

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 27th June 2024 at 7:30pm.

PRESENT: Councillors Langton (Chair), Crane (Vice-Chair), Black (substitute in place of Sherry), Bloore, Booth, Chotai, Cline, Cooper, Damesick, Gray, Horne and Pursehouse

PRESENT (Virtually): Councillor Killick

ALSO PRESENT: Councillors Allen, Chris Farr, Sue Farr and Nicholas White

APOLOGIES FOR ABSENCE: Councillor Sherry

58. MINUTES OF THE MEETING HELD ON THE 26TH MARCH 2024

These minutes were confirmed and signed as a correct record.

The Director of Resources commented on the actions under Minute 278 (Q3, 2023/24 budget monitoring) regarding the need to improve staff retention and recruitment. He confirmed that the matter had since been discussed with the Member Reference Group on 17th April, followed by an update from Councillor Langton to Full Council on the following evening as agreed. '*Talent attraction, development and management*' was also included as a key theme of the 'Future Programme 2' in agenda item 9 of this current meeting. He assured the Committee that the matter was receiving urgent attention.

59. MINUTES OF THE MEETING HELD ON THE 23RD MAY 2024

These minutes were confirmed and signed as a correct record.

60. INVESTMENT SUB-COMMITTEE - 14TH JUNE 2024

The minutes of this meeting, attached at Appendix A, were considered.

In response to Member questions, the Director of Resources explained the rationale for creating and adding to the Investment Performance Equalisation Reserve. Its purpose was to protect the General Fund from any (otherwise unbudgeted) liability arising from the possible removal of the 'IFRS 9 statutory override' which would then require the Council to make provision for the loss in market values of its four active treasury investment funds:

- CCLA Property Fund
- Schroders Credit/Bond Fund
- UBS Multi Asset Fund
- CCLA Diversification Fund

He also:

- confirmed that the General Fund benefited from the income generated by the funds (£2,198,765 in 2023/24, which had exceeded the budgeted amount by £703,065); and
- agreed to include further information about the returns from Funding Circle in the next monitoring report to the Sub-Committee.

Action	Responsible Person	Deadline
To provide further information about the continued returns from Funding Circle in the next monitoring report to the Investment Sub-Committee, including the reason why an income is still being generated (£1,271 in 23/24) despite the Council ceasing to invest in 2020, after which the redemption proceeds from Funding Circle loans were reallocated to the CCLA, Schrodgers and UBS funds instead.	Mark Hak-Sanders	31.10.24 – publication of the agenda pack for the Investment Sub-Committee meeting on 7 th November 2024

RESOLVED – that the minutes of this meeting, attached at Appendix A, be received and the recommendation in Item 3 be adopted (i.e. that the surplus investment income of £703k be added to an Investment Performance Equalisation Reserve to offset risks to the market value of assets, and therefore not be reflected in the Council's overall General Fund outturn position).

61. 2023/24 FINANCIAL OUTTURN

A financial outturn report for the 2023/24 financial year was presented. The main headlines were:

- a revenue budget surplus of £179k with £721k unused contingency (an overall improvement of £700k from Quarter 3);
- performance against prudential indicators for 2023/24 for treasury activity demonstrated full compliance with the Prudential Code for capital finance in Local Authorities;
- reduced capital expenditure of £4,284k, £1,877k of which related to the General Fund and £2,407k to the Housing Revenue Account, with recommended slippage of £4,051k to be rephased across future years.

The report provided a summary of the outturn positions of the respective committee revenue budgets, resulting in 91% of the £1.65m savings target being delivered. Following a reassessment of risks for 2024/25, it was recommended that the £721k contingency be retained and only used as a last resort. The growth of underlying reserves remained a key priority, hence the proposed transfer of the £179k surplus to the General Fund Reserve and the intention to keep the Department for Levelling Up, Housing and Communities (DLUHC) informed of the Council's financial situation. The latter was in light of the Council's unsuccessful application to DLUHC (in 2023) to use £500k of capital receipts from the sale of Redstone House to build reserves resilience.

The report confirmed the intention to review the capital programme before the Autumn to ensure that 2024/25 allocations (adjusted for carry-forwards) were achievable, based on a realistic and justifiable level of resources.

Concerns were expressed about:

- the Planning Policy Committee's £404k overspend, which was largely due an on-going reliance on contract staff and a £190k overspend on the cost of planning appeals; and
- the performance of the planning enforcement service and the value for money aspect of the associated budgetary provision.

In response, the Chair explained that his Group regarded staff retention / recruitment as a matter of urgency, hence a recent meeting with key officers which culminated in an action plan to address this and other current issues. The Chair stated that he would liaise with the Leader of the Council about whether the action plan should be shared. The Chief Executive, while explaining the dual challenge of having to resource the Future Tandridge Programme, acknowledged the critical importance of maintaining 'business as usual' services.

The desire for more accurate budgeting to avoid 'under' as well as overspends was discussed. In that respect, the Chair confirmed the Administration's objective of aligning outturns with budgets and that end of year underspends were not planned.

Arising from a question about the potential impact of the forthcoming General Election on the Council's spending plans, the Director of Resources advised that long awaited Local Government funding reforms could be delayed by a further year.

RESOLVED – that:

- A. the Council's financial outturn position for 2023/24 be noted;
- B. the Council's full compliance with the Treasury Management Prudential Indicators for 2023/24 be noted;
- C. from the Council's overall outturn position:
 - (i) the £721k unused contingency be retained to cover external risks to the delivery of the 2024/25 budget and medium-term financial strategy, particularly planning appeals and enforcement
 - (ii) the £179k outturn surplus be transferred to the General Fund Reserve, bringing the total to £2.966m from £2.787m;
- D. capital carry forwards of £4.051m be approved, with a revised phasing to be reported during the September committee cycle.

62. QUARTER 4 2023/24 KEY PERFORMANCE INDICATORS - STRATEGY & RESOURCES COMMITTEE

An analysis of performance against the Committee’s key indicators for the fourth quarter (January to March 2024) for 2023/24 was presented, along with ‘committee’ and ‘corporate’ risk registers.

The report identified that targets for three Key Performance Indicators had not been met for the quarter, i.e.:

- SR1: percentage of council tax collected (97.1% against the target of 98.64%)
- SR3: days taken to process new Housing Benefit / Council Tax Benefit claims (41 days against the target of 30 days)
- SR10: the percentage of calls answered within 60 seconds by Customer Services (45.86% and 46.6% before and after the implementation of the new telephony system against the target of 80%).

It was also confirmed that one risk within the corporate risk register was flagged as red (i.e. H6 – procurement of compliance related contracts).

In response to Members’ questions, Officers advised that:

- monitoring the use of different communication channels (by residents) to contact the Council was a key element of the digital transformation project
- the current suite of KPIs for customer contact would need to be reviewed, including the possibility of introducing a customer contact measure for ‘first time fixes’ and the future of SR10 in light of the new (RingCentral) phone system (while the target had not been met in the last five years, a view was expressed that a metric to measure the effectiveness of handling telephone calls should be retained)
- the extent to which the new phone system could track the performance of individual call handlers, including those working remotely, would be checked
- residents’ complaints to the Council were reported to the Audit & Scrutiny Committee on a quarterly basis.

Action	Responsible Person	Deadline
To check whether the new phone system enabled the performance of individual call handlers in Customer Services, including those working remotely, to be tracked.	Mark Hak-Sanders	31.07.24

RESOLVED – that the Quarter 4 2023-2024 performance indicators and committee and corporate risks, as attached at Appendix A to the report, be noted.

63. BUDGET TIMETABLE AND FUTURE TANDRIDGE PROGRAMME UPDATE

A report was presented which covered:

- the timetable and anticipated process (including Member consultation) for preparing the 2025/26 budget and Medium-Term Financial Strategy (MTFS) to 2026/27, culminating in the submission of a proposed 2025/26 budget and updated MTFS to the Committee on 30th January 2025
- a review of the progress with the overall Future Tandrige Programme (FTP), covering achievements to date, elements still to be delivered and risks
- a final update on service review savings delivery for 2023/24.

The report confirmed that, since February 2024, work on the MTFS had focused on re-setting the estimates of budget pressures and funding. Projected annual pressures had reduced from £1.3m to £1m, primarily due to falling inflation, while funding was predicted to remain constant at £12.8m over the MTFS period. These changes resulted in a proposed savings requirement of £2m over the two years to 2026/27. This was £1m less than the corresponding estimated budget gap presented to Full Council in February 2024, but nevertheless challenging, especially as the more achievable savings opportunities had been exhausted. Furthermore, continued funding reductions were predicted from 2027/28 onwards.

The FTP review had identified areas where:

- key results had been delivered for completed areas of work, including savings (with greater proportions of the budget now allocated to front line services and a smaller directly employed workforce) with a raft of other achievements
- the foundations for further work had been laid and could now be managed as 'business as usual' (although Officers emphasised the importance of ensuring the effective, on-going delivery of such work as an essential aspect of the Council's operation)
- further progress is required as part of a refocused 'FTP2' (to be overseen by the Chief Executive, working with the Transformation Programme Director and other senior officers) comprising the following themes and to be aligned with a savings and productivity plan to address medium term challenges:
 1. review of the role and purpose of the Council
 2. attracting talented employees, and staff development / management
 3. digital ways of working, including 'customer experience'
 4. modernising and improving services through empowered business units.

The report explained the content and objectives of each theme, along with resourcing requirements.

The Transformation Programme Director explained that, while the Council would face difficult choices about which discretionary services it could afford to retain, the 'statutory / discretionary service' review was at an early stage, with no firm proposals to date. In that respect, the Chair confirmed that Member level discussions about future savings options would need to involve all political groups.

This prompted discussion about the reference in 4.7 of the report to a '*steering group of senior members from the Residents' Alliance and senior officers*'. The Chief Executive accepted that the term 'steering group' did not accurately describe what had taken place and that it related to a recent meeting convened with the sole objective of addressing immediate, high priority operational challenges (Minute 61 also refers). As the Chair also emphasised, it had not been about making decisions on FTP matters such as savings and efficiencies which will clearly need the input of all political groups, and for which purpose, at a largely Leader level, the Member Reference Group has been set up. The Director of Resources confirmed that any items requiring an urgency decision under the Constitution would follow established procedures.

In response to other aspects of the debate, Officers acknowledged:

- that work to develop a commercial strategy had not proceeded as originally planned and, while pursuing a more commercial approach would remain part of FTP2, its role in transforming the Council may be more limited than previously envisaged
- the need to strike an appropriate balance between the advantages associated with staff being able to work remotely and the need to be in the office when situations required
- that the headline budget estimates (pressures, saving requirements and funding) for 2025/26 and 2026/27 were indicative at this stage
- concerns regarding the potential costs of developing a new Local Plan, notwithstanding the £511k provision within the Planning Policy Committee's revenue budget for this purpose.

RESOLVED – that:

In respect of the 2025/26 budget process:

- A. the proposed process and timescale for setting the 2025/26 budget and Medium-Term Financial Strategy be approved;
- B. the approach to be used to develop the 2025/26 savings plan, and the financial context in which it will be prepared, be noted;

In respect of the wider Future Tandridge Programme:

- C. the progress to date with delivering the FTP be noted;
- D. the proposed direction of travel for the future development of the FTP be noted;
- E. the resources set out in section 4.6 of the report, funded from the previously agreed FTP budget, be approved.

64. CORPORATE PLAN

The Committee considered a proposed Corporate Plan (the plan) which sought to establish the Council's vision, priorities and actions for the next four years to inform service delivery. It would replace the current Strategic Plan. The covering report explained the previous steps taken to develop the document, including the initial production of an evidence pack; workshops with councillors, staff and external stakeholders; and wider consultation about emerging priorities

and themes. The plan comprised a 'vision' of "*protecting the environment, delivering affordable housing, putting residents at the heart of what we do and encouraging economic growth*" by:

- *delivering high quality services and continued improvement*
- *providing value for money for [residents'] council tax*
- *being financially responsible*
- *responding to the needs of residents, businesses and other partners.*

... underpinned by six priorities:

- (i) protecting and enhancing our environment
- (ii) delivering affordable housing for local people
- (iii) financial prudence and sustainability
- (iv) putting residents at the heart of what we do
- (v) a safe, healthy and caring community, supporting those most in need
- (vi) a thriving economy.

Actions for achieving the identified objectives of each priority would be developed and an annual action plan submitted to the Committee. At the same time, objectives would be reviewed to ensure the plan remains relevant to prevailing circumstances. The report acknowledged that financial constraints may affect delivery of the plan's objectives and that priorities may need to be adjusted. The plan would also create a link from the 'vision' and 'objectives' to staff performance so that every level of the organisation is aligned to a shared purpose and staff understand their role in providing services which meet corporate goals.

Views expressed by individual Members included:

- the aspirations in the first bullet of the introduction ("*protect the environment, deliver affordable housing and boost the local economy*") were incompatible
- the aspiration for 'thriving town centres' was at odds with the difficulties being experienced by retailers etc in Caterham Valley due to the significant road works
- there was an over-emphasis on 'affordable' housing as this could be at the expense of much needed housing in general (Member views were also expressed to the contrary).

In response, the Chief Executive stated that the need to balance competing goals was an inherent feature of corporate strategies. He also explained that the Caterham BID had been involved in the development of the plan and hoped TDC and local businesses could work together to help deliver the plan's objectives.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that the new Corporate Plan at Appendix B be adopted.

In accordance with Standing Order 25(4) Councillor Cooper wished it recorded that he abstained from voting on this matter.

65. REVISED COUNCIL TAX REDUCTION SCHEME

An outline proposal was presented for a Council Tax Reduction (CTR) Scheme for the council tax year 2025/26. Tandridge was currently among the minority of Councils to operate the 'default scheme' designed by the former Department for Communities and Local Government upon the abolition of the Council Tax Benefit system in 2013 and since amended by relatively minor legislative changes.

The objective was not to reduce the level of Council Tax support for those in need. Instead, the proposed changes would reduce the Council's administrative costs whilst providing an increased level of customer service through reduced processing times and the need for fewer transactions. The proposals amounted to a simplified 'income banding scheme' comprising the following elements:

- relief entitlements to be based on where a household's total income falls within a range of specified bands
- self-employed earnings to be assessed using a 'minimum income floor', set at the national minimum wage at the number of hours a person would be expected to work
- non-dependent deductions, where a claimant's relief entitlement may be reduced if a non-dependent adult is living with them
- removal of second adult rebates for working age claimants
- reduction of the maximum capital limit for working age claimants to £10,000
- capping the maximum amount of CTR at the equivalent band D council tax charge
- reduction of the backdating limit for working age claimants from six to one month.

The covering report explained that a similar scheme was approved for consultation by the Committee in July 2020 but wasn't progressed due to the Covid pandemic.

The Chair, seconded by Councillor Crane, proposed the following amendments to the recommendations within the report:

- A. ~~the Benefits Section be permitted to subject the proposed Council Tax Reduction Scheme to public consultation~~ authorised to commence consultation while simultaneously modelling the scheme to minimise the impact on any individual claimant;
- B. the consultation feedback be reviewed and presented in a report later in the year with final proposed amendments to the Scheme to be effective from 1st April 2025; and
- C. it be noted that officers will bring back proposals to use the discretionary payment scheme and a corporate cost of living contingency to offset any remaining effect.

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

The report also confirmed that:

- the anticipated reductions in the cost to the Council will be quantified in the next report, once the modelling had taken place; and
- an equality impact assessment of the proposals will be drawn up alongside the modelling, to take place concurrently with the consultation and to be reported back to the Committee.

RESOLVED – that:

- A. the Benefits Section be authorised to commence consultation while simultaneously modelling the scheme to minimise the impact on any individual claimant;
- B. the consultation feedback be reviewed and presented in a report later in the year, with final proposed amendments to the Scheme to be effective from 1st April 2025; and
- C. it be noted that officers will bring back proposals to use the discretionary payment scheme and a corporate cost of living contingency to offset any remaining effect.

66. PROCUREMENT UPDATE

The Committee was informed about the new Procurement Act due to come into force on 29th October 2024 which would supersede the 2015 Act. European Directives would no longer apply and contracting authorities would have greater discretion over what type of procedure to use for different procurements. A more flexible selection criteria of ‘most advantageous tender’ would replace ‘most economically advantageous tender’ and contracts could be evaluated solely on non-financial elements. Other aspects of the new legislation included the scope for reserving certain competitions to UK based suppliers; a greater obligation to consider small and medium-sized enterprises; KPIs to assess supplier performance in certain situations; and new grounds for exclusion from bidding, including ‘prior poor performance’.

While the new Act sought to improve engagement with the private sector, it was likely to increase the workload of Council procurement specialists and officers responsible for delivering services. An in-house TDC project team would be established to progress the required changes, including likely revisions to Contract Standing Orders (CSOs).

The report also presented performance information against procurement KPIs for 2023 and confirmed measures to achieve greater resilience through close working with Reigate and Banstead Borough Council and a joint working agreement with Orbis (Surrey County Council, East Sussex County Council and Brighton & Hove City Council). It was explained that, because the new (interim) Procurement Specialist had been focusing on urgent handover matters, the production of the ‘top 100 spend’ KPI had been paused. In any event, the suite of procurement KPIs would be reviewed in consultation with Internal Audit, with proposed changes to be submitted to a future meeting of the Committee.

Finally, a schedule of the 25 waivers from CSOs (permitted by CSO 4) approved in 2023 was presented. The value of the contracts concerned totalled £1.4 million compared with £0.4 million for 2022. The increased value largely related to extensions to a small number of contracts with a higher value.

RESOLVED – that the following be noted:

- A. the update on the Procurement Act 2023;
- B. performance against the Key Performance Indicators for 2023; and
- C. the CSO Waivers for 2023 included in Appendix A to the report.

67. S&R COMMITTEE'S SCHEME OF DELEGATION AND CONTRACT STANDING ORDERS (PROCUREMENT THRESHOLDS)

The following proposals for amending Parts C (Contract Standing Orders) and E (delegation to Committees) of the Council's Constitution were considered:

- (i) increasing the threshold for the following asset-related procurements requiring Corporate Procurement Board approval from £5k to £10k, with the necessary amendments to Contract Standing Orders 16 and 17 (pending a full review later in the year in light of the Procurement Act 2023)
 - Construction
 - Council house building projects
 - Asset maintenance, adaption or refurbishment
 - Asset health and safety
 - Disabled Facilities Grant (DFG) works
- (ii) requiring staff pay awards to be determined by the Committee, subject to the requirement for Council ratification should additional budgetary provision be required.

COUNCIL DECISION

(subject to ratification by Council)

RECOMMENDED – that:

- A. the amendments to Contract Standing Orders, including financial thresholds, be approved in accordance with the changes set out in Appendix C; and
- B. this Committee's terms of reference and scheme of delegation be amended in accordance with Appendix D, thereby requiring proposed annual staff pay awards to be referred to the Committee for determination by:
 - (i) the Committee, if the award can be financed from within the Council's budget envelope for pay; or
 - (ii) Full Council (based on a recommendation from the Committee) if the award requires additional budgetary provision.