downwards by £104.7m to £15.4m mainly due to a reduction on the Property Development Fund (c£98m) and Council House Building programme (£5.5m).

3. During 2020/21 we undertook the Finance Improvement Programme (FIP) to enable the Council to regain financial control by getting the basics right/building the foundations. However, in preparation for the 2020/21 Outturn position a c£920k gap in the 2020/21 budget was identified. Grant Thornton LLP UK was commissioned to undertake a Forensic Review. This gap has now been confirmed and the outcome included in this report. This gap has been mitigated in-year by underspends across all Services.
4. Refer Appendix A Slide 1 for further background detail on outturn position.

2020/21 – General Fund Revenue Outturn

5. After taking into account the c£920k gap, the 2020/21 Outturn position for the Council is a £885k surplus. (Appendix A slide 4)
6. To summarise the surplus is due to:
 - £858k BAU surplus for 2020/21;
 - £27k surplus against the Emergency/General CV-19.
7. The total surplus has been transferred to Reserves:
 - **£682k Planning Reserve to support the delivery of the Local Plan and other general Planning related activities:**
 - **£130k Homes England monies**
 - **£552k Planning Reserve.** This Reserve has been established from net underspends in the 2020/21 Planning budget
 - **£134k Reserve to mitigate future financial uncertainties/risks in the medium-term and support budget planning.** This Reserve has been created to support the future challenges associated with medium-term financial uncertainties/risks
 - **£42k Academy/Northgate Reserve.** This is a new Reserve established to support the delivery of the new Revenues/Benefits system in 2021/22
 - **£27k CV-19 Reserve** to support future CV-19 related spend. This is made up of the £19k surplus CV-19 general/emergency grant funding and £8k Discretionary Housing Payments (specific CV-19 grants)

2020/21 – Capital Outturn

8. **February 2020 the Approved Capital Budget was £120.1m, reset to £15.7m at** as part of a mid-year review (M6). It was proposed to revise the Capital Budget to reflect the most accurate position which changed substantially in-year. The biggest single change was the removal of £98m from the Property Development Fund as there were no plans for this expenditure.
9. Improvements required to Capital governance, monitoring and reporting will be undertaken as part of the TFT Programme

10. Against a combined General Fund and HRA **£15.7m Capital Programme Budget**, spend for the year was **£11.2m; slippage of £4.3m (28%); underspend of £0.2m.**
11. Proposals to carry forward the £4.3m slippage to future years (£2.5m to 2021/22 and £1.8m 2022/23). **Refer Annex 3**

2020/21 – HRA Outturn (Slide 11 & 21)

12. HRA is a ringfenced account and sets a balanced budget each year. For 2020/21 the HRA budgeted to make a £1,038k transfer to Reserves, to fund current and future capital expenditure.
13. **The HRA has achieved a greater surplus than budgeted by £318k.** This is an improvement of £262k on the M11 reported position.
14. As a result of the significant surplus position the Council has outturned and the 15 recommendations from the GT review, a prudent way forward was to undertake the follow:
 - **A Line-by-Line Budget Review for 2021/22** has been undertaken. Outcomes of this review have informed the Month 6 position as set in the 22/23 Draft Budget Report. The findings of this review will be taken to Committee in January 2022.
 - **A Fundamental/Root and Branch Review into the Council's Financial Management & Reporting Arrangements.** The review is currently being undertaken by an external independent professional (Laura Rowley) to ensure we have a solid foundation on which to launch the Finance Transformation Programme. Her interim report is **Appendix B**

Key implications

Comments of the Chief Finance Officer

15. The Council has a duty to ensure its expenditure does not exceed resources available. The short and medium-term financial outlook remain uncertain.
16. On 8th June S&R commissioned Grant Thornton LLP UK (GT) to undertake a Forensic Review and Fact Finding into the c£920k potential budget gap. As a result, we have been unable to present the 2020/21 Outturn position to S&R before now.
17. The work of GT is now complete, and they have confirmed that there is a budget gap in 2020/21 of c£920k. This has been taken into account in finalising the Council's outturn. Appendix A Slide 5 outlines the mitigation strategy. We have accepted all of GT's 15 recommendations to ensure a tighter grip on the financial control environment in the future. The delivery will be monitored through an Action Plan as part the TFT.

18. Significant progress has been made to understand the underlining financial arrangements to ensure that the transformation work is built on solid foundations.
19. Much work has been undertaken on the budget setting process for next year and into the medium-term indicates that the Council's finances will continue to be constrained, as they have been for much of the past decade. This subsequently places an onus on the Council to continue to consider issues of financial sustainability as a matter of urgency in order to ensure stable provision of services in the future. Within this context the Council will continue to develop and implement plans to ensure that the delivery of services is contained within resources and we work towards closing the medium-term gap.
20. The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions, taking into account all material, financial and business issues and risks.

Comments of the Head of Legal Services

21. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
22. The Committee should be aware that if the Section 151 Officer, at any time, is not satisfied that appropriate strategies and controls are in place to manage expenditure within the in-year budget they must formally draw this to the attention of the Committee and the Council must then take immediate steps to ensure a balanced in-year budget, whilst complying with its statutory and common law duties.
23. It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that any new expenditure is contained within the available resources. The Monitoring reports set out the additional detail so that Members can get a feel for where the potential issues are.
24. Members will be updated on the findings on the commissioned forensic review outcomes once their report has been finalised.

Equality

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

Climate change

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

Appendices

Appendix 'A' – 2020/21 Outturn Report

Appendix 'B' – Independent Review of Tandridge District Council's Financial Management and Reporting Arrangements [Laura Rowley]

2020/21 Outturn Report

Strategy & Resources
2 December 2021
(delayed from 14 September S&R)

Anna D'Alessandro
Chief Finance Officer (s151)

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1. 2020/21 Financial Overview – Key Messages

Background

- 2020/21 commenced in exceptional circumstances in the midst of the first national CV-19 lockdown. Budget of £10.6m seemed to provide a stable base to tackle CV-19, however the year started with significant uncertainty. In May (Month 2) 2020, BAU forecast balanced budget with a potential CV-19 deficit of £3.9m as reported to the Strategy & Resources Committee
- At M6, following a mid-year review of the Capital Budget, the budget was reviewed and revised downwards by £104.7m to £15.4m mainly due to a reduction on the Property Development Fund (c£98m) and Council House Building programme (£5.5m)
- During 2020/21 we undertook the Finance Improvement Programme (FIP) to enable the Council to commence the journey of improving financial management. However, in preparation for the 2020/21 Outturn position in April 2021, a c£920k gap in the 2020/21 budget was identified. Grant Thornton LLP UK was commissioned to undertake a Fact Finding & Forensic Review. The gap has now been confirmed and the outcome included in this report. The gap has been mitigated in-year by underspends across Services. The GT findings, recommendations and the Council's response was presented to S&R on 14th September. The 2020/21 Outturn was subsequently delayed as a result
- **A number of measures/improvements** have been put in place during 2021/22:
 - In June 2021, S&R Committee approved the Joint Working Agreement of Finance with the County. This new arrangement will have the **Tandridge Finance Transformation (TFT) Programme** at its core. This is a major programme of change embedding good financial management in both Finance and more broadly across the Council. Under this umbrella will be a number of improvements (including those below), rolled out in phases from now and over the course of 2022/23
 - **A Fundamental/Root and Branch Review into the Council's Financial Management & Reporting Arrangements** is currently being undertaken by an external independent professional (Laura Rowley) to ensure we have a solid foundation on which to launch the Finance Transformation Programme. The interim report is **Appendix B**
 - **A Line-by-Line Budget Review for 2021/22** has been undertaken. Outcomes of this review have informed the Month 6 position as set in the 22/23 Draft Budget Report. The findings of this review will be taken to Committee in January 2022.
 - **Commissioning of IMPOWER to support the “Twin Track” approach to budget setting** for 22/23 (Track 1) and 23/24+ (Track 2). Track 2 will set the framework for the Council's new target operating model

1. 2020/21 Financial Overview – Revenue Key Messages

2020/21 – General Fund Revenue Outturn (Slides 4-10)

After taking into account the c£920k gap, the 2020/21 outturn position for the Council is a £885k surplus; an increase of £617k from M11.

This surplus position of £885k at year-end can be explained by a tighter grip in-year on salaries and the following one-off movements in 2020/21

- Salary underspends, £589,000 (one-off)
- Local Plan underspend, £552,000 (one-off)
- Higher budget than required for Secondary Pension contribution £362,000 (adjustment not made in 2020/21 for triennial valuation), (one-off, movement part of setting 2021/22 budget)
- New Homes Bonus income, £252,000 (additional and one-off)
- Flexible use of capital receipts for transformation work on the Annual Governance Statement and Planning, £140,000 (one-off)
- Homes England Funding, £130,000 (additional and one-off)
- Printing and Stationery underspends, £56,000 (one-off)
- Other minor movements across Services, c£22,000

Offset by:

- Interest receivable under recovery of income, £174,000 (one off, movement part of setting 2021/22 budget)
- MRP overspend, £152,000 (one-off adjustment due to incorrect policy adopted in 2019/20)
- 2020/21 Budget gap, £920,500

There is a £27k surplus against the Emergency/General CV-19 funding. Refer slide 10 for details

Details of the improvements from M11 of £617k are identified in **slide 7**

Total surpluses of both BAU and CV-19 have been transferred to Reserves. Refer slide 8

1. 2020/21 Financial Overview – Revenue Key Messages

- The 2020/21 **c£920k budget gap is a base budget issue**, this means it will reoccur on an ongoing basis unless the base budget is reduced permanently
- **Below is an explanation the gap mitigations across financial years:**
 - **2020/21:**
 - In 2020/21 the Council was able to absorb the budget gap due to tighter controls on salary costs, other one-off underspends and additional one-off income streams, whilst still achieve a surplus (**refer previous slide**)
 - **2021/22:**
 - Currently the c£920k gap in 2021/22 will be temporarily funded from reserves. The Council is in the process of applying for a capital dispensation (explained below) for 2022/23 to replenish reserves with capital receipts. If this permission is not granted, the temporary reserves funding will be permanent as it is unlikely that the Council will be in a surplus position in the current year to mitigate this magnitude of gap. This would run counter to our desires/objectives to build Reserves and become financially sustainable. The application of capital receipts will be a one time only.
 - **2022/23 & 2023/24**
 - We are currently undertaking the budget setting 'Twin Track' process for 2022/23 (Track 1) and 2023/24 (Track 2). The c£920k budget gap has been taken into account when setting the savings target for 2022/23, which has been funded by removing the build to General Fund Reserves.
 - The Council is in the process of applying to the Secretary of State for a capitalisation directive to allow the use of Capital Receipts. An request can only apply to one year. If we receive dispensation to use capital receipts we will have the opportunity to replenish Reserves (hence swapping capital for revenue) and secure the ability to apply revenue cost to transformation irrespective of whether the flexibilities are extended after 21/22.
 - If permanent/on-going savings are not delivered in 2022/23 then they will need to be added to the gap in 2023/24. If permanent savings can be found in 2022/23 and budgets reduced to take account of the c£920k, then this will no longer be a problem in future.

1. 2020/21 Financial Overview – Capital & HRA Key Messages

2020/21 – Capital Outturn (Slides 11 & 19-21)

February 2020 the approved Capital Budget was £120.1m, reset to £15.7m as part of a mid-year review (M6). It was proposed to revise the Capital Budget to reflect the most accurate position which changed substantially in-year. The biggest single change was the removal of £98m from the Property Development Fund as there were no plans for this expenditure.

Improvements required to Capital governance, monitoring and reporting will be undertaken as part of the TFT Programme

Against a combined General Fund and HRA **£15.7m Capital Programme Budget**, spend for the year was **£11.2m; slippage of £4.3m (28%); underspend of £0.2m.**

Proposals to carry forward the £4.3m slippage to future years (£2.5m to 2021/22 and £1.8m 2022/23). **Refer Annex 3**

2020/21 – HRA Outturn (Slides 12 & 21-22)

HRA is a ringfenced account and sets a balanced budget each year. For 2020/21 the HRA budgeted to make a £1,038k transfer to Reserves, to fund current and future capital expenditure.

The HRA has achieved a greater surplus than budgeted by £318k. This is an improvement of £262k on the M11 reported position.

1. 2020/21 Financial Overview – Improvements from M11

Of the £617k improvement since M11, deterioration of £41k relates to BAU offset by CV-19 improvements of £658k

£41k BAU deterioration comprises mainly of:

- £920k budget gap associated with GT Review – Budgeting error within the original budget set and approved in Feb 2020

Offset by £879k accounting adjustments and treatments associated with year-end

- £362k underspend due to budget provision; the Council's overall secondary pension contribution, pension strain and greater allocations to the HRA recharges for the secondary pension contributions
- £171k updated for final support/back-office costs for capital and HRA
- £140k use of capital flexible receipts for transformative work across the Strategic Plan, AGS and Planning
- £120k underspends on salary and agency costs across all Committees
- £99k ongoing underspends on the Local Plan
- Offset by £13k net overspends smaller than £25k

• **£658k CV-19 improvements comprises mainly of:**

- £306k CV-19 specific grants; £165k Income Support Grant, £141k CV-19 New Burdens Grant
- £241k Waste Services – lower additional costs of social distancing compared to assumptions at budget setting
- £163k Support to Freedom Leisure – net improvements across Committees (Community Services improvement £308k less S&R deterioration of £145k). Repayment of support was approved in 2021/22 and reported in M3 budget monitoring
- £82k Planning Applications – improved fee income

Offset by:

- £87k underspends on salary and agency costs across all Committees
- £40k investment income than expected and £22k of other small changes

1. 2020/21 Financial Overview – Transfers to Reserves

£885k – 2021/22 Transfers to Reserves

- **£682k Planning Reserve to support the delivery of the Local Plan and other general Planning related activities:**
 - **£130k Homes England monies**
 - **£552k Planning Reserve.** This Reserve has been established from net underspends in the 2020/21 Planning budget
- **£134k Reserve to mitigate future financial uncertainties/risks in the medium-term and support budget planning.** This Reserve has been created to support the future challenges associated with medium-term financial uncertainties/risks
- **£42k Academy/Northgate Reserve.** This is a new Reserve established to support the delivery of the new Revenues/Benefits system in 2021/22
- **£27k CV-19 Reserve** to support future CV-19 related spend. This is made up of the £19k surplus CV-19 general/emergency grant funding and £8k Discretionary Housing Payments (specific CV-19 grants)

1. 2020/21 Financial Overview

In summary, despite the extraordinary external circumstances, and the considerable gap in the 2020/21 Budget identified whilst preparing for this report, we have managed to mitigate in-year risks and pressures, specifically through tight control of salary budgets, one-off underspends or income sources as set out in slide 4

Despite the Pandemic and the budget gap the Council has outturned a surplus, which has enabled us to provide the following one-off payments to staff to show our gratitude for their hard-work and commitment to supporting the Council and District through the Pandemic, comprising of:

- £250 per person as one-off payment to all staff due to CV-19 (excluding Executive Leadership Team and temp staff), and
- £250 per person to Finance Business Partner team due to the preparation of Annual Accounts which is a statutory requirement with unpaid overtime, on top of having to support all the significant financial issues entailed in supporting the Finances surrounding CV-19 monies from Central Government with competing deadlines for 2021/22 Budget setting

2. 2020/21 CV-19 Overview

Overview:

- On 13th February 2020, Council approved a budget of £10.6m
- Weeks later, CV-19 impact began; national lockdowns, cessation of non-essential activities, rapid spread through the community
- TDC has played a key role in tackling the virus in the district;
 - Maintaining essential local services
 - Paying grants to local businesses and charities
 - Making Test and Trace payments to local residents
 - Making shielding calls to extremely vulnerable people
 - Supporting parish councils with CV-19 grants
 - Making the Council available as a vaccination centre
 - Supporting suppliers
 - Providing advice and signposting to services.

Financial Impact:

- TDC received £1,406k of **general Emergency/General CV-19 Grant** plus £260k of **Income Compensation Scheme**; **£1,665k in total**
- Although fully deployed in 2020/21, our overall costs and income loss was in total £1,639k resulting in a **surplus of £27k against the CV-19 position**, as set out in this report

The grant doesn't have any conditions are therefore is proposed to be carried forward to 2021/22

- **We also received £29m of Specific CV-19 funding.** Of this c£3m was unspent including; Containment Outbreak Management Funding (COMF), Local Restrictions Support Grants, Business Rates support and Test and Trace.

As £3m unspent funds have grant conditions and thereby must be carried forward for this purpose specifically

£1,639k CV-19 overall costs and income loss for 2020/21 is mainly due to:

£1,208k of loss of income, (£360k rental holidays and service charges from investment properties, £195k Bank of England rate reductions, £171k Car Parking On and Off Street, £147k for planning income, £145k Freedom Leisure support, £61k increases in bad debts, £50k Land charges from reduced property sales, £53k Parks & Open Spaces, – Reduced car parking income and PCN income and £22k Hackney cab licences and other income),

£432k extra costs predominantly through cleaning, salaries - covering for sickness / overtime and social distancing and Healthy and Safety restriction with having to wear PPE and offset by loss of opportunities like training across all committees.

3. 2020/21 Capital Programme Outturn

Background

- **February 2020 the approved Capital Budget was £120.1m, reset to £15.7m at** as part of a mid-year review it was proposed to revise the capital budget to reflect the forecast capital position. The biggest single change was the removal of £98m from the Property Development Fund as there were no plans for this expenditure
- Improvements to Capital governance, monitoring and reporting will be undertaken as part of the TFT Programme

Capital Outturn

- **Against combined General Fund and HRA £15.7m Capital Programme Budget, spend for the year was £11.2m; slippage of £4.3m (28%); underspend of £0.2m**
- There is a proposal to carry forward the £4.3m slippage from 2020/21 to future years. **Refer Annex 3**

General Fund

- Against the General Fund £6.4m Capital Programme Budget, **spend for the year was £3.9m**; slippage of £2.3m (36%); underspend of £0.2m
- **Increase in slippage of £0.3m since M11**, as follows:
 - **Waste and Recycling – increase of £0.1m** – related to purchase of Waste Collection Vehicles
 - **Community infrastructure and assets – increase of £0.2m** – in relation to Vehicle Fleet Renewals
 - **IT - Hardware/Infrastructure – increase of £0.1m** – in relation to purchases of hardware
 - **Other areas – decrease of £0.1m** – in relation to Social housing Grants, Disabled Facilities Grants and Property Development Fund

HRA

- Against the HRA £9.3m Capital Budget, spend for the year was £7.3m; slippage of £2.0m (22%).
- **Decrease in slippage of £0.3m since M11** related to building new council houses.

Delivering £11.2m of combined spend against a revised budget of £15.7m is a major achievement considering the challenges relating to the Pandemic

4. 2020/21 HRA Outturn

Background

- HRA is a ringfenced account and sets a balanced budget each year. For 2020/21 the HRA budgeted to make a £1,038k transfer to Reserves, to fund current and future capital expenditure.

2020/21 Outturn

- **The HRA has achieved a greater surplus than budgeted by £318k. This is an improvement of £262k on the M11 reported position.**

The final variance consists of a £104k surplus against CV-19 and £214k surplus on BAU

The surplus is due to improvements since M11, mainly relating to:

- **£334k Depreciation charge** – Lower valuations for the housing stock have in turn lead to a reduced deprecation charge. The charge for depreciation for the HRA is transferred to the Major Repairs Reserve and used to finance capital expenditure on the housing stock.
- **£180k Rental Income** – Rental income has not been impacted as feared by CV-19 and the full income budget was achieved.
- **£65k Bad Debts Provision** – The level of outstanding debt is higher than expected leading to requiring greater bad debt provision.

Offset by:

- **£270k Corporate Support Services** – Increased recharge for Democratic Representation and Support Services due to changes in the way the Council operates not being reflected in the original budget along with a greater than budget cost for unfunded pensions (£89k).
 - **£48k Repairs and Maintenance Expenditure** – An increase in repairs expenditure of £88k amounting to less than 2% of the over £2.6m repairs budget.
- The additional surplus generated will be transferred to the HRA New Build Reserve and the Repairs Reserve in the 2:1 ratio previously agreed by Housing Committee.

Annexes

1. Overall Financial Summary, Significant Variances & General Fund

Revenue Variances by Committee

2. Capital Outturn

3. Capital Programme Carry Forwards

4. HRA Variances

Annex 1: 2020/21 Financial Overview – Overall Financial Summary

	2020/21 Budget £'000	BAU Actual £'000	COVID-19 Actual £'000	Outturn variance to Budget £'000	Change from M11 £'000	Increase / Decrease / Unchanged
Community Services	6,351	6,176	378	203	(673)	Increase
Housing (GF) Services	459	315		(144)	8	Decrease
Planning Policy	1,338	656	54	(628)	(395)	Increase
Strategy & Resources	2,412	2,554	947	1,089	584	Decrease
Central Funding (Incl Covid-19 grants)	(10,560)	(10,560)	(1,406)	(1,406)	(142)	Increase
Committee position	0	(858)	(27)	(885)	(617)	Increase
Proposed Contributions to Reserves for commitments in 2021/22						
Planning Policy - Local Plan and other Planning related activities (including Homes England £130k)		682		682		
Strategy & Resources - Northgate Project		42		42		
Covid-19 grants carry forward to 21/22			27	27		
Mitigation of Future Funding Risks/undertainties in budget		134		134		
Proposed Contributions to Reserves	0	858	27	885		

Annex 1: General Fund Revenue Variances by Committee

2020/21 Revenue - significant variances

Significant Variances	Community Services £'000	Housing Services £'000	Planning Policy £'000	Strategy & Resources £'000	Funding £'000	Overall £'000
Business as Usual :						
Salaries Vacancies	(192)	(117)	(167)	(280)		(757)
Local Plan			(369)			(369)
Enforcement			(16)			(16)
Pension Deficit, Strain, CAYs & HRA recharge				(362)		(362)
New Homes Bonus				(252)		(252)
Use of Capital Flexi receipts				(140)		(140)
Home England Grant			(130)			(130)
Printing, Stationery and Postage				(56)		(56)
Interest Receivable				174		174
Minimum Revenue Provision				152		152
Other Small Variance	17	(27)		(14)		(24)
	(175)	(144)	(682)	(777)	0	(1,778)
GT Review outcome: Accounting treatment for Pensions				920		920
Business as Usual variance	(175)	(144)	(682)	143	0	(858)
Covid-19 Expenses ¹	378		54	947	(1,406)	(27)
Committee position	203	(144)	(628)	1,089	(1,406)	(885)

Note 1: Committee Covid-19 Expenses & Loss of income offset by Sales, Fees & Charges grants and other COVID-19 funding

Annex 1: General Fund Revenue Variances by Committee

The Outturn surplus of £885k, predominantly consists of:

Strategy and Resources Committee – overspend of £1,089k:

BAU overspend £142k comprises of:

- £920k GT Review outcome - Budgeting error of £0.9m
- £174k Interest Receivable – Reduction in interest receivable due to the decision to not proceed with an agreed property purchase through Gryllus
- £152k Minimum Revenue Provision – Requirement to make greater MRP due to internal borrowing

Offset by underspends within:

- £362k reduction in lump sum contribution to pension costs, pension strain and Compensation Added Years
- £280k underspend on Salaries – tight grip on vacancies
- £252k New Homes Bonus – Additional grant received above original budget
- £140k use of capital flexible receipts for transformative work across the Strategic Plan, AGS and Planning
- £56k Printing, Stationery and Postage – Reduced usage due to staff working from home
- £14k net overspend on recharges for HRA etc (if underspends within overall support costs expect o/s in recharges) and other small variances

CV-19 overspend £947k comprising of:

- £812k loss of income (£195k Bank of England rate reductions, £360k rental holidays and service charges from investment properties £145k Freedom Leisure rent and income provision, £61k increases in bad debts and £50k Land charges from reduced property sales)
- £199k extra costs either through cleaning, salaries - covering for sickness / overtime, social distancing and Healthy and Safety restriction with having to wear PPE and extra equipment for home working.

Offset by £5k Income Support Grant from Central Government and £50k from local authorities for training

Annex 1: General Fund Revenue Variances by Ctte (cont'd)

Planning Policy Committee – underspend of £628k

BAU underspend £682k comprises of:

- £369k underspend on Local Plan (carried forward into 2021/22 for Local Plan and Planning transformation work)
- £167k underspend on Salaries – tight grip on vacancies
- £130k Homes England funding (carried forward into 2021/22 for Local Plan)
- £16k Enforcement due lower need for legal expenses

CV-19 overspend £54k comprising of:

- £151k overspend on Planning Applications and Advice – reduced income from Planning Fees
- Offset by £97k CV-19 sales, fees and charges support

Community Services Committee – overspend of £203k

BAU underspend £175k comprises of :

- c£192k underspend on Salaries
- Offset by £17k Off Street Car Parking, and Leisure & Community Grants

CV-19 overspend £378k comprising of:

- £248k loss of income (£171k Car Parking On and Off Street, £53k Parks & Open Spaces, – Reduced car parking income and PCN income and £24k Hackney cab licences and other income)
- £289k extra costs either through cleaning, salaries - covering for sickness / overtime and social distancing and Healthy and Safety restriction with having to wear PPE.
- Offset by: £159k Income Support Grant from Central Government

Annex 1: General Fund Revenue Variances by Ctte (cont'd)

Housing Committee – underspend of c£144k

BAU underspend £144k comprises of :

- c£117k underspend on Salaries
- £28k underspend due to greater income from Meadowside and lower costs on Housing of the Homeless provisions

Overall Funding – over achievement of income of £1,406k

BAU (Council Tax and Business Rates) Balanced.

CV-19 over achievement of £1,405k.

- £1,092k General CV-19 grant
- £191k New burdens grant
- £81k Administration income – for distribution of Test & Trace and other grants
- £43k for Clinically Extremely Vulnerable grant

offset by £1k over allocation of Sales, Fees and Charges grant (c70% of loss of income) applied to the committees with the loss of income

Annex 2: 2020/21 Capital Outturn – Summary by Ctte (cont'd)

	Original Budget £'000	Restated Budget £'000	Full Year Outturn £'000	Outturn variance to Budget £'000	Change from M11 £'000	Increase / Decrease / Unchanged
Community Services						
Waste and Recycling	2,991	2,991	2,193	(799)	(100)	Increase
Parks, Playgrounds and Open Spaces	531	285	66	(219)	14	Decrease
Community infrastructure and assets	1,194	537	344	(193)	(164)	Increase
Community Services Total	4,716	3,813	2,603	(1,211)	(251)	Increase
Housing General Fund - Committee Chair: Councillor L Parker - Officer: A Boote						
Social Housing Grants	100	100	30	(70)	30	Decrease
Disabled Facilities Grants	426	426	384	(42)	34	Decrease
Housing Services (GF) Total	526	526	414	(112)	64	Decrease
Planning Policy - Chair						
Capital contributions to third parties from CIL	0	299	15	(284)	(15)	Increase
Planning Policy Total	0	299	15	(284)	(15)	Increase
Strategy & Resources - Chair: Cllr T Elias - Officers: J King/L Harrison/A D'Alessandro/A Boote						
Property Development Fund	98,842	981	441	(540)	41	Decrease
Council Offices Buildings	100	75	20	(55)	(5)	Increase
GF IT - Hardware/Infrastructure	874	691	420	(271)	(124)	Increase
Strategy & Resources Total	99,815	1,747	881	(866)	(88)	Increase
Total General Fund	105,057	6,386	3,913	(2,472)	(289)	Increase
Housing Revenue Account - Committee Chair: Councillor L Parker - Officer: A Boote						
Council House Building	11,377	5,900	4,142	(1,758)	329	Decrease
Improvements to Housing Stock	3,608	3,165	3,001	(163)	(32)	Increase
Housing Management Software	70	70	91	21	10	Decrease
HRA IT - Hardware/Infrastructure		141	40	(100)	(44)	Increase
HRA Total	15,055	9,275	7,274	(2,001)	263	Decrease
2020/21 Capital Programme	120,112	15,661	11,187	(4,474)	(26)	Increase

Annex 3: 2020/21 Capital Carry Forwards

	2020/21 Variance £'000	of which is: slippage (2020/21 Carry Forward) £'000	programme underspend £'000		21/22 Budget £'000	21/22 Budget with Carry Forward £'000
Community Services						
Waste and Recycling	(799)	788	11		123	911
Parks, Playgrounds and Open Spaces	(219)	212	7		773	985
Community infrastructure and assets	(193)	182	11		1,057	1,240
Community Services Total	(1,211)	1,182	28		1,954	3,136
Housing General Fund - Committee Chair: Councillor L Parker - Officer: A Boote						
Social Housing Grants	(70)		70		0	0
Disabled Facilities Grants	(42)		42		460	460
Housing Services (GF) Total	(112)	0	112		460	460
Planning Policy - Chair						
Capital contributions to third parties from CIL	(284)	284	0		733	1,017
Planning Policy Total	(284)	284	0		733	1,017
Strategy & Resources - Chair: Cllr T Elias - Officers: J King/L Harrison/A D'Alessandro/A Boote						
Property Development Fund	(540)	540	0		4,900	5,440
Council Offices Buildings	(55)	25	30		0	25
GF IT - Hardware/Infrastructure	(271)	214	57		467	681
Strategy & Resources Total	(866)	779	87		5,367	6,146
Total General Fund	(2,472)	2,245	227		8,513	10,759
Housing Revenue Account - Committee Chair: Councillor L Parker - Officer: A Boote						
Council House Building	(1,758)	1,758	0		12,700	12,700
Improvements to Housing Stock	(163)	163	0		3,590	3,753
Housing Management Software	21		(21)			0
HRA IT - Hardware/Infrastructure	(100)	87	13		264	351
HRA Total	(2,001)	2,009	(8)		16,554	16,804
Overall position	(4,474)	4,254	220		25,067	27,562

Annex 3: Capital Programme Carry Forwards

- For 2020/21, **£4.3m of carry forwards have been requested by Budget Mangers**
- £0.9m (of £4.3m) relates to approved grant or contribution funding
- **The main elements of the carry forward requests (£2.5m) relate to the following schemes and be additional to 2021/22 budget :**
 - **Waste and Recycling (£0.8m)** – relating to purchase of waste collection vehicles due for delivery late May/early June (£0.7m) and purchase of garden waste bins from Biffa in April (£0.1m)
 - **Parks, Playgrounds and Open Spaces (£0.2m)** – delays due to resourcing issues for playground equipment and delays on flood alleviation landscape architect work for Queens Park
 - **Community Infrastructure and Assets (£0.2m)** – Vehicle Fleet Renewals slippage into 2021/22. 4 vehicles delivered in April 2021 and a further 6 are due for delivery 31 July 2021
 - **Property Development Fund (£0.5m)** – Slippage on Quadrant House refurbishment, partially LEP funded
 - **IT Hardware/Infrastructure (£0.2m)** – Slippage mainly in relation to disaster recovery delivery delayed but also includes Book & Pay system, My Service Planning and Northgate system
 - **Capital contributions to third parties from CIL (£0.3m)** – 100% funded by CIL. Work on Whyteleafe Surgery commenced in 2020/21. Burstow Road Safety construction will commence in 2021/22
 - **Improvements to Housing Stock (£0.2m)** – relating to roof works, car parks & resurfacing works & boiler replacements
 - **HRA IT Hardware/Infrastructure (£0.1m)** – relating to Orchard DLO Module and HRA share of disaster recovery

Passed onto the end of the capital programme (£1.8m):

- **Council House Building (£1.8m)** – Delayed expenditure. 100% funded from HRA Reserves/borrowing

Annex 4: HRA Variances

The HRA has achieved a greater surplus than budgeted by c£319k

- The final variance consists of a £104k surplus against CV-19 and £214k surplus on BAU
- The main variances for the year were:
 - **£532k Service Costs underspend.** Mainly due to:
 - Lower valuations for the housing stock have in turn lead to a reduced depreciation charge (£0.3m)
 - The level of outstanding debt is higher than expected leading to requiring greater bad debt provision (£0.1m)
 - other net savings including legal expenses and Assisted Purchase Scheme (£0.1m)
 - **£253k Interest Charges on loan saving** – Reduced cost of borrowing due to new loans being refinanced at lower ratesOffset by:
 - **£270k Corporate Support Services** – Increased recharge for Democratic Representation and Support Services due to changes in the way the Council operates not being reflected in the budget (£0.2m) along with a greater than budget cost for unfunded pensions (£0.1m).
 - **£89k Repairs and Maintenance Expenditure** – An increase in repairs expenditure of £0.1m amounting to less than 2.4% of the over £2.6m repairs budget
 - **£107k other minor overspends** including salaries and garage rental income
- The additional surplus generated will be transferred to the HRA New Build Reserve and the Repairs Reserve in the 2:1 ratio previously agreed by Housing Committee.

Annex 4: HRA Variances

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

KEY HRA REVENUE VARIANCES Committee Chair - Councillor L Parker Officer - A Boote	Annual Budget 2020/21 £	M12 Outturn Variance at year end (31/3/2021) BAU £	M12 Outturn Variance at year end (31/3/2021) COVID-19 £	M12 Outturn Overall Variance at year end (31/3/2021) £	BAU Change since M11 £	COVID-19 Change since M11 £	Overall Change since M11 £
Salaries	1,722,400	34,500	4,700	39,200	8,800	0	8,800
Services costs	5,951,600	(502,100)	(29,500)	(531,600)	(471,300)	0	(471,300)
Corporate Support Services	1,441,800	270,300	0	270,300	270,300	0	270,300
Repairs and Maintenance	2,640,500	190,600	(102,800)	87,800	63,900	(15,200)	48,700
Interest Charges on loan	1,912,100	(253,200)	0	(253,200)	10,800	0	10,800
Rental Income Dwellings	(14,200,500)	0	1,100	1,100	0	(198,900)	(198,900)
Rental Income Garages	(279,700)	0	28,000	28,000	0	18,000	18,000
Other Income	(226,000)	45,700	(5,800)	39,900	52,000	0	52,000
Outturn before transfer to reserves	(1,037,800)	(214,200)	(104,300)	(318,500)	(65,500)	(196,100)	(261,600)
Transfer to reserves	1,037,800	214,200	104,300	318,500	65,500	196,100	261,600
Outturn after transfer to reserves	0	0	0	0	0	0	0

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Report to Anna D'Alessandro, Chief Finance Officer and Section 151 Officer,
Tandridge District Council

From Laura Rowley BA MBA FCPFA

An independent Review of Tandridge District Council's Financial Management and Reporting Arrangements

Interim Report, 18 November 2021

Executive Summary

Tandridge District Council is aware that it faces a challenging financial situation and needs to improve its financial management across the Council. This situation, coupled with reduced capacity and capability in the finance team, led Tandridge District Council to approach Surrey County Council for assistance. Subsequently, under the leadership of Chief Finance Officer and Section 151 Officer Anna D'Alessandro, seconded from Surrey, significant work has begun on improving financial management and governance in the short term and transforming the finance function in the medium term.

In the short term the Chief Finance Officer has set the following clear objectives:

1. To re-build confidence in the financial data and information used in the production of the 2020/21 Revenue Outturn Report and Statement of Accounts through careful analysis and review.

This will enable:

- The Chief Finance Officer to recommend that Members approve the Revenue Outturn Report for 2020/21.
- The Statement of Accounts for 2020/21 to be submitted to Deloitte for the external audit to be finalised as it pertains to the value for money conclusion and their Annual Report.
- The Chief Finance Officer to use the 2020/21 Revenue Outturn Report to inform the development of the 2022/23 Budget and provide confidence to Members that the Draft Budget Report can be supported as any underlying financial issues are not material/have been or will be addressed through transformation work.

2. During the course of the review, to identify service pressures and saving opportunities that affect the development of the 2022/23 Budget.

As an experienced Director of Resources, with expertise in intervention work on behalf of MHCLG, I was asked to contribute to the careful analysis and review of financial management and reporting arrangements at Tandridge District Council. This interim report summarises my findings to date insofar as they are relevant to the delivery of the objectives set out above:

1. Audit and Scrutiny has improved substantially over the last year.
2. Swift steps have been taken by the Chief Finance Officer to seek independent reviews of weaknesses in financial management and to act upon their recommendations.
3. The base budget for the old year, 2021/22, is being reviewed systematically with care and due diligence by the finance team.
4. The finance team has been restructured and strengthened with colleagues from Surrey County Council providing oversight, direction and support.
5. The Tandridge Finance Transformation (TFT) Programme is underway and is already bringing about change and improvement.
6. The Revenue Outturn Report for 2020/21 has been prepared and is ready for the Chief Finance Officer to recommend to Members.
7. The Cash Book and Reconciliation process is labour intensive, extremely slow and is not integrated with key financial systems. This will be addressed through the Tandridge Finance Transformation Programme.
8. Suspense Accounts as they relate to expenditure were cleared in a timely manner for 2020/21.
9. The exceptionally high level of volatility in the Revenue Budget variances between 2020/21 and 2021/22 can be explained satisfactorily.
10. General Fund Capital Receipts could be used to offset the £920,000 pension budget shortfall in 2021/22 and/or be used to fund transformation.
11. Debtors as at 01 April 2021 are extraordinarily high as a proportion of the Council's Revenue Budget. This is now being actively managed and is being tackled as part of the Tandridge Finance Transformation Programme.

12. Work is continuing on the Balance Sheet review hence all work on Reserves and Provisions has not yet been completed. This work is likely to be completed around 15th December 2021.

Conclusion

In my view, based on the work undertaken in recent weeks, I have found sufficient evidence of careful review and analysis of the data and information used in the production of the 2020/21 Outturn Report to conclude that the Chief Finance Officer can proceed with a reasonable degree of confidence. The 2020/21 Outturn Report is ready for the Chief Finance Officer to recommend it to Members and submit it for external audit.

There is still much to do to ensure that financial management and accountability across the Council is improved, embedded and becomes part of the Council's business as usual and that it is being addressed through the TFT, with Members updated through the Member Reference Group.

Background

Tandridge District Council is aware that it faces a challenging financial situation and needs to improve its financial management across the Council. Tandridge has had a number of Section 151 Officers in the last five years. This constant change in the leadership of the Tandridge finance function has been unsettling for staff in the finance team. Moreover, the team has shrunk from 10 full time equivalent posts to 4 ½ full time equivalent posts over broadly the same five-year period, placing the staff under pressure at a time when internal audit, external reviews and scrutiny have added to their workload.

The difficult financial position for the Council as a whole, coupled with a weakened finance team, led Tandridge District Council to approach Surrey County Council for assistance, hence the appointment of Anna D'Alessandro as Section 151 Officer in 2020. Significant work has begun under her professional leadership and with the wholehearted support of the political leadership, on improving financial management and governance in the short term and transforming the finance function in the medium term. This transformation programme is designed to bring about steady, sustained improvement in financial control and financial management. To begin with, emphasis was placed on getting back to basics and ensuring that financial data are reliable and accurate, and that fundamental financial processes such as Accounts Payable and Accounts Receivable are reviewed and improved.

I set out below my comments and observations about financial management practices at Tandridge District Council based upon work carried out in recent weeks.

Comment 1. Audit and Scrutiny has improved substantially over the last year.

To familiarise myself with Tandridge I turned first to the Council's website, in particular the records of the meetings of the Audit and Scrutiny Committee. I noticed a marked improvement in the regularity of meetings, the quality of reports and the breadth of issues covered from mid-2020 onwards compared with the previous two years.

I was later to learn that Tandridge District Council with advice from senior officers has implemented a new audit and scrutiny function which is evolving and establishing its role. I have seen some evidence of active engagement from Members asking appropriate relevant and probing questions. Whilst there is work to be done to sustain and further develop audit and scrutiny, this takes nothing away from the step change in the Council's governance arrangements that a strengthened audit and scrutiny function represents. The Centre for Public Scrutiny is a good source of advice and best practice in this area.

Comment 2. Swift steps have been taken by the Chief Finance Officer to seek independent reviews of weaknesses in financial management and to act upon their recommendations.

The section 151 officer is taking reasonable and prompt action to be able to recommend the 2022/23 budget to Members with a reasonable degree of confidence and with managed risk. Independent reports on key areas of financial risk have been commissioned from:

- The Local Government Association,
- Internal Audit, and
- Grant Thornton.

The findings have been reported to Audit Committee, action has been taken by the Section 151 Officer and progress has been reported back to the Audit Committee.

Both Members and the Section 151 Officers have responsibilities under the law for budget setting and these are set out below.

The calculations to be made by Council when setting a balanced budget

The setting of the budget is a function reserved to Full Council.

The Council is required to set a balanced budget.

In each financial year the Council must make its budget calculation in accordance with Sections 42A and 42B of the Local Government Finance Act 1992. In particular the Council must calculate the following:

- The expenditure the authority estimates it will incur in the coming year in performing its functions and will charge to the revenue account for the coming year.

- An allowance for contingencies that the authority considers appropriate in relation to expenditure to be charged to the revenue account in the coming year.
- The financial reserves that the authority estimates it will be appropriate to raise in the coming year to meet its estimated future expenditure.
- The financial reserves sufficient to meet a revenue account deficit for any earlier financial year that has not already been provided for.

These calculations determine the Council Tax requirement for the year.

Once the budget is agreed by Full Council, Members cannot make any decisions which conflict with that budget, although variations and in-year changes may be made in accordance with the Financial Regulations which have been adopted by the Council.

The Council must then issue its precept before 01 March in the financial year preceding that for which it is issued.

When meeting these statutory obligations, the Council must have regard to the advice of its Chief Finance Officer appointed under Section 151 of the Local Government Act 1972.

Furthermore, under Section 25 of the Local Government Act 2003 the Chief Financial Officer has a duty to report to the authority on the robustness of the estimates that underpin the calculations required of the Council.

The approach taken by many local authorities to building the base budget for the new year is set out below. A comment is then made about Tandridge's preparation for the 2022/23 Revenue Budget.

Firstly, the base budget for the old year is reviewed and adjustments are made for structural deficits in the base budget. These may arise from higher than expected growth in demand resulting in overspends in the previous financial year that continue into the new financial year. Similarly, mitigating savings identified in the old year may also continue into the new year.

Secondly, adjustments are made for pay and price inflation.

Thirdly, adjustments are made for demographic changes which could result in growth in demand-led services.

Finally, assessments are made of the level of income that will be available from different sources to meet the cost of service delivery.

The estimated expenditure and income are then compared and this typically results in the identification of savings targets required to close the gap between expenditure and income.

Each of these points is addressed below.

Comment 3. The review of the base budget for the current year (2021/22) is being completed with care and due diligence by the finance team.

The Tandridge finance team is reviewing the 2021/22 budget with due diligence, not least because of the pressing need to balance the budget during the year and deal with the consequences of the c£920,000 unplanned budget gap. As an example of the work that is being undertaken, finance business partners have worked with service managers to review and verify the salaries budget which represents about three quarters of the total budget for the year. Once this line-by-line review of the 2021/22 budget is completed the outcome will be provided to Members.

Expenditure and income have been under close scrutiny since the appointment of the new Chief Executive and the Section 151 Officer. Since the joint working with Surrey County Council on the Transformation Programme began, this scrutiny has intensified.

Comment 4. The finance team has been restructured and strengthened with colleagues from Surrey County Council providing direction and oversight

Working together and effectively, in a short period of time the Finance Team has been restructured and strengthened with additional, experienced colleagues from the County Council supporting the Finance team. The combined team is already laying the foundations for the change in culture required to embed tighter financial control and deliver services more efficiently. 'Silo' working has reduced and there is a greater level of engagement and accountability across all levels of staff.

The intense scrutiny of the 2021/22 Revenue Budget and the marked improvement in the leadership, management and governance of the authority have led to more openness and transparency. As a result, in my view, Councillors can be more confident that the base budget for 2021/22 has been carefully reviewed within the time and resources available, weaknesses are being identified and addressed and it provides a reasonable basis for planning 2022/23.

Despite all the work done to date, there is still much to be done to develop and embed routine financial processes, effective financial management and reporting and efficient accounting and year end processes at Tandridge District Council. The TFT provides the means to prioritise, plan, deliver and monitor the improvements that are necessary. There will continue to be variances, it is likely that they will be less significant and identified sooner. For an example of the extensive scope and scale of work that is required to bring the Council's processes closer to good practice standards, please see Comment 11.

Comment 5. The Finance Transformation Programme (TFT) is underway and is already bringing about change and improvement.

- An effective Programme Management function is in place.
- The Tandridge Finance Team has been restructured, interviews have been held and roles filled successfully and recruitment to vacancies is currently in train.
- Surrey County Council has provided support through a small number of highly-skilled and experienced staff to strengthen the Tandridge Finance Team.
- The Exchequer function is a particular area of focus in phase 1 of the programme and is making headway.

All the finance staff are working purposefully and professionally together in my view, especially given the difficult circumstances. I wish to make it clear that former Section 151 Officers are personally accountable for the weaknesses identified in this report (as prescribed in the legislation) and not the Finance Team as a whole.

Comment 6. The Revenue Outturn Report for 2020/21 has been prepared and is ready for the Chief Finance Officer to recommend to Members.

The 2019/20 Accounts have been submitted to external audit. It is not yet clear why the audit has not been completed however that is being addressed by the Chair of the Audit & Scrutiny Committee. External auditors in general are lacking the resources that they need, especially given the very tight budgets allocated by the PSAA; this is likely to be a factor in the delay.

The 2020/21 Outturn Report and Accounts have been prepared ready for approval and audit. In addition, a clear and comprehensive covering report and detailed slide presentation. The work that has been done by some team members in preparing the 2020/21 Outturn Report and the associated working papers and slides has been meticulous. Much credit is due to the Finance Team including some colleagues seconded and providing support from Surrey County Council whose patience and persistence has contributed to a better set of External Accounts for 2020/21 and working papers than Tandridge District Council achieved on its own in recent years.

Please note that significant contributions have been made to Reserves at the end of 2020/21 (as set out in the Outturn Report) and this strengthens the Council's financial position.

Nonetheless, there are some issues within those Accounts that need further attention.

Comment 7. The Cash Book and Bank Reconciliation process is labour intensive, extremely slow and is not integrated with key financial systems. This will be addressed through the Tandridge Finance Transformation Programme.

The Cash Book and Bank Reconciliation at 31 March 2021 was out of balance, on the face of it, by around £30,000. The Cash Book and Bank Reconciliation process is labour intensive, extremely slow and dependent upon a number of spreadsheets that are used to work around the lack of integration between key financial systems, not least Agresso (the General Ledger) and Adelante (the Income System). This is not satisfactory but additional work was undertaken by the team in order to identify the reasons for the imbalance and provide working papers and explanatory notes for consideration by external audit. Further work will be completed as part of the transformation programme to find a more permanent solution.

Comment 8. Suspense Accounts were cleared in a timely manner.

Suspense Accounts were cleared, and transactions allocated in time for inclusion in the 2020/21 Accounts. The uncleared suspense at 31 March 2021 was less than £1,000 in total. This is good practice.

Comment 9. The exceptionally high level of volatility in the budget variances between 2020/21 and 2021/22 can be explained satisfactorily.

The level of volatility in the budget variances between financial years 2020/21 and 2021/22 is extraordinary, caused predominantly by Covid-19 related conditions in 2020/21.

There follows a table that highlights the main reasons for the extraordinarily high variance that gave rise to a surplus (before adjustment for the error in the reallocation of the pension budget of c£920,000) of £1,778,000:

Surplus as at 31.3.21 before adjustment for pensions error:	£1,778,000
Offset by pensions error:	(£920,000)
BAU surplus as at 31.3.21	£858,000

Source of surplus of £1,778,000:

Additional Income: New Homes Bonus	£252,000
Homes England Funding	£130,000
Local Plan underspend	£552,000
Salary underspends	£589,000
Flexible use of capital receipts	£140,000
Higher budget than required for secondary pensions	£362,000

Stationery and printing	£56,000
Offset by interest receivable overspend	(£174,000)
MRP overspend	(£152,000)
Other	(£23,000)
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Surplus before adjustment for pensions error	£1,778,000
<hr/>	

The Council received £1,665,000 from Government for General Emergency / General Covid-19 grants and Income Compensation Scheme. The Council applied costs and lost of income in line with the conditions of the grants.

Having reflected on the 2020/21 Revenue Outturn Report, the main reason for the volatility is that 2020/21 was characterised by an exceptional number of grant payments from the Government that were for one year only. These one-off grant payments, where they were underspent, were transferred to reserves at the end of 2020/21 and will not recur in 2021/22. In addition, there were a number of substantial one-off savings, in particular an underspend on the Local Plan and salaries.

Comment 10. General Fund Capital Receipts could be used to offset the c£920,000 pension budget shortfall in 2021/22 and/or be used to fund transformation.

There are ways in which Capital Receipts can be applied legitimately to support the Council's Revenue Budget. General Fund Capital Receipts provide an opportunity to fund service transformation. In addition, the Council could, if it chooses to, apply to the Secretary of State for a Capital Dispensation that could, if approved, cover the shortfall of c£920,000 in the 2021/22 Budget arising from the error made in the Pensions Budget.

Opening Balance, General Fund Capital Receipts 01.04.2021	£1,337,184
Add: In-year Capital Receipts from loans	£318,000
Position at 16 November 2021 (assuming Capital Receipts are not used to fund the Capital Programme)	Total £1,655,184

Please note, there is potential for a further Capital Receipt arising from the sale of a surplus property during the remainder of the current financial year/early next year.

Comment 11. Debtors as at 01 April 2021 are extraordinarily high as a proportion of the Council's revenue budget. This is now being actively managed and is being tackled as part of the Tandridge Finance Transformation Programme.

Debtors as at 01 April 2021 are extraordinarily high as a proportion of the Council's revenue budget.

Tandridge District Council outstanding debt – General Fund directly responsible

Debt:	Council fund	Outstanding as at 31/01/2021	Outstanding as at 31/10/2021
Housing Benefit Overpayments	Housing General Fund	1,447,215.10	1,469,692.33
Sundry Debts	General Fund - corporate items	2,038,887.18	2,486,348.72
General Fund		3,486,102.28	3,956,041.05

Note:

Debt	Annual collection	Relevant notes
Housing Benefit Overpayments	£18m	Debts dated up to 31/08/2021 in Capita, debts from 01/09/2021 in NEC (Northgate)
Sundry Debts		Includes commercial rents, former Council tenant debt, leaseholder expenses debt and repairs recharges. Of the £1.1m of collectable debt as at 31/10/2021, 54% is over 6-months old.

Tandridge District Council outstanding debt – HRA directly responsible

Debt:	Council fund	Outstanding as at 31/01/2021	Outstanding as at 31/10/2021
Current tenant rent arrears (HRA)	Housing Revenue Account	438,721.32	372,258.86

Note:

Debt:	Annual collection	Relevant notes
Current tenant rent arrears (HRA)	£15m	Approximately 72% of rent accounts owe in excess of £1,000.00

Tandridge District Council outstanding debt – Shared responsibility with SCC, SPCC and / or central government

Debt:	Council fund	Outstanding as at 31/03/2021	Predicted Outstanding as at 31/03/2022
Council Tax arrears	Collection funds	2,202,143.20	4,300,530.10
National Non-Domestic Rates	Collection funds	378,403.99	832,606.21

Note:

Debt:	Annual collection	Relevant notes
Council Tax arrears	£79m	Please note this figure is the accumulated arrears as at 31st March each year. Our collection rate currently 97%.
National Non-Domestic Rates	£30m	Please note this is the accumulated arrears as at 31st March each year. Our collection rate was 95% last however the last 5 years have averaged above 97%.

Steps are being taken to: improve debt management collection rates; revise processes for the review and write-off of old debt; and prioritise the collection of debt that is less than a year old.

To begin with, the Exchequer Services transformation activity is focussed on the management of sundry debt. The following work is underway:

- An assessment of the current state of Exchequer Services. Collaborative work has started with key stakeholders to identify priority issues, review existing documentation, assess key reports (such as LGA, audit) and analyse the 'as is' position to capture all of the improvements required.
- An Agresso Health Check was undertaken during August and September to enable more efficient use of available functionality within existing systems, Agresso (Finance) and Adelante (Income) to streamline and automate. Improvements were identified to income allocation, plus improvements required to reminders and aged debt monitoring and reporting. Work is currently underway to agree the specification of work with the immediate focus on improving debt management and collection. There has been improved partnership working across Tandridge, for example
 - Engaging with the Central Debt Unit) to:
 - establish regular monthly meetings between Exchequer and Income and Business to help with communications
 - better understand each other's teams, systems and processes
 - improve hand-overs and information sharing
 - share improvement activity
 - review specific debt cases to agree next steps and to ensure that lessons learnt are built into the new systems and processes as part of this transformation activity
- Interim improvements have been introduced to the aged debt monitoring reports. This is a work in progress. The intention is to establish monthly Exchequer reporting to senior key stakeholders across Tandridge to ensure that there is clarity regarding sundry debt outstanding debt position, and to highlight areas of priority focus.

As part of the programme governance, an Exchequer working group is to be established which will have nominations from across the councils. This group will be used to communicate to the wider organisations on proposed changes, help improve the awareness of importance of key exchequer outputs such as prompt payment and debt recovery as well as provide services with the opportunity to influence the design of the future best practice approach to exchequer services.

Comment 12. Work is continuing on the Balance Sheet review hence all work on Reserves and Provisions has not yet been completed.

Work is continuing on the Balance Sheet review. There are a large number of smaller balances that sit on the Balance Sheet and they need to be reviewed one by one. In so doing, some of the old balances can be written back into the Revenue Account and in some cases, like the European Union Brexit Reserve of £52,000 and the Taxi Voucher Scheme Reserve of £96,000, the authority would be able to take advantage of one-off savings. It would be prudent to have completed all of the work on the Reserves so as to take view in the round of the net balance arising, before writing anything back into the Revenue Account.

Conclusion

In my view, based on the work undertaken in recent weeks, I have found sufficient evidence of careful review and analysis of the data and information used in the production of the 2020/21 Outturn Report to conclude that the Chief Finance Officer can proceed with a reasonable degree of confidence. The 2020/21 Outturn Report is ready for the Chief Finance Officer to recommend it to Members and submit it for external audit and underlying data used to support the production of the 2022/23 Draft Budget Report.

2022/23 DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

Strategy & Resources Committee – 2 December 2021

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

Purpose: To approve the 2022/23 Draft Budget, Council Tax Exemptions and Discounts and Council Tax Base

Publication status: Unrestricted

Wards affected: All

Executive Summary:

The Draft Budget for 2022/23 and the Medium-Term Financial Strategy (MTFS) is brought to this Committee to inform Members of the current budget position for the Council. The final version will be approved by Full Council on 10 February 2022. Details of the current budget gap and budget pressures and high-level savings proposals are identified in this report.

The report will discuss the national and local context of the budget setting process, organisational and Committee strategies, aligned to the financial strategy and give details of the Tandridge Finance Transformation Programme (TFT), 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 the Committee:

- A. Approves the Draft Budget for 2022/23 and Medium-Term Financial Strategy to 2023/24;
- B. Approves the following Council Tax exemptions and discounts for 2022/23:
 - (i) an exemption to be allowed should the Council Taxpayer (liable person) be living in independent accommodation under 25 years of age;
 - (ii) a 25% discount to be allowed should the Council Taxpayer (liable person) be living in semi-independent accommodation under 25 years of age;
 - (iii) an additional 300% Council Tax premium for long-term empty property (properties empty over 10 years)

(This is set out in Section 5.26 and **Appendix C**)
- C. Approves the gross Council Tax Base for 2022/23, determined at 39,162.8 after taking account of the Council's agreed Council Tax Support Scheme, and the net Council Tax Base for 2022/23 is determined at 38,692.9 after adjustment by 1.2% to allow for irrecoverable amounts, appeals and property base changes (Refer to Section 5.18 and **Appendix D**);
- D. Approves the funding request for the proposed transformation of the Planning service of £0.114m including on-costs, set out in Section 3.29;
- E. Propose to Full Council to approve the request for a capital dispensation from the Department for Levelling Up, Housing and Communities ('DLUHC') to:
 - initially replenish general fund reserves; and
 - if the sector-wide flexibilities are not extended, secure flexibility for a further amount to pump-prime transformation, set out in Section 3.36;
- F. Note the draft Flexible use of Capital Receipts Strategy, to be finalised and approved by Full Council in February 2022, set out in Section 3.30 – 3:35

Reason for recommendations:

The Council is legally obliged to set a balanced budget for 2022/23 which will include details of the proposed savings and pressures. It is good practice to present a draft Budget in advance to set out progress, outline the scale of the challenge and the work needed over the next two months to finalise the budget.

1. OVERVIEW

- 1.1 This draft Budget Report and Medium-Term Financial Strategy (MTFS) updates on progress to delivering a balanced budget for 2022/23. It expresses in financial terms how the Council intends to deliver its priorities and core services whilst recovering from several financial challenges. The final version of the budget for 2022/23 and MTFS will be presented to this Committee on 1st February 2022 for recommendation for approval to Full Council on 10th February 2022. Details of the current budget gap, budget pressures and savings proposals are identified in this report.
- 1.2 Given all the transformative changes the Council intends to undertake over the coming circa two years, the Council will look and feel very differently, as such it is felt prudent at this point in time to only extend the MTFS to 2023/24.
- 1.3 The Council continues to make demonstrable improvements in its approach to developing, building and using the budget to deliver its priorities, which 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.

4. Becoming a greener, more sustainable District – tackling climate change.

- 1.4 The Council has adopted a 'Twin Track' approach to developing its financial plans. Track 1 focusses on delivering a balanced budget for 2022/23, whilst Track 2 simultaneously seeks to address pressures over the medium-term. The approach will deliver a sustainable budget for the Council, through transformation opportunities that look across the organisation to deliver priority objectives within constrained funding. The Senior Management Team (the Executive Leadership Team working in collaboration with the Senior Leadership Team) and Members have been, and will continue to be, instrumental in delivering the 'Twin Track' approach, supported by subject matter experts where it is pertinent to do so.
- 1.5 The 2022/23 budget has been developed in an extremely challenging environment, including the continuing effect of Covid-19 and, most notably, the impact of a c£0.9m underlying budget pressure in pensions, representing 8% of the Council's revenue budget. The circumstances which led to the pressure are subject to extensive reporting elsewhere - particularly the forensic review that was conducted by Grant Thornton, commissioned by this Committee and reviewed by Audit and Scrutiny Committee. This report acknowledges it has a key issue in setting a balanced budget for 2022/23, but one which has been largely addressed.

- 1.6 The Council is part way through a transformation journey in some of its services, namely Finance and Planning. Progress is detailed in Section 3. These improvements will enable the delivery of the 2022/23 budget whilst reshaping the Finance Team and creating a culture and approach to financial management that has accountability at its core, to enable them to confidently deliver Council priorities and core services in the future. The current draft budget is estimating a budget gap of c£0.3m. There is still a lot of work to be done but the s151 Officer is confident that the budget will be balanced with limited call on reserves (estimated at c£0.2m). This is despite addressing significant service and corporate pressures, a reduction in funding and resolving the c£0.9m pensions pressure.
- 1.7 Continuing a trend set over several previous financial years, Local Government funding remains highly uncertain, with several factors likely to result in significant changes to the Council's funding position over the medium-term. These factors are set out in Section 5 of this report. The provisional Local Government Finance Settlement is expected to be released in mid-December and a final settlement in January 2022. Until this is available, significant uncertainty on funding remains, hence the prudent assumptions. Government spending to combat Covid-19 and mitigate its impact on business and individuals has led to record levels of public sector borrowing and a damaging effect on the economy; this will have an influence on the level of funding available for Local Authorities.
- 1.8 Whilst there has been positive progress with the 2022/23 budget, there remains a provisional budget gap of c£0.3m. A balanced budget is required for 2022/23 and it is expected this will be achieved through increased funding, refined pressures and efficiencies and the targeted utilisation of one-off funding sources. At this early stage, it is possible that up to £0.2m reserves will be required to balance the budget in 2022/23, pending settlement outcomes, before being replenished in 2023/24.
- 1.9 The outturn for 2020/21, to be reported separately to this Committee will show a positive position, mainly due to relatively high levels of one-off Central Government funding or one-off events e.g, underspends for the Local Plan and the utilisation of capital receipts to fund transformation and one-off funding not anticipated at the time of setting the budget. The 2020/21 outturn position is followed in the current financial year by a much more modest forecast deficit variance (as set out in Section 7), as at Month 6 (September). The strategy for balancing the 2021/22 outturn is initially to explore the feasibility of capitalising the budget gap identified in the Grant Thornton LLP UK (GT) report, funded from capital receipts, and then as a less desirable option, utilising firstly, the contingency and then reducing the build to General Fund Reserves.
- 1.10 The budget for 2022/23 has been robustly challenged and scrutinised to ensure it is built on secure foundations based on root and branch/fundamental review of the Finance Team as part of the Transformation Programme and reflective of current funding expectations.

1.11 The key elements of this report include:

- Strategic Plan;
- Transformation and the 'Twin Track' approach to budget setting;
- Committee Strategies;
- The Financial Strategy for 2022/23;
- The Capital Programme;
- 2021/22 Financial Performance – Revenue and Capital;
- The medium-term financial outlook (at this stage to 2023/24);
- Our approach to consultation; and
- Next steps.

1.12 Between now and February 2022 when the budget is approved by Full Council, Officers and Committee Members will work together to close the current budget gap; challenge and refine assumptions and finalise the development of the Capital Programme.

2. Strategic Plan

2.1 The Council has experienced a period of significant change and is making progress in addressing several important areas for improvement, including tackling significant financial challenges. The Council's Strategic Plan reflects both the need to move forward vital improvement work, and to respond to the District's local characteristics, the needs of the residents and businesses, and the wider context – both regional and national – in which we are operating. Given this dynamic environment, the plan is due for review over the next year. At present, the plan presents four key priority areas:

- **Building a better Council** – This focuses on financial sustainability and exploring commercial opportunities and shared services. It also covers the progress of our governance improvements and digital strategy;
- **Creating the homes, infrastructure and environment we need** – Delivering our local plan, protecting landscapes and developing local infrastructure is one key strand of this priority. The other is delivering on new homes for the district and ensuring our current social housing is of the right mix, of high quality and supports our aims to reduce carbon emissions;
- **Supporting economic recovery in Tandridge** – Central to this priority is working with partners, such as the local BID, LEP and County Council, to understand and influence economic recovery in the district; and
- **Becoming a greener, more sustainable district** – the Council is committed to taking all the steps it can to become carbon neutral by 2030, and support residents and businesses in the district to do the same. We have a climate change action plan that covers a range of actions, our key focus is on reducing the carbon footprint of our operational activities and property assets.

- 2.2 In addition to the Strategic Plan, the Council also has a Corporate Improvement Plan. This Committee endorsed the plan in 2020. It comprised various measures necessary to take the Council forward, particularly in the light of the Covid-19 emergency. Since its initial endorsement, further corporate improvement actions have been added to the plan as part of the Council's internal reviews of its governance, such as through the production of its Annual Governance Statement, and an external review of governance conducted by the Centre for Governance and Scrutiny.
- 2.3 The plan's actions are in the process of being reviewed by the Executive and Senior Management Team. This is to ensure that those which pose the highest risk to Council and impact its financial sustainability are prioritised accordingly. One element of this work has been completed, as the 2020/2021 Annual Governance Statement included a series of actions, identified as being of a high priority for the Council. These actions relate to the following areas:
- **Service delivery:** we have projects underway to ensure we have high performing, quality driven and cost-effective Planning and Finance functions;
 - **Governance:** we will adopt our draft Code of Corporate Governance, review our staff appraisal process, and ensure our systems of internal control in the areas of health and safety, fraud and commercial property management are robust; and
 - **Strategic:** senior management to review the Strategic Plan to ensure it reflects the current internal and external environment of the Council, which has changed since version one was adopted in July 2021. We will also ensure that the senior management team is set up in the most effective way to deliver on the plan's priorities.

3. Transformation and the 'Twin Track' approach

- 3.1 In recent years, the Council has grappled with a precarious financial position, which was exacerbated in 2020/21 by the global pandemic and an unanticipated pressure in budgeting for pensions. Since the last financial year progress has been made in clarifying the full extent of the financial difficulties and setting in train a process to resolve them. The appointment of a permanent Chief Executive and initiating joint working arrangements with Surrey County Council (SCC) for financial management is slowly providing a platform of stability and confidence to enable demonstrable and tangible change.

Corporate Transformation

- 3.2 Whilst the journey of change has commenced in Finance and Planning, the Council's ambitions are much greater. There is an indisputable need for improvement right across the Council and the Chief Executive is currently in the process of determining plans for this in conjunction with Members and the Executive and Senior Management Team. Within the context of the challenging environment this Council is working in, with less resources the Council knows that there is a need to fundamentally change the way in which it works to ensure the services it delivers meet the needs of residents in the most effective way possible. The Council knows that it will look very differently over the next two years and it also knows that it cannot take this journey in isolation. The Council will involve all our people, our residents and other partners to achieve our ambitions.

- 3.3 Appendix B sets out what an improved Operating Model for Tandridge should look like underpinned by several design principles. Understanding what the Council is seeking to achieve is going to be important in informing programmes to deliver change over the coming months.
- 3.4 The model sets out a Framework based around seven key principles, which should apply to any effective Council:
- a. The Council operates to several agreed and costed priorities and objectives, set out in a Corporate Plan which is owned by Councillors;
 - b. The Council has a clear political direction supported by effective governance and underpinned by respectful relationships;
 - c. Services are designed to meet customer needs, evidence based and with clearly defined and measurable performance standards;
 - d. Services are delivered using the most effective model to achieve the Council objectives;
 - e. Leaders and managers drive a high-performance culture throughout the organisation;
 - f. Staff are clear about their contribution to delivering the Council objectives, are engaged, motivated, valued and rewarded for high-performance; and
 - g. Strong financial management is embedded across the Council along with a culture of budget accountability and financial decision making based on evidence and insight.

- 3.5 Two key aspects of the change programme will be Service Reviews and Organisational Development:

Service review, redesign and delivery – whilst Back Office has been identified as a savings priority, the Council will still need to review all services. The Executive Leadership Team are designing a process, to be implemented as soon as is practicable, which fundamentally challenges how the Council provides services and addresses the following questions:

- What is the current (and future) demand for the service?
- Should we / who should be providing this service?
- Are residents getting value for money?
- Is there another way of achieving these outcomes?
- What are our outcome Key Performance Indicators and metrics over the Strategic Plan/Medium Term Financial Strategy period?

Organisational review, redesign and delivery – this will focus on the workforce and culture within the Council. Inevitably there will need to be a reduction in staffing numbers and this will need to be managed in a fair and transparent way. The Chief Executive will need to consider new, leaner management structures to deliver the operating model. Within this context the Executive Leadership Team will need to consider how the Council retains and recruits staff who will fit in with the 'Tandridge model'. That will be about managers and staff feeling valued and motivated. It will also be about introducing a robust performance management approach. It will also be about developing staff and nurturing talent.

The Tandridge Finance Transformation (TFT) Programme

3.6 At this Committee's meeting in March 2021 it was agreed to proceed to a joint working agreement with SCC to provide the Council with a comprehensive Finance function comprising the Section 151 Officer role and leadership and management of a full range of financial functions.

3.7 The TFT Programme was subsequently developed and approved at this Committee in July 2021. This programme is supported by SCC and aims to deliver improvements in both the Finance function in and across a range of areas across the Council.

3.8 Going forward, the direction and development of the shared Finance function and our ambitions will be guided by an overall mission and a set of guiding principles taken together as set out below:

3.9 Overall Mission

- To blend the skills, experience and expertise of the Surrey and Tandridge teams into a **high performing, resilient, Finance function for the Council**;
- To **build a trusted, proactive and insightful Finance service** which is at the heart of a strong culture of financial management, accountability and evidence-based decision making across the Council; and
- To improve our processes and use our systems more effectively to **increase efficiency, free up capacity and strengthen controls**.

3.10 Guiding principles for the Finance function

- **Stability** – provides the Council with a long-term stable Finance function;
- **Resilience** – able to withstand pressures and demands placed upon it;
- **Expertise** – provides the Council with access to specialist expertise in key areas;
- **Partnership oriented** – a strong focus on partnering with Council services and working effectively across both councils to make best use of the experience and expertise of both; and
- **High performing** – provides a basis and environment for the team to perform at a high level.

3.11 Guiding principles for the role of Finance within the Council

- **Trusted** – services trust the advice of the service to inform their plans;
- **Proactive and insightful** – proactively supports services in their plans rather than 'firefighting';
- **Leads a culture of strong financial management; and accountability** – is at the heart of leading the development of strong financial management in the Council; and
- **Locally owned** – recognised as this Council 'owned'.

3.12 TFT Programme Workstreams

The TFT plan sets out five workstreams which taken together will transform the Finance function and the role of Finance within the Council. The overriding purpose of each workstream is set out below.

- **New Finance Model**

A right-sized, re-shaped and strengthened model and staffing structure. This is a blend of the Council directly employed staff and senior members of the SCC Finance team who will provide management oversight, best practice guidance and if applicable direct delivery of services. The Council also agreed to invest an additional £76k per annum to provide additional capacity within the team as part of business as usual to deliver greater resilience and capability, plus investment of £30k in supporting transformation.

- **SCC Transition**

A transition of Corporate Finance functions to the SCC Finance team to provide management oversight, best practice guidance and (in some cases) take on delivery of services to the Council.

- **Organisational Development**

Strengthened overall financial management, increased budget holder ownership and accountability and increased grip over and adherence to key corporate processes and controls across the wider Council, allowing better identification and management of financial risks.

- **Exchequer Transformation**

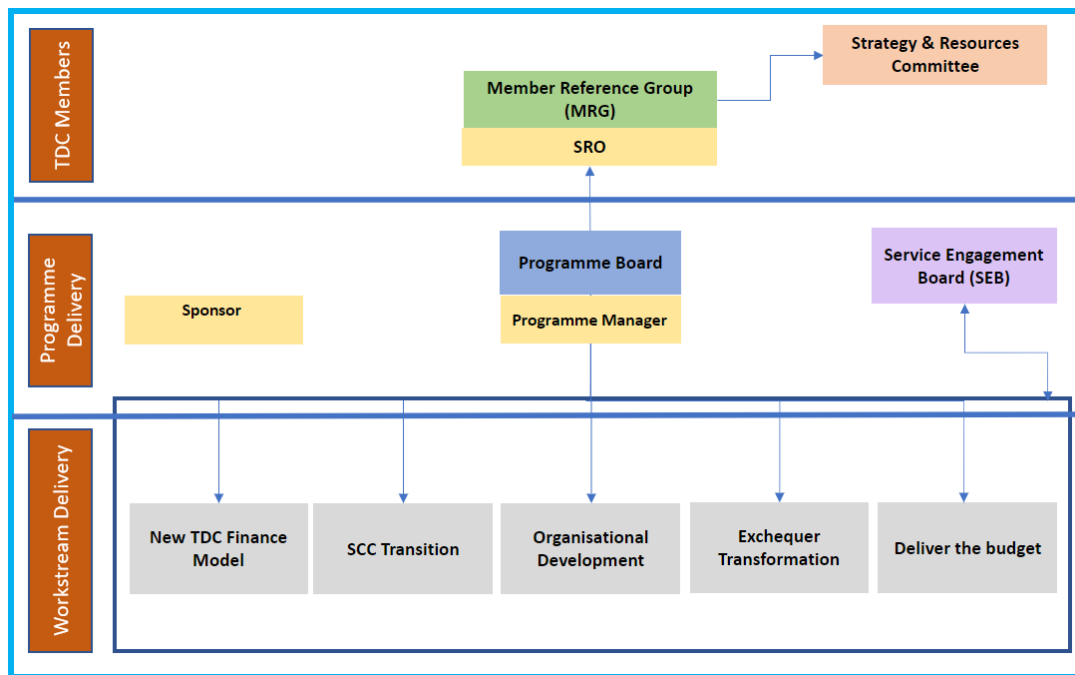
A transformed exchequer function with a reshaped team, a new set of business rules and controls which are operating effectively, a refined set of documented processes with clear ownership and performance metrics underpinned by an optimised use of the core financial systems resulting in a reduction of manual workarounds. The Council agreed to invest £50k in the project team to deliver these changes.

- **Deliver the Budget**

This workstream will ensure a continuing focus on delivering the 2021/22 and 2022/23 budget and the savings required to ensure a robust future financial position is established going forward, whilst incorporating the outcomes of the Grant Thornton forensic review.

3.13 Programme Governance

The TFT programme is managed as shown in the chart below with progress monitored through a Member Reference Group and formal decisions taken through this Committee. The plan delivery is managed through a Programme Board and Programme Manager with each of the 5 workstreams having a sponsor and lead officer. The overall sponsor of the Programme is the Chief Finance Officer (s151).



3.14 Progress to date

A programme roadmap has been created to track the delivery of each of the workstreams (as shown below), supported by detailed plans for each activity. Although still at a relatively early stage the TFT Programme is making good progress.

Key achievements include:

- Remodelling the joint Council and SCC finance team to align with the SCC finance function and provide additional capacity, resilience and expertise;
- Appointing to the new structure for the finance function;
- Transitioning in senior members of the SCC finance team to provide management oversight;
- Building a 'one team' approach across the two Council teams;
- Establishing a Strategic Engagement Board (Chaired by the Executive Head of Communities & Housing) to oversee improvements in financial management and accountability across the Council;
- Undertaking a survey of budget managers to determine areas of strength and areas for improvement and actions to address weaknesses;
- Providing the Council with access to an award-winning learning and development platform;
- Undertaking a financial system health-check review of the key exchequer processes (payments, banking and debt collection);
- Identifying improvements in financial reporting;
- Developing plans to address the 15 recommendations arising from the Grant Thornton Review;

- Undertaking an in-depth review of areas which underpin confidence in the accuracy of the budget including a review of the Balance Sheet, Reserves, Provisions and associated policies, a review of the control and suspense accounts and a line-by-line review of every 2021/22 budget line, to ensure the base budget is sound; and
- Commissioning of the 'Twin Track' budget approach to support the identification of savings and income generation to offset reductions in funding and ongoing service pressures.

CIPFA FM Code of Practice

- 3.15 CIPFA has developed the Financial Management Code (FM Code), 'designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.'
- 3.16 In preparation to adopt the Code, a wide-ranging review in collaboration with SCC and a wider network of authorities is planned to take place over the remainder of 2021/22 to review areas where development or improvement would be beneficial.
- 3.17 This review will complement and dovetail into the overall plans for improvement, particularly the TFT and addressing the recommendations from the Grant Thornton review.

'Twin Track' Approach

- 3.18 The budget setting process for 2022/23 has focused on two parallel strands of activity:
- Developing a viable and balanced budget for 2022/23 (Track 1); and
 - Considering the opportunities to deliver further financial benefits from 2023/24 onwards (Track 2).
- 3.19 Given the scale of the financial challenge facing the Council, IMPOWER were engaged to work by the Council to identify a full set of financial savings opportunities based on their specialist knowledge and experience across the sector. These opportunities were developed through a high-level assessment of the way services are currently delivered compared with available comparative benchmarks, best practice models, the priorities of the Council with consideration given to various risk factors.
- 3.20 The savings included for delivery in 2022/23 are incorporated into this report. The 'Twin Track' programme identifies further financial improvement opportunities in addition to those already included in 2022/23. Given the budget challenges faced by the Council some of the savings originally identified for delivery in 2023/24 will be accelerated to have a part-year impact in 2022/23.
- 3.21 The financial improvements have been identified in individual services and in cross-cutting areas across the Council; savings have been grouped into the three themes of:
- People and Enabling Services;
 - Fees and Charges; and
 - Service Efficiencies.

- 3.22 The Council is developing a Council-wide programme approach and an aligned organisational framework to enable the delivery of these opportunities. The programme will require investment, strong governance, a robust evidence base, detailed service redesign and review processes, aligned to a revised Strategic Plan and a new target operating model.
- 3.23 The delivery of these financial improvements (for both 2022/23 and 2023/24) will be sponsored by the Chief Executive, overseen by a Programme Delivery and a Benefits Realisation Board. All financial improvement initiatives will also be monitored through this Board.
- 3.24 The programme needs to commence with urgency given the timescales required to undertake more detailed analysis and develop options for Members to consider in next year's budget process.

Planning Service Transformation

- 3.25 In response to the review by the Planning Advisory Service (PAS), the Council agreed the need for a transformation programme with investment to be commenced with the aim of building a high performing, resilient and reputationally strong Development Management Service.
- 3.26 A business case setting out the details of the proposed re-structure including additional resource together with supporting data and a progress update on key work streams will be presented to Planning Policy Committee on the 25th November 2021.
- 3.27 The provision of additional posts has been targeted to areas where statistics have highlighted a lack of resilience, that is 1 x Senior Planning Officer, 1 x Planning Officer, 1 x Planning Assistant, and 1 x Apprentice.
- 3.28 The net additional cost considers rationalisation of the current resource and additional funding received from the apprenticeship levy.
- 3.29 The net increase is £76k per annum including on-costs. It is envisaged that this funding will be required for 18 months which equates to a total funding requirement of £114k, which is proposed to be drawn down from flexible capital receipts. At the end of the transformation period there will be a need for the investment to be absorbed into the base budget either by increased income or a reduction in the establishment.

Recommendation: To approve Funding investment of £0.114m for 18 months, expected to be funded from flexible use of capital receipts, required to implement the programme.

Flexible Use of Capital Receipts Strategy for Transformation

- 3.30 In the Spending Review 2015, the Chancellor of the Exchequer announced that to support Local Authorities in delivering more efficient and sustainable services, the Government would allow them to spend up to 100% of their capital receipts on the revenue costs of transformation projects.

- 3.31 Initially this flexibility on the use of capital receipts was limited to those received between 1 April 2016 and 31 March 2019. However, the 2018/19 Local Government Finance Settlement extended these flexibilities for a further three years to March 2022. This strategy has been included in the Draft Budget in anticipation of either an extension to the sector-wide flexibilities, or an application¹ to DLUHC to enable the Council to continue to fund its vital transformation programme into 2022/23. The Final Budget to Council in February will include clarity on which option will be taken forward.
- 3.32 To take advantage of this flexibility, Local Authorities are required to produce a strategy which discloses the individual projects that will be funded, or part funded, through flexible receipts; this must be approved by Full Council.
- 3.33 The overall strategy for applying capital receipts to transformation is to meet one-off or time-limited costs necessary to deliver a medium-term benefit for the revenue budget without diverting vital revenue funding from service delivery. The benefit to the revenue budget will come either in reducing current costs or avoiding increases in future costs. This strategy does not allow for the use of one-off funding to subsidise the ongoing costs of delivering core services.
- 3.34 The Council currently has £0.9m of receipts available to fund Transformation after having met the amount expected to fund the Capital Programme in 2021/22 and other drawdowns which enable investment in Finance and Planning (Capital Receipts (Outturn Appendix B) c£1.6m less £0.7m for 21/22 Capital programme). Further receipts are expected in 2022/23 and beyond. The projects likely to be funded or part-funded from Capital Receipts in 2021/22 and 2022/23 are as follows, with further detail to be provided in the final budget:

Project	Indicative cost to be met from Capital Receipts £000	Expected benefits for the revenue budget
Planning Transformation Programme	114	One-off costs to deliver an efficient Planning Service, as set out above. This investment will allow the service to deliver efficiencies and/or increased income to offset the ongoing costs after 18 months
Tandridge Finance Transformation	80	To deliver a more efficient Finance and Exchequer function
Future Transformation Programme – The Council-wide Transformation Programme	TBC	Proposals to fund future transformation to deliver a leaner and more sustainable organisation is likely to be require an element of Capital Receipt financing. The resourcing implications are currently being worked through

¹ Ordinarily capital receipts can be applied to the revenue costs of transformation projects until 2021/22. A capital dispensation would extend these rules to include any revenue expenditure and could transfer a capital receipt to a revenue general fund reserve. A dispensation only applies to one year.

3.35 Note due to Investment Sub committee there are further potential receipts due from Redstone House. If the sector-wide flexibilities were discontinued or the dispensation denied – the transformation programme would have to be funded from reserves (CIPFA Resilience index section 7.5).

3.36 To recap the draft strategy is currently dependant on:

- Firstly, as there is only one dispensation application, to request for 2022/23 a dispensation to support the replenishment of general fund reserves and secure the ability to apply further revenue costs relating to transformation irrespective of the any sector-wide flexibilities extension but is dependent on the sale of Redstone to generate further receipts;
- Secondly if the dispensation is declined and the settlement confirms the extension of sector-wide flexibilities, to apply further revenue costs relating to transformation; and
- Finally, if the dispensation is declined and the settlement confirms the sector-wide flexibilities have not been extended, revenue costs relating to transformation will have to be supported by depleting reserves.

Recommendation: To propose to Full Council to approve the request for a capital dispensation from Department of Levelling Up, Housing and Communities ('DLUHC') to initially replenish general fund reserves and secure flexibility for a further amount to fund transformation, if the sector-wide flexibilities are not extended.

Recommendation: To note the draft Flexible Use of Capital Receipts Strategy, to be finalised and approved by Full Council in February

4. COMMITTEE STRATEGIES

COMMUNITY SERVICES COMMITTEE

- 4.1 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.
- 4.2 Following an extensive procurement process a new contract for the Recycling and Refuse Collection contract commenced at the start of 2021/22. This contract awarded to Biffa seeks to improve efficiencies, provide new Council owned vehicles to deliver the service and improve recycling, carbon and particulate emissions rates.
- 4.3 The new contract brings a transfer of the ownership of the Green Waste service with increased control and income for the Council. There is potential to expand the service further in the future.

- 4.4 The administration of Bulky Waste has also been remodelled to improve efficiency with the addition of an on-line booking system while those unable to access the internet are still able to book by telephone. The take-up is currently lower than previously forecast and the 2022/23 budget includes a pressure of £39k to reflect this. It is however anticipated to increase over time. All proposals aim for better rates of recycling and more efficient disposal of materials.
- 4.5 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 2022/23 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.
- 4.6 Operational Services are responsible for both On and Off-Street Parking and Parking Enforcement. New Contract arrangements were 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. As experienced across many local authorities, income from parking has been significantly affected by the impact of Covid-19. Although income is anticipated to recover, it is still expected to be £125k less than pre-Covid19 levels in 2022/23. It is considered that this is likely to be a longer-term structural change linked to changes in behaviour and reductions in travel.
- 4.7 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.
- 4.8 An Open Space Strategy was approved on 9th March 2021 and implemented in 2021/22 following extensive 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 pulls together options for our assets and how best to manage and improve them over five years through till 2026/27.
- 4.9 Community Services are also responsible for the Council's cemetery and handle all requirements of the unidentified deceased 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.
- 4.10 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 and 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 these past two financial years through the Covid-19 pandemic and has supported the wellbeing of the community by ensuring compliance with government guidelines.

PLANNING POLICY COMMITTEE

- 4.11 The Planning function is a key statutory function of the Council service. The Planning Policy Committee is responsible for influencing and controlling development and use of land throughout the District in its' role as Local Planning Authority. This includes:
- The preparation, adoption and review of all statutory Development Plans;
 - Administration of Building Control regulations; and
 - All transport-related issues.
- 4.12 Progress on the Local Plan has been delayed. Work continues both enabling the Inspector to form his conclusions on the Plan as well as associated policies and strategies. The funding for the additional work required on the Plan will be financed from funds carried forward from the previous year.
- 4.13 The pre-application service has restarted having been suspended for several months. This will bring in additional income but there is expected to be a small residual pressure against the 2022/23 budget as set out below.
- 4.14 Land Charges have now moved back into the Planning Policy Committee. This service is undergoing a digital transformation which is being funded by Government Grant.
- 4.15 For 2022/23, because of the Development Management Transformation Programme and work to progress the Local Plan, the Committee has not been required to identify efficiencies to close the budget gap, however the following pressures are included:
- Allowance for Planning Appeals £40k – The Council is making a specific allowance in the budget to fund the expected cost of planning appeals. Previously these costs have been absorbed into the service budget;
 - Risk on pre-planning income £15k – The pre-application service was withdrawn in 2020/21 and is currently being reinstated the expectation is that income from the service will recover to pre-Covid-19 levels with a residual pressure in 2022/23; and
 - Offset by an increase in planning income of £50k – an increase relative to the current budget which is expected to continue into 2022/23.

HOUSING GENERAL FUND COMMITTEE

- 4.16 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.
- 4.17 A review of the Council's income from the housing stock (HRA) is to be completed through 2022/23. Resource and priority issues have delayed this work through 2021/22. A review of the Council's garage stock is in progress and reviews of the condition of the housing portfolio take place on a cycle during a five-year programme. Mindful of increasing regulation over environmental concerns, work is commencing to ensure costings for future efficiencies through 'retrofitting' stock and moves towards a future carbon zero position.

- 4.18 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. The effects of Covid-19 saw delays to the programme over the past two financial years. 35 new homes are projected to start on site in 2022/23 with 47 scheduled to complete. On 17th September 2020 the Council committed that all new developments will be net zero carbon (operational).
- 4.19 The need for affordable homes continues to grow 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.
- 4.20 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.
- 4.21 Capacity within the team has been affected by previous changes and Covid-19. Despite these, there have been efficiency benefits seen through the close working of revenue and benefits teams with Housing Needs and Tenancy Management. 2021/22 has seen the implementation of a new Revenues and Benefits collection system with additional customer direct access. Further work will be carried out over the next year to improve debt management. There have also been resource issues affecting the housing development programme. All teams have worked well together to seek new models of working to ensure that the full range of activities are covered.

STRATEGY AND RESOURCES COMMITTEE

- 4.22 The Committee is led by three Executive Leadership Leads. Strategy and Resources Committee's function is predominately to enable and support the front-line services (82% of budget) including Legal Services, Information Technology, Financial services, Customer Services.
- 4.23 There are a small number of statutory (15%) services including Democratic Services, Emergency Planning and Revenues and Benefits Services and some are discretionary (3%) - Wellbeing Prescription, Asset Management.
- 4.24 The Committee is also responsible for the Corporate Items (2021/22 budget is £690k) that support the whole Council, these include:
- Ensuring the support costs are identified that relate to the ring-fenced business areas (HRA, Southern Building Control Partnership, Gryllus, Ltd Wellbeing Prescription, CIL and Land charges);
 - Managing interest receivable, interest payable and investment property income;
 - Setting aside the appropriate revenue provision when investing in capital assets;
 - Reviewing pension fund performance against the pension funding position to assess the primary (part of salaries budgets) and secondary rate of contributions to cover the cost of new benefits; and

- Accounting for the bank charges, bad debt provision movements/write-offs on sundry debts, and movements in reserves and contingency.
- 4.25 When looking at the current financial position, Strategy & Resources – support costs are forecast to underspend by £18k. However, there are some £18k of ongoing cost pressures for service demands predominately due to departmental software subscriptions and requirements. This is offset by one-off items detailed within the Current financial position section.
- Corporate Items are forecasting a net under recovery of income of £29k at outturn. Even though a small variance (detailed within the Current financial position section), there are significant pressures for 2022/23 detailed throughout the financial strategy that are offset by one-off opportunities in 2021/22.
- 4.26 Covid-19 has shown how teams are responsive, adaptable and collaborative in tackling extreme challenges. The Committee wants to build on this, to provide the Council with a more joined-up approach to support Strategy and Resource functions, generating opportunities to realise better customer experience and efficiency through digital innovation. This is intended to help deliver a step change in the effectiveness of our services, and to improve the support we provide to our other policy committees.
- 4.27 Alongside the 'Twin Track' Budget process, the Committee is looking to provide efficient services without reducing the service offer. 2022/23 begins the process of identifying efficiencies following progress in stabilising and raising the quality of services provided.
- 4.28 In addition, the Committee plans capital investment and delivery plans relating to the continued refurbishment of Quadrant House supported by the LEP (£0.2m); IT Hardware & Infrastructure projects (£0.6m) and Town Hall updates (£0.1m) over the Financial Strategy period. These investment plans are developed in close consultation with front line services to ensure that the Council's assets are used effectively and are fit to support the efficient delivery of services to our residents and to support our staff to carry out their responsibilities.

5. FINANCIAL STRATEGY AND DRAFT BUDGET 2022/23

Overview

- 5.1 This section sets out our approach to developing the 2022/23 Budget and Medium-Term Financial Strategy, built on a number of high-level principles which are used as a framework to guide the setting of the budget. The key priority for 2022/23 is that the budget position is **balanced**. Looking at the medium-term, the guiding principle will be that it is **sustainable**. The budget for 2022/23 therefore does anticipate a limited use of reserves as a one-off to measure to achieve a balanced position, dependent on the provisional settlement. This will leave reserves at an acceptable level, but one which would benefit from improvement in future. Subsequent budgets will target the replenishment of reserves, increasing them to a more level more resilient to medium-term risk.

- 5.2 The process followed to date has been well scrutinised and good progress has been made. Workshops have been held with both Senior Leadership Teams and Committee Members to allow rigorous testing of parameters. The overall 2022/23 funding gap has fallen from c£2m (including service pressures) to c£0.3m during this period. We are confident the gap can be closed and a balanced budget set for 2022/23. More detail on all pressures and savings by Committee can be found in **Appendix E**.

Budget Principles

- 5.3 The Council is working towards ensuring that the budget setting process adheres to the following guiding principles:

- A balanced revenue budget with the use of General Fund Reserves restricted to solving one-off pressures in 2022/23;
- Maintaining a contingency to provide further medium-term financial resilience and to mitigate risk;
- Supporting and enabling the Council to fund emerging partnership and transformation programmes;
- Exploring options to build resilience of General Fund Reserves through capitalisation dispensation options to fund sustainability;
- Completing a service delivery and redesign reviews within available resources with appropriately set budgets;
- Producing evidence-based savings plans which are owned/delivered, tracked, monitored and reported monthly; and
- Ensuring that managers are accountable for their budgets.

- 5.4 The principles more specifically relating to setting sustainable medium-term budgets are:

- Developing three-year plans, integrated with capital investment across the Council;
- Reinstatement of a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Committee budget envelopes;
- Envelopes validated annually based on realistic assumptions;
- Evidence bases used to underpin all savings proposals and investments;
- Assurance that all savings, pressures and growth are managed within budget envelopes to ensure accountability for implementation;
- Pay and contract inflation allocated to Service budgets to be managed within budget envelopes; and
- A corporate contingency held centrally to mitigate risk.

Revenue Budget Headlines

5.5 As a starting point for developing the budget, an initial costing of potential budget pressures identified a provisional funding shortfall/corporate gap for 2022/23 of c£1.7m. This was set with prudence with regards to Central Government funding as 2021/22 was supported by a number of one-off grants due to the pandemic. Over the last three months, since the inception of the budget setting process, provisional funding has been reviewed as a result of the recent collection fund forecasts, intelligence on the economy and Spending Review implications. The revised 2022/23 corporate gap is c£1.2m. Service budget pressures have added c£0.3m to this gap.

Corporate Pressures c£1.2m:

- **£0.3m - Funding deterioration.** This is due to unavoidable grant changes (£0.5m) such as reduction in New Homes Bonus grant and one-off Government grants for Covid-19, offset by improvements on of the tax base of £0.1 and £0.2m in Band D charge increases;
- **£0.9m – Pension pressure** referred to in the GT review;
- **£0.7m - Unavoidable costs** reflecting current organisation policies (existing staff contract obligations, changing the commercial investment policy, reduced investment property income, service charge costs and the costs of funding capital investment);
- **£0.3m – Inflationary impacts** to cover increasing prices (including contract, utilities and pay);
- **Offset by:**
 - (£0.6m) – One-off reduction of the financial sustainability measures** built into the 2021/22 budget (removing an expected contribution to General Fund Reserves £0.5m and Income Equalisation Reserve 0.1m); and
 - (£0.2m) – Drawdown on Income Equalisation Reserve** to fund the investment property income and service charge costs; and
 - (£0.1m) - Cessation of temporary support** for Freedom Leisure loan arrangements over the pandemic.

Service Pressures - c£0.3m

- **£178k Service Demands:**
 - **£90k Service demand changes** – notably £40k providing for planning appeals,
 - **£39k Contractual demands;** and
 - **£49k loss of rent** at Redstone.
- **£72k to improve Finance service** capacity as part of the Tandridge Finance Transformation programme; and
- **£36k change in Fees and Charges** particularly – £125k change to income targets revised car parking targets to reflect changing resident lifestyles offset with £93k greater recycling credits).

5.6 Executive & Senior Leadership Team and IMPOWER have identified c£1.2m of efficiency savings. In November, the proposed savings list has been outlined at the Member workshop. Only efficiencies that have been agreed by Members are part of the budget setting assumptions and have been included within these figures. To date, savings of c£1.2m have been identified, grouped under the themes of:

- People and Enabling Services;
- Fees and Charges;
- Service Efficiencies;

These are set out by Committee and theme in **Appendix E**. Further work to demonstrate deliverability, risk and developing business cases will be undertaken with IMPOWER between now and the Final Budget where the savings will be itemised.

5.7 Together, these result in a **gap to be closed for 2022/23 of c£0.3m** as shown in **Table 1** below. Further information on the position for each Committee is set out in **Appendix E**.

Table 1: Summary Draft Budget Position for 2022/23

	Roll-over budget £k	Corporate & Funding Pressures * £k	Net Service Pressures £k	Savings * £k	Committ ee total £k
Community Services	3,993	0	86	(197)	3,882
Housing GF	469	0	59	(10)	518
Planning Policy	1,185	0	5	0	1,190
Strategy & Resources	6,338	(30)	136	(320)	6,124
Corporate Items	(690)	1,002		(675)	(363)
Policy Committees	11,295	972	286	(1,202)	11,351
Projected funding	(11,295)	251			(11,044)
Net gap before possible mitigations	0	1,223	286	(1,202)	307

*Note: * Staffing and inflation movements have been assigned to Corporate items. When the final budget is finalised, these items will be distributed to the appropriate Committee. Also, there are some savings that require further clarification before being allocated and so are held in Corporate Items whilst the outline business plans are being drafted.*

Potential mitigations

5.8 Funding assumptions may improve. Several sector advisors indicate a potential level of funding higher than currently included in the Draft Budget. There is too much uncertainty to include in the draft funding estimates, but a further £0.150m could be achievable – particularly within one-off Government grants or in the Business Rate pooling gain. Some degree of clarity will be achieved with the Local Government Finance Settlement, due mid-December, but the Business Rates pooling gain will take longer to finalise.

- 5.9 Over the coming weeks, the Draft Budget will be thoroughly reviewed and Committees will ultimately propose final budgets to the Strategy and Resources Committee and Full Council in February 2022, for approval. The final reviews will clarify pressures and savings and refine assumptions around inflation, pay increments pressures and funding.
- 5.10 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 2022 however this is likely to require the use of up to £0.2m of reserves. This will be confirmed following the provisional settlement in mid-December and the final budget work.

National Funding Context

Background

- 5.11 On 3rd March 2021, the Chancellor of the Exchequer, the Right Honourable Rishi Sunak, delivered the Government's Budget 2021². As a result of the continuing Covid-19 pandemic, the Chancellor set out several measures to deal with the economic impact, announcing an additional £65 billion of measures over this year and next, to support the economy in response to coronavirus. The launch of the three-year Spending Review (SR21) and announcements of fiscal envelopes were delivered on the 27th October. Headlines are set out in the following sections.
- 5.12 Economic data shows some positive signs with Gross Domestic Product (GDP) growing strongly (4.8% growth in April to June 2021 compared to the previous 3 months³). Following the record-breaking drop in GDP in 2020 (-9.9%⁴), it is possible that GDP might achieve its pre-pandemic levels by the end of the year. However, there are signs of strain in areas such as workforce shortages. There is also considerable growth in inflation (linked in the main to elevated energy price inflation) with Bank of England forecasting it to rise to slightly above 4% in 2021 Q4 and potential to rise further.⁵
- 5.13 Overall Government borrowing in Q1 was down over 19% from last year⁶ and lower than the Office for Budget Responsibility's (OBR) forecasts in March 2021. In addition, it is anticipated that the OBR will reduce their forecast of scarring to the economy because of the pandemic from 3% of GDP to the Bank of England's estimate of 1%⁷.

² [Budget 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/speeches/budget-2021)

³ [GDP first quarterly estimate, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/economy/gdp/quarterly/gdpfirstquarterlyestimate)

⁴ [GDP monthly estimate, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/economy/gdp/monthly/gdpmonthlyestimate)

⁵ [Letter from the Governor to the Chancellor regarding CPI Inflation - September 2021 \(bankofengland.co.uk\)](https://bankofengland.co.uk/press/2021/09/letter-from-the-governor-to-the-chancellor-regarding-cpi-inflation-september-2021)

⁶ [Budget deficit continues to fall faster than expected - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/budget-deficit-continues-to-fall-faster-than-expected)

⁷ [Bank of England Monetary Policy Report May 2021](https://bankofengland.co.uk/press/2021/05/bank-of-england-monetary-policy-report-may-2021)

Spending Review

5.14 On 7th September 2021, the Chancellor launched the Spending Review 2021 (SR21) which concluded on 27th October 2021 alongside an Autumn Budget. "The three-year review will set UK Government departments' resource and capital budgets for 2022-23 to 2024-25 and the devolved administrations' block grants for the same period"⁸. The Spending Review Headlines for the Council are as follows:

- Total departmental spending is set to grow, with Core Spending Power for local authorities increasing on average. As an assumption, Tandridge's core spending power is £11m and a 1% increase on this, would be approximately £0.110m. This growth is largely driven by Council Tax increases, although national grant funding within Core Spending Power will still be increasing in real terms (by approximately 0.6%). Tandridge's share of this remains to be confirmed, however funding through the Lower Tier Services Grant is anticipated at approximately £0.340m;
- The Council Tax referendum threshold for increases in Council Tax is expected to remain at 2% per year. Local authorities with social care responsibilities are expected to be able to increase the ASC precept by up to 1% per year. As the threshold is unchanged – it is assumed that Tandridge will be able to increase Council Tax by £5, generating an additional c£0.19m of funding;
- The Business Rates multiplier in 2022/23 will be frozen and the loss of income should be offset by a Section 31 grant;
- In addition, Business Rates will include a new one-year Retail, Hospitality and Leisure relief, again offset by a Section 31 grant;
- The Draft Budget anticipates the continuation of the New Homes Bonus for one year of £0.311m for 2022/23;
- The rise in the National Living Wage from £8.91 to £9.50 from 1 April 2022 should have no material impact for Tandridge and therefore no adjustments have been made;
- The first £1.7bn from the Levelling Up Fund was announced – although some will be allocated to Scotland, Wales and Northern Ireland. For Tandridge the business case relating to Caterham Valley town centre was unsuccessful, but can be resubmitted for later rounds; and
- No new funding has been announced for ongoing Covid-19 pressures.

2021/22 Provisional Local Government Finance Settlement (provisional LGFS)

5.15 The 27th October 2021 announcements confirmed the budget for the Department for Levelling Up, Housing and Communities (DLUHC) and the Local Government share; with a £1.6bn per year increase. Following this, the allocation to individual Councils will be announced, likely to be included in December's Local Government Finance Settlement.

⁸ [Chancellor launches vision for future public spending - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/chancellor-launches-vision-for-future-public-spending)

Funding Assumptions for 2022/23

5.16 The most significant influence on the Council's funding is the long-planned implementation of fundamental Government funding reform; particularly any changes to the retention of Business Rates, Lower Tier Services Grant and New Homes Bonus. The Spending Review included no further information on these, and so clarity is expected in the Provisional Local Government Finance Settlement in mid-December.

Council tax funding £8.9m

Core Council tax funding increase

5.17 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 £0.193m in 2022/23.

Council Tax base

5.18 In October, we completed the usual return on the valuation of the tax base. It confirmed that we have a 0.6% increase in the base. The reasons for this growth are related to increases in property volumes, greater properties in higher bands and lower subsidies for exemptions, discounts and Council Tax support.

5.19 The tax base is then adjusted for an estimate of collectability. Due to the economic climate, we are proposing to maintain the adjustment at 1.2%. 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 national lockdowns.

5.20 Changes to the tax base results in an increase in funding of £0.054m in 2022/23.

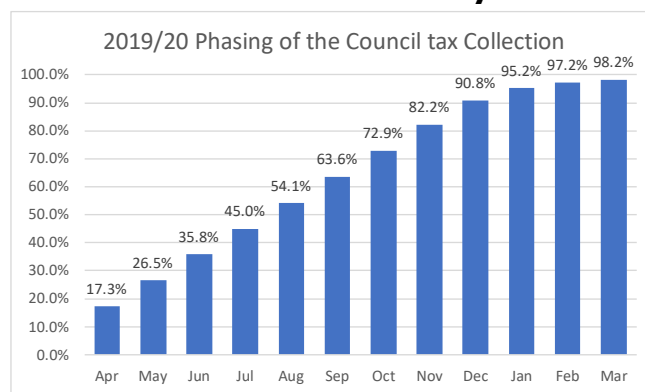
Recommendation: To approve that the gross Council Tax Base for 2022/23 is determined at 39,162.8 after taking account of the Council's agreed Council Tax Support Scheme, and the net Council Tax Base for 2021/22 is determined at 38,692.8 after adjustment by 1.2% to allow for irrecoverable amounts, appeals and property base changes.

Collection Fund Deficit

5.21 The Council Tax collection fund is a ringfenced account to collect, hold and distribute the four precepts (Surrey County Council, Surrey Police and Crime Commissioner, Parishes and the Council). The Collection Fund deficit is distributed only across the two main preceptors (SCC and SPCC) and this Council being the Billing authority - ie: we bear the risks and benefits from the Parishes' collection fund. As to be expected after a pandemic the performance has been hard to evaluate.

Table 2: Council Tax Collection Performance over the last three years and the usual collection trend

	Apr %	Sep %	Mar %
19/20	17.3	63.6	98.2
20/21	16.4	61.8	97.3
21/22	16.9	63.6	



- 5.22 In the December 2020 Spending Review, the Chancellor dictated that any Collection Fund Deficits due to Covid-19 should be spread across three financial years (2021/22, 2022/23 and 2023/24).
- 5.23 Collectability rates on the tax base were reduced, reflecting the impact of Covid-19. Current performance in 2021/22 highlights that collectability is similar to pre Covid-19 levels, suggesting that we can assume the spreadable deficits will be covered by current year collection fund surpluses.
- 5.24 Government provided compensation funding for 75% of our 2020/21 deficit within the s31 Reserve, as reported in the draft Statement of Accounts. This is not being applied until the Collection Fund position is more certain, after allowing for the other preceptors' share of any surpluses.
- 5.25 With the implementation of the Northgate system for Collection Fund Management, there should be more opportunity to review historic debt levels. HM Inspectorate of Court Administration has reopened the debt recovery system which should also improve performance.

Revised and new Council Tax discounts and exemptions

- 5.26 Included in the Draft Budget are three proposals to change Council Tax Discounts, Exemptions and Premiums. These are set out as follows and are part of the tax base calculation, albeit having a negligible impact on tax base.

Council Tax Care Leavers Discounts and Exemptions

- 5.27 Under Section 13A of the Local Government Finance Act 1992 the Council has the power to reduce liability for Council Tax in relation to individual cases or class(es) of cases that it may determine. This is a discretionary responsibility.
- 5.28 A proposal to reduce the Council Tax liability for care leavers, is aligned with Surrey County Council's policy of financial support to care leavers and is part of an overall package of support offered to prepare our care leavers for independence, supporting them in the successful transition to adulthood.
- 5.29 In practice the discounts and exemptions proposed would be for Care Leavers that are no longer in education or claiming benefits and are in paid employment or higher paid apprenticeships and are living in final stage social housing or privately rented accommodation.

- 5.30 Under the Committee's delegated powers, it is recommended that, with effect from 1 April 2022 Care Leavers are exempt if they are living independently or will receive a 25% discount if living semi-independently for their Council Tax which they would otherwise be liable for up to their 25th birthday.
- 5.31 Approving this recommendation would bring the Council into line with other Surrey Districts and Boroughs, currently being the only one not to do so. Please see Appendix C.

Recommendation: To approve the following Council Tax exemptions/discounts for 2022/23:

- **An exemption to be allowed should the Council Tax payer (liable person) be living in independent accommodation under 25 years of age.**
- **A 25% discount to be allowed should the Council Tax payer (liable person) be living in semi-independent accommodation under 25 years of age.**

Council tax long term empty homes premium

- 5.32 Under the Committee's delegated powers, it is also proposed that, with effect from 1st April 2022 the empty property premium be increased to 300% for properties which have been empty over 10 years.

Recommendation: To approve an additional 300% Council Tax long term empty property premium for properties empty over 10 years.

Business Rates Baseline funding £1.5m

- 5.33 Business Rates funding is a headline term incorporating several separate elements:

- **Directly retained Business Rates income (Business Rates Baseline) -** Local businesses pay Business Rates net of reliefs and discounts directly to TDC (**£21m**). This is adjusted as follows:
 - **Retention:** The amount retained after Surrey County Council (10%) and Central Government (50%) are allocated their shares. The remaining 40% - **£8.4m** - is allocated to the Council;
 - **Reliefs:** Nationally set Business Rate reliefs subsidised by Central Government through Section 31 grants - This refers to Section 31 of the Local Government Act 2003 which enables Government to reimburse Local Authorities for the cost of subsidising Business Rates eg: Retail Reliefs. For the Council s31 grants equate to approximately **£1.6m**;
 - **Tariff:** A tariff is then applied because the Council generates more funding than Central Government calculate we require (**£8.5m**); and
 - Leaving an amount of funding for Council services equal to the Business Rates Baseline of **£1.5m**.

- **Reconciliation of estimates to actuals (Collection Fund)** - Estimated amounts included in the budget (captured in the NNDR1 statistical return submitted in the January prior to the start of each financial year) are compared to actual amounts generated (captured in the NNDR3 statistical return submitted in the July after the financial year has finished). The reconciliation reflects changes in occupation or differences between estimated and actual reliefs. The difference between the two impacts (i.e. a surplus or deficit) impacts on the following year's budget.
- **Changes to Business Rate retention policies – particularly taking part in a Business Rates Pool** – This enables pool participants to retain a greater percentage of Business Rates for the years that they take part in the pool. In Surrey, pool participation is dictated by the expected level of Business Rate growth. Whilst authorities can choose *not* to take part, they only qualify for inclusion if Business Rates growth indicates maximum gain for the county-area overall.

- 5.34 The announcements by the Chancellor on the 27th October included a new one-year Retail, Hospitality and Leisure relief and a freeze to the Business Rates multiplier in 2022/23, both of which will be compensated to TDC via a Section 31 grant as appropriate. The balance between Business Rates collected and s31 Grants from Government is currently very volatile because of Covid-19, as a result of which Government are funding additional wide-ranging national reliefs but compensating authorities with s31 grant. The balance will be reviewed for the Final Budget but will have a net-nil impact on funding.
- 5.35 Due the complex nature of Business Rates funding, and to mitigate fluctuations in funding, we currently budget only for the predictable element of Business Rates - the Central Government assessment that our baseline funding should be £1.459m.
- 5.36 The Council is a member of the Surrey Business Rates Pool for 2021/22 but did not qualify for 2022/23. For the 2021/22 Business Rates pool, there has currently been no assumption of benefit of the pool taken in setting the 2022/23 budget. This will be assessed again prior to finalising the 2022/23 budget.

Grant Funding

- 5.37 The Draft Budget for 2022/23 has been formulated on the basis that both the Lower Services Tier grant and the New Homes Bonus funding continue in some form. An estimated £0.651m has been included in the budget on this basis. We are awaiting the confirmation in the Local Government Finance Settlement to determine the method of funding and the final allocation.

Overall Funding

Table 3: Overall anticipated funding for 2021/22 to 2023/24:

	2021/22 Outturn Forecast M6 £k	Annual Budget £k	Forecast Variance £k	BAU Variance £k	Covid-19 Variance £k
Community Services	4,276	3,993	283	43	240
Housing Services	471	469	2	2	
Planning Policy	1,236	1,185	51	51	
Strategy & Resources	6,320	6,338	(18)	(18)	
Corporate items	(661)	(690)	29	29	
Earmarked Reserve drawdowns and Government Specific grants	(161)	0	(161)	(42)	(119)
General Fund	11,481	11,295	186	65	121
Central Funding	(11,295)	(11,295)	0		
Overall after central funding	186	0	186	65	121

6. DRAFT CAPITAL PROGRAMME 2022/23 TO 2024/25

- 6.1 This section of the report provides an update on the development of the Capital Programme for 2022/23 to 2024/25, taking into account work that has been carried out by officers over the last few months. 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 2022.
- 6.2 Aligned to the revenue budget, councils receive some general and specific grant funding to support capital expenditure. However, there are some significant differences to the funding of capital expenditure. Councils 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).
- 6.3 The Capital Programme sets out our expenditure plans and how we will pay for them over a three-year period. The current three-year Capital Programme was approved by Council in February 2021. The Capital Programme has been refreshed as part of developing the Draft Budget and the main changes are in a reprofiling of the HRA projects across financial years.

- 6.4 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 Community Infrastructure Levy (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.
- 6.5 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 both external borrowing (loans) and internal borrowing. This is an annual revenue expense in the Council's budget. The cost of MRP to the 2022/23 budget is £1.1m.
- 6.6 The efficiencies proposed in the 2022/23 revenue budget include a proposal to move from a straight-line to annuity method for calculating MRP. Adopting the annuity method better aligns an increasing amount of debt repayment to a decreasing interest cost liability, which evens out the revenue costs over the life of the asset. The change in MRP approach will be recommended to Audit and Scrutiny Committee as part of the MRP Policy prior to the approval of the Final Budget by Council in February
- 6.7 All borrowing for capital schemes takes place 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 Capital, Investment and Treasury Management Strategy and are monitored and reported to the Investment Sub-Committee and Council on a regular basis. The Capital, Investment and 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 2022.
- 6.8 Table 4 below shows the draft three-year General Fund Capital Programme and how it is planned to be funded for 2022/23 to 2024/25.

Table 4: Draft 3-year General Fund Capital Programme and funding

	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
Community Services	0.5	0.6	0.5	1.6
Housing General Fund	0.5	0.5	0.5	1.4
Planning	1.0	0.5		1.5
Strategy & Resources	0.5	0.2	0.3	0.9
Total Capital Programme	1.4	0.7	0.3	2.4

	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
External Funding/Grants	0.5	0.5	0.5	1.4
Community Infrastructure Levy	1.0	0.5	0.0	1.5
Capital Receipts	0.0	0.0	0.0	0.0
Borrowing	1.0	0.8	0.8	2.6
Total Capital Programme	2.4	1.7	1.3	5.4

Estimated MRP included in the General Fund Revenue Budget	1.2	1.4	1.2
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Community Services

6.9 The proposed three-year Capital Programme 2022/23 to 2024/25 for Community Services is £1.6m. The schemes comprise of:

- Children's Playground Improvements - £0.3m;
- Vehicle Replacement Programme - £0.4m;
- Parks, Pavilions and Open Spaces - £0.3m;
- 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 and Machinery Replacement Programme.

Housing General Fund

6.10 The proposed three-year Capital Programme 2022/23 to 2024/25 for the Housing General Fund is £1.4m. This is the Disabled Facilities Grants (DFG) programme which is funded from DFG.

Strategy and Resources

6.11 The proposed three-year Capital Programme 2022/23 to 2024/25 for Strategy and Resources is £0.9m. The schemes comprise of:

- Asset development programme - £0.2m;
- IT Hardware and Infrastructure Projects - £0.6m; and
- Council Offices major works programme - £0.1m.

Planning Policy

6.12 The proposed three-year Capital Programme 2022/23 to 2024/25 for Planning Policy is £1.5m. 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;
- Smallfield Flood Alleviation Scheme - £0.2m; and
- M25 Junction 6 feasibility funding £1.0m.

Housing Revenue Account

6.13 The proposed three-year Capital Programme 2022/23 to 2024/25 for the Housing Revenue Accounts is £28.0m. This is made up of:

- Council House Building Programme - £16.5m;
- Improvements to Housing Stock - £11.3m; and
- IT Hardware and Infrastructure Projects - £0.2m.

6.14 The draft HRA Capital Programme is funded from the following sources, as shown in Table 5 below:

Table 5: HRA Capital Programme and Funding

	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
HRA	11.6	11.5	4.9	28.0
HRA Capital Receipts/Reserves	7.2	7.2	4.9	19.3
Borrowing	4.4	4.3	0.0	8.7
Toatl HRA Funding	11.6	11.5	4.9	28.0

6.15 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.

7. FINANCIAL PERFORMANCE 2021/22

7.1 Revenue Performance as at Month 6 (September) : An £11.3m General Fund expenditure budget was approved in February 2021. Due to findings within the GT report (confirming a £0.9m budget pressure in pension technical accounting budgets), all budgets relating to technical accounting transactions have been removed, simplifying the revenue budget and leaving the £0.9m pension pressure to manage. Additionally, the Strategy and Resources Committee will be realigned to clarify the distinction of corporate items and supporting services.

7.2 Against this revised budget, the **forecast as at M6 (September) is £11.5m; a deficit of £0.2m** at outturn due to:

- **Community Services: £283k** – Significant under recovery of income due the:
 - £197k reduced demand due restricted movement for car parking and taxi licensing;
 - £62k lower volumes of bookings (Bulky waste and cess pooling services);
 - £45k extra costs at assess ash die back in the tree population;
 - £25k reduction in license fee income;
 - £23k increase in streets and public convenience; Offset by £60k staff vacancies.
- **Housing Services: £2k** - Expired lease for Redstone House £24k offset by Contain Outbreak Management Fund grant correction (£22k)
- **Planning Policy: £51k** - Additional costs for the Public Enquiries/ Appeals and agency costs
- **Corporate Items: £29k** - £240k Property rent service charges costs due to voids offset by £140k interest receivable and investment income due to Freedom Leisure loan repayments and improved yields on investment income, £44k lower secondary pension costs due payment timings, due and £26k lower MRP costs
- Offset by **Resources £18k**
 - £95k – net staff vacancies
 - £48k – net one-off opportunities (limited training opportunities in the first half of the year, Agile workforce offset by £33k overspend to on contractual obligations (GT Report & Treasury services)
 - £20k over recovery of Town Hall income due to later break in rent;
 - offset by: £87k – prior year costs arising in 21/22; £46k – extra costs due to delayed projects and £18k - 22/23 budget pressure

- **Earmarked reserves Drawdowns: £69k** - £42k Northgate reserve & £27k Covid-19 reserve and Government specific grants **£92k** - from the Quarter 1 - Sales, Fees & Charges return to compensate c71% for the reduced income due to COVID-19 eg: car parking income etc.

7.3 Table 6: Council's Revenue 2021/22 Forecast Position

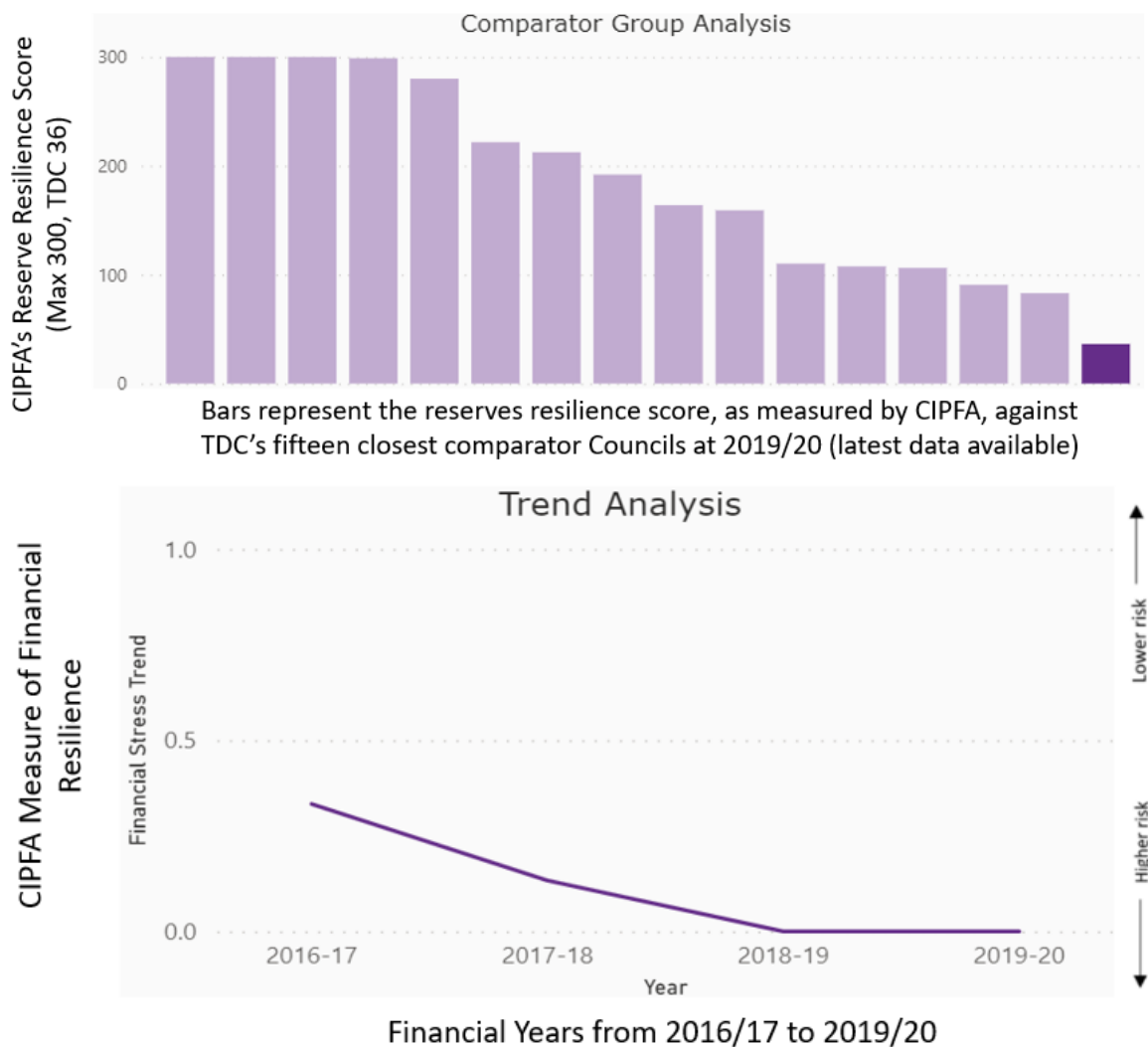
	2021/22 Outturn Forecast M6 £k	Annual Budget £k	Forecast Variance £k	BAU Variance £k	Covid-19 Variance £k
Community Services	4,276	3,993	283	43	240
Housing Services	471	469	2	2	
Planning Policy	1,236	1,185	51	51	
Strategy & Resources	6,320	6,338	(18)	(18)	
Corporate items	(661)	(690)	29	29	
Earmarked Reserve drawdowns and Government Specific grants	(161)	0	(161)	(42)	(119)
General Fund	11,481	11,295	186	65	121
Central Funding	(11,295)	(11,295)	0		
Overall after central funding	186	0	186	65	121

Possible mitigations to balance 2021/22 revenue budget

7.4 Currently the c£920k gap in 2021/22 will be temporarily funded from reserves. The Council is in the process of applying for a capital dispensation (explained below) for 2022/23 to replenish reserves with capital receipts. If this permission is not granted, the temporary reserves funding will be permanent as it is unlikely that the Council will be in a surplus position in the current year to mitigate this magnitude of gap. This would run counter to our desires/objectives to build Reserves and become financially sustainable. The application of capital receipts will be a one time only. Please see section 3.30 – 3.35 for further explanation.

CIPFA Resilience Index

- 7.5 Chartered Institute of Public Finance (CIPFA) release a Financial Resilience Index; a tool which aims to support decision making and good practice in the planning of sustainable finances. The index does not come with CIPFA's own scoring, ranking or opinion on the financial resilience of an authority. Instead, users of the index can undertake comparator analysis drawing their own conclusions. The main indicator of financial resilience is the level of an authority's reserves, and the direction of travel in reserve's balances.
- 7.6 The Council's risk profile has increased in recent years as reserves have been depleted. This is illustrated by the Resilience Index, below, which shows TDC's reserves on a downward trajectory, and lower than all comparator authorities (shown in dark purple below).



The Medium-Term Financial Strategy will be built around replenishing reserves to a sustainable level. A key part of that will be seeking a capitalisation direction for the c£920k pension pressure for 2021/22 in order to prevent a further reduction in reserves and allow the authority to begin the process to rebuild resilience.

7.7 Capital: The Council approved a capital budget for 2021/22 of £27.6m in February 2021. Against this budget, forecast capital spend at M6 is £20.9m; a decrease of £6.7m. The changes are summarised in Table 3 below:

Table 7: Capital Programme 2021/22

	Original Budget £m	Forecast Variance as at M6 £m
General Fund	10.8	(4.1)
HRA	16.8	(2.6)
Total	27.6	(6.7)

- 7.8 The majority of the variance in the General Fund Capital Programme is in relation to the refurbishment of Quadrant House (£2.2m), where the total expenditure is still on budget but the project is now expected to be completed July 2022. Other areas include CIL capital contribution to third parties towards capital expenditure (£0.5m), public conveniences (£0.5m), children's playgrounds (£0.3m), disabled facilities grants (£0.2m) and IT hardware/infrastructure and projects (£0.2m).
- 7.9 In the HRA, £2.5m of the budget reduction is due to slippage in the Council House Building programme with £0.2m relating to slippage on IT hardware/infrastructure/projects.

The impact of Covid-19

- 7.10 Despite there being no further Government funding for the longer-term impact of Covid-19 on the Council's resources, it remains a significant factor in the 2021/22 and 2022/23 budget pressures, especially evident in lower income targets for car parking and investment property income. For Q1 and Q2 in 2021/22 there is the potential to recover some of this lost income through the application to the Government's Income Compensation Scheme, but it is not offset in full. Parking income in particular features as a £125k budget pressure in 2022/23. The Government did not commit to any further funding for Covid-19 pressures in the Spending Review.

8. MEDIUM TERM FINANCIAL STRATEGY AND OUTLOOK TO 2023/24

- 8.1 Under normal circumstances, the Council would aspire to a three or five-year Medium-Term Financial Strategy, making clear the level of resource available to deliver priorities and core services. However, given significant uncertainty on the long-term effect of Covid-19, Government funding and reforms and an ambition to undertake a Council-wide improvement programme, the Draft Budget can only sensibly comment on the potential gap for 2022/23 and the following financial year.
- 8.2 Section 5 sets out the 2022/23 funding position in detail. It is anticipated that funding will stay broadly flat into 2023/24. This is based on an increase in Tax Base, a £5 increase in the Band D rate, offset by further reductions to Government funding.
- 8.3 The outlook for 2023/24 assumes further cost pressures (corporate and service) of £1.3m, including inflation, incremental minimum revenue provision and the requirement to replenish reserves and restore a sustainable level of contingency. Coupled with the savings identified to date, a gap of c£0.6m remains to be addressed for 2023/24. This will be tackled through Track 2 of the 'Twin Track' approach and the Council-wide transformation programme (Future Tandridge Programme).

	2022/23 £k	2023/24 £k
Corporate pressures	972	1,020
Service Pressures	286	260
Cost Pressures	1,258	1,280
Funding Pressures	251	0
Overall Pressures	1,509	1,280
Savings	(1,202)	(713)
Gap	307	567

9. ENGAGEMENT AND CONSULTATION

- 9.1 Member engagement on the 2022/23 budget setting process has been undertaken over the last couple of months on a weekly basis through Group Leaders and Deputy Group Leaders meetings. The Group Leaders and Deputy Group Leaders have disseminated the information to their related parties.
- 9.2 Additionally, in November 2021 a workshop was held with all Members in order to scrutinise the budget proposals that had been developed and put forward by Officers. There were also proposals put forward by Members which have been subsequently reviewed and taken forward either for 2022/23 or 2023/24.
- 9.3 Residents, Organisations and Businesses 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 will 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.

10. NEXT STEPS

- 10.1 The provisional Local Government Finance Settlement is due in mid-December, with the final due in January 2022. Any changes resulting from these announcements will be incorporated into the final budget.
- 10.2 The policy committees will review the individual revenue (including fees & charges) and capital budget commencing with Community Services on 18 January. There is a schedule of meetings concluding with Strategy & Resources on 1st February 2022.
- 10.3 At Strategy and Resources Committee on 1st February 2022 the Overall Final Budget Report will be consolidated and presented. This Committee will propose to Full Council the final budget on 10th February 2022, for their approval.
- 10.4 The Final Budget report will include a judgement by the Council's Section 151 Officer on robustness of the budget including 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.
- 10.5 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 2022/23 budget.

- 10.6 The final 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.

11. COMMENTS OF THE CHIEF FINANCIAL OFFICER (s151 Officer)

- 11.1 The Council has a duty to ensure its expenditure does not exceed resources available. Although progress is being made 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.
- 11.2 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.
- 11.3 It is a legal obligation that the Council sets a balanced budget for 2022/23. 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 already low General Fund Reserves. We need to build not draw on Reserves to ensure medium-term financial stability.
- 11.4 The Section 151 Officer confirms that the 2022/23 Draft Budget and MTFS is based on reasonable assumptions, taking into account all material, financial and business issues and risks and is confident that if the principles and recommendations set out in this report are adopted that a balanced budget can be set for 2022/23.

12. COMMENTS OF THE HEAD OF LEGAL SERVICES

- 12.1 There are no legal implications arising from this report although the Committee will appreciate that it is a statutory requirement for the Council to set a balanced budget each year. 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.
- 12.2 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 decide for the proper administration of Council's financial affairs. The CFO-s151 must therefore exercise a professional responsibility to intervene in spending plans to maintain the balance of resources so that the Council remains in sound financial health.

- 12.3 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'.
- 12.4 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.
- 12.5 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 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.

13. EQUALITY

- 13.1 This report does not disadvantage or discriminate against any different groups with protected characteristics in the community.
- 13.2 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 to ensure Councillors are fully aware of the impact on the community, if any

14. CLIMATE CHANGE IMPLICATIONS

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

Appendix A – Glossary of Terms

Term	Definition
Business Rates Baseline	<p>The Business Rates Baseline is DLUHC's assessment of each authority's need for Business Rates to fund local services. It is calculated through a formula based on a number of factors including population, deprivation, offset by the ability of the authority to raise Council Tax.</p> <p>The level of Business Rates that can be collected and retained by each authority, prior to any growth. For Tandridge this assessed by DLUHC as £1.5m.</p> <p>In order to achieve a baseline funding of £1.5m, DLUHC assume that Tandridge will collect total Business Rates of c£21m, share 60% with other bodies - Surrey County Council (10%) and Government (50%) - and retain 40% / £8.4m. This is supplement by approximately £1.6m of grants from Government to compensate Tandridge for nationally applied Business Rate reliefs, giving approximate Business Rate income of £10m. A tariff of £8.5m is applied on Tandridge to bring this back to the baseline funding of £1.5m.</p> <p>DLUHC applies a safety net below which they will compensate authorities for lost income if Business Rates fall. This is £1.3m. It is not expected that TDC's Business Rates will fall below £1.5m and may well be higher.</p> <p>Growth above the baseline is subject to a 50% levy (i.e. Central Government share 50% of the growth). This can offset by taking part in a Business Rates Pool, (see below).</p>
Business Rates Levy	A 50% charge of Business Rates growth above the baseline, payable to Central Government; reduced through participation in the Business Rates Pool.
Business Rates Pool	Local authorities can join together in order to retain more growth from the Business Rates system (e.g. pay Government less of a levy against any increase in Business Rates over the Baseline). In Surrey, pool participation is dictated by the expected level of Business Rate retention. Whilst authorities can choose <i>not to</i> take part, they only qualify for inclusion if Business Rates growth indicates maximum gain for the County-area overall. TDC qualified and took part in 2021/22 but not 2022/23.
Business Rates Tariff	The difference between Baseline funding and retained Business Rates plus s31 grants, payable to Central Government.

Collection Fund	A ring-fenced fund to collect Business Rates and Council Tax and then distribute to the billing and precepting authorities (i.e. Tandridge, Surrey County Council, Surrey Police and Crime Commissioner and Parish Councils)
Collection Fund Surplus and Deficit	The difference between the budget for Business Rate and Council Tax collection and the actuals generated. If actuals are higher than budget, they are distributed in the following financial year. If lower, they are charged in the following year. The Covid-19 deficit in 2020/21 is spread over 2021/22 to 2023/24.
Contain Outbreak Management Fund	The Contain Outbreak Management Fund (COMF) provides funding to local authorities in England to help reduce the spread of Covid-19 and support local public health. It is distributed via Surrey County Council.
Core Spending Power	The measure DLUHC uses to gauge the extent of local authorities' core revenue funding, including Council Tax and locally retained Business Rates.
Lower Tier Services Grant	Lower Tier Services Grant was a new grant for 2021 to 2022, provided specifically to lower-tier authorities to support funding levels. It is assumed this grant (or more accurately funding of a broadly similar amount) will continue into 2022/23.
Minimum Revenue Provision	An amount of revenue budget set aside each year to repay debt on capital assets. Each year a charge is made to revenue to spread the cost of borrowing over the life of the asset and ensure that cash is set aside to repay loans when they mature.
New Homes Bonus	A grant from Government to reward local authorities for increases to the tax base. The future of NHB has been unclear for a number of years but the budget assumes that an amount equivalent to 2021/22 funding will be received in 2022/23.

An improved Operating Model for Tandridge

A. Design Principles to underpin the improved Operating Model

1. The Council operates to achieve a prioritised and costed set of aims and objectives, set out in a Corporate Plan which is owned by Councillors.
2. The Council has a clear political direction supported by effective governance and underpinned by respectful relationships
3. Services are designed to meet customer needs, evidence-based and with clearly defined and measurable performance standards.
4. Services are delivered using the most effective model to achieve the Council objectives
5. Leaders and Managers drive a high-performance culture throughout the organisation
6. Staff are clear about their contribution to delivering the Council objectives, are engaged, motivated, valued and rewarded for high performance
7. Strong financial management is embedded across the Council along with a culture of budget accountability and financial decision making based on evidence and insight.

B. Framework for the improved Operating Model

1. The Council operates to a number of agreed and costed priorities and objectives, set out in a Corporate Plan which is owned by Councillors.

- a. Set out in a 3-4 year Corporate Plan – signed off by Councillors
- b. Informed by stakeholders, customer insight, other data sources
- c. Defines Council's community leadership role
- d. Measurable goals – outcome focused and underpinned by KPIs
- e. The Council role in delivering objectives is defined – direct delivery, partnership, enabling, lobbying
- f. Identifies how resources are / will be allocated to support delivery of objectives

2. The Council has a clear political direction supported by effective governance and underpinned by respectful relationships

- a. Strong political leadership
- b. Distinction between councillor strategic and oversight role and officer role is understood and applied
- c. Councillor and officer relationships are strong
- d. Decision making is agile
- e. Scrutiny is effective

3. Services are designed to meet customer needs, evidence-based and with clearly defined and measurable performance standards.

- a. Customers involved in design / redesign of services
- b. Principle of channel shift to make it as easy as possible for customers to access council information and services
- c. Customer Insight used to inform and drive service improvements
- d. Projects are commissioned with clear objectives and consideration of resourcing implications

4. Services are delivered using the most effective model to achieve the Council objectives

- a. The Council seeks to optimise the delivery of services using the most appropriate model and is open to alternative forms of service delivery – outsourcing to private sector or Third sector, creating new ventures, shared service delivery
- b. (Service) Performance is underpinned by meaningful benchmarking
- c. The Council employs a smaller directly employed workforce

5. Leaders and Managers drive a high-performance culture throughout the organisation

- a. Teams and staff know how they are contributing to Corporate objectives
- b. Annual service planning at service level used to review performance against objectives, set future targets
- c. Managers and staff accountable for performance
- d. Regular reporting to councillors on performance
- e. Culture of addressing underperformance

6. Staff are clear about their contribution to delivering the Council objectives, are engaged, motivated, valued and rewarded for high performance

- a. Understand their contribution to council objectives
- b. Buy into and understand the values and behaviours we expect of them
- c. Are effectively communicated with and are engaged in the work across the council
- d. Good performance is recognised and rewarded Poor performance is effectively addressed
- e. Morale is high and staff feel valued and are motivated
- f. Talent is identified and there are clear pathways for career development
- g. Tandridge is known as a great place to work -effective retention and recruitment

7. Strong financial management is embedded across the Council along with a culture of budget accountability and financial decision making based on evidence and insight.

- a. Robust Medium Term Financial Strategy
- b. Good financial systems and support in place for Service Managers
- c. Service Managers accountable for budgets
- d. Culture of effective budget monitoring, review and setting based on meaningful budgets
- e. Budget focussed on delivering Council priorities
- f. Value for money underpinning budget decision making

Appendix C - New / Revised Council Tax discounts and exemptions:

Council Tax Carers Discount:

Tandridge District Council is now the only Surrey Authority not to agree to this discount or exemption due to previous Council Officer's (S151) deciding against a recommendation.

Introduction and background

Corporate Parenting means that the local authority pursues the same outcomes for children in care (looked after children) as a parent. The County Council retain the legal responsibility for 'looked after' children and care leavers. However, The Children and Social Work Act 2017 brought about change in 2017 when it determined that all local authorities have a responsibility to be "good corporate parents". The above Act introduced seven principles of corporate parenting. One of these principles is the need to prepare children and young people for adulthood and independent living

Care leavers have often had their childhoods punctuated by instability and trauma, they leave home earlier and have less support than other young people. As a result, they have some of the worst life chances in the county. A 2016 Children's Society report found that when care leavers move into independent accommodation, they find managing their own finances extremely challenging. With no or limited family support and insufficient financial education care leavers are falling into debt and financial difficulty.

The Children and Social Work Act 2017 asks local authorities to expand its corporate parenting duties to care leavers and provide an exemption or discount on paying Council Tax up to the age of 25, helping them make the transition to independence. Eligibility is as follows;

Care Leavers

If you are a care leaver aged under 25 who is paying Council Tax or living with someone who pays Council Tax, we may be able to reduce the amount you pay.

How to tell if you qualify as a Care Leaver

You are deemed to be a Care Leaver if:

- You are aged under 25.
- You were previously in local authority care.
- You are supported by a personal adviser or someone from the Leaving Care Team within any local authority Social Services department.

What will I pay?

- If you live alone in the property you will have nothing to pay.
- If you live with other people, all of whom are Care Leavers, you will have nothing to pay.
- If you live with someone else who is not a Care Leaver the Council Tax bill will be reduced by 25%.
- If you live with two or more people who are not Care Leavers, no discount is available.

The reduction can only be paid up to your 25th birthday.

A neighboring authority, Mole Valley, has 8 care leavers ranging from Band A to C.

Council Tax Carers Discount – Financial impact:

Surrey County Council (SCC) have committed to paying their proportion (75.8%). As yet the Surrey Police & Crime Commissioner (SPCC) has not been consulted. If the SPCC declines the exemption and discount, Tandridge would therefore have to contribute 12% to each care leavers' Council Tax bill.

There is estimated about 10 care leavers between 18 and 25 living in independent living or semi-independent living in Tandridge. A band "C" property is approximately £1,851.46 charged per annum for Council Tax. The estimated element if the SPCC disagrees would be approx. £2k

Council Tax Long Term Empty Homes Premium:

The Government believes these changes could help to reduce the number of empty homes by incentivising owners to bring them back into use and thereby helping to meet the current housing shortage.

In addition, increases in the number of empty properties that an authority has in its area, has a negative impact on the value of new homes bonus (NHB) it can claim. The calculation for NHB compares the number of physical properties less empty properties between years and after subtracting a 4% expected growth value, determines the base of the grant.

Introduction and background

The Chancellor's November 2017 budget announced that local authorities, with effect from April 2019, are now able to increase the additional Council Tax premium for a property left unfurnished and unoccupied over 10 years from 50% to 300%. This change was to encourage owners of empty homes to bring them properties back into use.

From 1 April 2020, when a property becomes empty and unfurnished, Strategy and Resource Committee, held on 23 January 2020, agreed to the following changes to long term empty homes;

- **From April 2020** onwards to charge a 100% premium on an empty and unfurnished property over 2 years.
- **From April 2020** onwards to increase the premium to 200% for properties that have been empty for more than 5 years.

Tandridge District Council, as of 12 November 2021, had 14 properties that have been empty and unfurnished over 10 years and the table below details them by individual bands.

Empty Over 10 years*	Number of properties	Council Tax 2021/22
Band A	1	£1,395.86
Band B	6	£1,652.55
Band C	4	£1,851.46
Band D	1	£2,114.32
Band E	2	£2,542.66
Band F	0	N/A
Band G	0	N/A
Band H	0	N/A

****As at 12/11/2021***

An additional table below highlights neighboring authorities' current additional premium for properties empty and unfurnished over 10 years.

Council	Current Premium
Croydon	300%
Epsom and Ewell	300%
Guildford	300%
Mid Sussex	300%
Mole Valley	100%
Reigate and Banstead	300%
Sevenoaks	300%
Surrey Heath	50%
Tandridge	200%
Woking	300%

Council Tax Long Term Empty Homes Premium – financial impact

A 300% premium would increase the total tax base as at December 2021 by 14 Band D equivalents, which is worth approximately £3,256.26, based on Tandridge's 11% share of the Council Tax. This additional income is likely to diminish over time as the change may encourage bringing homes back into use more quickly, which is a positive outcome given the shortage of housing in the District.

**Approximate figures are based on the current 2021/22 Council Tax figures, however, as Council Tax increases year on year you would expect additional revenue to be higher than forecasted.*

Appendix D: Council Tax Base 2022/23

Introduction and background

1. The Council tax base is one element of the calculations concerned with setting the Council Tax under the Local Authorities (Calculation of Council Tax Base) (England) Regulation 2012.
2. All domestic properties within the District are banded by the Valuation Officer in one of eight bands. The tax base calculation includes the estimated number of chargeable dwelling after allowing for discounts and exemptions, appeals and voids for each parish for the period to 31st March 2021. The number of chargeable properties is converted to Band D equivalents by applying the prescribed formula. The Council must set its Council Tax base and notify the precepting authorities by 31st January 2022.
3. There are various factors which have to be taken into account to arrive at the tax base for 2022/23.

Table: 2022/23 Council Tax base.

Council Tax base for 2022/23							
2021/22 Band D equivalent	Band	Total dwellings	Number of dwellings after applying discounts and premiums	Less adjustment for Council Tax Support	Chargeable dwellings	Ratio to Band D	2022/23 Band D equivalent
1.1	A(DR*)		2.8	-0.8	2.0	5/9	1.1
374.9	A	941	739.9	-128.7	611.2	6/9	407.4
977.3	B	2,191	1,819.0	-585.8	1,233.2	7/9	959.1
3,410.7	C	5,275	4,589.3	-726.3	3,863.0	8/9	3,433.8
7,318.6	D	8,915	8,110.0	-750.8	7,359.2	9/9	7,359.2
8,260.5	E	7,670	7,054.0	-257.0	6,797.0	11/9	8,307.4
6,450.5	F	4,877	4,557.3	-78.8	4,478.4	13/9	6,468.8
9,785.3	G	6,279	5,956.0	-37.6	5,918.4	15/9	9,864.1
2,342.7	H	1,254	1,186.8	-5.8	1,180.9	18/9	2,361.9
	Total	37,402	34,014.9	-2,571.5	31,443.3		
38,921.6	Gross Tax base						39,162.8
-467.1	Less adjustment for losses in collection 1.20%						-470.0
38,454.5	Net tax base						38,692.8

Adjustments:

4. The Local Government Finance Act 2012 (LGFA 2012) includes a number of amendments to the LGFA 1992 which affects the calculation of the Council Tax base. These amendments gave powers to determine own discounts and set premiums in certain circumstances.
5. Section 10 of the Local Government Finance Act 2012 imposes an obligation on Billing Authorities to set up a Council Tax Reduction Scheme to replace Council Tax Benefit from 1 April 2013. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 specify that the tax base must be adjusted to take account of the amount to be paid in accordance with the reduction scheme. This adjustment is shown in a separate column in on the above table.
6. In arriving at a net base, allowance must be made for irrecoverable amount, movements as a result of appeals and property base changes (new properties). For this purpose, an allowance of 1.2% is proposed.

Appendix E: 2022/23 Service Pressures and Savings by Themes:

For the Council:

	Roll-over budget £k	Corporate & Funding Pressures * £k	Net Service Pressures £k	Savings * £k	Committee total £k
21/22 final Budget	11,295				11,295
Virements	0				0
21/22 updated Budget	11,295				11,295
Service Demands		183	178	0	361
People and Enabling services		245	72	(632)	(315)
Service Efficiency		0	0	(232)	(232)
Fees and Charges		0	36	(338)	(303)
Corporate items		545	0	0	545
22/23 draft net Budget	11,295	972	286	(1,202)	11,351
Funding Pressures	(11,295)	251	0	0	(11,044)
22/23 draft Budget	0	1,223	286	(1,202)	307

By Committee:

Committee: Community Services					
	Roll-over budget £k	Corporate & Funding Pressures * £k	Net Service Pressures £k	Savings * £k	Committee total £k
21/22 final Budget	4,888				4,888
Virements	(895)				(895)
21/22 updated Budget	3,993				3,993
Service Demands		0	48	0	48
People and Enabling services		0	(33)	0	(33)
Service Efficiency		0	0	(36)	(36)
Fees and Charges		0	71	(161)	(90)
Corporate items		0	0	0	0
22/23 draft Budget	3,993	0	86	(197)	3,882

Committee: Housing GF					
	Roll-over budget £k	Corporate & Funding Pressures * £k	Net Service Pressures £k	Savings * £k	Committee total £k
21/22 final Budget	491				491
Virements	(22)				(22)
21/22 updated Budget	469				469
Service Demands		0	59	0	59
People and Enabling services		0	0	0	0
Service Efficiency		0	0	0	0
Fees and Charges		0	0	(10)	(10)
Corporate items		0	0	0	0
22/23 draft Budget	469	0	59	(10)	518

Committee:	Planning Policy				
	Roll-over budget	Corporate & Funding Pressures *	Net Service	Savings *	Committee total
	£k	£k	£k	£k	£k
21/22 final Budget	1,052				1,052
Virements	133				133
21/22 updated Budget	1,185				1,185
Service Demands		0	40	0	40
People and Enabling services		0	0	0	0
Service Efficiency		0	0	0	0
Fees and Charges		0	(35)	0	(35)
Corporate items		0	0	0	0
22/23 draft Budget	1,185	0	5	0	1,190

Committee:	Strategy & Resources				
	Roll-over budget	Corporate & Funding Pressures *	Net Service	Savings *	Committee total
	£k	£k	£k	£k	£k
21/22 final Budget	5,765				5,765
Virements	573				573
21/22 updated Budget	6,338				6,338
Service Demands		(30)	31	0	1
People and Enabling services		0	105	(240)	(135)
Service Efficiency		0	0	(80)	(80)
Fees and Charges		0	0	0	0
Corporate items		0	0	0	0
22/23 draft Budget	6,338	(30)	136	(320)	6,124

Committee:	Corporate Items				
	Roll-over budget	Corporate & Funding Pressures *	Net Service	Savings *	Committee total
	£k	£k	£k	£k	£k
21/22 final Budget	(901)				(901)
Virements	211				211
21/22 updated Budget	(690)				(690)
Service Demands		213	0	0	213
People and Enabling services		277	0	(391)	(114)
Service Efficiency		0	0	(116)	(116)
Fees and Charges		0	0	(167)	(167)
Corporate items		512	0	0	512
22/23 draft Budget	(690)	1,002	0	(675)	(363)

*Note: * Staffing and inflation movements have been assigned to Corporate items. When the final budget has been finalised, these items will be distributed to the appropriate Committee. Also, there are some savings that require further clarification before being allocated and so are held in corporate items whilst the outline business plans are being drafted.*

Household Support Fund - Confirmation of decision taken under urgency powers (Standing Order 35)

Strategy & Resources Committee Thursday, 2 December 2021

Report of: Executive Head of Communities

Purpose: For decision

Publication status: Open

Wards affected: All

Executive summary:

The Government (DWP) have launched the Household Support Fund to provide financial support to vulnerable households over the winter months.

Initial allocations were to Unitary and County Councils. Surrey County Council (SCC) received nearly £5.3m. SCC have decided to distribute £2.8m of their allocation to borough and district councils to enable local solutions that meet local requirements. TDC has been allocated £234,649.

The Tandridge Household Support Scheme Local Eligibility Framework has been developed for the administration of the scheme.

This report supports the Council's priority of:

Supporting economic recovery in Tandridge

Contact officer Sally Bayliss Case Services Manager
sbayliss@tandridge.gov.uk

Recommendation to Committee:

That the decision taken under urgency powers in accordance with Standing Order 35 of the Constitution to approve the Tandridge Household Support Scheme Local Eligibility Framework be ratified.

Reason for recommendation:

Funding for the Household Support Fund covers the period 6 October 2021 to 31 March 2022. Local Authorities have discretion on how the funding is used within the scope set out in the guidance.

First tranche of the grant (50%) has been received. The scheme is designed to provide support to vulnerable households during the winter, so it is essential that the scheme is up and running and grants are being paid without undue delay.

The Tandridge Household Support Fund Local Eligibility Framework sets out how the Council will distribute funding within the Policy intent.

Introduction and background

- 1 On 1 October 2021 the Government (DWP) announced funding to target financial support for vulnerable households over the winter months to be known as the Household Support Fund (HSF). Initial allocations were to Unitary and County Councils. Surrey County Council (SCC) received nearly £5.3m.
- 2 SCC have decided to distribute £2.8m of their allocation to Borough and District Councils to enable local solutions that meet local requirements. TDC has been allocated £234,649.
- 3 Authorities have discretion on how the funding is used within the scope of the guidance. The expectation is that it should primarily be used to support households in the most need with food, energy, water bills and other essential household costs.

Tandridge Household Support Local Eligibility Framework

- 4 A Tandridge Housing Support Scheme Local Eligibility Framework has been developed for the administration of the scheme. The Framework sets out how, in administering the scheme we will:
 - Use discretion to identify and support those most in need
 - Use the funds to meet immediate needs and help those who are struggling to afford food, energy or water bills and essential household expenditure
 - In exceptional cases of genuine emergency, we will support housing costs where existing housing support schemes do not meet this exceptional need
 - Work with local services, community groups and other partners to identify and support households within the scope of the scheme.

Administration of the Tandridge Household Support Fund

- 5 Authorities are being expected to keep administration costs to a reasonable level. The scheme allows for reasonable administration costs incurred in administering the scheme to be deducted from the grant allocation. These include:

- staff costs
- advertising and publicity to raise awareness of the scheme
- web page design
- printing application forms
- small IT changes, for example, to facilitate MI production

- 6 The administration costs are anticipated to be approximately £11,000 made up as follows:

Activity	No of Hours	Costs	Plus 30% On-cost
Set-up	40	£2,200	£2,920
IT development	22	£440	£836
Administration	20 hours per week X 20 weeks	£6,800	£14,000
Total		£9,440	£17,756

- 7 The scheme will be administered via salesforce case management by adapting the established process for administration of the Test and Trace Support Payments.
- 8 There will be an on-line form that can be completed by the applicant or their representative, or another agency. Additional support will be provided via the Customer Service Team for those applicants unable to access the on-line form.
- 9 Applications will be validated and checked, including identity checks. The Council has access to various data sources, including the DWP, for this.
- 10 The Council have engaged a supplier of a voucher scheme, so funds can be awarded in the form of vouchers. Vouchers can be issued for all main grocery suppliers, utility costs via pay point and other essential costs such as clothing and white goods. Vouchers are issued via a secure on-line system which reduces the administrative burden for the Council. The scheme is provided at no cost to the council over and above the cost at face value of the vouchers issued and redeemed.

Other options considered

- 11 Councils have discretion to deliver a scheme through a variety of routes including providing vouchers or financial awards, making direct provision of food or issuing grants to third parties.
- 12 Surrey County Council have distributed funds from their overall allocation to care leaver support, foodbanks, voluntary organisations and have enhanced their crisis fund offer. They have also allocated funds to provide food vouchers for children entitled to free school meals, including early years through school holidays.
- 13 It is believed that the Tandridge Household Support Local Eligibility Framework will enable the Council to identify and provide support to the broadest cross section of vulnerable households in the district.

Consultation

- 14 The Tandridge Household Support Local Eligibility Framework has been developed with regard to the Household Support Fund – Guidance for County Councils and Unitary Authorities.
- 15 The Urgency Decision relating to the approval of the scheme was taken by the Chief Executive in consultation with the Group Leaders and the Chair of Strategy and Resources Committee.

Key implications

Comments of the Chief Finance Officer

- 16 There is no impact of the Councils revenue budgets as the Council will receive a fixed amount of funding from Surrey County Council which will cover the Discretionary Scheme's period October 2021 to March 2022.
- 17 Administration costs cover initial officer's time to set up the criteria and process IT support to generate the application within Salesforce. Also, the officer's time processing the applications (unsuccessful and successful). On-cost support would cover IT storage and other associated cost especially processing individual payments and any queries arise from any application.
- 18 Surrey County Council has stated that the scheme will be available to 31 March 2022. The grant for the scheme is fixed and limited. The scheme will close before the 31 January 2021 if the funding is exhausted or any unutilised fund will be returned to Surrey County Council.

Comments of the Head of Legal Services

- 19 The funding provided under the Household Support Fund is required to be distributed by the 31st March 2022 to support those most in need with the cost of food, energy, water bills and other essentials. The Household Support Fund must only be used to provide support as defined within the grant conditions. To this end the Council is required to develop a local eligibility framework and approach. The grant funding will be paid to the Council via Section 31 of the Local Government Act 2003

- 20 Officers have set out a proposed approach in the report and have received authority under the Chief Executive use of urgency power to establish such detailed criteria as may be necessary to enable appropriate allocation of funding.
- 21 As with any welfare payment to vulnerable recipients there is a risk of fraud, as recipients might appear to be eligible when they are not. One of the biggest risks for this scheme is impersonation fraud, where fraudsters work through a residential area and falsely claim under the names of eligible recipients. Officers are encouraged to mitigate this risk, by ensuring checks are in place to verify the applicant's identity. The Council and its partners have access to a range of data sources and checks which can be carried out against this data to verify the identity of the recipient. It is for the Council to decide how payments are made to recipients. However, when making this decision the Council is encouraged to consider the risks involved. Although vouchers still carry fraud risks, vouchers are preferred where possible as this helps to mitigate the risk of the money being spent by the recipient on things outside the policy intent, therefore undermining the purpose of the scheme.
- 22 Given the severity of hardship anticipated this winter and the lack of cost to the local taxpayer it is appropriate for the Council to introduce these measures to support our most vulnerable residents. To expedite matters, the Chief Executive was asked, using urgency powers under Standing Order 35 of the Constitution, to agree the the Council's approach to delivering the Household Support Grant.

Equality

- 23 In accordance with the public sector equality duty, DWP has had due regard for the potential equalities impacts of this grant.
- 24 In developing the Tandridge Household Support Local Eligibility Framework we have ensured people are not disadvantaged or treated unfairly by this scheme. For example, the application process is easy to access and to navigate and support is available to assist anyone who needs help to apply.

Climate change

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

Appendices

Appendix A – The Tandridge Household Support Local Eligibility Framework

Background papers

None

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Tandridge District Council

Household Support Scheme Local Eligibility Framework

Background

On 1 October 2021, the government (DWP) announced funding to target financial support for vulnerable households over the winter months, to be known as the Household Support Grant. This new grant will run from 06 October 2021 to 31 March 2022 and totals £500m.

The grant is to provide support to certain local authorities in England for expenditure lawfully incurred or to be incurred by them in accordance with the Grant Conditions to provide support to households who would otherwise struggle to buy food or pay essential utility bills or meet other essential living costs or housing costs (in exceptional cases of genuine emergency) this winter as the economy recovers.

At least 50% of the total funding must be spent on families with children, beyond this, local authorities have discretion to determine the appropriate schemes for their area, based on their understanding of local needs.

Payment of the grant allocation is on an arrears basis and is subject to the submission of two Management Information (MI) returns to DWP outlining the authority's (SCC) grant spend and the volume of awards for period 6 October – 31 December (due January '22) and for the period 1 January - 31 March (due April '22).

Surrey County Council Allocation

Surrey County Council's (SCC) allocation of the funding is £5,290,829.72, based on the population of the authority weighted by a function of the English Index of Multiple Deprivation.

The total funding for SCC has been split as follows:

1	Food vouchers for children entitled to Free School Meals, including Early Years through school holidays	£1.96m
2	Care Leaver support over Christmas	£0.2m
3	Support to food banks	£0.2m
4	Support to VCF sector	£0.15m
5	Enable enhanced offer of Crisis Fund	£0.15m
6	Distribute to Borough and District Councils to enable local solutions to meet local requirements	£2.8m

In detail this is:

1. Continue to support the issue of food vouchers for those eligible for benefit related free school meals, during the upcoming school holidays (October half term, Christmas, February half term and Easter). This will include 2, 3 and 4 year old children with Funded Early Education Provision (FEED) and EY Pupil Premium.
2. Support to care leavers over the Christmas period to assist with the costs of food and bills.

3. To ensure the Crisis Fund is equipped to meet the demand until the end of the financial year, taking in to account inflation and anticipated demand related pressures and to enable the extension of the level of support offered.
4. Distribute funding to specialist countywide organisations, that actively reach households in need of support with the cost of food and essential bills.
5. To provide some funding to foodbank/community fridges/food clubs to ensure they have enough stock of food/fuel vouchers to meet any increase in demand until the end of the financial year.
6. Distribute the majority (£2.8m) to Boroughs and Districts to utilise existing schemes, local knowledge and local VCF networks to target specific local need in their respective areas. We will allocate based on population adjusted for deprivation factor, which mirrors the DWP formula for the initial allocation.

Tandridge Allocation

Tandridge District Council has been allocated £234,649 which will be paid in two tranches of £117,234.90. The first payment has been received and the second instalment following the submission of a management information (MI) return in January 2022.

Tandridge Local Eligibility Framework and Approach

The Tandridge Household Support Scheme Local Eligibility Framework has been developed in accordance with the Guidance for County Councils and Unitary Authorities in England.

The scheme runs until 31 March 2022 and is intended to help ease the financial pressure on residents with low incomes and to support those most in need while the economy recovers this winter.

In administering the scheme, we will:

- Use discretion to identify and support those most in need.
- Use the funds to meet immediate needs and help those who are struggling to afford food, energy or water bills and other essential household expenditure
- In exceptional cases of genuine emergency, we will support housing costs where existing housing support schemes do not meet this exceptional need
- Work with local services, community groups and other partners to identify and support households within the scope of the scheme.

Who can apply?

Applications to the Tandridge Household Support Fund will be accepted from or on behalf of people who are in financial difficulties and struggling to meet the cost of food, fuel, water or other essential household expenditure.

Applicants must:

- Be a householder over the age of 16
- Live in Tandridge District Council Area as their main residence.
- Be struggling to meet the immediate and essential short term needs of themselves or their dependents.

How will applications be prioritised?

Applications will be prioritised to balance supporting as many residents as we can with targeting the limited funds to support those who need our help the most. We will prioritise (in no particular order) the scheme for the following applicants:

- Those with dependent children
- Those with disability or health problems
- Households with residents over 70
- Lone parents
- Those who are or are at risk of becoming, homeless including those living in temporary accommodation
- Victims of domestic abuse
- Those leaving care or hospital
- Those facing an emergency crisis such as a recent fire or flood

What can be funded?

Due to the limited amount of funds available we will prioritise items necessary day to day living such as food and essential items.

This may include, but is not limited to:

- Food – provided in kind, through vouchers or cash
- Energy and water – Support with energy bills for any for of fuel used for the purpose of domestic heating, cooking or lighting and water bills including for drinking, washing, cooking and for sanitary purposes and sewerage.
- Essential costs linked to energy and water - Support with sanitary products, warm clothing, soap, blankets, boiler service or repair,
- Repair or purchase of essential household appliances
- Servicing and repair of heating systems
- School Uniform and other essential clothing
- Broadband and phone bills
- Transport related costs

In exceptional cases of genuine emergency where existing support schemes do not meet the exceptional need, the Fund can be used to support housing costs. The ongoing housing support for rent should be provided through the housing cost element of Universal Credit or through Housing Benefit rather than the Household Support fund. In addition Discretionary Housing Payments must first be considered before emergency housing support is offered through the Household Support Fund. The Authority must also first consider whether the claimant is at statutory risk of homelessness and therefore owed a duty of support through the Homelessness Prevention Grant (HPG).

In exceptional cases of genuine emergency, households in receipt of HB, UC, or DHPs can still receive housing cost support through the Household Support Fund if it is deemed necessary by their Authority. However, the Fund should not be used to provide housing support on an ongoing basis or to support unsustainable tenancies.

Individuals in receipt of some other form of housing support could still qualify for the other elements of the Household Support Fund, such as food, energy, water, essentials linked to energy and water and wider essentials.

The Fund can exceptionally and in genuine emergency be used to provide support for historic rent arrears built up prior to an existing benefit claim for households already in receipt of Universal Credit and Housing Benefit. This is because these arrears are excluded from the criteria for Discretionary Housing Payments. However, support with rent arrears is not the primary intent of the fund and should not be the focus of spend.

What will not be funded?

It is unlikely that applications for the following will be successful:

- Mortgage Support – however homeowners may still qualify for other elements of the fund such as food, energy, water and essential household expenditure
- Paying off non-essential debt
- Parking fines, ULEZ or congestion charges
- Where financial support has already been provided through another grant or fund
- Expenses in connection with legal costs – fees, costs, fines, damages etc
- Expenses for self-employed business support
- Repairs or improvements to the home – except boiler servicing or repair and essential white goods
- Any need that occurs outside of the UK
- Medical expenses/treatment
- Respite Care

How to apply

Applications are made via an on-line form that can be found on the Council's website at <<Link>>. Telephone support will be provided for those who require assistance to complete the form. Applications can be made by the applicant, their representative or a third party acting on their behalf.

What information will need to be provided?

To enable the Council to consider an application, we will need details about the applicant and members of their household. This may include financial information relating to income and savings and circumstances and reasons for an application being made. We may also need to request documents, receipts, financial statements - including bank statements, and other evidence to allow the Council to make an informed decision about an application.

What is the assessment process?

Once a completed application and supporting evidence has been received the application will be considered by a Case Officer who will make a decision based on the information provided and any other information available to them. They will take into account all the circumstances and reasons that led to the application being made.

How much will be paid?

As part of the application process applicants will be asked to give an indication of the support that is required. The Case Officer will determine the amount of the support based on local economic factors and arrangements in place with other agencies/retailers. It will not always be possible to provide the full amount due to the limited funds available.

As an indication it is anticipated that in all but exceptional circumstances awards for food, utilities and other essential items will not normally exceed £100 for households without children and £300 for households containing children. Awards for items such as the repair or replacement of white goods will not normally exceed £500 per item.

How will payments be made?

Once a decision has been made on your application you will be notified in writing of;

- Whether an award has been made and the reason for the decision
- The intended use of the award
- The amount of the award
- How the award will be paid

Payment may be made by voucher or direct payment to a supplier or by BACS transfer to a bank account. All awards from the fund will be made as quickly as possible to meet the agreed needs of the household. In general, vouchers will be processed within 3 working days, other payments will be processed within 10 working days.

Reviewing the decision

There is no right of appeal against a decision not to make an award or about the amount of an award. If you are not happy with the outcome you can ask us to review your application within 5 days of our decision.

Requests for a review should be made in writing and must state the reasons why you do not agree with the decision and why you are asking for a review. The review will be carried out by a senior officer not involved in the original decision. You will be notified of the outcome of the review within 14 days of your request.

Repeat applications

Support will normally be provided from the fund once, In exceptional circumstances repeat applications will be considered on their merit.

Other information about the scheme

At least 50% of funding is ring-fenced to support households with children with up to 50% of the total funding to other households in need of support this winter.

Administrative costs will be deducted from the grant allocation to cover the reasonable costs incurred administering the scheme. These include:

- staff costs
- advertising and publicity to raise awareness of the scheme
- web page design
- printing application forms
- small IT changes, for example, to facilitate MI production

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Designation of Polling Station for Chelsham & Farleigh

Strategy & Resources Committee Thursday, 2 December 2021

Report of: Chief Executive (Returning Officer)

Purpose: For decision

Publication status: Open

Wards affected: Warlingham, Chelsham and Farleigh

Executive summary:

Chelsham and Farleigh is a rural area with very limited appropriate venues to be assigned as a polling place within the polling districts.

The current polling place is at Warlingham Park School. The only area the school can provide to accommodate a polling station is within a small corridor with very little facilities. In the May 2021 elections the school could not accommodate the polling place due to covid-19 and an alternative venue was sought.

The Bull Inn was designated as the polling place for May 2021 and polling station staff and voters were satisfied with it as the polling place. The Bull Inn are willing to allow use of the venue for a polling station for future polls and it is deemed to be a suitable alternative for future polls which can provide better facilities for polling station staff and voters.

This report supports the Council's priority of:

Building a better Council

Contact officer Chailey Gibb Lead Democratic Specialist
cgibb@tandridge.gov.uk

Recommendation to Committee:

That it be recommended to Council that The Bull Inn is assigned as the polling place for the Chelsham and Farleigh polling district.

Reason for recommendation:

To ensure a suitable venue is designated as the polling place for voters in the Chelsham and Farleigh polling districts in future elections.

Introduction and background

- 1 A polling district is a geographical area within a ward within which a polling place can be determined. A polling place is defined as a building or place within which voting takes place. The polling station is the room or area in which the voting takes place. The polling station must be within the polling place.
- 2 Electoral Commission guidance states that polling places should be designated so that polling stations are within easy reach of all electors from across the polling district.
- 3 The designation of a polling place is a matter for the Council, whereas decisions about polling stations are for the Returning Officer. Under section 18B of the Representation of the Peoples Act 1983, it is the duty of the council of each district to designate such polling places and keep them under review.
- 4 Chelsham and Farleigh are separate polling districts within the Warlingham East, Chelsham and Farleigh Ward. The Parish Council, Chelsham and Farleigh Parish Council, is separate from Warlingham Parish Council and is coterminous with the polling district boundaries.
- 5 Both Chelsham and Farleigh are largely rural and have a small electorate in comparison with other polling districts in Tandridge.
- 6 The current polling place assigned to Chelsham and Farleigh is Warlingham Park School. This school is an independent school and does not fall into the legislation allowing Returning Officers to use a room in a school as a polling station (Para 22, Part 3, Schedule 1 of the Representation of the People Act 1983)

- 7 A Polling District Review was conducted in 2019 and no significant concerns about the Warlingham Park School's suitability as a polling place during the consultation period. However, concerns have been raised from polling station staff, voters and tellers during recent polls. These included a lack of outdoor lighting and heating during elections in colder months, insufficient power sources to enable charging of devices throughout the day, no sheltered area for tellers and small which may restrict the secrecy of the vote. Accessibility questionnaires completed by Polling Station Inspectors have highlighted accessibility issues.
- 8 As a result of the concerns raised, alternative venues were investigated and two venues within the polling districts were identified. Namely St Christopher's Church in Chelsham and St Mary's Church in Farleigh. They were not considered to be appropriate as they are both on the outskirts of the polling districts and there are poor transport links to them which would have implications on accessibility to voters in the polling district.
- 9 Due to the covid-19 pandemic, the school could not accommodate the polling place in May 2021 and a risk assessment identified that the room used as the polling station would not be suitable as social distancing could not be maintained due to the size of the room.
- 10 The Bull Inn was designated as the polling place for the elections held on 6 May 2021. Officers conducted a risk assessment and it was deemed to be suitable and met all requirements for a polling station including covid-19 mitigations.
- 11 Feedback from voters, polling station staff and ward members on the on the suitability of the Bull Inn as a polling station for the 2021 elections was positive and no negative feedback was received. However, covid-19 restrictions meant that the pub could only serve customers outdoors at the time of the election meaning that the polling station had sole use of the indoor space. This enabled staff to social distance and operate a one-way system.
- 12 Staff at the Bull Inn have confirmed that they are willing to accommodate a polling station for future elections. However, an alternative area will need to be found as the pub would operate alongside the poll during its opening hours (12 – 10pm).

Other options considered

A polling place must be designated for Chelsham and Farleigh polling districts. The following options have been considered:

	Option	Potential advantages	Potential disadvantages
1	Move polling place to St Christopher's Church	Within Farleigh polling district Good sized hall available	On outskirts of polling district Poor transport links
2	Move Polling place to St Mary's Church	Within Chelsham polling district	On outskirts of polling district Poor transport links & not accessible to all on foot due to long driveway
3	Move Polling place to Warlingham Methodist Church	No additional cost Hall meets accessibility requirements with no need for further work to be undertaken	May lead to capacity problems at busier polls Voter confusion as there would be 3 polling stations Not within either polling district
4	Keep polling place at Warlingham Park School	Maintains the status quo and voters familiar with it	Outlined in paragraph 7 above

Consultation

Ward members, polling station staff and the Returning Officer have been asked to provide feedback on the suitability of the polling place and any other options available.

Key implications

Comments of the Chief Finance Officer

The average cost of for the polling place is c£250. The recommended polling place is just below this average. So even though it is a commercial setting the costs are aligned.

Funding for elections comes from a number of sources depending on the election. All reasonable costs for national elections can be reclaimed from the central government as well as County Council and Police & Crime Commissioner elections can be reclaimed from the relevant stakeholder.

Whereas costs incurred for district elections are payable by the local authority. It is the responsibility of the Returning Officer to ensure that all expenditure incurred for the purpose of conducting elections is necessary for the efficient and effective running of the poll. There is currently an election budget for all the related staff expenses, equipment and hire costs to conduct an election within the Democratic Service budget. This is currently set at £95,000 in 21/22.

Comments of the Head of Legal Services

Under Representation of the People Act 1983, Returning Officers have the right to use certain public buildings for use as polling stations at elections which can include public houses.

Officers in Democratic Services have concluded that it is necessary for The Bull Inn to be assigned as the polling place for the Chelsham and Farleigh polling district. It is required to improve health and safety measures within Polling Stations, which is more of a challenge than ever in a post Covid19 world. The implications of this may be that some electors will have to travel further to cast their vote. All will be able to apply for a postal vote if they do not wish to visit their new polling station.

If Members agree to the changes set out in this report, the change will take effect for the Local elections which will be held in May 2022 and all elections thereafter.

Equality

The access facilities of any alternative polling places would need to be inspected and adjustments made to remedy any significant impediments. Furthermore, Presiding Officers and Polling Station Inspectors complete a comprehensive accessibility survey of their polling 10 places/stations at each election in order to alert the RO to any difficulties which could be remedied in the future.

The Council must seek to ensure that, so far as is reasonable and practical, every polling place for which it is responsible is accessible to all voters. Any decision to re-designate a polling place would need to take the accessibility of alternative locations into account.

Climate change

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

Appendices

None

Background papers

None

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