

# 2024/25 Final Budget and Medium-Term Financial Strategy to 2026/27, including Future Tandrige Programme Update

## Strategy and Resources Committee

Tuesday 30 January 2024

Report of: Chief Executive  
Director of Resources (S151 Officer)

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Purpose: For decision

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Publication status: Unrestricted

Wards affected: All

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### **Executive Summary:**

This report sets out a final Budget for 2024/25, accompanied by an update on the Future Tandrige Programme (FTP).

The final budget will be approved by Full Council on 8<sup>th</sup> February 2024. Details of budget pressures and savings proposals are set out in this report.

The report also discusses the national and local context for the budget setting process, organisational and Committee updates, an overview of reserves and details of budget assumptions and principles.

### **In respect of the budget, the report provides:**

- The consolidated Council Budget for 2024/25 and Medium-Term Financial Strategy, based on the reports presented to the four Policy Committees, including the preceding agenda item.
- Proposals on the level of Council Tax (the precept) to be set by Tandrige District Council.
- The Council's 'Section 25' report, providing confirmation on the robustness of estimates and the adequacy of reserves.

### **In respect of the Future Tandrige Programme, the report provides:**

- An update of progress in Operations since the report to the Community Service Committee in September.

- An update on Digital Transformation and the work being carried out to deliver the scope in the business case approved in June 2023.
- An update on the Corporate Plan.
- An update on the Commercial Strategy and commercial activities being developed.
- A view of resources required to deliver FTP and additional transformation activities over the coming year.

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

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## **Recommendations to Committee:**

### **In respect of the Final Budget**

Committee recommends that Full Council **note** the following:

1. 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 the higher of £5 or 2.99%).
2. The Local Council Tax support scheme (**Appendix A – section 8.12**) is unchanged for financial year 2024/25.
3. The Parish Councils' precept requirements for 2024/25 (**Appendix F – TO FOLLOW FOR FULL COUNCIL**).
4. That unavoidable external risks to the budget are mitigated through the retention of a general contingency of **£0.445m per annum** (held at the same level as 2023/24).
5. The financial strategy to build the General Fund reserve from the current level of **£2.8m** using unused contingency (**Appendix A – section 9**).

Committee recommends that Full Council **approve** the following:

6. The net revenue budget requirement be set at **£12.799million** (net cost of services after service-specific government grants) for 2024/25 (**Appendices B and C**), subject to confirmation of the Final Local Government Financial Settlement.
7. The Final Budget Envelopes for each Committee including the allocation of pressures and savings targets for 2024/25 (**Appendices B and C**).

8. The **£74.8 million** proposed three-year Capital Programme (comprising £7.9m General Fund, £5.6m Community Infrastructure Levy (CIL) and £61.3m Housing Revenue Account (HRA)) of which £25.5 million Capital Budget is for 2024/25 (**Appendix D**).
9. That the total Council Tax Requirement be set at **£9.6 million** for 2024/25. This is based on a Council tax increase of 2.99% to cover Council services (**Appendix E**).
10. That Tandridge District Council set the precept for Band D Council Tax at £244.99 which represents a £7.11 / 2.99% uplift, equating to 14 pence per week.

A full list of bands is as follows:

Valuation Band	Annual Amount £
A	163.33
B	190.55
C	217.77
D	244.99
E	299.43
F	353.87
G	408.32
H	489.98

*Note that for Full Council, there will be additional recommendations incorporating Surrey County Council and Surrey Police and Crime Commissioner's precepts, to meet with legislative requirements when approving the Council Tax for 2024/25.*

*The County and Police precept information is required before TDC's precept can be finalised.*

*Given the timing of Surrey County Council's Full Council meeting on 6th February, it is anticipated that the precept information will be sent to Members on 7th February, in advance of Full Council on 8th February.*

11. The Flexible Use of Capital Receipts Strategy for 2024/25 to meet the statutory guidelines for the use of such receipts to fund transformation (**Appendix G**).

**In respect of the wider Future Tandridge Programme, that Committee:**

12. Notes the progress to date on:
    - Delivering the Future Tandridge Programme, the direction of travel for the Service Reviews and associated savings targets for 2023/24.
    - Developing a Commercial strategy and activities to support commercial opportunities.
    - Developing a consistent approach to continuous improvement and commissioning across the Council.
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## **Reason for recommendations:**

As a public body, the Council is required to set a balanced and deliverable budget and to demonstrate value for money in all its services, while operating in an uncertain and restrained financial environment.

The Council is legally obliged to set a balanced budget for 2024/25 which includes details of the proposed savings and pressures.

This report builds on the papers presented to Council on 9th February 2023 and to this Committee on 29th June 2023, 28th September 2023 and 30<sup>th</sup> November 2023.

The Future Tandridge Programme, service reviews and the continuous improvement and commissioning programme are the mechanism for delivering value for money, providing assurance that services are specified to deliver to an agreed quality within available funding.

Developing the Council's commercial strategy will enable a mechanism for prioritising and delivering commercial initiatives.

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## **1. Introduction**

- 1.1. The proposed 2024/25 Final Budget and Medium-Term Financial Strategy to 2026/27 is set out in Appendix A, supported by Appendices B-H.
- 1.2. The report also provides the regular update to Committee on progress in delivering the Future Tandridge Programme.

## **2. Budget Timetable**

- 2.1 The 2024/25 Budget Process will be completed on 8<sup>th</sup> February 2024, when Council is scheduled to discuss and approve the budget and MTFs. The Constitution determines that Strategy & Resources Committee (S&R) "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."
- 2.2 An indicative timetable leading up to Council was set out in June, including plans to engage informally with Members and formally through the four Policy Committees. This report represents the culmination of that process.

## **3. Budget Executive Summary**

- 3.1 The Final Budget for 2024/25 and Medium-Term Financial Strategy to 2026/27 is set out in Appendix A, with further accompanying appendices.

The key headlines included in the budget are:

- The final revenue budget is balanced, with no call on General Fund reserves. Robust principles have been applied to developing the budget. (Section 4)
- The total net budget is £12.799m, increased by £0.864m from £11.935m in 2023/24. (Sections 5 and 6)

- A £0.2m Service Capacity Fund has been proposed, to allow the Council flexibility to meet service spending needs arising after the budget has been set. Use of the fund will be subject to Member approval, but it is intended to strengthen and support service delivery. (Section 5)
- The savings plan has been finalised at £0.586m. Savings plans have been designed to have no impact on resident facing services, continuing a strategy as part of the Future Tandridge Programme to maintain and strengthen service delivery. (Section 7)
- The budget will only remain balanced if the £0.586m savings plan is approved, so any proposed alteration to savings proposals would need to be met by approval of an amended target elsewhere.
- Contingency, to mitigate risks within the budget, is retained at the same level as 2023/24, at £445k. Unused contingency at year end can be used to support the General Fund reserve. (Section 9).
- Work through the Future Tandridge Programme to identify further savings and generate income to support service delivery will continue throughout the year. This is crucial to prepare the Council for future financial challenges and preserve funding for service delivery. There will be no complacency despite a smaller savings target for 2024/25.
- Funding from Flexible Use of Capital Receipts will be necessary to take forward this work, but future Committee approval will be sought for spending commitments (Sections 10 and 12).
- A three-year Capital Programme has been proposed, investing £75m over three years in Housing, Community Services, Community Infrastructure Levy and retaining sustainable Council Infrastructure (Section 11). Staffing resources to deliver the programme are being strengthened.

For reference, Appendix A includes the following sections:

1. Introduction
2. Strategic context
3. Committee overviews
4. Budget principles
5. Revenue budget headlines and changes since the Draft Budget
6. Budget pressures
7. Savings
8. Funding
9. Reserves Update and Financial Resilience – The Section 25 Report
10. Flexible Use of Capital Receipts
11. Final Capital Programme
12. Medium Term Financial Strategy Update
13. 2023/24 Financial Performance
14. Next steps

#### 4. Future Tandridge Programme

This section summarises progress on delivering the Future Tandridge Programme. Further detail is provided in Appendix I.

To deliver the benefits outlined in the Future Tandridge programme, key outcomes have been identified and a number of workstreams defined with responsibility for delivering these outcomes. Below is a table that details the key outcomes, the progress made so far to deliver these outcomes, future deliverables and their respective milestones.

#### Programme outcomes and key milestones table (1)

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps	Changes
Vision and strategy	D Ford G Valenza TOMDG	Corporate Plan. Service planning and delivery embedded, linked to Corporate Plan	Corporate plan	Stakeholder meetings, Member workshop, residents survey, initial draft prepared	Draft plan for review – <b>Jan 2024</b> Stakeholder consultation plan agreed and to commence – <b>Feb 2024</b> <b>March 2024</b> – review service plans and objectives Launch new plan <b>June 2024</b>	
Leadership	D Ford TOMDG	Fewer, more capable managers. Structure clearly linked to Corporate Plan.	Clear Senior Management Structure to deliver Council priorities	Phase 1 – December 2022 Phase 2 – Consultation launched <b>September 2023</b> Implementation <b>1 December 2023</b>	<b>Complete</b>	
Organisational development	Mark Hak-Sanders TOMDG	Smaller, more agile organisation. Capabilities are defined, invested and developed. Talent is identified and developed	People plan Skills matrix Job description review	Appraisals for all staff – March 2023 EMT behaviours now in place and cascaded to staff as part of appraisal process – March 2023 JDs reviewed in each successive restructure.	Engage Org Design resource. through potential shared role with RBBC - <b>Jan-March 2024</b> Skills matrix developed with Key Officer Forum	

## Programme outcomes and key milestones table (2)

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps	Changes
Culture	D Ford EMT TOMDG	'One team' Council. Pay and reward linked to performance. Modern, agile ways of working	Develop pay and reward scheme – integrated into appraisal process Performance management - Training and development Staff forum set-up	Key officer forum in place – April 2023 Staff forum in place – July 2023 One team training for EMT, KOF and cross section of staff Staff Awards 2023	Pay and reward scheme review to be undertaken (potentially jointly with RBBC)– <b>March 2024</b> Performance management - Training and development. One Team activities to continue to support culture change	
Operations Transformation	T Pearson- Rose Prog Delivery & benefits board	Delivering operations, localities and waste in the most cost effective and best way for residents as detailed in the business case approved in September 2022	GM Options appraisal Waste review Long term strategic plan for playgrounds, pavilions and toilets	Grounds maintenance options appraisal – options finalised and taken to committee for approval – September 23 Grounds Maintenance Market engagement complete and outcomes being assessed November 23	Lot structures being designed and specifications underway in preparation for tender process. Update to community services committee in <b>March 2024</b> Engagement with legal and procurement stakeholders. Delivery model timetable for <b>Nov 2024</b> implementation in development. Street Cleansing/HRA – review of structure in progress	

### Programme outcomes and key milestones table (3)

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps	Changes
Digital and Customer Transformation	M Hak-Sanders Prog Delivery & benefits board	Resident / customer self-service / online access. Integrated systems across key functions such as Planning, Housing and Customer Services	Website redesign  MyAccount resident self-service including Planning, Housing and Customer service functions  Integrated internal Council line of business systems ChatBot for residents Upgraded telephony system	Business case approved – March 2023 Digital project manager in place – April 2023 Implementation partner selected – August 2023 - Telephony solution selected – August 2023 - Licences agreed with Salesforce – August 2023 - Implementation partner engaged – September 2023	Upgraded Telephony system – <b>Jan/Feb 2024</b> MyAccount – <b>June 2024</b> Chatbot for residents – <b>Sep 2024</b> Integrated internal Council line of business systems using Mulesoft - TBC Internal Testing and user acceptance testing. Dependency items – data cleansing, chatbot scripts, website refresh - planning in progress	
Commercial strategy	Mark Hak-Sanders EMT TOMDG	Increased income generation to support service delivery	Commercial strategy Commercial plan Commercial opportunities	EMT and KOF held workshops to collate new and existing key lines of enquiry and commercial initiatives. Commercial matrix criteria and scoring agreed in December 2023	EMT scoring of agreed commercial initiatives to agreed relative ranking and priorities <b>Jan 2024</b> Review resource requirements <b>Jan 2024</b> Member engagement – <b>Mar 2024</b> Development of individual commercial business case on Commercial proposal work – ongoing	



## Programme outcomes and key milestones table (4)

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps	Changes
Process and Data	Lead to be identified	More routine processes are simpler and automated. Data is used to drive insight and improvement.	Data insights strategy Service specifications for all services Data usage across services	Reviewing service specifications as part of Continuous improvement process.	Data insights strategy – tbc Service specification data as part of continuous improvement approach – date tbc Develop customer experience and insight data – date tbc	
FTP Phase 2 - Service reviews	D Ford M Hak-Sanders Prog Delivery & benefits board	New Target Operating Model	Continuous improvement approach including commissioning best practice Develop intelligent client skills and capabilities	Service improvements implemented as reported in Appendix I of this report	Further service review improvements – <b>March 2024</b>	
24/25 Savings	Mark Hak-Sanders TOMDG	Achieve savings target approved in January 2024 final budget	Savings target delivered, regular monitoring.	Scoped and agreed across services during Q2 2023 .  Savings plan set out for approval.	Review of resource requirements underway. <b>Jan 2024</b>	

### Programme outcomes and key milestones table (5)

Workstream	Owner	Outcome	Deliverable	Progress to date	Next steps	Changes
Continuous improvement/ Commissioning	D Ford M Hak-Sanders TOMDG	All internal and external services operate to clear specifications with performance metrics which are actively managed, developed and improved Commissioning structure fully in place and operational	Continuous improvement including commissioning process and business partnering	Continuous improvement approach drafted including Principles proposed Guides, templates and processes defined – July – present Ongoing analysis of shared service opportunities (market analysis data) – Sept-Dec 2023 Skills and capabilities analysis – Oct 2023	Key Officer Training – <b>beginning Jan - Mar 2024</b> Timetable in place – <b>Mar 2024</b> - Training and behaviours rollout – beginning <b>Jan 2024</b> Define roles and governance - <b>Feb 2024</b> Intelligent client model defined – <b>Mar 2024</b>	
Support services	D Ford M Hak-Sanders EMT TOMDG	Service Plans identify needs in advance. Resources are directly linked to requirements. Business Partnering is the norm.	Business partnering across all support services.	Continuous improvement approach drafted, business partnering will be a part of the delivery model improve phase. Business Partnering embedded for Finance	Business partnering approach being drafted as part of intelligent client - beginning <b>Dec 2023</b> Part of the continuous improvement rollout <b>Jan 2024</b> onwards	

This table will be regularly updated to reflect progress and provided in future Strategy & Resources Committee papers.

## 5. FTP Savings Delivery and Risk update

- 5.1 Savings delivery for 2023/24 is tracked monthly by the programme team in conjunction with Finance and Heads of Service. A recent internal audit review on the Council's arrangements for savings delivery provided 'substantial' assurance. The audit is being repeated in the current financial year.
- 5.2 The table, below, is the key indicator of progress in delivering the savings. The position has improved since the previous update to Committee in November. Whilst £255k remains amber, £220k of this relates to homelessness costs (£150k) and rental income (£70k) where certainty will only be gained much closer to year-end.

		November	January			Variance
RAG status	RAG rating determination	Total Nov 2023 £000	Staff savings 23/24 £000	Non-Staff savings 23/24 £000	Total Jan 23/24 £000	Movement Nov to Jan £000
	Savings delivered	£961	£553	£408	£961	£0
	Clear plans, realistic timescales	£235	£68	£184	£252	£17
	Some risks to delivery or detailed delivery plan still in development	£272	£0	£255	£255	(£17)
	Significant risks to delivery, delivery plan yet to be agreed	£40	£16	£24	£40	(£0)
	Savings target will not be met this year	£146	£120	£26	£146	£0
	<b>Totals</b>	<b>£1,654</b>	<b>£757</b>	<b>£897</b>	<b>£1,654</b>	<b>£0</b>

Full details are set out in Appendix I.

- 5.3 As part of the governance on the Future Tandridge programme, all programme and project level risks are recorded in a risk register. Programme risks are reviewed and updated regularly. Fortnightly meetings are also in place with the EMT stakeholders to review progress and discuss and agree mitigating actions against risks to delivery highlighted by the EMT.

Key projects maintain their project level risks in project RAID logs, where risks, actions, issues and decisions are logged.

The latest programme risk register can be found in Appendix J.

## 6. Next Steps

- 6.1 Delivery of the Future Tandridge Programme will remain a key focus of Management activity until the outstanding programme activities are completed and the savings target for 2023/24 and 2024/25 is delivered.

- 6.2 Simultaneously, work will continue to prepare for the next phase of improvement activity and savings planning, gearing up for the 2025/26 budget process. Member engagement will continue throughout this process.

## **7. Comments of the Chief Finance Officer (S151)**

- 7.1 With no clarity over Government funding from 2025/26 onwards, our working assumption is that financial resources will continue to be constrained. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium-term.
- 7.2 It is a legal obligation that the Council sets a balanced budget for 2024/25. This relies on the identification of sufficient savings to meet spending pressures, after the application of increased funding. Drawing on already low General Fund reserves to cover a shortfall in savings is not a sustainable option and would only be used as an absolute last resort. The Council needs to build, rather than draw on reserves to safeguard its medium-term financial stability.
- 7.3 The Section 151 Officer confirms that the 2024/25 Budget and MTFS is based on reasonable assumptions, taking into account all known material, financial and business issues and risks and is confident that if the principles and recommendations set out in this report are adopted that a balanced budget can be approved for 2024/25 at Full Council on 8th February 2024.
- 7.4 Increasingly the focus for the Council is on the medium term from 2025/26 onwards and the work that will be needed to ensure that the Council can continue to deliver priorities within increasingly constrained resources. The next key milestone in this work will be the recruitment of the Transformation Programme Director, followed by the work they will take forward to engage with Members on this point in advance of next year's budget setting.

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

- 8.1 The financial planning process ensures that the Council's finances align to the delivery of the Council's priorities and its obligation under section 151 of the Local Government Act 1972.
- 8.2 Ensuring the robustness of the Council's 2024/25 budget and its MTFS is a key function for the Council's Section 151 Officer. This includes ensuring that the budget proposals are realistic and deliverable. As the MTFS report is primarily financial in its nature, comments of the Director of Resources have been contained throughout the report.
- 8.3 The Local Government Finance Act 2013 requires the Director of Resources (S151 Officer) to also report on the robustness of the estimates for calculations and the adequacy of reserves to the Authority and that the Authority must take these matters into account when making decisions on matters before it. By law a local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'.

- 8.4 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.
- 8.5 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.
- 8.6 In view of the conclusion reached by the Director of Resources above on the ability to set a balanced budget for 2024/25 and the comments throughout the report, there is no reason why Members cannot adopt the Recommendations in this report.

## **9. Equality**

- 9.1 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.
- 9.2 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.
- 9.3 The three parts of the duty applies to the following nine protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 9.4 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.

- 9.5 Officers will review proposed budget changes against the initial equalities screening tool prior to finalisation.

## **10. Climate Change implications**

- 10.1 There are no specific environmental impacts in this budget report, although elements of the Capital Programme contribute to the delivery of climate change objectives and net zero carbon. Climate change implications will be assessed as part of any changes to service provision.

### **Background Papers**

None

### **Budget Appendices**

Appendix A - 2024/25 Budget and MTFS

Appendix B – Summary of Pressures and Savings

Appendix C – Subjective Detailed Budget Analysis

Appendix D – Proposed Capital Programme

Appendix E – Council Tax Requirement Statement

Appendix F – Parish Council Tax Precepts [To follow for Council]

Appendix G – Flexible Use of Capital Receipts

Appendix H – Projected Earmarked Reserves 2022/23 to 2024/25

### **Future Tandridge Programme Appendices**

Appendix I – FTP Background and Progress updates

Appendix J - FTP Risk Register

Appendix K – FTP Road Map

Appendix L - Transformation resource forecast

Appendix M – Glossary