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

C.C. All Other Members of the Council

Dear Sir/Madam

STRAATEGY & RESOURCES COMMITTEE
TUESDAY, 1ST FEBRUARY, 2022 AT 7.30 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 11th January 2022 (Pages 3 - 8)
   To confirm as a correct record

4. To deal with any questions submitted under Standing Order 30
5. **Chief Officer Sub-Committee - 13th January 2022** (Pages 9 - 10)
   To receive the minutes of this meeting

6. **Investment Sub-Committee - 21st January 2022** (Pages 11 - 22)
   To receive the minutes of this meeting and to consider the recommendations contained therein

7. **Strategy & Resources Committee 22/23 draft budget** (Pages 23 - 42)

8. **2022/23 final budget and 2023/24 MTFS** (Pages 43 - 144)

9. **Payments from customers and debt management policy** (Pages 145 - 192)

10. **Improving TDC’s financial management and reporting arrangements - Financial Regulations** (Pages 193 - 224)

11. **Future Tandridge Programme** (Pages 225 - 288)

12. **Joint Working Agreement for Finance Services** (Pages 289 - 346)

13. **Pay Policy Statement 2022/23** (Pages 347 - 356)

14. **Timetable of meetings for 2022/23** (Pages 357 - 362)

15. **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 11th January 2022 at 7.30pm.

PRESENT: Councillors Bourne (Chair), Langton (Vice-Chair), Black, Bloore, Botten, Caulcott, Cooper, Davies, Elias, Gillman, Pursehouse and Stamp


* These Councillors joined the meeting via Zoom.

220. MINUTES OF THE MEETING HELD ON THE 2ND DECEMBER 2021

These minutes were approved and signed as a correct record.

221. FINANCE TRANSFORMATION

A report was presented which sought approval for a revised staffing structure for the finance function. The report explained that, following a selection process for posts in the previously agreed structure, it had not been possible to recruit suitable candidates to the posts of Senior Finance Business Partner (Deputy s151) and Finance Business Partner (corporate finance). These vacancies had been covered by additional support from Surrey County Council and other external sources when required.

In the circumstances, alternative staffing structures had been considered and the following revised changes were proposed (as per the organisation chart at Appendix 1 to the report):

(i) appointment to a full time s151 / Chief Finance Officer (CFO) leadership role; the current CFO (Anna D’Alessandro) would continue to provide support and mentoring to this role both during transition to the new model and then provide ongoing support for 10-20% of her time - the costs of this will be included in the Joint Working Agreement;

(ii) remove the Deputy s151 role from the structure (HOS 2) - the CFO post would absorb more of the operational leadership responsibilities that would otherwise have been vested in the Deputy role, the remaining responsibilities of which will be shared between the posts referred to in (iii) and (iv) below;

(iii) create a new Senior Finance Business Partner (SFBP) role to oversee all the service facing functions (HOS 1) - the two service facing FBPs and the Assistant FBP would all report to this role;

(iv) create a new Exchequer Manager role (M3) to oversee the exchequer team – the role would report directly to the CFO post;

(v) the corporate finance structure to remain unchanged.
The Committee was advised that the changes would have a neutral financial impact as the increased costs arising from (i), (iii) and (iv) above would be offset by the removal of the Deputy s151 role. In response to Members’ comments about this, the Chair agreed to liaise with the Chief Executive after the meeting about whether a cost comparison analysis of the old and new finance staffing structures to could be provided for Members.

The report also clarified the status of the Joint Working Agreement (JWA) with Surrey County Council. As opposed to a ‘contract for services’ it was confirmed that this is a partnership agreement for the creation of a shared finance team to work with staff directly employed by TDC to achieve agreed key aims and objectives. A draft JWA had been circulated to Committee members the day before the meeting. The report proposed that authority be delegated to the Chief Executive to vary the JWA in light of the new staffing structure. However, following a proposal from Councillor Pursehouse, it was agreed that the revised JWA should be brought to the Committee’s meeting on the 1st February 2022 for approval.

**RESOLVED** – that:

A. the new finance structure as set out in Appendix 1 to the report be agreed; and

B. the revised Joint Working Agreement, reflecting A above, be submitted to the Committee’s meeting on the 1st February 2022 for approval.

**ACTION:**

<table>
<thead>
<tr>
<th>Officer responsible for ensuring completion</th>
<th>Deadline</th>
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<tbody>
<tr>
<td>Chair to liaise with the Chief Executive about whether a cost comparison analysis of the old and new finance staffing structures to could be provided for Members.</td>
<td>Chief Executive / Ricky Fuller</td>
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**222. STRATEGY & RESOURCES QUARTER 2 PERFORMANCE REPORT**

The Committee considered an analysis of progress against its key performance indicators, together with updated risk registers, for the second quarter of 2021/22. Members discussed some of the five ‘red risks’ in the corporate risk register and the associated mitigations. The Chief Executive advised that the emerging Tandridge transformation programme would seek to address the long-standing risks as well as the scope for redesigning the delivery of services. The need for more work to be done to progress the climate change action plan was acknowledged, including opportunities for engaging with Surrey County Council via its climate change strategy partnership initiatives.

**RESOLVED** – that that the Quarter 2 (2021/22) performance and risks for the Strategy & Resources Committee be accepted.
223. WELLBEING PRESCRIPTION SERVICE CONTRACT EXTENSION

A report was presented to update the Committee about the Wellbeing Prescription Service (WPS) which had been operated by TDC, in partnership with Reigate & Banstead Borough Council, since 2015. The service was provided under the terms of a contract with the NHS East Surrey Integrated Care Provider and allowed GPs and other agencies to refer residents to a trained wellbeing advisor, e.g. to improve lifestyles and maintain independent living. The duration of the current contract was for three years to March 2021, with an option to extend to March 2023. The Committee was invited to endorse the contract extension which was being observed in practice by the parties, although the variation agreement had not been signed due to delays arising from the Covid pandemic.

The report also informed Members about:

- an independent evaluation in April 2021 which concluded that the service was supporting the aims of the Surrey Health and Wellbeing Strategy and delivering demonstrable benefits
- performance metrics and client feedback
- current resourcing and funding arrangements
- the need to review future contractual arrangements, including costing and pricing elements.

The Committee praised the WPS team for its work in delivering this valued service and noted that there was sufficient capacity (within the resources provided by the current contract) for dealing with increased levels of demand. Officers undertook to provide information about the number of face to face well-being appointments arranged for clients at two GP surgeries in the Lingfield area.

**RESOLVED** – that:

A. the current two-year extension of the existing contract with the NHS East Surrey Integrated Care Provider until the 31st March 2023 be endorsed;

B. the future work of the Wellbeing Prescription Service be supported and proposals be developed for a new contract in 2023, including cost implications, risks, funding options, and a memorandum of understanding to be agreed between partners; and

C. a report on the outcome of B above be submitted to a future meeting of this Committee.

**ACTION:**

<table>
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<tr>
<th>Information to be provided to Councillor Steeds about the number of face to face well-being appointments arranged for clients at two GP surgeries in the Lingfield and surrounding area.</th>
<th>Officer responsible for ensuring completion</th>
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<tbody>
<tr>
<td>Nicola Boreham</td>
<td>18.01.22</td>
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224. RENTAL GRANT SUBSIDY APPLICATIONS

The Committee considered applications (and officer recommendations) for rental subsidies from three tenant organisations, namely the East Surrey Museum, Caterham Community Association and Warlingham Sports Association. The applications had been submitted in accordance with the Council’s policy which sought to provide transparency regarding the extent to which it subsidised community organisations which utilised Council owned land and buildings.

Rod Stead, a trustee of the East Surrey Museum, addressed the Committee (as permitted by Standing Order 31). He welcomed the prospect of a 15-year lease and confirmed that the museum should be able to take responsibility for the central heating system within the premises (1 Stafford Road, Caterham) as proposed within the report. However, he expressed concern at the requirement for the museum to contribute towards rental costs after the first three years of the new lease, especially as grants from other sources were unlikely to be available for running costs. He also questioned the recommended condition that the museum should ‘take steps to improve the energy performance of the building’ given that it only occupied the ground floor. Regarding this latter point, officers clarified that the intention of the ‘energy performance’ condition was for the museum to install more energy efficient light fittings etc as opposed to having to insulate the building.

During the debate, it was suggested that future consideration of the museum’s lease renewal be deferred, pending the establishment of a Working Group to offer strategic support to the trustees in developing a sustainable business plan to reflect the requirements of the new lease. The Committee concluded that the proposed lease and associated conditions should be agreed forthwith, but that the Working Group initiative, as proposed by Councillor Botten, should still be progressed.

The proposed leases and conditions for the Caterham Community Association and Warlingham Sports Association were agreed.

RESOLVED – that:

A. regarding the East Surrey Museum:

(i) a 15-year lease be granted, with a stepped rent of £1,500 from the 3rd anniversary, £3,000 from the 4th anniversary and rent reviews in year 5 and year 10, and a tenant option to break the lease on or after each review date;

(ii) the lease continues to be excluded from the security of tenure provisions of the 1954 Landlord & Tennant Act to give the Council the flexibility it needs, should circumstances be different at the end of the lease;

(iii) the museum prepares a detailed business case setting out its vision for improving and modernising the museum and providing detailed plans showing how it intends to deliver its vision;

(iv) a rental grant subsidy of 100% be granted in years 1 to 3, approximately 90% in year 4 and approximately 80% in year 5 be awarded (as per (i) above) subject to the museum:

• taking responsibility for replacing the boiler and heating controls, and ensuing compliance with Part L of the building regulations
• taking steps to improve the energy performance of the building, thus achieving greater alignment with the Council’s key objective of ‘becoming a greener and more sustainable District’

• seeking grant funding from non-Council sources and/or fundraising to achieve the above two conditions;

(v) a Working Group of Members and Officers be formed to offer strategic support to the trustees in developing a sustainable business plan to reflect the requirements of the new lease;

B. regarding the Caterham Community Association:

(i) a 15-year lease be granted, with a rent reviews in year 5 and year 10

(ii) the lease continues to be excluded from the security of tenure provisions of the 1954 Landlord & Tenant Act to give the Council the flexibility it needs, should circumstances be different at the end of the lease;

(iii) the Association submits a detailed business case setting out its vision and delivery plan;

(iv) a rental grant subsidy of 95% be awarded, subject to the Association:

• continuing to be responsible for the repair and maintenance of the building and grounds in full;

• taking steps to improve the energy performance of the building, thus achieving greater alignment with the Council’s key objective of ‘becoming a greener and more sustainable District’

• seeking grant funding from non-Council sources and/or undertaking fundraising to achieve the above two conditions;

C. regarding the Warlingham Sports Association, a new five-year lease be granted, with a 30% rental grant subsidy, subject to the Association taking responsibility for all internal repairs and maintenance and statutory compliance at the Hamsey Green pavilion.

**ACTIONS:**

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<td>Alison Boote</td>
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<td>2</td>
<td>Kate Haake</td>
<td>25.03.22</td>
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Rising 8.57 pm
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TAN DRIDGE 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 13th January 2022 at 2.00pm.

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

1. ELECTION OF CHAIR FOR THE MEETING

Councillor Botten was elected Chair of the meeting.

2. CHIEF EXECUTIVE – CONFIRMATION OF PERMANENT CONTRACT

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).

The Lead HR specialist had submitted a report which recommended that the Chief Executive (David Ford) be formally confirmed as a permanent member of staff. This was in line with the views expressed by Sub-Committee members at David Ford’s 6-month probationary review meeting on 21st December 2021.

RESOLVED – that the Chief Executive (David Ford) be formally confirmed as a permanent member of staff.

3. INTERVIEW FOR THE POSITION OF CHIEF FINANCE OFFICER

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).

Mark Hak-Sanders was interviewed for the post of Chief Finance Officer.

RESOLVED – that Mark Hak-Sanders be offered the post of Chief Finance Officer.
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1. MINUTES OF THE MEETING HELD ON THE 5TH NOVEMBER 2021

Given that the meeting was inquorate, approval of these minutes stood deferred until the next meeting.

2. SUMMARY INVESTMENT AND BORROWING POSITION AT 31ST DECEMBER 2021

The investment analysis at Appendices A and B was presented.

**RECOMMENDED** – that the Council’s investment and borrowing position, at 31st December 2021, as set out at Appendices A and B, be noted.

3. FUND MANAGER SELECTION

Arising from the Sub-Committee’s meeting on the 24th September 2021, a report was presented to update Members about the process to identify an appropriate investment portfolio to support the Council’s medium-term financial objectives and an approach to future decision making for such investments.

Building on the analysis previously undertaken by Link Group (the Council’s treasury advisors) and with their further support and guidance, the report proposed a conclusion to the process. It explained that future fund selections would have to be cognisant of:

- the fact that the Council’s revenue budget relied on approximately £500,000 per annum of income from the four funds currently holding £12 million of investment and that, given the current budget pressures, there was little scope for pursuing a strategy that would generate less revenue income; and
- the current reliance on the ‘statutory override’ (of usual accounting practice) which meant that the Council’s revenue budget was not impacted by annual gains or losses in the capital value of investments, unless they were withdrawn.

The current ‘statutory override’ was in place until 31st March 2023 and the Government had not yet decided whether to extend it. The outcome would influence future investment decisions as removal of the override would heighten the need to avoid capital losses (which would have an adverse impact on the revenue budget) whereas retention would make higher income funds more attractive and capital performance less of a concern.

In light of the above, the report contained:

- an analysis of the performance of the four funds in which the Council was currently investing (namely the CCLA Property and Diversification Funds; Schroders Credit Fund; and UBS Multi Asset Fund*) which concluded that the Council should remain in the funds until capital values had recovered to at least the amount invested;

  * the Council had previously decided to cease re-investing in its peer to peer loans with Funding Circle and to withdraw funds as those loans were repaid

- commentary on the total sum which the Council should be investing with counterparties, based on current surplus cashflow projections – this advised that the current £12 million could be retained in the knowledge that the Chief Finance Officer (under powers provided within the Financial Regulations section of the Constitution) was authorised to change the balances invested in light of significantly reduced or increased cashflow scenarios.

The report suggested criteria for future adjustments to the Council’s investment portfolio but concluded that no changes be made for the time being.

Nazmin Miah (Link Group) and Haley Woollard (Treasury Centre of Expertise via the Joint Working Arrangement for finance services with Surrey County Council) supported officers with the presentation of the report and in responding to Members’ questions. Discussion focused on the implications of the ‘statutory override’ not being extended, including the likely timeframe for having to adjust the current portfolio before the General Fund became adversely affected. Officers confirmed that, while the Government’s decision on the override was awaited, plans in response to various scenarios would be developed.

Officers also confirmed that improved cash flow balances could provide the required confidence to invest more of the Funding Circle proceeds (i.e. to add to the £12 million referred to above). The report recommended that authority be delegated to the Chief Finance Officer to amend the investment balances in light of significant fluctuations in cash projections. It was agreed that such delegation should be made subject to consultation with the Chair of the Sub-Committee.

**RECOMMENDED** – that:

A. the medium-term objective to balance a sustainable level of investment income against the stability of fund value, taking a considered approach to risk management in a changing investment environment, be noted;

B. the strategy to provisionally retain current investments (excluding Funding Circle which will continue to wind-down) until a decision has been made by Government on whether to extend the current ‘statutory override’ (which prevents gains and losses in capital value impacting on the revenue budget) be approved;
C. if the override is not extended, approval be given to disinvest from the following three funds at a point where their capital value recovers to at least equal to the amount invested, or if it is clear that their capital value will not recover further:

- Schroders Credit Fund
- UBS Multi Asset Fund
- CCLA Diversified Fund

D. it be noted that the intended strategy is that, if the 'statutory override' is not extended, the Council intends to re-invest amounts in funds representing the best overall return (through combined capital value and revenue income) in a ratio considered proportionate with the overall fund size; currently these would be as follows:

- Royal London Assets Management (RLAM);
- Legal and General Investment Management (LGIM); and
- Newton Multi Asset Income Fund (Newton MAIF)

but fund performance would need to be re-confirmed before any deposit was made and this will be reported back to the Sub-Committee once a decision is made by Government;

E. the retention of the CCLA Property Fund, offering strong capital and income performance and providing diversity to the overall portfolio, be approved;

F. the balance in the four funds should be retained at a level commensurate with latest projections of long-term cash availability and authority be delegated to the Chief Finance Officer, in consultation with the Chair of the Sub-Committee, to amend the balances invested in the funds as necessary to retain a prudent working capital balance; and

G. it be noted that the constitution delegates the execution and administration of treasury management decisions and borrowing strategy to the officer designated for the purposes of Section 151 of the Local Government Act 1972 (i.e. Chief Finance Officer).

4. CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGY

This updated strategy provided a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the delivery of the Council’s priorities, along with an explanation of how risk, security and liquidity are managed. It summarised the Council’s capital expenditure and financing plans, together with the principles, funding sources and governance arrangements for the management of the Capital Programme. It also covered:

- the treasury management function, which sought to ensure that income raised during the year is sufficient to meet expenditure plans and that cash is available when needed – a key objective is to invest surplus cash with counterparties and in instruments commensurate with the Council’s low risk appetite, whilst ensuring security and liquidity;
• the Council’s investment property strategy, aimed at providing a robust framework for the acquisition of property investments and the pursuance of redevelopment and regeneration opportunities.

Upon presenting the strategy, attention was drawn to its impact upon the revenue budget, together with:

• the recent CIPFA (Chartered Institute for Public Finance and Accountancy) consultation on the Prudential Code for capital finance in local authorities, which suggested that, while Councils should review the pros and cons of retaining current investments, they could be retained and expenditure on repairs, renewals and refurbishments could also be incurred; and

• the intention to adopt, as part of the strategy, the Annual Minimum Revenue Provision (MRP) Policy Statement at Appendix C.

Regarding the investment property strategy, the means of evaluating economic regeneration benefits associated with ‘in District’ acquisitions were discussed.

**RECOMMENDED** – that the Capital, Investment and Treasury Management Strategy, as at Appendix 1 to the report, be approved, subject to ratification by Full Council.

### 5. PROPERTY INVESTMENT UPDATE

The meeting moved 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.

As per the Sub-Committee’s recommendation at its previous meeting, Redstone House (South Nutfield) was being marketed for sale. Members were informed about the current position in respect of that process. A verbal update was also given regarding the other commercial investment properties owned by the Council and its subsidiary company, Gryllus properties, i.e.:

**TDC properties:**

- Village Health Club, Caterham on the Hill
- Linden House, Caterham on the Hill
- Quadrant House, Caterham Valley

**Gryllus properties:**

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

Regarding Linden House, Members were informed of the progress of negotiations with the existing tenant regarding the renewal of the lease which was due to expire in June 2022. Members were satisfied that the lease should be renewed based on the information provided and that the Executive Head of Communities should be authorised to conclude the negotiations in consultation with the Chair and Vice Chair of the Strategy & Resources Committee.
RECOMMENDED – that authority be delegated to the Executive Head of Communities, in consultation with the Chair and Vice Chair of the Strategy & Resources Committee, to proceed with the lease renewal of Linden House, Caterham for the best consideration she can achieve.

Rising 12.01 pm
Summary of investments and borrowing as at 31st December 2022

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<tr>
<th>Investment</th>
<th>Investment Amount 31/03/21 £</th>
<th>Net Asset Value 31/12/21 £</th>
<th>Yield Rate %</th>
<th>Note 1</th>
<th>Forecast Return 2021/22 £</th>
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<td><strong>Non-Specified (Financial Investments)- Long Term</strong></td>
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<td>CCLA Property Fund</td>
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<td>Forecast Cost 2021/22</td>
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<td>%</td>
<td>£</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General Fund Borrowing</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Gryllus Loan</td>
<td>3,420,000</td>
<td>2.46</td>
<td>84,132</td>
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<tr>
<td>Freedom Leisure Loan</td>
<td>2,225,000</td>
<td>2.45</td>
<td>54,513</td>
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<tr>
<td>Village Health Club</td>
<td>938,678</td>
<td>2.38</td>
<td>22,341</td>
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<tr>
<td>Linden House</td>
<td>4,175,000</td>
<td>2.69</td>
<td>112,308</td>
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<tr>
<td>Linden House</td>
<td>254,000</td>
<td>2.42</td>
<td>6,147</td>
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<tr>
<td>Quadrant House</td>
<td>15,340,000</td>
<td>2.41</td>
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<td>Quadrant House</td>
<td>800,000</td>
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<td>18,240</td>
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<td>Gryllus - 80-84 Station Road</td>
<td>724,400</td>
<td>2.28</td>
<td>16,516</td>
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<td>Gryllus - Castlefield</td>
<td>15,549,000</td>
<td>2.91</td>
<td>452,476</td>
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<td><strong>Sub Total General Fund Borrowing</strong></td>
<td><strong>43,426,078</strong></td>
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<td><strong>1,136,366</strong></td>
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<td></td>
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<tr>
<td><strong>Total GF PWLB Budget 2021/22</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over/(under) budget</td>
<td></td>
<td></td>
<td>(634)</td>
<td></td>
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</tr>
</tbody>
</table>

**HRA Borrowing**

| Public Works Loan Board           | 61,189,000  | 2.70     | 1,632,209             |
| **Sub Total HRA Borrowing**       | **61,189,000** |          | **1,632,209**         |

**Total HRA PWLB Budget 2021/22**

| Over/(under) budget               |             |          | (30,291)              |

| Total Borrowing                   | **104,615,078** |          | **2,768,575**         |
| Total Budget 2021/22              |               |          | **2,799,500**         |
| Total Over/(under) budget         |               |          | (30,925)              |

**Notes:**
1. Yield Rate - forecast return divided by net asset value.
2. Gryllus share capital comprises of equity shares arising from loans granted - no dividend will be paid in the current year.
## Appendix B - Market value of long term investments at 31st December 2021

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carrying Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCLA Property Fund</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Schroders Bond Fund</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>UBS Multi Asset Fund</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
<td>3,000,000</td>
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</tr>
<tr>
<td>CCLA Diversification Fund</td>
<td>n/a</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,000,000</td>
<td>12,000,000</td>
<td>12,000,000</td>
<td>12,000,000</td>
<td>12,000,000</td>
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<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Market Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCLA Property Fund(mid-market value)</td>
<td>4,082,986</td>
<td>4,276,854</td>
<td>4,276,005</td>
<td>4,188,063</td>
<td>4,158,183</td>
<td>4,672,521</td>
</tr>
<tr>
<td>Schroders Bond Fund</td>
<td>2,963,563</td>
<td>2,912,837</td>
<td>2,865,130</td>
<td>2,539,938</td>
<td>2,908,911</td>
<td>2,915,856</td>
</tr>
<tr>
<td>UBS Multi Asset Fund</td>
<td>3,018,705</td>
<td>2,918,160</td>
<td>2,868,479</td>
<td>2,520,713</td>
<td>2,777,398</td>
<td>2,772,075</td>
</tr>
<tr>
<td>CCLA Diversification Fund (indicative market value)</td>
<td>n/a</td>
<td>1,921,257</td>
<td>1,982,167</td>
<td>1,804,193</td>
<td>1,955,874</td>
<td>2,110,463</td>
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<tr>
<td><strong>Total</strong></td>
<td>10,065,254</td>
<td>12,029,108</td>
<td>11,991,781</td>
<td>11,052,907</td>
<td>11,800,366</td>
<td>12,470,915</td>
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</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surplus/(Deficit)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCLA Property Fund</td>
<td>82,986</td>
<td>276,854</td>
<td>276,005</td>
<td>188,063</td>
<td>158,183</td>
<td>672,521</td>
</tr>
<tr>
<td>Schroders Bond Fund</td>
<td>(36,437)</td>
<td>(87,163)</td>
<td>(134,870)</td>
<td>(460,062)</td>
<td>(91,089)</td>
<td>(84,144)</td>
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<tr>
<td>UBS Multi Asset Fund</td>
<td>18,705</td>
<td>(81,840)</td>
<td>(131,521)</td>
<td>(479,287)</td>
<td>(222,602)</td>
<td>(227,925)</td>
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<tr>
<td>CCLA Diversification Fund</td>
<td>n/a</td>
<td>(78,743)</td>
<td>(17,833)</td>
<td>(195,807)</td>
<td>(44,126)</td>
<td>110,463</td>
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<tr>
<td><strong>Total</strong></td>
<td>65,254</td>
<td>29,108</td>
<td>(8,219)</td>
<td>(947,093)</td>
<td>(199,634)</td>
<td>470,915</td>
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</table>
## Full Year forecast at 31.12.21

<table>
<thead>
<tr>
<th>Gross Revenue Yield</th>
<th>17/18</th>
<th>17/18</th>
<th>18/19</th>
<th>18/19</th>
<th>19/20</th>
<th>19/20</th>
<th>20/21</th>
<th>20/21</th>
<th>21/22</th>
<th>21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
</tr>
<tr>
<td>CCLA Property Fund</td>
<td>193,758</td>
<td>4.53%</td>
<td>183,989</td>
<td>4.30%</td>
<td>185,240</td>
<td>4.42%</td>
<td>179,910</td>
<td>4.33%</td>
<td>157,400</td>
<td>3.37%</td>
</tr>
<tr>
<td>Schroders Bond Fund</td>
<td>105,413</td>
<td>3.62%</td>
<td>120,508</td>
<td>4.21%</td>
<td>124,418</td>
<td>4.90%</td>
<td>125,529</td>
<td>4.32%</td>
<td>127,600</td>
<td>4.38%</td>
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<tr>
<td>UBS Multi Asset Fund</td>
<td>146,788</td>
<td>5.03%</td>
<td>116,513</td>
<td>4.06%</td>
<td>137,531</td>
<td>5.46%</td>
<td>140,171</td>
<td>5.05%</td>
<td>132,800</td>
<td>4.79%</td>
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<tr>
<td>CCLA Diversification Fund</td>
<td>62,732</td>
<td>3.27%</td>
<td>67,030</td>
<td>3.38%</td>
<td>66,284</td>
<td>3.67%</td>
<td>62,069</td>
<td>3.17%</td>
<td>54,600</td>
<td>2.59%</td>
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<td><strong>Total</strong></td>
<td>508,691</td>
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<td>488,040</td>
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<td>513,473</td>
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<td>507,679</td>
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<td>472,400</td>
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</table>

<table>
<thead>
<tr>
<th>Surplus/(Deficit) - Capital Value</th>
<th>17/18</th>
<th>17/18</th>
<th>18/19</th>
<th>18/19</th>
<th>19/20</th>
<th>19/20</th>
<th>20/21</th>
<th>20/21</th>
<th>21/22</th>
<th>21/22</th>
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<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
</tr>
<tr>
<td>CCLA Property Fund</td>
<td>193,868</td>
<td>4.53%</td>
<td>(849)</td>
<td>-0.02%</td>
<td>(87,942)</td>
<td>-2.10%</td>
<td>(29,880)</td>
<td>-0.72%</td>
<td>514,338</td>
<td>11.01%</td>
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<td>Schroders Bond Fund</td>
<td>(50,726)</td>
<td>-1.74%</td>
<td>(47,707)</td>
<td>-1.67%</td>
<td>(325,192)</td>
<td>-12.80%</td>
<td>368,973</td>
<td>12.68%</td>
<td>6,945</td>
<td>0.24%</td>
</tr>
<tr>
<td>UBS Multi Asset Fund</td>
<td>(100,545)</td>
<td>-3.45%</td>
<td>(49,681)</td>
<td>-1.73%</td>
<td>(347,766)</td>
<td>-13.80%</td>
<td>256,685</td>
<td>9.24%</td>
<td>(5,323)</td>
<td>-0.19%</td>
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<tr>
<td>CCLA Diversification Fund</td>
<td>(78,743)</td>
<td>-4.10%</td>
<td>60,910</td>
<td>3.07%</td>
<td>(177,974)</td>
<td>-9.86%</td>
<td>151,682</td>
<td>7.76%</td>
<td>154,588</td>
<td>7.32%</td>
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<tr>
<td><strong>Total</strong></td>
<td>(36,146)</td>
<td></td>
<td>(37,327)</td>
<td></td>
<td>(938,874)</td>
<td></td>
<td>747,460</td>
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<td>670,548</td>
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### Net Yield

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<th>17/18</th>
<th>17/18</th>
<th>18/19</th>
<th>18/19</th>
<th>19/20</th>
<th>19/20</th>
<th>20/21</th>
<th>20/21</th>
<th>20/21</th>
<th>20/21</th>
<th>20/21</th>
<th>20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
</tr>
<tr>
<td>CCLA Property Fund</td>
<td>387,626</td>
<td>9.06%</td>
<td>183,140</td>
<td>4.28%</td>
<td>97,298</td>
<td>2.32%</td>
<td>150,030</td>
<td>3.61%</td>
<td>671,738</td>
<td>14.38%</td>
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<tr>
<td>Schroders Bond Fund</td>
<td>54,687</td>
<td>1.88%</td>
<td>72,801</td>
<td>2.54%</td>
<td>(200,774)</td>
<td>-7.90%</td>
<td>494,503</td>
<td>17.00%</td>
<td>134,545</td>
<td>4.61%</td>
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<tr>
<td>UBS Multi Asset Fund</td>
<td>46,243</td>
<td>1.58%</td>
<td>66,832</td>
<td>2.33%</td>
<td>(210,235)</td>
<td>-8.34%</td>
<td>396,856</td>
<td>14.29%</td>
<td>127,477</td>
<td>4.60%</td>
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<td></td>
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<tr>
<td>CCLA Diversification Fund</td>
<td>(16,011)</td>
<td>-0.83%</td>
<td>127,940</td>
<td>6.45%</td>
<td>(111,690)</td>
<td>-6.19%</td>
<td>213,751</td>
<td>10.93%</td>
<td>209,188</td>
<td>9.91%</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>472,545</strong></td>
<td></td>
<td><strong>450,713</strong></td>
<td></td>
<td><strong>(425,401)</strong></td>
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<td><strong>1,255,139</strong></td>
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<td><strong>1,142,948</strong></td>
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### Peer to Peer Investment

<table>
<thead>
<tr>
<th>Fund</th>
<th>17/18</th>
<th>17/18</th>
<th>18/19</th>
<th>18/19</th>
<th>19/20</th>
<th>19/20</th>
<th>20/20</th>
<th>20/20</th>
<th>20/20</th>
<th>20/20</th>
<th>20/20</th>
<th>20/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Circle</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
<td>£</td>
<td>%</td>
</tr>
<tr>
<td>Carrying Value</td>
<td>2,075,341</td>
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<td>2,056,664</td>
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<td>1,831,028</td>
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<td>863,160</td>
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<td>409,576</td>
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<tr>
<td>Interest Paid by Borrowers</td>
<td>181,014</td>
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<td>184,654</td>
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<td>193,170</td>
<td></td>
<td>127,982</td>
<td></td>
<td>54,852</td>
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<tr>
<td>Less FC Service fee</td>
<td>(19,668)</td>
<td></td>
<td>(19,729)</td>
<td></td>
<td>(19,611)</td>
<td></td>
<td>(12,462)</td>
<td></td>
<td>(5,166)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Promotions/Transfer payment</td>
<td>470</td>
<td></td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
<td>0</td>
<td></td>
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</tr>
<tr>
<td>Bad Debts</td>
<td>(61,288)</td>
<td></td>
<td>(111,152)</td>
<td></td>
<td>(127,649)</td>
<td></td>
<td>(80,881)</td>
<td></td>
<td>(25,432)</td>
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</tr>
<tr>
<td>Recoveries</td>
<td>14,780</td>
<td></td>
<td>27,428</td>
<td></td>
<td>30,253</td>
<td></td>
<td>42,431</td>
<td></td>
<td>54,750</td>
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<tr>
<td><strong>Net Yield</strong></td>
<td><strong>114,838</strong></td>
<td></td>
<td><strong>81,201</strong></td>
<td></td>
<td><strong>76,634</strong></td>
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<td><strong>77,070</strong></td>
<td></td>
<td><strong>79,003</strong></td>
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<tr>
<td><strong>Provisions for future losses</strong></td>
<td>0</td>
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<td>(10,000)</td>
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<td></td>
<td></td>
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</tbody>
</table>

*Funding Circle Net yield December 2021 - as principal has been withdrawn throughout the year this has been calculated as net earnings against the average of the opening and closing value. Note there was a large recovery received in June 2021 (£38,494) which has inflated this yield. Excluding this recovery, the yield would be 6.4%*
Annual Minimum Revenue Provision (MRP) Policy Statement 2022/23

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum previous to 2017/18. The Local Government Act 2003 requires the Council to have regard guidance issued by the Department for Levelling Up, Housing and Communities Guidance on Minimum Revenue Provision.

The broad aim of the DLUPHC Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by revenue grant, reasonably commensurate with the period implicit in the determination of that grant.

DLUHC regulations have been issued which require the Full Council to approve the MRP Policy Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

The Council’s MRP policy will be Asset Life Method. This basis is subject to review and changes in line with the Councils Treasury Management Strategy and approved Prudential Indicators which are revised annually.

Capital expenditure incurred during 2022/23 will be fully subject to a MRP charge from 2024/25 onwards or in the financial year after the asset becomes operational whichever is the latest. This ensures that MRP is only charged to the first, full operational year of the asset’s life.

The Council is recommended to approve the following MRP Policy Statement:

For all unsupported borrowing (General Fund) the MRP Policy will be; Asset Life – Annuity Method, in order to better match MRP to the period of time that the assets are expected to generate a benefit to the Council. (The previous MRP Policy method was Asset Life – Straight Line Method for internal borrowing). Moving from straight line to annuity makes for a more even spread of costs over the life of the assets since interest costs (or investment income foregone) will be higher at the start of the loan and lower at the end. Repaying principal on a straight-line basis therefore unnecessarily front-loads the overall cost.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
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STRATEGY & RESOURCES COMMITTEE 2022/23
DRAFT BUDGET AND MEDIUM-TERM FINANCIAL STRATEGY (MTFS)

Strategy & Resources Committee – 1st February 2022

Report of: Anna D’Alessandro – Chief Finance Officer (Section 151)
Verity Royle – Finance Business Partner

Purpose: To propose the 2022/23 Draft Strategy & Resources Budget (including Corporate Items) to Full Council

Publication status: Unrestricted

Wards affected: All

Executive summary:
The purpose of this report is to present the Draft Budget for 2022/23 and Medium-Term Financial Strategy (MTFS) including Corporate Items and the Capital Programme, for this committee.

Members are requested to agree the recommendations below. These recommendations will be consolidated into the overall position, which is the next agenda item, and is part of the Council-wide budget (to be ratified by Full Council on 10th February 2022).

This report supports the Council’s priority of: Building a better Council/Creating the homes, infrastructure and environment we need/Supporting economic recovery in Tandridge / Becoming a greener, more sustainable District.

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

Recommendation to Committee:
Following on from this item is the consolidated position for the whole Council, to be ratified by Full Council on 10th February 2022. This report focusses on the budgets for Strategy & Resources Committee (including Corporate Items), and recommends that the Committee:
A) Agree the restructure of 2021/22 budgets (approved by Full Council in February 2021) between Strategy & Resources and Corporate Items to realign spend between Strategy & Resources and Corporate Items to ensure it is correctly reflected, and to take account of some of the recommendations from the Grant Thornton review. All of this will provide a stable basis for the build of the 2022/23 budget and ensure opening balances are correct. Refer to Appendix A.

B) Agree the Strategy & Resources Draft Revenue Budget for 2022/23 of £6.3m, taking account pressures and savings allocated as part of Tranche 1. This is shown in Appendix B. Note that a further two tranches of pressures and savings currently held in Corporate Items on behalf of other Committees will be distributed over the coming months (refer to para 1.4);

C) Agree the Corporate Items Draft Revenue Budget for 2022/23 of (£0.6m), as shown in Appendix B. Note that a further two tranches of pressures and savings currently held in Corporate Items on behalf of other Committees will be distributed over the coming months (refer to para 1.4);

D) Agree the Strategy & Resources Committee’s Final Capital Programme for 2022/23 being the sum of £1.8m for 2022/23, as shown in Appendix D;

E) Note the Subjective Revenue Budgets in Appendix C, noting movements from 2020/21 to 2022/23 and an estimated movement to 2023/24;

F) Note that due to timing and capacity constraints across the Council, c£0.7m of savings (as part of a £1.1m savings programme) and c£0.4m of pressures could not be allocated in time for January and February committee cycle, as such they will be allocated in three tranches (refer para 1.4):

- Tranche 1 which are directly attributable to the committee have been allocated as per Appendix B;
- Tranche 2 will be brought to the March committee cycle for approval; and
- Tranche 3 will be overseen and monitored by the Benefits Board and will be brought to the June committee cycle for approval.

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**Reason for recommendation:**

Section 151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2022/23. If the Council is unable to set a balanced budget, the Council will either have to draw down on its reserves which are already below the level considered prudent or it will have to make tough choices about service delivery.
1. **Introduction and background**

1.1. COVID-19 has exacerbated what have been two particularly challenging financial years. This has only served to confirm our requirement to rebuild our Reserves, in order to create financial resilience and support the recovery from previous budget deficits.

1.2. The following section recaps the journey from the setting of the 2021/22 budget to the present day, as context for the Council’s current financial position and proposed 2022/23 budget:

- In February 2021, the Council approved a balanced budget for 2021/22, aiming also to replenish depleted reserves;
- By May 2021, when the 2020/21 outturn should have been reported, it was found that due to past decisions and unusual budget practices, the budgets for 2020/21 and 2021/22 included a recurring budget mistake of £920k;
- In June 2021, Grant Thornton (GT) was commissioned to conduct a Fact Finding and Forensic Review to confirm that the £920k was an actual budget gap, which they did, and also confirmed that it was a base budget (i.e. ongoing) issue;
- The GT report was presented to Strategy & Resources on 14 September 2021 and Audit & Scrutiny 30 September 2021;
- Confidence in the Council’s finances was eroded as a result, with a genuine risk that the ongoing budget position was unsustainable;
- The Council required urgent assurance that the base position was sound, following correction of the budget error;
- The GT report, and subsequent work, provides the Council with confidence that the proposed budget for 2022/23 is sound, and built on solid foundations on which to build the Tandridge Finance Transformation Programme (TFT);
- In addition to the GT review, and acceptance of their 15 recommendations, the Council commissioned:
  - An independent, fundamental root and branch review of the Council’s finances; and
- In order to provide confidence to set a draft budget for 2022/23, the results of these two reviews have been presented to Members; providing assurance that the Balance sheet and 2020/21 outturn have been independently assessed and 2021/22 budget reviewed in forensic detail to find no further significant issues; and
- To complete the rebuild of the Council’s budget, in December 2021 the 2020/21 Outturn was reported to Strategy & Resources along with the Draft Budget for 2022/23. The approved outturn has subsequently been provided to our External Auditors (Deloitte) to continue their work on finalising the 2020/21 Accounts.
1.3. Against this backdrop, the budget setting process for 2022/23 has been extremely challenging. Concluding the process with a sound and balanced budget has been made possible with independent advice and support from GT, Laura Rowley and IMPOWER. The challenges outlined above had a severe impact on the time and resources available to set the 2022/23 budget, which took place in very compressed timelines, whilst Finance was also transitioning to a new Target Operating Model. Arriving at a position which allows the Council to set a balanced budget is a major achievement and testament to the combined hard work of Members and officers.

1.4. Given the current capacity constraints in Finance and across the Council however, we have taken a pragmatic approach to the distribution of pressures and savings in order to ensure a balanced position is achieved for 2022/23 and presented in this report. For the purposes of budget setting, pressures and savings are generic terms used to identify changes (increases or decreases) to budgeted income and expenditure. For example; pressures could include costs due to contract inflation or increases in demand for services. Savings could include optimising existing sources of income or delivering services in an improved/more efficient way to provide better value for money. Refer to the Glossary of Terms in Appendix A

1.5. We will be distributing pressures and savings in three tranches:

- **Tranche 1** – savings and pressures are set out in Appendix B. These are the savings and pressures which were straightforward and simple to allocate.

- **Tranche 2** – will require a bit more time to allocate correctly to each committee and include £367k of pressures comprising £193k of staffing increments, and £174k of contract inflation, plus savings of £200k for vacancy factor. These are currently being worked through and will be brought to the next committee cycle in March for approval. In the intervening period they will be held in Corporate Items

- **Tranche 3** – are the more complex cross-cutting savings totalling £450k, which will require Service Reviews and business cases to be undertaken to ensure accurate distribution to committees. These savings include £200k enabling services/back-office review, £150k of Twin Track accelerated savings in 2022/23, £25k of review of staffing increments, pay award and terms and conditions and £75k of ensuring best value for external spend. The mechanism to oversee this process is the Benefits Board (described in more detail in the Future Tandridge Programme paper on this same agenda). The first meeting of this Board will take place in January and will meet on a monthly basis to ensure that the benefits are being defined, owned and delivered. The proposal is to take the cross-cutting savings allocation to committees in June for approval. Although, this will not occur until the end of quarter 1 in 2022/23, the Benefits Board will support their delivery on behalf of committees, and they will be monitored closely internally. In the intervening period they will be held in Corporate Items.
1.6. As part of the budget setting process for 2022/23 there were a number of indicative pressures identified for 2023/24 and savings which reflect the ongoing nature of those from 2022/23. They have been identified in Appendix B and will be reviewed and updated as part of next year’s budget setting process.

1.7. The final budget for 2022/23 no longer anticipates the use of reserves to balance, with the anticipated pooling gain and additional funding allocated through the settlement closing the remaining gap. This will leave reserves at a legally acceptable level for now, but one which would require improvement through building in the next financial year. In future years, subsequent budgets and the financial strategy will target the replenishment of reserves, increasing them to a level to create resilience against medium-term risk.

1.8. The process followed to date has been well scrutinised and good progress has been made. Internal workshops have been held with Finance, Senior Leadership Teams and Members to allow discussions on both pressures and savings. Identified in this report are the committee’s pressures and savings that are proposed to support closing the Council’s budget gap.

1.9. Still, the COVID-19 pandemic will continue to create uncertainty into the 2022/23 financial year and possibly further into the medium-term. The Council has been integral in the response to support residents and will continue to do all it can and as long as it is required. This is not however without its risks and financial challenges.

1.10. The draft version of the Budget and MTFS was taken to Strategy & Resources Committee on 2 December 2021 detailing a budget gap for 2022/23 of £0.3m. Further to the provisional settlement received on 16th December, we have now proposed a balanced budget. The consolidated and overall report for the Council is reflected in the attached report (next agenda item) as the Final 2022/23 Budget Report and MTFS and will be presented for approval by Full Council on 10th February.

2. Strategy and Resources Departmental Strategy

2.1. The Committee is led by three Executive Leadership Leads. Strategy & 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.

2.2. 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.

2.3. The Committee is also responsible for the Corporate Items 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, Community Infrastructure Levy (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.

2.4. The Committee aims to provide the Council with a more joined-up approach to support Strategy & 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.

2.5. Alongside the ‘Twin Track’ Budget process (as detailed in the Draft Budget paper – 2 December 2021, Strategy & Resources Committee), the committee is looking to provide efficient services without reducing the service offering to residents. 2022/23 begins the process of identifying efficiencies following progress in stabilising and raising the quality of services provided.

2.6. 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.

3. **Budget Restructure in 2021/22**

3.1. As part of the assurance work undertaken to ensure that the 2021/22 budget provided a robust base for the development of the budget for 2022/23, officers undertook a line-by-line budget review. For this committee, the outcome of that review is a recommendation to restructure budgets within and between Strategy & Resources and Corporate Items.

3.2. The intention of the restructure is to remove unusual budgetary practice (such as assigning budgets to non-cash items as confirmed by the GT review), ensure that each budget has a clearly identified budget holder, reflects the current organisation structure and has a clearly defined split between Resources and Support services and Corporate budgets.

3.3. The Committee is recommended to approve the following virement to enact these changes in 2021/22. Full details are provided in Appendix A. The revised budgets are assumed as the starting point for the 2022/23 budget, explained in the following sections.
Table 1: Recommended restructure of the S&R Budgets.

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<th>Other committees £</th>
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4. Revenue Budget - Resources and Support Services

4.1. Following the budget restructure set out above, the revenue budget for Resources and Support Services totals £6.3m. Appendix C details the subjective budgets from 2020/21 Outturn to Estimated Budget 2023/24.

4.2. The revenue budget proposals have been prepared on the basis that all existing services to residents are maintained directly (customer services) or indirectly (supporting other policy committees).

4.3. Tranche 1 of Financial savings (totalling £128k) have been included in the draft Budget for this committee. Appendix A and Appendix B set out full details of virements, and this tranche of allocated savings and pressures. The summary savings items are as follows:

- **Service Efficiencies £80k**; comprising reassessment of occupancy of the Town Hall and external opportunities for external organisations leasing space capacity, removal of the Tandridge Magazine and reduction in telephony costs from the review of contracts, and

- **People & Enabling Services £48k**; comprising review of the organisation structure to release vacant posts and other small staffing related savings.

4.4. Tranche 1 Financial pressures (totalling net £73k) have been included and summarised as follows:

- **People & Enabling Services net £72k**; comprising investment in the new Finance Operating Model, investment to strengthen the Revenues and Benefits service to ensure that Council Tax and Business Rates are appropriately applied offset by redeployment of a post from the General Fund to the HRA, and

- **Service Demands net £1k**; comprising licencing and software, offset by a reduction in corporate expenses budget.

4.5. The remaining two tranches will be distributed as set out in para 1.4 above.
5. **Revenue Budget - Corporate Items**

5.1. The Revenue Budget as presented for this committee totals (£0.6m). **Appendix A** details the subjective budgets from 2020/21 Outturn to Estimated Budget 2023/24.

5.2. As set out above the Corporate Items budget will have its own savings and pressures to mitigate and will also temporarily hold those on behalf of the other committees whilst they are being distributed. This is detailed in **Appendix B**.

5.3. **Financial savings (totalling £137k)** have been included in the 2022/23 Draft Budget for Corporate Items. Summary savings include:

   - **Fees & Charges £125k**; review of all fees and charges, including those assigned to the General Fund, and
   - **Service Efficiency £12k**; improvements to Building Control productivity.

5.4. **Financial net pressures (£545k)** have been included in the 2022/23 Draft Budget and summarised as follows:

   - **Corporate Items Budgets £545k**; comprising corporate elements of budgets such as MRP, the 2020/21 pensions budget gap offset by the removal of corporate reserves and contingencies from the base budget and one-off support to Freedom Leisure, and
   - **Service Demands of a net nil financial impact** due to pressures in property and investment income being equally offset by the income equalisation Reserve.

5.5. **Appendix B** is an extract from the MTFS for this committee which details the pressures and opportunities/savings identified and details the overall budget position against the budget envelope.

6. **Fees and Charges**

6.1. Charges for services for a key part of the mechanism for financing local services. In simple terms income from fees and charges offsets the cost of the service. If income from charging does not fully offset costs, then the Council Taxpayer must pay for the difference.

6.2. It is therefore important that charges are regularly reviewed and assessed to reflect the Council’s corporate priorities and are increased annually to take account of inflation, demand and any other appropriate factors particular to individual charges. 2022/23 will be a challenging year with ongoing uncertainty relating to the pandemic. This is all exacerbated by the significant uncertainty with funding from Central Government over the medium-term. The Spending Review and the provisional settlement has only provided us with surety for one year.
6.3. Fees and charges for Strategy & Resources are very limited and relate to either debt recovery (Summons and Liability Orders) or Legal Services advice or housing related documents (Wayleaves, Leases or Right to buy packs). Extra costs added to debts for formal recovery require approval by the Magistrates Court. Any increases to these fees would be unlikely to be successful in the current climate.

6.4. Therefore, charges will be retained as follows, with no inflationary impact:

- Council Tax Summons Charges: £62.50
- Council Tax Liability Order: £30.00
- NNDR Summons Charges: £102.50
- NNDR Liability Order: £20.00

6.5. Legal services fees & charges will be updated in a paper to S&R in March 2022. The fees are to be reviewed and benchmarked against other government and local authorities’ charges.

7. **Capital Programme**

7.1. The proposed Capital Programme for this committee is shown at Appendix D. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.

7.2. Included in the Appendix is a narrative description of each scheme.

8. **Other options considered**

8.1. It is a legal obligation that the Council sets a balanced budget for 2022/23 and this has been achieved with the Strategy & Resources Committee having balanced its budget.

9. **Consultation**

9.1. It is good practice for the Council to consult on its proposed budget for the next financial year. The views of local people and key stakeholders are considered in arriving at the final budget setting process.

9.2. The Council’s Budget Consultation exercise, in relation to the Budget for 2022/23, took place over January 2022, providing information in relation to the budget challenge that the Council faces. The outcome of that consultation is included in the consolidated Final Budget Report.

9.3. The public consultation gave residents and stakeholders an opportunity to comment on the 2022/23 overall budget before final decisions were formalised in the Council’s annual budget.
Key implications

10. **Comments of the Chief Finance Officer (s151)**

10.1. The Council has faced a turbulent and challenging financial year with the identification of the error in the 2020/21 budget, coupled with the ongoing effects of the pandemic. These challenges are set to continue over the medium-term, particularly with the likely introduction of Fair Funding Reform and Business Rates reset for 2023/24 as was alluded to in the Provisional Settlement of 16th December. Despite all this we have set a balanced budget for 2022/23 but this will need to ensure that in-year pressures are managed and savings as set out in this report are delivered. We have de-risked this to the extent possible by the introduction of a Benefits Board to ensure we can deliver the benefits for 2022/23 from April and take the full-year effect. The progress of these savings will be reported to Members through routine management reporting.

10.2. 2021/22 is undoubtedly also a difficult year with a current (Month 7) overspend of c£200k forecast for year-end. We collectively need to ensure we manage this position as tightly as possible as we approach year-end to minimise the call on Reserves, which are at legally acceptable levels but are insufficient to provide us with any financial resilience in the medium-term.

10.3. Given the challenges of setting the 2022/23 against the backdrop set out above, we chose not to build Reserves in 2022/23 however for 2023/24 we must set back on this course. Due to the strategy adopted in budget setting for 2021/22 to build reserves our call on them to mitigate the 2020/21 budget error has been minimised and there is the hope that they can be replenished through our request to Department of Levelling Up Communities and Housing for a Capital Dispensation. This is currently in train and we will be notified of our success or otherwise in the early part of 2022.

10.4. The Council is required to set a balanced budget for 2022/23 and the proposals in this report help achieve that objective. If any efficiency proposals or savings are rejected, or pressures added then offsetting savings must be identified to compensate.

11. **Comments of the Head of Legal Services**

11.1. The report updates Members with the MTFS for this Committee. This is a matter that informs the budget process, is 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 MTFS.
11.2. The report provides information about risks associated with the MTFS 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.

11.3. Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in any original budget calculations. The Council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.

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

11.5. Although the MTFS is not a statutory document it is considered best practice.

12. Equality

12.1. The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

12.2. Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

12.3. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
12.4. Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

12.5. The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2022/23 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and reserve adjustments).

12.6. The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the Budget-setting process and decision-making by using equality impact assessments.

13. **Climate change**

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

**Appendices**

- **Appendix A** – Strategy & Resources Updated Budget for 2021/22 from that approved by Full Council in February 2021
- **Appendix B** - 2022/23 Revenue Budget Movements, including virements, savings and pressures allocated as part of Tranche 1
- **Appendix C** – Subjective Revenue Budgets from 2020/21 to 2023/24
- **Appendix D** – Draft Capital Programme 2022/23 – 2024/25

**Background papers**

- 2\textsuperscript{nd} Dec S&R – 2022/23 Draft budget and medium-term financial strategy (MTFS)
Appendix A – Strategy & Resources Updated Budget for 2021/22 from that approved by Full Council in February 2021

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<td>(920,500)</td>
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**Note 1:** The "Budget Gap due to Pension Provisions" line appears in this Appendix as a credit/income/negative budget. When the 2021/22 budget was set, the budget for pensions was inadequate as a result of being incorrectly reduced (netted down) by £920,500. The proposed virements create an adequate budget for pension costs by reversing out the error and showing the pension budget and the gap in gross terms. This leaves £920,500 showing as a gap to be resolved - a negative figure. Appendix B includes a pressure for £917,000 to resolve the gap and remove the credit budget (the small difference of £3,500 being the net pressure after minor adjustments).
Appendix B – 2022/23 Revenue Budget Movements, including virements, savings and pressures allocated as part of Tranche 1

STRATEGY AND RESOURCES

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<tr>
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Virements

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<tbody>
<tr>
<td>Virements</td>
<td>£10k from property income to deal with Quadrant house leases volumes</td>
<td>10</td>
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Pressures

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<tr>
<td>Service Demands</td>
<td>Corporate reduction in expenses</td>
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<td>(40)</td>
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<td>Service Demands</td>
<td>Legal online subscriptions</td>
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<td>0</td>
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<td>Service Demands</td>
<td>Mod.gov system licences</td>
<td>12</td>
<td>0</td>
<td>12</td>
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<td>Service Demands</td>
<td>Agresso licences</td>
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<td>0</td>
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<td>Service Demands</td>
<td>Audit fee pressure</td>
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<td><strong>Service Demands services - subtotal</strong></td>
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<td>(9)</td>
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<td>People and Enabling services</td>
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<td><strong>People and Enabling services - subtotal</strong></td>
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Savings

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<tr>
<td>People and Enabling services</td>
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<td>(65)</td>
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<td>Identifying opportunities to reduce consultancy and interim spend</td>
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<td>(5)</td>
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<td><strong>People and Enabling services - subtotal</strong></td>
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<td>(70)</td>
<td>(117)</td>
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<td>(50)</td>
<td>(50)</td>
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<td>Service Efficiency</td>
<td>Tandridge Magazine</td>
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Net movement for committee budget

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Note: for 2023/24 Pressures are indicative only at this stage and savings are those which are a continuation of those identified for delivery in 2022/23. These will be reviewed as part of the annual budget setting cycle for 2023/24.
## CORPORATE ITEMS

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### Virements

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<tr>
<td>Virements</td>
<td>£10k from property income to deal with Quadrant house leases volumes</td>
<td>(10)</td>
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<td>(10)</td>
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### Pressures

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<td>Pressures held on behalf of other committees</td>
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### Savings

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### Net movement for committee budget

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### Indicative Budget Requirement

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Note: for 2023/24 Pressures are indicative only at this stage and savings are those which are a continuation of those identified for delivery in 2022/23. These will be reviewed as part of the annual budget setting cycle for 2023/24.

Glossary of Terms

Budget pressures: Known budgeted expenditure increases and income reductions due to the following:
- Growth factors – e.g. demographic, inflation and/or increased demand for services;
- Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or
- Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.

Budget savings: Known budgeted expenditure reductions and income increases which result due to the following:
- Containing additional costs of Inflationary increases in contracts or pay;
- Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money;
- The delivery of new or additional services; and/or
- Optimising sources of income.

Balanced budget: Budget pressures fully offset by budget savings and funding changes.

Minimum Revenue Provision (MRP): 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.
Appendix C - Subjective Revenue Budgets from 2020/21 to 2023/24

<table>
<thead>
<tr>
<th></th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Annual</td>
<td>Annual</td>
<td>Estimate</td>
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<tr>
<td></td>
<td>Budget</td>
<td>Outturn</td>
<td>Budget</td>
<td>£k</td>
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<tr>
<td>Legal Services</td>
<td>303</td>
<td>386</td>
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<td>Human Resources</td>
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<td>Leadership Team</td>
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<td>Information Technology</td>
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<td>1,175</td>
<td>1,328</td>
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<td>Democratic Services</td>
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<td>434</td>
<td>567</td>
<td>564</td>
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<td>Communications</td>
<td>331</td>
<td>304</td>
<td>401</td>
<td>381</td>
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<tr>
<td>Financial Services</td>
<td>697</td>
<td>721</td>
<td>903</td>
<td>996</td>
</tr>
<tr>
<td>Office Services</td>
<td>226</td>
<td>238</td>
<td>320</td>
<td>237</td>
</tr>
<tr>
<td>Asset Management</td>
<td>211</td>
<td>171</td>
<td>159</td>
<td>159</td>
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<tr>
<td>Revenues &amp; Benefit Services</td>
<td>(25)</td>
<td>7</td>
<td>194</td>
<td>201</td>
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<tr>
<td>Communities Executive Projects</td>
<td>416</td>
<td>370</td>
<td>107</td>
<td>107</td>
</tr>
<tr>
<td>Customer Services</td>
<td>566</td>
<td>530</td>
<td>645</td>
<td>581</td>
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<td>Emergency Planning &amp; Community Safety</td>
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<td>226</td>
<td>231</td>
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<td>Wellbeing Prescription</td>
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<td>0</td>
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<td>Covid-19 - Sales, Fees and Charges Reimbursement</td>
<td>(4)</td>
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<td>Case workers</td>
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<td>964</td>
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<td>Land Charges and Street Naming</td>
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<tr>
<td>Strategy &amp; Resources</td>
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<td>6,338</td>
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<td>6,312</td>
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<table>
<thead>
<tr>
<th></th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Annual</td>
<td>Annual</td>
<td>Estimate</td>
</tr>
<tr>
<td></td>
<td>Budget</td>
<td>Outturn</td>
<td>Budget</td>
<td>£k</td>
</tr>
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<td>Interest Payable</td>
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<tr>
<td>Interest Receivable &amp; Investment Income</td>
<td>(2,756)</td>
<td>(1,507)</td>
<td>(1,418)</td>
<td>(1,498)</td>
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<tr>
<td>Property Income</td>
<td>(989)</td>
<td>(584)</td>
<td>(920)</td>
<td>(745)</td>
</tr>
<tr>
<td>Non GF Support recharges &amp; Bank charges</td>
<td>(1,753)</td>
<td>(1,889)</td>
<td>(1,894)</td>
<td>(2,026)</td>
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<tr>
<td>Minimum Revenue Provision (MRP)</td>
<td>630</td>
<td>782</td>
<td>871</td>
<td>1,179</td>
</tr>
<tr>
<td>Pension - Actuarial top up, Added Years, &amp; Compensation</td>
<td>1,639</td>
<td>1,368</td>
<td>1,489</td>
<td>1,485</td>
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<tr>
<td>Pension provisions</td>
<td>(920)</td>
<td>0</td>
<td>(921)</td>
<td>0</td>
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<tr>
<td>Write Offs and Bad Debt Provision</td>
<td>22</td>
<td>83</td>
<td>22</td>
<td>122</td>
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<tr>
<td>Pressures and Saving on behalf of committees 5</td>
<td>(288)</td>
<td>(307)</td>
<td></td>
<td></td>
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<tr>
<td>Contribution to Income Equalisation Reserve</td>
<td>0</td>
<td>250</td>
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<td>(85)</td>
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<tr>
<td>General Fund Balances</td>
<td>0</td>
<td>0</td>
<td>700</td>
<td>100</td>
</tr>
<tr>
<td>Partnership &amp; Transformation Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contingency</td>
<td>(15)</td>
<td>0</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td>Corporate Items</td>
<td>(2,227)</td>
<td>(359)</td>
<td>(690)</td>
<td>(576)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>30</td>
</tr>
</tbody>
</table>

Note 1: The Annual budget will be represented, to the committee in March 2022, when the Corporate Items Pressures and Savings have been distributed.

Note 2: These include the indicative pressures and savings for the committees.

Note 3: In the Line by Line review to S&R on 11th January – Case Workers were vired to the relevant services to support services.

Note 4: Land Charges and Street Naming has been transferred to Planning Policy.

Note 5: These are the pressures and savings to be distributed to the relevant committees in March. The Benefits Board will review the savings delivery plans, and subsequently inflation and increments will be aligned.
CIL – The Community Infrastructure Levy (the ‘levy’) is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.

LEP - Local Enterprise Partnerships (LEPs) are voluntary partnerships between local authorities and businesses, set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.

BID - Business Improvement District is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.
# Key Aspects of Scheme

**Title of Scheme**

**Council Offices Major Maintenance Programme**

**Description of Scheme**

A 25 year planned maintenance programme to enable compliance with legislative and health and safety requirements, achieved through replacement or refurbishment of the major components of the Council Office in line with their deterioration and new compliance requirements.

**Key Aspects of Scheme**

*(including benefits, contract details, key dates and reasons for revisions where applicable)*

This scheme will include the progression of decarbonising the Council Offices.

---

**Title of Scheme**

**IT - Hardware/Infrastructure Projects - GF**

**Description of Scheme**

The Customer First project envisaged significantly enhancements & development of the existing IT systems. However, Customer First was implemented before the technology solutions, in particular on line capability, were put in place. This has been one of the issues which has led to the performance and staffing issues following the implementation. Consequently, the savings expected under Customer First were removed from the budget prior to the technology being available. Additional projects outside the original scope of Customer First have been identified as essential due to failing software/hardware, system modules bought 3 years ago but not implemented and further possible savings resulting from automation.

**Key Aspects of Scheme**

*(including benefits, contract details, key dates and reasons for revisions where applicable)*

- It is necessary to invest in a number of areas :-
  1. Disaster recovery solution
  2. Replacement cycles for laptops, desktops, servers, switches, firewalls on a cyclical basis (2021/22 onwards)
  3. Automation of book and pay
  4. Planning – end to end migration from one salesforce org to another (completed)
  5. Civica disposal module and licence to comply with General Data Protection Regulation (GDPR)
  6. Orchard – implementation of Promaster, Asset Go, DLO and Service Charge models
  7. Replacement of outdated telephony which is not fit for purpose
  8. Northgate – cloud-based on line solution for Revenues, Benefits and National Non-Domestic Rates (NNDR)
  9. Replacement of Adelante and implementation of automated bank reconciliation

An IT Strategy Board has been formed to develop the Council’s IT Strategy and to agree the development and implementation of specific IT schemes to improve service delivery and reduce staffing costs if possible. The IT Strategy Board will be officer based and will report to the Council's Improvement Working Group. The commissioning of each project will be based on a detailed business case being approved by the IT Strategy Board.

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**Title of Scheme**

**Quadrant House Phase 1 & 2**

**Description of Scheme**

Phase 1 - refurbishment of common parts (lobbies, WCs, communal kitchens, lifts, stairwells, corridors) and setup of a Business Hub. Phase 2 - refurbishment of the exterior and the vacant suites and a package of environmental improvements. Phase 2 includes improvements to the external fabric including better insulation and decoration, replacement roof coverings and fire escape route upgrades, a green wall for the Croydon Road elevation, a roof terrace for the third floor in Quadrant South, refurbishment of vacant suites to include heat pump variable refrigerant flow (VRF) heating cooling technology (gradual phasing out of reliance on gas boilers) and, if budget allows, photovoltaic panels on the flat roof.

**Key Aspects of Scheme**

*(including benefits, contract details, key dates and reasons for revisions where applicable)*

The works at Quadrant House will deliver a significantly improved building which will be more sustainable, both economically and environmentally and which is a key project for Caterham regeneration. The direct benefits of the works include ability to let vacant suites and generate higher rental returns as well as contribute to our carbon reduction objectives. Phase 1 (internal common parts refurbishment) took place throughout 2021. Phase 2 (living wall, roof terrace, new lifts, new escape stairs, improved wall and roof insulation, refurbishment of some vacant office suites with heat recovery AC and renewed services) commenced in autumn 2021 and is anticipated to complete in summer 2022.
<table>
<thead>
<tr>
<th>Title of Scheme</th>
<th>Land/Asset Development</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description of Scheme</strong></td>
<td>Capital budget for refurbishment works as required to the property portfolio, to maximise revenue.</td>
</tr>
<tr>
<td><strong>Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)</strong></td>
<td>This scheme is to ensure that sufficient budget is available to refurbish commercial space that becomes vacant during the year, and requires modernisation in order to attract a new tenant. The office market in particular is demanding high specifications. Poor quality space is not letting. Tenants are demanding top quality space. Failure to achieve this is likely to lead to lengthy void periods and failure to generate income from lettings, which would have a significant impact on revenue budgets.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title of Scheme</th>
<th>Croydon Road Regeneration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description of Scheme</strong></td>
<td>Improvements to the Croydon Road streetscape including provision of better amenity space such as parklets and seating, more greenery including trees and planting, improved road safety, new surfacing materials for pavements and parking areas, cycle parking and so forth.</td>
</tr>
<tr>
<td><strong>Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)</strong></td>
<td>Key benefits including: helping to revitalise the local economy, in conjunction with other investment that is going into the town; encouraging new businesses into the town and inspiring existing businesses to improve their premises; introducing greenery into the town centre, reducing street clutter, renewing materials, slowing traffic speeds, thereby improving the quality of the environment for shoppers, visitors and workers, encouraging greater wellbeing, longer dwell times and higher spend; encouraging active travel and redressing the current imbalance that favours car users over pedestrians &amp; cyclists; attenuating excess surface water via trees and new planting thus contributing to a wider flood mitigation strategy for the town; providing a small amount of good quality public realm space e.g. parklets and some outdoor licensable space for businesses. Stage 1 highways design is complete; stage 2 highway design (detailed design) is scheduled to commence Jan 2022 and is expected to last approximately 6 months; construction is expected to last approx 6 months and timing will need to be sympathetic to the needs of the businesses i.e. may commence in early 2023 rather than late 2022. Contractor to be procured on conclusion of detailed design and achievement of highways approval to proceed. SCC placemaking and transport development planning teams to be closely involved, together with Caterham BID.</td>
</tr>
</tbody>
</table>
Executive Summary:

The Final Budget for 2022/23 and the Medium-Term Financial Strategy (MTFS) is balanced, which the Council is legally obligated to do. The final version will be formally approved by Full Council on 10th February 2022.

Throughout January 2022, the detailed Revenue and Capital Committee budget allocations, budget pressures and savings proposals were presented to the respective Committees. Summaries of these individual budgets are set out in this report. The Capital, Investment and Treasury Management Strategy was considered by the Investment Sub-Committee on 21st January with a recommendation for approval by Full Council on 10th February 2022.

The report outlines:

- How the Organisational Strategy, Directorate Service strategies are integral to the budget setting process;
- Where the macro-economic climate, Central Government financial announcements (Spending Review and Provisional Settlement) and local funding (Council Tax and Business Rates Estimates) impact on the Council’s budget; and
- The governance, policies and core planning assumptions which are in place to mitigate the risk of economic uncertainty and strengthen financial resilience.

The Extended Management Team (EMT) has been integral to the budget setting process as it has ensured that revenue budgets, capital investment and savings plans are all aligned with Directorate strategies and Corporate priorities. This alignment provides a stable foundation for delivering services to the residents in the face of challenges presented by the pandemic and wider external pressures.

COVID-19 has exacerbated what have been two particularly challenging financial years. This has only served to confirm our requirement to re-build our Reserves, in order to create financial resilience and support the recovery from previous budget deficits.

The identification of a c.£920k error built into the budgets for 2020/21 and 2021/22 led to a series of wide-ranging, detailed reviews to provide confidence in the building blocks of Council’s finances. These are set out in section 2.

In December 2021, the 2020/21 Outturn was reported to Strategy & Resources (S&R) along with the Draft Budget for 2022/23. The approved outturn has
subsequently been provided to our External Auditors (Deloitte) to continue their work on finalising the 2020/21 Accounts. This budget report sets out the progress to finalise the budget for 2022/23, setting out the final position and the changes since the Draft budget in December.

Local Government funding remains highly uncertain over the medium-term, with a number of factors likely to result in significant changes to the Council’s funding position beyond 2022/23. These factors are set out in section 5 of the report.

Members are required to consider and recommend to Full Council the following:

- The Council’s Revenue and Capital Budgets for 2022/23, including savings proposals identified to balance the budget;
- The Council Tax Precept level for 2022/23; and

The pressures and savings included in the budget have been categorised into three tranches;

- Tranche 1 – Pressures and Savings which are readily distributed and allocated to Committees in these papers;
- Tranche 2 – Pressures and Savings which will be distributed and reported to Committees in March; and
- Tranche 3 – Savings which are of a more cross cutting nature and will be distributed in June, following further work coordinated through the Benefits Board.

The Benefits Board is the mechanism to oversee the distribution to Committees and delivery of savings set out in this budget report. It will meet on a monthly basis to ensure that the agreed benefits are being robustly defined, owned and delivered. The Benefits Board will regularly feedback to the Members’ Reference Group (MRG).

The attached 2022/23 Final Budget Report and MTFS, supported by the Appendices, underpin the Council’s priorities and Council-wide transformation Future Tandridge Programme (FTP).

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

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

adalessandro@tandridge.gov.uk
Recommendation to Committee:
That Members recommend that Full Council:

Note the following:


2. That for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in Council tax is not such as to trigger a referendum (i.e. not greater than £5);

3. The Local Council Tax support scheme (para 6.23) is unchanged for financial year 2022/23;

4. The Parish Councils’ precept requirements for 2022/23 (Appendix F – TO FOLLOW);

5. That the Council is embarking on the Future Tandridge Programme (FTP) and £450k savings within the 2022/23 budget are to be distributed in June as tranche 3. Good practice would be to mitigate some of the risk through the application of a general contingency of c£0.1m per annum (£117k for 2022/23, £200k for 2023/24);

6. The impact of the financial strategy to build the General Fund Reserves after 2022/23, via a £0.5m contribution per annum. Prior to a decision from DULHC on the capitalisation dispensation, the General Fund balance at 31st March 2023 is projected to stand at to £3.1m (Appendix H);

Approve the following:

7. The net revenue budget requirement be set at £11.351million (net cost of services after service specific government grants) for 2022/23 (Appendix B), subject to confirmation of the Final Local Government Financial Settlement;

8. The Final Budget Envelopes for each Committee for 2022/23 as at Tranche 1 (Appendices B and C);

9. The £35.4 million proposed three-year Capital Programme (comprising £4.3m General Fund, £3.1m Community Infrastructure Levy (CIL) and £28.0m Housing Revenue Account (HRA)) of which £16.0 million Capital Budget is for 2022/23 (Appendix D);

10. The Flexible Use of Capital Receipts Strategy for 2021/22 & 2022/23 to meet the statutory guidelines for the use of such receipts to fund transformation, and if successful utilisation of the capital dispensation (Appendix G)

11. That the total Council Tax Requirement be set at £8.9 million for 2022/23. This is based on a Council tax increase of £5 to cover core Council services (Appendix E);
12. That the Tandridge District Council set the precept for Band D Council Tax at £230.98, which represents a £5 uplift. This is a rise of £0.10 a week from the 2021/22 precept of £225.98. A full list of bands is as follows:

<table>
<thead>
<tr>
<th>Valuation band</th>
<th>Precept</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>£153.98</td>
</tr>
<tr>
<td>B</td>
<td>£179.65</td>
</tr>
<tr>
<td>C</td>
<td>£205.31</td>
</tr>
<tr>
<td>D</td>
<td>£230.98</td>
</tr>
<tr>
<td>E</td>
<td>£282.30</td>
</tr>
<tr>
<td>F</td>
<td>£333.63</td>
</tr>
<tr>
<td>G</td>
<td>£384.96</td>
</tr>
<tr>
<td>H</td>
<td>£461.96</td>
</tr>
</tbody>
</table>

For Full Council, there will be additional recommendations incorporating the Surrey County Council and Surrey Police and Crime Commissioner’s precepts to meet with legislative requirement when approving the Council Tax for 2022/23. Given the timing of the Surrey’s Full Council meeting being on 8th February, the precept information will be sent to Members on 9th February in advance of Tandridge’s Full Council meeting on 10th February. Surrey’s precept information is required before TDC’s precept information can be finalised.

**Reason for recommendation:**

This report provides the fiscal backdrop on the 2022/23 budget process and MTFS to 2023/24. The Council must approve a balanced budget for 2022/23 under legislation. This budget includes details of proposed savings and pressures.

If approved by Members, the report will proceed for recommendation to Full Council on 10th February 2022 and set the Council Tax Precept for 2022/23. This Committee has the power to recommend the budget to Full Council. The budget directs available resources to support the achievement of the Council’s ambitions and priorities.

1. **Introduction and Independent Reviews**

1.1 Over the past 12 months the Council has significantly reshaped its financial governance and management. This is as a result of:

- Tandridge Finance Transformation Programme (TFT) remodelling the Finance structure, improving roles and responsibilities for budget holders and accountable officers, establishing good governance and accountability structure, and identifying continuous improvements to financial reporting (including Exchequer Services – Accounts Payable, Banking, Sundry Accounts Receivable), monitoring, setting and statutory),

- Grant Thornton LLP UK Forensic and Fact Finding Review, with the Council accepting all of the 15 recommendations,
• Line-by-line review of the 2021/22 budgets. The outcomes of this review are shown in Appendix A in 2022/23 Draft Budget Report for S&R Committee on the same agenda; and
• Fundamental root and branch review into the Council’s Financial Management & Reporting Arrangements. The review was undertaken by an external independent professional (Laura Rowley) to ensure we have a solid foundation on which to launch the Finance Transformation Programme. The Final Report can be found in Appendix A. (Interim Report was presented to S&R 2nd December, as part of the Outturn report Appendix B).

1.2 The outcome of the latter two reviews provide assurance that the Balance Sheet, and 2020/21 outturn have been independently assessed and 2021/22 budget reviewed in forensic detail found no further significant issues. This provides Members’ confidence that the 2022/23 Final Budget can be approved. The independent review has also recommended further governance improvements that are set out on the same agenda.

Recommendation 1: Note the Final Independent Report of the Council’s Financial Management and Reporting arrangements (Appendix A)

1.3 This allows the Council to move from a position of eroded confidence in the numbers and to one of a narrative reset whereby the Council is on a journey to a stable financial baseline on which to build resilience for the medium-term. The Council now has a budget setting process which has had strong collaboration from Members and officers and is owned and deliverable.

2. Background

2.1. The Council has had a turbulent and financially challenging few years, exacerbated by COVID-19. We have worked incredibly diligently to ensure we are on a stable footing by undertaking a number of reviews/initiatives of the finances to build a solid foundation on which to continue with TFT, set in train c12 months ago. We have large ambitions as a Council and delivering services to our residents in the most cost-effective way is front and centre of this aspiration. In order to deliver on this, we are embarking on a Council-wide transformation programme, which will change the shape of the Council in the future making us more agile, responsive and flexible to embrace change and seize opportunities to work with partners. The initiatives we have undertaken to shore up the finances have been discussed in great detail at Committee meetings over the past six months and are set out above (refer para 1.1).

2.2. The 2022/23 Final Budget Report and Medium-Term Financial Strategy (MTFS) to 2023/24 sets out the Council’s strategy for financial recovery and the development of sustainable medium-term financial plans.
2.3. The Council’s resilience is improving, and continues to make demonstrable improvements in planning, building and using the budget to deliver the Council’s priorities in the Strategic Plan. These priorities 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.

2.4. Along with Members, the Extended Management Team (EMT) has been integral to setting the budget and MTFS. This integrated approach ensures that revenue budgets, capital investment and savings plans are all aligned with Departmental service plans and Corporate Priorities. Ensuring that each aspect of planning for 2022/23 and the medium-term is completely aligned provides a stable foundation for delivering services to Tandridge residents in the face of a challenging external environment.

2.5. Local Government funding will continue to remain highly uncertain over the medium-term, with a number of factors likely to result in significant changes to our funding position beyond 2022/23, as set out in section 6.

2.6. **Section 5** sets out the significant challenges (both national and local) that have served as the backdrop to the Council’s 2022/23 budget process, most notably the impact of a c.£920k error built into the budget in 2020/21.

2.7. The Council has adopted a ‘Twin Track’ approach to developing its financial plans in response to these challenges. Track 1 focussed on delivering a balanced budget for 2022/23, whilst Track 2 simultaneously seeks to address pressures over the medium-term. The approach serves to support the delivery of a sustainable medium-term financial position, through transformation opportunities EMT and Members have been, and will continue to be, instrumental in delivering the ‘Twin Track’ approach, supported by subject matter experts where it has been pertinent to do so.

2.8. Given the current capacity constraints in Finance and across the Council however, we have taken a pragmatic approach to the distribution of pressures and savings in order to ensure a balanced position is achieved for 2022/23 and presented in this report. Further details are set out in **section 5**. For the purposes of budget setting, **pressures and savings** are generic terms used to identify changes (increases or decreases) to budgeted income and expenditure. For example; pressures could include costs due to contract inflation or increases in demand for services. Savings could include optimising existing sources of income or delivering services in an improved/more efficient way to provide better value for money. **Refer to the Glossary of Terms in Appendix I.**
2.9. The Final Budget for 2022/23 comprises total funding of c£11.351m; a £56k net increase from c£11.295m in 2021/22. The main movements from 2021/22 are:

- Increase in Council Tax funding of £277k
- Increase in Business Rate funding of £173k (largely from anticipated 2021/22 Pooling Gain)

offset by:

- £394k reduction in Government Grant funding (£498k reduction in COVID-19 grants offset by £103k increase in other grants).

Full details are set out in section 6.

2.10. The Capital Programme for 2022/23 to 2024/25 is presented in section 9 and Appendix D. This proposes a total £35.4 million three-year Capital Programme (comprising £4.3m General Fund, £3.1m Community Infrastructure Levy (CIL) and £28.0m Housing Revenue Account (HRA)).

2.11. A Capital Budget of £16.0m has been set for 2022/23 (comprising £1.8m General Fund, £2.6m CIL and £11.6m HRA) as identified in Appendix D. The development of the Capital Programme has been based around achieving Council priorities whilst maintaining borrowing costs at a sustainable and prudent level.

2.12. The key elements of this Budget Report include:

- Strategic Plan (section 3);
- Committee Strategies (section 4);
- An update on the financial and economic climate (section 5);
- The Financial Strategy for 2022/23 – Revenue (section 6);
- Month 8 (November) 2021/22 Financial Performance – Revenue and Capital (section 7) [TO FOLLOW];
- The Medium-Term Financial Outlook - 2023/24 (section 8)
- Capital Programme (section 9);
- Flexible Capital Receipts Strategy 2021/22 and 22/23 (section 10);
- A Risk and Robustness Assessment of Reserves (section 11);
- The results of our Budget Consultation (section 12); and
- A Budget Equality Impact Assessment (section 15)

2.13. The Final Budget will be presented to Full Council for approval on 10th February 2022.
3. **Strategic Plan**

3.1. 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. 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 BIDs, 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 natural 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.

3.2. In addition to the Strategic Plan, the Council is embarking on a “Future Tandridge Programme (FTP)” as set out separately on this Committee’s agenda.

4. **Committee Strategies**

4.1. Committees are at the heart of the Council’s Strategic Plan. Strategies for each Department is summarised below. These set out their approach to delivering the best outcomes for residents whilst living within their budget envelopes.

**Community Services Committee**

4.2. 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.
4.3. 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.

4.4. 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.

4.5. 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.

4.6. 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.

4.7. 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-COVID-19 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.

4.8. 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.

4.9. 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.

4.10. 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.
4.11. 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**

4.12. The Planning function is a key statutory service within Tandridge. The Planning Policy Committee is responsible for influencing and controlling development throughout the district in its role as Planning Authority. This includes:

- The preparation, adoption and review of all development plans;
- Administration of Building Control regulations;
- Collection, distribution, and monitoring of CIL and setting out the levy rates; and
- All transport related issues.

4.13. 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.

4.14. The preapplication 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.

4.15. Land Charges has now moved back into the Planning Policy Committee. This service is undergoing a digital transformation which is being funded from a Government Grant.

4.16. 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 savings to close the budget gap.

**Housing General Fund Committee**

4.17. This 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.
4.18. A review of the Council’s income from the housing stock Housing Revenue Account (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.

4.19. 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).

4.20. The need for affordable homes grows in the District. The Council seeks to develop and extend the programme of Council house building in the next year alongside working with Housing Associations to improve the flow of supply. ‘Buy backs’ of Council properties are also progressing.

4.21. The Housing team carry 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.

4.22. 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 & Resources Committee**

4.23. The Committee is led by three Executive Leadership Leads. Strategy & Resources (S&R) 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.

4.24. 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.
4.25. The Committee is also responsible for the Corporate Items 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, Community Infrastructure Levy (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.

4.26. The Committee aims to provide the Council with a more joined-up approach to support S&R 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 (as detailed in the Draft Budget paper, 2\textsuperscript{nd} December 2021, S&R Committee), the Committee is looking to provide efficient services without reducing the service offering to residents. 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.

5. **Financial and Economic Climate**

**Spending Review and the Provisional Local Government Finance Settlement**

5.1. One 7th September 2021, the Chancellor launched the Spending Review 2021 (SR21) which concluded on 27th October 2021 alongside an Autumn Budget, stating; “The three-year review will set UK Government departments’ resource and capital budgets for 2022/23 to 2024/25”.

5.2. The Spending Review Headlines for the Council were as follows:

- Total departmental spending is set to grow, with Core Spending Power for local authorities increasing on average;
- The Council Tax referendum threshold for increases in Council Tax is expected to remain at the higher of 2% or £5 per year.
The Business Rates multiplier in 2022/23 will be frozen and the loss of income will 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 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.

**Provisional Local Government Finance Settlement (LGFS)**

5.3. The Provisional Local Government Finance Settlement (LGFS) was announced on 16th December. Despite the Department of Levelling-Up, Housing and Communities (DLUHC) receiving a three-year allocation in the Spending Review, only a single-year settlement has been passed on to local authorities, pending further consideration of distribution formula for 2023/24. The headlines for Tandridge are as follows:

- New Homes Bonus has been extended to 2022/23 at £618k (up from £341k in 2021/22). The future of New Homes Bonus beyond 2022/23 remains uncertain.
- Lower Tier Services Grant has been extended to 2022/23, but reduced from £340k to £65k
- A new, one-off for 2022/23, Services Grant worth £0.8bn million was announced for the sector, amounting to £101k for Tandridge.
- Ministers will be re-starting the local government funding reforms in the Spring. This means that the Fair Funding Review (FFR) and Baseline Reset are both going to be under consideration again, for possible implementation as early as 2023/24.

**Economic Update**

5.4. Over the last two years, the coronavirus outbreak has impacted significantly on the UK and on economies around the world. The arrival of the Omicron variant in December makes the ongoing economic impact difficult to predict.

5.5. The effect on unemployment from the end of the furlough scheme was smaller and shorter than the Bank of England had initially feared. Data released in December showed that unemployment initially increased by 75,000 and the unemployment rate rose from 3.9% in September to 4.2%. However, the weekly data suggested this did not last long, as unemployment was falling again by the end of October.
5.6. On 15th December the CPI inflation figure for November was released, which increased further from 4.2% in October to 5.1%, confirming the volatility in inflationary pressures. Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies). Given this volatility, the final budget includes a general inflationary assumption of 4.2% for fees and charges (capped by statute at 4.1% for Housing).

5.7. Although it is possible that the Government could step in with further fiscal support for the economy, the huge cost of such support to date is likely to pose a barrier to incurring further major economy-wide expenditure unless it is very limited and targeted on narrow sectors like hospitality, (as announced just before Christmas).

5.8. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021. The Council’s Treasury advisors, Link Group, expect the rate to raise again in quarter 2 of 2022.

5.9. Councils nationally have played a pivotal role in responding to the pandemic and the Government has enabled Local Authorities to achieve this through the swift provision of timely one-off resources. However, the economic shock the country has experienced and the recession we are facing will have profound and lasting effects, not entirely met by temporary funding.

Local Challenges

5.10. COVID-19 has exacerbated what have been two particularly challenging financial years. This has only served to confirm our requirement to re-build our Reserves, in order to create financial resilience and support the recovery from previous budget deficits.

5.11. The following section recaps the journey from setting the 2021/22 budget to the present day, as context for the Council’s current financial position and proposed 2022/23 budget:

- In February 2021, the Council approved a balanced budget for 2021/22, aiming also to replenish depleted Reserves;
- By May 2021, when the 2020/21 outturn should have been reported, it was found that due to erroneous past decisions and unusual budget practices, the budgets for 2020/21 and 2021/22 included a recurring budget imbalance of c£920k;
- In June 2021, Grant Thornton (GT) was commissioned to conduct a Fact Finding and Forensic Review to confirm that the c£920k was an actual budget gap, which they did, and also confirmed that it was a base budget (i.e. ongoing) issue;
- The GT report was presented to S&R on 14th September 2021 and Audit & Scrutiny 30th September 2021;
Confidence in the Council’s finances was eroded as a result, with a genuine risk that the ongoing budget position was unsustainable;

The Council required urgent assurance that the base position was sound, following correction of the budget error;

The GT report, and subsequent work, provides the Council with confidence that the proposed budget for 2022/23 is sound, and built on solid foundations on which to build the Tandridge Finance Transformation Programme (TFT);

In addition to the GT review, and acceptance of their 15 recommendations, the Council also commissioned, at the request of the s151:
  o An independent, fundamental root and branch review of the Council’s finances; and
  o A line–by–line budget review of 2021/22.

In order to provide confidence to set a draft budget for 2022/23, the results of these two reviews have been presented to Members; providing assurance that the Balance sheet and 2020/21 outturn have been independently assessed and 2021/22 budget reviewed in forensic detail to find no further significant issues; and

To complete the rebuild of the Council’s budget, in December 2021 the 2020/21 Outturn was reported to S&R along with the Draft Budget for 2022/23. The approved outturn has subsequently been provided to our External Auditors (Deloitte) to continue their work on finalising the 2020/21 Accounts.

5.12. Against this backdrop, the budget setting process for 2022/23 has been challenging but has concluded with a sound and balanced budget. This has been made possible with independent advice and support from GT, Laura Rowley and IMPOWER. The challenges outlined above had a severe impact on the time and resources available to set the 2022/23 budget, which took place in very compressed timelines, whilst Finance was also transitioning to a new Target Operating Model. Arriving at a position which allows the Council to set a balanced budget is a major achievement and testament to the combined hard work of Members and officers.

6. Financial Strategy and Final Budget 2022/23

6.1. This section outlines our approach to setting the budget and MTFS adopting strategies to make our future finances as sustainable as possible in the medium-term. Working towards financial resilience will afford the Council opportunities to been more enterprising in the way we meet the needs of our residents.

6.2. The hallmarks of a good budget translate into the principles we adopt for our budget setting process. We also set out the TFT which strengthens our approach to financial management, decision making and budget accountability.
6.3. The outcome of the budget process for 2022/23 is outlined in the Revenue Budget Headlines section below. This is supported by Appendix B and C which set out pressures and savings for each Committee and a summarised revenue budget. Details are outlined in Committee reports presented in January.

**Hallmarks of a Good Budget and Principles for Budget Setting**

6.4. To ensure there is a robust budget setting process, we have assessed our process against a best practice framework. 2022/23 marks the second year of assessment. This framework outlines six hallmarks to determine improvements to the process. The table below presents an assessment of our progress against these hallmarks in setting the 2022/23 budget and MTFS.

<table>
<thead>
<tr>
<th>Hallmark</th>
<th>Self-Assessment</th>
</tr>
</thead>
</table>
| The budget has a medium-term focus which supports the Improvement Plan and Corporate priorities | • The budget process has been coordinated across EMT, Legal and Finance; the integrated approach ensures that the budget is focussed on delivering Corporate priorities.  
  Due to the significant uncertainty in the financial planning environment, the unprecedented impact of COVID-19 and the Future Tandridge our approach has focussed on a two-year medium-term budget, with an avoidance of the use of Reserves to balance the budget, and an ambition to grow in future. |
| Resources are focused on our vision and our priority outcomes             | • The budget is based on clear integration with the Strategic Plan, and Corporate priorities; developed in partnership across the organisation.  
  The final budget has been subject to iterations through Members/Committees and EMT over the last six months to balance and clarify assumptions. |
| Budget not driven by short-term fixes and maintains financial stability   | • We are aiming to build General Fund Reserves from 2023/24 onwards, to meet general risks and specific pressures to ensure that our sustainability as an organisation grows despite an increasingly volatile and uncertain external environment. We have also built a general Contingency for in-year unknown pressures and risks. Growth of Reserves was not possible in 2022/23 whilst the Council recovers from the local financial challenges set out in section 5. |
| The budget is transparent and well scrutinised                           | • Workshops were held with Members and Committees setting out the approach, by Services, core planning assumptions and funding projections. The Draft Budget was presented to the S&R Committee in December and Group Budget Briefings were held in January 2022. |
**Budget Principles**

6.5. The principles are:

- A balanced revenue budget with no planned use of Reserves, building in future;
- Creation of a contingency to provide further medium-term financial resilience;
- Regular review of Reserves to ensure appropriate coverage for emerging risks;
- Budget envelopes set for each Service to deliver services within available resources;
- Evidence based savings plans which will be owned, tracked, monitored and reported monthly; and
- Managers accountable for their budgets.

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

- Developing two-year plans, integrated capital investment across the Council. This year's MTFS is limited to two years in recognition of the challenging financial landscape and Future Tandridge Programme which will change the Operating Model of the Council from 2022/23 onwards;
- Continuing to adopt a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Directorate budget envelopes;
- Envelopes validated annually based on realistic assumptions;
- Evidence bases used to underpin all savings proposals;
- Assurance that all savings, pressures and growth are managed within budget envelopes to deliver accountability for implementation;
- Contract inflation allocated to Services to be managed within budget envelopes (part of Tranche 2 allocation); and
- A general Contingency held centrally as part of risk mitigation.

**General Fund - Revenue Budget Headlines**

6.7. **The 2022/23 Revenue budget is balanced without the use of Reserves.** This is a significant achievement given the financial challenges in-year having a knock-on impact on the commencement of the process. Since we presented the Draft Budget to this Committee in December, we have closed the gap of £307k. This was largely as a result of increased funding through the provisional settlement and the 2021/22 Business Rates Pooling Gain. The main changes from the Draft to the Final budget are:

**Table 2: Changes since S&R 2nd December Draft to Final**

<table>
<thead>
<tr>
<th></th>
<th>2021/22 Annual Budget</th>
<th>2022/23 Draft Budget</th>
<th>Movements Funding Improvements</th>
<th>Movements Reassign Savings</th>
<th>2022/23 Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services</td>
<td>3,993</td>
<td>3,882</td>
<td>93</td>
<td></td>
<td>3,975</td>
</tr>
<tr>
<td>Housing GF</td>
<td>469</td>
<td>518</td>
<td>(50)</td>
<td></td>
<td>468</td>
</tr>
<tr>
<td>Planning Policy</td>
<td>1,185</td>
<td>1,190</td>
<td>0</td>
<td></td>
<td>1,190</td>
</tr>
<tr>
<td>Strategy &amp; Resources</td>
<td>6,338</td>
<td>6,124</td>
<td>170</td>
<td></td>
<td>6,294</td>
</tr>
<tr>
<td>Corporate Items</td>
<td>(690)</td>
<td>(363)</td>
<td>(213)</td>
<td></td>
<td>(576)</td>
</tr>
<tr>
<td>Overall</td>
<td>11,295</td>
<td>11,351</td>
<td>0</td>
<td>0</td>
<td>11,351</td>
</tr>
</tbody>
</table>

**Funding:**

<table>
<thead>
<tr>
<th></th>
<th>2021/22</th>
<th>2022/23</th>
<th>Movements</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax</td>
<td>(8,657)</td>
<td>(8,934)</td>
<td>0</td>
<td>(8,934)</td>
</tr>
<tr>
<td>Business Rates</td>
<td>(1,459)</td>
<td>(1,459)</td>
<td>(174)</td>
<td>(1,633)</td>
</tr>
<tr>
<td>Specific Government Grants COVID-19</td>
<td>(498)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific Government Grants</td>
<td>(681)</td>
<td>(651)</td>
<td>(133)</td>
<td>(784)</td>
</tr>
<tr>
<td>Funding</td>
<td>(11,295)</td>
<td>(11,044)</td>
<td>(307)</td>
<td>0</td>
</tr>
<tr>
<td>Overall (surplus)/ deficit</td>
<td>0</td>
<td>307</td>
<td>(307)</td>
<td>0</td>
</tr>
</tbody>
</table>

The reassignment of savings between Committees is set out in table 3, below.
Table 3: Reassignment of Savings since Draft Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Community Services £k</th>
<th>Housing General Fund £k</th>
<th>Strategy &amp; Resources (S&amp;R) £k</th>
<th>Corporate Items £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in Garden Waste saving, offset by adjustment to income inflation</td>
<td>11</td>
<td></td>
<td></td>
<td>(11)</td>
</tr>
<tr>
<td>Reduced funding for Westway saving corrected from Community Services to Housing General Fund</td>
<td>50</td>
<td>(50)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee health insurance saving corrected from Corporate Items to S&amp;R</td>
<td></td>
<td></td>
<td></td>
<td>(8) 8</td>
</tr>
<tr>
<td>Redeployment of 1 Full Time Equivalent from the Facilities team to a Trainee Community Surveyor Role moved from Community Services to S&amp;R</td>
<td>33</td>
<td></td>
<td></td>
<td>(33)</td>
</tr>
<tr>
<td>Virement from Corporate Items to S&amp;R for quadrant house lease volumes</td>
<td></td>
<td></td>
<td></td>
<td>10 (10)</td>
</tr>
<tr>
<td>Saving from Back Office / Enabling Services review moved from S&amp;R to Corporate Items pending Tranche 3 savings review</td>
<td>200</td>
<td></td>
<td></td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Overall Total</strong></td>
<td><strong>93</strong></td>
<td><strong>(50)</strong></td>
<td><strong>170</strong></td>
<td><strong>(213)</strong></td>
</tr>
</tbody>
</table>

*Table may not sum due to rounding differences*

**Recommendation 7:** Approves the net revenue budget requirement be set at **£11.351 million** (net cost of services after service specific government grants) for 2022/23 (Appendix B), subject to confirmation of the Final Local Government Financial Settlement;

6.8. The increased funding of £307k set out in Table 2 relates to the following, to set a balanced budget:

- **£174k - Assumed 2021/22 pooling gain** - A share of additional Business Rates income achieved by taking part in a pool with the County and other District and Borough Councils. Discussions with Local Government Funding experts LG Futures gives us confidence that this is achievable.

- **£133k – Increase in Government Grants** – Additional government grants, set out in the Provisional Local Government Finance Settlement:
  - £307k increase in New Homes Bonus
  - £101k new, Local Government Services Grant one-off for 2022/23

  Offset by:
  - (£275k) Reduced Lower Tier Services Grant
6.9. Given the current capacity constraints in Finance and across the Council we have taken a pragmatic approach to the distribution of pressures and savings in order to ensure a balanced position is achieved for 2022/23 and presented in this report. This approach has also allowed us to ensure that allocations to Committees of savings and pressures is precise and accurate and not purely indicative. We will be distributing pressures and savings in three tranches:

- **Tranche 1** – savings and pressures are set in detail in the January Committee reports. These are the savings and pressures which were straightforward and simple to allocate.

- **Tranche 2** – will require a bit more time to allocate correctly to each Committee and include **£367k of pressures** comprising £193k of staffing increments, and £174k of contract inflation, plus **savings of £200k for vacancy factor**. These are currently being worked through and will be brought to the next Committee cycle in March/April for approval with detail on the resulting Committee budgets. In the intervening period they will be held in Corporate Items.

- **Tranche 3** – are the more complex **cross-cutting savings totalling £450k**, which will require Service Reviews and business cases to be undertaken to ensure accurate distribution to Committees. These savings include £200k enabling services/back-office review, £150k of Twin Track accelerated savings in 2022/23, £25k of review of staffing increments, pay award and terms and conditions and £75k of ensuring best value for external spend. The mechanism to oversee this process is the Benefits Board (described in more detail in the Future Tandridge Programme paper on this same agenda). The first meeting of this Board will take place in January and will meet on a monthly basis to ensure that the benefits are being defined, owned and delivered.
The proposal is to take the cross-cutting savings allocation to Committees in June for approval. Although, this will not occur until the end of quarter 1 in 2022/23, the Benefits Board will support their delivery on behalf of Committees, and they will be monitored closely internally. In the intervening period they will be held in Corporate Items.

**Recommendation 8**: Approves the Final Budget Envelopes for each Committee for 2022/23 as at Tranche 1 *(Appendices B and C)*

**Funding**

6.10. Detailed funding to 2023/24 is set out in the table, below.

**Table 5: 2021 - 2024 funding**

<table>
<thead>
<tr>
<th>Description</th>
<th>2021/22 £k</th>
<th>2022/23 £k</th>
<th>2023/24 £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax</td>
<td>8,690</td>
<td>8,937</td>
<td>9,195</td>
</tr>
<tr>
<td>2020/21 Collection fund - 3 year spread</td>
<td>(32)</td>
<td>(22)</td>
<td>(22)</td>
</tr>
<tr>
<td>Collection fund</td>
<td>0</td>
<td>19</td>
<td>27</td>
</tr>
<tr>
<td>Business Rates (Incl Collection Fund deficit offset by s31 grants)</td>
<td>1,459</td>
<td>1,632</td>
<td>1,474</td>
</tr>
</tbody>
</table>

Government Grants

New Homes Bonus: 341 618 30
Lower Tier Grant*: 340 65 340
Local Government Services Grant: 101
Covid-19: 498

Grant Funding: 1,178 784 370
Total Funding: 11,295 11,351 11,044

*Although the Lower Tier Grant was reduced for 2022/23, our assumption for 2023/24 is that the one-off Local Government Services Grant and the New Homes Bonus will be redistributed by another mechanism, rather than removed altogether. It is expected that grant funding overall will reduce.

**Council tax funding £8.9m**

**Council tax funding**

6.11. 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.

**Recommendation 2**: Note that for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in Council tax is not such as to trigger a referendum (i.e. not greater than £5);

**Recommendation 11**: Approves the total Council Tax Requirement be set at £8.9 million for 2022/23. This is based on a Council tax increase of £5 to cover core Council services (Appendix E);
Recommendation 12: Sets the Tandridge District Council precept for Band D Council Tax at £230.98, which represents a £5 uplift. This is a rise of £0.10 a week from the 2021/22 precept of £225.98.

Council Tax base

6.12. 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.

6.13. 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.

6.14. To reiterate, in the Draft Budget, S&R Committee (2nd December 2021) approved 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.

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

Net Collection Fund deficit £3k

6.16. 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 - i.e: 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.

6.17. 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).

6.18. Collectability rates on the tax base were reduced in 2020/21, reflecting the impact of COVID-19. Government announced compensation funding for 75% of 2020/21 collection fund deficits and DLUHC are in the process of finalising the amounts. This will be used to meet residual 2020/21 deficit after the amount spread over three years.

6.19. Current performance in 2021/22 highlights that collectability is similar to pre COVID-19 levels, suggesting that we can assume a return to small surpluses from 2021/22 onwards.
6.20. Overall, we have assumed a £118k gross deficit on collection as set out in the table, below. This will be met by £115k from the Tax Income Guarantee grant leaving a £3k net deficit as set out in the Draft Budget.

6.21. With the implementation of the Northgate (NEC) 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.

<table>
<thead>
<tr>
<th>Figures for Budget</th>
<th>Overall £</th>
<th>TDC £</th>
<th>SCC £</th>
<th>SPCC £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2 of Spreadable Deficit</td>
<td>(180,149)</td>
<td>(21,848)</td>
<td>(134,266)</td>
<td>(24,035)</td>
</tr>
<tr>
<td>Remaining Deficit</td>
<td>(796,208)</td>
<td>(96,385)</td>
<td>(589,684)</td>
<td>(110,140)</td>
</tr>
<tr>
<td>Deficit After Spread</td>
<td>(976,357)</td>
<td>(118,233)</td>
<td>(723,950)</td>
<td>(134,175)</td>
</tr>
</tbody>
</table>

6.22. Full details of the Council Tax Requirement and a breakdown of the tax base can be found in Appendix E. Appendix F outlines the Parish precepts [TO FOLLOW when all Parish Councils have finalised their precepts]. Note that any increases to parish precepts are the responsibility of the parish councils. Parish councils are the only local government organisation that does not have a cap in terms of how much it can increase the precept each year.

**Recommendation 4: Note the Parish Councils’ precept requirements for 2022/23 (Appendix F – TO FOLLOW)**;

**Local Council Tax Support**

6.23. Under the Local Government Finance Act 2012, Councils are required to agree their Local Council Tax support scheme and make any changes as appropriate.

6.24. For 2022/23 it is proposed to make the prescribed requirement changes as set out in the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022, which makes a number of amendments to the working age statutory scheme and to the pension scheme (non-dependant deductions and personal allowances). The existing scheme will continue to be based upon the existing Council Tax Reduction Scheme England Regulations 2012. Local Tax support will be calculated using 100% of the Council Tax liability for both working age and pension age claimants.

6.25. The number of claimants receiving Council Tax support is currently 3,677 compared to 3,668 in 2020/21 (being the last full financial year of data).

6.26. A report was provided in September 2020 requesting approval to conduct a public consultation with residents on a new scheme. Unfortunately, due to increased volume of work due to COVID-19 and the implementation of Northgate, the new Revenues and Benefits system, there was insufficient time to conduct a consultation process for the 12-week statutory period. Officers will now consult with residents throughout 2022 now that Northgate is up and running. This will not only allow Officers to ensure a thorough consultation process but will ensure figures are calculated within the new system.
6.27. The Council receives funding and adjusts through its Council Tax base for Council Tax Support and therefore costs are already accounted for this scheme. Any further reforms or legislative changes to the scheme will be reported to future meetings of the Committee as appropriate.

**Recommendation 3: The current Local Council Tax support scheme be adopted for financial year 2022/23**

**Business Rates Baseline funding £1.5m and Pooling Gain**

6.28. 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 (c£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% - c£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 (c£8.5m); and
    - Leaving an amount of funding for Council services equal to the Business Rates Baseline of c£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.
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.

Due the complex nature of Business Rates funding, and to mitigate fluctuations in funding, we currently budget only for the predictable element of core Business Rates - the Central Government assessment that our baseline funding should be £1.459m.

The Council is a member of the Surrey Business Rates Pool for 2021/22 but did not qualify for 2022/23. The 2022/23 budget assumes a pooling gain of from 2021/22 of £174k.

Grant funding £0.8m

All grant assumptions have been updated to reflect the information provided through the Provisional Settlement.

The £498k COVID-19 grant funding included in the 2021/22 budget is one-off. The removal of this grant funding led to a £498k reduction in grants, before the additional funding received through the settlement, as set out in section 6.8.

Grant funding for 2023/24 is a very high-level estimate based largely on the continuing uncertainty over the future of New Homes Bonus. Additionally, in the settlement, Government advised that they would be reconsidering the distribution method of grants for 2023/24. For 2023/24, we have assumed a c.53% reduction from £784k to £370k based on a residual amount of New Homes Bonus and a continuation of the lower tier services grant at 2021/22 rates.

Expenditure and Service Income Assumptions

Current MTFS assumptions are based on best available information. However, all assumptions will continue to be amended until the final settlement in January/February. The following assumptions have been built into the budget:

- **Inflation** – 0% pay and an allowance for contract inflation held corporately and subject to allocation in Tranche 2.
- **Fees & Charges** – a 4.2% uplift has been applied, where appropriate (except Housing capped at 4.1%)
**Financial Resilience**

6.36. 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 balances.

6.37. 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).

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![Bar Chart](chart1.png)

**Comparator Group Analysis**

Bars represent the reserves resilience score, as measured by CIPFA, against TDC’s fifteen closest comparator Councils at 2019/20 (latest data available).

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![Line Chart](chart2.png)

**Trend Analysis**

CIPFA Measure of Financial Resilience

Financial Stress Trend

Year

Financial Years from 2016/17 to 2019/20

6.38. The MTFS is built around replenishing Reserves to a sustainable level. A key part of that will be seeking authority from DLUHC to charge the c£920k pension pressure for 2021/22 to capital receipts (through a Capital Dispensation), in order to prevent a further reduction in Reserves and allow the authority to begin the process to rebuild resilience.
6.39. 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’. An assessment of Tandridge’s compliance with the FM Code of Practice will be included in the 2021/22 Annual Governance Statement.

7. General Fund Financial Performance for 2021/22 as at Month 8 (November) Revenue and Capital

7.1. Revenue Performance as at Month 8 (November): An £11.3m General Fund expenditure budget was approved in February 2021. Due to findings within the GT report (confirming a c£0.9m budget pressure in pension technical accounting budgets), all budgets relating to technical accounting transactions have been removed, simplifying the revenue budget. This leaves the c£0.9m pension pressure to manage, provisionally via the use of Reserves in anticipation of the approval from DLUHC regarding Capital Dispensation.

7.2. The £11.3m general fund budget is unchanged but due to the GT report and Line-by-line review the distribution across the committees has been reflected due to the removal of budgets relating to accounting transactions like depreciation, and pension IFRS 19; and realignment reflecting the current organisational structure. Further details are within the previous committee paper on the Strategy & Resources budget.

7.3. Against this revised budget, the forecast as at M8 (November) is £11.5m; is a full-year forecast deficit of c£0.2m due to:

- **Community Services: £260k – Significant under recovery of income** mainly due to £180k reduced demand due restricted movement for car parking and taxi licensing;
- **Planning Policy: £72k - Additional costs** for the Public Enquiries/Appellate and agency costs;
- **Corporate Items: £256k – mainly significant under recovery of property income of £311k**;
- Offset by:
  - **Resources: £155k surplus** - mainly due to staff underspends £332k; offset by £124k of one-off costs and £53k ongoing budget pressures (included within the 2022/23 budget);
  - **Housing Services: £1k**; and
  - **Earmarked reserves & Specific Government grants £261k**.
7.4. **Capital:** The Council approved a capital budget for 2021/22 of £27.6m in February 2021. Against this budget, forecast capital spend at M8 is £20.3m. The changes are summarised in Table 8 below:

**Table 8: Capital Programme 2021/22**

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Forecast variance as at M8</th>
<th>Forecast Variance</th>
<th>BAU Variance</th>
<th>Covid-19 Variance</th>
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</thead>
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<tr>
<td>General Fund</td>
<td>10.8</td>
<td>4.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Revenue Account</td>
<td>16.8</td>
<td>3.2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>27.6</strong></td>
<td><strong>7.3</strong></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

7.5. 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 reasons for the variance 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).

7.6. For the HRA, £3.0m 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.
8. **Medium Term Financial Outlook to 2023/24**

8.1. Over the medium-term, the gap between expected Departmental spending pressures and projected funding continues to grow. By 2023/24, the Council will need to close a further gap over the MTFS of £0.9m, as shown in **Table 9** below. This is driven by:

- Growth pressures: including inflation and demand: £1.3m; and
- Funding reduction of £0.3m
- Offset by savings identified to date: £0.7m

**Table 9: Summary of pressures and savings to 2023/24**

<table>
<thead>
<tr>
<th></th>
<th>Community Services</th>
<th>Housing General Fund</th>
<th>Planning Policy</th>
<th>Strategy &amp; Resources (S&amp;R)</th>
<th>Corporate Items</th>
<th>Council Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2022/23 Final Budget</strong></td>
<td>£3,975</td>
<td>£468</td>
<td>£1,190</td>
<td>£6,294</td>
<td>(£576)</td>
<td>£11,351</td>
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<td><strong>Pressures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Demands</td>
<td>20</td>
<td>40</td>
<td>(10)</td>
<td>96</td>
<td>146</td>
<td></td>
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<tr>
<td>People and Enabling Services</td>
<td>150</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Corporate Items - Reserves Build</td>
<td></td>
<td>433</td>
<td></td>
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<tr>
<td>Corporate Items - Other</td>
<td></td>
<td>416</td>
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<tr>
<td><strong>Pressures Subtotal</strong></td>
<td>70</td>
<td>0</td>
<td>40</td>
<td>140</td>
<td>1,030</td>
<td>1,280</td>
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<tr>
<td><strong>Savings</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>(97)</td>
<td></td>
<td>(52)</td>
<td>(58)</td>
<td>(207)</td>
<td></td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>(31)</td>
<td>(40)</td>
<td></td>
<td>(170)</td>
<td>(241)</td>
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<tr>
<td>People and Enabling Services</td>
<td></td>
<td></td>
<td>(70)</td>
<td>(196)</td>
<td>(266)</td>
<td></td>
</tr>
<tr>
<td><strong>Savings Subtotal</strong></td>
<td>(127)</td>
<td>(40)</td>
<td>0</td>
<td>(122)</td>
<td>(424)</td>
<td>(713)</td>
</tr>
<tr>
<td><strong>Overall movement</strong></td>
<td>(57)</td>
<td>(40)</td>
<td>40</td>
<td>18</td>
<td>606</td>
<td>568</td>
</tr>
<tr>
<td><strong>2023/24 Estimate</strong></td>
<td>£3,918</td>
<td>£428</td>
<td>£1,230</td>
<td>£6,312</td>
<td>30</td>
<td>£11,918</td>
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<tr>
<td><strong>Funding</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>2022/23 Funding</strong></td>
<td></td>
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<td>(11,351)</td>
<td></td>
</tr>
<tr>
<td>Increase in Council Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(266)</td>
<td></td>
</tr>
<tr>
<td>Reduction in Business Rates</td>
<td></td>
<td></td>
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<td>159</td>
<td></td>
</tr>
<tr>
<td>Reduction in Grants</td>
<td></td>
<td></td>
<td></td>
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<td>414</td>
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<tr>
<td><strong>Overall movement</strong></td>
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<td></td>
<td></td>
<td>307</td>
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<tr>
<td><strong>2023/24 Estimate</strong></td>
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<td></td>
<td>(11,044)</td>
<td></td>
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<tr>
<td><strong>Gap</strong></td>
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<td></td>
<td></td>
<td></td>
<td>£874</td>
<td></td>
</tr>
</tbody>
</table>

*Table may not sum due to rounding differences*

8.2. Our immediate priority has been understandably closing the gap and setting a balanced budget for 2022/23. Most, if not all the savings identified for 2022/23 are base budget savings and continue into the medium-term. Our Twin Track approach will continue to identify savings for 2022/23, with £150k planned for acceleration and part of closing the gap for 2022/23.
8.3. The unprecedented levels of uncertainty throughout the 2022/23 budget planning process continue over the MTFS. A further delay to Local Government Reform (Fair Funding Reform, New Homes Bonus and Business Rates reset) and a one-year settlement for next year leaves the Council facing further uncertainty into 2023/24, which provides challenges to effective planning.

8.4. Future Council Tax base and Band D increases are simpler to predict. However, Business Rates tax base and economy are extremely difficult to predict. After consulting with Local Authority funding experts, we are basing future Business rate funding on the minimum funding of the Business Rate baseline as a potential outcome. The estimated funding is outline in section 6 Table 5 and is considered to represent likely outcomes at this point and will be subject to continuous review as any new intelligence emerges. The pooling gain will be one-off unless TDC qualifies for pool entry in 2022/23.

Council Tax

8.5. The scenario considered to be most likely is that Council Tax continues to increase within a referendum limit of £5 on annual increases (as is expected to be the case for 2022/23).

8.6. We assume a 0.7% growth in Tax Base for 2023/24, recovering slightly after the impact of the pandemic in 2021/22 and 2022/23.

8.7. The Collection Fund is expected to move to a slight surplus for 2023/24 due to collection rates starting to offset the 2020/21 deficit spread. We expect this to stabilise with modest surpluses thereafter.

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

8.8. The review of Local Government funding distribution, the FFR, and the move to 75% retention of Business Rates has been delayed again, with Government indicating that it will be implemented in 2023/24.

8.9. Confirmation over the timing of the reform is crucial to planning, not least because we anticipate the results will reduce our overall funding. We assume transitional arrangements will be put in place, so the pace of reduction is phased/more manageable. Under normal circumstances officers would review technical working group papers as a highly effective means of keeping informed about the potential direction of reform. However, working groups which were previously developing the new system have been suspended and so the ability to gather any new and robust intelligence has been somewhat reduced.
Retained Business Rates reset

8.10. The level of Business Rates retained changes is part of the reform mentioned above. At this point we see an increase to our Business Rates, and we expect Business Rates Multiplier also part of the overall reform. The level of business rates retained has a direct relationship with FFR and as such we expect this funding to reduce over the remainder of the MTFS as transitional arrangements unwind.

8.11. The uncertainty over the details and timing of the move to 75% business rates retention is further complicated by the delay to a revaluation of the rateable values of all business and other Non-Domestic property that was due to take place in 2021. Legislation had been introduced to bring the next Business Rates revaluation forward by one year from 2022 to 2021 but has now been postponed ‘to ensure businesses have more certainty during this difficult time.’ The delay is understandable with changing circumstances as a result of the coronavirus pandemic. Despite this, longer periods between revaluations could increase the level of funding the District and Borough Councils choose to set aside to deal with appeals.

9. Capital Programme to 2024/25

9.1. This section of the report provides an update on the development of the Capital Programme for 2022/23 to 2023/24, taking into account work that has been carried out by officers and Members over the last few months. The Final Capital Programme is set out in Appendix D.

9.2. Aligned to the revenue budget, Councils receive some general and specific grant funding to support capital expenditure. However, there are some significant differences to how capital expenditure is funded.

9.3. One of these is that 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).

9.4. The Capital Programme sets out our expenditure plans and how we will pay for them over a three-year period.

9.5. The current three-year Capital Programme was approved by Council in February 2021.

9.6. 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.
9.7. Borrowing to fund the Capital Programme has an impact on the revenue budget in the form of interest payments and Minimum Revenue Provision (MRP) payments. Although interest rates are historically low, the more that is borrowed to fund the Capital Programme the greater the impact on the revenue budget. MRP is the minimum amount which the Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing (loans). This is an annual revenue expense in the Council’s budget. The cost of MRP to the 2022/23 budget is £1.2m, grows to £1.4m in 2023/24 and reduces to £1.2m in 2024/25 as earlier loans are fully repaid.

9.8. All borrowing for capital schemes is done within agreed prudential limits which establishes a benchmark for affordability and sustainability. A range of indicators are maintained to demonstrate this. These indicators are maintained within the Council’s Treasury Management Strategy and are monitored and reported to the Investment Sub-Committee and Council on a regular basis. The Treasury Management Strategy demonstrates how the borrowing requirement will be managed. This strategy was approved by the Investment sub-Committee on 21st January.

9.9. Table 10 below shows the final three-year Capital Programme and how it is planned to be funded for 2022/23 to 2024/25.
Table 10: Final 3-year General Fund and CIL Capital Programme

<table>
<thead>
<tr>
<th></th>
<th>2022/23 £000</th>
<th>2023/24 £000</th>
<th>2024/25 £000</th>
<th>Total Programme £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services</td>
<td>522</td>
<td>590</td>
<td>538</td>
<td>1,650</td>
</tr>
<tr>
<td>Housing General Fund</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>1,380</td>
</tr>
<tr>
<td>Strategy &amp; Resources (£950k CIL funding in 2022/23)</td>
<td>1,784</td>
<td>181</td>
<td>282</td>
<td>2,247</td>
</tr>
<tr>
<td>Planning (all Community Infrastructure Levy)</td>
<td>1,667</td>
<td>500</td>
<td>0</td>
<td>2,167</td>
</tr>
<tr>
<td>Total Capital Programme</td>
<td>4,433</td>
<td>1,731</td>
<td>1,280</td>
<td>7,444</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2022/23 £000</th>
<th>2023/24 £000</th>
<th>2024/25 £000</th>
<th>Total Programme £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Funding/Grants</td>
<td>835</td>
<td>461</td>
<td>460</td>
<td>1,756</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Borrowing</td>
<td>981</td>
<td>770</td>
<td>820</td>
<td>2,571</td>
</tr>
<tr>
<td>Subtotal General Fund</td>
<td>1,816</td>
<td>1,231</td>
<td>1,280</td>
<td>4,327</td>
</tr>
<tr>
<td>Community Infrastructure Levy</td>
<td>2,617</td>
<td>500</td>
<td>0</td>
<td>3,117</td>
</tr>
<tr>
<td>Total Capital Programme</td>
<td>4,433</td>
<td>1,731</td>
<td>1,280</td>
<td>7,444</td>
</tr>
</tbody>
</table>

**Community Services**

9.10. The final three-year Capital Programme 2022/23 to 2024/25 for Community Services is £1.7m. The main schemes comprise of:

- Children’s Playground Improvements - £0.3m;
- Vehicle Replacement Programme - £0.4m;
- Parks, Pavilions & 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 & Machinery Replacement Programme.

**Housing General Fund**

9.11. The final 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 mainly funded from DFG.

**Strategy & Resources**

9.12. The final three-year Capital Programme 2022/23 to 2024/25 for S&R is £2.2m. The schemes comprise of:

- Croydon Road Regeneration - £1.3m including £950k CIL
- IT Hardware & Infrastructure Projects - £0.6m
- Land and Asset Redevelopment - £0.2m
- Council offices Major Works Programme £0.1m
Planning Policy (Community Infrastructure Levy)

9.13. The final three-year Capital Programme 2022/23 to 2024/25 for Planning Policy (all CIL) is £2.2m. This is made up of grants and contributions to third parties for capital projects and are funded from CIL. A further £950k of CIL funds the Croydon Road scheme in S&R bringing total CIL to £3.1m.

Housing Revenue Account

9.14. The final 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 - £11.2m; and
- IT Hardware & Infrastructure Projects - £0.2m.

The final HRA Capital Programme is funded from the following sources, as shown in Table 11 below:

<table>
<thead>
<tr>
<th>Table 11: HRA Capital Programme and Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>HRA</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>HRA Capital Receipts/Reserves</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Borrowing</td>
</tr>
<tr>
<td>Total HRA Funding</td>
</tr>
</tbody>
</table>

9.15. 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.

Recommendation 9: Approves the total £35.4 million proposed three-year Capital Programme (comprising £4.3m General Fund, £3.1m Community Infrastructure Levy (CIL) and £28.0m Housing Revenue Account (HRA)) of which £16.0 million Capital Budget is for 2022/23 (Appendix D);
10. **Flexible Capital Receipts Strategy 2021/22 and 22/23**

10.1. 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. 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. As of 19 January 2022, there has been no further official guidance that these flexibilities have been extended beyond March 2022 although this may be confirmed in the final Local Government Finance Settlement.

10.2. To take advantage of the potential for 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 ([Appendix G](#)).

10.3. 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.

10.4. S&R on 2nd December approved the Chief Executive to request 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. The request was made in early January 2022, we await a response.

10.5. The current position of general fund capital receipts is an opening balance of £1.3m. Freedom Leisure loan repayments are classed as capital receipts and this will enhance the position by £0.3m. Instead of funding general fund capital programme with internal borrowing, capital receipts can be applied. For 2021/22 it is estimated that £0.7m will be applied. There are also approved transformation schemes of £0.2m for Planning and Finance. Therefore, the estimated position at the end of 2021/22 is £0.7m of residual receipts.

10.6. If the capital dispensation is not approved, and the flexible use was not extended, the residual receipts would have to be applied only to capital schemes.

10.7. The below table is the estimated capital receipts if the capital dispensation request is approved.
Table 12: Estimated General Fund Capital Receipts position for 21/22 and 22/23 if the capital dispensation directive is approved.

<table>
<thead>
<tr>
<th>Position</th>
<th>Receipts £k</th>
<th>With dispensation</th>
<th>Applied £k</th>
<th>Net £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/04/21</td>
<td>1,337</td>
<td>1,337</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21/22 Capital Programme</td>
<td>(754)</td>
<td>(754)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning Transformation Investment</td>
<td>(118)</td>
<td>(118)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tandridge Finance Transformation</td>
<td>(80)</td>
<td>(80)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans until 23/24</td>
<td>318</td>
<td>318</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position 01/04/22</td>
<td>1,655</td>
<td>(952)</td>
<td>703</td>
<td></td>
</tr>
</tbody>
</table>

Potential sale of an asset previously wholly rented to NHS 1,300
Loans until 23/24 318
Build reserves
Estimated 22/23 Capital Programme (2,321)
Other transformation work

<table>
<thead>
<tr>
<th>Position</th>
<th>Receipts £k</th>
<th>With dispensation</th>
<th>Applied £k</th>
<th>Net £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/04/23</td>
<td>3,273</td>
<td>(3,273)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Recommendation 10: To approve the Flexible Use of Capital Receipts Strategy for 2021/22 and 2022/23

11. **2022/23 Adequacy of Reserves and Risk Mitigation Strategy**

11.1. The Council is required to maintain an adequate level of Reserves to deal with future forecast or unexpected pressures. We are not permitted to allow spend to exceed available resources which would result in an overall deficit. Sections 32 and 43 of the Local Government Finance Act 1992 require Authorities to have regard to the level of Reserves to meet estimated future spend when calculating the budget requirement.

11.2. Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds (Earmarked Reserves) to meet known or predicted liabilities.

A summary of General and Earmarked Reserves, including usage and the forecast of Reserves and balances over the MTFS can be found in Appendix H.

11.3. Given the challenges in funding that the Council has experienced over recent years, **retention and build of the Council’s Reserves at a suitable level will be essential in order to mitigate risk**, including future funding uncertainties and non-delivery planned budget savings.
11.4. The Council has over the last two to three years eroded General Fund Reserves. Although there is no generally recognised official guidance on the level to be held, the level should be justifiable in the context of local and external economic factors, and that taxpayers’ money should not be tied up unnecessarily. The Council’s external auditor comments on the level of Reserves as part of the annual audit of the Council’s Accounts.

11.5. Since 2018/19, the General Fund Reserves have been eroded by £1.8m (1st April 2020 lowest point at £3m). The closing position of the General Fund balance (£3.1m) is low by comparison to other Authorities (as evidenced through the CIPFA Financial resilience index) which we have ambition to increase. To maintain resilience to address the level of risk, we have focussed on preserving our General Fund balance and Contingency for 2022/23 and building over the medium-term.

11.6. As at 1st April 2022, £2.8m of General Fund is expected to be brought forward, subject to the outturn position. No application of General Fund Reserves is planned for the 2022/23 budget.

11.7. Note that the position reflects the current reserve position. An updated position will be presented to the Committee if DLUHC approves the capital dispensation directive.

11.8. To maintain and then build financial resilience and sustainability, for 2022/23 we have budgeted for no movement on General Fund Reserves. A planned growth has been deferred to 2023/24 to allow for recovery from the 2020/21 pension budget error. In 2023/24, in addition to the current £2.8m General Fund balance, we have allowed for a £0.5m build to General Fund Reserves and the maintenance of a £0.1m Contingency year-on-year over the MTFS.

11.9. The Local Taxation Equalisation Reserve (previously known as Business Rates Equalisation Reserve) stands at £0.3m to mitigate the uncertainties over the economy and support any further, and currently unknown Collection Fund deteriorations.

11.10. As part of the budget setting process, we have identified a £1.1m Savings Programme to balance the budget. Given the current level of Reserves, delivery of the savings plan is essential and any savings that do not deliver to the extent expected will need to be replaced with alternate measures in year. The Benefits Board will monitor this closely throughout the year.

11.11. We have also set aside £0.4m for inflationary and staffing increment pressures. These will be applied to Committee budget envelopes as part of Tranche 2 to cover expected increases.

11.12. On the basis, the Section 151 Officer considers Reserves to be at a legally acceptable level for now, but one which would require improvement through building in the next financial year. In future years, budgets and the financial strategy will target the replenishment of Reserves, increasing them to a level to create resilience against medium-term risk.
12. **Engagement and Consultation**

12.1. Member engagement on the 2022/23 budget setting process has been undertaken over the Autumn of 2021 through Group Leaders and Deputy Group Leaders meetings. The Group Leaders and Deputy Group Leaders have disseminated the information to their related parties.

12.2. 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. Members have put forward proposals which have been subsequently reviewed and taken forward either for 2022/23 or 2023/24.

12.3. From 6th January to 1st February residents were able to comment on the Draft Budget proposals and the Committee final budgets. The consultation was on the Council’s website and initially referred to the Draft Budget paper and directed residents to the Committee Final Budget papers when they are published. There were no residents’ comments.

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

12.4. The Council has faced a turbulent and challenging financial year with the identification of the error in the 2020/21 budget, coupled with the ongoing effects of the pandemic. These challenges are set to continue over the medium-term, particularly with the likely introduction of the Fair Funding Review and Business Rates reset for 2023/24 as was alluded to in the Provisional Settlement of 16th December. Despite all this we have set a balanced budget for 2022/23, without the use of General Fund Reserves but this will need to ensure that in-year pressures are managed and savings as set out in this report are delivered. We have de-risked this to the extent possible by holding a contingency corporately to manage in-year budget pressures unanticipated at the time of setting the budget and the introduction of a Benefits Board to ensure we can deliver the benefits for 2022/23 from April and take the full-year effect. The progress of these savings will be reported to Members through routine management reporting.

12.5. 2021/22 is undoubtedly also a difficult year with a current (Month 8) overspend of £0.2m forecast for year-end. We collectively need to ensure we manage this position as tightly as possible as we approach year-end to minimise the call on Reserves, which are at legally acceptable levels but are insufficient to provide us with any financial resilience in the medium-term.

12.6. Given the challenges of setting the 2022/23 against the backdrop set out above, we chose not to build Reserves in 2022/23 however for 2023/24 we must set back on this course. Due to the strategy adopted in budget setting for 2021/22 to build Reserves our call on them to mitigate the 2020/21 budget error has been minimised and there is the hope that they can be replenished through our request to DLUHC for a Capital Dispensation. This is currently in train and we will be notified of our success or otherwise in the early part of 2022.

12.7. The Council is required to set a balanced budget for 2022/23 and the proposals in this report help achieve that objective. If any efficiency proposals or savings become unachievable during the year, or pressures added then offsetting savings must be identified to compensate.
13. **Comments of the Head of Legal Services**

13.1. 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.

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

13.3. The Local Government Finance Act 2013 requires the CFO to 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’.

13.4. 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.

13.5. 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 make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty) which includes a duty to consult. Having a medium-term financial strategy therefore contributes to achieving this legal duty.

14. **Equality**

14.1. The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

14.2. Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
• advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

14.3. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

14.4. Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

14.5. The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2022/23 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and Reserve adjustments).

14.6. The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the Budget-setting process and decision-making by using equality impact assessments.

15. **Climate Change implications**

15.1. There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through a business case process.

16. **Appendices**

   **Appendix A** – Executive Summary of Final Report- An Independent Review of Tandridge District Council’s Financial Management and Reporting Arrangements

      **Annex 1** - Final Report of Independent Review
      **Annex 2** – Capital Dispensation Request sent to DLUHC, Jan 2022
      **Annex 3** – Self assessment summary

   **Appendix B** – Overall Revenue Budget 2022/23

   **Appendix C** – List of Pressures and Savings by Committee

   **Appendix D** – Overall Capital Programme 2022/23 – 2023/24

   **Appendix E** – Council Tax Statement

      **Annex 1** – Council Tax Base 2022/23 (replicated from S&R Dec 2nd December, Appendix D)
Appendix F – Parish Precepts [TO FOLLOW]
Appendix G – Capital Flexible Receipts policy and Estimate
Appendix H – Earmarked and General Fund Reserves
Appendix I – Glossary of Terms

17. Background papers
2nd Dec Strategy & Resources – 2022/23 Draft Budget & MTFS to 2023/24
18th Jan Community Services – Outline Final Budget
20th Jan Planning policy – Outline Final Budget
25th Jan Housing – Outline Final Budget
1st Feb Strategy & Resources - Outline Final Budget
Executive Summary

Background and Objectives

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 (TDC) to appoint through an open competitive process, Anna D’Alessandro as the Chief Finance Officer and Section 151 Officer. Subsequently, significant work is underway focussed on improving financial management and governance in the short term and transforming the finance function in the medium term.

This report sets out an Executive Summary of my findings. My full report and findings can be found at Annex 1 to this report. Annex 2 presents a copy of the Capital Dispensation Letter, signed by the Chief Executive, and sent to the Department of Levelling -Up, Housing and Communities in early January. Annex 3 presents a summary of the Self-Assessment Framework, discussed below which formed the basis of my work. A more detailed version is available on formal request. Given the urgency with which this work needed to be undertaken to provide confidence to Members in approving the 2022/23 Budget in particular, areas for improvement in the self-assessment which have not been taken forward, could be considered for the next phase of the Tandridge Finance Transformation (TFT) Programme.
The Chief Finance Officer (CFO) has set the following **objectives for this review:**

**Short-term 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 (CFO) to recommend with assurance that Members approve the Revenue Outturn Report for 2020/21.
- the Statement of Accounts for 2020/21 to be submitted by the CFO to Deloitte for the external audit to be finalised, and their Annual Report and value for money conclusion published.
- the CFO to use the 2020/21 Revenue Outturn Report to inform the development of the 2022/23 Budget and rebuild Members’ confidence that the Draft Budget Report can be supported because any underlying financial issues are either not material or will be addressed through transformation work.

**Objectives identified during the course of the review:**

2. **To identify the most pressing significant weaknesses in the District Council’s financial management and reporting arrangements and suggest improvements to the CFO for consideration.**

3. **To identify opportunities, complementary to the work being undertaken by Impower on pressures, growth, and savings proposals, that could help the Council set a balanced Revenue Budget for 2022/23 and future years.**

**Timetable, Scope, and Approach to the Review**

The work is to be undertaken on a part time basis in the period of October to December 2021 and part of January 2022.

An Interim Report for the CFO was produced in November 2021 with a view to the CFO reporting to the Strategy and Resources (S&R) Committee on 2nd December 2021 when the Committee also considered the Revenue Outturn for 2020/21 and the draft Revenue Budget for 2022/23.

A Final Report for the CFO has been produced for mid-January 2022 with a view to the CFO reporting to S&R on the same Agenda (1st February 2022) as the Revenue Budget Report 2022/23.

It is understood that the scope of this review is limited and can only cover some aspects of the Council’s financial management arrangements. The Council has commissioned work from the LGA, Grant Thornton and Impower over the last 18 months and this review will, as far as possible, avoid any duplication of effort.
The approach to this review will be different from that taken by auditors, inspectors, and consultants. Typically, such organisations will assess the Council’s performance in a particular area against relevant standards or benchmarks and make recommendations for improvement which the CFO and her team must then respond to, work on and address. At times this can result in the CFO being presented with a list of recommendations to address problems that she already knows about, dials up the pressure and does little to help tackle those problems.

This review will seek to identify some of the more pressing significant weaknesses in the Council’s financial management.

As a starting point for the review a self-assessment framework (Refer to Annex 3) was written by myself as the Independent Adviser. The self-assessment framework is adapted from the Use of Resources Assessment developed by the former Audit Commission. The self-assessment framework was populated with the views and responses by a number of members of the Finance team (TDC and SCC) from two meetings, together with individual contributions, for example from the former Deputy Section 151 Officer. I then reviewed it and made an assessment of the largest areas of weakness, which then formed the basis of my review.

A summary of findings from this Review

The findings from this review are summarised below.

Findings relevant to Objective 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.

- **Comment 1.** Audit and Scrutiny has improved substantially over the last year. The Committee meets regularly, the Agenda is relevant, the Chair is well briefed, and it is fully engaged in the discussion of key issues.

- **Comment 2.** Swift steps have been taken by the CFO to seek independent reviews of weaknesses in financial management and to act upon the outcomes.

- **Comment 3.** The base budget for the old year, 2021/22, has been reviewed systematically with care and due diligence by the finance team. The issues identified have been addressed in the 2022/23 draft Revenue Budget.

- **Comment 4.** The Finance team has been restructured and strengthened, with colleagues from Surrey County Council providing additional, expert, and experienced capacity in addition to professional leadership and direction. This will be supplemented by the newly appointed full-time CFO (s151).

- **Comment 5.** The Tandridge Finance Transformation (TFT) Programme is underway and is already bringing about change and improvement. The progress made on the Exchequer Services project is impressive and is already adding value.

- **Comment 6.** The Revenue Outturn Report for 2020/21 has been considered and noted by S&R on 2nd December 2021. The Full Council meeting on 16th December received and noted the decisions that the Strategy and Resources Committee had made under delegated powers. The Outturn Report for 2020/21 is now with the external auditors for review and sign-off.
Findings relevant to Objective 2: To identify the most pressing significant weaknesses in the District Council’s financial management and reporting arrangements that should be addressed for implementation in the next financial year and suggest improvements to the CFO for consideration.

- **Comment 7.** The Council has made considerable and noticeable improvement in its financial reporting. Improvements include: issuing monthly monitoring information to Members, with key messages, risks and opportunities highlighted in plain terms. Information being presented in different ways, using graphs, charts and diagrams, together with narrative interpretation to ensure that messages can be understood.

- **Comment 8.** The Council’s revenue monitoring information is now sufficiently reliable and robust to support members strategic decision-making and, the budget setting process.

- **Comment 9.** The Council’s current Financial Regulations are not fit for purpose. The Monitoring Officer (MO) had already started to review and re-write these Regulations with support from the LGA and further work has been done as part of this independent review.
  - To help progress work in this area, a draft of the existing Regulations has been produced as an output from this review for the CFO and the MO to consider. This draft is presented as a separate report on the same Strategy and Resources Committee Agenda as this Report, so that the Committee has an opportunity to comment before a final version is taken to Full Council on 10th February for final approval.

- **Comment 10.** The Cash Book and Bank Reconciliation process is labour intensive, extremely slow and is not integrated with key financial systems. These systems issues will be addressed through the TFT.

- **Comment 11.** Suspense Accounts, for expenditure, were cleared in a timely manner and transactions allocated in time for inclusion in the 2020/21 Accounts and this is good practice.

- **Comment 12.** Income suspense accounts carried significant balances at the end of 2020/21. Work is underway to clear these balances to a more acceptable level by the end of 2021/22.

- **Comment 13.** Debtors (the amounts owed to the Council by people and organisations) are extraordinarily high as at 1st April 2021 as a proportion of the Council’s Revenue Budget. It is difficult to take action to recover debt if the Council does not have an accurate record of the amounts paid by those debtors (see Comment 10 above). This situation is being actively managed and is also being tackled as part of the TFT.
  - To help progress work in this area, a draft ‘Payments from Customers and Debt Management Policy’ and a draft ‘Bad Debt Write-Off Operational Procedure’ have been produced as an output from this review. The draft is presented as a separate report on the same Strategy and Resources Committee Agenda as this Report, so that the Committee has an opportunity to comment before the final version is taken forward to Full Council on 10th February.
• **Comment 14.** It is imperative that Tandridge supports and implements modest invest-to-save measures in the areas of income collection and debt management without delay. A Business Case for investment in a person to support the active management of debt is planned for Audit and Scrutiny. I consider that it is essential for the Council to rebuild its capacity in this area if income and debt are to be managed more actively. Such investment will more than pay for itself.

• **Comment 15.** The exceptionally high level of volatility in the Revenue Budget variances between 2020/21 and 2021/22 can be explained satisfactorily.

Findings relevant to Objective 3: To identify opportunities that could help the Council set a balanced Revenue Budget for 2022/23 and future years.

• **Comment 16.** 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. The capital receipts could be used to support an application to the Secretary of State for a Capital Dispensation.
  
  ➢ To help progress work in this area, a draft Capital Dispensation request is attached as Annex 2 to this report, in the form of a letter to the Secretary of State from the Chief Executive.

• **Comment 17.** The active management of the Council’s fixed assets is good practice and has yielded capital receipts which can be used to fund a Capital Dispensation request. If approval is granted by the Secretary of State, the Capital Dispensation of £2.3m will enable capital receipts to be used as if they were revenue funding. This is not normally permitted. Funds of £2.3m can then be added to the Council’s General Fund Reserves, increasing those Reserves by 75% and strengthening the Council’s financial resilience.

• **Comment 18.** Work has been undertaken on reviewing the working papers supporting the Council’s Balance Sheet for 2020/21. The Reserves position of £3.2m (estimated closing position for 21/22) is well supported and analysed. Some further work is necessary to evaluate a series of smaller balances, some of which may no longer be required for their intended purpose and could be written back into the General Fund. This would improve the Council’s financial position.

• **Comment 19.** Substantial changes have been made to financial monitoring in the last year with the result that strategic decisions can now be taken with confidence and assurance that the financial implications have been identified and are soundly based. In addition, material changes have been made during the year to the consistency and quality of the CFO’s financial commentary in key reports and governance documentation (such as waivers, procurement business cases and exemptions). As a result, strategic decisions can now be taken with confidence and assurance that the financial implications have been identified and are soundly based.

• **Comment 20.** The Council improved its approach to budget setting for the 2021/22 Budget, has built on that for the development of the 2022/23 Budget and is adopting rapidly an approach to budget setting for 2022/23 that is now close to a best practice model.
• **Comment 21.** The Council is changing – the approach to developing, communicating, and setting the Revenue Budget for 2022/23 is becoming more open, transparent and inclusive. The financial management culture is changing for the better.

**Conclusions**

Based on the work undertaken for this Review (October to January 2022) there is sufficient evidence of careful review and analysis of the data and information used in the production of the 2020/21 Outturn Report and the monthly revenue budget monitoring in 2021/22 to conclude that the CFO can proceed with a reasonable degree of confidence with the 2022/23 Budget Report, scheduled for S&R on 1\textsuperscript{st} February.

The 2020/21 Outturn Report was ready and sufficiently robust for the CFO to recommend it to Members of the Strategy and Resources Committee on 2\textsuperscript{nd} December 2021 and submit it with confidence to external auditors. The quality and coverage of working papers supporting the Accounts has improved and the Finance team are to be congratulated on their diligence, tenacity, and perseverance in getting to this position with limited resources.

Nonetheless, 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.

To help progress this work, a series of documents have been produced as outputs from this review:

1. Draft Financial Regulations (Completed – see separate report on this Agenda).
2. Draft Payments from Residents and Debt Management Policy. (Completed – see separate report on this Agenda).
3. Draft Operational Procedure for issuance by the CFO (in progress as at 20\textsuperscript{th} January ‘22).
4. Capital Dispensation Request for c£2.3m. (Completed and attached as Annex 2 to this report)

These documents are intended to offer a practical contribution to bringing about improvements in financial management and in the Council’s financial position.

The Draft Financial Regulations will be finalised by the CFO and MO over the coming weeks with input from S&R on 1\textsuperscript{st} February, with a view to be taken to Full Council for approval as is required by the Constitution.

The Payments from Residents and Debt Management Policy is presented here in draft for Member comments, which will be incorporated in the final version to then be implemented immediately after Council approval.

If the Capital Dispensation request to the Secretary of State is approved, it will improve the Council’s General Fund balances by c£2.3 million, strengthen the Council’s financial resilience and facilitate investment in areas such as income collection, exchequer services and debt management, maximising the Council’s future, recurring income streams.
One of the most important things that the CFO and her finance team are working on is changing the financial management culture in Tandridge. This takes time. It also takes considerable mental and emotional energy to change the culture within an organisation and sustain that change for the long term.

The extensive list of points highlighting progress demonstrates that the financial management culture is changing for the better and is moving towards best practice in a number of areas.

The Council is to be congratulated on the progress made over the last year or so. At this point in the financial cycle, the Council can afford to pause momentarily and reflect on the material improvement it has made in its financial management over the last year. Of course, there is more work to be done, nevertheless, the Council is in a far stronger position with its financial management, financial reporting, budgetary development, budget monitoring and financial resilience than it was a year ago.

End of Executive Summary
An independent Review of Tandridge District Council’s Financial Management and Reporting Arrangements

The context for this review

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 mid-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.

The objectives for this review

The Chief Finance Officer (CFO) has set the following objectives for this review:

Short-term 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 (CFO) to recommend with assurance that Members approve the Revenue Outturn Report for 2020/21.
- the Statement of Accounts for 2020/21 to be submitted by the CFO to Deloittes for the external audit to be finalised, and their Annual Report and value for money conclusion published.
- the CFO to use the 2020/21 Revenue Outturn Report to inform the development of the 2022/23 Budget and rebuild Members’ confidence that the Draft Budget Report can be supported because any underlying financial issues are either not material or will be addressed through transformation work.
Objectives set during the course of the review

2. To identify the most pressing significant weaknesses in the District Council’s financial management and reporting arrangements and suggest improvements to the CFO for consideration.

3. To identify opportunities, complementary to the work being undertaken by Impower on pressures, growth and savings proposals, that could help the Council set a balanced Revenue Budget for 2022/23 and future years.

Timetable, Scope and Approach to the Review

The work was undertaken on a part time basis in the period of October to December 2021 and part of January 2022.

An Interim Report for the CFO was produced for November 2021 with a view to the CFO reporting to the Strategy and Resources Committee on 2nd December 2021 when the Committee also considered the Revenue Outturn for 2020/21 and the draft Revenue Budget for 2022/23.

A Final Report for the CFO has been produced for mid-January 2022 with a view to the CFO reporting to S&R on the same Agenda as the Revenue Budget Report 2022/23.

It is understood that the scope of this review is limited and can only cover some aspects of the Council’s financial management arrangements. The Council has commissioned work from the LGA, Grant Thornton and Impower over the last 18 months and this review will, as far as possible, avoid any duplication of effort.

The approach to this review will be different from that taken by auditors, inspectors, and consultants. Typically, such organisations will assess the Council’s performance in a particular area against relevant standards or benchmarks and make recommendations for improvement which the CFO and her team must then respond to, work on and address. At times this can result in the CFO being presented with a list of recommendations to address problems that she already knows about, dials up the pressure and does little to help tackle those problems.

This review will seek to identify some of the more pressing significant weaknesses in the Council’s financial management by using a self-assessment framework produced for the review and completed by the Council’s finance team. The self-assessment framework is adapted from the Use of Resources Assessment developed by the former Audit Commission. There is no need to spend public money on creating something bespoke.

There is a lot to do within finite resources. Hence the TFT is taking forward a number of workstreams simultaneously. This review will help inform the CFO’s pragmatic decisions as to which areas of work should be tackled in the earlier phases of transformation and those which will necessarily have to be tackled later.

To begin with, the transformation programme has placed emphasis 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.
This review began with the Finance team carrying out a self-assessment of the Council’s present financial management arrangements. The completed framework for the self-assessment, developed from the former Audit Commission’s Use of Resources Assessment. This assessment identified the ahead of most weakness and informed the starting point of the review. A summary of this self-assessment can be found at Annex 3. A full version can be provided upon formal request.

The self-assessment needed to be done quickly and take up the minimum amount of time so that time could be spent by the team on developing solutions.

After a couple of meetings of members of the Council’s Finance team and some individual contributions, sufficient work had been done for the purposes of this review to highlight the most pressing weaknesses in financial management arrangements that this review could usefully investigate further. Time was then spent on developing possible solutions to some of those problems rather than generating an ever longer list of work for others to do.

The overwhelming majority of problems faced by a local authority are not unique. Another authority is likely to have faced the same problem and found a reasonable solution that it is happy to share. In addition, CIPFA, the LGA, the Audit Commission and other publicly funded bodies have developed standards, guidelines and models that can be used, often at no expense. This review makes as much use of this material as possible and adapts it to meet Tandridge’s particular needs.

**The Findings from this Review**

Comments and observations about financial management practices at Tandridge District Council based upon work carried out during this review are set out below.

**Comment 1. Audit and Scrutiny has improved substantially over the last year. It meets regularly, the Agenda is relevant, the Chair is well briefed, and the Committee is fully engaged in discussion of key issues.**

The records of the meetings of the Audit and Scrutiny Committee show a marked improvement in the regularity of meetings, the quality of reports and the breadth of issues covered by the Committee from mid-2020 onwards compared with the previous two years.

Tandridge DC, with advice from senior officers, has implemented a new audit and scrutiny function which is evolving and establishing its role. There is evidence in the meetings 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 Chair is well briefed and is fully engaged with key issues such as the setting of the Budget for 2022/23 and the closure of Accounts. Good governance on financial matters is evident in other ways too – for example the external auditor was challenged to explain why there had been an extended delay in completing the 2019/20 audit and to find ways to overcome difficulties arising from staff sickness absence so that the audit could be completed.
The Council’s approach is consistent with that recommended by the Centre for Public Scrutiny which is a respected 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 the outcomes.**

The CFO has taken 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.

In addition, key findings have been reported to Audit Committee, the CFO has followed-up and taken action on those findings and progress has been reported back to the Audit Committee.

**Comment 3. The base budget for the old year, 2021/22, has been reviewed systematically with care and due diligence by the finance team and the issues identified have been addressed in the 2022/23 draft Revenue Budget.**

The Tandridge Finance team has reviewed the 2021/22 budget line-by-line, sent to Members on 18th January, with 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.

Other examples of the work that has been undertaken to validate the Council’s revenue Budget in 2021/22 include:

- Finance business partners, working with service managers, have reviewed and verified the salaries budget which represents about three quarters of the total budget for the year.
- Expenditure and income have been under close scrutiny since the appointment of the new Chief Executive and the CFO.

**Comment 4. The Tandridge Finance team has been restructured and strengthened, with colleagues from Surrey County Council providing additional, expert, and experienced capacity in addition to professional leadership and direction.**

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, 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 transformation programme 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 detailed work that is required to bring all of 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. The progress made on the Exchequer Services project is impressive and is adding value.

The TFT is part of a wider programme of service improvement and transformation being progressed across the Council as a whole. Progress on the TFT is evident in the areas listed below.

- An effective TFT Programme Management function is in place.
- The Tandridge Finance team has been restructured, interviews have been held, 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. Tandridge is recharged for the support of some County Council Officers and is getting excellent value for money not least because those staff have been able to draw on the skills and expertise of their County colleagues.
- The Exchequer function is a particular area of focus in Phase 1 of the programme and is making headway. This issue is covered in some detail later in this report.

The Finance staff as a whole are working purposefully and professionally together, especially given the difficult circumstances.

Former Section 151 Officers are personally accountable (as prescribed in the legislation) for the effective and efficient financial management of the Council’s resources. It follows that those officers carry the responsibility for failing to actively manage and prevent the deterioration in the Finance function in the period 2016 to mid-2020 (until the incumbent interim CFO came into post from SCC) and for the weaknesses identified in this report, and not the Finance Team as a whole.
There have been mitigating circumstances because local authorities have faced cuts in government grant during the 10 years of austerity following the financial crisis. But the most basic systems of income collection, cash book and bank reconciliations deserved more attention from former Section 151 Officers. As Government funding is beginning to improve, these functions now need sufficient resources, that could be funded on an invest to save basis, through the Finance transformation programme. Some relatively modest additions, such as a small number of accounting technicians or trainees, would generate more income than they cost. In addition, the Council would be in a better position to strengthen the basic transactional systems and associated procedures that enable assurance to be given on matters to do with financial regularity and probity.

Comment 6. The Revenue Outturn Report for 2020/21 has been considered and noted by the Strategy and Resources Committee on 2nd December 2021. The full Council meeting on 16th December received and noted the decisions that the Strategy and Resources Committee had made under delegated powers. The outturn report for 2020/21 is now with external auditors for review and sign-off.

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. It is expected that the 2019/20 Accounts will be signed off in January 2022. However, I have been made aware at the time of writing that they are to be signed by 27th January (pre-Audit & Scrutiny Committee).

The 2020/21 Outturn Report and Accounts have been prepared and presented to S&R on 2nd December 2021. In addition, a clear and comprehensive covering report helped to inform the discussion at the meeting. It is pleasing to note that the Outturn position reported was consistent with the Accounts. This has not always been achieved. In the past there has been significant variation as between the position shown in the Outturn and that shown in the final Statement of Accounts.

The stable position achieved by the Council shown in the Statement of Accounts helps to give confidence that the 2020/21 Outturn can be used as a sound basis upon which to build the Revenue Budget for 2022/23.

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 those colleagues seconded and providing support from Surrey County Council whose patience and persistence has contributed to a better set of Accounts being produced for 2020/21.

The 2020/21 Accounts were considered and noted by S&R on 2nd December. In addition, the Committee received a report on the 2022/23 Revenue Budget. Their decisions, made under delegated powers, were reported to full Council on 16th December 2021 as follows:

- A. the Council’s revenue and capital positions for the year be noted;
- B. the gap mitigation strategy regarding the request for capitalisation dispensation for 2022/23 be noted; and
- C. the independent review of the Council’s financial management and reporting arrangements be noted.
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.

Comment 7. The Council has made a considerable and noticeable improvement in its financial reporting.

The 2020/21 Outturn is consistent with the 2020/21 Accounts which are ready for external audit. This consistency has not been achieved in the past and it demonstrates the concerted effort made by the Finance teams during the year to produce accurate and timely revenue monitoring information has been worthwhile.

Comment 8. The Council’s revenue monitoring information is now sufficiently reliable and robust to support Members’ strategic decision-making, and the budget setting process.

The CFO, the Senior Finance Business Partner, Business Partners and their team members are to be congratulated on the leadership and development of the major step forward made by the Council in the timeliness, accuracy and quality of regular monitoring information provided to Members. Members of the Council, and senior officers are now in receipt of monthly revenue monitoring information which is accurate and up-to-date. This information is sent by email to Members so that it is received in a timely fashion. Key messages are drawn out by the CFO.

Further work is planned to draw financial reporting information together with performance and risk information and present it to Committees on a regular basis and balance sheet information provided quarterly. The Council will then be in a better position to actively manage its working capital, especially the debt position, costs and performance levels of services and to demonstrate that it is delivering value for money to local people.

Comment 9. The Council’s current Financial Regulations are not fit for purpose. The Monitoring Officer (MO) has already started to review and re-write these Regulations with support from the LGA and further work has been done as part of this independent review.

The Financial Regulations describe the roles and responsibilities of Members and Officers for the effective management of the Council’s finances. Responsibility and accountability for financial management is delegated through the Financial Regulations. Furthermore financial controls such as expenditure limits are set out in these Regulations. It is essential that the Financial Regulations are redrafted by the CFO and the MO working together and taken to full Council for consideration and approval.

To help progress work in this area, a draft set of Financial Regulations is presented on the same S&R agenda on 1st February for Members to note and comment on and for the CFO to consider and finalise with the MO, with S&R Committee input, then onto Full Council for approval on 10th February. This draft is based on established good practice and CIPFA’s standard model.

Comment 10. 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.
At the end of the financial year the cash book and bank reconciliation as at 31st March 2021 was out of balance and detailed work was required by the then Deputy Section 151 Officer in order to prepare a reconciliation and supporting working papers that would satisfy the external auditor.

The bank reconciliation was out of balance, on the face of it, by around £30,000. The Council’s 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. Additional work was undertaken by the Deputy Section 151 Officer and 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 is planned as part of the as part of the transformation programme so that a more permanent solution can be found.

Comment 11. Suspense Accounts for expenditure were cleared in a timely manner for the 2020/21 Accounts and this is good practice.

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

Comment 12. Income suspense accounts carried significant balances at the end of 2020/21. Work is underway to clear these balances to a more acceptable level by the end of 2021/22.

Income suspense accounts arise largely because correct and complete references have not been used by the people or organisations making payments to the Council. As a consequence of the lack of a correct reference the customer’s payment cannot be coded automatically to the correct account code and is coded to suspense instead. The Council could make it easier for people and organisations to make their payments and use correct reference numbers. This will help to reduce the volume of transactions in suspense accounts, reduce administration and keep the accounts of people and organisations up to date and accurate.

To help progress work in this area, a draft ‘Payments from Customers and Debt Management Policy’ has been provided for the CFO to consider. This draft policy is also relevant to the comment on debtors below.

Comment 13. Debtors (the amounts owed to the Council by people and organisations) are extraordinarily high as at 1st April 2021 as a proportion of the Council’s Revenue Budget. It is difficult to take action to recover debt if the Council does not have an accurate record of the amounts paid by those debtors (see 10 above). This situation is being actively managed and is being tackled as part of the finance transformation programme.

The Council’s performance in collecting debt varies in different service areas. This patchy performance is being addressed in part through the active management and leadership of the Exchequer Services project. This is one part of the TFT that would more than repay any additional investment made in staffing, systems and resources. It is counter-productive to make savings in administrative posts and carry the level of unpaid debt that Tandridge has on its balance sheet. Additional resources are needed urgently in this area.
The amounts owed to the Council are in some cases up to twenty years old. The longer that debts are outstanding, the greater the likelihood that they will not be paid. Whilst the Council has been making provision on an annual basis for bad debts, the Council has not been following best practice with regard to writing-off bad debts against that provision.

Debtors as at 1st April 2021 are extraordinarily high as a proportion of the Council’s revenue budget.

<table>
<thead>
<tr>
<th>Service</th>
<th>Council fund</th>
<th>Outstanding as at 31/01/2021 (unless otherwise stated)</th>
<th>Outstanding as at 31/10/2021 (unless otherwise stated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Benefit Overpayments</td>
<td>Housing General Fund</td>
<td>1,447,215.10</td>
<td>1,469,692.33</td>
</tr>
<tr>
<td>Sundry Debts</td>
<td>General Fund - corporate items</td>
<td>2,038,887.18</td>
<td>2,486,348.72</td>
</tr>
<tr>
<td>General Fund - sub total</td>
<td></td>
<td>3,486,102.28</td>
<td>3,956,041.05</td>
</tr>
<tr>
<td>Council Tax arrears</td>
<td>Collection funds</td>
<td>2,202,143.20</td>
<td>4,300,530.10</td>
</tr>
<tr>
<td>National Non-Domestic Rates</td>
<td>Collection funds</td>
<td>378,403.99</td>
<td>832,606.21</td>
</tr>
<tr>
<td>Current tenant rent arrears (HRA)</td>
<td>Housing Revenue Account</td>
<td>438,721.32</td>
<td>372,258.86</td>
</tr>
<tr>
<td>Non General fund sub-total</td>
<td></td>
<td>3,019,268.51</td>
<td>5,505,395.17</td>
</tr>
<tr>
<td>Grand total</td>
<td></td>
<td>6,505,370.79</td>
<td>9,461,436.22</td>
</tr>
<tr>
<td>System used</td>
<td>Annual collection</td>
<td>Relevant notes</td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Capita and NEC (Northgate)</td>
<td>£18m</td>
<td>Debts dated up to 31/08/2021 in Capita, debts from 01/09/2021 in NEC (Northgate)</td>
<td></td>
</tr>
<tr>
<td>Agresso</td>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>Capita and NEC (Northgate)</td>
<td>£79m</td>
<td>Please note this figure is the accumulated arrears as at 31st March each year. Our collection rate currently 97%.</td>
<td></td>
</tr>
<tr>
<td>Capita and NEC (Northgate)</td>
<td>£30m</td>
<td>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%.</td>
<td></td>
</tr>
<tr>
<td>Orchard (Housing Revenue Account)</td>
<td>£15m</td>
<td>Approximately 72% of rent accounts owe in excess of £1,000.00</td>
<td></td>
</tr>
</tbody>
</table>

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 established with nominations from across the council. 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 14. It is imperative that Tandridge DC supports and implements invest to save measures in the areas of income collection and debt management without delay.

To help progress work in this area, a draft ‘Bad Debt Write-Off Operational Procedure’ has been prepared as an output from this review for the CFO to consider, with a view to consulting with the Management Team and then issuing to officers to implement as a final document

Comment 15. 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, and rightly a cause of concern.

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 £920,000) of £1,778,000:

<table>
<thead>
<tr>
<th>Source of surplus of £1,778,000:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Income: New Homes Bonus</td>
<td>£252,000</td>
</tr>
<tr>
<td>Homes England Funding</td>
<td>£130,000</td>
</tr>
<tr>
<td>Local Plan underspend</td>
<td>£552,000</td>
</tr>
<tr>
<td>Salary underspends</td>
<td>£589,000</td>
</tr>
<tr>
<td>Flexible use of capital receipts</td>
<td>£140,000</td>
</tr>
<tr>
<td>Higher budget than required for secondary pensions</td>
<td>£362,000</td>
</tr>
</tbody>
</table>

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
Stationery and printing £56,000
Offset by interest receivable overspend (£174,000)
MRP overspend (£152,000)
Other (£23,000)

Surplus before adjustment for pensions error £1,778,000

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 16. 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 (see Grant Thornton Forensic Review).

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 17. The active management of the Council’s fixed assets and CIL allocations is good practice.

The potential capital receipt described above arises from the sale of a surplus property identified because of the Investment Sub-Committee’s active management of the Council’s physical assets. This is another example of good practice in financial management in Tandridge. Managing the fixed assets on the Council’s Balance Sheet is at least as important as managing the revenue budget and in many authorities it receives much less attention than it should. By having a separate Investment Committee Tandridge is ensuring that there is a focus on managing such assets.

In a similar vein, the CIL Working Group provides a forum in which open and transparent decisions can be made about the effective use of the Community
Infrastructure Levy (CIL). CIL has become an increasingly important and valuable source of funding for local projects. The positive impact of such projects in a community is often amplified because of the energy and enthusiasm of volunteers who are willing to share their skills and knowledge at no cost to support their own community. A CIL Committee also provides a forum for those who receive grant to get advice and support. As the project progresses they can report back on progress and describe its value to their locality. This helps ensure some direct accountability for the effective use of the funding.

**Comment 18.** Work has been undertaken on reviewing the working papers supporting the Council’s Balance Sheet for 2020/21. The Reserves position of £3.2m (estimated closing position for 2021/22) is well supported and analysed. Some further work is necessary to evaluate a series of smaller balances, some of which may no longer be required for their intended purpose.

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 further work on the Reserves and the provision for bad debts, in particular, take a view in the round of the net balance arising, before writing anything back into the Revenue Account.

**Comment 19.** Substantial changes have been made to financial monitoring in the last year with the result that strategic decisions can now be taken with confidence and assurance that the financial implications have been identified and are soundly based.

Financial monitoring reports are now sent to ELT, SLT and to all Council Members on a monthly basis. Tables of figures are interpreted and set out in narrative form so that clear and understandable key messages, financial risks and opportunities are drawn out. In addition, material changes have been made during the year to the consistency and quality of the CFO’s financial commentary in key reports and governance documentation (such as waivers, procurement business cases and exemptions). As a result, strategic decisions can now be taken with confidence and assurance that the financial implications have been identified and are soundly based.

**Comment 20.** The Council improved its approach to budget setting for the 2021/22 Budget, has built on that for the development of the 2022/23 Budget and is adopting rapidly an approach to budget setting for 2022/23 that is moving towards a best practice model.

Both Members and the CFO have responsibilities under the law for budget setting. 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 virements 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 1st 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 CFO has a duty to report to the authority on the robustness of the estimates that underpin the calculations required of the Council.

**Comment 21. The Council is changing – the approach to developing, communicating and setting the Revenue Budget for 2022/23 is becoming more open, transparent and inclusive. The financial management culture is changing for the better.**

Changing the culture of an organisation is one of the most difficult leadership challenges. That is because an organisation’s culture is influenced by interlocking sets of objectives (sometimes competing), roles, processes, values, communication practices, attitudes, differing perspectives, different levels of understanding of and access to information, and assumptions. This is not an exhaustive list – but it is an exhausting one when you try and change or influence a prevailing culture within an organisation.

The CFO and her team are trying to influence Tandridge’s culture in one area – financial management. Some of the Council’s managers and staff are joining in with this endeavour, as are some active and engaged Members. Others, (Members, managers and staff), are holding back a bit. Some may not realise that they could contribute – just by attending a meeting or taking a deep breath and raising a question about something they don’t understand. Some may be so dispirited by past organisational changes that in some areas created more problems than they have solved – that they are waiting to see what might happen before they invest their physical, mental and emotional energy in trying to improve something as dull and boring as financial management.

Others have more important things to do ……… build houses, collect rent, run community projects, deal with Covid19, collect the children from school, manage the Leisure Centre, teach swimming classes, mow the grass in the parks ……….. Whatever it might be that their job/role demands of them. But how many of these services could be delivered better with more money or resources? How many managers turn away increases in their budgets? Better financial management avoids waste, targets resources effectively to deliver added value and thereby frees resources that can be used to build more houses, reduce the rent, fund more community projects ……… and so on. But it requires everyone to do their bit.

The Chief Executive, the CFO, the Management Team and most (possibly all?) of the Finance team are trying to create the right conditions for cultural change to happen by working differently. By working hard to model that it is possible to have a Revenue Outturn for 2020/21 that matches the Statement of Accounts for 20/2021. By demonstrating that Service Managers will participate willingly in reviewing budgets with their finance colleagues and getting the Base Budget right (or close enough) for 2022/23. By highlighting examples of staff who are showing leadership (regardless of their level/paygrade/role in the organisation) by joining in, by supporting, by attending meetings and asking questions, by challenging assumptions, by suspending disbelief and contributing to activities intended to bring about improvement, by doing their jobs well.
Conclusion

Based on the work undertaken for this Review (October to January 2022) there is sufficient evidence of careful review and analysis of the data and information used in the production of the 2020/21 Outturn Report and the monthly revenue budget monitoring in 2021/22 to conclude that the CFO can proceed with a reasonable degree of confidence with the 2022/23 Budget Report, scheduled S&R on 1st February. The 2020/21 Outturn Report was ready and sufficiently robust for the CFO to recommend it to Members of S&R on 2nd December 2021 and submit it with confidence to external auditors.

Nonetheless, 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 finance transformation programme, with Members updated through the Member Reference Group.

To help progress this work, a series of documents have been produced as outputs from this review:

- Draft Financial Regulations.
- Draft Payments from Customers and Debt Management Policy.
- Draft Bad Debt Write-Off Operational Procedure.
- Capital Dispensation Request.

These documents are intended to offer a practical contribution to bringing about improvement in financial management and in the Council’s financial position.

The Draft Financial Regulations will be finalised by the CFO and MO post presentation of the draft to S&R on 1st February and then to Full Council for a decision which is required by the Constitution.

The Payments from Residents and Debt Management Policy is presented here in draft for Member comments, which will be incorporated in the final version to then be implemented immediately after Council approval.

If the Capital Dispensation request to the Secretary of State is approved, it will improve the Council’s General Fund balances by c£2.3 million, strengthen the Council’s financial resilience and facilitate investment in areas such as income collection, exchequer services and debt management, maximising the Council’s future, recurring income streams.

One of the most important things that the CFO and her Finance team are working on is changing the financial management culture in Tandridge. This takes time. It also takes considerable mental and emotional energy to change the culture within an organisation and sustain that change for the long term. The extensive list of points highlighting progress demonstrates that the financial management culture is changing for the better and is moving towards best practice in a number of areas. The council is to be congratulated on the progress made over the last year or so. At this point in the financial cycle, the Council can afford to pause momentarily and reflect on the material improvement it has made in its financial management over the last year. Of course there is more work to be done, nevertheless, the council is in a far stronger position with its financial management, financial reporting, budget monitoring and financial resilience than it was a year ago.
ANNEX 2 – CAPITAL DISPENSATION REQUEST

[Chief Executive’s headed paper]

[Final sent 5th January 2022]

Alex Skinner, Director Local Government Finance
Department for Levelling Up, Housing and Communities
2 Marsham Street
London SW1P 4DF

Dear Alex

Request for a dispensation from The Secretary of State under the Capitalisation Directive

I am writing on behalf of Tandridge District Council to request a dispensation under the Capitalisation Directive from the Secretary of State for £2.32m in 2022/23.

The request for a dispensation of £2.32m is necessary to help address an unplanned and recurring shortfall in income of £920,500 in 2020/21, 2021/22 and future years. When the error was discovered in April 2021, it was already affecting revenue budgets for two financial years, creating a cumulative shortfall of £1.84m.

A forensic review was commissioned from Grant Thornton which confirmed that the revenue budget had a recurring deficit of £920,500 (8% of the annual revenue budget of £11.3m for 2020/21) due to a technical accounting error related to pensions.

A technical accounting error of this sort was indicative of wider problems with the Council’s finance function. For example, in the 5-year period to 2021, Tandridge District Council has had five Section 151 Officers. In the same period, the finance team resources were cut, and new ways of working were introduced by a former Chief Executive. Based upon a ‘matrix management’ approach, this structure has not worked well in practice and is not a good fit for transactional services. It is not surprising therefore that Grant Thornton made 15 wide ranging recommendations for improving financial governance and accountability.

The Council has adopted all 15 recommendations and is being actively supported by a team from Surrey County Council working on the transformation of financial services. This support has now been in place for more than a year, has recently been strengthened and a comprehensive transformation programme is well underway and progressing at pace. The improvements in financial management and governance being made will be at risk if the Council must divert funding for a second and a third year in succession to cover a past mistake.

The table below sets out Tandridge District Council’s projected capital receipts as at the 31st of March 2023. The table shows that the Council will have capital receipts to support the Capital Dispensation requested of £2.32m.
We have considered the following options for addressing Tandridge’s financial shortfall.

- **Capitalisation** - The Council has £1.65m in available capital receipts as at 22 November 2021 in addition to which sale of a surplus property may yield £1.3m or more. A further £0.3m is due in 2022/23 because of interest repayments on outstanding loans. This means that the Council will have capital receipts available of £3.27m by 2022/23 of which £0.95m will be applied to fund the 2021/22 capital programme and the transformation of financial services leaving £2.32m available to cover the proposed Capital Dispensation. (See the table above).

  If the Secretary of State approves the Capital Dispensation, Tandridge District Council can manage its own financial problems without the need for external, additional funding and in so doing there would be no impact on the Council’s borrowing.

- **Increase Council Tax** - Our working assumptions on balancing the budget for 2022/23 already include an annual increase in Council Tax of £5, the maximum allowed within the current regulations.

- **General Fund Reserves** - General Fund Reserves of £3.1m would be reduced to unsustainable levels if the shortfall in income had to be met from those reserves.

  Section 25 of the Local Government Finance Act 2003 requires the Council’s s151 Officer to state an opinion on the robustness of the savings estimates and the adequacy of the proposed financial reserves that Members should have regard to when considering the budget for 2022/23. The Council’s s151 Officer has confirmed that the level of Reserves is at a legally acceptable level, but one that requires increasing in the future to provide the Council with some flexibility and resilience in its financial planning in the medium term. This view is likely to be supported by external auditors.

**Request for dispensation**

Having considered the options, we are requesting a dispensation for £2.32m under the Capitalisation Directions Policy and Procedures – Financial Difficulties.

Evidence that the expenditure meets the capital directions financial difficulties tests

  - The capitalised expenditure is unavoidable and there is no alternative way of ensuring that the expenditure could be met.

    The Council has only a limited level of available revenue reserves and cannot capitalise any other expenditure within current guidelines.
The local authority could not meet the expenditure out of revenue resources without there being an unacceptable adverse impact on those who use or pay for its services. As outlined above, the Council will not be able to repay any brought forward deficit without cutting services to a level potentially below that required by statute.

The financial difficulties are of an extreme nature. The total shortfall in income of £2.76m (£920,500 x 3) is almost 90% of the Council’s General Reserves of £3.1m and is around 25% of its annual Revenue Budget.

If a Capital Dispensation of £2.32m were approved, it would be applied to:

- Reinstate and build reserves to provide the Council with a more stable and resilient financial base, and
- Fund the continuing work on the transformation of Finance, embedding good financial management across the Council, transformation of the Planning service and a new Target Operating Model for the Council as a whole, a course on which it has currently embarked.

Conclusion and Request for a Capital Dispensation of £2.32m

Tandridge District Council requests a dispensation under the Capitalisation Directive from the Secretary of State for £2.32m in 2022/23. In making this request, Tandridge District Council’s objectives are:

- To return Tandridge District Council to a more stable and resilient financial position over the medium-term;
- With the support of Surrey County Council, to transform Financial Services and embed good financial management;
- To continue with the transformation of the Planning Service; and
- To embark on transformation journey for the entirety of the Council.

Yours Sincerely,

David Ford
Chief Executive
Annex 3 – Self Assessment – summary

Background and Introduction
The self-assessment framework is adapted from the Use of Resources Assessment developed by the former Audit Commission. The assessment “Use of Resources” focused on the importance of having strategic financial management, sound governance and effective financial reporting arrangements.

Early in the review, the self-assessment framework was populated with the views and responses by the wider Finance team (TDC and SCC) from two meetings, together with individual contributions, for example from the former Deputy Section 151 Officer. I (Laura Rowley – Independent Advisor) then reviewed it and made an assessment of the largest areas of weakness, which then formed the basis of my review.

Criteria and Definitions
Assessments have been made for each theme using a similar scale to the former Audit Commission's scale, see Table 1 below. This scale is used across the initial review.

Table 1 Standard scale used for assessments and inspections

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Only at minimum requirements – adequate performance.</td>
</tr>
<tr>
<td>3</td>
<td>Consistently above minimum requirements – performing well.</td>
</tr>
<tr>
<td>4</td>
<td>Well above minimum requirements – performing strongly.</td>
</tr>
</tbody>
</table>

There are number of key evidence and comments required to meet each level. The requirement increases from level 2 to 4 for example: having working papers to support the financial accounts audit [level 2] to having exemplary working papers to support the financial accounts audit [level 4].

The Red, Amber and Green (RAG) status has been applied within the summary by colour coding the relevant row. This would state that the row was:

Green (G), it was achieved, Amber (A) – it was partially achieved, Red (R)– it was not achieved, or white (-) – not rated

Outcomes
Below is a summary of the key line of enquiry (KLOEs).
Table 2: Summary Key Line of Enquiry (KLOE’s)

<table>
<thead>
<tr>
<th>2020/21</th>
<th>Outcome:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 3 4</td>
<td></td>
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</tbody>
</table>

1. Financial Reporting:  | Meets Minimum level [Level 2] |
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 The Council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers</td>
<td>G R R Significant improvements required to achieve higher standards [levels 3 &amp; 4]</td>
</tr>
<tr>
<td>1.2 The Council promotes external accountability</td>
<td>G A R Further improvements required to achieve higher standards [levels 3 &amp; 4]</td>
</tr>
</tbody>
</table>

2. Financial Management:  | Below and Meets minimum level [Level 2] |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 The council plan and manage its finances</td>
<td>A R R Significant improvements required to achieve higher standards [levels 2, 3 &amp; 4]</td>
</tr>
<tr>
<td>2.2 The council manages performance against budgets</td>
<td>G A Further improvements required to achieve higher standards [levels 3]</td>
</tr>
<tr>
<td>2.3 The council manages its asset base</td>
<td>G A R Further improvements required to achieve higher standards [levels 3 &amp; 4]</td>
</tr>
</tbody>
</table>

3. Financial Standing:  | Meets Minimum level [Level 2] |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>3.1 The council manages its spending within the available resources</td>
<td>G A R Further improvements required to achieve higher standards [levels 3 &amp; 4]</td>
</tr>
</tbody>
</table>

4. Internal Control:  | Meets Minimum level [Level 2] |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 The council manages its significant business risks</td>
<td>G R R Significant improvements required to achieve higher standards [levels 3 &amp; 4]</td>
</tr>
<tr>
<td>4.2 The council has arrangements in place to maintain a sound system of internal control</td>
<td>G - - Further assessment required for levels 3 &amp; 4</td>
</tr>
<tr>
<td>4.3 The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business</td>
<td>G A - Further improvements required to achieve higher standards [level 3] &amp; Further assessment required for level 4</td>
</tr>
</tbody>
</table>

5. Value for Money:  | Meets Minimum level [Level 2] |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>5.1 The council currently achieves good value for money</td>
<td>G - R Significant improvements required to achieve higher standards [levels 3 &amp; 4]</td>
</tr>
<tr>
<td>5.2 The council manages and improves value for money</td>
<td>G - - Further assessment required for levels 3 &amp; 4</td>
</tr>
</tbody>
</table>

Conclusion

This was the initial assessment. The main report highlights where improvements have been made and that the status of the financial management and governance is improving by the day. This framework would help when reassessing how far the Council has come is such a short time scale and the foci for future improvement.
<table>
<thead>
<tr>
<th>Level</th>
<th>Section</th>
<th>Initial Indicative Level Assessment 2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Financial reporting</td>
<td></td>
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<tr>
<td></td>
<td>How good are the council’s financial accounting and reporting arrangements?</td>
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<tr>
<td></td>
<td>1.1 The council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* The council's accounts were prepared in accordance with statutory requirements, statutory/regulatory timetables, relevant accounting and reporting standards, and the council’s agreed accounting policies.</td>
<td>In 2019/20 there was no Audit Committee - there is now - so this shows an improvement and a progression between levels 1 and 2.</td>
</tr>
<tr>
<td></td>
<td>* The auditor received auditable accounts, including a complete set of financial statements, disclosures and notes, in accordance with the timetable agreed with the audited body.</td>
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<tr>
<td></td>
<td>* The accounts submitted for audit presented fairly, but contained several non-trivial errors.</td>
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<tr>
<td></td>
<td>* Comprehensive working papers supporting the accounts were provided at the start of the audit to the standard specified by the auditor.</td>
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<tr>
<td></td>
<td>* The council ensured that appropriate, knowledgeable and skilled staff were available to deal with external auditors’ queries, to substantiate assertions, and to explain items of account</td>
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<tr>
<td></td>
<td>The auditor gave an unqualified opinion in the published statements.</td>
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<tr>
<td></td>
<td>1.1 The council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* The accounts submitted for audit presented fairly and contained only a small number of non-trivial errors.</td>
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<tr>
<td></td>
<td>* All additional requests from the auditor were responded to promptly in accordance with any agreed deadlines.</td>
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<tr>
<td></td>
<td>* The accounts submitted to the council/committee meeting at which they were approved were accompanied by an explanatory paper providing interpretation of the accounts and highlighting key issues for the benefit of members.</td>
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</tr>
<tr>
<td></td>
<td>* The accounts were subject to robust member scrutiny prior to approval.</td>
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<tr>
<td></td>
<td>1.1 The council produces annual accounts in accordance with relevant, standards and timetables, supported by comprehensive working papers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The accounts submitted for audit presented fairly and contained only errors considered ‘clearly trivial’.</td>
<td>Corporate debt policy approved Nov 2020</td>
</tr>
<tr>
<td></td>
<td>The quality of the working papers provided was exemplary.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2 The Council promotes external accountability</td>
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</tr>
<tr>
<td></td>
<td>* The council publishes its accounts and publicises how local electors can exercise their rights, in accordance with the requirements of the Accounts &amp; Audit Regulations 2003.</td>
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</tr>
<tr>
<td></td>
<td>* The council publishes the annual audit letter in accordance with the requirements of the Accounts &amp; Audit Regulations 2003.</td>
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<tr>
<td>Level</td>
<td>Section</td>
<td>Initial Indicative Level Assessment 2020/21</td>
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</tr>
<tr>
<td>Level 2</td>
<td>* The agenda, reports and minutes for meetings of full council, committees and scrutiny panels are made available to the public) on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation.</td>
<td>1.2 The Council promotes external accountability</td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council can demonstrate that it is considering the views of a range of stakeholders in making its decision whether to publish an annual report.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council publishes summary financial information that meets the needs of a range of stakeholders.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The most recent published accounts, annual audit letter, agenda, reports and minutes for meetings of council, committees and scrutiny panels are made available to the public on the council’s website on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation.</td>
<td>1.2 The Council promotes external accountability</td>
</tr>
<tr>
<td>Level 4</td>
<td>The council publishes in accessible formats an annual report or similar document which includes summary accounts and an explanation of key financial information/technical terms designed to be understandable by members of the public.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>The annual report or similar document includes information and analysis about the council’s environmental footprint</td>
<td></td>
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<tr>
<td>2. Financial Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 How well does the council plan and manage its finances?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has put in place a medium-term (three year) financial strategy which is linked to its key strategic objectives and takes account of both local improvement priorities and national priorities.</td>
<td>It is understood that a performance indicator for the recovery of Agresso debts is in the process of being introduced.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council is undertaking equalities impact assessments of its strategies and understands the effect and impact these will have on its diverse population.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The medium-term financial strategy models’ income and expenditure and resource requirements over a minimum of three years and is reviewed and updated at least annually.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* A comprehensive and balanced revenue budget has been set, based on realistic projections about pay, inflation, and known service and capital development plans.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The financing of expenditure is transparently explained in budget summaries and reports.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* An affordable capital programme designed to deliver the council’s strategic priorities has been agreed and the current and future funding of this is built into revenue planning.</td>
<td>Janyce has taken control and established an exchequer services function for the Council. This is already bringing about benefits for TDC including debt management reporting and a renewed focus on the active management of accounts receivable.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* Budgets are subject to review by senior officers and members.</td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Section</td>
<td>Initial Indicative Level Assessment 2020/21</td>
</tr>
<tr>
<td>-------</td>
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<td>-------------------------------------------</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council undertakes cash-flow monitoring which is used to inform short- and long-term investment decisions.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The budget reported to members includes a positive assurance statement from the chief finance officer about the robustness of estimates made for the purposes of the budget calculations, in accordance with the requirements of section 25 of the LG Act 2003.</td>
<td></td>
</tr>
<tr>
<td>2.1 How well does the council plan and manage its finances?</td>
<td>Level 3</td>
<td>* Business planning is integrated with financial planning.</td>
</tr>
<tr>
<td>Level 3</td>
<td>* The corporate business plan drives the medium-term financial strategy and internal resource allocation, with changes in allocations determined in accordance with policies and priorities.</td>
<td>The draft budget has been produced for 2021-22 and discussed at an early stage with members facilitating member comments and influence in the process.</td>
</tr>
</tbody>
</table>
| Level 3 | * The corporate business plan projects forward at least three years and takes account of each of the following:  
· stakeholder and partner views  
· external drivers, including funding variations and requirements to improve efficiency  
· capital investment plans and their revenue implications  
· risk assessments and financial contingency planning  
· sensitivity analysis  
· expected developments in services. |  |
| Level 3 | * The council's medium-term financial strategy is linked to other internal strategies/plans as appropriate, such as human resources, IT. |  |
| Level 3 | * The key messages from the council's medium-term financial strategy are communicated to staff and stakeholders as appropriate. |  |
| Level 3 | * Budgets are linked to:  
· the medium-term financial strategy and high-level budgets for future years within this  
· business and activity plans  
· operational activity indicators that are lead indicators of spend  
· risk assessments of material items of revenue and capital income and expenditure, |  |
<p>| Level 3 | * The council regularly reviews financial management arrangements to ensure that they remain 'fit for purpose' and keeps the financial services function under review to consider capacity, resourcing and training needs. | Jaynce has arranged workshops to map 'as is' processes and create robust work instructions for staff to follow. |
| Level 3 | * There are project appraisals, business plans and affordability tests for new policy and capital developments. |  |
| 2.1 How well does the council plan and manage its finances? | Level 4 | The medium-term financial strategy describes in financial terms joint plans agreed with partners and other stakeholders. |
| Level 4 | The medium-term financial strategy models balances, resource requirements, and revenue items using different planning scenarios (for example best and worst case and most likely) and links this to its risk management and financial reports. | Debts are not recovered in a timely manner, which reduces the likelihood that the debt will be recovered. |
| Level 4 | The council monitors and can demonstrate how its financial plans and strategies have contributed to the achievement of its corporate objectives. |  |
| 2. Financial Management |  |  |
| 2.2 The council manages performance against budgets | Level 2 | * Budgets are input to the main accounting system on a timely basis, at an appropriate level of detail. |</p>
<table>
<thead>
<tr>
<th>Level</th>
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</thead>
<tbody>
<tr>
<td>Level 2</td>
<td>* There is a formal scheme of budget delegation.</td>
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<td>Level 2</td>
<td>* There is guidance available to budget holders which includes a description of their responsibilities, an outline of the budget process, and a budget process timetable.</td>
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<tr>
<td>Level 2</td>
<td>* Budgets are approved before the start of the year and monitored regularly throughout the year.</td>
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<tr>
<td>Level 2</td>
<td>* Action plans are developed and monitored when a material variance arises, or a deficit is forecast.</td>
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<tr>
<td>Level 2</td>
<td>* The appropriate member committee receives budget monitoring information that is accurate, relevant, understandable and consistent with underlying records, and data is as up to date as possible when reported.</td>
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<tr>
<td>Level 2</td>
<td>* Relevant non-financial and financial information, in addition to the budget, is reported to and used by senior officers.</td>
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<tr>
<td>Level 2</td>
<td>* There is a line of professional accountability between those with principal functional responsibility for finance within business groups and the chief finance officer, to ensure compliance with professional standards and objectivity of advice on financial matters.</td>
<td></td>
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<tr>
<td>Level 2</td>
<td>* The budget shows the resources allocated to major spending activities and programmes, with user-friendly summaries, and separate identification of revenue and capital items to ensure focus on use of resources.</td>
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<tr>
<td>Level 2</td>
<td>* The council regularly tests its financial systems to ensure that processes are secure.</td>
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<tr>
<td>Level 2</td>
<td>* Where any significant departmental overspends have occurred they have been managed with no adverse impact on service delivery.</td>
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<tr>
<td>Level 2</td>
<td>* The financial performance of significant partnerships is regularly reviewed, linked to outputs, and the results shared with partners and acted upon.</td>
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</tr>
<tr>
<td>2. Financial Management</td>
<td>2.2 The council manages performance against budgets</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council’s financial information systems have flexible reporting tools to enable specialist reports to be designed.</td>
<td>No management reports in relation to the AR process, such as aged debt, suppressed debt or overpayments are produced or requested to enable analysis or monitoring. Performance indicators have not been set to ensure that the AR service is effective.</td>
</tr>
<tr>
<td>Level 3</td>
<td>* Informative profiled financial monitoring reports are received by all budget holders soon after the month end enabling managers to respond to issues in a timely way.</td>
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<tr>
<td>Level 3</td>
<td>* There is a regular training programme providing training on financial issues for members and relevant non-finance staff.</td>
<td>Audit observation- Fees and charges are not clearly signposted for all services on the website and some pages have out of date information or links that do not work e.g. Environmental Permits.</td>
</tr>
<tr>
<td>Level 3</td>
<td>* Relevant non-financial and financial information, in addition to the budget, is reported to members and acted upon.</td>
<td></td>
</tr>
</tbody>
</table>
| Level 3 | *The council’s budget monitoring is:  
· related to operational activity indicators that are lead indicators of spend; and  
* The council’s budget monitoring is:  
· informed by a risk assessment. | |
<p>| Level 3 | * Progress in achieving planned savings and efficiency gains is regularly reported to senior management with developed action plans. | |
| Level 3 | * No significant departmental overspends/underspends have occurred that were not identified as a risk which was taken into account in developing the council’s reserves strategy, and the associated underlying budgetary pressures are being managed effectively over time. | |
| 2. Financial Standing | | |
| 2.3 The council manages its asset base | | |
| Level 2 | * The council has an up-to-date corporate capital strategy linked to its corporate objectives and medium-term financial strategy. | |
| Level 2 | * The council has an up-to-date asset management plan that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use. | |
| Level 2 | * The council maintains an up-to-date asset register. | |
| Level 2 | * The council has a designated corporate property function. | |
| Level 2 | * The council has an annual programme of planned maintenance based on a rolling programme of property surveys. | |
| Level 2 | * The council has an annual programme of planned maintenance based on a rolling programme of property surveys. | |
| Level 2 | * The council has assessed the level of backlog maintenance. | |
| Level 2 | * The council’s capital programme gives priority to potential capital projects based on a formal, objective approval process. | |
| 2.3 The council manages its asset base | | |
| Level 3 | * A member has been allocated portfolio responsibility for the council’s asset management. | |
| Level 3 | * Members are aware of the level of backlog maintenance and have approved a plan to address it as appropriate. | |
| Level 3 | * The council makes investment and disposal decisions based on thorough option appraisal and whole life costing. | |
| Level 3 | * The council’s asset management plan provides clear forward looking strategic goals for its property assets that shows how the council’s land and buildings will be used and developed to help deliver corporate priorities and service delivery needs, now and in the future. The plan shows how property assets will be maintained, modernised and rationalised to ensure that they are fit for purpose. | |</p>
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<tr>
<td>Level 3</td>
<td>* The council maintains a record of all of its land and buildings that contains accurate data on its efficiency, effectiveness, asset value and running costs which can be used to support decision making on investment and disinvestment in property.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council challenges whether all its assets are required, are fit for purpose and provide value for money to meet current and future needs by monitoring property performance and undertaking periodic property reviews. The council rationalises or disposes of under-performing or surplus assets.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>2.3 The council manages its asset base</td>
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</tr>
<tr>
<td>Level 4</td>
<td>* Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities, sustainability objectives and set challenging targets for improvement.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council fully integrates asset management planning with business planning at corporate and service levels. The role and contribution of property is explicit in business plans such as flexible working policies, ICT plans and customer access strategies.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council uses its property portfolio as an enabler of change. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council integrates the management of its asset base with others for example, third sector and local public agencies to identify opportunities for shared use of property and to deliver seamless cross-sector, cross-agency and community based services to users.</td>
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<tr>
<td>Level 2</td>
<td>3. Financial Standing</td>
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<tr>
<td>Level 2</td>
<td>3.1 The council manages its spending within the available resources</td>
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<tr>
<td>Level 2</td>
<td>* The council sets a balanced budget that takes account of cost pressures and the impact on council tax and housing rents.</td>
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<tr>
<td>Level 2</td>
<td>* The council maintains its overall spending within budget.</td>
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<tr>
<td>Level 2</td>
<td>* The council has a soundly based policy on the level and nature of reserves and balances it needs that has been approved by members and reflected in the budget and medium-term financial strategy.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The budget reported to members includes a positive assurance statement from the chief finance officer about the adequacy of the proposed financial reserves, in accordance with the requirements of section 25 of the LG Act 2003.</td>
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<tr>
<td>Level 2</td>
<td>* The council monitors and maintains its levels of reserves and balances within the range determined by its agreed policy.</td>
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<tr>
<td>Level 2</td>
<td>* The council keeps its treasury management strategy under review and monitors performance against it. The strategy reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services.</td>
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</tr>
<tr>
<td>Level 2</td>
<td>* The council takes appropriate <em>and prompt</em> action to deal with any deterioration in the financial position, in accordance with the requirements of section 28 of the LG Act 2003.</td>
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<tr>
<td>Level 2</td>
<td>* The council sets and monitors targets for all material categories of income collection and recovery of arrears, based on age profile of Debt</td>
<td>Audit observation: Payment Plans are not subject to authorisation and are set up on an ad hoc basis by AR Case Officers on receipt of an instruction from the originating department. Supporting documentation giving the rationale for agreeing the repayment plan was not available for six out of the 10 payment plans reviewed.</td>
</tr>
<tr>
<td>Level 3</td>
<td>3.1 The council manages its spending within the available resources</td>
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<tr>
<td>Level 3</td>
<td>* The council consistently maintains its spending within its overall budget year on year and without significant unexpected overspends or underspends.</td>
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<tr>
<td>Level 3</td>
<td>* The council’s policy for reserves and balances is based on a thorough understanding of its needs and risks, which is properly and clearly reported to and agreed by members. The approved level of balances is adhered to and ensures the council’s financial standing is sound and supports the council in the achievement of its long term objectives.</td>
<td></td>
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<tr>
<td>Level 3</td>
<td>* The council’s targets for income collection and recovery of arrears stretch performance and their achievement is monitored with appropriate corrective action taken during the year to achieve the targets.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* Monitoring information is available that evaluates the effectiveness of debt recovery actions, associated costs, and the cost of not recovering debt promptly for material categories of income.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>3.1 The council manages its spending within the available resources</td>
<td></td>
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<tr>
<td>Level 4</td>
<td>* The council sets challenging targets for a comprehensive set of financial health indicators, monitors performance and has a good track record of achieving these targets.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* Where target levels for reserves and balances are exceeded, the council has identified and reported to members the opportunity costs of maintaining these levels and compared this to the benefits it accrues.</td>
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</tr>
<tr>
<td>4. Internal Control</td>
<td>4.1 The council manages its significant business risks</td>
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</tr>
<tr>
<td>Level 2</td>
<td>* The council has adopted a risk management strategy/policy that has been approved by members.</td>
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<tr>
<td>Level 2</td>
<td>* The risk management strategy/policy requires the council to:</td>
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<tr>
<td>Level 2</td>
<td>· identify corporate and operational risks</td>
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<tr>
<td>Level 2</td>
<td>· assess the risks for likelihood and impact</td>
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<tr>
<td>Level 2</td>
<td>· identify mitigating controls</td>
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<tr>
<td>Level 2</td>
<td>· allocate responsibility for the mitigating controls and is complied with.</td>
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<tr>
<td>Level 2</td>
<td>* The council maintains and reviews a register of its corporate business risks linking them to strategic business objectives and assigns named individuals to lead on the actions identified to mitigate each risk.</td>
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<tr>
<td>Level 2</td>
<td>* Member responsibility for corporate risk management is identified in the terms of reference of one or more committees as appropriate.</td>
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<tr>
<td>Level 2</td>
<td>* Reports to support strategic policy decisions and initiation documents for all major projects include a risk assessment.</td>
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<tr>
<td>Level 3</td>
<td>4.1 The council manages its significant business risks</td>
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<tr>
<td>Level 3</td>
<td>* The risk management process is reviewed and updated at least annually.</td>
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<tr>
<td>Level 3</td>
<td>* The risk management process specifically considers risks in relation to significant partnerships and provides for assurances to be obtained about the management of those risks.</td>
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<tr>
<td>Level 3</td>
<td>* All appropriate staff are given relevant training and guidance to enable them to take responsibility for managing risk within their own working environment.</td>
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<tr>
<td>Level 3</td>
<td>* The members with specific responsibility for risk management have received risk management awareness training.</td>
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<tr>
<td>Level 3</td>
<td>* Members with responsibility for corporate risk management receive reports on a regular basis and take appropriate action to ensure that corporate business risks are being identified and effectively managed, including reporting to full council as appropriate.</td>
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<tr>
<td></td>
<td><strong>4.1 The council manages its significant business risks</strong></td>
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<tr>
<td>Level 4</td>
<td>* A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council.</td>
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<tr>
<td>Level 4</td>
<td>* The council can demonstrate that it has embedded risk management in its business processes, including:   · strategic planning · financial planning · policy making and review · performance management · project management.</td>
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<tr>
<td>Level 4</td>
<td>* All members receive risk management awareness training appropriate to their needs and responsibilities.</td>
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<tr>
<td>Level 4</td>
<td>* The council considers the opportunity side of risk management in the successful delivery of major innovative and challenging projects.</td>
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<tr>
<td>Level 4</td>
<td>* Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.</td>
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<td></td>
<td><strong>4. Internal Control</strong></td>
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<tr>
<td>Level 2</td>
<td>* An appropriate member group has responsibility for review and approval of the governance statement and considers it separately from the accounts.</td>
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<tr>
<td>Level 2</td>
<td>* The council has conducted an annual review of the effectiveness of its governance framework, including the system of internal control, and reported on this in the governance statement.</td>
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</tr>
<tr>
<td>Level 2</td>
<td>* The sources of assurance to support the governance statement have been identified and are reviewed by senior officers and members.</td>
<td>Tracey Marlow has been putting in place governance</td>
</tr>
<tr>
<td>Level 2</td>
<td>* There are action plans in place to address any significant governance issues reported in the governance statement.</td>
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<tr>
<td>Level 2</td>
<td>* The core functions of an audit committee, as identified in the CIPFA guidance, are being undertaken by members.</td>
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<tr>
<td>Level 2</td>
<td>* The council has an internal audit function that operates in accordance with the CIPFA code of practice for internal audit in local government</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* There are procedure notes/manuals in place for key financial systems and these are reviewed and updated as appropriate.</td>
<td>Audit observation- Lack of process documentation, employees have been creating their own</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has a business continuity plan in place which is reviewed and tested on a regular basis.</td>
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<tr>
<td>Level 2</td>
<td>* There are standing orders, standing financial instructions and a scheme of delegation in place and these are reviewed and updated as appropriate.</td>
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<tr>
<td>Level 2</td>
<td>* The council has arrangements in place to ensure that it has a sound system of internal financial control, for example, carrying out regular bank reconciliations and reconciliations of major feeder systems.</td>
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<tr>
<td>Level 3</td>
<td>* The council has put in place an assurance framework that maps the council's strategic objectives to risks, controls and assurances.</td>
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<tr>
<td>Level 3</td>
<td>* The assurance framework provides members with information to support the governance statement.</td>
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<tr>
<td>Level 3</td>
<td>* The council can demonstrate that it is effectively delivering the core functions of an audit committee, as identified in the CIPFA guidance; that it provides challenge to the Executive when required and provides for effective leadership on governance, financial reporting and audit issues.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* Compliance with standing orders, standing financial instructions and the scheme of delegation is monitored by management, and any breaches identified and appropriate action taken.</td>
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<tr>
<td>Level 3</td>
<td>* The council has an effective scrutiny function to ensure constructive challenge and enhance performance overall.</td>
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</tr>
<tr>
<td>Level 4</td>
<td>* The assurance framework is fully embedded in the council’s business processes.</td>
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<tr>
<td>Level 4</td>
<td>* The council can demonstrate corporate involvement in/ownership of the process for preparing the governance statement.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* An audit committee has been established that is independent of the executive function, with terms of reference that are consistent with CIPFA’s guidance. It provides effective challenge across the council and independent assurance on the risk management framework and associated internal control environment to members and the public, and can demonstrate the impact of its work.</td>
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<tr>
<td>Level 4</td>
<td>* The standing orders, standing financial instructions and scheme of delegation make specific reference to partnerships as appropriate.</td>
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<tr>
<td>Level 4</td>
<td>* Governance arrangements with respect to partnerships are subject to regular review and updating.</td>
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<tr>
<td>Level 4</td>
<td>* The council obtains assurance on a risk basis of the viability of its significant contractors’ / partners business continuity plans.</td>
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<tr>
<td>Level 2</td>
<td>* The council has formally adopted a code of conduct for members that includes the mandatory provisions of the statutory Model Code of Conduct.</td>
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<tr>
<td>Level 2</td>
<td>* All elected and co-opted members have signed up to the code of conduct.</td>
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</tr>
<tr>
<td>Level 2</td>
<td>* The council has adopted a code of conduct for staff.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has put in place arrangements for monitoring compliance with standards of conduct across the council including: codes of conduct, register of interests, register of gifts and hospitality, complaints procedure, use of IT resources</td>
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</tbody>
</table>

4. Internal Control

4.3 The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business
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<thead>
<tr>
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<tbody>
<tr>
<td>Level 2</td>
<td>* There is a counter fraud and corruption policy applying to all aspects of the council's business which has been communicated throughout the council.</td>
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<tr>
<td>Level 2</td>
<td>* The council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct, and of fraud and corruption.</td>
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<tr>
<td>Level 2</td>
<td>* There is a whistleblowing policy which has been communicated to staff and those parties contracting with the council.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has provided the required data for the National Fraud Initiative (NFI), has notified data subjects of this use of data, and has established a comprehensive process to follow-up NFI data matches that covers all match types and all levels of report (i.e. high, medium and same address)</td>
<td></td>
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<tr>
<td></td>
<td><strong>4.3 The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business</strong></td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* The council has undertaken an assessment of standards of conduct, including how effectively members are complying with the code of conduct, the number and types of complaints received, and takes action as appropriate.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers and that they are regularly reviewed.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The work of the standards committee is communicated openly to a wider public. Where appropriate, the council has taken effective action, learning from issues arising from local investigations and determinations.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* The whistleblowing policy is publicised and demonstrates the council's commitment to providing support to whistle blowers.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* The council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council undertakes proactive counter fraud and corruption work which is determined by a formal risk assessment.</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* All application forms for services and benefits have an appropriate fair processing notification permitting data sharing for prevention and detection of fraud and corruption (both acting as a deterrent to fraudsters and facilitating the extension of National Fraud Initiative (NFI) into new areas).</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council can demonstrate that counter fraud and corruption work is adequately resourced.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Investigations into allegations of fraud and corruption are conducted in accordance with statutory requirements, e.g. Police and Criminal Evidence Act, Regulation of Investigatory Powers Act, Data Protection Act, by appropriately trained staff.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council has made effective use of the NFI application functionality to identify data matches for review. These were investigated promptly to prevent prolonged exposure.</td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Section</td>
<td>Initial Indicative Level Assessment 2020/21</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council works with other bodies such as DWP when following-up data matches from NFI. Details of proven frauds relating to public sector employees are shared with other bodies as per the NFI Information Exchange Protocol.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, or data quality issues (due to capture or extraction) are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* All application forms for services and benefits have an appropriate fair processing notification permitting data sharing for prevention and detection of fraud and corruption (both as a deterrent to fraudsters and facilitating the extension of NFI into new areas).</td>
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</tr>
<tr>
<td>Level 3</td>
<td>* Weaknesses revealed by instances of proven fraud and corruption, including NFI data matches, or data quality issues (due to capture or extraction) are reviewed to ensure that appropriate action is taken to strengthen internal control arrangements.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business</td>
<td>Relationships between the county and the district Council have improved as a result of working together on common issues (Laura Rowley) The learning and development work stream of the transformation programme gives Tandridge staff and Members access to Finance Academy (Laura Rowley)</td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council can demonstrate that its members and staff exhibit high standards of personal conduct.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council can demonstrate a strong counter fraud culture across all departments. Staff have clearly acknowledged and accepted their responsibility to prevent and detect fraud and corruption.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The risk of fraud and corruption is specifically considered in the council’s overall risk management process.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* Successful cases of proven fraud/corruption are routinely publicised to raise awareness.</td>
<td></td>
</tr>
<tr>
<td>5. Value for Money</td>
<td>5.1 The council currently achieves good value for money</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* Costs are commensurate with the range, level and quality of services provided, including overheads and capital costs.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* Overall costs, including unit costs for key services are not significantly higher than other councils providing similar levels and standards of services, allowing for the local context.</td>
<td></td>
</tr>
</tbody>
</table>
## Initial Indicative Level Assessment 2020/21

<table>
<thead>
<tr>
<th>Level</th>
<th>Section</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2</td>
<td>* Significant unintended high spending is identified and there are plans in place to address it.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* Areas of higher spending are in line with stated priorities.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has a well managed capital programme linked to priorities and supporting service improvements.</td>
<td></td>
</tr>
<tr>
<td>Level 2</td>
<td>* Projects are usually completed on time and on budget, and deliver outcomes which are fit for purpose.</td>
<td></td>
</tr>
<tr>
<td><strong>5.1 The council currently achieves good value for money</strong></td>
<td>* The council ensures that a range of quality services is delivered appropriate to statutory duties and local needs, while maintaining relatively low overall costs including overheads and capital, within the council’s overall context.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Overall costs, including unit costs for key services demonstrate best value compared to other councils providing similar levels and standards of services and allowing for the local context.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Unintended high spending is identified and is being addressed.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Areas of higher spending are in line with stated priorities and the investment results in improved services.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council has a well-managed capital programme linked to priorities and supporting service improvements, with projects completed on time, within budget, and delivering outcomes which are fit for purpose.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council can demonstrate that it uses its capital programme, with partners where appropriate, to challenge existing service models to achieve a transformation in service for users</td>
<td></td>
</tr>
<tr>
<td><strong>5.1 The council currently achieves good value for money</strong></td>
<td>* The council ensures that the range of services delivered effectively addresses statutory duties and local needs, and are delivered to high quality standards. Overall spending, including overheads and capital, consistently demonstrates best value from resources.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* High performance is achieved across a range of key services while costs, including unit costs and transaction costs(^1) demonstrate best value compared to others.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council can demonstrate a track record for effectively addressing areas of unintended high spending and emerging areas of budgetary pressure.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* There is a sustained track record of investment leading to improved outcomes for users and sustainable efficiency gains. New investment is supported by clear targets and timescales for measuring improvement.</td>
<td></td>
</tr>
</tbody>
</table>

## 5. Value for Money

### 5.2 The council manages and improves value for money

<p>| Level 2 | * There is some information on costs, including transaction costs and unit costs, and how these compare to the quality of services, but this is not fully understood. Such information includes comparatives with other councils. Managers use this information to review value for money and report to members. | |
| Level 2 | * The council has adequate arrangements to produce reliable data. | |
| Level 2 | * The council collects information on the needs of, and the impact of its decisions on, diverse communities. It is beginning to use the information to improve access to services, outcomes and VFM. | |
| Level 2 | * Adequate processes for reviewing and improving VFM are in place. | |
| Level 2 | * The council identifies and pursues opportunities to manage and reduce costs or improve quality within existing costs. Consideration is given to the likely impact on users of changes in spending levels. | |</p>
<table>
<thead>
<tr>
<th>Level</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 2</td>
<td>* The council can demonstrate some improvements in VFM in recent years.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has produced and is delivering on an efficiency plan to achieve its savings target.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has effective procurement practices (which meet the requirements of procurement and equalities legislation) and can demonstrate improvements in value for money from significant procurement exercises. It has explored options for joint procurement and works with the Lead Strategic Partnership (LSP if there is one) and other partners to improve VFM.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* Procurement decisions are not based solely on lowest cost options but reflect the best combination of cost and quality.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council has some understanding of its long-term costs and benefits, including environmental and social. There is some evidence of these being taken into account in decision making.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* Investment is made in underperforming services to secure future improvements in VFM.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* External funding is sought where appropriate to support local priorities.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council is making some use of partnership working to improve VFM. It has some understanding of the total resources at the disposal of its significant partners.</td>
</tr>
<tr>
<td>Level 2</td>
<td>* The council makes some use of IT both to improve its own VFM and to improve access to services for users.</td>
</tr>
</tbody>
</table>

### 5.2 The council manages and improves value for money

<p>| Level 3 | * There is clear information on costs, including transaction costs and unit costs, and how these compare to the quality of services. Such information includes comparatives with other councils as well as measuring trends over time. Members and managers routinely use this information to review and challenge VFM throughout services and corporately. |
| Level 3 | * The council has good arrangements to produce reliable data. |
| Level 3 | * The council collects information on the needs of and the impact of its services, policies and strategies on different community groups and is using this information to improve VFM, outcomes and access to services. |
| Level 3 | * There are clear policies and effective processes for reviewing and improving VFM. The scope for improving VFM is kept under review and scrutiny. |
| Level 3 | * Innovative approaches for improving VFM are used where appropriate. |
| Level 3 | * The council manages costs alongside quality of services and responding to local needs. The council considers with its significant partners the impact on users when making decisions on reducing costs. |
| Level 3 | * Significant improvements in VFM have been made in recent years. |
| Level 3 | * The council has successfully used joint procurement to improve VFM, achieve environmental and social benefits and improve service standards across a range of key services. |
| Level 3 | * There are clear improvements in VFM, particularly in priority areas, in recent years. |
| Level 3 | * Significant community benefits, e.g. economic, social or environmental, have been delivered through joint procurement with key partners. |</p>
<table>
<thead>
<tr>
<th>Level</th>
<th>Section</th>
<th>Initial Indicative Level Assessment 2020/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 3</td>
<td>* The council uses best procurement practices, (which meet the requirements of procurement and equalities legislation), knows where the greatest benefits can be gained and acts on these effectively. Opportunities for joint procurement with partners such as shared services are actively pursued, and the council works with the LSP and other partners to improve VFM.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Procurement decisions seek to achieve the greatest benefit to the wider community, for example securing economic, social or environmental benefits.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council understands the impact of its long-term costs and benefits, including environmental and social and takes account of these when making decisions and monitoring outcomes.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Investment is targeted at improving value for money in the longer term. Past investment has resulted in demonstrable improvements in VFM.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council understands and evaluates the impact of its term / whole life costs and benefits, including environmental and social, and takes account of these when making decisions. All policy proposals have in built cost analyses.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* There is a strategic approach to seeking external funding. The council has a successful track record of securing external funding and using it to deliver required outcomes and increased value for local people.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* Significant areas of previous underperformance have been addressed and, where there has been investment, sustained improvements in VFM have been delivered.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* External funding has been successfully used to address local priorities resulting in sustained improvements and greater long-term value for money.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council has evaluated its use of partnerships to improve VFM. It has an understanding of total resources at the disposal of its significant partnerships which it is using to support clearly identified outcomes.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council has implemented arrangements for partnership working. It has a clear understanding of the total resources at the disposal of its significant partnerships. It is on track to deliver planned improvement in outcomes.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council uses IT to drive and enable business process change to improve both its own VFM and access to services for users.</td>
<td></td>
</tr>
<tr>
<td>Level 3</td>
<td>* The council has a strong track record of using IT and can demonstrate examples of significant service improvements, including access to services for users, or efficiency savings through using IT.</td>
<td>Agresso Healthcheck undertaken (2021)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>5.2 The council manages and improves value for money</strong></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council has a track record of using high quality information and benchmarking on costs, including transaction costs and unit costs, and quality to actively manage performance, improve value for money and target resources. Members and managers actively use this information to review and challenge VFM throughout services and corporately.</td>
<td></td>
</tr>
<tr>
<td>Level</td>
<td>Section</td>
<td>Initial Indicative Level Assessment 2020/21</td>
</tr>
<tr>
<td>-------</td>
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<td>------------------------------------------</td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council has exemplary arrangements to produce reliable data. It has an agreed approach with partners to produce reliable data.</td>
<td></td>
</tr>
<tr>
<td>Level 4</td>
<td>* The council can demonstrate that there is fair access to services across the community and a successful track record in tackling inequality in outcomes.</td>
<td></td>
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</table>
Appendix B - Overall Revenue Budget 2022/23 to 2024/25

### Community Services

<table>
<thead>
<tr>
<th></th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24</th>
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<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Annual</td>
<td>Annual</td>
<td>Estimate</td>
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<tr>
<td></td>
<td>Budget</td>
<td>Outturn</td>
<td>Budget</td>
<td>£k</td>
</tr>
<tr>
<td></td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
</tr>
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<td>Salaries</td>
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<td>2,087</td>
<td>1,363</td>
<td>1,363</td>
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<td>Car Parking-On Street</td>
<td>0</td>
<td>52</td>
<td>(100)</td>
<td>(25)</td>
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<tr>
<td>Car Parking-Off Street</td>
<td>(58)</td>
<td>98</td>
<td>(64)</td>
<td>(14)</td>
</tr>
<tr>
<td>Hackney Carriage/Private Hire</td>
<td>(18)</td>
<td>(0)</td>
<td>(18)</td>
<td>(18)</td>
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<tr>
<td>Leisure &amp; Community Grants</td>
<td>230</td>
<td>212</td>
<td>260</td>
<td>260</td>
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<tr>
<td>Waste Services</td>
<td>3,077</td>
<td>3,094</td>
<td>2,023</td>
<td>1,877</td>
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<td>Environmental Services</td>
<td>298</td>
<td>304</td>
<td>294</td>
<td>278</td>
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<tr>
<td>Cesspool Services</td>
<td>(107)</td>
<td>(114)</td>
<td>(109)</td>
<td>(109)</td>
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<tr>
<td>All Operational Services</td>
<td>(1,109)</td>
<td>(865)</td>
<td>(172)</td>
<td>(152)</td>
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<tr>
<td>Parks and Open Spaces</td>
<td>566</td>
<td>590</td>
<td>500</td>
<td>519</td>
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<td>Streets &amp; Public Conveniences</td>
<td>10</td>
<td>29</td>
<td>16</td>
<td>(4)</td>
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<tr>
<td>Covid-19 - Sales, Fees and Charges Reimbursement</td>
<td>(159)</td>
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<tr>
<td><strong>Community Services</strong></td>
<td>5,125</td>
<td>5,328</td>
<td>3,993</td>
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### Housing General Fund

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<tr>
<td></td>
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<td>£k</td>
<td>£k</td>
<td>£k</td>
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<tr>
<td>Salaries</td>
<td>776</td>
<td>661</td>
<td>524</td>
<td>524</td>
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<tr>
<td>Meadowside Mobile Homes</td>
<td>(116)</td>
<td>(137)</td>
<td>(120)</td>
<td>(130)</td>
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<tr>
<td>Westway</td>
<td>100</td>
<td>123</td>
<td>100</td>
<td>50</td>
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<tr>
<td>Private Sector Enabling</td>
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<td>Housing of the Homeless</td>
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<td>Other Housing Renewal Functions</td>
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<td>55</td>
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<tr>
<td>Syrian Refugees</td>
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<tr>
<td>Afghan Refugees</td>
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<td>Redstone House</td>
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<td>Housing Benefits</td>
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<td>(132)</td>
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<td>Care In The Community</td>
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<td>Other Variances less than £10k</td>
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<td>Alarm Systems</td>
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<td><strong>Housing General Fund</strong></td>
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### Planning Policy

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<th>2022/23</th>
<th>2023/24</th>
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<tr>
<td></td>
<td>Annual</td>
<td>Annual</td>
<td>Annual</td>
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<td></td>
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<td>Outturn</td>
<td>Budget</td>
<td>£k</td>
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<td></td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
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<td>Planning Applications &amp; Advice</td>
<td>167</td>
<td>428</td>
<td>661</td>
<td>361</td>
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<td>Planning Strategy &amp; Policy Guidance</td>
<td>368</td>
<td>330</td>
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<td>Community Infrastructure Levy (CIL)</td>
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<td>Local Development Plan - Evidence</td>
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<td>174</td>
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<td>Transfer to/from Neighbourhood Plan Reserve</td>
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<td>28</td>
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<td>Covid-19 - Sales, Fees and Charges Reimbursement</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Land Charges and Street Naming 3</td>
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<tr>
<td><strong>Planning Policy</strong></td>
<td>1,338</td>
<td>709</td>
<td>1,185</td>
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### Strategy and Resources

<table>
<thead>
<tr>
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<th>2022/23</th>
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<td>Outturn</td>
<td>Annual Budget</td>
<td>Annual Budget</td>
</tr>
<tr>
<td></td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
</tr>
<tr>
<td>Legal Services</td>
<td>303</td>
<td>386</td>
<td>531</td>
<td>551</td>
</tr>
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<td>Revenues &amp; Benefit Services</td>
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<td>7</td>
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<td>964</td>
<td>226</td>
<td>231</td>
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<td>Land Charges and Street Naming</td>
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<td>(9)</td>
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<td><strong>6,100</strong></td>
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### Strategy and Resources - 2020/21

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<th>2023/24</th>
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<td>Outturn</td>
<td>Annual Budget</td>
<td>Annual Budget</td>
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<td></td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
<td>£k</td>
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<td>Interest Payable</td>
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<td>1,137</td>
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<td>Interest Receivable &amp; Investment Income</td>
<td>(2,756)</td>
<td>(1,507)</td>
<td>(1,418)</td>
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<td>Property Income</td>
<td>(989)</td>
<td>(584)</td>
<td>(920)</td>
<td>(745)</td>
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<td>Non GF Support recharge &amp; Bank charges</td>
<td>(1,753)</td>
<td>(1,889)</td>
<td>(1,894)</td>
<td>(2,026)</td>
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<td>Minimum Revenue Provision (MRP)</td>
<td>630</td>
<td>782</td>
<td>871</td>
<td>1,179</td>
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<td>Pension - Actuarial top up, Added Years, &amp; Compensation</td>
<td>1,639</td>
<td>1,368</td>
<td>1,489</td>
<td>1,485</td>
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<td>Pension provisions</td>
<td>(920)</td>
<td>0</td>
<td>(921)</td>
<td>0</td>
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<td>Write Offs and Bad Debt Provision</td>
<td>22</td>
<td>83</td>
<td>22</td>
<td>122</td>
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<tr>
<td>Pressures and Saving on behalf of committees</td>
<td>(288)</td>
<td>(307)</td>
<td>-</td>
<td>-</td>
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<td>Contribution to Income Equalisation Reserve</td>
<td>0</td>
<td>250</td>
<td>100</td>
<td>(85)</td>
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<tr>
<td>General Fund Balances</td>
<td>0</td>
<td>0</td>
<td>700</td>
<td>100</td>
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<tr>
<td>Partnership &amp; Transformation Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Contingency</td>
<td>(15)</td>
<td>0</td>
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<td>117</td>
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<td><strong>Corporate Items</strong></td>
<td><strong>(2,227)</strong></td>
<td><strong>(359)</strong></td>
<td><strong>(690)</strong></td>
<td><strong>(576)</strong></td>
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<tr>
<td><strong>Overall</strong></td>
<td><strong>11,297</strong></td>
<td><strong>12,068</strong></td>
<td><strong>11,295</strong></td>
<td><strong>11,351</strong></td>
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<tr>
<td><strong>Funding</strong></td>
<td><strong>(11,297)</strong></td>
<td><strong>(12,954)</strong></td>
<td><strong>(11,295)</strong></td>
<td><strong>(11,351)</strong></td>
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<tr>
<td><strong>Overall (Surplus) / Gap</strong></td>
<td><strong>(885)</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>874</strong></td>
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</tbody>
</table>

**Note 1:** The Annual budget will be represented, to the Committee in March 2022, when the Corporate Items Pressures and Savings have been distributed.

**Note 2:** These include the indicative pressures and savings for the Committees.

**Note 3:** Land Charges and Street Naming has been transferred to Planning Policy.

**Note 4:** In the Line by Line Review - Case Workers were vired to the relevant services.

**Note 5:** These are the pressures and savings to be distributed to the relevant Committees as part of Tranche 2 and Tranche 3. The Benefits Board will review the savings delivery plans and inflation and increments will be aligned.
Appendix C – Summary Movement and List of Pressures and Savings by Committee

Note: for 2023/24 Pressures are indicative only at this stage and savings are those which are a continuation of those identified for delivery in 2022/23. These will be reviewed as part of the annual budget setting cycle for 2023/24.

### COMMUNITY SERVICES

<table>
<thead>
<tr>
<th>Brought forward budget</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022/23</td>
<td>3,993</td>
<td>3,975</td>
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</table>

<table>
<thead>
<tr>
<th>Pressures</th>
<th>2022/23</th>
<th>2023/24</th>
<th>Total</th>
</tr>
</thead>
</table>

#### Pressures

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
<th>2022/23 £000</th>
<th>2023/24 £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Demands</td>
<td>Trees – Increase in provision for Ash die back</td>
<td>20</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Service Demands</td>
<td>Playground inspection and maintenance contract (Jul 2021)</td>
<td>8</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Service Demands</td>
<td>Increased net costs of Handy Man service</td>
<td>20</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td><strong>Service Demands - subtotal</strong></td>
<td></td>
<td><strong>48</strong></td>
<td><strong>20</strong></td>
<td><strong>68</strong></td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>Bulky waste collection volumes are below initial estimates</td>
<td>39</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>Parking and Penalty Charge Notice revenue is down in 2021-22 and expected to continue into 2022-23</td>
<td>125</td>
<td>0</td>
<td>125</td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>Additional recycling credits</td>
<td>50</td>
<td>(43)</td>
<td></td>
</tr>
<tr>
<td>Fees and Charges - subtotal</td>
<td></td>
<td><strong>71</strong></td>
<td>50</td>
<td><strong>121</strong></td>
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</table>

**Total Pressures**

| 119 | 70 | 189 |

#### Savings

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
<th>2022/23 £000</th>
<th>2023/24 £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Efficiency</td>
<td>Mechanical Sweeper Utilisation</td>
<td>(20)</td>
<td>0</td>
<td>(20)</td>
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<tr>
<td>Service Efficiency</td>
<td>Move to fully cashless at Car Parks</td>
<td>0</td>
<td>(8)</td>
<td>(8)</td>
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<tr>
<td>Service Efficiency</td>
<td>Alteration to Specifications (Frequencies) and task approach for Parks activities</td>
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<td>(10)</td>
<td>(10)</td>
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<tr>
<td>Service Efficiency</td>
<td>Through consolidating the lot structure, drive economies of scale</td>
<td>0</td>
<td>(25)</td>
<td>(25)</td>
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<td>Service Efficiency</td>
<td>Route Mapping Exercise for Street Cleansing Service</td>
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<td>(38)</td>
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<tr>
<td>Service Efficiency</td>
<td>Efficiency and income improvement on various regulatory services</td>
<td>(16)</td>
<td>(16)</td>
<td>(32)</td>
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<tr>
<td><strong>Service Efficiency - subtotal</strong></td>
<td></td>
<td><strong>36</strong></td>
<td><strong>(97)</strong></td>
<td><strong>(133)</strong></td>
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<tr>
<td>Fees and Charges</td>
<td>Increase Garden Waste charges</td>
<td>(64)</td>
<td>(23)</td>
<td>(87)</td>
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<tr>
<td>Fees and Charges</td>
<td>Charge schools for recycling collections</td>
<td>(25)</td>
<td>0</td>
<td>(25)</td>
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<tr>
<td>Fees and Charges</td>
<td>Tandridge Commercial Services works to Housing - Full cost recovery</td>
<td>9</td>
<td>0</td>
<td>9</td>
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<tr>
<td>Fees and Charges</td>
<td>Charge for contaminated Bin Clearances</td>
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<td>Fees and Charges</td>
<td>General Maintenance Works to Housing - Full cost recovery</td>
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<td>Fees and Charges</td>
<td>Review of lease at Parks Cafes</td>
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<td><strong>Fees and Charges - subtotal</strong></td>
<td></td>
<td><strong>100</strong></td>
<td><strong>(31)</strong></td>
<td><strong>(131)</strong></td>
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**Total Savings**

| 136 | 127 | 263 |

**Net movement for committee budget**

| 17 | 57 | 74 |

**Indicative Budget Requirement**

| 3,975 | 3,918 |
**HOUSING GENERAL FUND**

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<th>£000</th>
<th>£000</th>
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<tr>
<td></td>
<td>469</td>
<td>468</td>
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### Pressures

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<th>2023/24 £000</th>
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<tbody>
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<td>Service Demands</td>
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### Savings

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<th>2023/24 £000</th>
<th>Total £000</th>
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<tbody>
<tr>
<td>Fees and Charges</td>
<td>Reduce funding for Westway Centre (Douglas/Broughton) as per the lease</td>
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<td>(50)</td>
<td>(100)</td>
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<td>Fees and Charges</td>
<td>Increase Meadowside Mobile Home Sales</td>
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<td>10</td>
<td>0</td>
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<td><strong>Total Savings</strong></td>
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<td>(60)</td>
<td>(40)</td>
<td>(100)</td>
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Net movement for committee budget: (1) (40) (41)

Indicative Budget Requirement: 468 428

---

**PLANNING POLICY**

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### Pressures

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<th>2023/24 £000</th>
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<td>Service Demands</td>
<td>Allowance for planning appeals</td>
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<td>80</td>
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<td><strong>Service Demands - subtotal</strong></td>
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<td>40</td>
<td>80</td>
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<tr>
<td>Fees and Charges</td>
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<td>Fees and Charges</td>
<td>Additional planning fee income</td>
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<td><strong>Fees and Charges - subtotal</strong></td>
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<td>(35)</td>
<td>0</td>
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<td><strong>Total Pressures</strong></td>
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Net movement for committee budget: 5 40 45

Indicative Budget Requirement: 1,190 1,230
## STRATEGY AND RESOURCES

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<tr>
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<td>6,294</td>
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### Virements

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<th>Total £000</th>
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<td>Virements</td>
<td>£10k from property income to deal with Quadrant house leases volumes</td>
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<td><strong>Total Virements</strong></td>
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### Pressures

<table>
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<th>Theme</th>
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</thead>
<tbody>
<tr>
<td>Service Demands</td>
<td>Corporate reduction in expenses</td>
<td>(30)</td>
<td>(10)</td>
<td>(40)</td>
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<tr>
<td>Service Demands</td>
<td>Legal online subscriptions</td>
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<td>10</td>
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<tr>
<td>Service Demands</td>
<td>Mod.gv system licences</td>
<td>12</td>
<td>0</td>
<td>12</td>
</tr>
<tr>
<td>Service Demands</td>
<td>Agresso licences</td>
<td>4</td>
<td>0</td>
<td>4</td>
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<tr>
<td>Service Demands</td>
<td>Audit fee pressure</td>
<td>5</td>
<td>0</td>
<td>5</td>
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<td><strong>Service Demands services - subtotal</strong></td>
<td>1</td>
<td>(10)</td>
<td></td>
<td>(9)</td>
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<tr>
<td>People and Enabling services</td>
<td>Review Housing Revenue Account and General Fund allocations</td>
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<td>150</td>
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<td>People and Enabling services</td>
<td>Joint Working Agreement with SCC Finance</td>
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<td>People and Enabling services</td>
<td>Redeployment of 1 Full Time Equivalent from the Facilities team to a Trainee Community Surveyor Role</td>
<td>(33)</td>
<td>0</td>
<td>(33)</td>
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<tr>
<td>People and Enabling services</td>
<td>Rev and Bers Inspector for local taxes discounts and exemptions</td>
<td>35</td>
<td>0</td>
<td>35</td>
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<td><strong>People and Enabling services - subtotal</strong></td>
<td>72</td>
<td>150</td>
<td>222</td>
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<td><strong>Total Pressures</strong></td>
<td>73</td>
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<td>213</td>
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### Savings

<table>
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<th>2022/23 £000</th>
<th>2023/24 £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>People and Enabling services</td>
<td>Identifying General Fund posts which could be not recruited</td>
<td>(22)</td>
<td>0</td>
<td>(22)</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Identifying opportunities to reduce the staff expenses and training budgets</td>
<td>(18)</td>
<td>0</td>
<td>(18)</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Stop the current purchase of My Staff Shop</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Reduce the provision of Health Insurance provided to TDC Employees</td>
<td>(8)</td>
<td>0</td>
<td>(8)</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Introduce chat bots and live agent chat and Customer Service efficiencies</td>
<td>0</td>
<td>(65)</td>
<td>(65)</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Identifying opportunities to reduce consultancy and interim spend</td>
<td>0</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>People and Enabling services - subtotal</strong></td>
<td>(48)</td>
<td>(70)</td>
<td>(117)</td>
<td></td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>Use of the Town Hall</td>
<td>(50)</td>
<td>(30)</td>
<td>(80)</td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>Tandridge Magazine</td>
<td>(20)</td>
<td>0</td>
<td>(20)</td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>Consolidate Facilities Management/Housing contracts</td>
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<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>Reduce Mobile Telephony in line with usage</td>
<td>(10)</td>
<td>0</td>
<td>(10)</td>
</tr>
<tr>
<td><strong>Service Efficiency - subtotal</strong></td>
<td><em>(80)</em></td>
<td><em>(52)</em></td>
<td><em>(32)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Total Savings</strong></td>
<td><em>(128)</em></td>
<td><em>(122)</em></td>
<td><em>(149)</em></td>
<td></td>
</tr>
</tbody>
</table>

### Net movement for committee budget

| Indicative Budget Requirement | 6,294 | 6,312 |

---

Page 131
### CORPORATE ITEMS

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
<th>2022/23</th>
<th>2023/24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virements</td>
<td>£10k from property income to deal with Quadrant house leases volumes</td>
<td>(10)</td>
<td>0</td>
<td>(10)</td>
</tr>
<tr>
<td><strong>Total Virements</strong></td>
<td></td>
<td>(10)</td>
<td>0</td>
<td>(10)</td>
</tr>
</tbody>
</table>

### Pressures

<table>
<thead>
<tr>
<th>Theme held in Corporate Items - Tranche 1</th>
<th>Description</th>
<th>2022/23</th>
<th>2023/24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate items</td>
<td>Pensions Provision</td>
<td>917</td>
<td>98</td>
<td>1,015</td>
</tr>
<tr>
<td>Corporate items</td>
<td>Invest to save funding</td>
<td>0</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Corporate items</td>
<td>Interest received</td>
<td>20</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Corporate items</td>
<td>Minimum Revenue Provision</td>
<td>308</td>
<td>188</td>
<td>496</td>
</tr>
<tr>
<td>Corporate items</td>
<td>Contingency &amp; Reserves</td>
<td>(600)</td>
<td>333</td>
<td>(267)</td>
</tr>
<tr>
<td>Corporate items</td>
<td>Removal of one-off Freedom Leisure support</td>
<td>(100)</td>
<td>0</td>
<td>(100)</td>
</tr>
<tr>
<td><strong>Corporate Items - subtotal</strong></td>
<td></td>
<td>545</td>
<td>649</td>
<td>1,194</td>
</tr>
<tr>
<td>Service Demands</td>
<td>Debt write off and appropriate budget for write offs</td>
<td>0</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Service Demands</td>
<td>Property &amp; Investment Income</td>
<td>185</td>
<td>0</td>
<td>185</td>
</tr>
<tr>
<td>Service Demands</td>
<td>Income equalisation reserve</td>
<td>(185)</td>
<td>100</td>
<td>(85)</td>
</tr>
<tr>
<td><strong>Service Demands - subtotal</strong></td>
<td></td>
<td>0</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td><strong>Pressures held in Corporate Items - subtotal</strong></td>
<td></td>
<td>545</td>
<td>849</td>
<td>1,394</td>
</tr>
<tr>
<td>Pressures held on behalf of other committees - Tranche 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Tranche 2 - Contract and utilities Inflation</td>
<td>174</td>
<td>96</td>
<td>270</td>
</tr>
<tr>
<td><strong>Pressures held on behalf of other committees - subtotal</strong></td>
<td></td>
<td>367</td>
<td>181</td>
<td>548</td>
</tr>
<tr>
<td><strong>Total Pressures</strong></td>
<td></td>
<td>911</td>
<td>1,030</td>
<td>1,942</td>
</tr>
</tbody>
</table>

### Savings

<table>
<thead>
<tr>
<th>Theme held in Corporate Items - Tranche 1</th>
<th>Description</th>
<th>2022/23</th>
<th>2023/24</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees and Charges</td>
<td>Full review of all Recharges to and from the General Fund</td>
<td>(85)</td>
<td>(100)</td>
<td>(185)</td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>Increase to Building Control Income</td>
<td>0</td>
<td>(112)</td>
<td>(112)</td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>Increase Shared Service recharges in line with actual costs incurred</td>
<td>(40)</td>
<td>0</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Fees and Charges - subtotal</strong></td>
<td></td>
<td>(125)</td>
<td>(212)</td>
<td>(337)</td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>Improvements to Building Control Productivity</td>
<td>(12)</td>
<td>(12)</td>
<td>(25)</td>
</tr>
<tr>
<td><strong>Service Efficiency - subtotal</strong></td>
<td></td>
<td>(12)</td>
<td>(12)</td>
<td>(25)</td>
</tr>
<tr>
<td><strong>Savings held in Corporate Items - subtotal</strong></td>
<td></td>
<td>(137)</td>
<td>(224)</td>
<td>(362)</td>
</tr>
<tr>
<td>Pressures held on behalf of other committees - Tranche 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Tranche 2 - Introduce a Vacancy Factor in staff budgets</td>
<td>(200)</td>
<td>0</td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Tranche 2 - subtotal</strong></td>
<td></td>
<td>(200)</td>
<td>0</td>
<td>(200)</td>
</tr>
<tr>
<td>Twin Track Accelerated Savings</td>
<td>Tranche 3 - Accelerate 23-24 Twin Track opportunities - Fees and Charges (£42k), Service Efficiency (£29k) and People and Enabling services (£79k)</td>
<td>(42)</td>
<td>(42)</td>
<td></td>
</tr>
<tr>
<td><strong>Tranche 3 - Twin Track Accelerated Savings - subtotal</strong></td>
<td></td>
<td>(150)</td>
<td>0</td>
<td>(150)</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Tranche 3 - Enabling services / back office review</td>
<td>(200)</td>
<td>(200)</td>
<td>(400)</td>
</tr>
<tr>
<td>People and Enabling services</td>
<td>Tranche 3 - Review of staff increments, terms and conditions and reward policy</td>
<td>(25)</td>
<td>(75)</td>
<td>(100)</td>
</tr>
<tr>
<td><strong>Tranche 3 - People and Enabling services - subtotal</strong></td>
<td></td>
<td>(225)</td>
<td>(275)</td>
<td>(500)</td>
</tr>
<tr>
<td>Service Efficiency</td>
<td>Tranche 3 - Improve Commercial Value from External Spend</td>
<td>(75)</td>
<td>(75)</td>
<td>(150)</td>
</tr>
<tr>
<td><strong>Tranche 3 - Service Efficiency subtotal</strong></td>
<td></td>
<td>(75)</td>
<td>(75)</td>
<td>(150)</td>
</tr>
<tr>
<td>Reduce 2023/24 new savings because £150k has been delivered in 2022/23*</td>
<td>0</td>
<td>150</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td><strong>Tranche 3 - subtotal</strong></td>
<td></td>
<td>(450)</td>
<td>(200)</td>
<td>(800)</td>
</tr>
<tr>
<td><strong>Total Savings</strong></td>
<td></td>
<td>(787)</td>
<td>(424)</td>
<td>(1,162)</td>
</tr>
<tr>
<td><strong>Net movement for committee budget</strong></td>
<td></td>
<td>114</td>
<td>606</td>
<td>720</td>
</tr>
<tr>
<td><strong>Indicative Budget Requirement</strong></td>
<td></td>
<td>(576)</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

* The table shows the new savings planned each year. Because £150k of savings are accelerated into 2022/23, the level of new savings for 2023/24 is reduced
## Appendix D: Final Capital Programme

<table>
<thead>
<tr>
<th>Proposed Capital Programme</th>
<th>2022/23 £</th>
<th>2023/24 £</th>
<th>2024/25 £</th>
<th>Total 2022-25 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing HRA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural Works</td>
<td>855,000</td>
<td>830,000</td>
<td>838,300</td>
<td>2,523,300</td>
</tr>
<tr>
<td>Modernisation &amp; Improvements</td>
<td>732,000</td>
<td>511,000</td>
<td>516,100</td>
<td>1,759,100</td>
</tr>
<tr>
<td>Energy Efficiency Works</td>
<td>559,500</td>
<td>546,000</td>
<td>551,500</td>
<td>1,657,000</td>
</tr>
<tr>
<td>Service Renewals</td>
<td>712,500</td>
<td>695,000</td>
<td>702,000</td>
<td>2,109,500</td>
</tr>
<tr>
<td>Void Works</td>
<td>425,000</td>
<td>425,000</td>
<td>429,300</td>
<td>1,279,300</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>190,000</td>
<td>180,000</td>
<td>181,800</td>
<td>551,800</td>
</tr>
<tr>
<td>Adaptations for the Disabled</td>
<td>250,000</td>
<td>250,000</td>
<td>252,500</td>
<td>752,500</td>
</tr>
<tr>
<td>Essential Structural Works</td>
<td>185,000</td>
<td>185,000</td>
<td>186,000</td>
<td>556,000</td>
</tr>
<tr>
<td>Communal Services</td>
<td>30,000</td>
<td>30,000</td>
<td>30,300</td>
<td>90,300</td>
</tr>
<tr>
<td>Council House Building</td>
<td>7,586,100</td>
<td>7,824,100</td>
<td>1,109,400</td>
<td>16,519,600</td>
</tr>
<tr>
<td>HRA IT Hardware/Infrastructure Projects</td>
<td>60,600</td>
<td>41,300</td>
<td>68,300</td>
<td>170,200</td>
</tr>
<tr>
<td><strong>TOTAL HRA</strong></td>
<td>11,585,700</td>
<td>11,517,400</td>
<td>4,600,400</td>
<td>27,703,500</td>
</tr>
<tr>
<td><strong>Housing GF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disabled Facilities Grant</td>
<td>460,000</td>
<td>460,000</td>
<td>460,000</td>
<td>1,380,000</td>
</tr>
<tr>
<td><strong>Total: Housing GF</strong></td>
<td>460,000</td>
<td>460,000</td>
<td>460,000</td>
<td>1,380,000</td>
</tr>
<tr>
<td><strong>Community Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children’s Playground Improvements</td>
<td>27,200</td>
<td>174,500</td>
<td>131,800</td>
<td>333,500</td>
</tr>
<tr>
<td>Parks, Pavilions &amp; Open Spaces</td>
<td>114,200</td>
<td>114,500</td>
<td>114,500</td>
<td>343,200</td>
</tr>
<tr>
<td>Vehicle Fleet Renewals</td>
<td>204,300</td>
<td>122,500</td>
<td>115,100</td>
<td>441,900</td>
</tr>
<tr>
<td>Car Park Equipment/Maintenance</td>
<td>34,900</td>
<td>35,000</td>
<td>35,100</td>
<td>105,000</td>
</tr>
<tr>
<td>Litter Bins</td>
<td>8,300</td>
<td>8,400</td>
<td>8,500</td>
<td>25,200</td>
</tr>
<tr>
<td>Roads &amp; Paths at St. Mary's Church Cemetery</td>
<td>0</td>
<td>0</td>
<td>7,600</td>
<td>7,600</td>
</tr>
<tr>
<td>Land Drainage</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Plant &amp; Machinery Replacement Programme</td>
<td>8,000</td>
<td>10,000</td>
<td>0</td>
<td>18,000</td>
</tr>
<tr>
<td>Garden Waste Bins</td>
<td>25,000</td>
<td>25,000</td>
<td>25,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Recycling, Food, Waste and Refuse Bins</td>
<td>90,000</td>
<td>90,000</td>
<td>90,000</td>
<td>270,000</td>
</tr>
<tr>
<td><strong>Total: Community Services</strong></td>
<td>521,900</td>
<td>589,900</td>
<td>537,600</td>
<td>1,649,400</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council Offices Major Works Programme</td>
<td>50,000</td>
<td>25,000</td>
<td>25,000</td>
<td>100,000</td>
</tr>
<tr>
<td>IT - Hardware/Infrastructure Projects</td>
<td>228,000</td>
<td>155,500</td>
<td>257,000</td>
<td>640,500</td>
</tr>
<tr>
<td>Land / Asset Development</td>
<td>181,000</td>
<td>0</td>
<td>0</td>
<td>181,000</td>
</tr>
<tr>
<td>Croydon Road Regeneration*</td>
<td>1,325,000</td>
<td>0</td>
<td>0</td>
<td>1,325,000</td>
</tr>
<tr>
<td><strong>Total: Resources</strong></td>
<td>1,764,000</td>
<td>180,500</td>
<td>282,000</td>
<td>2,226,500</td>
</tr>
<tr>
<td><strong>Planning Policy - Community Infrastructure Levy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Contributions from CIL**</td>
<td>1,607,400</td>
<td>500,000</td>
<td>0</td>
<td>2,167,400</td>
</tr>
<tr>
<td><strong>Total Planning Policy</strong></td>
<td>1,607,400</td>
<td>600,000</td>
<td>0</td>
<td>2,167,400</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL FUND AND CIL</strong></td>
<td>4,433,400</td>
<td>1,730,400</td>
<td>1,279,600</td>
<td>7,443,200</td>
</tr>
<tr>
<td><strong>Total Capital Programme</strong></td>
<td>16,019,000</td>
<td>13,247,800</td>
<td>6,146,000</td>
<td>35,412,800</td>
</tr>
</tbody>
</table>

* This partly funded from CIL contribution of £950,000
** Full amount of CIL funding for 2022/23 is £2,617,400, however £950,000 is included in Croydon Road scheme
Appendix E – Council Tax Requirement Statement

1. Within the S&R Committee Draft Budget on 2\textsuperscript{nd} December 2021, the Council Tax base for 2022/23 was approved. The tax base provided is scaled to the number of Band D equivalents. The total tax base for 2022/23 is 38,692.9 properties, an increase of 0.6\% from 2021/22.

2. For dwellings in those parts of its area to which a Parish precept relates as shown below:

<table>
<thead>
<tr>
<th>Parish</th>
<th>Net Tax Base (Band D Properties)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bletchingley</td>
<td>1,350.60</td>
</tr>
<tr>
<td>Burstow</td>
<td>1,957.50</td>
</tr>
<tr>
<td>Caterham Hill</td>
<td>5,166.30</td>
</tr>
<tr>
<td>Caterham Valley</td>
<td>3,797.60</td>
</tr>
<tr>
<td>Chaldon Village</td>
<td>977.80</td>
</tr>
<tr>
<td>Chelsham &amp; Farleigh</td>
<td>413.00</td>
</tr>
<tr>
<td>Crowhurst</td>
<td>173.30</td>
</tr>
<tr>
<td>Dormansland</td>
<td>1,658.20</td>
</tr>
<tr>
<td>Felbridge</td>
<td>1,170.30</td>
</tr>
<tr>
<td>Godstone</td>
<td>2,516.50</td>
</tr>
<tr>
<td>Horne</td>
<td>456.20</td>
</tr>
<tr>
<td>Limpsfield</td>
<td>2,053.20</td>
</tr>
<tr>
<td>Lingfield</td>
<td>1,957.70</td>
</tr>
<tr>
<td>Nutfield</td>
<td>1,245.10</td>
</tr>
<tr>
<td>Outwood</td>
<td>345.60</td>
</tr>
<tr>
<td>Oxted</td>
<td>5,087.30</td>
</tr>
<tr>
<td>Tandridge</td>
<td>336.50</td>
</tr>
<tr>
<td>Tatsfield</td>
<td>885.90</td>
</tr>
<tr>
<td>Titsey</td>
<td>40.20</td>
</tr>
<tr>
<td>Warlingham</td>
<td>4,013.60</td>
</tr>
<tr>
<td>Whyteleafe Village</td>
<td>1,883.10</td>
</tr>
<tr>
<td>Woldingham</td>
<td>1,207.40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>38,692.9</strong></td>
</tr>
</tbody>
</table>

3. Each year, the Council must decide if its proposed Council Tax increase is excessive, a referendum must be held in relation to that amount. Whether the proposed increase is excessive must be decided in accordance with a set of principles determined by the Secretary of State (SoS), referred to as referendum principle.
4. In December 2021 the SoS for Levelling Up, Housing and Communities, The Rt Hon Michael Gove, set a core Council Tax referendum principle of up to 2% or £5 if greater for lower tier authorities.

5. **Council is asked to approve the increase to the core Council Tax by £5, for 2022/23.**

6. **The Council Tax precept is the Council Tax requirement divided by the** tax base. **The Council’s own purpose Council Tax requirement (excluding parish precepts) is based on an overall increase of £5.**

**Table 2: Council Tax Requirement**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Expenditure</td>
<td>38,762,379.00</td>
</tr>
<tr>
<td>Other income</td>
<td>(27,411,379.00)</td>
</tr>
<tr>
<td>Budgeted revenue expenditure</td>
<td>11,351,000.00</td>
</tr>
<tr>
<td>Business rates Income</td>
<td>(1,632,900.00)</td>
</tr>
<tr>
<td>Other Government Grants*</td>
<td>(899,046.67)</td>
</tr>
<tr>
<td>Council Tax collection fund balance</td>
<td>118,232.71</td>
</tr>
<tr>
<td>Council Tax requirement</td>
<td>8,937,286.04</td>
</tr>
</tbody>
</table>

*Includes £115k Tax Income Guarantee Grant

7. The tax base is the number of Band D equivalent properties for precepting purposes. The tax base for 2022/23 is 38,692.9.

8. The tax base for 2021/22 shows an increase of 0.6% on the 2021/22 tax base.

9. The Band D Council Tax precept for 2022/23 is calculated as follows:
   
   \[ \frac{8,937,286.04}{38,692.9} = £230.98 \]

10. The proposed increase is not considered excessive in accordance with the set of principles determined by the SoS. Band D 2022/23 £230.98 – Band D 2021/22 £225.98 = £5. (referendum principle up to 1.99% (£230.47) or £5, if greater)

11. The proposals result in an overall increase of £5 per annum, £0.10 per week, for a Band D dwelling.

12. Details of the Aggregate Council Tax and all valuation bands and Aggregate Council Tax requirements by Parish will be added to this statement for Full Council when we receive the official precept figures for the Parish Councils, Surrey Police and Crime Commissioner and Surrey County Council.
Annex 1: Council Tax Base 2022/23 (as approved by S&R 2 Dec replicated for completeness)

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.

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

Gross Tax base: 38,921.6
Less adjustment for losses in collection 1.20%
Net tax base: 38,454.5

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 F – Parish Council Tax Precepts [To follow]

Details of the council tax requirement by Parish will be added to this appendix for Full Council when we receive the final official precept figures for the Parish Councils.

Note: For Full Council, there will be additional recommendations incorporating the Surrey County Council and Surrey Police and Crime Commissioner's precepts to meet with legislative requirement when approving the Council Tax for 2022/23. Given the timing of the Surrey’s Full Council meeting being on 8th February, the precept information will be sent to Members on 9th February in advance of Tandridge’s Full Council meeting on 10th February. Surrey’s precept information is required before TDC’s precept information can be finalised.
Appendix G – Flexible Use of Capital Receipts

1. 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 will allow them to spend up to 100% of their capital receipts on the revenue costs of transformation projects.

2. 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 (LGFS) extended these flexibilities for a further three years to March 2022. At time of writing we are expecting the flexibilities to be extended as part of the 2022/23 Final LGFS. The criteria for the new flexibilities are yet to be confirmed but would typically require a reduction in cost or the prevention of an increase in cost.

3. As a fail-safe, the Council has applied to DLUHC for capitalisation dispensation to use address the 2020/21 budget error on a one-off basis for 2021/22 and to fund transformation projects over the MTFS.

4. 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 Council.

5. This Appendix represents the strategy, which is only required to state that the projects comply with the current conditions, [as at 19 January] but could be subject to the Ministers approval. The following projects are approved for 2021/22 and 2022/23:

<table>
<thead>
<tr>
<th>Project Indicative cost to be met from Capital Receipts £000</th>
<th>Expected benefits for the revenue budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Transformation Programme 114</td>
<td>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</td>
</tr>
<tr>
<td>Tandridge Finance Transformation 80</td>
<td>To deliver a more efficient Finance and Exchequer function</td>
</tr>
<tr>
<td>Future Transformation Programme – The Council-wide Transformation Programme TBC</td>
<td>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</td>
</tr>
</tbody>
</table>
Appendix H - Projected Earmarked Reserves and Balances 2021/22 to 2023/24

The Council holds a number of Earmarked Reserves for various purposes, which are listed below:

**General Fund essential Reserves for financial prudence:**

i) **General Fund Balance:** To cover the day to day working balance requirements of the General Fund.

ii) **General Contingency:** Contributions from revenue put aside to cover in-year general unbudgeted pressures in services.

iii) **Local Taxation Equalisation Reserve (previously Business Rates Equalisation Reserve):** Set up to level out Business Rates and Council tax performance (reflected in the Collection Fund) across financial years and allay the risk of erosion due to the impact of economic downturn and provide for investment in the local economy.

**General Fund Reserves to finance the Capital Programme**

iv) **Capital Receipts Reserve:** Holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.

v) **Revenue Contributions to Capital Reserve:** General Fund Revenue contributions from previous years to be used to support the future capital programme.

vi) **Capital Grants and Contributions Reserve:** This Reserve holds grants from Central Government which have been held in Reserve as expenditure in relation to the grant has yet to be incurred.

vii) **TCS Renewals Fund:** Funding for future vehicle replacements.

**General Fund Earmarked Reserves for specific uses**

viii) **Income Equalisation Reserve:** Set up to smooth rental income and investment interest income performance across financial years. This Reserve is being built up for use to cover any shortfall in the budget for reductions in rental income due to voids or reductions in the annual amount of investment income interest received.

ix) **Community Infrastructure Levy Administration Reserve:** To be spent on the administration of the levy.

x) **Section 31 Reserve –** Holding the balance of COVID-19 Section 31 grants to meet future collection fund account movements as the COVID-19 spreadable impact is unwound.
xi) **Local Plan Reserve** - Planning Reserve to support the delivery of the Local Plan and other general Planning related activities (including £130k Homes England money)

xii) **Building Control Reserve**: Holds the Council’s share of accumulated surplus on fee-earning building control operations and will be used to offset expenditure in future years in accordance with statutory requirements.

xiii) **EU Exit Preparation Reserve**: Government funding received in 2018/19 and 2019/20 and put aside to fund costs associated with leaving the European Union. If the Reserve is not utilised in 2021/22 – it will be transferred to the general fund.

xiv) **Care & Repair Reserve**: Funds put aside to cover future costs of the Care & Repair service.

 xv) **Local Land Charges Reserve**: In line with the Lord Chancellor’s amendment to the Local Land Charges Act 1975 (command 7026) the Council sets its fees on a cost recovery basis (over a three-year cycle) with any surpluses held in an earmarked Reserve for this purpose.

xvi) **Neighbourhood Plan Reserve**: Funds put aside to help fund the cost of the Neighbourhood plan in future years.

xvii) **Community Safety**: Funding received and put aside to fund future service costs.

xviii) **Community Infrastructure Levy (CIL)**: This Reserve holds the CIL funds received from developers and waiting to be spent. CIL is a charge which can be levied by local authorities on all new development in their area, including new homes, with the aim of supporting local infrastructure such as such as roads and transport, education, medical, sport and recreation facilities.

xix) **Disabled Facility Grants (DFG) Reserve**: Holds the balance of ringfenced DFG grant that has been received in previous years but not yet spent.

### Housing Revenue Account Reserves

xx) **HRA Working Balance**: To cover the day to day working balance requirements of the HRA.

xxi) **HRA Major Repairs Reserve**: Established as a requirement of HRA legislation. This Reserve is used to fund capital expenditure on repairs and maintenance of the HRA housing stock.

xxii) **HRA New Build Reserve**: Underspends from HRA revenue are held in this Reserve to help fund future expenditure on the Council House Building Programme.

xxiii) **HRA Repairs Reserve**: Established to meet the cost of expenditure on major repairs and enhancement in the HRA. This Reserve is in addition to the Major Repairs Reserve and can be used to fund any unforeseen capital expenditure.
xxiv) **HRA Capital Receipts Reserve:** To hold capital receipts received from the sale of HRA land and buildings for the purpose of funding future capital expenditure.

xxv) **Right To Buy New Provision Receipts:** To hold Right to Buy receipts that the Council has been permitted to retain provided they are spent on the provision of social housing, are spent within 3 years, and do not constitute more than 30% of the funding of the scheme being developed.

<table>
<thead>
<tr>
<th></th>
<th>Opening Balance 2021/22 £000</th>
<th>Transfers £000</th>
<th>Opening Balance 2022/23 £000</th>
<th>Transfers £000</th>
<th>Opening Balance 2023/24 £000</th>
<th>Transfers £000</th>
<th>Closing Balance 2023/24 £000</th>
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<tbody>
<tr>
<td><strong>General Fund Essential Reserves for Financial Prudency</strong></td>
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<tr>
<td>General Fund Balance</td>
<td>2,772</td>
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<td>2,772</td>
<td>0</td>
<td>2,772</td>
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<td>250</td>
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<td>General Contingency</td>
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<td>117</td>
<td>200</td>
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<tr>
<td>Local Taxation Equalisation Reserve</td>
<td>255</td>
<td>0</td>
<td>255</td>
<td>0</td>
<td>255</td>
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<tr>
<td><strong>Sub Total - Working Balance</strong></td>
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<td>0</td>
<td><strong>3,027</strong></td>
<td>117</td>
<td><strong>3,144</strong></td>
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<td><strong>General Fund Reserves to Finance the Capital Programme</strong></td>
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<tr>
<td>Capital Receipts Reserve</td>
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<td>703</td>
<td>(703)</td>
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<td>318</td>
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<td>Revenue Contributions to Capital</td>
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<td>68</td>
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<td>0</td>
<td>68</td>
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<td>Capital Grants &amp; Contributions</td>
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<td>0</td>
<td>30</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>TCS Renewals Fund</td>
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<td>0</td>
<td>0</td>
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<tr>
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<td>(664)</td>
<td><strong>801</strong></td>
<td>(703)</td>
<td><strong>98</strong></td>
<td><strong>318</strong></td>
<td><strong>416</strong></td>
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<td><strong>General Fund Earmarked Reserves for Specific Uses</strong></td>
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<td>Income Equalisation Reserve</td>
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<td>(185)</td>
<td>215</td>
<td>100</td>
<td>315</td>
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<td>Community Infrastructure Admin</td>
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<td>669</td>
<td>0</td>
<td>669</td>
<td>0</td>
<td>669</td>
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<td>Section 31 Reserve</td>
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<td>(1,480)</td>
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<td>0</td>
<td>0</td>
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<td>Local Plan Reserve</td>
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<td>552</td>
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<td>Building Control Reserve</td>
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<td>56</td>
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<td>EU Exit Preparation Reserve</td>
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<td>52</td>
<td>0</td>
<td>52</td>
<td>0</td>
<td>52</td>
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<td>Care &amp; Repair Reserve</td>
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<td>Local Land Charges Reserve</td>
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<td>Neighbourhood Plan Reserve</td>
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<td>0</td>
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<tr>
<td>Community Safety Reserve</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Community Infrastructure Levy</td>
<td>5,789</td>
<td>(17)</td>
<td>5,772</td>
<td>(1,617)</td>
<td>4,155</td>
<td>500</td>
<td>4,655</td>
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<tr>
<td>Disabled Facility Grants Reserve</td>
<td>644</td>
<td>104</td>
<td>748</td>
<td>62</td>
<td>810</td>
<td>62</td>
<td>872</td>
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<td><strong>Sub Total - Working Balance</strong></td>
<td><strong>14,351</strong></td>
<td>(4,543)</td>
<td><strong>9,808</strong></td>
<td>(3,220)</td>
<td><strong>6,588</strong></td>
<td><strong>662</strong></td>
<td><strong>7,250</strong></td>
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<tr>
<td><strong>Sub Total - General Fund</strong></td>
<td><strong>18,843</strong></td>
<td>(5,207)</td>
<td><strong>13,636</strong></td>
<td>(3,806)</td>
<td><strong>9,830</strong></td>
<td><strong>1,430</strong></td>
<td><strong>11,260</strong></td>
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<td><strong>Housing Revenue Account Reserves</strong></td>
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<tr>
<td>HRA Working Balance</td>
<td>750</td>
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<td>750</td>
<td>0</td>
<td>750</td>
<td>0</td>
<td>750</td>
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<tr>
<td>HRA Major Repairs Reserve</td>
<td>2,046</td>
<td>61</td>
<td>2,107</td>
<td>0</td>
<td>2,107</td>
<td>0</td>
<td>2,107</td>
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<tr>
<td>HRA New Build Reserve</td>
<td>2,830</td>
<td>(1,137)</td>
<td>1,693</td>
<td>(82)</td>
<td>1,611</td>
<td>(82)</td>
<td>1,528</td>
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<tr>
<td>HRA Repairs Reserve</td>
<td>1,140</td>
<td>(584)</td>
<td>556</td>
<td>(42)</td>
<td>514</td>
<td>(42)</td>
<td>473</td>
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<tr>
<td>HRA Capital Receipts Reserve</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Right To Buy New Provision Receipts</td>
<td>2,044</td>
<td>(700)</td>
<td>1,344</td>
<td>0</td>
<td>1,344</td>
<td>0</td>
<td>1,344</td>
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<tr>
<td><strong>Sub Total - HRA</strong></td>
<td><strong>8,810</strong></td>
<td>(2,360)</td>
<td><strong>6,450</strong></td>
<td>(124)</td>
<td><strong>6,326</strong></td>
<td>(124)</td>
<td><strong>6,202</strong></td>
</tr>
<tr>
<td><strong>Grand Total (GF &amp; HRA)</strong></td>
<td><strong>27,653</strong></td>
<td>(7,567)</td>
<td><strong>20,086</strong></td>
<td>(3,930)</td>
<td><strong>16,156</strong></td>
<td><strong>1,306</strong></td>
<td><strong>17,462</strong></td>
</tr>
</tbody>
</table>
### Appendix I – Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced Budget</td>
<td>Budget pressures fully offset by budget savings and funding changes.</td>
</tr>
<tr>
<td>BID - Business Improvement District</td>
<td>Business Improvement District is a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.</td>
</tr>
<tr>
<td>Business Rates Baseline</td>
<td>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. The baseline represents 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. 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. 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. 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). Business Rates income is particularly volatile at present due to the impact of COVID-19 and is subject to significant swings between income from business and compensation from Government where reliefs have been applied.</td>
</tr>
<tr>
<td>Business Rates Levy</td>
<td>A 50% charge of Business Rates growth above the baseline, payable to Central Government; reduced through participation in the Business Rates Pool.</td>
</tr>
<tr>
<td><strong>Business Rates Pool</strong></td>
<td>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 not to 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.</td>
</tr>
<tr>
<td><strong>Business Rates Tariff</strong></td>
<td>The difference between Baseline funding and retained Business Rates plus s31 grants, payable to Central Government.</td>
</tr>
<tr>
<td><strong>Capital receipts</strong></td>
<td>The income received when assets are sold (such as land or buildings) in Tandridge DC, these receipts will include the monies received from Freedom Leisure Loan. Capital receipts can only be used to buy or fund capital expenditure or fund transformation programmes under the flexible capital receipts directive. Capital expenditure is the money spent on buying assets that have a lasting value. These assets could be land, buildings or large pieces of equipment such as refuse vehicles. Any other utilisation of receipts must be approved by the Director of Local Government.</td>
</tr>
<tr>
<td><strong>CIL – The Community Infrastructure Levy</strong></td>
<td>Community Infrastructure Levy is a charge which can be levied by local authorities on new development in their area. It is an important tool for local authorities to use to help them deliver the infrastructure needed to support development in their area.</td>
</tr>
<tr>
<td><strong>Collection Fund</strong></td>
<td>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)</td>
</tr>
<tr>
<td><strong>Collection Fund Surplus and Deficit</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Core Spending Power</strong></td>
<td>The measure DLUHC uses to gauge the extent of local authorities’ core revenue funding, including Council Tax and locally retained Business Rates.</td>
</tr>
</tbody>
</table>
| **LEP - Local Enterprise Partnerships** | Local Enterprise Partnerships are voluntary partnerships between local authorities and businesses, set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.
### 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.

### Pressure

Known budgeted expenditure increases and income reductions due to the following:

- Growth factors – e.g. demographic, inflation and/or increased demand for services;
- Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or
- Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.

### Saving

Known budgeted expenditure reductions and income increases which result due to the following:

- Containing additional costs of Inflationary increases in contracts or pay;
- Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money;
- The delivery of new or additional services; and/or
- Optimising sources of income.

### Reserves: General Fund balance

A contingency fund - money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs.

### Reserves: Earmarked Reserves

Funds set aside by Council for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings or equalising over time a particular income stream.
Payments from Customers and Debt Management Policy

Strategy and Resources Committee, 01 February 2022

Report of: Chief Finance Officer (Section 151)
Executive Head of Communities

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:
This report brings forward a ‘Payments from Customers and Debt Management Policy’ as attached at Appendix A to this report. The aim is to bring together existing policies for different income streams in one place, making it easier for customers to pay the Council ‘right first time’.

Together with other practical measures designed to improve the efficiency and effectiveness of income collection and debt management, this will improve the Council’s cashflow and total income raised.

This report supports the Council’s priority of: Building a better Council – making the Council financially stable and providing residents with the best possible services.

Contact officers: Anna D’Alessandro, Chief Finance Officer and s.151 Officer
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Alison Boote, Executive Head of Communities
ABoote@tandridge.gov.uk

Recommendation to Committee:
That the Committee comments on the draft ‘Payments from Customers and Debt Management Policy’, attached at Appendix A, and makes any amendment prior to bringing to Council for formal approval.
**Reason for recommendation:**

The Council wants to collect its income promptly and minimise bad debts. This policy will help improve the administration of income due to the Council. It will help to maximise the recovery of income and minimise the amount of aged debt that needs to be written-off. Action must be taken to write-off bad debt against the provision so that the Council’s accounts are kept more up-to-date. In addition, regular quarterly income monitoring and debt management reports will be brought forward to committees.

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**Introduction and Background**

1. In the Statement of Accounts as at 01 April 2021, the amount owed to the Council by debtors was £6.3 million (£6.5 million including Housing Benefit overpayments). This is an extraordinarily high proportion of the Council’s Revenue Budget.

2. The Council has many different income streams. This draft Policy is intended to make it easier for customers to pay the Council on time, and to encourage them to include correct references so that payments are posted ‘right first time’ to the correct accounting codes. The policy puts all the information customers need to make a payment in one place. It also explains the steps the Council will take to recover outstanding debt.

3. This is not an exercise in changing policies; it is an exercise in collecting more income from individuals, faster, and minimising debt write-off. This will improve both the Council’s cash flow and total income available to support the Budget.

4. This simple practical measure will reduce the costs of collection, minimise administration for the Council and help to keep individual customer accounts accurate and up to date.

5. The efficient and effective administration income collection is one of the most pressing areas for improvement at the Council. The Government pays a subsidy of 40% on Housing Benefit overpayments. But that means that if an overpayment is not recovered, 60% of the cost is met by the Council Tax payer.

6. Note that the proposed policy builds on existing policy documents that the Council already has, but not in one place. Some documents are used without amendment. Others have been re-drafted to use plain English and make them easier for the customer to use independently – and get the transaction ‘right first time’. Good practice from other councils has been used to inform the proposed Policy.
7. The Council has built up a bad debt provision to cover an estimated level of bad debt. Typically, an organisation will periodically write-off bad debts. The Council has not been writing-off and reporting on bad debt since 2015 and has built up both a large balance of aged debt and a large provision for bad debt. The CFO is taking action to update and issue an Operational Procedure Note which will address this as a matter of priority. The Council will seek to levy and recover all costs and fees that are legitimately due form the debtor to the Council or its agents. Only in cases where it would not be in the public interest to pursue costs or fees will they be waived.

8. These issues are covered in some detail in another report on this agenda: ‘An Independent Review of Tandridge District Council’s Financial Management and Reporting Arrangements’.

9. The key changes from current practice are:

   • The Council’s policy documents for all its main income streams have been edited, simplified, made consistent and brought together in one place.

   • The Council’s associated operational procedures for taking recovery action have been reviewed. The CFO, under her delegated powers, will issue updated operational procedures for the efficient and effective administration of income and the recovery of aged debt.

   • The CFO, under her delegated powers, will issue an updated operational procedure for the writing-off of bad debt against the Council’s provisions for bad debt.

   • The CFO will implement a requirement for a report on the reason for and level of write-offs of bad debt to be presented to Strategy and Resources and relevant committees on a quarterly basis.

10. In conclusion, the proposed Policy provides a consistent and fair approach to non-commercial debt. It is recommended that it is adopted by full Council.

Comments from the CFO (Section 151 Officer):

The CFO is fully supportive of the approach set out in this report and the revised policies. We need as a Council to focus on the overall collection of income and the active chasing of debt as a matter of urgency to support our challenging financial position.
Comments from the Head of Legal Services and Monitoring Officer

The Council is required to assist in maximising income and reducing cost of collection. This proposed policy seeks to identify an individual’s ability to manage their finances and assist where possible, and to make the necessary arrangements to identify and support individuals who require assistance. The sharing of personal data of debtors within departments will be subject to the General Data Protection Regulations/ Data Protection Act 2018.

The next step is for Members to make any consequential amendments to the Draft Policy prior to bringing back to Full Council for formal approval.

Equality Implications

An Equalities Impact Assessment was carried out. People are at risk of financial hardship at any time. It is important that the Council follows set processes to ensure a consistent approach to debt collection which may include signposting the debtor to alternative agencies such as Citizens Advice Bureau or Adult Social Care for advice and money management support.

Climate Change Implications

There are no significant environmental or sustainability implications of this report.
TANDRIDGE DISTRICT COUNCIL

PAYMENTS FROM CUSTOMERS AND DEBT MANAGEMENT POLICY

19th January 2022

Draft for consideration by Strategy and Resources Committee
1st February 2022
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1. Introduction

The purpose of this Policy is to make clear to customers Tandridge District Council’s approach to collecting income.

1.1 Tandridge District Council has a duty to ensure that all income owed to the Council is collected efficiently and effectively for the benefit of all our taxpayers. This Policy aims to prevent our customers from falling into debt. This is best achieved by adopting the principles of clear communication with our customers, early contact and consistency in our approach.

1.2 The recovery process for overdue Council Tax and overdue Business Rates is set out in the legislation, so recovery notices will be issued in compliance with the law:

- The Council Tax (Administration and Enforcement) Regulations 1992
- The Local Government Finance Act 1988
- The Housing Act 1985
- The Non-Domestic Rating (Collection and Enforcement) (Local List) Regulations 1989

When contact is made by the customer, for example by telephone or email, a case is raised and managed by the relevant Team. We will encourage customers to pay what they can and then aim to discuss a payment arrangement if arrears are outstanding for longer periods.

1.3 The Council will use best practice methods, provide high standards of customer service and deal with all customers in a fair and inclusive manner. We will consider the needs of vulnerable customers. We will treat individuals consistently and fairly, ensuring that an individual’s rights under the Data Protection Act 2018, and the Equality and Human Rights Act 2010 are protected.

2. Scope

2.1 This Policy covers all debts owed to the Council including:

- Council Tax
- Business Rates
- Sundry Debts (e.g., charges for the Council’s services and planning fees)
- Parking Fines (managed by Sevenoaks District Council under an outsourced contract)
- Housing Rents
- Housing Benefit Overpayments
- Service charges for leaseholders
- Rechargeable repairs to current and former tenants
Please refer to Appendices 1-9 for the billing, recovery and customer support processes.

3. Objectives

3.1 Whilst different recovery mechanisms are used for different types of debt, all debt is recovered according to the objectives set out below.

The objectives of this Policy are to:

- Maximise income and collection performance for the Council.
- Be firm but fair in applying this strategy and take the earliest possible decisive and appropriate action.
- Be courteous, helpful, open, and honest in all our dealings with customers.
- Accommodate any special needs and vulnerabilities that our customers may have.
- Work with debt advice agencies and signpost customers to seek additional advice where this is helpful and appropriate.
- Consider the circumstances of individual customers based on the information provided or information we have been able to collect.
- Continuously develop and improve our services.
- Share knowledge, information, and expertise across the Council and with other agencies whilst complying with legislation such as the Data Protection Act 2018.

4. Principles

The Policy is underpinned by the following principles.

Making it easy to contact the Council

We will make it easy to contact the Council. Customers can reach us by any of the following means:

Website  
[Home - Tandridge District Council](#)

Telephone  01883 722000

Or write to us at  
Tandridge District Council, 8 Station Road East, Oxted RH8 0BT

If you are deaf you can dial 18001, followed by 01883 722000 from your textphone, to have a Text Relay conversation.

- Send Customer Services a text to 07786 200690, using the word TANDRIDGE at the start of your message.
Resolving customer disputes promptly

Where a customer disputes a bill or demand, the Council will aim to resolve the query as soon as possible and within 4 weeks in most cases. If a credit note or revised invoice is required, this will be raised as soon as the dispute is resolved.

Offering different methods of payment

The Council offers several different payment methods and dates for the customer to pay their account. Details of these are shown on customers’ correspondence and on the Council’s website.

The Council promotes direct debit for Council Tax and Business Rates as it is the most efficient method of payment; it also helps the customer to avoid missing instalments and being subject to recovery action. Direct debit may also be used for rent payments. It may not suit every individual, therefore the Council offers a wide range of alternative ways to pay, see Appendix 7.

Minimising debt

We will aim to reduce the levels of arrears. We will be consistent in the way customers in debt are dealt with across the Council and support our customers to manage their priority debts.

Taking a proactive approach

We will ensure customers are made aware promptly of their liabilities across all debt streams. We will be approachable and encourage customers to contact us at the earliest opportunity so that we can take account of customers’ individual circumstances and their ability to pay. We will help customers to manage their finances and reduce hardship, by agreeing to realistic repayment plans.

Taking preventative measures

We will advise on any housing assistance or taxation discounts, reliefs and exemptions to which customers may be entitled. We will encourage customers to take up their entitlement to benefits. We will assist with applications when appropriate and signpost customers to free sources of money advice, debt counselling and other support services available through the voluntary sector and other agencies.

Avoiding conflict of interest or perceived conflict of interest.

All officers, members and contractors will ensure that they have no work-related involvement with any account involving any relatives, friends, close associates, or organisations of which they or their relatives are members or previous employees. This includes making any decisions on how money owed to the Council is collected and recovered.
5 Working with Customers with Multiple Debts

5.1 The Council will work with customers who owe several debts, to agree an affordable payment plan. We will direct customers to organisations that offer debt counselling such as those listed in Appendix 8.

5.2 We will provide sufficient time to customers with multiple debts so that they can seek advice and agree sustainable payment arrangements.

6. Debt Priority

6.1 Some customers will owe more than one debt to the Council and may be on a low income or experiencing financial hardship. In such cases customers need to be clear about which debts the Council considers a priority.

6.2 It is not the size of a debt that makes it a priority, but the consequences to the customer. The Council gives priority to debts where non-payment could lead to loss of the customer’s home or imprisonment, such as rent arrears and Council Tax arrears.

6.3 Payments made by the customer will be applied to repay debts in the following order:

- Rent
- Council Tax
- Business Rates
- Housing Benefit Overpayment
- Gas and Electricity
- Court Fines
- Maintenance arrears
- HMRC

7. Providing Support and Advice

7.1 We will ensure that staff are well versed in dealing with our customers and will encourage customers to contact us as soon as they begin experiencing difficulties in paying their bills.

7.2 Our bills and demands will clearly show how the amount owed has been calculated and we will make our bills and letters as easy to understand as possible.

7.3 We will also advise individuals and businesses of the range of discounts, reliefs, and reductions available at the time an account is issued and also in subsequent communications.

7.4 During face-to-face meetings and telephone communications, we will direct
customers to the Tandridge District Council website for further information and support. Our website provides contact details for other agencies that provide specialist advice on benefits and debt matters appropriate to their needs. Links are provided below to some websites that customers may find helpful:

- Citizens Advice
- Money Advice Service
- Step Change
- Armed Forces – Royal British Legion and/or SSAFA
- and other appropriate support organisations (See Appendix 9)

7.5 We will work with other agencies to assist customers who are receiving help and liaise with them on a local level to solve issues and answer queries.

8. **Assessing the Customer’s Ability to Pay**

8.1 During the process of recovery, we will act in accordance with statutory regulations and consider advice issued by professional bodies, for example Citizens Advice, Money Advice Service and Money & Pensions Service.

8.2 When recovering multiple debts, we will help to break the cycle of debt by encouraging payment for the current year, particularly for Council Tax arrears and NNDR arrears. We will work with customers to agree an acceptable payment arrangement for recurring debts such as rent and Council Tax. Payment arrangements will be agreed within the customer’s means, whilst at the same time ensuring a satisfactory level of repayment for the Council.

8.3 We will review payment arrangements to offer flexible options, including different payment dates and amounts to assist those on irregular incomes.

9. **Supporting Vulnerable Customers**

9.1 We will ensure that arrears are pursued in a timely and fair manner. It is Council policy to balance customer care with the responsibility of collecting the debt efficiently. We will take individual circumstances into account.

9.2 We recognise that everyone requires a sensitive and considered approach and that some customers do not pay their debts for a variety of reasons. This may include poverty or other financial hardship. We will endeavor to balance customers’ circumstances with our duty to collect.

9.3 Some examples of vulnerability include:

- Young people leaving care or those who have left care and are under the age of 25.
- The elderly or frail.
- Customers with mental health needs affecting their ability to sustain independent living.
- Customers with substance misuse, learning disability or physical disability support needs.
- Victims of Hate Crime.
- Victims of serious anti-social behaviour.
- Victims of domestic violence.
- Customers with sensory impairment support needs.
- Customers with serious ill health.
- Customers who have been homeless recently.

9.4 A vulnerable person will be required to pay the amounts they are legally obliged to pay, but the Council will take their circumstances into consideration. Help and extra time may be provided in the form of advice and assistance to understand processes and complete forms. Please go to the Council’s website for access to the Council’s Anti-Poverty Policy.

10. **Debt Recovery and Enforcement Action**

10.1 The Council’s primary aim is to collect debt efficiently and cost-effectively. demonstrate best practice in the collection of debt. We follow a three-step process.

**Step One:** Issue requests for payment promptly and accurately, providing clear bills, invoices, reminders, and recovery notices which show what to pay, when to pay it, how to pay and the consequences of not paying which may include legal action and additional costs being incurred.

**Step Two:** Referrals will be made to collection agents, enforcement agents and other measures will be considered such as special payment arrangements, attachment of earnings/benefits, bankruptcy, liquidation or charging order.

**Step Three:** Legal proceedings will be pursued through the Magistrates Courts when sums remain unpaid.

10.2 **Timeline for the recovery of Sundry Debts**

The table below sets out the timescales collecting sundry debts (Appendix 3):

<table>
<thead>
<tr>
<th>Action</th>
<th>Timescale for Sundry Debts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original invoice</td>
<td>30 days to pay</td>
</tr>
<tr>
<td>Reminder Letter 1</td>
<td>30 days from original invoice</td>
</tr>
<tr>
<td>Reminder Letter 2</td>
<td>44 days from original invoice</td>
</tr>
</tbody>
</table>
10.3 The timescales for collecting different types of debt and the ways to pay are set out in the Appendices as follows:

Appendix 1 Business Rates Recovery
Appendix 2 Council Tax Recovery
Appendix 3 Sundry Debts Recovery
Appendix 4 Unpaid Parking Penalties
Appendix 5 Housing Benefits Overpayment Recovery
Appendix 6 Code of Practice for Enforcement Agents
Appendix 7 Ways to Pay
Appendix 8 Helping Customers to Pay

10.4 A range of recovery options may be used to secure payment for Council Tax and Business Rates. If the Council and the customer have failed to agree on discretionary arrangements, an application for a liability order may be made. This is an order made by the Magistrates Court which gives the Council the power to take further action to enforce payment.

The following recovery measures may also be considered:

- Attachment of Earnings Order.
- Deductions from Benefits.
- The use of an Enforcement Agent.
- Insolvency action (Bankruptcy) for debts over £5,000.
- Securing the debt by obtaining a charging order against property – Committal action

10.5 We will only employ certificated enforcement agents (Bailiffs) who comply with the Taking Control of Goods Regulations 2014 and will ensure they comply with the standard Code of Practice which protects our customers.

11. Evasion and Fraud

11.1 Fraud and the evasion of payment have a direct impact on all our residents, businesses and other organisations that use Council services.

11.2 If fraud or the evasion of payment is identified, in addition to enforcing payment, the Council will pursue further penalties or sanctions.

12. Withdrawal of Service
12.1 For some services the Council will consider not continuing to provide a service in future to those customers who already owe money to the Council or have been identified as persistent late payers.

12.2 For housing rent, if a tenant does not respond to the Council’s communications, or breaches Court Orders and arrangements to pay, the final stage would be to evict the tenant. At this stage the relevant Officer will send an eviction warning letter to the tenant to advise that an eviction is being arranged. The tenant may also be excluded from applying for another home through Tandridge’s housing allocation process.

13. **Right to offset**

13.1 The Council will transfer any credit that is on an account to pay off other debts that are owed to the Council. This is known as the right to “offset” or to combine accounts. Before using the right to offset, consideration will be given as to whether a customer is in financial difficulty and whether they have enough money to cover reasonable day-to-day priority debts such as:

- Mortgage
- Rent
- Council Tax
- Food bills.

The right to offset accounts also applies to suppliers to the Council and other payees. In other words, if a supplier is due a payment from the Council, but owes business rates, it is possible for the Council to use the payment due for supplies to the Council to reduce the outstanding business rates owed by the supplier to the Council.

14. **Monitoring and Reporting on the Council’s Performance**

14.1 The collection of Rent, Council Tax, Non-Domestic Rates and Sundry Debts are all under public scrutiny as Key Performance Indicators (KPIs). The efficiency of this policy and associated procedures will be monitored through the following KPIs, which are currently reported quarterly as part of the Corporate Performance framework:

- % of Council Tax debt recovered.
- % of Non-domestic Rate debt recovered.
- % of BID debt recovered.
- % of Sundry debt recovered.
- % of Housing Benefit overpayment.
- % of debt outstanding year-on-year, on a quarterly basis.
- % of rent collected.

Aged debt profiles for review by the Executive Leadership Team will be provided.
monthly. Similar debt profiling reports will be provided to Council Members on no less than a quarterly basis. Monthly, or if necessary, more frequent reports will be provided to the Finance Business Partners.

15. **Equality Duty**

Under the Equality Act 2010, the Council, in exercising any of its functions, must have due regard to the need to:

- eliminate unlawful discrimination
- advance quality of opportunity
- foster good relations between people of different backgrounds
- be fair to all.

16. **Use of data**

16.1 The Council will collect and store personal data for the purposes of the effective billing, collection, and recovery of sums due. Data retained for this purpose will be processed in accordance with the Data Protection Act 2018 and will be always stored securely.

16.2 Data will be shared with agents or contractors appointed by the Council for the purposes of the billing, collection, and recovery of sums due. Data may also be shared within the Council or with external organisations where the law allows, where it is in the interests of the debtor or where it will prevent fraud or the unlawful evasion of payment of sums due.

17. **Review of the Debt Management Policy**

17.1 The Chief Finance Officer has overall responsibility for the implementation, monitoring and review of this Policy. It will be monitored and updated at least every two years to take account of changes in legislation and best practice.

17.2 The Council’s Business and Income Service, Exchequer Services and service teams such as Parking will work with customers to resolve matters before enforcement action is taken. This may include the agreement of payment arrangements and signposting customers to other agencies that can provide money advice.
Appendices

Appendix 1 - Business Rates/Recovery

The bills for business rates are issued on an annual basis to all open accounts in March. New and amended accounts are issued daily throughout the rest of the year. Business rates are payable in line with legislative requirements.

The business rates bill will detail when instalments are due to be paid and the methods which can be used to pay. If an instalment for business rates is not paid on time, a reminder will be issued following non-payment.

Two reminder notices are issued for business rate bills. On occasions, in the case of default, the Council may issue one reminder and then follow it with a final reminder. Any further default will result in a final notice being issued. A final notice withdraws from the customer the right to pay by instalments for business rates and requires full payment of the outstanding amount to be made within seven days. If the business rate account remains unsettled, the Council will make an application to the Magistrates Court by issuing a summons notice for a Liability Order to be granted.

The Liability Order enables the Council to consider other enforcement remedies, for example, instructing enforcement agents to collect the balance of debt that is outstanding.

If an appeal is made against the rateable value to the Valuation Office Agency, payment must still be made against the business rates until the appeal is settled.

Enforcement agents will be appointed. Enforcement agent services will comply with Taking Control of Goods: National Standards, issued by the Ministry of Justice. The performance of enforcement agents will be monitored by the Council.

Responsibility for the procedure for issuing bills and the collection and recovery of debt is held by the Chief Finance Officer.
Appendix 1A – Local Discretionary Relief Scheme for Business Rates

1. This local discretionary business rate relief scheme assists businesses that are facing rising bills because of a national revaluation of all business properties.

2. Government funding for this local scheme is spread over four years. In Tandridge, the total funding available has been confirmed as follows:

   - 2017/18 - £243,000
   - 2018/19 - £118,000
   - 2019/20 - £49,000
   - 2020/21 - £7,000.

3. This scheme compares a property’s 2016/17 bill with the property’s 2017/18 bill, before reliefs are considered. This is the same comparison used to determine the Government’s transitional relief scheme and ensures any change is purely as a result of the 2017 revaluation.

4. To qualify for relief, the increase in the 2017/18 bill must be more than 12.5% and the ratable value of the property must be £200,000 or less.

5. This is a local scheme and hence the following types of property are excluded:

   - **National companies and/or companies with three or more premises** (the relief is designed to be applied locally, and nationally revaluation is neutral, meaning national chains may have seen rate reductions in other parts of the country offsetting increases elsewhere).
   - **Empty Properties** (the Council wants to encourage properties being brought back into use).
   - **Charities** (Charities receive 80% mandatory relief under a separate statutory scheme).
   - **New ratepayers becoming liable on or after 1 April 2017** (New Ratepayers would not have seen an increase in their bills at the property).
   - **Tandridge District Council** (as the billing authority, we are barred from making any discretionary awards to ourselves)

6. The remaining business ratepayer accounts will be awarded discretionary relief as a percentage of their 2017/18 chargeable bill (after all other reliefs and entitlements). No application will be required. Any ratepayer, who believes they qualify but have not been awarded the relief, will be re-considered against the scheme criteria.

7. The percentage of relief is the same for all qualifying ratepayers and is based on the funding available (Total funding available/Total chargeable amount of qualifying properties x 100). A small percentage of the funding will be held back to account for in year bill changes that may increase the total relief awarded. This percentage will be reviewed each year based on experience.

8. The government have not yet confirmed if any under spend can be carried forward to the following financial year. To maximise the benefit to local ratepayers, the Council may review and increase the percentage of relief available to qualifying premises at any time.
9. All relief will be set for a period expiring on 31 March. The amount of relief may go up or down in line with any change to the daily chargeable amount.

10. Further relief will be awarded to existing qualifiers under the same conditions each year the Government provide funding under a section 31 grant, with the percentage of relief adjusted to meet each year’s funding level.

Ends
Appendix 1B – Hardship Relief for Business Rates

Under Section 49 of the Local Government Finance Act 1988 Tandridge can reduce the amount of business rates payable providing:

- the ratepayer would sustain hardship if the authority did not grant relief; and
- it is reasonable for the Authority to grant the relief having due regard to the interests of the Council Taxpayers.

Some guidance has been provided by the government on what is meant by hardship. This guidance has been used by Tandridge as the basis for awarding hardship relief for business rates. Applications can be made by business ratepayers using the form below.

The Council’s general fund pays for 25% of any award, therefore the impact of the award on the council taxpayer must be considered when granting relief.

These guidelines assist in considering applications for relief on the grounds of hardship, but each case will be considered on its own merits.

1. The reduction or remission of National Non-Domestic Rates on the grounds of hardship is to be the exception rather than the rule and will be granted only to those with a liability to pay Business Rates to Tandridge District Council.

2. The Chief Finance Officer must be satisfied, by examination of the accounts of the business and any other documentation considered reasonable for the applicant to supply, that the rate payer will sustain hardship if relief is not granted.

3. It must be reasonable to grant hardship relief after having regard to the interests of the Council Taxpayers.

4. Copies of accounts, bank statements and current lists of creditors and debtors must be provided. The Business and Income Lead Specialist or Chief Finance Officer will also have the discretion to request additional supporting information.

5. The maximum award of relief will be limited to 100% of the net rate liability, after other available reliefs (such as small business rate relief), whether they are applied for or not. There shall be no minimum award threshold.

6. In cases where hardship relief is awarded for an ongoing liability, this should be for a maximum period of one financial year or a shorter period as the Chief Finance Officer determines appropriate.

7. All applications should be completed on a form prescribed by the Authority.

8. Any additional relevant information and factors may be considered by the Chief Finance Officer as she sees fit, to enable a thorough assessment to be made.
   a) Each application will be considered on its own merits.
   b) All relevant factors affecting the ability of a business to meet its liability for rates should be considered, not just financial factors.
   c) The interests of local taxpayers in an area may be wider than direct financial interests. For example, where the employment prospects would be worsened by a company going out of business, or the amenities of an area might be reduced by, for instance, the loss of the only shop in a village.
d) where the granting of the relief would have an adverse effect on the financial interests of local taxpayers, the case for reduction of rates may still on balance outweigh the cost to the local taxpayers.

e) There must be proof that hardship exists.

f) All factors to be considered must be provided with evidence to support the application.

g) A copy of the previous two years audited accounts for the organisation should be provided.

h) Relief will be withdrawn on the sale of the business

9. Applicants will be advised of the decision within 28 days of all the relevant paperwork being received by the Authority. The letter will also contain appeal rights.

10. Any appeal must be in writing and give clear and concise reasons and be received within one calendar month from the date of the original decision. The appeal will progress to the next scheduled Strategy and Resources Committee (or relevant succeeding committee).

11 Authority to award this relief is delegated to the Chief Finance Officer. Exceptional awards, with costs to Tandridge of £5,000 or more, will be referred to the relevant Committee for decision.

The Application Form is set out below.
Application for Section 49 Hardship Relief from Non-Domestic Rates payable to Tandridge District Council

Name of Business / Applicant:

Address of Property for which relief is applied:

Account Reference (this is quoted on your bill):

Briefly what is the nature of the business:

How does the business bring benefits to the community / what would be the effect on the community should the business cease to trade in the area?

How many staff, who live in Tandridge District, do you employ?
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What has been the reason for the business suffering hardship?</td>
<td></td>
</tr>
<tr>
<td>What steps have you taken to improve the situation?</td>
<td></td>
</tr>
<tr>
<td>How long do you expect the hardship to continue for?</td>
<td></td>
</tr>
<tr>
<td>Explain what outcome this relief will provide (please note that relief will not be awarded if there is no realistic expectation of the business being sustainable)</td>
<td></td>
</tr>
<tr>
<td>Do you currently or have you during the past two years owned or run any other business? If so, please give details</td>
<td></td>
</tr>
</tbody>
</table>
I declare that the information given is true and complete to the best of my knowledge;

I understand that any award is at the discretion of Tandridge District Council and can be revised or withdrawn if my circumstances change.

I have enclosed two years’ worth of trading accounts in support of my application and all other relevant evidence of factors that I wish to have considered,

Signature of Ratepayer or Authorised Person ........................................................
Capacity of the signatory .....................................................................................
Contact telephone number ..................................................................................
Email address ......................................................................................................
Date .....................................................................................................................

Ends
S49 Hardship Request for Reduction or Remission of National Non-Domestic Rates

Request to local Ward Member for views / local knowledge of the applicant

An application for the above has been received from

In accordance with the Council’s policy, you are asked whether the above business is known to you and whether there are any factors that you feel should be considered by the officers in preparing a recommendation for this application. A brief reasoning for the request is included in the above box, however if you wish to view the entire application, please contact Tracey Hicks (Assistant Revenues Manager) on 01883 722000,

Please use the box below for any information that you feel is relevant or continue on a separate sheet. Please respond by …../……../……… .

Signed ............................................... Ward Member for.................................

Dated........................................
Business Rates Hardship Relief - Decision

To be completed by the Revenues Manager or Head of Revenues and Benefits Services

1. An application has been made? Yes/No (If no an application is required to progress further).

2. The Ward Councillor(s) have been advised of the application and asked for local input? Yes/No (if no this must be carried out before a decision is made)

2. The Business is a current NNDR payer in Tandridge District? Yes / No

3. Two years audited accounts and other evidence have been submitted Yes /No

If these criteria are not satisfied, end here.

Signature .............................. Date ..............................

Matters for Consideration

Explain: how the council taxpayers' interest is met, the factors considered from the application, the background to the hardship, the likelihood of recovery and other relevant matters.
Record of Decision

Recommendation to award Hardship Relief including the financial implications.

<table>
<thead>
<tr>
<th>Initials and date of recommending officer</th>
<th></th>
</tr>
</thead>
</table>

* 1 Approved / rejected by CFO ......................... Date ................

<table>
<thead>
<tr>
<th>Additional comments from CFO (especially where rejected)</th>
</tr>
</thead>
</table>

* 2 Approved / rejected by Committee (where recommendation over £1000 financial implication for TDC) date of Committee decision  ....../....../....

* Delete as appropriate depending where the decision is made.

Ends
The Council will issue a council tax bill, which will give instructions on when the instalments are due to be paid. The preferred method of payment for council tax is direct debit and flexibility is available on the date on which the direct debit is collected. Unless paid by Direct Debit the first instalment is due by the first of the month.

A reminder notice will be issued if an overdue instalment is not paid within seven days of the instalment due date. If the instalment is paid as requested, then no further action will be taken. If the instalment is not paid or only partly paid, a final notice will be issued. Recovery action will then proceed to the summons stage. Within a council tax year (April – March) only two reminders will be issued for late payment of instalments.

A final notice will be issued on the third occasion that an instalment is paid late. The final notice will be a request for the full balance to be paid. The balance must be paid within seven days of a final notice being issued.

If payment is not received within 14 days after the first or second reminder notice or within seven days of a final notice, the Council will take legal action and a summons will be issued against the customer. All costs incurred are recoverable by the Council and will be added to the amount due when the summons is issued.

The Council reserves the right to take recovery action where a customer does not pay and does not indicate that they are having trouble paying. Customers are informed of:

- entitlement to housing benefit and council tax support and other income related benefits.
- discounts, reliefs, and exemptions.

The ability to refer debt to an enforcement agent is an important tool in the recovery process. The Council appreciates the sensitivity attached to the use of enforcement agents and will only use them if it is deemed necessary. The Council will seek to use enforcement agents only where it has been determined that this is the most effective collection method for the debt in question. The Council will use other routes for recovery where possible, such as attachment of earnings and benefit deductions.

Enforcement agents will be appointed based on the contracts which have been procured in line with contract procedure rules. Enforcement agent services will comply with the Taking Control of Goods: National Standards, issued by the Ministry of Justice.

Responsibility for the issuing of council tax bills, council tax collection and recovery of debt is held by the Council’s Chief Finance Officer.
Appendix 3 - Sundry Debts Recovery
(To be revised in accordance with the development of Exchequer Services through the Transformation Programme)

Tandridge District Council will, wherever possible, obtain payment in advance or at the time when a service is delivered.

The Council will only raise an invoice where payment in advance for a service is inappropriate.

The general settlement terms for sundry debts are 30 days from the date of the invoice.

The table below sets out the timeline for case escalation:

<table>
<thead>
<tr>
<th>Action</th>
<th>Timescale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original invoice</td>
<td>30 days to pay</td>
</tr>
<tr>
<td>Reminder Letter 1</td>
<td>30 days from original invoice</td>
</tr>
<tr>
<td>Reminder Letter 2</td>
<td>44 days from original invoice</td>
</tr>
<tr>
<td>Issue letter before legal action and then,</td>
<td>58 days from original invoice</td>
</tr>
<tr>
<td>Refer to Business &amp; Income Team</td>
<td></td>
</tr>
</tbody>
</table>

For an explanation of recovery action, see Section 10 of this Policy.

Overall responsibility for the collection and recovery of sundry debt is held by the Section 151 Officer. Exchequer Services will be responsible for ensuring that guidance is provided to the managers for each service in recovering the debt due to their service, where appropriate.
Appendix 4 - Unpaid Parking Penalties

Tandridge District Council undertakes parking enforcement to control and regulate parking in its off-street car parks and on the streets in Tandridge as the enforcement agent for Surrey County Council. This enforcement is necessary to minimise dangerous and inconsiderate parking on our roads and in our car parks. The Council contracts with Sevenoaks District Council to carry out this duty on its behalf.

Where a Civil Enforcement Officer discovers a car parked in contravention of a parking control, they are required to issue a Penalty Charge Notice.

After a Penalty Charge Notice has been issued, and if it is not cancelled by the Council within the appeals process or paid within statutory timescales (about 60 days from the date of its issue), parking law makes provision for the unpaid Penalty Charge to be referred to the Traffic Enforcement Centre (TEC) for registration of the civil debt and application for an Order for Recovery.

To ensure that appropriate arrangements are in place for the recovery of the debt the order/warrant will be referred to a bailiff company to be executed.

This Policy aims to ensure that the arrangements and activities undertaken in seeking to recover the Debt:

- are applied in a fair and equitable way
- comply with the law, guidance and local policies including the Enforcement Concordat, and the Council’s Finance Procedure Rules
- maintain public confidence in parking enforcement processes
- encourage the prompt payment of otherwise undisputed parking penalties.

It is normal practice to appoint one or more bailiff companies that are specialised in the recovery of traffic and parking enforcement debts. The Council will incur no direct cost as a result of the bailiff companies’ services since their charges are passed on to the debtor, with the level of these charges being set by regulation.

A good working relationship and good communication is maintained with bailiffs to ensure that public queries are dealt with quickly to establish in advance of its execution that the Warrant is still appropriate and necessary.

In the first instance where the debt is not settled by way of a cash or similar payment, bailiff action may include the removal and sale of goods up to the value of the total of the outstanding debt and subsequent bailiff charges. The Council will only consider authorising the bailiff company to clamp or remove a vehicle in circumstances where the vehicle owner has incurred multiple debts with the Council and where there are three or more outstanding Warrants. However, this will be avoided where it is proved that the vehicle is essential for the employment of the debtor.
The Parking Services Section will, at every stage of the recovery process, consider any information from the bailiff company or the debtor and reserves the option to agree to either defer or to cancel a debt if circumstances justify this. At their discretion bailiffs are authorised to set up payment plans to encourage payment of debts where there is a proven claim of financial hardship.

If during the execution of a Warrant, the bailiff receives new information, for example a new address for the debtor, the bailiff company is required to refer the case back to the Parking Services Section for review before further debt recovery action can be undertaken.

Warrants that the bailiff company are unable to recover are classified as “no trace” or “executable” and are returned to the Council. These can be either:

i) Reviewed and passed to a second bailiff company

ii) Referred to the Traffic Enforcement Centre after 12 months (on expiry of the initial warrant) for a further warrant application

iii) Recommended to be “written off” as unrecoverable.

Ends
Appendix 5 - Housing Benefits Overpayment Recovery

Policies Specific to Recovery of Benefit Overpayments

Overpayments of Housing Benefit are recovered through a change in benefit entitlement. They are described as an amount of benefit that has been awarded but to which there is no or reduced entitlement under the regulations.

The Council believes that the prevention of the overpayment of debt is vital.

The following measures are taken to prevent Housing Benefit overpayments occurring:

- Using a well laid out application form to collect accurate information which contains an unambiguous statement that failure to provide correct information could lead to overpayments of benefit and to prosecution.
- Ensuring all benefit notification letters and relevant correspondence ask people to tell the Council of any change in circumstances that may affect their claim.
- Making use of evidence in support of claims or changes in circumstances, for example:
  - using checks for identity.
  - residency and National Insurance numbers.
- Ensuring all staff involved with overpayments receive suitable training with access to overpayment recovery procedures and an awareness of problems faced by customers in debt.
- Providing fraud awareness training for staff.

Using information technology to identify and recover overpayments and to reduce error by:

- Publishing information on responsibility for reporting changes in circumstances.
- Dealing as quickly as possible with reported changes in circumstances.
- Ensuring that benefit awards are suspended and terminated in line with current regulations and case law.
- Participating in data matching exercises with external agencies and cross matching against internal databases whilst adhering to principles laid down by the Data Protection Regulations 2018, Data Protection and Human Rights Act 1998.

The Council aims to calculate overpayments quickly and accurately and to provide quality information to the people affected, ensuring it recovers the correct amount. To achieve this, the Council will:

- Invite claimants to apply for their entitlement to benefits.
• Calculate the overpayment, on average, within 14 days of receiving all necessary information.
• Use the proper effective date of change to fix the correct overpayment period.
• Take into consideration uncashed or returned cheques or underpayment of benefit.
• All necessary invoices, reminders and pre-debt collector stage letters/Financial Enquiry will be raised according to recovery stage, using the Housing Benefits and Debt Management system.
• Invoices will only be issued when the overpayment cannot be recovered from benefits.
• The Council aims to ensure the correct classification of overpayments for subsidy purposes is always used to prevent loss of subsidy.

The Council has a responsibility to act in accordance with all relevant legislation and regulations, when recovering overpayments.

Social Security Administration Act 1992 (Housing Benefit).
Social Security Administration Act 1992 (Council Tax Benefit).
The Housing Benefit (General) Regulations 1987 - and subsequent varying regulations.
Social Security (Overpayment and Recovery) Regulations 2013.
Welfare Reform Act 2012.

Where the Council decides an overpayment is recoverable, the most appropriate method of recovery will be considered and arrangements will follow the general hierarchy below:

• From arrears of Housing Benefit.
• On-going deductions from further payments of continuing Housing Benefit. This will include payments that are sent directly to the Landlord on the claimant’s behalf. The Council will base recovery rates as laid down by regulation and will initially seek to recover the standard weekly deduction calculated, unless the health or financial circumstances of the claimant suggests, a more appropriate rate should be used. In all cases, however, a minimum amount of fifty pence per week Housing Benefit must remain in payment. The debtor has the right of appeal against the rate of recovery chosen by the Council.
• Overpayments of recoverable Council Tax Benefit/Support, apart from in exceptional circumstances, will result in an adjustment being made to the respective Council Tax account for the appropriate year. An amended bill
will be issued, and any unpaid monies will be subject to recovery action under the Council Tax regulations.

- By deductions from certain Department of Work and Pensions benefits. Section 75(1) of the Social Security Administration Act 1992 allows recovery of overpaid Housing Benefit by deduction from prescribed benefits which are defined in Regulation 105 of the Housing Benefit Regulations 2006.
- With effect from 08 April 2013, Sections 105 and 106 of the Welfare Reform Act 2012 amend the Social Security Administration Act 1992 and allow the Council to recover by attachment of earnings without court authority. Known as Direct Earnings Attachments (DEA), their primary purpose is to enforce recovery where a liable person is in Pay as You Earn (PAYE) employment.
- Referral to an external debt collection agency (after all the above avenues of recovery are considered and/or exhausted).
- In extreme circumstances Civil Proceedings Application to the County Court for a County Court Judgement (after all avenues of recovery are considered and/or exhausted). With a County Court Judgement (CCJ) further recovery actions can be taken, e.g., application to the High Court to instruct High Court enforcement agents.

The Housing Benefit (Recovery of Overpayments) Regulations 1997 provide for the opportunity if deemed appropriate for the Council to recover overpayments from landlords, when the landlord has been classed as responsible for their current tenants’ entitlement. The Council will, in appropriate circumstances, reduce payments to landlords for their current tenants to recover overpayments that arose for former tenants, known as ‘blameless tenant,’ recovery. It will take this action when the original tenant has no continuing Housing Benefit entitlement.

We will ensure recovery is applied in a fair and equitable way. We will also set up payment plans wherever possible to encourage payment of debts. We will consider the claimant’s financial circumstances to try to prevent financial hardship but we will also take into account the need to clear any outstanding debt.

Only if after all attempts at recovering the overpayment have become exhausted and there is no hope of recovery, or there are qualifying circumstances, shall the debt be recommended for write-off.
Appendix 6 - Code of Practice for Enforcement Agents

Below is the Code of Practice detailing the practices to be followed by any Enforcement Agent acting for and on behalf of Tandridge District Council

What happens if an enforcement agent is sent to my home?

As part of a liability order, enforcement agents can be sent to your home to seize your personal belongings should you be unable to set up a repayment plan.

There are three stages that enforcement agents follow:

1. Compliance stage

A written request is sent to pay your outstanding council tax (or other bill) together with the compliance fees in full, or to arrange a payment plan.

This written request is an official notice that an enforcement agent will visit your property in seven days to take control of goods if you do not respond.

A fee of £75 is added to the debt being collected by the enforcement agent. Every time a liability order is passed from the Council to an enforcement agent a fee of £75 is charged to your account balance.

2. Enforcement stage

If you do not pay in full or agree to a payment plan for the outstanding balance of your account, an enforcement agent can seize goods - up to the value of what is owed; this is known as Taking Control of Goods. The value of the goods may not be as much as you paid for them, and the value might not be as much as you owe. This means you will still have a balance to pay.

An enforcement agent visits your property and takes control of your goods - if you do not contact them within 7 days to pay the account in full or to arrange a payment plan.

If you arrange a payment plan, the enforcement agent may let the goods stay in your property and you enter into a Controlled Goods Agreement. This agreement means a list of all items is created. Should you fail to honour the payment plan then items can be taken.

An enforcement fee of £235 is added to your account balance as soon as an enforcement agent visits your property for the first time. Should you owe more than £1,500 then 7.5% of the total amount above £1,500 along with the enforcement fee will be added to your account balance.
For multiple liability orders, only one enforcement stage fee is charged.

3. **Sale or disposal stage**

An enforcement agent attends your property to remove goods for auction or prepare goods to be sold – if the sale takes place at your home.

A fee of £110 is added to your account at the sale or disposal stage, for multiple liability orders, only one enforcement stage fee will be charged.

Should you owe more than £1,500 then 7.5% of the total amount above £1,500 along with the enforcement fee will be added to your account balance.

**In addition to the above fees, enforcement agents may also recover fees for associated costs that are reasonable such as storage fees following removal of goods, locksmith’s fees, and auctioneer’s fees.**

**Please note:** Once your account is passed to an enforcement agent your account balance and all fees must be paid to the enforcement agent, not the Council.

Should you miss an enforcement agent visit, their details will be left, and you should contact the agent to make payment or arrange another visit.
Appendix 7 - Ways to Pay

Use our payment system to pay for:

- Council tax (please use your billing number as a reference).
- Business rates (please use your account number as a reference).
- Housing rent (please use your rent account number as a reference).

as well as many other invoices we send you including:

- Annual licences.
- Building regulations inspection fees.
- Community alarm.
- Handyperson service.
- Leasehold management expenses.
- Leasehold insurance.

Direct debit
Telephone or internet banking
Automated telephone payment line
Rent payment cards
Planning payments
Parking payments
Council tax payment cards
Internet & Automated Telephone Payments for Sundry Debt

Payment by Debit or Credit Card can be made using the Council's Internet Payment facility using:

- our website [https://www.Tandridge.gov.uk/pay-online](https://www.Tandridge.gov.uk/pay-online)
- or, by automated telephone service on 03300884684

These services are available 24 hours a day 365 days a year.

On the Website:
[www.tandridge.gov.uk/pay](http://www.tandridge.gov.uk/pay)
Using Debit / credit card and invoice number as a reference.

Through Internet Banking / BACS payments to:
Bank: HSBC Oxted Branch
Sort Code: 40 35 40
Account: 91098098
Using the invoice number as reference.

By Telephone:
Using the automated Service 03300884684
Using Debit / credit card and invoice number as reference.

At the Bank:
Customers can pay directly at the bank. Please state that you want to pay Tandridge District Council and provide your name and reference number.

By Chip & Pin at Reception:
Your invoice reference is required.

By Cash & Cheque at our main reception:
Cash & Cheques can be deposited in the till in the main reception.

1. Fill in the envelope with your name, address and phone number.
2. Tick the relevant selection ‘chq/cash’ and write on the amount.
3. Add the billing, Invoice or account number so that the payment can be correctly allocated to your account.

By Standing Order:
Customers can set up a standing order on their bank account. Please set an amount, a date to pay and include an invoice or reference number.

At the Post Office:
Customers can pay at the post office. State that you want to pay Tandridge District Council and provide your name and reference number.
HOUSING RENTS

Website:
www.tandridge.gov.uk/pay

Using Debit / credit card and Housing Rent number as reference

Internet Banking / BACS payments:
Bank: HSBC Oxted Branch
Sort Code: 40 35 40
Account: 91098098
Using the Housing Rent number as reference

By Telephone:
Using the automated Service 03300884684
Using Debit / credit card and Housing Rent number as reference

At Bank:
Customers can pay directly at the bank. Hopefully leaving their name and reference number!
Stating they want to pay TDC. The bank can transfer the payment, sometimes without taking a name or any reference number

Direct Debit:
Payment
Processed on the
Collect on the.
Cut off ------- for a new DD to be set up

Cash & Cheques:
Cash & Cheques can be deposited in the till in main reception. Customer will need to fill in the envelope with their name, address, phone number. Ticking relevant selection chq/cash and marking the amount in the correct column and then adding Housing Rent number.

Standing Order:
Customer can set an amount and a date to pay TDC hopefully with an Housing Rent reference number

Post Office:
Customers can pay directly at the post office. Hopefully leaving their name and Housing Rent reference number!
Stating they want to pay TDC. The bank can transfer the payment, sometimes without taking a name or any reference number

Chip & Pin at Reception:
Process through Adelante and Housing Rent reference required
Appendix 8 - Helping Customers to Pay and get ‘Breathing Space’

Breathing Space, officially called the Debt Respite Scheme, is a government scheme which could help relieve some of the pressure and stress caused by being in debt. Here, you can find everything you need to know about this scheme, including:

1. What is Breathing Space
2. How to apply for the Breathing Space scheme
3. What happens during Breathing Space
4. What happens after Breathing Space
5. Breathing Space scheme FAQs

HELP WITH MANAGING YOUR MONEY AND DEBT

It is often the case that customers do not know where to turn if they are concerned about managing their money or they have debts, and many customers are not opting for advice that is available. Customers are still unwilling to access the services of a financial adviser or debt advisor which means customers make complex choices without...
Ignoring the problem will not make it go away. Customers must ask for help and there are many organisations that can provide advice on welfare, debt, and money problems. Please note the following agencies/bodies:

**Advice UK**

Advice UK is a registered charity and is the UK's largest support network for free, independent advice centres.

For more details:
- visit their website [https://www.adviceuk.org.uk](https://www.adviceuk.org.uk)
- call them on 0300 777 0107
- write to them at: Advice UK, 101E Universal House, 88 – 94 Wentworth Avenue, London, E1 7SA

**Age UK**

Age UK is a registered charity in the UK and is the country’s largest charity dedicated to helping everyone make the most of later life.

For more details:
- visit their website: [www.ageuk.org.uk](http://www.ageuk.org.uk)
- call them on 0800 678 1602
- write to them at: Age UK, Tavis House, 1-6 Tavistock Square, London WC1H 9NA

Local – Age UK Surrey:
- visit their website [www.ageuk.org.uk/surrey](http://www.ageuk.org.uk/surrey)
- email enquiries@agekusurrey.org.uk
- write to them at: Age UK Surrey, Rex House, William Road, Guildford. GU1 4QZ

**Armed Forces – Service Charities**

The Royal British Legion and SSAFA

- visit their website: [www.britishlegion.org.uk/](http://www.britishlegion.org.uk/)
- call them on 0800 802 8080
- visit their website: [www.ssafa.org.uk/](http://www.ssafa.org.uk/)
- call them on 08007314880

**Christians Against Poverty**

Christians Against Poverty is a national Christian charitable company specialising in debt counselling for people in financial difficulty, including those in need of bankruptcy or insolvency regardless of their religious beliefs. It also provides other services and
courses.
For more details:
• visit their website: https://capuk.org/
• call them on 01274 760720
• write to them at: Christians Against Poverty, Jubilee Mill, North Street, Bradford
  BD1 4EW

Citizens Advice

Citizens Advice (CA) to offer advice on financial advice and debt problems. The CA also
provide a very wide range of advice on other money and non-money topics.
Your local Citizens Advice can be contacted at:
• www.citizensadvice.org.uk/

[Add in details of local Citizens Advice]

Money Advice Service (MAS) (from 8 April 2019 Money and Pensions Service)

This is an independent service set up by the Government. The MAS provide a financial
health check service. This can help you work out your financial priorities and make
decisions about your money.
The MAS also have a budget calculator to help you to think about your spending and to
work out whether you have enough money coming in to cover your outgoings.
For more details:
• visit https://www.moneyadviceservice.org.uk/en/tools/health-check
• call them on 0800 138 7777

National Debt line
This is a telephone-based service and is a national helpline for people with debt problems in Wales, England, and Scotland. They will discuss debt problems with you and explain the options available to you. For more details:

- visit their website [https://www.nationaldebtline.org/](https://www.nationaldebtline.org/)
- call them on 0808 808 4000 or have a web chat with an advisor
- write to them at: National Debt line, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP

**Payplan**

Payplan provide free debt advice and management. For more details:

- visit their website [https://www.payplan.com](https://www.payplan.com)
- call them on 0800 280 2816 or have a web chat with an advisor
- write to them at: Payplan Ltd, Kempton House, Dysart Road, PO Box 9562, Grantham, NG31 7LE

**Shelter**

Shelter is a registered charity that gives advice, information, and advocacy to people in need. For more details:

- visit their website [https://england.shelter.org.uk/](https://england.shelter.org.uk/)
- call them on 0808 800 4444 or have a web chat with an advisor
- write to them at: 88 Old Street, London, EC1V 9HU

**Step Change Debt Charity**

The Step Change provides free debt advice over the phone. Everything is free and confidential, from budgeting advice to practical Debt Management Plans. This service is available to everyone in the UK. For more details:

- visit their website [https://www.stepchange.org](https://www.stepchange.org)
- call them on 0800 138 1111 or have a web chat with an advisor
- write to them at: Step Change Debt Charity, Wade House, Merrion Centre, Leeds, LS2 8NG
The Money Charity

The Money Charity provides information and guidance for people with debt or money worries.
For more details:
• visit their website https://www.themoneycharity.org.uk
• email hello@themoneycharity.org.uk
• call them on 0207 062 8933
• write to them at: The Money Charity, 15 Prescott Place, London, SW4 6BS

End
Appendix 9 - Struggling to Pay Your Rent

“I am struggling to pay my rent”

If you are struggling to pay your rent, do not ignore it as that will only make your situation worse. Not paying your rent will lead to rent arrears which could eventually put you at risk of losing your home.

There are many options available to you which will help you manage your rent.

What can I do?

It is vital you contact your landlord or housing provider to make them aware that you are currently facing financial difficulties and you are trying your best to resolve this. By keeping your landlord / housing provider informed, they might be more sympathetic towards your case and allow you time to sort out your finances rather than penalising you or considering eviction. Make sure you pay what you can.

Benefits

You may be entitled to some benefits to increase your income. Contact your local Citizens Advice Bureau or Get Wise. They will be able to advise you about the benefits you may be able to claim (see contact details below in the ‘Useful contacts’ section). Additionally, the government website provides in depth information and qualification rules about various types of benefits. You can apply for Housing Benefit through the Council’s website.

Manage your income – create a personal budget

Learn to maximise your own income by changing the way you spend. You can do this by creating a personal budget. This involves listing all your income and all your spending to see your complete financial activity. The more honest you are with your budgeting sheet, the more useful it will be.

This should help you plan your future spending by seeing how you can focus your spending on essential commitments such as your rent, Council Tax, utility bills (water, gas, electricity) and see where you can reduce non-essential spending.
Applying for Discretionary Housing Payments (DHP)

DHP’s are paid in addition to housing benefit and council tax support for those who need more help to pay their housing costs. You can apply for a DHP through the Council website. For more information or to get a claim form sent to you call the Benefits team on 01883 732900. For more information and to get a claim form call Customer Services on 01883 722000.

Other ways to save money

<table>
<thead>
<tr>
<th>Cheaper utility tariffs</th>
<th>Shop smart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Try searching for cheaper tariffs for your gas and electricity. You can call up your provider to see if they offer cheaper deals; otherwise have a look at comparison websites to see where you can save some money.</td>
<td>Try saving on your grocery and household shopping by browsing different shops and supermarkets to see where you can get the cheapest priced items. Often buying in bulk and/or buying items during multi-buy offers can work out to be cheaper in the long run. Don’t be afraid to take out a calculator (app available on mobiles) to work out cheaper prices when you’re shopping. Also, most large supermarkets sell ‘Value’ items which are usually much cheaper than branded items; you can temporarily switch to these whilst you sort out your finances.</td>
</tr>
</tbody>
</table>

| Cheaper mobile contracts |  |
|--------------------------|  |
| Try looking for cheaper contracts/tariffs for your mobile phone. Many mobile companies offer a good rate of minutes and texts for reasonable prices. |  |
Cheaper accommodation

It may be worthwhile to consider finding accommodation that requires less rent than your current accommodation if you feel you will continue to struggle keeping up with rent payments despite adjusting your finances to help you savemoney. Use our Guide to finding accommodation in the district to help you see what options may be available to you. You can find this guide on our website.

I have rent arrears

- Seek advice from financial advice agencies (see 'Useful Contacts' section below) that can help you with managing your finances, help you draft your personal budget and putting repayment plans in place based on what you can afford. Such agencies may be able to liaise with your landlord on your behalf to ensure your landlord is happy with your repayment plan.

- It is important you pay what you can to maintain a good relationship with your landlord as he/she will be able to see you are trying your hardest to keep your tenancy. Your landlord may then be more sympathetic towards your situation and give you time to sort out your finances. Avoiding contact with your landlord whilst you accumulate rent arrears may lead to the landlord evicting you. Therefore to ensure your accommodation is not at risk; a good relationship with your landlord is vital.

- We can arrange for you to see our Money Advice Officer for help with all aspects of budgeting, boosting your income, cutting your costs and getting on top of debt. The Money Advice Service also provides step by step guides on how to set up a budget, make the most of your money, pay off debts and start saving. If you think that you would benefit from this service, please contact us by telephone on 01883 732825 or by emailhomelessness@tandridge.gov.uk to explain your situation.

Useful Contacts

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<tr>
<th>Citizens Advice Bureau</th>
<th>03444 111 444</th>
<th><a href="http://www.citizensadvice.org.uk">www.citizensadvice.org.uk</a></th>
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<td>Step Change (Debt Charity)</td>
<td>0800 138 1111</td>
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<td>Money Advice Service</td>
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<td>National Debtline</td>
<td>0808 808 4000</td>
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<td>Shelter</td>
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<td>Jobcentre Plus</td>
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Improving Tandridge District Council’s Financial Management and Reporting Arrangements

Financial Regulations

Strategy and Resources Committee, 1st February 2022

Report of: Head of Legal Services and Monitoring Officer, and Chief Finance Officer

Purpose: For decision

Publication status: Unrestricted
Wards affected: All

Executive summary:
This report presents the draft Financial Regulations which form part of the Council’s Constitution. The current Financial Regulations are no longer fit for purpose, and do not meet CIPFA’s standards for effective financial management and governance.

This report supports the Council’s priority of: Building a better Council – making the Council financially stable and providing residents with the best possible services.

Contact officer: Lidia Harrison, Head of Legal Services and Monitoring Officer lharrison@tandridge.gov.uk

Anna Alessandro, Chief Finance Officer (CFO) and Section 151 Officer.
ADAlessandro@tandridge.gov.uk
**Recommendation to Committee:**

That the Committee comments on the draft Financial Regulations at Appendix A and make amendments in consultation with the Monitoring Officer and Chief Financial Officer prior to bringing to Full Council for formal approval.

**Reason for recommendation:**

Any major organisation needs a set of clearly understood rules and regulations to manage its financial affairs. So, in line with Section 151 of the Local Government Act 1972, the Chief Finance Officer and the Head of Legal and Monitoring Officer have revised the Financial Regulations in line with good practice.

The main changes in Financial Regulations will have the following effects:

- Clarify the responsibilities of Council and Committees in respect of key strategic financial management activities such as the setting, and monitoring of budgets, the closing of accounts and good governance.
- Make clear the responsibilities of Officers for managing budgets, authorising transactions, safe custody of assets, financial accounting and reporting requirements and similar matters.
- Clarify operational procedures associated with the above responsibilities and increase the accountability of Officers for budgetary control and the effective use and custody of other assets for which they are responsible.

**1. Introduction and Background**

1.1 There is a need to change the Council’s Financial Regulations because the Council’s current Regulations are not fit for purpose and do not meet CIPFA’s standards.

1.2 The Financial Regulations determine the delegations to Officers for routine matters such as responsibility and accountability for managing budgets, financial limits for authorising payments and reporting requirements. Hence it is important that they are kept up to date and reflect the most efficient and effective ways of working.

1.3 A detailed review has been undertaken to reflect the changes that have occurred since the regulations were last reviewed in 2013. The Head of Legal and Monitoring Officer began re-writing the Regulations with support from the LGA (Heather Wills) and further changes were then made by the Independent Adviser (Laura Rowley) as an adjunct to her Report on this Agenda.
1.4 The revisions are now complete subject to some minor changes that may be required to reflect developments in other policy areas being considered by the Strategy and Resources Committee and Council. The Head of Legal and Monitoring Officer will make any amendments requested by Strategy and Resources Committee prior to bringing these Draft Financial Regulations to Council.

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2 Comments of the Chief Finance Officer (S151 Officer)

2.1 The CFO is fully supportive of the proposal to bring Financial Regulations up to date and in line with CIPFA standards.

2.2 Changes to Financial Regulations are essential if the Council is to clarify the responsibilities and accountabilities of Officers and Members.

2.3 The changes in Financial Regulations will also improve the Council’s strategic and operational financial management and risk management arrangements.

2.4 The changes support the Council’s plans for transforming Tandridge and are an essential element of the framework for good governance in the public sector.

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3 Comments of Head of Legal Services and Monitoring Officer

3.1 Financial Regulations set out the key rules, regulations and guidance which must be followed to maintain financial controls within the Council. The previous Financial Regulations had been in place for some time without formal review. These regulations have been updated to reflect practical arrangements in place and have been written in a way that is easily understandable and more easily adhered to. As they are part of the Council’s constitution they will need to be approved by Full Council following review by this Committee.

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4.0 Climate Change

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

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5.0 Equality

There are no implications for equality arising from this report.
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1. Introduction

1.1. The Council is required by law, section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015, to conduct its business efficiently and to ensure that it has sound financial management policies in place, which are strictly adhered to.

1.2. The Local Government Act 1972 (Section 151) makes the Chief Finance Officer (CFO) responsible for the proper administration of the Council’s financial affairs. These Financial Regulations (‘Regulations’) are issued pursuant to these responsibilities and form part of the Council’s Constitution (Part C).

1.3. The Regulations apply to every Councillor and Officer of the Council and to anyone acting on its behalf, including agencies and partnerships with whom the Council does business and for whom the Council is the relevant accounting body.

1.4 All Members and Officers have a common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies. Further to this, the Council expects honesty, openness and integrity to be the values which underpin its financial affairs and all those involved with the Council’s finances should work with these values in mind.

1.5 Failure to comply with any part of these Regulations may constitute misconduct and lead to formal disciplinary action.

1.6 Although the Regulations cover all major financial systems and processes, regard must also be had to other documents which form part of the Council’s Constitution, e.g. Contract Standing Orders, Schemes of Delegation, Members’ Code of Conduct and Protocol on Member/Officer Relations. Consideration should also be given to the Council’s policies relating to Anti-Fraud, Bribery and Corruption, Anti-Money Laundering and Whistle-blowing.

1.7 It is not possible to draft regulations that cover every eventuality or circumstance. Consequently, the principles of sound financial management, proper exercise of responsibility, and accountability, as set out in the Regulations, should be applied in all circumstances, even where any particular circumstance is not specifically referred to.
2. Responsibilities for Financial Management

2.1 Financial management describes the system of financial control throughout the Council and covers all financial responsibilities for the Council, including budget-setting and integrating medium-term policy planning with financial planning, budget monitoring and closing of the accounts.

2.2 The Council is responsible for the stewardship of public money and will make arrangements to safeguard the interests of taxpayers and other stakeholders.

3. The Full Council

3.1 The Full Council is responsible for adopting the Council’s constitution and Members’ code of conduct and for approving the policy framework, budget and borrowing within which the Council operates. It is also responsible for approving and monitoring compliance with the Council’s overall framework of accountability as set out in its Constitution and is responsible for monitoring compliance with agreed policy and reporting decisions taken.

4. Committees

4.1 Audit and Scrutiny Committee is responsible for scrutinising Committee decisions and for holding the Council to account. It also is responsible for reviewing the external auditor’s reports, the annual audit letter and the internal audit’s annual plan and report.

4.2 The Standards Committee is responsible for advising the Council on the adoption and revision of the Members Code of Conduct and for monitoring the operation of the code.

4.3 Strategy and Resources Committee is responsible for proposing the policy framework and budget to Council and for discharging its functions in accordance with the policy framework and budget.

4.4 The Standards Committee is responsible for promoting and maintaining high standards of conduct amongst Councillors. In particular, it has responsibility for advising on the adoption of the Member Code of Conduct, for its operation and its updating.
5. The Statutory Officers

Head of Paid Service (Chief Executive)

5.1 The Head of Paid Service is responsible for the corporate and overall strategic management of the Council. S/he must report to and provide information to Strategy and Resources Committee, Council and to other Committees to enable them to fulfil their responsibilities. S/he is responsible for establishing a framework for management direction, style, and standards and for monitoring the performance of the organisation. The Chief Executive is also responsible, together with the Monitoring Officer, for the system of record keeping in relation to all of the Council's decisions.

Monitoring Officer (Head of Legal Services)

5.2 The Monitoring Officer ('Head of Legal Services') is responsible for promoting and maintaining high standards of probity and the administration of the Council’s political management structures. The Monitoring Officer is also responsible\(^1\) for reporting on any proposal, decision or omission which has or may give rise to contravention or law or maladministration to Full Council and for ensuring that procedures for recording and reporting key decisions are operating effectively.

5.3 The Monitoring Officer must ensure that Committee decisions and the reasons for them are made public. S/he must also ensure that Members are aware of who has authority to take a particular decision.

5.4 The Monitoring Officer is responsible for maintaining a continuous review of the Constitution and submitting any additions or changes necessary to Full Council for approval-

Chief Finance Officer (s151 Officer)

5.5 The Chief Finance Officer (CFO) is appointed in accordance with Section 6 of the Local Government and Housing Act 1989. The CFO shall, for the purposes of Section 151 of the Local Government Act, 1972, be responsible for the proper administration of the Council's financial affairs.

5.6 In respect of maintain and upholding the Regulations, the CFO is responsible for:

- Maintaining and updating these Regulations. Minor amendments and editing changes, including in year changes necessary to align with new or revised legislation or UK law can be made without committee approval;
- Reviewing and reissuing the financial procedures as necessary to support the effective operation of these Regulations;
- Reporting, where appropriate, any breaches of these Regulations to councillors on at least an annual basis; and

\(^1\) Section 5, Local Government and Housing Act 1989
• Interpreting and/or arbitrating should any uncertainty or dispute arise pursuant to these Regulations in consultation with the Monitoring Officer.

5.7 CIPFA has described five principles that are critical to the achievement of the section 151 Officer’s (CFO’s) statutory responsibilities:

• the CFO is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the council’s strategic objectives sustainably and in the public interest;

• the CFO is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and long-term implications, opportunities and risks are fully considered, and alignment with the council’s overall financial strategy;

• the CFO leads the promotion and delivery by the whole Council of good financial management so that public money is always safeguarded and is used efficiently, effectively, economically and appropriately;

• the CFO must lead and direct a finance function that is resourced to be fit for purpose; and

• the CFO must be professionally qualified and suitably experienced.

5.8 Tandridge has adopted these best practice principles as they describe in plain terms the role of the CFO and encompass the specific statutory duties set out below.

5.9 The CFO has statutory duties in relation to the financial administration and stewardship of the Council. This statutory responsibility cannot be overridden. The CFO is responsible for:

• the proper administration of the Council’s financial affairs;

• setting and monitoring compliance with financial management standards;

• establishing an adequate and effective system of Internal Audit;

• advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;

• providing financial information;

• preparing the revenue budget and capital programme;

• treasury management;

• approving accounting policies, procedures and ensuring that they are applied consistently;

• ensuring that the annual Statement of Accounts is prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for signing and dating the Statement of Accounts; and
• the CFO is responsible for determining the accounting and financial procedures and records for the Council, whether they be paper based or electronic.

5.10 Section 25 of the Local Government Act 2003 provides that, where a billing authority such as Tandridge is making calculations for the purposes of setting its Council Tax, the CFO must report to it on the following matters:

• the robustness of the estimates made for the purpose of the calculations; and
• the adequacy of the proposed financial reserves.

5.11 Section 25 also requires that an authority to which a report under this section is made shall have regard to the report when making decisions about the calculations in connection with which it is made.

5.12 Section 114 of the Local Government Finance Act 1988 requires the CFO to report to Council and the External Auditor if Council or one of its Officers:

• has made, or is about to make, a decision which involves incurring unlawful expenditure;
• has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council; and
• is about to make an unlawful entry in the Council’s accounts.

5.13 Section 114 of the 1988 Act also requires:

• the CFO to nominate a properly qualified member of staff to deputise should s/he be unable to perform the duties under section 114 personally;
• the Council to provide the CFO with sufficient staff, accommodation and other resources – including legal advice where this is necessary - to carry out the duties under Section 114.

5.14 The CFO is also responsible for:

• issuing advice and guidance to underpin the Regulations that Members, Officers and others acting on behalf of the Council are required to follow;
• advising Committees whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be ‘contrary to the budget’ include:
  ▪ initiating a new policy;
  ▪ committing expenditure in the current or future years above the budget.

5.15 Officers are responsible for:

• ensuring that the services under their control are managed to promote value for money and good standards of financial control and accountability;
• ensuring that Members are advised of the financial implications of all proposals and that these have been agreed by the CFO;
• entering into contracts on behalf of the Council, in accordance with any Procurement Regulations;
• ensuring that their service areas are aware of the existence and content of the Regulations; and
• ensuring that if a breach of the Regulations comes to light that it is reported immediately to the CFO.

6. **Budget managers**

6.1 Budget managers are responsible for specific Revenue and Capital Budgets which provide the financial resource for them to deliver the elements of the service for which they are responsible.

6.2 Budget managers are responsible for:

• ensuring that Financial Regulations and Contract Standing Orders are observed in the management of their budgets;
• ensuring the legality and proper control of expenditure and income under their direction, including compliance with the law relating to general taxation, VAT and the Public Contracts Regulations;
• ensuring expenditure and income is within the agreed budget within their control and complying with the budget management framework agreed by the Council;
• proper, secure and efficient management of assets under their control;
• the management of risk within their sphere of activity;
• the management of capital and specific grant funded projects within their sphere of activity in accordance with these Financial Regulations and the grant conditions;
• notifying the CFO of any loss or shortfall of funds, including any errors or discrepancies; and
• other matters specific to their role.

6.3 The above responsibilities can be delegated, and a written record shall be maintained. Where decisions have been delegated or devolved to another Officer, reference in the regulations shall be read as referring to them.

7. **Financial Planning**

7.1 **Policy and Budget Framework**

• The Council is responsible for agreeing the Council’s budget framework, which is proposed by the Strategy and Resources Committee.
7.2 For the purposes of financial planning, the key elements are:

- The Strategic Plan
- The Medium Term Financial Strategy
- The Annual Budget
- The Capital Strategy and Capital Programme
- The Treasury Management Strategy

7.3 Medium Term Financial Strategy

- At least annually the CFO shall present to the Strategy & Resources Committee, to be made public, a medium term financial strategy giving at least a three year forward assessment (for the next budget year and the two following years) of revenue commitments based on present levels of service and efficiency and showing the financial implications of changes in Council policy, legislation, service levels, activity and other factors including also decisions already taken on new commitments. The plan will show, in summary, the estimated impact of future spending plans on the General Fund;

- In order that the information requirements of the Medium-Term Financial Strategy are satisfied, reports to committees with significant financial implications shall show the full year effect of the proposals and the implications for at least the next three years; and

- The respective Officers and Budget Managers must regularly review the financial implications of changes in their committees and must notify the CFO promptly of the impact on current and future budgets.

7.4 Annual Budgeting

- The CFO will prepare a budget timetable each year. All budget submissions shall be made in accordance with the timetable;

- The general format of the budget will be approved by the Strategy and Resources Committee on the advice of the CFO;

- The detailed form of the revenue estimates shall be determined by the CFO and must be consistent with the general directions of the Strategy and Resources Committee;

- The CFO, in consultation with the senior Officers, shall prepare annual estimates, for the ensuing year, of revenue expenditure and income for consideration and approval of Committees;

- Each senior Officer shall supply the CFO with such information as is necessary to support the annual estimates;
• The Strategy and Resources Committee shall consider the aggregate of all Committee estimates and, after making such amendments as it thinks fit, submit the aggregate estimates to the Council for approval, together with recommendations as to the Council Tax to be levied for General Fund expenditure;

• The CFO shall advise the Strategy and Resources Committee and other Committees as necessary on budget matters; and

• When approving the annual budget, the Council may set aside specific sums to meet unforeseen eventualities.

7.5 Revenue budget monitoring and control

• It is the responsibility of each senior Officer to manage and direct resources to achieve the objectives of the budget. This involves the monitoring of income and expenditure and the regular review of performance. Where budgets are delegated to Budget Managers they are charged with the same responsibility;

• Senior Officers are authorised to incur revenue expenditure up to the amounts included in the approved Annual Budget;

• If it is proposed to incur expenditure for which no or insufficient provision has been made in the budget and cannot be met by virement then the Committee shall not incur such expenditure without the approval of Full Council and following consideration by the Strategy & Resources Committee;

• In circumstances of urgency, some senior Officers shall be allowed to incur unavoidable expenditure subject to the concurrence of the Chief Executive; the CFO and Monitoring Officer. A written record of such decisions should be kept. A matter can be deemed urgent if, in the reasonable opinion of the senior Officer concerned, a delay would seriously prejudice the interest of the Council or of the public and it is not practicable to convene a quorate meeting of the relevant Committee in sufficient time to take the decision. The senior Officer concerned shall also:

  ▪ advise and seek the views of all the Political Group Leaders (if the Council is in no-overall control) and the Chair and Vice Chairs of the appropriate Committee at the earliest opportunity; and

  ▪ report the matter to next scheduled meeting of the appropriate Committee.

• The CFO shall make available to each senior Officer, information relating to statements of income and expenditure under each head of approved estimate, in such format as deemed appropriate together with any other relevant information;
• Reports monitoring expenditure against the Council’s current year revenue budgets, including an analysis of any major variances, shall be submitted to Committees on a quarterly basis; and

• Reports monitoring expenditure against the Council’s current year revenue budgets, including an analysis of any major variances, shall be submitted to Committees on a quarterly basis.

7.6 Financial Effects of New or Increased Commitments

• When a Committee is considering new or increased financial commitments, information shall be provided by the senior Officer concerned to show the estimated revenue and expenditure consequences of the decision options over a 3 year period (i.e. the budget year in question and the following two years) and the consequences for any other future year where these are significant.

7.7 Capital Programme

• Capital expenditure is a key part of the Council’s Property Investment Strategy. It should therefore be linked to any asset management plans and be carefully prioritised in order to maximise scarce resources;

• Each Committee shall annually review the Capital Programme for all schemes;

• The CFO, in consultation with the respective senior Officer, shall annually prepare estimates for the ensuing year of capital expenditure (including the future revenue implications of each scheme) for consideration and approval by Committees prior to their submission (in aggregate) to the Strategy & Resources Committee; and

• Projects that are reliant on the receipt of government or other third-party funding, including central government and other grants, must follow the capital programme procedures.

7.8 Capital Financing Costs

• When a Committee is considering any capital expenditure, the senior Officer must bring this to the attention of the CFO and seek advice on borrowing options and financial implications. Information shall be provided by the CFO in consultation with the senior officer to indicate the costs, benefits, risks and value for money of different financing options.
7.9 Control of capital

- Inclusion in the Capital Programme is to be regarded as authority for any scheme to proceed, but any scheme costing £180,000 or more requires the specific approval of the Council on the recommendation of the appropriate Committee to which an appraisal of the scheme including the financial implications shall be submitted at the same time as authority is sought for the invitation of tenders;

- If it appears at any time that the approved estimated cost of a capital scheme will be exceeded, then the variation of expenditure may be approved by:
  - the relevant senior Officer, subject to the concurrence of the CFO where the variation of expenditure does not exceed £30,000 and can be met by virement elsewhere in the Council's budget; or
  - the relevant Committee in cases where the expenditure variation exceeds £30,000 but can be met by virement within that Committee.

- The CFO shall make available to each senior Officer information relating to income and expenditure under each head of approved estimate in such format as deemed appropriate together with any other relevant information;

- Reports monitoring expenditure against the Council’s current year capital budgets, including an analysis of any major variances, shall be submitted to Policy Committees on a quarterly basis; and

- For capital schemes not completed by 31st March, a schedule of capital budgets to be carried forward will be presented to Strategy and Resources Committee by July.


8.1 It is the responsibility of the CFO to advise the Strategy and Resources Committee and/ or the Council on prudent levels of reserves and provisions for the authority.

8.2 The CFO is responsible for ensuring that reserves and provisions are established, maintained at appropriate levels and applied only for the purposes for which they were earmarked. Any reserves no longer required for their original purpose shall be returned to the General Fund.

8.3 The CFO may, with the exception of the General Fund Reserve, authorise the application of reserves and provisions for their intended purpose and shall report to Council on the application of those reserves. Full Council must approve the application of the General Fund Reserve.

9. Virements

9.1 Scheme of Virement flowcharts Revenue and Capital shown below:
Proposed:

1. Is it from a salaries budget?

   - No
   - Yes

   Approval required from Strategy and Resources Committee

2. Is it less than £50,000?

   - No
   - Yes

   ELT member to approve with the concurrence of the CFO

Is it greater than £50,000 but less than £100,000?

   - No
   - Yes

   CFO to approve based upon a report from the Director.

   Greater than £100,000

   Approval required from Strategy and Resources Committee based upon a report from the CFO.

All virements to be reported for information to Strategy and Resources Committee as an appendix to the quarterly Revenue Monitor.
10. Risk management and control of resources

10.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational wellbeing of the organisation.

10.2 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the Council. This shall include the proactive participation of all those associated with planning and delivering services.

10.3 The CFO is responsible for preparing the Council’s Risk Management Strategy and for promoting good risk management practice throughout the Council. Senior officers must take responsibility for risk management, having regard to advice from the CFO and other specialist officers and ensuring that there are regular reviews of risk within their service units.

10.4 Audit and Scrutiny Committee is responsible for reviewing and approving the Council’s Risk Management Strategy.

11. Insurance

11.1 The CFO is responsible for the effective and efficient procurement and administration of the Council’s insurance arrangements. This includes the provision of advice and effective administration of all insurance claims.

11.2 The CFO is responsible for maintaining a register of insurances and the risks covered and for maintaining a register of insurance claims made against the Council including those that have yet to be settled.

11.3 The Executive Head of Communities is responsible for notifying the CFO of asset disposals for which insurance cover is no longer required and the purchase of new assets, which need to be included within the Council’s insurance cover.

11.4 The CFO shall periodically review all insurances in consultation with the Heads of Service, Chief Executive and senior Officer as appropriate.

11.5 Any Officer is responsible for notifying the CFO immediately of any loss, liability or damage that may lead to a claim against the Council together with any information or explanation required by the Council’s insurers.
12. **Internal Control**

12.1 Internal control refers to the systems of control devised by management to help ensure the Council’s objectives are achieved in a manner that promotes economical, efficient and effective use of resources, ensures that statutory obligations are identified, met and complied with and that the Council’s assets and interests are safeguarded. In addition, the system of internal control facilitates reliable financial reporting and demonstrable compliance with laws and rules.

12.2 The CFO is responsible for assisting the Council to put in place an appropriate control environment and effective internal control which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

12.3 The CFO shall ensure that the council puts in place effective internal financial controls covering budgetary systems, accounting, financial monitoring, safeguard of assets, segregation of duties, accounting procedures, information systems, risk management systems, authorisation and approval processes. The Head of Internal Audit is responsible for testing compliance with these internal controls and reporting on any variations to the Audit and Scrutiny committee.

12.4 It is the responsibility of senior officers to ensure that established controls are being adhered to and to evaluate their effectiveness. Senior Officers should review existing controls in light of changes affecting the authority and establish and implement new controls in line with guidance from the CFO.

13. **Audit requirements**

13.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the council’s operations. It helps the council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (Public Sector Internal Audit Standards definition). It contributes an objective opinion to the council's Annual Governance Statement.

13.2 The CFO is responsible for ensuring that the Council complies with the Accounts and Audit Regulations 2015. The Accounts and Audit Regulations 2015 require the Council to 'maintain an adequate and effective system of Internal Audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.'

13.3 Internal Audit should operate in accordance with the principles contained in the Auditing Practices Board’s auditing guideline Guidance for Internal Auditors, CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, Public Sector Internal Audit Standards (PSIAS) including the Code of Ethics and with any other statutory obligations and regulations.
13.4 The Head of Internal Audit shall prepare an Audit Plan having due regard to the Council’s strategic priorities and the associated risks. The CFO must agree the Audit Plan prepared by the Head of Internal Audit. The Head of Internal Audit will present the Audit Plan to The Audit and Scrutiny Committee for discussion and approval. The Head of Internal Audit must report to the CFO or the Audit and Scrutiny Committee if there are insufficient resources or other factors that are limiting the scope of their work and adversely affecting their ability to provide reasonable assurance.

13.5 The Head of Internal Audit must investigate promptly any fraud or irregularity of which they become aware and report the matter to the Head of Paid Service, who will consider any legal or disciplinary action to be taken in consultation with the CFO and the Monitoring Officer.

13.6 The CFO must ensure that internal audit remains independent in both its planning and operation.

13.7 The CFO must ensure that internal auditors have the authority to:
   - access authority premises at reasonable times.
   - access all assets, records, documents, correspondence and control systems.
   - receive any information and explanation considered necessary concerning any matter under consideration.
   - require any employee of the authority to account for cash, stores or any other authority asset under his or her control.
   - access records belonging to third parties, such as contractors when required.
   - have direct access to the Chief Executive, the Audit and Scrutiny Committee, the Chair of the Audit and Scrutiny Committee, elected Members and the external auditor.
   - Evaluate and report on the adequacy and effectiveness of internal controls.

13.8 Senior Officers are responsible for the following matters.
   - Ensuring that internal auditors are given access at all times and without notice to Council and partners’ premises, personnel, records, documents, correspondence, systems and assets that the auditors consider necessary for the purposes of their work.
   - Ensuring that auditors are provided with any information and explanations that they seek in the course of their work.
   - Considering and responding promptly to recommendations in audit reports.
   - Ensuring that actions arising from audit recommendations are carried out in a timely and efficient fashion.
• Ensuring that new systems for maintaining financial records or records of assets, or changes to such systems are discussed with and agreed by the head of internal audit prior to implementation.

13.9 The Council must also appoint External Auditors and the CFO is responsible for ensuring that the selection of External Auditors is carried out in line with statutory guidance. The basic duties of the External Auditor are governed by the Local Audit and Accountability Act 2014: the auditor must be satisfied:

• that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

• That the Accounts are prepared in accordance with rules made under section 23 of the 1980 to act and comply with the requirements of all statutory provisions applicable to the Accounts.

• that the Accounts present a true and fair view of the Council’s financial position, its income and expenditure for the year in question and complies with legal requirements.

13.10 The External Auditor can identify and report significant deficiencies in any internal controls directly to the Audit and Scrutiny Committee and those charged with governance.

13.11 The CFO is responsible for:

• Ensuring that external auditors are given the same rights of access to premises, personnel, records, documents, systems and assets that are given to Internal Audit.

• Drawing up the timetable and issuing guidance for the production of final accounts and advising staff and external auditors accordingly.

• Ensuring that there is effective liaison between external and internal audit.

• Working with the external auditor and advising the Full Council, Committees and members of ELT of their responsibilities in relation to external audit.

13.12 Senior Officers are responsible for:

• Ensuring that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.

• Ensuring all records are up to date and available for inspection.

13.13 The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs who have statutory rights of access.
14. **Preventing Financial Irregularities, Fraud and Corruption**

14.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Council.

14.2 The Council is committed to maintaining a strong anti-fraud and corruption culture through its Anti-Fraud, Bribery and Corruption Policy. This is designed to:

- encourage prevention;
- promote detection;
- identify a clear pathway for investigation, and
- fulfil the requirements of Section 17 of the Crime and Disorder Act 1998.

14.3 The Council expects that Councillors and staff at all levels will lead by example and act with integrity in ensuring adherence to legal requirements, rules, procedures, practices and internal controls including internal checks. This includes a duty to report a suspected breach of the Council’s Contract Standing Orders and Regulations.

14.4 The Council also expects that individuals and organisations (eg suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.

14.5 Any Officer of the Council suspecting financial irregularity shall immediately inform the CFO. The CFO shall, in consultation with the Chief Executive and the Monitoring Officer, make what investigation s/he thinks proper and if s/he is satisfied that irregularity exists, s/he shall immediately inform the External Auditor. An investigation concerning an allegation or suspicion of fraud must be conducted in accordance with the Council’s Anti-Fraud, Bribery and Corruption Policy.

14.6 The CFO shall, at his/her discretion and after consultation with the Chief Executive and the Monitoring Officer, report to the Audit and Scrutiny Committee any case of non-compliance with these Financial Regulations.

15. **Physical assets and their security**

15.1 Senior Officers are responsible for ensuring that:

- records and assets are properly maintained and securely held;
- contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
- proper arrangements exist for the security and care at all times of buildings, stocks, stores, furniture, equipment, cash etc under their control and shall consult the CFO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
• no authority asset is subject to personal use by an employee without proper authority;

• keys to safes and similar receptacles are kept securely at all times; loss of any such keys to be reported to the CFO immediately after the loss is discovered;

• the CFO is consulted in any case where security is thought to be defective or where it is considered that special security arrangements may be needed; and

• proper security and privacy of information contained in all financial records under their control is maintained, in accordance with the Data Protection Act, having regard to any advice given by the Data Protection Officer

15.2 The CFO is responsible for ensuring that:

• an asset register is maintained in accordance with good practice. All assets with either a purchase price (if known) or an approximate replacement value of over £10,000 should be included. Highly desirable portable assets with a lower value may also be included. The function of the asset register is to provide the authority with information about fixed assets so that they are:
  ▪ safeguarded.
  ▪ used efficiently and effectively.
  ▪ adequately maintained.

• ensuring that assets are valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom

15.3 The Asset Management Team shall maintain a property database for all land and property currently owned or used by the Council. Any use of land or property by a service unit should be supported by documentation identifying terms, responsibilities and duration of use.

15.4 The Asset Management Team are responsible for ensuring that:

• lessees and other prospective occupiers of council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the ELT member in consultation with the CFO, has been established as appropriate;

• title deeds are passed to the Monitoring Officer who is responsible for custody of all title deeds.

• all service units maintain a register of moveable assets in accordance with arrangements defined by the CFO;

• that assets are identified, their location recorded and that they are appropriately marked and listed. Information must be provided to the CFO so that appropriate insurance arrangements can be made for the Council’s assets;
that case holdings on premises are kept to a minimum;
assistance with the valuation of assets for accounting purposes to meet requirements specified by the CFO; and
that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records.

16. Stocks and stores

16.1 All systems, documents and records in connection with the receipt, issue and custody of stocks, stores and property shall be approved by the CFO.

16.2 It shall be the joint responsibility of the CFO and the relevant senior Officer to:

- make arrangements for the regular stocktaking of stocks, stores and property held, including items held on inventory, in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Council;
- ensure that all discrepancies are investigated and pursued to a satisfactory conclusion;
- investigate and remove from the authority’s records (ie write off) discrepancies of up to £5,000;
- To seek advice from Internal Audit on the treatment of deficiencies in excess of £5,000;
- authorise the disposal or write off redundant stocks and equipment. Procedures for disposal of such stocks and equipment should be by competitive quotations or auction unless, following consultation with the CFO, the Audit and Scrutiny Committee agrees otherwise in a particular case. It is acceptable to use electronic auction sites such as Ebay, Etsy and equivalent sites; and
- seek Committee approval to the write-off of redundant stocks and equipment in excess of £5,000.
17. Asset disposal

17.1 The CFO is responsible for:

- issuing guidelines representing best practice for disposal of assets; and
- ensuring appropriate accounting entries are made to remove the value of disposed assets from the authority’s records and to include the sale proceeds if appropriate.

17.2 Members of ELT are responsible for:

- complying with guidelines representing best practice for the disposal of assets issued by the CFO.

18. Treasury management

18.1 The Council shall comply with the key recommendations of CIPFA’s Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Code), as described in section 5 of that Code.

18.2 The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

18.3 The Council will receive reports on its treasury management policies, practices and activities and will approve the treasury management policy statement and an annual treasury management plan, incorporating strategies for borrowing and investment.

18.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies, practices and strategy, including the operation of its borrowing strategy, to the Strategy and Resources Committee which, in turn, may delegate the function to its Investment Sub-Committee. This will include a mid-year review and annual report in the form prescribed in its TMPs. The execution and administration of treasury management decisions and borrowing strategy is delegated to the officer designated for the purposes of section 151 of the Local Government Act 1972 (i.e. CFO). The CFO will act in accordance with the policy statements, strategies and TMPs and CIPFA’s Standard of Professional Practice on Treasury Management.

18.5 The Council nominates the Strategy and Resources Committee to be responsible for ensuring effective scrutiny of treasury management and borrowing.

18.6 All money of the council shall be controlled by the CFO.
18.7 The CFO is authorised to approve prudential borrowing, if considered to be the most appropriate funding option, to support asset purchases. The CFO is also responsible for:

- approving proposals for opening or closing bank accounts;
- ensuring that all securities that are the property of the Council or its nominees and the title deeds of all property in the Council’s ownership are held in the custody of the appropriate member of ELT;
- effecting all borrowings in the name of the authority; and
- acting as the authority’s registrar of stocks, bonds and mortgages and maintaining records of all borrowing of money by the authority.

18.8 Senior Officers are responsible for:

- ensuring that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the approval of the Council, following consultation with the CFO.
- arranging for all trust funds to be held, wherever possible, in the name of the Council. All officers acting as trustees by virtue of their official position shall deposit securities etc relating to the trust with the CFO unless the deed otherwise provides.
- arranging, where funds are held on behalf of third parties, for their secure administration, approved by the CFO, and to maintain written records of all transactions; and
- ensuring that trust funds are operated within any relevant legislation and the specific requirements for each trust.

19. **Financial Systems and Procedures**

19.1 There are many systems and procedures used by Council services in relation to the control of the authority’s assets, including purchasing, costing and management systems. The information contained within the Council’s financial management information systems must be accurate and the systems and procedures sound. They should contain controls to ensure that transactions are properly processed, and errors detected promptly.

19.2 The key controls for systems and procedures are:

- basic data exists to enable the authority’s objectives, targets, budgets and plans to be formulated.
- performance is communicated to the appropriate managers on an accurate, complete and timely basis.
• early warning is provided of deviations from target, plans and budgets that require management attention.
• operating systems and procedures are secure.

20. **Collection of income**

20.1 The CFO is responsible for agreeing arrangements for the collection of all income due to the Council and approval of the procedures, systems and documentation for its collection.

20.2 Each senior Officer is responsible for reviewing fees and charges annually as part of the budget setting process in consultation with their Budget Managers and for operating assessment and collection arrangements in accordance with laws, regulations and good practice guidance.

20.3 Any proposal to introduce or vary a scheme of fees and charges shall be considered by the appropriate Committee and then referred to the Council. The relevant senior Officer shall report on the financial implications of any such proposal.

20.4 Particulars of all charges for work done, goods supplied and services rendered or other sums becoming due to the Council (where an account is due to be raised) shall be notified promptly to the CFO. All accounts for income due shall be rendered by the CFO or in accordance with arrangements approved by him.

20.5 The collection of all monies due to the Council shall be subject to control by the CFO. All monies received shall be paid promptly to the CFO or subject to his/her instructions shall be banked without delay to the credit of the Council.

20.6 All receipt forms, tickets and other documents of a similar nature shall be in a form approved by the CFO and shall be controlled by him/her.

20.7 Each senior Officer will ensure that the CFO is notified promptly of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.

20.8 The writing off of debts due to the Council shall be carried out in accordance with an operational procedure issued and maintained by the CFO.

21. **Official Orders**

21.1 Official orders in the form approved by the CFO must be issued for all requirements of the Council except:

• rents, rates, charges for the supply of electricity, gas and water and other items of an obligatory and continuous nature including telephone rentals and calls;
• transfer payments; and
• other items specifically agreed by the CFO for exception.
21.2 Every order shall be authorised by the senior Officer concerned or delegated budget manager in a form approved by the CFO, in accordance with delegation levels agreed with the CFO. They shall include any contractual requirements set out in contract standing orders. The CFO shall determine the authorising process, which will be set out in Procurement Rules. No order shall be issued unless covered by an approved annual estimate or other financial provision and signatories must ensure that goods and services are appropriate and needed, that Contract Standing Orders have been complied with and that value for money principles have been followed prior to signing or authorising invoices.

21.4 The Council's computerised commitment accounting system shall be used unless an exception is agreed in advance by the CFO. Outstanding orders shall be checked by the senior Officer or their delegate at least quarterly to ensure management information is accurate.

22. Payment of accounts

22.1 The relevant senior officer or delegated budget manager issuing an order is responsible for examining, verifying and certifying the related invoice(s) or an electronic Goods Received Note and similarly for any other payment vouchers or accounts arising from sources under his/her control. Such certification shall be in a form approved by the CFO and can be electronic or in manuscript and prepared by or on behalf of the relevant senior Officer. The names of Officers authorised to sign such records shall be sent to the CFO together with specimen signatures and shall be amended on the occasion of any change therein.

22.2 Before certifying an account, the certifying Officer shall, save to the extent that the CFO may otherwise determine, have satisfied himself that:

- the work, goods or services to which the account relates have been received, carried out, examined and approved;
- the prices, extensions, calculations, trade discounts, other allowances, credits and tax have been compared to the order and are correct;
- the relevant expenditure has been properly incurred and is within the relevant estimate provision;
- appropriate entries have been made in inventories, stores records or stock books as required;
- the account has not been previously passed for payment and is a proper liability of the Council;
- the account (including any Value Added Tax) has been correctly coded; and
• appropriate checks have been carried out to ensure that the supplier and changes to the supplier details are bona fide and that a check on employment status is carried out prior to entering into a contract with any sub-contractor.

22.3 The CFO shall examine as far as he considers necessary certified accounts passed to him/her for payment and pay such accounts which he is satisfied are in order and in accordance with the Financial Regulations and in accordance with the Prompt Payment Code (30 days). The CFO may withhold payment until the resolution of any dispute relating to an invoice.

22.4 Budget holders will notify the CFO of the value and detail of all expenditure and income relating to goods or services provided by 31 March but not yet settled, to ensure these are accounted for on an accrual basis.

22.5 Use of Council corporate purchase cards, including fuel cards and credit cards shall be in accordance with an operational procedure issued by the CFO and a signed undertaking. Only the CFO shall have authority to obtain corporate purchase cards.

23. Works contracts

23.1 All payments to contractors shall be made by CFO on the basis of certificates, or other documentation, in a form approved by him/her and issued and authorised by the appropriate officer.

23.2 Any variation of, addition to or omission from a works contract duly authorised by the appropriate officer shall be in writing and retained by the relevant ELT member.

23.3 For the purposes of audit, vouchers, documents and other information which the CFO may require, shall be made available to him/her.

23.4 Where outside professional architects, engineers, quantity surveyors or other consultants are engaged to supervise any works contract, it shall be a condition of their employment that they shall comply with Financial Regulations.

24. Banking arrangements

24.1 The CFO is authorised to make arrangements for banking facilities to be provided to the Council. The CFO shall ensure that the bank accounts are operated in an appropriate and proper manner.

24.2 All bank accounts shall be in the name of “Tandridge District Council” unless authorised by the CFO.

24.3 The CFO may authorise appropriate officers to be ‘authorised signatories’ on the Council’s bank accounts. The CFO shall maintain a list of authorised signatories.
24.4 The CFO shall determine and deploy safe and secure procedures for electronic payments and transfers. All electronic payments shall be authorised by the CFO or his/her delegated officer. An up-to-date record of signatures shall be securely and accurately maintained.

24.5 Payments made on behalf of the Council can be made as set out below.

- By Bankers Automated Clearing Services order direct to the recipient’s personal account;
- By Faster Payments or CHAPS using the online banking system provided by the Council’s bankers;
- By written instruction, not being a cheque, to the Council’s bankers bearing the impressed or manuscript signature of the CFO or any two ‘authorised signatories’;
- Standing orders, direct debits and other regular bank account transfers shall only be set up with the prior written approval of the CFO;
- By computer generated cheque bearing the facsimile signature of the CFO;
- The maximum single value of a computer generated cheque shall be up to £50,000. All payments above £50,000 shall be made by electronic payment only;
- The maximum single value of a payment requiring two authorised signatories, one of which must be the CFO, is £250,000;
- Any payment of greater than £250,000 requires the authorisation of the CFO and either the Monitoring Officer or the Head of Paid Service; and
- The exception shall be transactions for the purposes of Treasury Management, including borrowing from the PWLB, which shall be authorised by the CFO and other authorised signatories in accordance with a written procedure determined by the CFO. This written procedure and its operation shall be subject to internal audit at least twice in a financial year. There will be a division of duties established to meet the requirements of the bank.

24.6 Each employee who banks money shall comply with any instructions prescribed by the CFO. All money received on behalf of the Council shall be made to the Council’s cashier, approved cash receptacles or to the Council’s bank account without delay and always within three working days of collection.

24.7 The CFO shall maintain a facility to make emergency payments. Payments will be authorised in line with the limits set out above. Directors shall ensure that all emergency payments made in the event of initiating an approved emergency plan are charged, in the first instance, to the emergency cost code.

24.8 Payments received in full and final settlement shall only be accepted if they are sufficient to fully clear the appropriate debt.
24.9 Personal cheques shall not be cashed out of the money held on behalf of the Council.

25. Payroll and Payments to Employees and Members

25.1 The CFO shall be responsible for:

- the accurate and timely payment of all salaries, wages and other payments due to employees in accordance with their terms and conditions of employment are processed and paid through the Council’s payroll system.
  - making arrangements for the accurate and timely calculation of tax, pensions contributions and other deductions made on behalf of employees and for paying sums due to the relevant bodies on a timely basis (eg HMRC and Surrey County Pension Fund (SCPF));
  - making arrangements for paying Members’ basic, special responsibility, travel or other allowances;
  - ensuring that there are adequate arrangements for administering pensions matters in accordance with the requirements of SCPF.

25.2 All senior officers shall notify the Human Resources (HR) team and the Finance Business Partner, using the Council’s standard forms, on a timely basis of all of the following details.

- Appointments, resignations, dismissals, suspensions, secondments and transfers or other relevant changes to contract terms and conditions.
- Absences from duty excluding normal annual, statutory or flexible working leave.
- Changes in remuneration excluding normal pay scale increments, pay awards and agreements of general application such as changes in pension contribution rates.
- Information necessary to maintain records of service such as pension, income tax, national insurance and bank details.

25.3 Each senior Officer is responsible for ensuring there is adequate budgetary provision and written approval from the CFO prior to the recruitment of staff.

25.4 Appointments of all officers shall be made in accordance with the regulations of the Council and the established grades and rates of pay.

25.5 Each senior officer shall, at least annually, certify the staffing budget for their services as part of the budget setting process.

25.6 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenditure shall be submitted, duly certified to the respective senior officer for authorisation on a standard form approved by the CFO.
25.7 The certification of expense claims shall be taken to mean that each senior officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are correctly calculated in line with the Council’s terms and conditions.

25.8 Members are responsible for submitting claims for their travel and subsistence allowances on a monthly basis and, in any event, within one month of the year end to the Monitoring Officer for processing.

26. **Taxation**

26.1 The CFO is responsible for:

- maintaining the Council’s tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date; and
- contacts with HM Revenue and Customs on all matters, including income tax, national insurance, corporation tax, construction industry tax and VAT.

26.2 The CFO is responsible for issuing an operational procedure on the application of value added tax rules. Each senior officer is responsible for ensuring that transactions within their areas of responsibility comply with the law relating to general taxation and VAT and clarification is sought where necessary from their respective Budget Manager.

26.3 All matters of both principle and practice, including any significant errors or discrepancies, shall be immediately referred to the CFO.

27. **External arrangements**

27.1 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental wellbeing of the District.

**Partnerships**

27.2 The Head of Paid Service, in consultation with the Monitoring Officer and the CFO is the focus for forming partnerships with other local public, private, voluntary and community sector organisations to address local needs.

27.3 Each senior officer is responsible for assessing the risks and benefits associated with partnerships. Given that these arrangements may be complex in nature, the CFO must approve the financial management arrangements for such partnerships. Each senior officer must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies and seek advice at an early stage from the CFO and the Monitoring Officer.

27.4 Each senior officer is responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to financial transactions with external bodies.
27.5 The CFO must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and that all grant conditions are met.

27.6 The CFO is responsible for ensuring proper arrangements for partnership cost sharing where appropriate. He/she must ensure that risks have been fully appraised before agreements are entered into with external bodies.

External funding

27.7 The CFO is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Council’s accounts.

27.8 Each senior officer shall inform the CFO immediately of funding notified by external bodies and any conditions attached and shall ensure that claims for funds, complete and up to date financial records and project progress reports are submitted by the due date in liaison with the CFO.

27.9 If any new financial obligations are placed upon the Council as a condition of receiving external funding, these obligations must be approved by Strategy and Resources Committee prior to the submission of any bids. In the case of urgency, seek advice from the Monitoring Officer.

Works for third parties

27.10 Contractual arrangements to undertake work for third parties must be approved by the relevant service committee in situations where the CFO is of the view that such a contract may cause a significant risk of net cost to the Council, or where the total value of new work in one year will exceed £50,000.

27.11 Where support services and frontline services are to be sold to external customers, due diligence must be undertaken to ensure that services provided are of good quality and to minimise the risk of non-payment.

28. Amendments to the Regulations

28.1 The Regulations are subject to an annual ‘evolution’ which will be approved by Strategy and Resources Committee and will incorporate minor amendments and editing changes.

28.2 For transparency purposes all changes in the annual ‘evolution’ will be flagged using red text, this will enable both experienced and inexperienced users of the Regulations to clearly identify where changes have occurred year on year. Changes from previous years ‘evolution’ will be incorporated into standard colour text, only the latest ‘evolution’ is shown in red text.

END
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During my 6 months as Chief Executive, I have had the opportunity to engage with Members, Officers and Residents and to review and take stock of the Council as a whole.

It is evident from this that the Council faces a range of challenges going forward which, taken together, will require a clarity of purpose, a strong and determined leadership and a willingness to think differently about the role and focus of the Council.

The financial challenges faced by the Council are well rehearsed; the budget report elsewhere on this Agenda sets out the scale of the challenge and the level of savings that are needed. In addition to this the Council suffers from gaps in its senior leadership and has struggled to attract and retain high calibre staff. Staff morale is low in some areas and there is a lack of a clear sense of purpose and accountability. There are new and emerging demands resulting from the pandemic and the prospect of further changes in upcoming legislation.

To address these challenges, I believe that we will need to develop a new corporate vision and strategic plan, a new operating model, and to transform the way services are delivered. We will need to become a smaller, more strategic, agile and responsive organisation with resources targeted at Council priorities and where need is greatest, underpinned by a more business-like approach to the way that the Council operates.

Our culture will be focused on performance and meeting our residents and customer needs, with clear accountability for service delivery and financial management. We will develop an approach to ensure that managers and staff feel valued and motivated, with performance managed and talent nurtured.

To be successful we will need to robustly challenge the way things are done and have a willingness and openness to change. We will need to be realistic about our priority areas and outward looking in our preparedness to work with partners to deliver some of our priorities. We will need to ensure that staff are involved, informed and engaged in the change.

Finally, we will need to work closely as Officers and Members to ensure that we recognise each other’s contribution and support each other to meet these challenges.

The Future Tandridge Programme (‘FTP’) brings together our approach to transforming the Council through its focus on developing a new operating model, leadership, service redesign and delivery, organisational and workforce change and tackling the difficult financial backdrop.
As Chief Executive I am clear that the FTP and the changes we need to make should be led and owned by Tandridge and that we will want to give opportunities to Tandridge staff to be a part of the programme. I am also clear that we need to invest in expert support and external challenge where this can help us design and deliver the changes we will need to make through the programme.

This report supports the Council’s priority of:

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

Contact Officer: David Ford, Chief Executive – dford@tandridge.gov.uk

Recommendation to Committee

That the Committee agrees to:

A. support the need for the Future Tandridge Programme and the proposed approach set out.

B. approve a one-off investment of (up to) £200k, funded from flexible capital receipts, to mobilise and undertake Phase 1 of the programme (6 months).

C. note the indicative investment for the Delivery Phase 2 of the FTP. This investment required to deliver Phase 2 will be dependent on the findings of the Service Reviews. This will be the subject of a separate business case to the Strategy and Resources Committee before the end of Phase 1.

Reason for Recommendation

The FTP is key to tackling the challenges faced by the Council going forward. To be successful it will require a blend of TDC staff and external support. This report seeks approval to the FTP approach and the investment need to mobilise the first phase of the programme. Without this investment the benefits of the programme cannot be delivered.

Background

1. The Future Tandridge Programme (‘FTP’) has been developed over recent months with managers from within the Council, colleagues from Surrey County Council and additional expert support from outside of the Council. Together we have developed an understanding of the challenges faced by the Council and an approach to tackling them.

2. Whilst still in a formative stage of development, the FTP brings together the proposed approach to transforming the Council, building on and consolidating the work already underway in finance and planning.
The overall aims of the programme are to transform the operating model for Tandridge, creating a smaller, more strategic, agile and responsive organisation with resources targeted at Council priorities and where need is greatest, underpinned by a more business-like approach to the way that the Council operates.

Briefings on the FTP have taken place with all Members and staff. The presentation used at the Member briefing on 19th January is included as an Appendix B to this report and contains further details.

Critical Success Factors

The overall success of the programme will be guided by the FTP Critical Success Factors. A draft of these is set out below; these will be refined further during Phase 1 of the programme to provide a framework for each of the workstreams and a set of metrics that can be measured through delivery of the programme.

| Financial         | An overall reduction in net budget of 15% by 23-24 over 18 months  
|                  | An overall reduction in expenditure on 'Back Office' functions of 15-20% by 23-24  
|                  | A higher proportion of the budget is spent on ‘front-line’ services and on the Councils stated priorities  
| Customer         | Customers are involved in the redesign of services  
|                  | Customer feedback and insight is used to drive service improvement  
|                  | Customers are encouraged to use the least cost channel to access Council services  
| Services         | A mixed economy of service delivery with services undertaken by the most appropriate means  
|                  | Service performance is measured and benchmarked  
|                  | Service performance is demonstrably improving  
| Staff            | The Council has a smaller directly employed workforce  
|                  | Managers and staff are engaged and accountable for their performance  
|                  | Staff feel valued and motivated and understand the values and behaviours we expect of them  

Workstreams

The programme is structured into 4 workstreams and these are summarised below.

The Phase 1 roadmap for the programme is included as Appendix A. There is more work to be done during Phase 1 to develop each workstream into a co-ordinated delivery plan.

The longer-term objectives of the FTP will also need to be balanced with the pressure to move forward quickly to deliver the savings required to deliver the budget in 2022/23, and to take steps to meet the future financial challenge that the Council faces in 2023/24 and beyond.

Workstream 1 - Leadership

The priorities of the Leadership workstream are:

Senior Management restructure – building a new senior management team equipped to lead and deliver the Future Tandridge Programme and its outcomes.
**Strategic Plan** – the development of a new corporate vision and a new Strategic Plan to guide the Council from 2023/24. The new plan will be costed and measurable, with focused and realistic objectives and outcomes which reflect the Council’s key priorities. It will define the Council’s role in the delivery of those priorities and the role of key partners where they are better placed to lead or where their support is needed. It will be evidenced based and developed in consultation with Members, Officers, Residents, Customers and users of Council services.

**Political leadership and Governance** – understanding the impact of the Boundary Review due to be in place for May 2024 (at the earliest), along with consideration of improvements to the Committee system.

8 Workstream 2 - Service review, redesign and delivery

8.1 The Service review and redesign workstream will deliver a prioritised, consistent and rigorous review of all services which fundamentally challenges how and why we provide services including the demand for these services, the most appropriate delivery model, performance, cost and value for money. This will incorporate a review of cross-cutting themes including Commercialisation, Asset Strategy, Customer Services and Digital.

8.2 The approach and methodology is based on best practice from elsewhere, tailored to the requirements of the Council. The focus will be on identifying outcomes which support the longer-term operating model but it will also be necessary to identify short term opportunities to deliver the budgeted savings in 22/23 and 23/24. This will not be an easy balance to strike.

An outline of the stages of the Service Review is set out below.

8.3 Whilst there will be a consistent overall methodology the review will be tailored to each service to ensure that the process is not overly burdensome and aligns to the size, scale and expected outcomes for each service. Further detail of the proposed approach is set out in slides 40 to 51 of Appendix B.
8.4 Consideration has been given to the phasing and sequencing of the Service Reviews taking account of the criteria shown below:

- Scale and complexity of service
- Current service context
- Size of potential transformation opportunity
- Requirements of the 2022/23 budget for savings
- Alignment with Corporate Priorities
- Impact on service and wider resources

8.5 The reviews will be undertaken in 2 initial cycles with a typical duration of 8 weeks for each review. This may need to be amended to fit with the requirements of the Committee cycle and/or the needs of the service. Some services which have recently undergone a review (Finance and Planning) will be picked up a future stage; oversight of the delivery of the benefits identified will however be brought within the scope of the FTP.

8.6 The proposed Cycles for the Service Reviews is set out below:

9 Workstream 3 - Organisational and Workforce change

9.1 The outcomes of the Organisation and Workforce Change workstream are to implement leaner management and service structures to deliver to the new operating model. The service reviews and redesign will also result in a reduction in staffing levels which will need to be overseen through this workstream.
9.2 There are some immediate priority areas to address to support the delivery of the budget proposals in 2022/23 and to take actions to address the findings of the Staff survey. Beyond that work will be focused on supporting the delivery of the Service Reviews and developing a consolidated People plan to support the delivery of the FTP.

9.3 Within this context we will review how we recruit and retain staff who will fit the ‘Future Tandridge model’ and ensure that managers and staff feeling valued and motivated, with performance managed and talent nurtured.

10 Workstream 4 – Finance and Benefit delivery

10.1 The Tandridge Finance Transformation (TFT) programme was approved by the Strategy and Resources Committee in July 2021 and has been underway since then.

10.2 Its aims are to blend the skills, experience and expertise of the Surrey and Tandridge teams into a high performing, resilient, finance function for the Council and 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.

10.3 The programme has made significant progress to date and will continue under the FTP programme through to its intended close in June 2022.

10.4 Alongside the delivery of the TFT programme, this workstream will oversee the establishment of a Benefits Board to oversee and manage the delivery of savings identified for delivery in 2022/23 as set out in the Budget report. The Board will also oversee the delivery of benefits that will be identified as part of delivering the FTP. Further details on the role and purpose of the Benefits Board and the approach is set out in slides 23 to 25 of Appendix B.

11 Governance

11.1 The approach to governance of the FTP is set out below. Overall Member oversight of the FTP and the impact on the financial position of the Council will be through the Strategy and Resources Committee. Service Committees will consider key proposals for change resulting from the Service review and redesign work. Wider Member engagement will be undertaken on specific topics and regular progress updates provided to all Members.

11.2 Each workstream will have its own Sponsor and accountable officer. The Service Reviews and Organisation Development workstreams will be overseen in Phase 1 through the TOM Development Group along with the overall development of the operating model. This group will be chaired by the Chief Executive and will, in effect, be the guiding team for the development of the FTP. As individual change projects are identified and approved for delivery these will be overseen by the Programme Delivery Board with the Benefits Board maintaining oversight of benefit delivery.
11.3 Risk will be managed in a consistent way across the FTP through the programme management office (PMO) and reported and managed through the relevant Board. Further details on the role of each of the Boards is set out in slides 10 to 13 of Appendix B.

12 Resourcing

12.1 It is important that the delivery of the FTP and the changes needed is led and owned by Tandridge. Wherever possible opportunities will be given to Tandridge staff to be a part of the development and delivery of the programme.

12.2 The Council however lacks both the capacity and capability to deliver the programme successfully in isolation and will need an investment in both expert support and external challenge to design and deliver the changes identified through the programme. The table below sets out the roles that will be important to deliver the programme successfully.

<table>
<thead>
<tr>
<th>Type</th>
<th>Function</th>
<th>Core / Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Management (Prog Mgr)</td>
<td>Overall operational oversight of the programme progress through design, options appraisal through to delivery, interface with key sponsors</td>
<td>Core</td>
</tr>
<tr>
<td>Programme Management Office (PMO)</td>
<td>Maintain overview of progress and ensure consistency in approach, documentation, reporting etc, interface with sponsors</td>
<td>Core</td>
</tr>
<tr>
<td>Business Analyst (BA)</td>
<td>Detailed data, performance and benchmarks especially during design and options appraisal stages</td>
<td>Core</td>
</tr>
<tr>
<td>HR advisory</td>
<td>Expert HR advice / support on revisions to working practices, employment terms etc in support of Org Devt</td>
<td>Core</td>
</tr>
<tr>
<td>Change Management</td>
<td>Support change management through delivery, staff and stakeholder engagement</td>
<td>Core</td>
</tr>
<tr>
<td>Project Administration</td>
<td>Provide administrative support through programme / project delivery –</td>
<td>Core</td>
</tr>
<tr>
<td>Workstream Leads</td>
<td>Operational oversight of workstream progress through design, options appraisal and delivery,</td>
<td>Core</td>
</tr>
<tr>
<td>SRO (Senior Responsible Officer)</td>
<td>Lead for delivery of the change project (Director / Head of Service)</td>
<td>Variable</td>
</tr>
<tr>
<td>Project Managers (PM)</td>
<td>Manage detailed development and delivery of individual projects, reporting into Service leads</td>
<td>Variable</td>
</tr>
<tr>
<td>Subject Matter Experts (SME)</td>
<td>Support with expert knowledge through design, options appraisal, potentially also delivery depending on internal resources available</td>
<td>Variable</td>
</tr>
</tbody>
</table>
12.3 The mobilisation and design phase of the programme (Phase 1) will last for approximately 6 months; an estimate of the level of resource needed to deliver this phase is shown below.

<table>
<thead>
<tr>
<th>Type</th>
<th>Core / Var</th>
<th>Total</th>
<th>Phase 1 (6 mths)</th>
<th>Est Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prog Mgt</td>
<td>Core</td>
<td>18 mths</td>
<td>Buy in for up to 6 mths (SSC / External = c. 0.5 FTE)</td>
<td>£30k - £40k</td>
</tr>
<tr>
<td>PMO</td>
<td>Core</td>
<td>18 mths</td>
<td>Buy in for up to 6 mths (SSC / External = c. 0.5 FTE)</td>
<td>£25k - £35k</td>
</tr>
<tr>
<td>Project Administration</td>
<td>Core</td>
<td>18 mths</td>
<td>Provided in-house. Estimate 1 x FTE additional</td>
<td></td>
</tr>
<tr>
<td>Business Analyst</td>
<td>Core</td>
<td>6 mths</td>
<td>Buy in (External)</td>
<td>£25k - £35k</td>
</tr>
<tr>
<td>HR advisory</td>
<td>Core</td>
<td>18 mths</td>
<td>HR advisory ltd</td>
<td>£25k</td>
</tr>
<tr>
<td>Change Management</td>
<td>Var</td>
<td>12 mths</td>
<td>Review internal capacity and capability; identify during service reviews. Estimate 1 x FTE for 3 mths (from Apr 22)</td>
<td>£15k - £20k</td>
</tr>
<tr>
<td>Project Manager(s)</td>
<td>Var</td>
<td>12-18 mths</td>
<td>Review internal capacity and capability; identify during service reviews. Estimate 1 x FTE for 3 mths (from Apr 22)</td>
<td>£15k - £20k</td>
</tr>
<tr>
<td>Subject Matter Experts (SME)</td>
<td>Var</td>
<td>12-18 mths</td>
<td>Strategic advisory &amp; expertise on TOM / Service Reviews; Buy in (External)</td>
<td>£40k - £50k</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>Indicative range</td>
<td>£160k - £200k</td>
</tr>
</tbody>
</table>

12.4 It is important to note that the FTP supports the delivery of savings identified in the budget in both 2022/23 and 2023/24. These are summarised in the table below and set out in the budget report elsewhere on the agenda.

12.5 If the investment in the FTP is not made, an alternative approach to delivering some of these savings will need to be found, notably those identified in Tranche 3. The programme will also be critical in addressing the remaining budget gap for 2023/24.

<table>
<thead>
<tr>
<th>Tranche 1 - directly related to services</th>
<th>Tranche 2 - distributed in March</th>
<th>Tranche 3 - distributed by Benefits Board</th>
<th>Savings</th>
<th>Movement</th>
<th>Budget</th>
<th>Funding</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1,167k</td>
<td>(£461k)</td>
<td>(£450k)</td>
<td>(£1,111k)</td>
<td>£56k</td>
<td>£11,351k</td>
<td>(£11,351k)</td>
<td>£0k</td>
</tr>
<tr>
<td>£280k</td>
<td>(£513k)</td>
<td>(£200k)</td>
<td>(£713k)</td>
<td>£567k</td>
<td>£11,918k</td>
<td>(£11,044k)</td>
<td></td>
</tr>
</tbody>
</table>

12.6 Provision has been made within the budget strategy to fund this investment from flexible capital receipts or through the capital dispensation being sought (section 10 of the budget report).
12.7 An indication of the potential level of additional investment for the programme through the delivery phase is set out below. This will be dependent on the results of the Service review and redesign and will be the subject to a further business case before the end of Phase 1.

<table>
<thead>
<tr>
<th>Type</th>
<th>Core / Var</th>
<th>Total</th>
<th>Est Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prog Mgt</td>
<td>Core</td>
<td>18 mths</td>
<td></td>
</tr>
<tr>
<td>PMO</td>
<td>Core</td>
<td>18 mths</td>
<td></td>
</tr>
<tr>
<td>Project Administration</td>
<td>Core</td>
<td>18 mths</td>
<td></td>
</tr>
<tr>
<td>Business Analyst</td>
<td>Core</td>
<td>6 mths</td>
<td></td>
</tr>
<tr>
<td>HR advisory</td>
<td>Core</td>
<td>18 mths</td>
<td></td>
</tr>
<tr>
<td>Change Management</td>
<td>Var</td>
<td>12 mths</td>
<td></td>
</tr>
<tr>
<td>Project Manager(s)</td>
<td>Var</td>
<td>12-18 mths</td>
<td></td>
</tr>
<tr>
<td>Subject Matter Experts (SME)</td>
<td>Var</td>
<td>12-18 mths</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This is an estimate of the potential level of investment required to oversee delivery of the changes identified in the Service Reviews.

The expected benefits, level of investment and the return on that investment will be identified in the business case.

<table>
<thead>
<tr>
<th>Phase 2 (12 mths)</th>
<th>Est Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit during Phase 1 to oversee Delivery. Cost included in base budget.</td>
<td>Incl</td>
</tr>
<tr>
<td>Continue to buy in OR recruit during Phase 1. Additional cost.</td>
<td>£50-£70k</td>
</tr>
<tr>
<td>Provided in house. Estimate 1 x FTE additional</td>
<td></td>
</tr>
<tr>
<td>Decision whether ongoing requirement during Delivery</td>
<td>tbd</td>
</tr>
<tr>
<td>HR advisory and Change Management</td>
<td>£50k</td>
</tr>
<tr>
<td>Review internal capacity and capability. Identify during service reviews. Estimate 1 x FTE minimum.</td>
<td>£60-£80k</td>
</tr>
<tr>
<td>Potential to support during Delivery, dependent on Service Reviews</td>
<td>tbd</td>
</tr>
<tr>
<td><strong>Indicative range</strong></td>
<td><strong>£210k - £250k</strong></td>
</tr>
</tbody>
</table>

Core – core requirement for the programme

Variable - dependent on Service Reviews. Roles could be combined for smaller projects.
Other Options Considered

Doing nothing is not considered an option because of the financial and other challenges that are faced by the Council. The approach to the FTP has been developed over recent months, taking into account the views of various stakeholders in its development and is considered the best option going forward.

Consultation

Discussion and consultation has been undertaken with a wide number of stakeholders, both internal and external to the Council. Briefings have been held with staff conference, managers and Members. Member feedback has been captured during and following the Member seminars on 19th and 20th January 2022.

Key Implications

Comments of the Chief Finance Officer

The Chief Finance Officer is fully supportive of the approach and timelines presented in this report. The FTP will be central to sustaining the financial recovery of the Council and the objective of putting our finances onto a significantly more robust and sustainable footing. The investment identified will support the successful delivery of the programme and the budget and meets the criteria for funding through flexible capital receipts. Without this investment it is unlikely that the budget savings identified for 2022/23 and 2023/24 can be delivered in full.

Comments of the Head of Legal Services

Several decisions will flow from the actions outlined in this report, and the legal implications of these decisions will be included in future reports. Generally, as the Future Tandridge Programme develops the Council should conduct any necessary consultation required as a result of the proposals for change to its service delivery models and have regard to its Best Value and public sector equalities duties in making its decisions. Also, there will be legal implications in respect of an individual employee. The Council will need to demonstrate decisions are taken within the framework of employment legislation.

Equality

It is not foreseen that there are any direct equality implications as a result of the recommendations in this Report. Options will be rigorously assessed as the TFT plan progresses.

Climate Change

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

Appendices

Appendix A - Phase 1 roadmap for the Future Tandridge programme

Appendix B - presentation slides for the Member briefing on 19th January 2022

Background Papers

None
## Appendix A - Future Tandridge Programme – Phase 1 Roadmap Plan

<table>
<thead>
<tr>
<th>Workstreams</th>
<th>Jan</th>
<th>Feb</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications</td>
<td>Comms Strategy and Planning</td>
<td></td>
<td>Monthly updates to Councillors and Staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Committees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership &amp; Corporate Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Reviews, Design and Delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational &amp; workforce change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance TFT and Benefits delivery</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Programme Delivery Board
- Cycle 1 Delivery Projects
- Cycle 2 Delivery Projects

### Operating Model (TOM) Development Group

### Benefits board
- Benefits board
Future Tandridge Programme
Councillor Briefing
19th January 2022
Introduction
David Ford
Agenda

1. Introduction
   - Purpose of briefing
   - Context
   - What should we be aspiring to?
   - Programme Principles

2. Overview of Programme approach
   - Critical Success Factors
   - Programme Structure
   - Governance
   - Workstreams
   - Overall Roadmap

3. Resources

4. Next Steps

5. Questions
Purpose of this briefing

- To provide a detailed briefing on the Future Tandridge Programme to Councillors in advance of Strategy & Resources Committee on 1 February

- To provide Councillors with the context and critical success factors key to delivering the Future Tandridge Programme

- To set out the proposed approach and governance arrangements for the Future Tandridge Programme

- To provide all Councillors with an opportunity to ask questions regarding the Programme
Context

• Impacts of Customer First
• Challenging Financial backdrop
  • 15% reduction in net budget over next 18 months
  • £1.1m savings across Council
• Lack of senior management leadership
• Low staff morale – retention and recruitment of staff an issue
  • Lack of clear sense of purpose and accountability
• Challenges & new demands resulting from Pandemic
• Changing Local Government context – new White Paper soon - Levelling Up, Unitaries, Shared Services?
What should we be aspiring to?

An improved Operating Model for Tandridge

A smaller more strategic, agile and responsive organisation with resources targeted at the Council priorities. A more business-like approach to the way the Council operates

Delivered by developing:

- A new corporate vision and strategic plan
- New Target Operating Model to transform the way services are delivered
- Culture Change
  - Focus on the needs of customers
  - Resources targeted to where the need is the greatest
  - Strong performance management culture
  - Clear management accountability
  - Behaviour change
Programme Principles

- Led by Tandridge with programme and specialist support from Surrey County Council and external subject matter expertise
- Councillor oversight and decision making
- Staff engagement in the programme – need for effective communications and engagement plan
- Robust approach to challenging the way we do things
- Realistic approach to prioritisation
- Open to new ways of delivering priority services
- Outward looking in seeking to work with partners to deliver Council priorities
Programme Approach
Ricky Fuller
Critical Success Factors

Financial
An overall reduction in net budget of 15% by 23-24 over 18 months
An overall reduction in expenditure on ‘Back Office’ functions of 15-20% by 23-24
A higher proportion of the budget is spent on ‘front-line’ services and on the Councils stated priorities

Customer
Customers are involved in the redesign of services
Customer feedback and insight is used to drive service improvement
Customers are encouraged to use the least cost channel to access Council services

Services
A mixed economy of service delivery with services undertaken by the most appropriate means
Service performance is measured and benchmarked
Service performance is demonstrably improving

Staff
The Council has a smaller directly employed workforce
Managers and staff are engaged and accountable for their performance
Staff feel valued and motivated and understand the values and behaviours we expect of them
Member oversight and engagement
David Ford

**Strategy and Resources**
Overall ownership of the programme deliverables
Impact on the financial position of the Council

**Service Committees**
Consider proposals resulting from the Service review and redesign work

**Wider Member engagement**
On specific topics – eg Review of the Strategic Plan
Regular progress updates
TOM Development Group

Membership

Sponsor: David Ford (CX) / Alison Boote (Ops) / Anna D’Alessandro (s151)
Mel Thompson (IT) / Katy Meakin (HR) / Ricky Fuller (Prog Mgr) / Mike Butler (Ext)

1. Owns the overall design of the new Operating Model
2. Agrees the Design Principles that will drive Organisational changes
3. Agrees the prioritisation and sequencing of the Service Reviews
4. Sets the direction for the Service Reviews (expected outcomes, financial envelope)
5. Consider results of the Service Reviews and the business case for change
6. Identifies the organisational implications of decisions made (HR / Technology etc)
7. Considers project resources required to deliver the change
8. Makes decisions on next steps (incl recommendations for approval by Members)
9. ‘Holds the ring’ on the overall impact of changes in the context of Member priorities
Benefits Board

Membership

Sponsor = Anna D’Alessandro (s151) / Ricky Fuller / Rona Leitch / PMO / Finance support
Nic Martlew / John McGeown / Katy Meakin / James Devonshire

1. Works alongside Programme Delivery Board and the TOM Development Group to oversee benefits identification and realisation (Financial and other)
2. Works with PMO to identify project specific needs to support delivery of benefits.
3. Manages FT programme budget and resources to support delivery of projects.
4. Identifies cross-project dependencies / where benefits are owned and realised.
5. Monitors and tracks delivery of benefits, to ensure realisation.
6. Signs off final benefits as part of programme closure process
Programme Workstreams
Leadership - Workstream 1 – David Ford

Senior Management restructure - 3 key factors driving the need for the restructure:

- Leadership capacity and focus – currently under resourced and stretched at the senior management level
- Leadership capacity is impacted by a number of current and emerging vacancies and interim management arrangements which need addressing
- The new senior management team will need to be equipped to deliver the Future Tandridge Programme and its outcomes

Consultation to end of March – implementing new structure onwards

Political leadership and Governance

- Understanding impact of the Boundary Review to be in place for May 2024 (at the earliest).
  - Member briefing at end of January
  - Consideration of improvements to the Committee system.
First we need an **Interim Strategic Plan** - this will refresh and review the current plan looking at what has been delivered, is still relevant and can be delivered in 22/23.

This will inform service planning and the performance management of managers and staff over the next year.

This interim plan will be focus on the Council’s actual current priorities and recovery.

**Vision for the Council**

- Reviewing where we are will also look at whether the Council’s Vision is in line - Are we recognisable from this vision? Does it feel appropriate and inclusive?

- This leads into developing a new, costed Strategic Plan for 23/24.
A New Strategic Plan will be developed which will:

- Be Costed, tangible and able to be resourced – showing value for money
- Be Measurable – with focused outcomes and KPIs
- Be developed with consultation with stakeholders - Members, Officers, the public and based on research findings
- Define the Council’s role in delivery, partnership, enabling and lobbying
- Developed to align with the work to review what services we can carry on and how they will be delivered. This work will fully engage with the other workstreams to make sure the plan we arrive at will have priorities that the public and residents can identify with and that Officers can clearly see how they fit in to the overall picture and how they will be fulfilled.
A prioritised, consistent and rigorous review of all services which fundamentally challenges how and why we provide services including the demand for these services, the most appropriate delivery model, performance, cost and value for money.

This will incorporate a review of cross-cutting themes including Commercialisation, Asset Strategy, Customer Services and Digital.
Confirming scope and potential outcomes:
1. Service Outline
2. TOM DG Sign off Mobilisation Meeting

Stage 1: Scoping
- Engagement with Staff and Relevant Stakeholders
- Develop Supporting Improvement Plans including Financial impact profile

Stage 2: Review
- Data Requests Confirmed
- Assess Customer Experience and Opportunities
- Develop Options for Consideration
- Work through service review template and methodology
- Assessment of Outcomes – Financial, Service and Social; FTP Critical Success Factors
- Feedback and Amendments
- Produce & Present Final Business Case

This will be tailored to services depending on nature and scale of service.

Governance points to be added including TOM Development Group, Membership Oversight Group and Benefits Board.
Draft Service Review Prioritisation model – Mike Butler

Service improvement

- Building Control
- Locality team including Waste
- Housing - Statutory functions
- Regulatory Services

Tranche 1

- Customer Services
- IT / Digital Strategy
- Data into Insight: Customer experience, cost and demand management and productivity
- Back office: Human Resources, Comms, Legal, Dem Services, Procurement, Business Support

Tranche 2

- Revs Bens Rent Corporate Debt Business Income
- Housing - HRA
- Operational Services including Street cleansing, ground maintenance and parks
- Community partnerships

Initial baseline, strategy, operating model, corporate versus service level assessment and immediate opportunities and then on-going development aligned with service reviews

Tranche Future

- Leisure
- Planning
- Parking
- Commercialisation
- Asset management
- Finance

Criteria:
- Scale and complexity of service
- Current service context
- Would it create a good Pilot Example
- Size of potential transformation opportunity
- Alignment with Corporate Priorities
- Impact on service and wider resources
We will implement leaner management and service structures to deliver to the new operating model. The service reviews and redesign will also result in a reduction in staffing levels.

Within this context we will review how we recruit and retain staff who will fit the ‘Future Tandridge model’, and ensure that managers and staff feeling valued and motivated, with performance managed and talent nurtured.

Budget proposals - savings in 22/23

- Staff survey – actions arising from / linked to the (baseline) Staff Survey
- Service reviews – actions arising from / linked to service review outcomes
- People plan – building to a consolidated plan
## Organisational & Workforce change- Workstream 3
Katy Meakin

<table>
<thead>
<tr>
<th>Budget proposals 2022/2023</th>
<th>Staff Survey actions 2022</th>
<th>Service Review workstream</th>
<th>People Plan 2022/2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings on employee benefits</td>
<td>Vision/Values review</td>
<td>People &amp; Behaviour Change Plan</td>
<td>Recruitment and retention</td>
</tr>
<tr>
<td>Recruitment savings</td>
<td>Senior Management restructure</td>
<td>HR Policy adjustments</td>
<td>Skills training</td>
</tr>
<tr>
<td>Review staff increments, T&amp;C’s, reward</td>
<td>Service Plans (linked to appraisals)</td>
<td>Recruitment process</td>
<td>Career development</td>
</tr>
<tr>
<td>Review staff expenses &amp; training budgets</td>
<td>Appraisals (linked to service redesign)</td>
<td>Consultation &amp; change management</td>
<td>Self service HR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Managing poor performance</td>
<td>Data led HR</td>
</tr>
</tbody>
</table>
**Finance and Benefit delivery – Workstream 4**  
**Ricky Fuller**

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

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust Medium Term Financial Strategy</td>
<td>Good financial systems and support in place for Service Managers</td>
</tr>
<tr>
<td>Good financial systems and support in place for Service Managers</td>
<td>Service Managers accountable for budgets</td>
</tr>
<tr>
<td>Service Managers accountable for budgets</td>
<td>Culture of effective budget setting, monitoring and review</td>
</tr>
<tr>
<td>Culture of effective budget setting, monitoring and review</td>
<td>Budget focussed on delivering Council priorities</td>
</tr>
<tr>
<td>Budget focussed on delivering Council priorities</td>
<td>Value for money underpinning budget decision making</td>
</tr>
</tbody>
</table>

These objectives will be delivered through:

- **Delivery of the Tandridge Finance Transformation (TFT) programme**
- **A Benefits Board** to oversee benefit delivery through the Future Tandridge programme
## Benefits Board - Ricky Fuller

<table>
<thead>
<tr>
<th></th>
<th>22/23</th>
<th>23/24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Starting position</strong></td>
<td>£11,295k</td>
<td>£11,351k</td>
</tr>
<tr>
<td>Service</td>
<td>£256k</td>
<td>£250k</td>
</tr>
<tr>
<td>Corporate Items</td>
<td>£545k</td>
<td>£1,030k</td>
</tr>
<tr>
<td>Funding</td>
<td>£367k</td>
<td></td>
</tr>
<tr>
<td>Pressures</td>
<td>£1,167k</td>
<td>£1,280k</td>
</tr>
<tr>
<td><strong>Tranche 1</strong> - directly related to services</td>
<td>(£461k)</td>
<td>(£513k)</td>
</tr>
<tr>
<td><strong>Tranche 2</strong> - distributed in March</td>
<td>(£200k)</td>
<td></td>
</tr>
<tr>
<td><strong>Tranche 3</strong> - distributed by Benefits Board</td>
<td>(£450k)</td>
<td>(£200k)</td>
</tr>
<tr>
<td>Savings</td>
<td>(£1,111k)</td>
<td>(£713k)</td>
</tr>
<tr>
<td>Movement</td>
<td>£56k</td>
<td>£567k</td>
</tr>
<tr>
<td><strong>Budget</strong></td>
<td>£11,351k</td>
<td>£11,918k</td>
</tr>
<tr>
<td>Funding</td>
<td>(£11,351k)</td>
<td>(£11,044k)</td>
</tr>
<tr>
<td><strong>Gap</strong></td>
<td>£0k</td>
<td>£874k</td>
</tr>
</tbody>
</table>

- Establish a Benefits Board to oversee the delivery of benefits (financial and other) identified through the Programme.
- Oversee delivery of savings in 2022/23.
- Work alongside Programme Delivery Board to oversee benefits identification through Service Reviews and realisation of these savings in 2023/24.
Approach to Benefit Management & Delivery – Ricky Fuller

Programme Delivery

Service Review
- Design gateway and business case

Definition
- Benefit workshop / Baseline benefits plan

Delivery
- Monitoring of forecasted benefits & support

Benefits realised / BAU
- Handover of Benefits Realisation plan

Benefits Delivery

- Benefit board created owners identified
- Benefit management strategy
- Benefit identification
- Benefit modelling
- Benefit profiling
- Benefit realisation

Operational owners, key stakeholders identified and terms of reference agreed
Define the stakeholders involved and the principles for managing benefits
Define benefit owners, outcomes and benefits
Map out benefit enablers, intermediate and end benefits
Measure, agree ownership, responsibilities, dependencies and timings
Prioritised benefits plan containing milestones to measure benefits
Roadmap and Resources
Ricky Fuller
## Resourcing – Typical roles in Programme Delivery

<table>
<thead>
<tr>
<th>Type</th>
<th>Function</th>
<th>Core / Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Management (Prog Mgr)</td>
<td>Overall operational oversight of the programme progress through design, options appraisal through to delivery, interface with key sponsors</td>
<td>Core</td>
</tr>
<tr>
<td>Programme Management Office (PMO)</td>
<td>Maintain overview of progress and ensure consistency in approach, documentation, reporting etc, interface with sponsors</td>
<td>Core</td>
</tr>
<tr>
<td>Business Analyst (BA)</td>
<td>Detailed data, performance and benchmarks especially during design and options appraisal stages</td>
<td>Core</td>
</tr>
<tr>
<td>HR advisory</td>
<td>Expert HR advice / support on revisions to working practices, employment terms etc in support of Org Devpt workstream</td>
<td>Core</td>
</tr>
<tr>
<td>Change Management</td>
<td>Support change management through delivery, staff and stakeholder engagement</td>
<td>Core</td>
</tr>
<tr>
<td>Project Administration</td>
<td>Provide administrative support through programme / project delivery – attached to PMO or provide by service</td>
<td>Core</td>
</tr>
<tr>
<td>Workstream Leads</td>
<td>Operational oversight of workstream progress through design, options appraisal and delivery, interface with key sponsors</td>
<td>Core</td>
</tr>
<tr>
<td>SRO (Senior Responsible Officer)</td>
<td>Lead for delivery of the change project (Director / Head of Service)</td>
<td>Variable</td>
</tr>
<tr>
<td>Project Managers (PM)</td>
<td>Manage detailed development and delivery of individual projects, reporting into Service leads</td>
<td>Variable</td>
</tr>
<tr>
<td>Subject Matter Experts (SME)</td>
<td>Support with expert knowledge through design, options appraisal, potentially also delivery depending on internal resources available</td>
<td>Variable</td>
</tr>
</tbody>
</table>

**Core** – core requirement for the programme  
**Variable** - dependent on Service Reviews. Roles could be combined for smaller projects.
## Resourcing – Mobilisation, Design, & Business Case

<table>
<thead>
<tr>
<th>Type</th>
<th>Core / Var</th>
<th>Total</th>
<th>Phase 1 (6 mths)</th>
<th>Est Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prog Mgt</td>
<td>Core</td>
<td>18 mths</td>
<td>Buy in for up to 6 mths (SCC / External – c 0.5 FTE)</td>
<td>£30-£40k</td>
</tr>
<tr>
<td>PMO</td>
<td>Core</td>
<td>18 mths</td>
<td>Buy in for up to 6 mths (SCC / External – c 0.5 FTE)</td>
<td>£25-£35k</td>
</tr>
<tr>
<td>Project Administration</td>
<td>Core</td>
<td>18 mths</td>
<td>Provided in house. Estimate 1 x FTE additional</td>
<td></td>
</tr>
<tr>
<td>Business Analyst</td>
<td>Core</td>
<td>6 mths</td>
<td>Buy in (External)</td>
<td>£25-£30k</td>
</tr>
<tr>
<td>HR advisory</td>
<td>Core</td>
<td>18 mths</td>
<td>HR advisory tbd</td>
<td>£25k</td>
</tr>
<tr>
<td>Change Management</td>
<td>Var</td>
<td>12 mths</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Manager(s)</td>
<td>Var</td>
<td>12-18 mths</td>
<td>Review internal capacity and capability. Identify during service reviews. Estimate 1 x FTE for 3 mths (from Apr 22)</td>
<td>£15-£20k</td>
</tr>
<tr>
<td>Subject Matter Experts (SME)</td>
<td>Var</td>
<td>12-18 mths</td>
<td>Strategic advisory &amp; expertise on TOM / Service Reviews. Buy in (External)</td>
<td>£40-£50k</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>Indicative range</td>
<td></td>
<td>£160k - £200k</td>
</tr>
</tbody>
</table>

This is the initial investment required to mobilise the programme and undertake the Service Reviews.
Immediate Next Steps – David Ford

1. Take feedback from Members on the approach

2. Strategy & Resources Committee – 1\textsuperscript{st} Feb
   - Set out the aims and objectives of the Future Tandridge programme
   - Seek approval to the resources necessary to mobilise the programme for the period to end June 2022

3. (Subject to above approval), mobilise the programme in line with the roadmap plan
Appendices

1. Member Feedback
2. Delivery Resource summary
3. Delivery Governance Board & Risk management
4. Service Review Process
Appendix 1

Feedback from member sessions held during w/c 17th January
Member Feedback

• Resourcing
  ▪ BAU resourcing capacity has been raised as a concern and the need for planning to take peoples ‘day jobs’ into consideration
  ▪ Retaining good people is key to a successful transformation programme

• Risk Management
  ▪ How risks will be managed during the programme has been questioned.
  ▪ Best practice risk management will be part of the delivery phase and risks will be regularly monitored and reported on to Committees and members

• Member Oversight
  ▪ Members have invaluable knowledge and insight which should be used by the programme.
  ▪ Further exploration needed on how to work with members during the programme

• Change Delivery
  ▪ Previous attempts at delivering change have not delivered desired results – how will this programme be different?
  ▪ All of the above elements are being addressed as part of the approach to the programme to ensure that best practice is followed and there is transparency and engagement with members and staff

• TOM
  ▪ Definition and design of the future operating model is key to the success of the programme

• Critical success factors
  ▪ There is a need to define some overall design metrics for the programme

• Pace
  ▪ The existing Committee cycle sets the pace of the programme which may cause delays, unless an alternative method of governance and oversight can be implemented for the programme
Appendix 2

Resourcing – Delivery Resource Summary
Resourcing – Project Definition and Delivery

<table>
<thead>
<tr>
<th>Type</th>
<th>Core / Var</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prog Mgt</td>
<td>Core</td>
<td>18 mths</td>
</tr>
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</tr>
<tr>
<td>Business Analyst</td>
<td>Core</td>
<td>6 mths</td>
</tr>
<tr>
<td>HR advisory</td>
<td>Core</td>
<td>18 mths</td>
</tr>
<tr>
<td>Change Management</td>
<td>Var</td>
<td>12 mths</td>
</tr>
<tr>
<td>Project Manager(s)</td>
<td>Var</td>
<td>12-18 mths</td>
</tr>
<tr>
<td>Subject Matter Experts</td>
<td>Var</td>
<td>12-18 mths</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This is an estimate of the potential level of investment required to oversee delivery of the changes identified in the Service Reviews.

The expected benefits, level of investment and the return on that investment will be identified in the business case.

<table>
<thead>
<tr>
<th>Phase 2 (12 mths)</th>
<th>Est Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruit during Phase 1 to oversee Delivery. Cost included in base budget.</td>
<td>Incl</td>
</tr>
<tr>
<td>Continue to buy in OR recruit during Phase 1. Additional cost.</td>
<td>£50-£70k</td>
</tr>
<tr>
<td>Provided in house. Estimate 1 x FTE additional</td>
<td>tbd</td>
</tr>
<tr>
<td>Decision whether ongoing requirement during Delivery</td>
<td>tbd</td>
</tr>
<tr>
<td>HR advisory and Change Management</td>
<td>£50k</td>
</tr>
<tr>
<td>Change Management through Delivery</td>
<td>£50k</td>
</tr>
<tr>
<td>Review internal capacity and capability. Identify during service reviews. Estimate 1 x FTE minimum</td>
<td>£60-£80k</td>
</tr>
<tr>
<td>Potential to support during Delivery, dependent on Service Reviews</td>
<td>tbd</td>
</tr>
<tr>
<td>Indicative range</td>
<td>£210k - £250k</td>
</tr>
</tbody>
</table>

**Core** – core requirement for the programme

**Variable** - dependent on Service Reviews. Roles could be combined for smaller projects.
Resourcing – Indicative total investment

<table>
<thead>
<tr>
<th>Type</th>
<th>Core / Var</th>
<th>Total</th>
<th>Phase 1 (6 mths)</th>
<th>Est Cost</th>
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<td>6 mths</td>
<td>Buy in (External)</td>
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<td>18 mths</td>
<td>HR advisory tbd</td>
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</tr>
</tbody>
</table>

**Core** – core requirement for the programme

**Variable** - dependent on Service Reviews. Roles could be combined for smaller projects.
Appendix 3

Delivery Governance
Programme Board – Terms of Reference
Risk Management approach
Programme Delivery Board

The programme delivery board will be initiated after the Business Case has been approved.

1. Oversees project and programme delivery following approval of the business case
2. Oversees key risks and issues and takes corrective action where needed
3. Point of escalation and decision making group
4. Identification and monitoring of dependencies across the programme
Above is the Risk register that is currently being used on the Tandridge Finance Transformation. The same approach to management of risks would be taken on the Future Tandridge programme.

During the delivery phase, Risks will be identified, mitigated and scored and are managed and monitored throughout the programme delivery process.

<table>
<thead>
<tr>
<th>Key Risk (R) / Issue (I)</th>
<th>Own</th>
<th>Imp.</th>
<th>Prob.</th>
<th>Rating</th>
<th>Mitigation Measures</th>
<th>Post Mit. Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of finance staff leaving the Council may cause:</td>
<td>MHS</td>
<td>4</td>
<td>5</td>
<td>20</td>
<td>Replanning and realignment of BAU / Improvement tasks.</td>
<td></td>
</tr>
<tr>
<td>- a loss of knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Review of existing finance budget to determine available ‘headroom’ to fund</td>
<td>12</td>
</tr>
<tr>
<td>- existing resource to be overstretched and put key activities at risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>interim support from SCC or externally</td>
<td></td>
</tr>
<tr>
<td>- a need to prioritise BAU at the expense of Improvement activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Identification of available SCC resources to support the transition (through</td>
<td></td>
</tr>
<tr>
<td>- a draw on SCC resources (which may not be funded by TDC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>secondment agreements)</td>
<td></td>
</tr>
</tbody>
</table>

| Recruitment to fill vacant roles: | AD / RF | 4 | 5 | 20 | 1S1 role now filled | 12 |
| There is a risk that there will be significant lag before we are able to fill the vacant roles within the finance team. | | | | | Two roles to fill: New Exchequer Manager and Corporate Business partner role | |
| | | | | | Interim support being provided from SCC (Verty & Glenn) | |

| New requirements emerging from ongoing discovery work, combined with a movement in priorities and a blurring of distinction between BAU and programme activities. Taken together, this is impacting on the programme delivery plan resources and timescales. | AD / RF | 4 | 4 | 16 | Baseline scope | 9 |
| | | | | | Establish and embed new governance to allow for consistent capture, review and prioritisation of all change requests. | |
| | | | | | Manage key stakeholder expectations | |

| There is a risk that the budget gap will not be closed without having to take a significant call on reserves or taking emergency measures to balance the budget. | AD / RF | 5 | 4 | 20 | Continuing to focus on all areas in the Budget dashboard that will impact on the size of the gap | 9 |
| | | | | | Identify further savings opportunities | |
| | | | | | Set up benefits board to drive savings forward | |

| Lack of engagement from key stakeholders which impacts on our ability to co-produce organisational improvements and to move forward at pace with some improvement activities. | RF / CE | 3 | 4 | 12 | Acknowledge risk and re-plan to focus on the importance of organisational engagement at the expense of pace. | 6 |
| Some feedback from TDC colleagues indicates that there is an ‘us and them’ undercurrent which needs to be tackled in order for change to embed. | | | | | Ensure sequencing fits with other priorities of the overall programme and the wider CX led change programme. | |
| | | | | | Strengthen communications and engagement with key stakeholders. | |
| | | | | | Reinforce the message that this needs TDC ownership. | |
Appendix 4

Service Review Process
Service Review Approach

✓ Fundamental review of services over a 4 year period with focus on outcomes – Critical Success Factors and Corporate Priorities
✓ Service Review Methodology as guidance and to ensure consistency and outcomes achieved
✓ Prioritisation and Sequencing of Service Reviews – criteria to be agreed and tranches
✓ Typical team to undertake reviews – **Service led and owned**:  
  ▪ Director as oversight  
  ▪ Head of Service as Lead  
  ▪ Other dependent service reps  
  ▪ Key managers/staff within as appropriate  
  ▪ Cross-cutting services: Customer Services and Digital/IT  
  ▪ Enabling services: Finance, HR, Legal and Procurement  
  ▪ [Ricky Fuller/Peopletoo rep to be decided – to ensure consistency and coverage]
✓ Ensure strong links to other workstreams within TOM Development Group
✓ Governance through TOM Development Group, Member Oversight Board and Benefits Board
✓ Agree output format with delivery implementation plans and measurable and profiled financial, performance and social outcomes – forms the basis of the implementation phase and handover to Benefits Board for benefits realisation.
Overview of Service Review approach

The Council needs to fundamentally change the way in which it works. It needs to become a smaller more strategic, agile and responsive organisation with resources targeted at the Council priorities, with a more business-like approach to the way the Council operates.

The Service Review and redesign process will facilitate this change through a prioritised, consistent and rigorous review of all services which fundamentally challenges how and why we provide services including the demand for these services, the most appropriate delivery model, performance, cost and value for money. This will incorporate a review of cross-cutting themes including Commercialisation, Asset Strategy, Customer Services and Digital.

Key Objectives:

- Meet customer needs
- Support Future Tandridge Critical Success Factors / Outcomes
- Align with (interim) corporate plan
- Utilise technology to deliver improved customer experience and employee experience
- Eliminate processes that are no longer required
- Simplify by removing duplication and re-keying
- Automate where it will deliver the most value
- Support by clearly defined and measurable performance standards
- Align with the Future Tandridge Programme (FTP) design principles
- Optimise the delivery of services using the most appropriate model
- Develop the Council's own in-house capability to sustain performance following the end of the programme
Service Design Principles

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

a. Customers and staff involved in design / redesign of services
b. Principle of channel shift (digital by default) to make it as easy as possible for customers to access council information and services 24/7
c. Customer and data insight used to inform and drive service improvements
d. Build on the investment in technology by integration of systems and automation of processes
e. Being commercial in how the service operates, use of assets and trading or charging for services where applicable
f. Environment of innovation and learning from across the sector and internal
g. Enhance or remove internal processes
h. Develop whole system target operating model through detailed assessment and define financial, service performance and social outcomes
i. Develop the capability of staff and focus on retention
j. Develop robust performance management using relevant measures (through technology where possible) and embed into the service

k. Projects are commissioned with clear objectives and consideration of resourcing implications.
Delivering Exceptional Results in Transformation

01 Target Operating Model: Whole System Change
- Measurable financial, performance and positive social outcomes with underpinning organisational development, financial, service and digital implementation plans. Delivering substantial ROI to our clients.

02 Operational Discovery & Service Re-Design
- Operational service diagnostic and smart data analytics. Focus on customer engagement

03 Commercialisation
- Assess commercial opportunities in trading, assets and procurement

04 Smart Digital Tech
- Digital technology development to enhance service outcomes and improve service user experience. Positive value from investment.

05 Investing in your People for the Future
- Working with your teams to engage them in improvement and build their capabilities, so that improvements jointly implemented are not only sustained but also can be continuously improved.

* This is generic and can be tailored by services depending on nature and scale of service.
Target Operating Model

Working with your team to assess the current operating model and identify opportunities to redesign the model based on best practice and to meet your future outcomes.

Delivering greater measurable outcomes - financial, performance and service user experience, climate change and positive social outcomes. This approach ensures benefits are realised as it drives implementation following the diagnostic.

All aspects are considered including service user needs, people, systems and processes, operations, cost and demand, commercialisation and digital and external factors including partners and government policy with underpinning organisational development, financial, service and digital implementation plans.

Critical to success and sustainability is the investment in and development of people and active engagement across all phases of the change process from diagnostic to implementation.
Operational service diagnostic using smart data analytics and bringing innovation and best practice from across the sector. Identify opportunities for improvement and delivering better outcomes underpinned by robust implementation plans.

Engagement of your people to ensure outputs are deliverable and meet your requirements.

Focus on customer demand and requirements and how these can best be met.

Increased measurable and deliverable outcomes are identified across financial, performance, climate change and social outcomes in particular from cost and demand management and operational redesign. Outcomes are profiled and evidenced in detail and underpinned by implementation plans that your people sign off and hence have ownership of.

The core of the operational diagnostic is delivered through:

- Assessment of strategy, operations, cost/demand/income analysis, people, external factors, digital, systems and processes
- Focus on service user experience including engagement and digital design UX considerations
- Intelligent Data Analytics creates Insight
- Asset implications assessed – realising value from assets and reducing recurring revenue costs including FM and Energy.
Commercialisation

Assess commercial opportunities in procurement, trading/JVs and assets both from an income and cost perspective. Work with your people to create and implement delivery plans aligned with target outcomes.

Maximise opportunities to drive income and/or reduce cost and create a commercial culture across the organisation. Commercialisation also focuses on wider opportunities to create further positive social impact and support climate change initiatives.

Bringing best practice from across the public and private sector:

✓ Commercial value from 3rd Party Spend – services expertise and commercial analysis of third party costs and options on alternative service delivery models.
 Assessment of Procurement and Contract management to sustain value.

✓ Strategic Commercial Opportunities developed and implemented

✓ Operational Trading opportunities considered

✓ Realising value of commercial assets

✓ Being commercial in how services are managed and operated linked to Operational Diagnostic approach.
Digital transformation at a corporate and service level including digital design UX to enhance outcomes and improve the service user experience. Digital as enabler for the organisation and ensures a robust ROI on investment.

Delivers substantial ROI on investment through enabling change at a corporate and service level to deliver efficiencies and support social and climate change outcomes.

Digital transformation incorporates:
- Best practice and innovation from the public and private sector
- Digital Maturity Assessment
- Corporate digital transformation assessment, strategy and delivery plan
- Service level digital transformation assessment and roadmap linked to the target operating model
- User needs and customer journey discovery mapping and insight
- Digital supporting efficiency in operations and systems
- Digital UX building on service user and journey insight. Design and Prototyping and Implementation of digital solutions
- Creating and turning data into insight to support transformation.
Investing in your People

Working with your teams to engage them in improvement and build their capabilities, so that improvements jointly implemented are not only sustained… but can also be continuously improved by your people.

Outcomes include embedded expertise and developing capability of your people who will feel more motivated from delivering positive change and achieving substantial outcomes. Creating a positive culture and ensuring sustainability.

Delivering change with your people:

✓ Organisational change readiness assessment
✓ Organisational development and culture change plan
✓ Focus on coaching and mentoring of management team
✓ Engagement and motivation of staff. Support professional development
✓ Measuring change in your people – building a positive future.
### Key Questions – Heads of Service

<table>
<thead>
<tr>
<th>Operational Considerations</th>
<th>Commercial Considerations</th>
<th>Digital/IT systems Considerations</th>
<th>TOM Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Detailed budget information</td>
<td>• List any contracts with end and cancellation dates</td>
<td>• Cost of systems</td>
<td>• What will we need to consider in making changes and improving – staff, members, budget, data, performance management, IT?</td>
</tr>
<tr>
<td>• Staff Establishment</td>
<td>• Different delivery models – in-house, shared services, outsource, arms length company, Parish Councils</td>
<td>• Systems used - fit for purpose?</td>
<td>• Invest to save opportunities to be identified</td>
</tr>
<tr>
<td>• What services are provided?</td>
<td>• Assets – what do we own, value, sale or rent?</td>
<td>• Integration with other systems</td>
<td>• Impact of different service specifications</td>
</tr>
<tr>
<td>• Statutory/Non-Statutory?</td>
<td>$$\text{Review key processes and focus on largest by volume or cost}$$</td>
<td>• Move to Salesforce</td>
<td></td>
</tr>
<tr>
<td>• Who are the customers – interdependencies?</td>
<td>$$\text{Data – task lists, benchmarking, KPIs, Annual Plan, surveys, complaints}$$</td>
<td>$$\text{Page 286}$$</td>
<td></td>
</tr>
<tr>
<td>• Current customer experience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review key processes and focus on largest by volume or cost</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Aspirational for our people, our place and ourselves
Governance and Quality Assurance to be developed

**Diagnostic Phase**
- Setting up for success
  - Kick off meeting and mobilisation
  - Confirm scope and outcomes
  - People Engagement
  - Stakeholder engagement
  - Communication planning
- Analysis and contextualising
  - Initial assessment current position
  - Identification of key opportunities and areas for more in-depth analysis
- Solution Development
  - Development of draft solutions and indicative outcomes with your people
  - Finalise solutions and outcomes with sign off
  - Implementation plans signed off

**Implementation Phase**
- Mobilisation
  - Implementation mobilisation
  - Co-produced transformation programme
  - Outcomes agreed
  - People Engagement
  - Stakeholder engagement
  - Communication planning
- Implementation
  - Transformation programme reviewed monthly
  - Outcomes achieved and signed off
  - People programme on track
  - Innovation on-going
- Sustain and Improve
  - Sustainability criteria incl people achieved
  - Continuous improvement plans and outcomes set
  - Transfer to business as usual
  - Lessons learnt review

Robust Governance, Quality Assurance, Milestone Reviews, Deliverables and Outcomes Signed Off

* Summary template that needs to be developed in line with wider governance
Finance – Joint Working Arrangements for Finance Services

Strategy & Resources Committee – 1st February 2022

Report of: David Ford, Chief Executive

Purpose: For Decision

Publication Status: Unrestricted
Wards affected: All

Executive Summary

At the Strategy and Resources Committee meeting on 11th January, it was agreed to implement a new finance structure as set out in Appendix A.

Following this meeting a decision was made to appoint Mark Hak-Sanders to become the new CFO and Rona Leitch has been appointed to the Senior Finance Business Partner role. Arrangements are now underway to plan the transition to the new structure and the additional appointment to the new post of Exchequer Manager.

At the meeting on 11th January a draft version of the Joint Working Agreement (‘JWA’) was shared with Members. It was agreed to bring the final version back to the Strategy and Resources Committee on 1st February, taking account of the changes required following approval of the new structure.

Appendix B includes the final version of the JWA for approval.

This report supports the Council’s priority of:

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

Contact Officer: David Ford, Chief Executive – dford@tandridge.gov.uk

Recommendation to Committee

That:

A. subject to the agreement of Surrey County Council, the Joint Working Agreement for Finance Services with Surrey County Council (‘SCC’), attached at Appendix B, be approved; and

B. the Head of Legal and Monitoring Officer be authorised to arrange for the Joint Working Agreement to be executed on behalf of the Council.
Reason for Recommendation

The Council is in a partnership with SCC to deliver finance services to TDC. The proposal is to approve the Joint Working Agreement reflecting the new finance structure previously agreed by the Committee on 11th January.

Other Options Considered

If the JWA is not approved, this would require further negotiation with SCC.

Consultation

Discussion has been undertaken through the Member Reference Group with Group leaders, the Chair of Strategy and Resources, the Chief Executive, Head of Legal Services and the current Chief Finance Officer.

Key Implications

Comments of the Chief Finance Officer

The Chief Finance Officer is fully supportive of the proposed approach.

Comments of the Head of Legal Services

The Local Government Act 1972 (s.113) allows a local authority to enter into an agreement with another authority to place its officers at the disposal of the other authority. Entering into a Joint Working Agreement will regularise the increasing collaboration that is taking place between the Council and Surrey County Council in respect of the Finance team and give legal status to the relationship thus providing the Councils with clarity and a certain amount of protection.

The Joint Working Agreement sets out the governance relationship between the Councils and cover important matters, for example, funding, termination, dispute resolution, insurance.

There is now a need to formalise the Agreement so that important aspects of the arrangements can be given legal status thus protecting the interests of both Councils.

Equality

It is not foreseen that there are any direct equality implications as a result of the recommendations in this Report. Options will be rigorously assessed as the TFT plan progresses.

Climate Change

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

Background Papers


Appendices

Appendix A – new finance structure, as agreed by the S&R Committee on 11th January 2022

Appendix B - Joint Working Agreement for Finance with SCC
New Finance Operating Model – April 2022

Chief Finance Officer

SCC Corporate Finance provide Management oversight

Corporate Finance FBP 1
- Closure of Accounts
- Audit engagement
- Capital Prog Mgt

Corporate Finance FBP 2
- Budget prep / monitoring
- Fees and Charges
- Collection Fund
- VAT & Insurance

Treasury Management
- Cash management

Senior FBP / (service facing)

Service facing FBP
- Corporate Resources
- Planning & Building Control
- Project support

Assistant FBP
- System Administration
- FBP General Support

Service facing FBP 3
- Communities support
- Housing - day to day
- Project support

SCC provide best practice and development support to CFO and Business Partner functions

Exchequer Services Mgr
- Procure to Pay
- Order to Cash
- Banking
APPENDIX A

DATED 2022

(1) DISTRICT COUNCIL OF TANDRIDGE

(2) SURREY COUNTY COUNCIL

JOINT WORKING AGREEMENT
FOR FINANCE SERVICES
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THIS AGREEMENT is made on the of 2022

PARTIES

1) SURREY COUNTY COUNCIL of Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF (“SCC”)

2) DISTRICT COUNCIL OF TANDRIDGE (also known as Tandridge District Council) of 8 Station Rd E, Oxted RH8 0BT (“TDC”) together referred to as the “Parties”

BACKGROUND

(A) At TDC’s Strategy and Resources Committee Meeting on 25th March 2021, Members decided that SCC would help to prepare a proposal for an integrated shared finance service with SCC.

(B) At a further Strategy and Resources Committee Meeting on the 6th July 2021, Members authorised TDC’s Chief Executive to complete the arrangement with SCC.

(C) At it’s Cabinet meeting on 20th July 2021, SCC approved the development of the finance services partnership with TDC.

(D) The aim of the Arrangement is to provide TDC with a comprehensive finance function comprising the s151 role and leadership and management of a range of financial functions. Under this agreement, SCC will also provide support to TDC through the development and delivery of a Tandridge Finance Transformation Programme (‘TFT’).

(B) This Agreement sets out the respective roles, responsibilities, principles and protocols which will govern how SCC and TDC will work together to develop the in-house finance service team.

(C) This Agreement is entered into in reliance on the exclusive rights given to local authorities in sections 101, 102, 111, 112 and 113 of the Local Government Act 1972 and s.9EA of the Local Government Act 2000 and the Regulations made under these Acts (to include but not limited to the Local Authority (Arrangement for the Discharge of Functions) (England) Regulations 2012), together with the general power within section 2 of the Local Government Act 2000 and the supporting provisions within section 111 of the Local Government Act 1972.
OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1. This Agreement shall be interpreted in accordance with Schedule 1.

2. DURATION OF THE AGREEMENT

2.1. This Agreement shall commence on the Commencement Date and shall continue in full force and effect unless terminated in accordance with clause 21 (Termination) or clause 26 (Anti-corruption).

3. JOINT WORKING ARRANGEMENTS

3.1. The aims, benefits, principles and intended outcomes of entering into this Agreement are as set out in Schedule 2 (“the Objectives”).

3.2. The Arrangements set out in clauses 4, 5, 6, 7, and 8 of this Agreement support the achievement of these Objectives.

4. GOVERNANCE AND REVIEW

4.1. The Arrangements and delivery of the Objectives shall be in accordance with the roles and responsibilities set out in Schedule 7.

4.2. The Arrangements and delivery of the Objectives will be subject to ongoing review between the TDC Chief Executive and the shared s151 post. Following any annual review, a report should be presented to TDC’s Strategy and Resources Committee and SCC’s Cabinet respectively.

4.3. An Annual Review of the Arrangements and delivery of the Objectives will be undertaken between the TDC Chief Executive and the shared s151 post (or other agreed representatives of the Parties) to confirm whether they are operating as expected and to the satisfaction of both parties.

The Annual Review will consider (this is not an exhaustive list):

- the performance of the Arrangements against the targets, priorities and outcomes specified in this Agreement (or such other targets, priorities and outcomes as may be agreed between the Parties in writing from time to time);
- targets and priorities for the next Financial Year;
- the operation and effectiveness of the Arrangements;
• delivery of agreed outcomes and benefits and the role of the Arrangements in relation to such delivery.

4.4. This annual review may involve TDC obtaining external financial advice if required (at its own expense).

4.5. Following a review held in accordance with clause 4.3, the Parties will jointly consider the need for any changes to the Arrangements, with any variations made and monitored through the business planning process for each Party.

5. OPERATIONAL ARRANGEMENTS

5.1. The development of the finance shared service will be undertaken in accordance with the requirements of this Agreement, supporting documentation and any relevant internal governance within each of the Parties.

5.2. A summary of the proposed operating model and associated Service Charge is set out in Schedule 8. This operating model may be varied from time to time with variations undertaken in accordance with the variations clause and the relevant Schedule 8 updated.

5.3. Where operational arrangements involve third parties these will be managed through and by one of the Shared posts, who will ensure that these arrangements meet the requirements of this Agreement and any relevant internal governance within each of the Parties.

5.4. The Parties will enter into an s.113 Agreement to share defined posts (“the Shared Posts”) in the form set out in Schedule 3 of this Agreement (as amended to reflect the specific requirements of the Arrangements).

5.5. The development and delivery of the Tandridge Finance Transformation programme (TFT) will be undertaken in accordance with the requirements of this Agreement and any relevant internal governance within each of the Parties.

6. PERSONNEL ARRANGEMENTS

6.1. The Parties have jointly developed the HR Protocol set out in Schedule 4 which is designed to support the Arrangements but is not intended to be (and unless the Parties expressly agree otherwise in writing, will not have the effect of being), a substitute for either Party’s existing HR Policies and Procedures.
6.2. The Parties agree to be bound by the terms of the HR Protocol and to fulfil their respective obligations in that respect. The HR Protocol may be varied in accordance with the clause 23.

6.3. During the term of the s.113 Agreement the recruitment, assignment to and management of the Shared Posts will be in accordance with this Agreement and the HR Protocol.

7. **FINANCIAL ARRANGEMENTS**

7.1. The Parties have jointly developed the Financial Protocol set out in Schedule 5 which is designed to set out the financial principles governing the Shared Team.

7.2. The Parties agree to be bound by the terms of the Financial Protocol and to fulfil their respective obligations in that respect. The Financial Protocol may be varied in accordance with clause 23.

7.3. During the term of the s.113 Agreement the financial arrangements for the Shared Team will be in accordance with this Agreement and the Financial Protocol.

8. **SHARING INFORMATION**

8.1. The Parties have jointly developed the Technology and Information Sharing Protocol set out in Schedule 6 which is designed to specify the Shared Team’s obligations when sharing information in pursuance of the Arrangements.

8.2. The Parties agree to be bound by the terms of the Technology and Information Sharing Protocol and to fulfil their respective obligations in that respect. The Technology and Information Sharing Protocol may be varied in accordance with clause 23.

8.3. During the term of the s.113 Agreement the arrangements for sharing information will be in accordance with this Agreement and the Technology and Information Sharing Protocol.

9. **SHARING TECHNOLOGY**

9.1. The Parties have jointly developed the Technology and Information Sharing Protocol set out in Schedule 6 which is designed to specify
the Shared Team’s obligations when sharing Technology in pursuance of the Arrangements.

9.2. The Parties agree to be bound by the terms of the Technology and Information Sharing Protocol and to fulfil their respective obligations in that respect. The Technology and Information Sharing Protocol may be varied in accordance with clause 23.

9.3. During the term of the s.113 Agreement the arrangements for sharing Technology will be in accordance with this Agreement and the Technology and Information Sharing Protocol.

10. INDEMNITIES AND LIABILITIES

10.1. The Parties shall be jointly and severally liable to any third parties in respect of all actions and causes of action claims demands proceedings damages losses costs charges and expenses directly arising from this Agreement.

10.2. Each Party shall indemnify and keep indemnified the other Party from and against the extent of the indemnifying Party’s liability for any actions and causes of action claims demands proceedings, damages, losses, costs, charges, and expenses directly arising from or in connection with this Agreement and such liability and indemnity shall continue after the termination of this Agreement.

10.3. Subject to clauses 10.1 and 10.2, the Parties agree that they will be responsible for the activities of the Post Holder as follows:

a) the Non-Employing Council will be responsible for the acts or omissions of any Post Holder when performing their S113 Duties or otherwise acting in their capacity as an officer of the Non-Employing Council; and

b) the Employing Council will be responsible for the acts or omissions of any Post Holder when performing their Employee Duties or otherwise acting in their capacity as an officer of the Employing Council.

10.4. Subject to Clauses 10.1 to 10.3, any Loss incurred in relation to or arising from a Post Holder’s employment whether or not following termination of employment of a Post Holder or termination of this Agreement including any award by a court or tribunal shall be the responsibility of the Employing Council. The Non-Employing Council
shall have no liability in respect of such Loss and the Employing Council agrees to indemnify the Non-Employing Council against any such Loss.

10.5 The Parties hold the view that TUPE will not apply on the commencement of this Agreement, during the term of the Agreement or on the expiry of the Agreement (in whole or in part). However if TUPE operates so as to transfer the contract of employment of any Post Holder due to a Relevant Transfer from one Council (“the Transferor Council”) to the other Party (“the Transferee Council”), the Parties shall comply with their legal obligations under TUPE.

10.6 Subject to clause 10.8 the Transferor Council shall be liable for and shall indemnify the Transferee Council against any Employment Liabilities incurred by the Transferee Council which arise before, on or after the Relevant Transfer and out of an act or omission of the Transferor Council in connection with:

10.6.1. The Post Holder’s employment with the Transferor Council;

10.6.2. Any failure to comply with the obligations under Regulation 13 and 14 of TUPE (including any action brought by an employee representative for breach of Regulations 13 and/or 14 of TUPE) except where such failure arises from the Transferee Council’s failure to comply with its obligations under Regulations 13 and/or 14 of TUPE.

10.7 Subject to clause 10.8 the Transferee Council shall be liable for and shall indemnify the Transferor Council against any Employee Liabilities incurred by the Transferor Council which arise before on or after the Relevant Transfer caused by an act or omission of the Transferee Council in connection with:

10.7.1. The Post Holder’s employment with the Transferee Council;

10.7.2. Any failure to comply with the obligations under Regulations 13 and 14 of TUPE (including any claim brought by an employee representative for breach of Regulations 13 and 14 of TUPE.

10.8 Where any Employee Liabilities arise partly as a result of any act or omission of the Transferee Council and partly as a result of any act or omission of the Transferor Council whether before, on or after the date of the Relevant Transfer, the Parties shall indemnify each other against only such part of the Employee Liabilities sustained by the
other Council as is reasonably attributable to the act or omission of that Council.

10.9. In relation to the indemnities of this clause 10 the Parties agree to cooperate with each other and take all reasonable steps to mitigate any costs and expenses and any adverse effect on industrial or employee relations.

11. INSURANCE

11.1. Each Party shall use their reasonable endeavors to ensure that it maintains policies of insurance which include public liability, employee liability, professional indemnity and Member indemnity to cover any liabilities arising under this Agreement.

11.2 Each Party will use their reasonable endeavors to ensure that their respective insurance arrangements are mutually comparable as soon after the Commencement Date as practicable.

11.3 Each Party shall notify its insurer or insurers of the fact that it has entered into the Agreement and shall pay such adjusted premiums as arise therefrom to ensure continuation of its prior insurance cover.

12. STANDARDS OF CONDUCT

12.1. The Parties will ensure the Arrangements comply with all statutory requirements national and local and other guidance on conduct and probity and good corporate governance (including the Council’s respective Internal Governance Documents).

12.2. The Parties will review and where permitted and appropriate, amend their Internal Governance Document to ensure compliance with their obligations under this Agreement and to enable the Agreement to operate as smoothly and effectively as practicable. Nothing in this clause shall require a Party to make amendments which in its reasonable belief would be inconsistent with the Council's respective Internal Governance Documents.

13. CONFLICT OF INTEREST AND DISPUTE RESOLUTION PROCEDURE

13.1. The Parties acknowledge that conflicts of interest may arise during this Agreement. The Parties agree that circumstances in which a conflict of interest may arise include, but are not limited to, the following:
13.1.1. When the private interests of a Post Holder conflict with the interests of the Non-Employing Council in the context of the Arrangements ("a Private Interest Conflict");

13.1.2. When the duties of a Post Holder arising under or in connection with the furtherance of integrated working conflict with the duties owed by that Post Holder to the Employing Council ("a Combined Working Conflict").

13.2. Private Interest and Combined Working Conflict

Private Interest Conflict

13.2.1. In the event that a Private Interest Conflict arises, or a Post Holder suspects that it will arise, the Employing Council shall manage that risk in accordance with its Policies and Procedures for handling conflicts of interest.

Combined Working Conflict

13.2.2. In the event that a Combined Working Conflict arises and which affects the ability of any persons operating under this Agreement to act in the best interests of both Parties, they shall as soon as possible inform the Parties who will liaise with the relevant Service Director to determine and implement whatever action is necessary to manage the risk.

13.2.3 In the event that a Combined Working Conflict arises which is not covered by clause 13.2.2, the Parties will ensure that the relevant Service Director shall ensure that immediate steps are taken to promote and protect the interests of all Parties and their respective employees and where necessary the Parties shall use reasonable endeavors to procure that the relevant Service Director seeks appropriate independent professional advice.

13.2.4 The Parties acknowledge that a Combined Working Conflict arising may require each of the Parties to seek separate and independent legal advice.

13.3. Dispute Resolution Procedure
13.3.1. If any dispute arises out of or in connection with this Agreement the Parties shall comply with this procedure ("Dispute Resolution Procedure").

13.3.2 The Parties shall promptly notify each other of the matter in dispute ("Dispute") which shall in the first instance be referred to Director Corporate Finance and Commercial (SCC) and the Monitoring Officer (TDC) who shall use all reasonable skill, care and diligence to ensure that they receive the views of all Parties and consider all solutions proposed with the objective of resolving the dispute and achieving an agreed solution.

13.3.3 Where the Director Corporate Finance and Commercial (SCC) and the Monitoring Officer (TDC) do not achieve within fourteen (14) days of notification of a Dispute a solution acceptable to all parties involved, and provided no right of termination has been exercised, then senior representatives of both Parties shall meet promptly, and in any event within twenty one (21) days of notification of the Dispute, in good faith to discuss and seek to resolve the Dispute.

13.3.4 The Parties agrees that the provision of the Services shall not be affected or suspended in the event of and during any Dispute.

**Mediation**

13.3.5 In the event that the Dispute cannot be resolved by negotiation or conciliation under clauses 13.3.2. and 13.3.3 within two (2) Months, or such other period as may be determined by the Parties, both Parties shall attempt to settle it by mediation.

13.3.6 The procedure for mediation and consequential provisions relating to mediation are as follows:

13.3.6.1 a neutral advisor or mediator (the "Mediator") shall be chosen by agreement between the Parties or, if they are unable to agree upon a Mediator within ten (10) Working Days after a request by one (1) party to the other or the Mediator agreed upon is unable or unwilling to act, either party shall within ten (10) Working Days from the date of the proposal to appoint a Mediator or within ten (10) Working Days of notice to either party that he is unable or unwilling to act, apply
to CEDR (or any successor body) to appoint a Mediator;

13.3.6.2 the Parties shall within ten (10) Working Days of the appointment of the Mediator meet with him in order to agree a programme for the exchange of all relevant information and the structure to be adopted for negotiations to be held. If considered appropriate, the parties may at any stage seek assistance from CEDR to provide guidance on a suitable procedure;

13.3.6.3 unless otherwise agreed, all negotiations connected with the Dispute and any settlement agreement relating to it shall be conducted in confidence and without prejudice to the rights of the parties in any future proceedings;

13.3.6.4 if the Parties reach agreement on the resolution of the Dispute, the agreement shall be reduced to writing and shall be binding on the parties once it is signed by their duly authorised representatives; and

13.3.6.5 failing agreement, either of the parties may invite the Mediator to provide a non-binding but informative written opinion. Such an opinion shall be provided on a without prejudice basis and shall not be used in evidence in any proceedings relating to this Agreement without the prior written consent of both Parties

13.3.7 If the Parties fail to resolve the Dispute by mediation within two (2) Months of the Mediator being appointed, or such longer Period as may be agreed between the Parties, then any Dispute or difference between them may be referred to the courts pursuant to clause 27.

14. COMPLAINTS

14.1.1. Complaints by third parties arising out of or in connection with these Arrangements will be dealt with in accordance with the complaints policy of the appropriate Party in force from time to time.

14.1.2. The Parties will cooperate with investigations undertaken by their respective Ombudsman and shall give each other notice
of such a complaint having been received as soon as reasonably practicable. The Council subject to a complaint concerning the Shared Team shall, to the extent that it is reasonably practicable and permissible by law, give the other Council an opportunity to comment upon/review its response before it is submitted. Each Council permits the other to share all relevant information with the Ombudsman in responding to a complaint.

15. INTELLECTUAL PROPERTY

15.1. The Parties shall to the extent permissible by law grant to each other a licence to use their relevant IPR solely and exclusively for the purposes of and in connection with this Agreement and the Arrangements.

15.2. Subject to clauses 15.1 and 15.3 neither Party shall acquire from the other any rights to that of the other’s IPR.

15.3. If any IPR is created, brought into existence or acquired in relation to anything jointly developed by the Parties in relation to the Agreement or the Arrangements, the Parties shall negotiate in good faith and use all reasonable endeavors to agree the rights that each Council shall have in relation to such IPR. Following any such agreement the Parties shall to the extent permissible by law do all things and execute all documents necessary to give full effect to the agreement. If the Parties are unable to reach agreement the matter shall be referred to the Dispute Resolution Procedure at clause 13.3.

16. DATA PROCESSING AND DATA PROTECTION

16.1. The Parties acknowledge that these Arrangements are subject to the requirements of Data Protection Legislation. This clause 16 is in addition to, and does not relieve, remove or replace, a Party’s obligations under the Data Protection Legislation.

16.2. The Parties acknowledge that for the purposes of Data Protection Legislation, they are Data Controllers and Data Processors. The Information Sharing Protocol at Schedule 6 sets out the scope, nature and purpose of processing by the Parties, the duration of the processing and the types of Personal Data and categories of Data Subject.
16.3. Without prejudice to the generality of clause 16.1 the Parties’ will ensure that they have identified the basis for processing including consent where appropriate and appropriate notices in place to enable the lawful processing of Personal Data in the performance of the Services and for the duration and purposes of this Agreement.

16.4. The Parties shall, in relation to any Personal Data or Sensitive Personal Data processed in connection with the performance of these Arrangements:

16.4.1. ensure that it has in place appropriate technical and organisational measures, to protect against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, appropriate to the harm that might result from the unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the data to be protected, having regard to the state of technological development and the cost of implementing any measures (those measures may include, where appropriate, pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of its systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the technical and organisational measures adopted by it);

16.4.2. not transfer any Personal Data outside of the European Economic Area unless both Parties consent and the following conditions are fulfilled:

16.4.2.1. One or both Parties have provided appropriate safeguards in relation to the transfer;
16.4.2.2. the Data Subject has enforceable rights and effective remedies;
16.4.2.3. the Parties comply with their obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred.

16.5. Subject to the disclosure requirements of any Applicable Laws, nothing in this Agreement shall oblige a Party or a Post Holder to disclose information where such disclosure would be in breach of:
16.5.1. Any contract; and/or

16.5.2. Any other relevant and applicable internal or external policies or codes of conduct in relation to confidentiality and disclosure of information.

16.6. The Parties will, upon receipt of any of the following and to the extent that it is personal data under the control of both Parties and is permissible and reasonably practicable to do so, notify and consult the other Council prior to the disclosure of any Information relating to these Arrangements:

16.6.1. a request from a Data Subject to have access to that person’s Personal Data;
16.6.2. a request to rectify, block or erase any Personal Data;
16.6.3. any other request, complaint or communication relating to either Council’s obligations under the Data Protection Legislation (including any communication from the Information Commissioner).

16.7. Where appropriate, The Parties will assist each other in responding to any request from a Data Subject and in ensuring compliance with their obligations under the Data Protection Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators. The Parties acknowledge however that they may be required to respond to a request without obtaining consent from the other.

16.8. Where data is held in joint control, the Parties will notify each other immediately and in any event within 24 hours on becoming aware of a Personal Data breach relating to these Arrangements including without limitation any event that results, or may result, in unauthorised access, loss, destruction, or alteration of Personal Data in breach of this Agreement.

16.9. The Parties will maintain complete and accurate records and information to demonstrate its compliance with this clause and allow for inspections by their respective auditors.

16.10. The Parties shall take reasonable steps to procure that staff and Post Holders who process any Personal Data or Sensitive Personal Data in accordance with or in the course of this Agreement and/or the performance of the S113 Duties shall do so in accordance with the Applicable Laws and any other relevant guidance.
16.11. Each Council agrees at all times during the continuance of this Agreement and after its termination to keep confidential all information or data that it receives or otherwise acquires in connection with the Arrangements and which by its nature is confidential or which has reasonably been marked with such words signifying that it should not be disclosed except where:

16.11.1. The disclosure is made pursuant to any litigation between the Parties;
16.11.2. The disclosure is required to comply with Law (including the FOIA);
16.11.3. The disclosure is made to a Council's professional advisors who owe a similar obligation of confidentiality; or
16.11.4. The information was in the possession of the Council without obligation of confidentiality or was in the public domain (otherwise than by breach of this Agreement) before receiving it from the other Council.

16.12. The provisions of this clause shall apply during the continuance of the Agreement and indefinitely after its expiry or termination.

17. FREEDOM OF INFORMATION

17.1. The Parties acknowledge that the Services are subject to the requirements of the FOIA and the EIRs and will each comply with their respective obligations in that respect.

17.2. Without prejudice to the general obligation in clause 17.1 any Party in receipt of a Request for Information will, to the extent that it is permissible and reasonably practicable to do so, notify and consult the other Party prior to the disclosure of any Information relating to these Arrangements. The Parties acknowledge however that they may be required to disclose Information without obtaining consent from the other.

17.3. The Party in receipt of the Request for Information shall be responsible for determining in its absolute discretion whether the information requested is exempt from disclosure in accordance with the FOIA and/or the EIRs.

17.4. Each Party will cooperate fully with the other Party for the purposes of enabling that other Party to properly fulfil its obligations in response to a Request for Information and as required will:
17.4.1. provide all necessary assistance and cooperation as reasonably requested to enable compliance with its obligations under the FOIA and EIRs;

17.4.2. provide a copy of all Information requested in the Request For Information which is in its possession or control in the form required and within 5 Working Days (or such other period as may reasonably be specified) of the request for such Information.

18. CONFIDENTIALITY

18.1. Subject to clause 18.2 each Party shall keep the other Party’s Confidential Information confidential and shall not:

18.1.1. use such Confidential Information except for the purpose of performing its rights and obligations under or in connection with this Agreement; or
18.1.2. disclose such Confidential Information in whole or in part to any third party, except as expressly permitted by this clause.

18.2. The obligation to maintain confidentiality of Confidential Information does not apply to any Confidential information:

18.2.1. which the other Party confirms in writing is not required to be treated as Confidential Information;
18.2.2. which is obtained from a third party who is lawfully authorised to disclose such information without any obligation of confidentiality;
18.2.3. which a Party is required to disclose by judicial, administrative, governmental or regulatory process in connection with any action, suit, proceedings or claim or otherwise by applicable Law, including the FOIA or the EIRs;
18.2.4. which is in or enters the public domain other than through any disclosure prohibited by this agreement;
18.2.5. which a Party can demonstrate was lawfully in its possession prior to receipt from the other Party; or
18.2.6. which is disclosed by either Party on a confidential basis to any central government or regulatory body.

18.3. A Party may disclose the other Party's Confidential information to those of its Representatives who need to know such Confidential Information for the purposes of performing or advising on the Party's obligations under this agreement, provided that:

18.3.1. it informs such Representatives of the confidential nature of the Confidential Information before disclosure; and

18.3.2. it procures that its Representatives shall, in relation to any Confidential Information disclosed to them, comply with the obligations set out in this clause as if they were a party to this agreement,

18.3.3. and at all times, it is liable for the failure of any Representatives to comply with the obligations set out in this clause.

19. AUDIT

19.1. This programme of work is subject to the usual audit procedures of both Parties and may form part of the annual audit plan and be reported to their respective Audit Committees as appropriate.

19.2. If an audit identifies that a Party has failed to perform its obligations under this Agreement in any material manner, the procedure set out in clause 22 (and the clauses referred to therein) shall apply.

20. DEFAULT

20.1. In the event of a Party ("the Defaulting Party") being, in the reasonable opinion of the other Party (the "Other Party"), in breach of its obligations under this Agreement and such breach being capable of remedy, the Other Party will have the right, at its discretion to initiate the Dispute Resolution Procedure at clause 13.3 or to exercise its right to terminate this Agreement in accordance with the provisions of this Agreement.

21. TERMINATION

21.1. This Agreement shall continue unless terminated in accordance with this Clause 21 and/or clause 26 PROVIDED ALWAYS THAT the
provisions of this Clause 21 and/or clause 26 shall be subject to any other provision of this Agreement extending financial liability beyond termination.

21.2. Where both Parties jointly agree to terminate and withdraw from the Agreement they may do so by each giving the other 15 (fifteen) months prior written notice and such a decision to terminate or withdraw may only be made by both Councils acting with the necessary authority (which for TDC shall be by decision of its full Council). If either Council unilaterally terminates or withdraws from this Agreement they shall do so by giving to the other not less than fifteen months prior written notice and such a decision to terminate or withdraw may only be made by that Council acting by its full Council.

21.3. This Agreement in respect of any individual Post Holder will terminate forthwith in respect of that particular Post Holder upon the dismissal or resignation of the Post Holder from their Employing Council or upon the Post Holder withdrawing their consent to being made available pursuant to these Arrangements where applicable.

21.4. This Agreement will terminate in respect of any individual Post Holder upon any reorganisation or reconstruction affecting any Party whereby the Post Holder no longer holds office with their Employing Council.

21.5. A Party may at any time by notice in writing to the other Party terminate this Agreement upon service of 3 months written notice if:

21.5.1. The other Party commits a material breach of any of its obligations hereunder which is not capable of remedy; or

21.5.2. The other Party commits a material breach of any of its obligations hereunder which is capable of remedy but has not been remedied in accordance with the provisions of this Agreement;

21.6. A Party may by written notice to the other Party in accordance with clause 21.7 terminate this Agreement if:

21.6.1. As a result of any change in law or legislation it is unable to fulfil its obligations under this Agreement;
21.6.2. The fulfilment of its obligation hereunder would be in contravention of any guidance from any Secretary of State issued after the Commencement Date;

21.6.3. Its fulfilment of its obligations would be ultra vires or otherwise unlawful and the Parties shall be unable to agree a modification or variation to this Agreement (which may include termination in part only) so as to enable the Parties to fulfil their obligations in accordance with law and guidance;

21.6.4. The fulfilment of its obligations are no longer financially viable pursuant to schedule 5

21.7. In the case of notice pursuant to clause 21.6.1 or 21.6.2 the Agreement shall terminate after such reasonable period as shall be specified in the notice having regard to the nature of the change as the case may be. In the case of notice pursuant to clause 21.6.3 the Agreement shall terminate with immediate effect.

21.8. Notices served pursuant to clause 21.5 or 21.6 will result in termination of the whole of the Agreement unless the Parties agree otherwise in writing.

21.9. Termination of this Agreement in whole or in part (whether by effluxion of time or otherwise) shall be without prejudice to the Parties’ rights in respect of any antecedent breach and the provisions of this clause shall continue in full force and effect.

21.10. In the event of termination of this Agreement, the Parties will use best endeavours to secure and agree arrangements which will minimise disruption to:

21.10.1. The continued delivery of the Service to service users;
21.10.2. Staff working within the Arrangements.

21.11. In the event that this Agreement is terminated in part only, the Parties will agree appropriate variations to the Agreement. Such variations will be documented in writing and signed by both Parties.

21.12. Where the Agreement is terminated in part, then except for that part of the Agreement that has been terminated, the Agreement shall continue in full force and effect.
22. CONSEQUENCES OF TERMINATION

22.1. If a notice of termination is served by any Party in accordance with Clause 21 above, the Parties shall cooperate in good faith to agree an "Exit Plan" as soon as reasonably practicable and in any event within two (2) calendar months of the date of service of the notice. The Exit Plan shall set out how the arrangements considered in this Agreement will be ended.

22.2. The agreed principles of the Exit Plan shall be:

(i) that continuation, quality and accuracy of service delivery are paramount and options should be assessed in this light;

(ii) the additional expense of exiting this agreement shall be fully costed and managed in such a way that it is kept as low as possible.

(iii) the additional expense of exiting this agreement shall be borne by the Parties in the following way:

22.3. The additional expense of exiting this agreement shall be borne by the Parties in the following way:

(iv) in the event of termination under clause 21.2, by the Party serving the termination notice.

(v) in the event of termination for material breach by the Party that has committed the material breach or repeated breaches.

(vi) in the event of termination under any other clause 21, each Party shall bear their own costs.

23. VARIATIONS

23.1. The Parties may agree to vary the Agreement including for the avoidance of doubt the Protocols from time to time in accordance with this clause 23.

23.2. Any Party may propose a variation to the Agreement and the Parties shall use reasonable endeavors to agree the variation. In the event of any disagreement in relation to the variation any Party may refer the matter to the Dispute Resolution Procedure.

23.3 Any variation of the Agreement and/or the Protocols must be in writing and signed by or on behalf of each of the Parties before acceptance is deemed.
24. **NO PARTNERSHIP**

24.1. Nothing in this Agreement shall create or be deemed to create a legal Partnership or the relationship of employer and employee between the Parties or render any Party directly liable to any third party for the debts, liabilities or obligations of another Council.

24.2 Save as specifically authorised under the terms of this Agreement no Party shall hold itself out as the agent of another party.

25. **ENTIRE AGREEMENT**

25.1. The terms contained in this Agreement together with the contents of the Schedules and Appendices constitute the complete agreement between the Parties with respect to the Arrangements and supersede all previous communications, representations, understandings and agreement and any representation, promise or condition not incorporated herein shall not be binding on any Party which is party to this Agreement.

25.2. No agreement or understanding varying or extending any of the terms or provisions hereof shall be binding upon a Party unless in writing and signed by a duly authorised officer or representative of each Party.

26. **ANTI-CORRUPTION**

26.1 Both Parties warrants that neither it, nor to the best of its knowledge any of its Employees undertaking a Post Holder position have at any time prior to the Commencement Date:

   (a) committed a Prohibited Act or been formally notified that it is subject to an investigation or prosecution which relates to an alleged Prohibited Act; and/or

   (b) been listed on any government department or agency as being debarred, suspended, proposed for suspension or debarment, or otherwise ineligible for participation in government procurement programmes or contracts on grounds of a Prohibited Act.

26.2 For the purposes of this clause 26 a Prohibited Act shall mean:

   (a) to directly or indirectly offer, promise or give any person working for or engaged by either of the Parties a financial or other advantage to:
i. include that person to perform improperly a relevant function or activity; or
ii. reward that person for improper performance of a relevant function or activity;

(b) to directly or indirectly request, agree to receive or accept any financial or advantage as an inducement or a reward for improper performance of a relevant function or activity in connection with this Agreement;

(c) committing any offence:
   i. under the Bribery Act;
   ii. under legislation or common law concerning fraudulent acts;
   iii. defrauding, attempting to defraud or conspiring to defraud the authority.

(d) Any activity, practice or conduct which would constitute one of the offences listed under clause (c), if such activity, practice or conduct had been carried out in the UK (“Prohibited Act”).

26.3 Either Party may terminate this Agreement with immediate effect and recover all its losses if the other (or its Employees engaged in a Post Holder position):

   (a) commit a Prohibited Act; and/or

   (b) fails to comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010; and

   (c) engages in any activity, practice or conduct which would constitute an offence under, section 1, 2, and 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK; or

   (d) engages in any activity, practice or conduct which would constitute an offence under Section 117(2) of the Local Government Act 1972 and any amendment thereto or any subsequent legislation or under Legislation creating offences in respect of fraudulent acts or at common law in respect of fraudulent acts in relation to this Agreement or any other contract with the Council; or

   (e) defraud or attempt to defraud or conspire to defraud the other.

27. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999
27.1. Unless the right of enforcement is expressly provided, no third party shall have the right to pursue any right under this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

28. GOVERNING LAW

28.1. This Agreement shall be governed by and construed in accordance with English law and shall be subject to the exclusive jurisdiction of the English Courts.
IN WITNESS whereof this Agreement has been executed by the Parties on the date of this Agreement:

EXECUTED AS A DEED
by affixing the common seal of
THE DISTRICT COUNCIL OF TANDRIDGE
in the presence of:

………………………………….
(affix seal)

Authorised Signatory

EXECUTED AS A DEED
by affixing the common seal of
THE COUNTY COUNCIL OF SURREY
in the presence of:

………………………………….
(affix seal)

Authorised Signatory
SCHEDULE 1: DEFINITIONS AND INTERPRETATION

In this Agreement the following expressions shall have the following meanings:

<table>
<thead>
<tr>
<th>Expression</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Agreement”</td>
<td>This agreement and the Schedules annexed as may be varied from time to time.</td>
</tr>
<tr>
<td>“Arrangements”</td>
<td>The arrangements made by the Parties for the combination and integration pursuant to this Agreement, as summarised at clause 3.</td>
</tr>
<tr>
<td>“Audit Committees”</td>
<td>The Audit Committees of SCC and the Audit and Scrutiny Committee of TDC</td>
</tr>
<tr>
<td>“Cabinet Member”</td>
<td>A member appointed by the Leader of a Party to its executive pursuant to Part II of the Local Government Act 2000.</td>
</tr>
<tr>
<td>“CEDR”</td>
<td>Centre for Effective Dispute Resolution.</td>
</tr>
<tr>
<td>“Combined Working Conflict”</td>
<td>Has the meaning given to it in clause 13.</td>
</tr>
<tr>
<td>“Combined Team”</td>
<td>A team created by the Parties in accordance with Section 113 of the Local Government Act 1972 Act and established pursuant to clause 5.</td>
</tr>
<tr>
<td>“Commencement Date”</td>
<td>Means the date of this Agreement.</td>
</tr>
</tbody>
</table>
| “Confidential Information” | Means all confidential information (however recorded or preserved) disclosed by a Party or its Representatives to the other Party and that Party's Representatives in connection with this Agreement, including but not limited to:  
  - any information that would be regarded as confidential by a reasonable business person relating to: (i) the business, affairs, customers, suppliers or plans of the disclosing party; and (ii) the operations, processes, product information, know-how, designs, trade secrets or software of the disclosing party;  
  - any information developed by the Parties in the course of carrying out this agreement;  
  - Personal Data; |
<p>| “Parties”               | Means Surrey County Council and Tandridge District Council being the Parties to this Agreement.                                         |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Controller”</td>
<td>Shall have the same meaning as set out in the Data Protection Legislation.</td>
</tr>
<tr>
<td>“Processor”</td>
<td>Shall have the same meaning as set out in the Data Protection Legislation.</td>
</tr>
<tr>
<td>“Data Protection Legislation”</td>
<td>Shall mean all applicable data protection and privacy Law (including the GDPR, the LED and the Data Protection Act 2018 and all applicable Laws about the processing of personal data and privacy) and any relevant national implementing Laws and regulatory requirements, as amended from time to time, to which the Parties are subject, and any related guidance or codes of practice issued by the relevant supervisory authorities.</td>
</tr>
<tr>
<td>“Data Subject”</td>
<td>Shall have the same meaning as set out in the Data Protection Legislation.</td>
</tr>
<tr>
<td>“EIRs”</td>
<td>the Environmental Information Regulations 2004 (SI 2004/3391) together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations.</td>
</tr>
<tr>
<td>“Employee Duties”</td>
<td>The duties which a Post Holder performs on behalf of the Employing Party as determined in accordance with their Employment Contract.</td>
</tr>
<tr>
<td>“Employee Liabilities”</td>
<td>All damages, losses, liabilities, claims, actions, costs, expenses (including the cost of legal or professional services, legal costs being on an indemnity basis), proceedings, demands and charges whether arising under statute or at common law.</td>
</tr>
<tr>
<td>“Employing Council”</td>
<td>In respect of each Post Holder, the Party that employs that Post Holder. Subject to the subsequent operation of TUPE, the Parties shall agree which Party shall be the Employing Party.</td>
</tr>
<tr>
<td>“Employment Contract”</td>
<td>The contract of employment between the Post Holder and the Employing Party.</td>
</tr>
<tr>
<td>“Financial Year”</td>
<td>Means 1 April to 31 March.</td>
</tr>
<tr>
<td>“FOIA”</td>
<td>The Freedom of Information Act 2000 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation.</td>
</tr>
<tr>
<td><strong>“GDPR”</strong></td>
<td>The General Data Protection Regulation ((EU) 2016/679).</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>“HR”</strong></td>
<td>Human Resources.</td>
</tr>
<tr>
<td><strong>“HR Policies and Procedures”</strong></td>
<td>Means the HR policies of SCC and TDC.</td>
</tr>
<tr>
<td><strong>“HR Protocol”</strong></td>
<td>The document entitled ‘HR and Management Protocol for Establishing and Working in Combined Teams’ included at Schedule 4 as amended or replaced by the Parties from time to time.</td>
</tr>
<tr>
<td><strong>“Indirect Loss”</strong></td>
<td>Loss of profits, loss of use, loss of production, increased operating costs, loss of business, loss of opportunity, loss of reputation or goodwill or any other consequential or indirect loss of any nature, whether arising in tort or any other basis.</td>
</tr>
<tr>
<td><strong>“Information”</strong></td>
<td>Has the meaning given under section 84 of FOIA.</td>
</tr>
<tr>
<td><strong>“Information Sharing Protocol”</strong></td>
<td>As set out in schedule 6.</td>
</tr>
<tr>
<td><strong>“Intellectual Property Rights”or “IPR”</strong></td>
<td>All patents, rights, inventions, utility models, copyright and related rights, trademarks, service marks, trade, business and domain names, rights in trade dress or get-up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database right, topography rights, moral rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications for and renewals and extensions of such rights and all similar or equivalent rights or forms of protection in any part of the world.</td>
</tr>
<tr>
<td><strong>“Internal Governance Document”</strong></td>
<td>Each Party's internal governance documents which includes its constitution, maintained pursuant to s.37 of the Local Government Act 2000, standing orders and procedure rules.</td>
</tr>
<tr>
<td><strong>“Law”</strong></td>
<td>Means any law, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, enforceable right within the meaning of Section 2 of the European Communities Act 1972, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements.</td>
</tr>
<tr>
<td><strong>“Loss”</strong></td>
<td>All damage, loss, liabilities, claims, actions, costs, expenses (including cost of legal or professional services), proceedings, demands, and charges whether arising under statute, contract or at common law.</td>
</tr>
<tr>
<td><strong>“Non-Employing Council”</strong></td>
<td>In respect of each individual Post Holder the Party that is not the Employing Party.</td>
</tr>
<tr>
<td><strong>“Objectives”</strong></td>
<td>The desired aims, benefits, principles and intended outcomes of the joint working arrangements as set out in <strong>Schedule 2.</strong></td>
</tr>
<tr>
<td><strong>“Ombudsman”</strong></td>
<td>The Local Government Commissioner for England (or any successor to their functions).</td>
</tr>
<tr>
<td><strong>“Party”</strong></td>
<td>Each of the parties to this Agreement (referred to as Parties)</td>
</tr>
<tr>
<td><strong>“Personal Data”</strong></td>
<td>Shall have the same meaning as set out in the Data Protection Legislation.</td>
</tr>
<tr>
<td><strong>“Policies and Procedures”</strong></td>
<td>means the policies of SCC and TDC</td>
</tr>
<tr>
<td><strong>“Personnel”</strong></td>
<td>means the employed staff of SCC and TDC</td>
</tr>
<tr>
<td><strong>“Post Holders”</strong></td>
<td>Individuals made available by the Parties for a Combined Team in accordance with the HR Protocol.</td>
</tr>
<tr>
<td><strong>“Relevant Transfer”</strong></td>
<td>A relevant transfer for the purposes of TUPE.</td>
</tr>
<tr>
<td><strong>“Representatives”</strong></td>
<td>Means, in relation to a party, its employees, officers, representatives and advisors.</td>
</tr>
<tr>
<td><strong>“Request for Information”</strong></td>
<td>A request for information or an apparent request under the Code of Practice on Access to Government Information, FOIA or the EIRs.</td>
</tr>
<tr>
<td><strong>“Services”</strong></td>
<td>Means the services identified as being suitable for or having entered into joint working arrangements in accordance with this Agreement and the Protocols.</td>
</tr>
<tr>
<td><strong>“Service Director”</strong></td>
<td>Means the SCC and/or TDC Management Team member with responsibility for the service concerned.</td>
</tr>
<tr>
<td><strong>“S.113 Duties”</strong></td>
<td>Those duties which a Post Holder will perform for and on behalf of the Non-Employing Council being the duties identified in the s.113 Agreement (subject to such variations as may be agreed between the Parties and where appropriate the Post Holder from time to time).</td>
</tr>
<tr>
<td><strong>“s.113 Agreement”</strong></td>
<td>As set out in Schedule 3</td>
</tr>
<tr>
<td><strong>“Shared Posts”</strong></td>
<td>Means the posts comprising the Combined Team in accordance with the arrangements comprised in clause 5.</td>
</tr>
<tr>
<td><strong>“Term”</strong></td>
<td>The duration of the Agreement in accordance with clause 2.</td>
</tr>
<tr>
<td><strong>“Transferee Party”</strong></td>
<td>The Party to whom, subject to Regulations 4(7) and 4(9) of TUPE, a Post Holder’s employment contract transfers, or a Post Holder contends that his or her employment contract transfers, due to a Relevant Transfer.</td>
</tr>
<tr>
<td><strong>“Transferor Party”</strong></td>
<td>The Party who immediately before the Relevant Transfer was the employer of a Post Holder whose contract of employment subject to Regulations 4(7) and 4(9) of TUPE, is subject to a Relevant Transfer or a of a Post Holder who contends that, subject to Regulations 4(7) and 4(9) of TUPE, his or her contract of employment is subject to a Relevant Transfer.</td>
</tr>
<tr>
<td><strong>“Working Days”</strong></td>
<td>08:00 to 18:00 on any day except Saturday, Sunday, Christmas Day, Good Friday or a day which is a bank holiday (in England) under the Banking and Financial Dealings Act 1971.</td>
</tr>
</tbody>
</table>

2 **Interpretation**

2.1 Reference to any statute or statutory provision (including any EU instrument) shall, unless the context otherwise requires, be construed as including references to any earlier statute or the corresponding provisions of any earlier statute, whether repealed or not, directly or indirectly amended, consolidated, extended or replaced by such statute or provision, or re-enacted in any such statute or provision, and
to any subsequent statute or the corresponding provisions of any such statute directly or indirectly amending, consolidating, extending, replacing or re-enacting the same, and will include any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision.

2.2 The headings are inserted for convenience only and shall not affect the construction of this Agreement.

2.3 Words importing one gender include all other genders and words importing the singular include the pleural and vice versa.

2.4 A reference in this Agreement to any clause, paragraph or Schedule is, except where it is expressly stated to the contrary, a reference to a clause or paragraph or Schedule to this Agreement.

2.5 Any reference to this Agreement or to any other document unless otherwise specified shall include any variation, amendment or supplements to such document expressly permitted by this Agreement or otherwise agreed in writing between the relevant Parties.
SCHEDULE 2: AIMS, INTENDED OUTCOMES AND PRINCIPLES

OBJECTIVES

The Parties have agreed to develop a shared finance service which provides TDC with a comprehensive finance function comprising the s151 role and leadership and management of a range of other financial functions. Under this agreement, SCC will also support TDC through the development and delivery of a Tandridge Finance Transformation (TFT) Programme.

It is accepted that the form of this shared finance service and the supporting TFT programme will change over time. The future development of the service and the supporting TFT programme will be underpinned and guided by a Vision and a set of Design Principles taken together. These are set out below:

The Vision

Building a trusted, proactive and insightful Finance Service which is at the heart of developing a strong culture of financial management, accountability and evidence-based decision making across the council.

Blending the skills, experience and expertise of the Surrey and Tandridge teams to build a high performing, resilient, finance function for the council.

Improving processes and using systems more effectively to ease workload pressure and free up capacity.

Design Principles for development of the finance function

**Stability** – provides TDC with a long-term stable finance function

**Resilience** – able to withstand pressures and demands placed upon it

**Expertise** – provides TDC with access to specialist expertise in key areas

**Partnership oriented** – provides a strong focus on finance business partnering with TDC services and on working jointly and effectively across both councils to make best use of experience and expertise of each

**High performing** – provides a basis and environment to allow the finance team to perform at a high level

Design Principles for development of the role of finance within the Council

**Trusted** – services trust the advice of the finance service to inform their plans

**Proactive & insightful** – able to proactively support services in their plans rather than constantly ‘firefighting’

**Leading** – the finance function leads a culture of strong financial management and accountability and is at the heart of leading the development of strong financial management in the council

**Locally owned** – TDC regards and recognises the finance function as Tandridge ‘owned’ and accountable and in keeping with TDC needs.
SCHEDULE 3: S113 Agreement

Surrey County Council

And

District Council of Tandridge

AGREEMENT PURSUANT TO S113 OF THE LOCAL GOVERNMENT ACT 1972
For the Roles Identified in Appendix 1.
PARTIES

3) SURREY COUNTY COUNCIL of Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF (“SCC”)

4) DISTRICT COUNCIL OF TANDRIDGE (also known as Tandridge District Council) of 8 Station Rd E, Oxted RH8 0BT (“TDC”)

to be referred to individually as a Party and collectively as the Parties.

BACKGROUND

(A) On [ ] 2022 SCC and TDC entered into a Joint Working Agreement (“JWA”) through which they made a commitment to identifying ways of working together through the combination, sharing and closer integration of services in order to develop and enhance service delivery, build resilience and achieve future efficiencies.

(B) This s113 Agreement is made in pursuance of those objectives and arrangements set out in the JWA and so as to enable the Parties to share defined posts in accordance with section 113 of the Local Government Act 1972.

1. DEFINITION AND INTERPRETATION

1.1. This s113 Agreement should be interpreted in accordance with and have the same meanings as set out in schedule 1 of the JWA.

2. TERM

This s113 Agreement shall be deemed to have commenced on 1st January 2022 (the “Commencement Date”) and shall continue in force until such time as it is terminated in accordance with clause 21 of the JWA.

3. TERMS OF AVAILABILITY

3.1. From the Commencement Date of this s113 Agreement the Shared Posts shall be placed at the disposal of each Party in accordance with the JWA.

3.2. Each of the Post Holders will sign an individual agreement with the Parties acknowledging their duties and obligations and agreeing to be bound by the terms of this s113 Agreement, the JWA and any relevant codes, policies and procedures of the particular services concerned
3.3. Each Party may by agreement in writing place additional employees at the
disposal of the other or vary the original post holders pursuant to this Agreement.
Where any additional or new Post Holders join the joint working arrangements
provided for in this s113 Agreement and JWA, they must also sign an individual
agreement with the Parties.

3.4. Each Party agrees to ensure that each Post Holder has been consulted and has
agreed to being made available in accordance with s.113 of the 1972 Act and the
terms of this s113 Agreement and the JWA.

4. GOVERNANCE
4.1. During the term of this s113 Agreement the arrangements for governance shall be
in accordance with clause 4 and schedule 7 of the JWA.

5. THE COMBINED TEAM
5.1. During the term of this Agreement the recruitment, assignment to and
management of the Shared Posts will be in accordance with Schedule 4 of the
JWA.

6. FINANCIAL
6.1. During the term of this Agreement the financial arrangements will be in accordance
with Schedule 5 of the JWA.

7. DATA PROTECTION, CONFIDENTIALITY AND FREEDOM OF INFORMATION
7.1. During the term of this s113 Agreement the arrangements for data protection,
confidentiality and freedom of information shall be in accordance with clauses 16
to 18 of the JWA.

8. SHARING INFORMATION AND TECHNOLOGY
8.1. During the term of this S113 Agreement the arrangements for sharing information
and technology shall be in accordance with clauses 8, 9 and 15 of the JWA.

9. INDEMNITY, LIABILITY AND INSURANCE
9.1. The provisions set out in clauses 10 and 11 of the JWA shall also apply to this
s113 Agreement.
9.2. The Parties shall be jointly and severally liable to any third parties in respect of
all actions and causes of action claims demands proceedings damages losses
costs charges and expenses directly arising from this Agreement. Each Party
shall indemnify and keep indemnified the other Party from and against the
extent of the indemnifying Party’s liability for any actions and causes of action
claims demands proceedings damages losses costs charges and expenses
directly arising from or in connection with this Agreement and such liability and
indemnity shall continue after the termination of this Agreement
9.3. Each Party shall ensure that it has all appropriate insurances relating to public
liability, employee liability, professional indemnity and Member indemnity to cover
any liabilities arising under this Agreement.
10. CONFLICTS OF INTEREST AND DISPUTE RESOLUTION
10.1. During the term of this s113 Agreement the arrangements for conflicts of interest and dispute resolution are set out in clause 13 of the JWA.

11. TERMINATION
11.1. This Agreement will continue to remain in force until termination in accordance with clause 21 of the JWA.

12. VARIATION
12.1. The Parties may agree to vary the Agreement including for the avoidance of doubt the Protocols from time to time in accordance with clause 23 of the JWA.
12.2. Any variation of the Agreement and/or the Protocols must be in writing and signed by or on behalf of each of the Parties. The Agreement may be varied at any time by agreement in writing between the Parties in accordance with clause 23 of the JWA.

13. RIGHTS OF THIRD PARTIES
13.1. The Contracts (Rights of Third Parties) Act 1999 shall apply to this Agreement. No person who is not a party to this Agreement shall have the right to enforce any term of this Agreement which expressly or by implication confers a benefit on that person without the express or prior agreement in writing of the Parties which agreement must refer to this clause.

14. NOTICES
14.1. Any notice required by this Agreement to be served in writing shall be sent by first class post, to the principal place of business of the Party on whom it is served.

15. GOVERNING LAW
15.1. This Agreement shall be governed and constructed in accordance with English law and shall be subject to the exclusive jurisdiction of the English Courts.

IN WITNESS whereof this Agreement has been executed by the Parties on the date of this Agreement:

Signed on behalf of Tandridge District Council by

………………………………

Signed on behalf of Surrey County Council by
Appendix 1: Shared Posts

The posts below are shared roles employed by Surrey County Council.

Director of Corporate Finance and Commercial.
Director of Finance Insights
Strategic FBP (Commercial)
Strategic FBP (Corporate)
Strategic Capital Accountant
Chief Accountant
Senior Finance Business Partner
SCHEDULE 4 – HR PROTOCOL

This HR Protocol establishes the principles of how the shared team will work together to deliver the objectives of the shared finance service agreed between the Councils. The Councils agree to be bound by the terms of the HR Protocol and to fulfil their respective obligations thereunder.

1. This protocol:
   - is designed to support those working in the shared finance team to be effective in their role;
   - complements, but does not replace, the HR Policies and Procedures of each Council;
   - in no way affects the statutory obligations of each Council;
   - in no way affects the contracts of employment or terms and conditions of the staff of each Council.

2. In the event of any conflict between this protocol and any HR Policies or Procedures of each Council, the relevant HR Policy or Procedure for each Council will take precedence.

3. Members of the shared team who are not directly employed by Tandridge District Council will work under a s113 agreement as set out within the JWA.

4. Each role within the shared finance team will have an agreed role profile which sets out the requirements of the post holder. Where this is a shared role, any additional responsibilities and requirements will be reflected in post holders role profile / job description.

5. Each council will make the necessary arrangements with their own staff to facilitate the development of the shared team. Such arrangements will include any necessary amendments to role profiles or job descriptions and / or management instructions / guidance to those staff impacted.

6. The HR Protocol requires parties to liaise with each other regarding the contracts of employment of those they manage to support the effective operation of the shared team. Line managers will need to take advice from the HR service of the employing Council where interpretation or formal action under the contract of employment is required.

7. Services will be shared only once the approved governance has been followed.

8. The shared team may take various forms which best reflect the operational requirements of the service to be delivered, including:
   - ‘virtual’ teams for a specific purpose;
   - team members who may or may not be co-located with the rest of the team;
   - teams including colleagues from other partner or external organisations;
9. Each Council will undertake best endeavours to ensure that the staff within the shared team are treated fairly and equitably.

10. Contractual relationship

   For the avoidance of doubt,
   
   - employees in the shared team will continue to be contracted to their current employer on the same terms and conditions provided under the respective individual contract of employment. This means that employees of both councils will work alongside each other on different terms and conditions of employment.
   - the employing Council remains responsible for exercising the rights and duties of the employer.
   - existing and established posts under the shared team will normally be filled on the same and continuing basis unless otherwise agreed between the Councils.
   - employees will not have a choice regarding which Council employs them. It must be clear from the outset which employer the vacancy falls under.
   - no change will be made or implied to the responsibilities within an employee’s contract unless the approved governance has been followed.

11. Management arrangements

   - team members will be managed by an employee or employees of either Council as set out in the agreed structure;
   - team members will share common team goals and objectives but will continue to be subject to the performance review process relating to the organisation that employs them;
   - where necessary for the effective working of the team, a set of expected working standards will be created and agreed.
SCHEDULE 5 - FINANCIAL PROTOCOL

This Financial Protocol establishes the principles of how the financial relationship between the Councils will work. The Councils agree to be bound by the terms of the Financial Protocol and to fulfil their respective obligations thereunder.

These principles will apply to both the provision of the Finance services and the development and delivery of the TFT Programme and the associated Service Charge as set out under Schedule 8.

PROVISION OF SHARED FINANCE SERVICES

1. Tandridge District Council and Surrey County Council have agreed to develop a shared finance service which provides TDC with a comprehensive finance function comprising the s151 role and leadership and management of a range of other financial functions. The costs of funding the agreed operating model for the finance function will be met in full by TDC.

2. The Parties will agree a start date for the provision of the Finance Services.

3. SCC will provide staffing and other resources to support the delivery of the agreed operating model. The Service Charge levied for these services will reflect and be directly linked to an apportionment of the estimated effort (% of staff time) of providing the management oversight and other identified services as set out in Schedule 8, along with a reasonable level of overhead recovery for providing the service.

4. The Parties will agree a start date for the Joint Working Arrangements to commence and for the Service Charge to apply. Savings and associated costs made by Councils prior to this start date shall remain with the respective Councils.

5. The calculation of the Service Charge levied by SCC will change annually (up or down) directly in line with any change in the direct costs of employment (ie annual pay awards, NI or pensions contributions). Any other changes (up or down) will come into effect only following due consideration through the Annual Review as set out elsewhere in this Agreement and following the appropriate internal governance for each Council.

6. An in-year variation to the Service Charge (up or down) will be possible where agreed by both parties in line with this Agreement and following the appropriate internal governance for each Council.

7. Any additional costs or savings which flow directly from the work undertaken by the Finance Service will be directly attributable to the relevant Council receiving the benefit of the work undertaken. Where savings identified can properly be attributable to both councils (for example in a shared contracting arrangement), the basis of any savings share or cost attribution will be agreed in advance and subject to the appropriate internal governance for each Council.
8. The costs associated with any termination of this Agreement will be in line with clause 22.

TANDRIDGE FINANCE TRANSFORMATION PROGRAMME

9. Under this agreement, SCC have agreed to support TDC through the development and delivery of a Tandridge Finance Transformation (TFT) Programme.

10. The costs associated with developing and delivering the TFT programme of work will be monitored and managed in accordance with the Governance arrangements set out in Schedule 7 and this Financial Protocol.

11. It is a requirement of this Agreement that the agreed TFT programme of work is fully supported by each of the Parties and that they will seek to bring their respective skills, abilities and resources together to ensure that the benefits identified are delivered in line with the programme.

12. Under this Agreement, SCC agrees to devote an appropriate amount of non-charged officer time and effort to the development and delivery of the TFT programme of work on the understanding that:

   a) TDC remains fully engaged with the TFT programme of work and is committed to delivering the benefits identified.

   b) TDC is willing and able to fund additional direct costs which are directly attributable to and associated with the delivery of identified benefits within the programme.

13. A record of the costs associated with developing and delivering the TFT programme of work will be kept and reported in accordance with the Governance arrangements set out in Schedule 7. This record will include and allow for both direct costs and those where officer time is allocated / apportioned (when working specifically and solely on these activities), even where this cost is not recharged between the Parties.

14. Where, in the assessment of the TFT Programme Board, the costs and effort being expended is not proportionate to the benefits being realised through the TFT Programme, the Board will take corrective action to address this, reporting any consequent actions in accordance with the Governance arrangements set out in Schedule 7. These actions may include (but are not limited to) a review of the scope of the programme and/or a reduction in the time allocated to it (by both Parties).
SCHEDULE 6: TECHNOLOGY AND INFORMATION SHARING PROTOCOL

TECHNOLOGY

1. Each Council will be responsible for allowing access and providing technology to its systems and the other councils systems as required. The costs and access will be the responsibility of the Council which acts as the Data Controller.

2. The Parties agree to share technology if it is necessary for the services set out in this agreement. Where Technology is shared it will be in accordance with TDC Technology and Data Policies and where relevant SCC’s Technology and Data Policies. This Sharing will be used solely for the purposes set out in the JWA.

3. Where the shared working set out in the JWA requires councils to adjust its Technology, Policies and Systems. The responsibility for doing so will sit with individual council.

DATA SHARING

4. The data to be shared is TDC data only and covers data used by the TDC Finance function to undertake its function within the Council.

5. The data comprises both Commercial and Corporate Financial Data.

6. The data is held electronically within TDC Finance Systems. SCC will not store TDC data on its finance systems.

7. TDC are the data controllers for this data.

8. The data may be processed by both TDC and shared finance staff and other 3rd parties who have the formal written consent of TDC.

9. The following processing rules will apply where data is shared.

10. It is agreed that the Councils are subject to the provisions of the Data Protection Act 2018 Freedom of Information Act 2000 (“FoIA”) and the Environmental Information Regulations 2004 (“EIRs”).

   a. Each Council shall cooperate with the other and supply to the other all information properly required in connection with any request received by a Council under the FoIA or EIRs except to the extent that in the disclosing Council’s opinion such information is exempt from disclosure under the relevant legislation.

   b. In relation to all Data, each council shall at all times comply with the Data Protection Legislation in connection with this Agreement and any new proposals.

   c. The councils shall (and shall procure that any of their respective personnel shall) in so far as it relates to the performance of their respective obligations under this Agreement:
• adhere to all applicable provisions of the Data Protection Legislation
• comply with any notification requirements under Data Protection Legislation
• to the extent applicable duly observe all their obligations under the Data Protection Legislation which arise in connection with the Agreement

d. Notwithstanding the general obligation in respect of each Council’s rights and obligations under this agreement, TDC acknowledge and agree that they are Data Controllers in respect of the Personal Data they hold for the purposes of the Agreement.

e. Processing of the Data is done by staff or services covered by this agreement following TDC policies and procedures.

f. Data held by TDC is accessed by the shared staff or 3rd parties via the permission of TDC using TDC technology and systems.

g. Staff or services accessing TDC data are expected to follow TDC data protocols.

h. Each Council is responsible for ensuring that staff and services are appropriately trained to handle data.

11. Each Council shall notify the other of the name and contact details of that Council’s Data Protection Officer (as that term is understood by reference to the Data Protection Legislation). Each Council shall promptly inform the other of any change in its Data Protection Officer.

12. The provisions shall apply during the continuance of this Agreement and indefinitely after its expiry or termination or until all Personal Data is returned to the responsible Data Controller or destroyed on the responsible Data Controllers instruction.

13. Where any new proposal will include the processing of personal data and/or control of personal data then before such new proposal is agreed and finalised the councils must depending on the data sharing arrangements and the data sharing relationship under the new proposal undertake a Privacy Impact Assessment (PIA) where that processing is likely to result in a high risk to individuals interests (and in any other instance as a matter of good practice) prior to entering into an appropriate data protection agreement.
OVERALL GOVERNANCE ARRANGEMENTS

1. This Agreement is subject to the formal approval of the Tandridge District Council Chief Executive following consultation with Group Leaders and the Chair of the TDC Strategy & Resources Committee.

2. Within SCC, this Agreement is subject to the formal approval of the SCC Executive Director of Resources following consultation with the Cabinet Member for Finance and Resources.

3. Governance arrangements are set out elsewhere within the JWA and supplemented by the additional provisions within this Schedule.

4. The initial implementation of this Agreement and the supporting TFT Programme of work will be overseen by a TDC Member Reference Group (MRG) consisting of the following at its formation:

   - Group leaders
   - Chair of Strategy & Resources Committee
   - TDC Chief Executive
   - TDC Chief Finance & Section 151 Officer
   - TDC Head of Legal Services & Monitoring Officer
   - TFT Programme Manager - Ricky Fuller

TFT PROGRAMME GOVERNANCE

5. Governance of the delivery of the TFT programme will be structured as set out below:

   ![Diagram of TFT Programme Governance Structure]

   **Key role**
   1. Formal decision making
   2. Group Leaders & Senior Officers
      1. Meets B-MONTHLY
      2. Overall Programme progress
      3. Joint Working Arrangements
   3. Sponsors & Workstream Leads
      1. Meets Monthly
      2. Programme Level Risks & Issues
   4. Service Senior Leads
      1. Represent services in TFT
      2. Over, lead & drive changes
   5. Prog Manager / Workstream Leads
      1. Meets Fortnightly
      2. Workstream delivery
      3. Risks and Issues
6. The role of the MRG is to:

- agree the overall scope of the Programme and approve any changes;
- monitor progress and ensure that the TFT programme delivers the expected outcomes;
- provide guidance and steer on programme direction and provide clarity where decisions are required.

7. The Programme Board will meet on a monthly basis to oversee operational delivery of the programme with updates provided to the MRG on a bi-monthly basis.

**TFT OPERATIONAL GOVERNANCE**

8. The following controls will be the minimum in place to effectively manage and monitor the delivery of the programme:

9. Plans - the programme will have and maintain a high-level plan that will encompass the high level milestones of each of the projects and delivery dates.

10. Risk and Issue log – the programme will have and maintain a Risk and Issue log which will be reviewed and regularly monitored by the programme team. All risks will have an owner who will recommend the likelihood and impact ratings along with determining the appropriate mitigation. Risks deemed critical to delivery of the programme will be discussed at the Programme Board and MRG meetings.

11. Costs – the programme will have and maintain a record of the costs associated with delivery of the programme.

12. Reporting – the programme will produce a regular monthly highlight report to communicate key information about the status of the programme / projects.
SCHEDULE 8: OPERATIONAL ARRANGEMENTS

1. The operational arrangements established for the shared finance team are designed to support the delivery of the aims and objectives of the JWA. The development of the service and the supporting operational arrangements will be underpinned and guided by a Vision and a set of Design Principles taken together as set out in Schedule 2.

2. The structure of the shared finance function at commencement (1st January 2022) is set out below.

3. At the Strategy and Resources Committee on 11th January 2022 it was agreed to implement a new finance structure. The commencement date of this is still to be confirmed.
4. It is expected that the form of this shared finance service, the supporting TFT programme, and the operational arrangements in place to deliver them, will change over time. Variations to agreed arrangements will be made in accordance with the provisions within the JWA.

5. The annual Service Charge from SCC for posts provided by SCC and other support services associated with the current structure is set out in the table below. This will be reviewed annually or when a change to the structure is agreed.

6. Charges shown below are for the period from 1st January 2022 until implementation of the new structure and then following its implementation.

<table>
<thead>
<tr>
<th>Schedule of recharges</th>
<th>1st Jan 2022</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of s151 role &amp; support</td>
<td>£85,000</td>
<td>£130,000</td>
</tr>
<tr>
<td>Corporate Finance Support Services</td>
<td>£50,000</td>
<td>£50,000</td>
</tr>
<tr>
<td>Other Finance Support Services</td>
<td>£20,000</td>
<td>£10,000</td>
</tr>
<tr>
<td><strong>Total Recharge</strong></td>
<td><strong>£155,000</strong></td>
<td><strong>£190,000</strong></td>
</tr>
</tbody>
</table>

7. SCC will provide finance support services to TDC to ensure the effective working of the shared team and in support of the delivery of the Aims and Objectives set out in Schedule 2. An overview of these services is set out below.

8. **Services included in the Section 113 Agreement – Chief Finance Officer (s151)**

SCC will provide the services of the Chief Finance Officer in accordance with the responsibilities and accountabilities set out within the agreed role profile for the post.

9. **Services included in the Section 113 Agreement – Corporate Finance**

The services provided by SCC in support of the corporate finance function include:

- Oversight of the revenue budget setting and monitoring
- Oversight of the capital budget setting and monitoring process, MRP policies
- Oversight of the annual accounts process, accounting advice and relationship with auditors
- Completion of a number of government returns, including potentially grant claims
- Matrix management of TDC staff
- Oversight of VAT returns
- Proposal of policies, from time-to-time, for approval by TDC leadership or Members
- Completion of collection fund modelling with Revs and Bens

Provision of a financial management service for the subsidiary company (Gryllus) including:

- Management of finances of Gryllus properties
- Monthly billing
• Bank reconciliation
• Management accounts
• Budget Drafting
• Accounts and audit process
• VAT returns
• Access to bank accounts through HSBC
• Modelling options

10. Services included in the Section 113 Agreement – Other

Other services provided by SCC in support of the finance function include:
• Support with strategic development
• Sharing of best practice business partnering advice and support
• Access to the SCC award winning Finance Academy

11. Services provided outside of the Section 113 Agreement – Treasury Management

SCC will provide a Treasury Management function through the Orbis Treasury Management Centre of Expertise. This is a shared service arrangement including SCC, East Sussex County Council and Brighton and Hove City Council which is undertaken through an Inter Authority Agreement. Access to this service and the work associated will be managed by SCC and approved by TDC through the Treasury Management Strategy.

Typical activities will include:
• Cash flow forecasting
• Strategic Treasury advice including advice on Investments that could be subject to capital risk
• Government Treasury returns
• Investing cash on behalf of TDC – e.g. certifying and approving the payment of cash to investment counterparties and redeeming those investments when needed
• Borrowing on behalf of TDC – e.g. borrowing money from authorised lenders in the Treasury Management strategy
• For the two above the proposed process would be contained within SCC and Orbis partners, but with segregation of duty and in accordance with TDC policy
• Access to enter and authorise CHAPS payments on the HSBC banking platform for TDC accounts
12. Approach to the provision of Services

Services provided under the JWA will be controlled through Work Packages which set out how the various areas are managed and governed. Work Packages include:

- Working Together to strengthen Culture and Accountability
- Communication
- Matrix Management
- Management Oversight
- Support and Guidance
- Delivery of specific products

Other work packages will be developed as necessary to ensure the effective discharge of the service. These are ‘living’ documents and will be varied as required by the agreement of the responsible officers in SCC and TDC.

13. Use of 3rd Parties

Where SCC uses a third party to provide a service this will be agreed in advance by both Councils and recorded in the relevant Work Package.
Pay Policy Statement 2022/23

Strategy & Resources Committee - Tuesday, 1st February 2022

Report of: Chief Executive

Purpose: For decision

Publication status: Open

Wards affected: All

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

The Council ('TDC') is required to publish an annual statement which is to be ratified by Full Council. Pay Policy Statements must be published by 31 March each year to apply to pay decisions during the next financial year.

The information is set out under headings which have been prescribed by the Localism Act 2011 and relates to the 2022/23 financial year unless otherwise stated.

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

Contact officer Katy Meakin kmeakin@tandridge.gov.uk

Recommendation to Committee:
That the Committee notes the annual Pay Policy Statement for 2022/23, attached at Appendix A, and recommends this to Council for adoption from 1st April 2022.
Introduction and background

1. The requirement for local authorities to produce Pay Policy Statements was introduced under the section 38(1) of the Localism Act 2011 ("the Act"). This stated that "A relevant authority must prepare a pay policy statement for the financial year 2012-2013 and each subsequent financial year".

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

3. Key background information:

3.1 The Council has opted out of the terms and conditions of employment operated by the National Joint Council (NJC) for Local Government Services and has local terms and conditions of employment.

3.2 The local pay scales cover all employees of the Council, including Chief Officers as follows:
   - Head of Paid Service (Chief Executive Officer)
   - Statutory Officer, Monitoring Officer (Head of Legal Services)
   - Statutory Officer, Section 151 Officer (Chief Finance Officer)
   - Non-Statutory Officer, reporting to Head of Paid Service (Executive Head of Communities)
   - Non-Statutory Officer, reporting to Head of Paid Service (Chief Planning Officer)
   - Non-Statutory Officer, reporting to Head of Paid Service (Executive Head of Corporate Resources)

4. As required by law, the Council auto-enrolls all eligible employees into a pension scheme - the Local Government Pension Scheme (LGPS).

5. Relative to most other parts of the country, the District is expensive to move to and live in.

6. Competition for some specialist posts remains high nationally with our neighbouring local authorities competing for the same skills and experience.

7. The proposed Pay Policy Statement at Appendix has been updated as follows (shown in tracked changes within the appendix):
   - Para 3.2 - removal of references to the Senior Leadership Team
   - Para 3.3.1 - uprated salary for TC2 grade
Para 4.2 – deletion of reference to ‘business mobility allowance’ – this no longer exists

Para 10.1 - uprated salary for TC2 grade

Para 12 – revised text for election fees and removal of the ‘election fee annexe’ to mirror the content of neighbouring authorities’ pay policy statements

Previous Para 18 - deletion of reference to an ‘exit cap’ as these proposals have since been rescinded by the government. The Government issued Treasury Directions, the Exit Payment Cap Directions 2021, which came into force on 12th February 2021, to suspend the Restriction of Public Sector Exit Payments Regulations 2020.

8. To meet the requirements of the Localism Act 2011, the Council must agree and publish a Pay Policy Statement before each financial year. This report sets out why the Council’s Statement is set out in the way it is and contains the information it does. However, it may be necessary to amend this Pay Policy Statement at a later date to reflect any decisions made by this Committee and in particular, to reflect any budget savings made by Members.

9. It is proposed that any revised Pay Policy Statement for 2022/23, incorporating any changes, be presented to the Committee at its next meeting.

Key implications

Comments of the Chief Finance Officer

The draft Pay Policy Statement sets out staffing/pay related terms and conditions for 2022/23. There are a number of pay related savings as part of the 2022/23 final budget report on the same agenda and, if agreed, will require approval by Full Council on 10th February, prior to the policy being finalised. These savings include:

- Reduce the provision of Health Insurance provided to TDC employees (£7.5k)
- Stop the current purchase of My Staff Shop (£350)
- Review of staff increments, terms and conditions and reward policy (£25k 22/23, £100k Full year impact in 23/24). These currently reside in corporate items and are due for distribution to committees in June, as part of Tranche 3 allocation of savings.
Comments of the Head of Legal Services

Local Authorities are required, by Section 38 (1) of the Act, to set out a written statement each financial year relating to the:

- remuneration of Chief Officers
- remuneration of its lowest paid employees
- relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers

In line with statutory requirements, the Council’s draft Pay Policy Statement has been reviewed and updated for 2022/23 for approval by Full Council prior to publishing on the Council’s website.

The Council will need to adhere to the policy statement when making determination on senior officer pay, although the statement may be amended at any time by further resolution of Full Council.

Equality

The proposed pay policy statement would comply with sections 38 to 43 of the Localism Act 2011 which requires such statements to identify:

- the remuneration of the Council’s chief officers relative to that of its lowest paid employees; and
- the Council’s policies relating to the remuneration of its chief officers.

The Act also requires annual pay policy statements to be ratified by full Council prior to 31st March of each preceding year.

Climate change

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

Appendices

Appendix A – Tandridge District Council – Pay Policy Statement 2022/23 (amendments from the current Statement shown in tracked changes)

Background papers
None.
TANDRIDGE DISTRICT COUNCIL - PAY POLICY STATEMENT 2022/23

1. Introduction

Section 38(1) of the Localism Act 2011 requires local authorities to produce an annual pay policy statement.

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

Tandridge District Council (TDC) is required to publish an annual statement which has been approved by full Council. The information is set out under headings which have been prescribed by the Localism Act and relates to the 2022/23 financial year unless otherwise stated.

2. Background

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

3. Definitions

For this Policy the following definitions will apply:

3.1 Pay

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

3.2 Chief Officer

3.2.1 The Council’s Chief Officers are the Head of Paid Service (the Chief Executive), the Monitoring Officer, the Section 151 Officer (Chief Finance Officer) - all of whom are the statutory chief officers - and three other non-statutory officers: Executive Head of Communities; Chief Planning Officer and Executive Head of Corporate Resources.
Council’s Senior Leadership Team consists of 16 officer roles; 5 of whom are Chief Officers for the purposes of this policy statement, under the definition in the Localism Act 2011 and Local Government and Housing Act 1989:

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

3.3 Lowest paid employees

3.3.1 The lowest paid staff employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council’s grading structure (TC2) which is set at the National Living Wage. With effect from January 1, 2022 this was £18,410 per annum (£9.54 per hour).

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

4. Level and elements of remuneration for Chief Officers

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

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

- If the officer is a member of the LGPS, the agreed employers contribution (currently 17.1% of gross salary plus any other pensionable pay).

- All other employees are entitled to claim a casual mileage allowance when travelling on council business.

- Access to a Cashplan scheme. Employees pay tax on this benefit.

- Access to an Employee Assistance Programme (EAP).

- Payment of an annual subscription to one professional institution where this has a clear benefit or is a requisite for the job. In some cases, if role specific, a maximum of two professional subscriptions may be reimbursed, at the discretion of the Executive Head of Corporate Resources.
5. **Remuneration of Chief Officers on recruitment**

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

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

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

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

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

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

6.2 The Council operates a pay scheme whereby Chief Officers and staff can be awarded a single increment on the salary scale each April. This is dependent on satisfactory performance throughout the year as assessed by the line manager. Once an employee reaches the top of their salary scale there is no opportunity to move into the next grade.

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

6.4 Incremental and cost of living increases are normally paid with effect from the 1st April each year.

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

Increases in pay for Chief Officers are subject to the process described in paragraph 5 above except that the Chief Executive’s performance is assessed by the Leader, Deputy Leader and Chair of the Strategy and Resources Committee.

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

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

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

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

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

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

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

10.1 TDC defines the lowest paid employees as those that are on the second grade (TC2) of the pay scales. The lowest salary being paid to members of staff on the TC2 grade as at January 2022 was £18,410.

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

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

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

11. **Components of Employee reward package**

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

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

12. **Election fees (See Annex A)**

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

These are paid separately for additional duties and responsibilities. All expenditure properly incurred by a Returning Officer in running elections is to be paid by the Council in accordance
with the Surrey Fees and Charges Order which is agreed annually. Any expenses paid must not exceed this scale. Elections payments for local elections are the sole responsibility of the Returning Officer and not the Council. The role of the Returning Officer is separate from his/her duties as a local government officer and is directly accountable to the courts as an independent statutory office holder. Fees properly incurred are reimbursed at national elections from central government. The Chief Executive currently acts as Returning Officer for parliamentary elections for the East Surrey constituency and Returning Officer for local elections.

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

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

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

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

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

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

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

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

15. **Policy on lowest paid**

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

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

16. **Gender Pay Gap data**

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

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

18. **Exit Cap and Recovery Provisions**

The UK Government intends to introduce Regulations that will impose a cap of £95,000 on exit payments for public sector workers. It also intends to develop regulations to enable the recovery of exit payments made to employees who leave the public sector and return within 12 months, although the timetable for these regulations is not as clear. The minimum salary to which the recovery provisions will apply is £80,000 per annum. If and when the UK Government introduces these Regulations, Council policies will be updated as appropriate to take this into account.

18. **Equality and Diversity**

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

18.2 This policy will be applied equally to all employees.
Timetable of meetings for 2022/23

Strategy & Resources Committee - Tuesday, 1st February 2022

Report of: Head of Legal Services & Monitoring Officer

Purpose: For decision

Publication status: Open

Wards affected: All

Executive summary:
The purpose of this report is to enable the Committee to recommend a timetable of Committee and Council meetings for 2022/23. The suggested timetable reflects the Committee’s decision of the 5th October 2021 that, as far as practicable, there should only be one policy or planning committee in a week, held on a Thursday. It also reflects the need for frequent planning committee meetings and assumes that the current committee structure will be retained for 2022/23. The key purpose of certain meetings is also explained.

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

Contact officer Vince Sharp Democratic Specialist
vsharp@tandridge.gov.uk

Recommendation to Committee:
That the calendar of meetings, attached at Appendix A, be recommended to Full Council for adoption

Reason for recommendation:
The Authority needs to have the dates of its Council and Committee meetings in place for the next municipal year. The rationale for the suggested meeting dates is explained within the report.
Introduction and background

1. The following recommendation by this Committee (5th October 2021) was adopted by Council:

"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”.

2. The provisional timetable at Appendix A is presented accordingly. As well as the principle referred to in 1 above, the timetable has been prepared in light of the following assumptions / conventions:

- the current committee structure will be retained for 2022/23
- monthly Planning Committees are scheduled, where possible, with a maximum gap of 6 weeks between meetings to avoid the potential for non-determination of applications
- the Investment Sub-Committee will continue to meet on Friday mornings
- August is to be kept free of meetings
- no Policy Committees have been scheduled to meet in the week before Full Council so that the ‘Council Book’ can be published with the relevant committee minutes included. However, some Planning and Audit & Scrutiny dates fall in ‘pre-Council’ weeks and, in such cases, the minutes of the relevant meetings will have to be circulated separately in advance of the imminent Council meeting or stand deferred until the next cycle for appearing in the ‘Council Book’.

3. The proposed timetable contains the following exceptions to the principle of ‘having only one policy or planning committee in a week, held on a Thursday’:

(i) The first Housing Committee meeting (21st June 2022) will be on a Tuesday, two days before Planning Policy. This is because the appointment of committees and election of Chairs won’t take place until the evening of the 26th May Annual Council. After that, the first available ‘Thursday slot’ is the 9th June, given that the 2nd is a bank holiday. Planning Committees have been prioritised for 9th June and 7th July and there aren’t enough ‘Thursdays’ in between to accommodate all four Policy Committees

(ii) The other exceptions concern the engagement of committees in the 2023/24 budget setting process and are as per this years’ timetable. That is, given the expectation that Full Council will set the budget on 9th February 2023:
• the Community Services and Planning Policy Committees are scheduled to meet in the same week, i.e. the 17\textsuperscript{th} and 19\textsuperscript{th} January 2023 respectively;

• the Housing and Strategy & Resources Committees are scheduled for the subsequent two Tuesdays (24\textsuperscript{th} and 31\textsuperscript{st} January 2023) to allow sufficient time for a report to be prepared for the 9\textsuperscript{th} February 2023 Full Council.

Key implications

Comments of the Chief Finance Officer

For Finance there are two separate processes: Statutory Accounts reporting and Budget Setting and Monitoring.

Statutory Accounts – Audit & Scrutiny Committee approves the Council’s annual statements of accounts. The statutory deadline to have accounts approved by the Committee is 30\textsuperscript{th} September. So having a meeting on the 27\textsuperscript{th} September meets the potential deadline subject to external audit.

Budget Setting and Monitoring – The planned budget setting process would enable to have some engagement with Members around October on the draft Medium Term Financial Strategy. The Autumn Statement and the Member engagement feedback would be incorporated into the draft budget presented around mid-November. The Provisional Settlement information and further refinement on the committee budgets would be presented to policy committees in January 2023. The consolidated final budget report with the Council Tax Precept and balanced revenue budget to Strategy & Resources will be supported by the S151 Officer section 25 Local Government Act 2003 report on the robustness of the estimates and adequacy of reserve. The budget monitoring reporting is currently circulated informally to Members through Group Leaders. The only formal monitoring report would be the Outturn – currently scheduled for June 2022.

This process and proposed committee timetable meets the two key statutory deadlines:

• Approving the Council Tax – tax base deadline is 31\textsuperscript{st} January. This is achieved by taking the tax base as part of the draft budget in December.

• Approving the Council Tax precept – issuing the council tax bills deadline is 1\textsuperscript{st} March. To meet this deadline, the Revenues and Benefits team require the whole precept (Surrey County Council, Surrey Police, Tandridge Parishes and Tandridge’s) to be approved at least 10 working days before. This is achieved by having Council on the 9\textsuperscript{th} February.

Therefore, the proposed committee timetable fits the finance processes.
Comments of the Head of Legal Services
There are no direct legal implications associated with this report. The determination of the calendar of Council and Committee Meetings for the ensuing municipal year will need to be approved by Full Council.

Equality
There are no significant equality implications associated with this report.

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

Appendices
Appendix A – proposed timetable of meetings for 2022/23.

Background papers
None

---------- end of report ----------
# APPENDIX A – PROPOSED TIMETABLE OF MEETINGS FOR 2022/23
(meetings start at 7.30pm unless otherwise indicated)

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### 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
- **JCC** Joint Consultative Committee
- **P** Planning Committee
- **PP** Planning Policy Committee
- **S** Standards Committee
- **S&R** Strategy & Resources Committee

### School holidays
- **1 = 21/22 treasury investment outturn**
- **2= 21/22 budget outturn**
- **3= to approve final accounts for 21/22 and receive the external audit of the final accounts**
- **4= mid-year treasury investment review**
- **5= as per 3 above (if not ready for 27/9/22)**
- **6 = draft Council budget for 23/24**
- **7 = 23/24 budget setting meetings**
- **8 = capital & investment strategy**
- **9 = community safety review**
- **10= to agree the S&R budget envelope and recommend Council Tax & council wide budget for 23/24**
- **11= to set the Council Tax & budget for 23/24**