



# Annual Governance Statement 2022-2023 *Tandridge* District Council

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## Message from the Leader of the Council and the Chief Executive

We both recognise the importance of having good management, effective processes and other appropriate controls in place to enable the Council to deliver services and achieve the best possible outcomes for the residents of Tandridge.

The Council has been managing increasing demand on its services with significant reductions in funding over the last few years making the need for good governance paramount. Given the economic situation during the year brought on by the cost-of-living increase as well as supply chain issues from Brexit and the war in Ukraine, the Council is exposed to unprecedented challenges.

Notwithstanding these challenges, the Council must continue to ensure transparency, accountability, and effective governance. While it is recognised that there have been changes to delivery of some frontline services due to the skills shortages and the Future Tandridge Programme, we are confident that for the most part, during 2022-2023, the controls and governance framework has been maintained.

The Council supports good service delivery and wants to provide the public with confidence in its services. The Council has a complaints structure in place that investigates instances, when service provision has not met expectation, without creating a blame culture that stifles innovation and undermines service delivery.

This Annual Governance Statement provides the opportunity for an honest reflection on whether our governance arrangements are fit for purpose. We will continue to enhance our governance arrangements as recommended in the Action Plan (2023/24) that underpins this Statement. We are satisfied that these steps will address the need for improvements that were identified and will be implemented during 2023/24 and beyond.



*Catherine Sayer*

Councillor Catherine Sayer,  
Leader of the Council



*David Ford*

David Ford,  
Chief Executive

## 1. Introduction

- 1.1. The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the above.
- 1.2. The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of rapid transition. The Council continues to progress the delivery of its ambitious transformation programme, the Future Tandridge Programme, with officers and councillors engaged in working towards the realisation of the vision.
- 1.3. The changes taking place present both opportunities and challenges. The Council must continue to engage in a broad programme of innovation and service redesign work so it can maintain services for residents which are efficient, effective and deliver value for money using available resources. This document explains the governance mechanisms in place during 2022/2023 to ensure appropriate oversight of this work.
- 1.4. The structure of this AGS has been prepared with reference to themes from key elements of the structures and processes outlined in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Delivering Good Governance in Local Government Framework (which is the most up to date guidance in this area) and the Council's Code of Corporate Governance (the Code) which has at its heart the following core principles:
  - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
  - Ensuring openness and comprehensive stakeholder engagement.
  - Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - Managing risks and performance through robust internal control and strong public financial management.
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 1.5. This is a document that describes how well the Council's governance system has functioned during the year ended 31 March 2023 and sets out areas for development for the year ahead.

## 2. The Code of Corporate Governance

- 2.1. The [Code of Corporate Governance](#) is a key governance instrument which acts as a reference point for the expectations and rules about, for example, who in the Council can make decisions and about which issues. Some of the processes are required by law, while others are a matter for the Council to choose.
- 2.2. The Code is reviewed annually to ensure it remains consistent with the principles of the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) joint framework for delivering good governance in local government.
- 2.3. This statement explains how the Council has complied with the Code, including how the effectiveness of arrangements has been monitored. It also meets the requirements of regulation 6 (1) of the Accounts and Audit (England and Wales) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

## 3. Acknowledgement of responsibility

- 3.1. The Council recognises there are areas where it wishes to enhance its arrangements to ensure that it continues to do the right things, in the right way, in line with its values and to consider significant challenges.
- 3.2. The Council is currently aware of further issues that could also affect its financial position such as, but not limited to, exceptional inflationary pressures, planning appeals, appeals against housing/homeless decisions, business rates appeals, enforcement and other matters.
- 3.3. The 2021/2022 Annual Governance Statement highlighted several issues, with a commitment to monitor them during 2022/2023. Progress against these issues has been reviewed during the year through the Council's normal systems of governance, risk and control. In addition to these systems, an AGS Action Plan was compiled, listing all the action points flowing from the 2021/2022 AGS. The Head of Legal & Monitoring Officer provided reminders to EMT regarding completion of the points in the Action Plan. These Action Plans are included in the Appendices to this Statement.
- 3.4. The Council continues to be impacted in the aftermath of the Covid-19 pandemic, however the Council has maintained all its front-line services to residents and customers throughout. There is no doubt that the Covid-19 crisis and its aftermath is likely to have a lasting impact on income levels, resulting from fundamental changes in social movements, behaviours and preferences. It could remain difficult for councils to reduce their spending back to pre-crisis levels and income streams will not necessarily bounce back quickly, especially given the new challenges brought about by the local and national economy being close to a recession.
- 3.5. The war in Ukraine continues to place significant pressure on the economy, which has a knock-on effect on end-use consumers, (our residents) who are finding it increasingly difficult to make ends meet. The pressures on all local authorities to provide ever-increasing levels of assistance to residents, inevitably impacts our Housing, and Revenue & Benefits Teams. The Council also continues to provide support to our refugee contingent in the district, through the Homes for Ukraine project.

## 4. Corporate governance

- 4.1. Corporate governance is the term used to describe the system by which local authorities direct and control their functions and relate to their communities. The Code has undergone an extensive review for the 2022/2023 period and was presented with the Draft AGS for consideration to the Audit & Scrutiny Committee on 26 September 2023.
- 4.2. The Council recognises a crucial aspect in delivering good governance is the way that it is applied. The ethos of good governance cannot be achieved by structures, rules, and procedures alone. Effectively, good governance needs to be embedded within the Council and its culture and the need for and value of, good governance must be explicit.
- 4.3. One of the key elements of the Council's governance is its Constitution. The Council's Constitution records the rules and laws under which the Council operates, including the Financial Regulations. The Constitution is published on the [Council's website](#).
- 4.4. In addition, there are a range of policies and procedures to direct and guide councillors and officers, as well as [codes of conduct](#) that set out standards of behaviour expected from councillors and officers. The Council's Financial Regulations and Contract Standing Orders were reviewed by the [Strategy and Resources Committee on 29 June 2023](#).
- 4.5. Standing Orders in the [Constitution](#) allow the Council to delegate decision making to committees, sub-committees, or officers and sets out the rules which apply to the running and operation of Council and committee meetings.
- 4.6. Another key element of the Council's governance is its [Strategic Plan 2020-2021 to 2023-2024](#) which includes four objectives for:
  - **Building a better Council** – making the Council financially sustainable and providing residents with the best possible services
  - **Creating the homes, infrastructure and environment we need** – both now and in the future.
  - **Supporting economic recovery in Tandridge** – from lockdown to growth that everyone benefits from.
  - **Becoming a greener, more sustainable District** – tackling climate change
- 4.7. A new plan will be developed for 2024-2028 which will set the direction for the Council and enable the Council to track progress against corporate objectives, as well as help services and teams understand the strategy and how their work directly impacts its success. The Corporate Plan ensures every level of the organisation is aligned around a shared purpose and officers understand their role in delivering services which meet the corporate objectives. The Key Officer Forum meetings take place monthly and are attended by service area representatives. Agendas and minutes are available for all Officers.
- 4.8. The Council also adopted new Values and Behaviours, these being: Taking Ownership, Committed and Supportive, Learning and Development and Positive and Flexible. These Values and Behaviours were developed with staff and form an integral part of the Appraisal system.

- 4.9. The Council has reviewed the way in which it engages with its officers. Staff Conference has evolved into a Staff Forum, which is aimed at providing a far more interactive method of engagement. A recognition agreement has also been concluded with UNISON. These new arrangements will encourage greater officer participation in matters of mutual interest, as well as enabling officers to feel they are an integral part of the Future Tandridge Programme. Staff Briefings are held monthly and are well-attended. In terms of providing induction and identifying the development needs of new statutory officers in relation to their strategic role within the Council, a handbook has been produced. The intention is to also produce something similar for newly appointed [Extended Management Team \(EMT\)](#) members.
- 4.10. The Council has appointed the required statutory officers which includes the Head of Paid Service (Chief Executive), a Deputy Chief Executive, the Monitoring Officer (Head of Legal Services) and the Chief Finance Officer, also referred to as the Section 151 Officer. These Officers try to meet at least six times a year. The AGS, IT governance, Committee reports and delegations are standing items the agenda. Agendas and minutes are kept.
- 4.11. All Heads of Service are members of the [EMT](#), which meets once a week. This also includes those Heads of Service who hold a statutory officer role. EMT is responsible for identifying improvement actions and/or future planned developments in relation to key governance arrangements and continuous improvement.
- 4.12. The Council has appropriate policies and procedures relating to HR and these are available on the Council's intranet and are easily accessible.
- 4.13. The Council's Anti-Fraud, Bribery and Corruption Policy has been reviewed and was presented to the Audit & Scrutiny Committee on 26 September 2023. The [Policy and the Anti-Fraud Strategy](#) can be accessed on our website.

- 4.14. Independent and objective assurances are provided by Southern Internal Audit Partnership (SIAP) whose function as internal auditors, including the Chief Internal Auditor role, is designed to add value and improve the Council's operations. This in turn helps the Council accomplish its strategic ambitions by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the Council's risk management, internal control and governance processes.
- 4.15. The Council's internal audit arrangements are consistent with the CIPFA Statement on The Role of the Head of Internal Audit in Public Service Organisations (2019).
- 4.16. The Council proactively engages with residents and businesses to maintain the Council's reputation, gain understanding and support for the organisation's vision and objectives and keep customers informed about priorities, services and campaigns.
- 4.17. Progress against the existing Strategic Plan priorities and budgets has been monitored by EMT using a corporate action tracker. Many of these actions have now moved into business-as-usual work. A first draft of the new Corporate Plan will be shared with councillors. After this, a wider consultation will take place to invite all stakeholders to comment on the draft plan. The draft plan will be taken to the Strategy & Resources Committee in March 2024. Following the elections in May 2024 the plan will be reviewed and if necessary, revised before being formally adopted and launched.
- 4.18. The Council has arrangements in place to regularly monitor financial performance, service performance, the progress of key corporate projects and to oversee the implementation of recommendations from internal audit reports. A noteworthy improvement in respect of Information Governance has been recorded during 2022/2023, with 11 out of 14 management actions being fully implemented, and 3 partially implemented.

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4.19. In the Council's day-to-day operations, a framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc.) manages the risks of fraud or error and this framework is reviewed by internal audit. The Council has appropriate arrangements in place to deal with fraud and corruption risks and is committed to maintaining its vigilance to tackle fraud.

4.20. The Audit and Scrutiny Committee has continued to play a key role in obtaining the relevant assurances and in accordance with CIPFA guidance is independent of key decision makers and able to question and challenge the material before it. On 27 June 2023, the Audit & Scrutiny Committee approved that an independent person be recruited to the Committee to help ensure:

- Effective, independent assurance on the adequacy of the risk management framework.
- Independent review of the Council's financial and non-financial performance.
- Independent challenge to and assurance over the Council's internal control framework and wider governance process.
- Oversight of the financial reporting process.

The approval of this recruitment follows best practice established by the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, by Sir Tony Redmond.

4.21. Significant and cross-cutting service risks are amalgamated into the Corporate Risk Register, which is regularly presented to EMT and the Strategy and Resources Committee. Every report presented to committees, Full Council, working groups and delegated decisions to officers is risk assessed. The Council's approach to risk management is to be further improved during 2023/2024 through the agreement of a new Risk Management Policy, reintroduction of departmental risk registers, training and a new risk management scoring and mitigation system.

4.22. Savings realisation is subject to particularly robust governance arrangements, with an internal audit in 2022/2023 providing 'substantial' assurance over the arrangements. This audit is to be repeated in 2023/2024.

4.23. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The Council's legal services and procurement team ensure such arrangements are fit for purpose and that the Council's interests are protected.

4.24. The Council publishes its statutory Statement of Accounts on an annual basis, in compliance with the CIPFA Code of Practice on Local Authority Accounting. Delays in the external audit process mean the Council is unable to comply with the original statutory timescales for 2021/2022 and 2022/23, however it has made the relevant disclosures to this effect on its website. Good progress is being made both in respect of the outstanding external audits, in compliance with the Government's recently approved backstop arrangements. The Council is far from isolated in these delays and they reflect a sector-wide crisis in audit resourcing, as well as local circumstances which led to the fundamental review of the Council's Finance function and subsequent restructure of the Finance team. The Statement of Accounts and external audit process incorporate the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

4.25. The Council is subject to independent audit by Deloitte and receives an Annual Audit Letter reporting on findings. The Council supplements this work with the Southern Internal Audit Partnership and ad hoc external peer reviews. The Audit and Scrutiny Committee undertakes the core functions as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.

**Deleted:** audit of the 2020/2021 accounts and the production and publishing of the 2021/2022 accounts....



- 4.26. Information Governance and cyber security continues to be a key priority for the Council as officers are working differently and are totally reliant on technology to continue to deliver services effectively. Working at home presents a new set of challenges to be managed. Information Governance, cyber security and Data Protection training is delivered via a range of media, including briefing notes, workshops and E-tutorials.
- 4.27. The Information Governance Management Team meets quarterly to discuss and monitor compliance with corporate systems of internal control, cyber security and governance issues. The group includes the IT & Projects Delivery Manager, the Council's Monitoring Officer, the FOI and Deputy FOI Officers, Support Services Manager, the Data Protection Officer, the Deputy Data Protection Officer, the Head of Information Governance, Head of Policy and Communications and a Communications Specialist. Feedback is provided from Data Champions meetings. Overdue FOI requests are reported and work is ongoing to implement additional measures to reduce these.
- 4.28. The Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIR) give rights of public access to information held by public authorities, including the Broads Authority. Considerable improvement has been made in relation to processes related to compliance with requests under the FOIA and EIR. However, further work with EMT is required to ensure that response to requests and complete internal reviews are improving.
- 4.29. The Council's Publication Scheme highlights the information it publishes, how it makes it available. The Council's commitment to protecting people's privacy and processing personal data in accordance with data protection legislation is set out on the [Council website](#).
- 4.30. The Council has an overarching Corporate Business Continuity Plan which provides critical information to enable the Council to continue operating during an unplanned significant event, including loss of premises, IT/telecommunications systems and utilities, national lockdown (e.g. pandemic) and major travel disruption. The plan relates to events that

impact all or most of the Council's operations and that require immediate action. Measures to respond to other identified and predictable business risks (such as significant loss of income or key staff) are covered elsewhere, including within our risk registers and individual project plans.

- 4.31. The Council's Emergency Planning and Resilience Specialist oversees and monitors the Council's range of business continuity plans including the Corporate Business Continuity Plan. Work on this has taken place during 2023 at the Key Officer Forum.

## 5. The Council and how it operates

- 5.1. The Council operates a committee system of governance and comprises 42 councillors across 20 wards. Since May 2021 the Leader of the Council is Councillor Catherine Sayer, who is also Chair of the Planning Policy Committee.
- 5.2. The Council sets out how it is run on its website, and [detailed information is accessible to residents](#).

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## 6. CIPFA financial management code

- 6.1. In December 2019, CIPFA introduced its Financial Management Code (FM Code) to reflect exceptional financial circumstances faced by local authorities. Previous CIPFA work had revealed fundamental weaknesses in financial management at some councils (not in Tandridge), particularly in relation to organisations that may be unable to maintain services in the future. The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Each local authority must demonstrate that the requirements of the FM Code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of councillors, the Chief Finance Officer (S151) and their professional colleagues in the Finance team.
- 6.2. Local authorities have been required to apply the requirements of the FM Code with effect from 1 April 2020. CIPFA considered the implementation date of April 2020 should indicate the commencement of a shadow year and by 31 March 2021, local authorities should be able to demonstrate they are working towards full implementation of the code. The first full year of compliance with the FM Code was 2021/2022. The Code provides guidance for good and sustainable financial management in local authorities and offers assurance that authorities are managing resources effectively. The Council undertook an assessment of its compliance with the Code during 2021/2022 and will look to refresh that assessment during 2023/2024.

- 6.3. The Council's governance arrangements for budgeting, the accounts, financial decision making and compliance with codes of practice and legislation are in accordance with the financial management standards set out in the FM Code. However, the Council has commissioned two bespoke external reviews to address its Financial Management capability, particularly a review by Grant Thornton and a further review by an independent financial expert, focused on the circumstances leading to a significant error in the Council's budgeting for pensions. These reviews led to several recommendations which were built into the Tandridge Finance Transformation Programme and the Future Tandridge Programme. Finance Fundamental Modules are provided on a rolling basis to new Councillors, by the Section 151 Officer and Senior Finance Business Partner.

**Deleted:** No significant issues or concerns have been raised by internal or external audit.

## 7. Future Tandridge Programme

- 7.1. The original aims of the FTP 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 the Council operates.
- 7.2. These aims evolved as the transformation process unfolded and in March 2023, the Council's Strategy & Resources Committee noted that the Future Tandridge Programme and Service Reviews are the mechanism for delivering value for money, providing assurance that the Council as a whole and individual services, are designed to deliver priorities to an agreed quality within available funding. Full details of the new direction of the FTP are available on our website, [Strategy & Resources Committee 30 March](#) and [Strategy & Resources Committee 25 May 2023](#).
- 7.3. Overall, the Council has the required policies in place to support the delivery of services. However, a number of these functions overlap, such as disaster recovery, risk management, emergency planning and business continuity planning. There are also other significant statutory compliance arrangements the Council must follow that cover Human Resources, Legal and Financial functions. It is the case that for the Council to be fully compliant, large numbers of officers need to be aware of the correct processes and there needs to be capacity to deliver the associated administration. As a result of the FTP capacity issues are a concern. The implications of this will need to be monitored in 2023/2024.

## 8. Review of effectiveness

- 8.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:
- a. The work of the EMT which has responsibility for the development and maintenance of the governance environment. Confirmations have been obtained from each EMT member that reasonable steps have been taken to ensure compliance with established policies, procedures, laws and regulations. They have been asked to confirm that risk management is embedded in their service areas and ensure scrutiny of the annual managers' governance assurance responses (see b) below).
  - b. The Head of Legal conducts an annual self-assurance process for EMT members on their compliance with key governance issues across the seven core principles of good governance included in the Council's Code of Corporate Governance (see above). For 2022/23, the form was updated to include more detail. The following areas were covered:
    - Codes of Conduct.
    - Regulatory Compliance.
    - Whistleblowing.
    - Procurement.
    - HR Policies familiarity and Appraisals/1-1s/ Check-Ins.
    - Project Management.
    - Scheme of Delegation.
    - Business Continuity Plan.
    - Health & Safety.
    - Risk Management.
    - Anti-Fraud, Bribery and Corruption
    - Records Management & Information Security.
    - Compliance with the Council's Financial Regulations & Budgetary Control.
    - Complaints.

- 8.2. In August 2023, each member of the EMT completed the statement of assurance providing details as to the extent and quality of internal control arrangements operating within their service area during the previous year. An Action Plan to monitor these will be circulated to EMT and updated monthly.
- 8.3. An online training facility – Workrite - is in place for officers and there are certain training modules that have been categorised as mandatory – for example Safeguarding, Display Screen Equipment and Data Protection. Anti-fraud training has been added to this list and will be rolled out at the earliest.
- 8.4. The governance arrangements in place comply with the principles outlined in the Council's Code and can be regarded as fit for purpose. Areas for development have been identified in the Action Plan attached at Appendix A, and addressing these will further enhance the Council's governance arrangements.

## 9. Subsidiary company

- 9.1. The Council has three subsidiary companies Gryllus Holdings Ltd, Gryllus Property Ltd and Gryllus Housing. Gryllus Property was set up to manage a small number of out-of-district investment properties. Assurance on the proper running of the companies is provided by the Head of Legal Services and Monitoring Officer acting as company secretary, expert asset advice provided by the Asset Management Team and expert financial advice provided by the Commercial Finance team at Surrey County Council, through the Joint Working Agreement.

## 10. Statutory assurances

### 10.1. Head of Paid Service

As Chief Executive and the Head of Paid Service, I am responsible for the overall corporate and operational management of the Council. In yet another challenging year for the Council, I remain both impressed and proud of the way the organisation continues to deal with the significant and increasing service and economic pressures our services face, exacerbated by the growing cost of living crisis. I believe our governance arrangements are improving and are reviewed regularly to ensure they support a more agile way of working. We have also made excellent progress in taking forward our transformation programme, the Future Tandridge Programme. This involves a series of service and cross-cutting reviews designed to ensure our resources are targeted to where they will most positively impact on our residents.

Introducing a commissioning-based approach focused on continuous improvement to service delivery is a key priority going forward. This will include different and more effective ways in which council services can be delivered. One way of doing this is through working more closely with our east Surrey neighbours and there will be much more of this, as well as exploring other partnership opportunities, in 2023 and 2024.

As a leadership group, EMT is working more cohesively as a team. The Senior Leadership team has been strengthened by the appointment of a new Deputy Chief Executive with responsibility for front-line services. A new permanent Chief Planning Officer is also now in post to drive forward much needed improvements to the delivery of the planning service. We are now looking collectively at what we need to do organisationally to make Tandridge a council people want to work for. Instilling the values and behaviours we have all agreed to throughout the organisation will be a key priority for 2023. Investing in and nurturing talent and developing managers and staff is also a priority. We are currently putting together a Leadership and Team development programme to drive this forward.

The re-establishment of the Key Officer Forum is an important step towards strengthening the organisation and creating more resilience and

capacity at middle management level. For managers and staff, setting clearer objectives, agreeing individual development plans and looking at ways in which we can reward good performance will also be a focus for 2023, starting with the introduction of service plans and appraisals from April. Investing in manager and staff development and nurturing talent is also a key priority.

Finally, the development of a new Corporate Plan will clarify our priorities and objectives for the next three to four years. This in turn will be linked to the budget-setting process and inform service planning and appraisals.

I support the areas for improvement presented in this Annual Governance Statement.

### 10.2. Chief Finance and Section 151 Officer

As Section 151 Officer, I have responsibility to ensure the proper administration of the Council's affairs. Key elements of this are to make sure the Council's budget and reserves are robust and arrangements are in place to secure value for money.

The annual Budget and Medium-Term Financial Strategy (MTFS) is the Council's key General Fund financial planning document and sets out the Council's strategic approach to the management of the General Fund including Council tax levels, capital funding and treasury management.

As S151 officer, I continue to assess risks to the financial stability of the Council, both externally and internally. External risks take the form of high inflation, increasing construction costs, high interest rates and volatile government funding. Internal factors include ensuring budget holder accountability is strong, contract management and procurement arrangements are suitable and the finance function is robust and provides adequate checks and balances across the organisation. [The Council continues to improve its risk management arrangements and strengthen its governance arrangements in response to good practice and internal audit advice. Whilst the overall internal audit opinion for 2022/23 was limited, the 2023/24 opinion has improved to reasonable.](#)

I also assess the financial and governance implications of new partnerships and commercial arrangements that are becoming a more high-profile part of the Council as it seeks to work more closely with other local government bodies, Health partners and community groups.

In addition, the organisation is taking steps to ensure a business partnering approach is adopted to demonstrate the finances of the Council are directed appropriately to its priorities. This approach is set out in a Finance Business Partnering Agreement but it is intended to roll the business partnering out to other services.

The projected gap between government funding and expected spend has necessitated the MTFS to be regularly reviewed and updated. Councillors have approved financial resilience measures which have stabilised the General Fund balance for this and future financial years, including a strategy to avoid the use of reserves and the adoption of a budgetary contingency as part of the annual budget process.

The 2022/2023 Budget report was taken to Council on 10 February 2022. The Budget Report is a formal report and is part of a continuum of professional advice and detailed work carried out with EMT and councillors. The Medium-Term Financial Strategy (MTFS) was approved as part of the same report and outlined how the budget would be delivered over the medium term.

I conclude the estimates for 2022/2023 were robust, the budget was lawful and levels of balances improved and would be adequate and reasonable in meeting the Council risks. The outturn variance was a small surplus of £111k / 1%.

Section 7 of this report sets out more detail on the Future Tandridge Programme, particularly how this has been adopted as the key mechanism for securing value for money in the delivery of services.

### 10.3. Monitoring Officer

As the Council's Monitoring Officer, I am required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89).

I am satisfied that the Council has robust processes for decision making, however, there remains a need to ensure that a broader range of considerations as highlighted in the Council's Local Code of Corporate Governance are considered in the development of policies, projects and when making decisions.

I also have no significant concerns regarding overall councillor conduct and there is now a positive relationship with Group Leaders that has helped to address any isolated issues that do arise. The Monitoring Officer also considers the Council has an effective Standards Committee in place.

The Member Code of Conduct was reviewed during 2020/2021 by the Standards Committee and updated, to address the areas of best practice identified by the committee on Standards in Public Life in its review of Local Government Ethical Standards. In particular, the Council adopted the Local Government Association's Model Code in the last municipal year. A further review will be considered by the Council early in the new municipal year.

Member Code of Conduct training has again been provided in the last year and there is considered to be good awareness of the requirements of the Code of Conduct. The Council has good procedures in place for the review of both councillors' and officers' Register of Interests. There have been several complaints alleging a breach of the Member Code of Conduct during the past year and all of these have been dealt with in accordance with the Council's adopted procedures for handling such complaints.

#### 10.4. Internal Audit opinion 2022/2023

Delivery of the Council's Internal Audit is carried out by Southern Internal Audit Service (SIAP) and managed by the Chief Finance Officer and Section 151 Officer. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Audit Plan, SIAP contribute to the Council's corporate governance.

SIAP operates to defined professional standards, i.e. the Public Sector Internal Audit Standards (PSIAS) and the Client Audit Manager reports to the Council's Strategic Director (Chief Finance Officer and Section 151 Officer) providing updates on internal audit progress and issues at regular liaison meetings.

Regular updates are presented to the Audit & Scrutiny Committee throughout the year which outline the key findings of the internal audit work undertaken during 2022/2023, including any areas of significant weakness in the internal control environment.

A list of all limited or no assurance reviews are listed in the 2022/2023 annual report and opinion that was be presented to the Audit & Scrutiny Committee in September 2023.

In each instance where it has been identified the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, SIAP has highlighted such issues through reporting to management who have developed management actions to further improve the system of control and compliance. All management actions are followed through to implementation and reported to the Audit & Scrutiny Committee.

The Annual Report of the Head of Internal Audit for the year ending March 2022/23 provided only 'Limited Assurance' that the system of internal control accorded with proper practice. Several internal audit

reports had limited assurance. However, the report provided that "Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement." The report was reported to the Audit & Scrutiny Committee in September 2023.

The Internal Audit Opinion has been considered in the development of the Annual Governance Statement.

#### 10.5. Delays in external audit

Over the last four years there has been an increasing national backlog in the external audit of councils' Statement of Accounts. This has been due to a shortage in capacity in the external audit market. The Council's Statement of Accounts for 2021/2022 is still to receive its Audit completion certificate. The Leader and Chief Executive have not therefore received the full assurance they could expect from the external audit process. The Department for Levelling Up Housing and Communities is looking to deliver a recovery plan which will address this national issue.

Our external auditors (Deloitte LLP) will issue their External Audit Report ISA260 report for 2021/2022 in due course. The external audit for 2021/2022 has commenced but will be delayed for the reasons set out above, particularly pressures on the external audit market. The report will be considered by the Audit & Scrutiny Committee as soon as possible. The document will summarise their key findings in relation to their external audit of the Council for 2021/2022 and will contain an opinion on the Council's financial statements, the control environment in place to support the production of timely and accurate financial statements and the Council's significant risk areas [The 2022/23 audit will be undertaken under the Government's backstop arrangements and will result in a disclaimed audit opinion.](#)



## 11. Communications

- 11.1. The Council works hard to raise awareness and understanding among stakeholders about objectives, policies and services, as well as to improve and encourage proactive engagement between the Council and its stakeholders. In addition, the Council aims to consult widely and inclusively, listen to feedback and use it to inform policies.
- 11.2. The Council uses a range of channels to communicate with residents, businesses and customers. These include the website, e-newsletters which provide the latest information about initiatives and services, community news and events and social media.
- 11.3. The Leader of the Council writes a monthly column for the CR3, CR6, RH8, RH9, TN16 series of magazines, as well as for the Tandridge Independent. The [Leader of the Council column](#) is published on the Council's webpage.
- 11.4. Throughout the Covid-19 pandemic, the Council played an active role in promoting and signposting residents and businesses to the government's package of guidance and support measures. This has evolved into providing information to support residents and business during the cost-of-living crisis.
- 11.5. A residents' survey is carried out every two years to ask residents for their views of the Council, its services and their local area. The last survey was carried out in 2023. The 2023 results were presented to the Audit & Scrutiny Committee on 26 September 2023.

## 12. IT strategy

- 12.1. The Council developed and approved an IT & Digital Strategy in June 2021. The overarching goal of the strategy is to improve service outcomes as well as reduce costs and to do this by making it easier for residents, partners and businesses to engage and transact with the Council.
- 12.2. The ambition is to provide efficient, cost-effective services 24/7 to a growing majority of the residents.
- 12.3. The digital aspirations were underpinned by three critical ambitions:
  - Accelerating channel shift
  - ICT modernisation and resilience
  - Working smarter
- 12.4. A business case to develop the digital offering to residents and businesses has been agreed and the work programme underway. A review of the ICT estate will also be carried out, to provide insight on the best use of current technology and the benefits and cost of cloud migration. This work will be a key project within the Future Tandridge Programme.

## 13. Partnership

13.1. The Council continues to use partnership arrangements with other public bodies to deliver services. The Council remains committed to meeting the challenge of ensuring the appropriate governance arrangements are in place for each of the major partnerships that the Council has entered or will enter.

13.2. The Council has the following partnerships in place:

- **Environmental Health** - Mole Valley District Council and Tandridge District Council have operated a shared Environmental Health and Licensing service to protect residents and support businesses since April 2017. Mole Valley operates as the host authority for the delivery of the service. Each Council retains its licensing and regulatory committees and sub-committees. The Environmental Health Partnership is run through an inter-authority agreement which includes details of the Principles of the Shared Service, governance and monitoring. The Joint Partnership Board meets quarterly.
- **Building Control** - the Council hosts the Southern Building Control Partnership, which includes Reigate and Banstead Borough Council and Mole Valley District Council. The partnership is governed by an inter-authority agreement, which is currently under review. The Joint Partnership Board, on which the councils are represented by Councillors and Officers, meets at least three times a year to approve the partnership's budget, review income, performance and risk.
- **Internal Audit** - the Southern Internal Audit Partnership meets regularly with EMT and the Chief Finance Officer (S151) All areas of performance, professional practice, and sharing best practice are discussed.

- **Finance function** - in March 2021, the Strategy & Resources Committee approved the Joint Working Agreement with Surrey County Council for Tandridge's Finance Function. This was to address the issues of recruitment of a new S151 Officer and enhancing the resilience of the Finance team. At the heart of this Joint Agreement is the Tandridge Finance Transformation Programme (TFT). The arrangement is comprised of three phases concluded through a gateway process. Phase 1 was due diligence and completed in June, phase 2 is the delivery of the TFT which was concluded in July 2022 and a follow up review one-year-on was provided to the Audit & Scrutiny Committee in June 2023.
- **Wellbeing Prescription** - The Wellbeing Prescription team has been supporting both Tandridge and Reigate and Banstead residents since 2015. The team is commissioned by NHS Surrey Heartlands ICS to support residents in East Surrey to improve their health and Wellbeing. The Strategy & Resources Committee approved a one-year extension to the current contract till March 2024. During the year a new model will be developed across East Surrey ready for a new commissioned contract in 2024.

## 14. Planning

Table shows comparative performance and statistical information for 2021/22 and 2022/23.

	2022/2023	2021/2022
<b>Development Management</b>		
Valid planning applications received	948	1,219
Determined planning applications	811	1,164
Delegated to Officers	803 (99%)	1141 (98%)
Determined by Planning Committee	8 (1%)	23 (2%)
Applications Granted	694 (86%)	953 (83.5%)
Applications Refused	109	188
Appeals decided by Planning Inspectorate	58	86
<b>Development Management Appeals</b>		
Appeals allowed by Planning Inspectorate	24 (41%)	28 (33%)
Appeals dismissed by Planning Inspectorate	32 (55%)	56 (65%)
Split decision by Planning Inspectorate	2 (3%)	2 (2%)
Planning appeals dismissed	31 (55%)	52 (66%)
Planning appeals allowed	24 (43%)	26 (33%)
Split decision by Planning Inspectorate (planning)	1 (2%)	1 (1%)
<b>Enforcement Appeals</b>		
Planning enforcement appeals dismissed	1 (50%)	4 (57%)
Planning enforcement appeals allowed	0 (0%)	2 (29%)
Split decision by Planning Inspectorate (enforcement)	1 (1%)	1 (14%)
Enforcement Notices (all types) issued	21	15
<b>Enforcement Cases</b>		
Enforcement cases opened	367	365
Enforcement cases closed	357	391
Enforcement Notices issued	15	12
Section 215 issued	1	0
Temporary Stop Notice (TSN) issued	4	0
Stop Notice issued	1	1
Breach of Condition	0	2

## 15. Equality

15.1. The Council is committed to delivering services equally to all residents and improving the quality of life for its residents. Any new Council policy, proposal or service, or any change to these that affects people must be the subject of an Equality Impact Assessment (EIA) to ensure that equality issues have been consciously considered throughout the decision-making processes. Given the importance of properly considering the impact of the Council's public sector equality duty on Council proposals, EMT members undertook compulsory training (on 19 September 2023) in this area and the question of whether or not an EIA is required will be embedded within Council processes.

## 16. Changes in Legislation

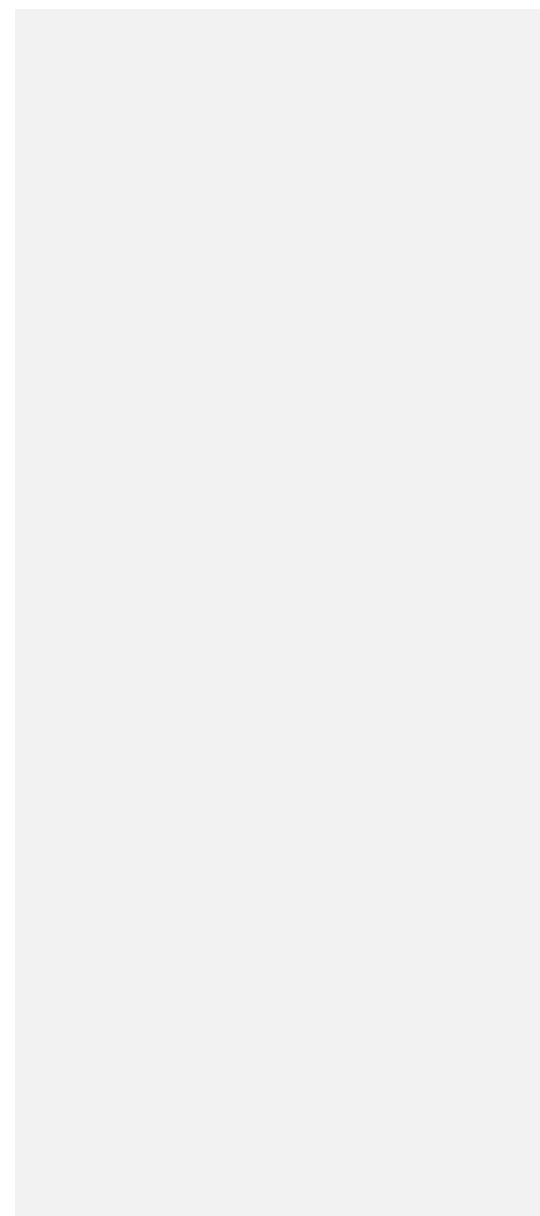
16.1. The Council is required to ensure it is compliant with legislation in a broad range of fields. Key known changes the Council will need to respond to include:

- Social Housing (Regeneration) Bill – this bill will strengthen the powers of the housing ombudsman where there are concerns relating to the provision of social housing. Councils will be required to report against a range of tenant satisfaction measures and appoint specific officers to lead on ensuring compliance with housing standards. The Council has sought to pre-empt elements of the Bill through its revised housing related strategies.
- Building Safety Act 2022 – this Act primarily comes into effect during the 2023/24 year. This creates mandatory standards for management of high rise buildings, which must be registered with a nominated regulator.
- Environment Act – the Environment Act was passed in November 2021, which has the potential to significantly change Council environmental service operations. However, much of the secondary legislation and guidance which will clarify what changes are required, and the timing of these changes, is yet to be passed.

- Levelling Up Bill – this bill includes a wide range of changes across a range of Council activities. Particular changes are identified in respect of planning, whereby the current community infrastructure levy is likely to be replaced. Other elements of the Bill include specific restrictions on Council investment activity.
- Procurement Bill – this bill is likely to see significant shifts in current procurement legislation. For example, the Council will be required to publish information on supplier performance.
- The government has been consulting on proposed changes to MEEES legislation over the past 2 years. Formal changes are yet to be made however it is anticipated that non-residential buildings will be required to meet an Energy Performance Certificate (EPC) rating of D by 2025, C by 2027 and B by 2030. Given no legislation has been passed yet it is difficult to plan, however this is being factored in when undertaking asset reviews and considering future investment requirements in the Council's non-residential property assets.

## 17. Conclusion

- 17.1. The Council recognises the longer-term impact of the pandemic, alongside the current economic climate and general inflation cost pressures will continue to bring with it substantial risks to the Council and these will be monitored by the respective committees and EMT, with the Audit & Scrutiny Committee seeking assurance all possible mitigations are in place through its monitoring of this priority risk.
- 17.2. The Council annual review has provided an effective process to identify any governance issues and to put in place the necessary improvement actions. The Council will seek to prioritise areas identified in the Internal Audit Opinion as requiring further improvement to ensure our arrangements are fit for purpose and resilient moving forward. It is recognised that the Council will have significant issues to consider and address, including addressing financial challenges and continuing the improvement in the overall internal audit opinion (which was limited overall for 2022/23 but improved to reasonable for 2023/24), which will have longer-term implications for how services are delivered and the financial resources available to support that service delivery.
- 17.3. Both the annual review process and action plan (2023/24) demonstrates the culture of the Council to robustly challenge itself and constantly seek out and demonstrate opportunities to improve further with the necessary actions being agreed. Progress in implementing the action plan will be carefully monitored during the year ahead through the EMT meetings, and an update will be reported in next year's AGS.
- 17.4. The Action Plan is attached as Appendix A (2023/24) and Appendix B (2022/23) which includes outstanding activities carried over from the 2021/22 AGS.





# Annual Governance Statement 2022-2023

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