

# KPMG – UNITARY WORK COSTS

## Strategy & Resources Committee – 25 March 2021

Report of: Acting Chief Executive

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

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### Executive summary:

This report seeks to gain Committee endorsement for the additional £5000 agreed in relation to the Unitary work carried out on behalf of all Surrey District and Borough Councils by KPMG.

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

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### Recommendation to Committee:

That the action taken to pay an additional £5000 to KPMG for consultancy support work on a joint District and Borough Council outline proposal for the development of alternatives to a single unitary structure for Local Government in Surrey be endorsed.

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### Reason for recommendation:

The recommendation is put forward on the basis that the work undertaken and completed by KPMG was agreed as a collective decision of all Districts and Boroughs which has resulted in valuable ongoing discussions regarding collaborative and shared services and much improved networking and communication.

It has also provided a comprehensive report which will enable an informed and swift response to any future unitary proposals.

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### Introduction and background

1. Early in 2020 Surrey County Council indicated its desire to explore options for Local Government reorganisation within Surrey and expressed that a single unitary was their preferred option.

2. As a result of this announcement the eleven Surrey district and borough councils agreed to engage KPMG on a consultancy basis to help prepare an alternative proposal to the single unitary approach.
3. A greatly reduced rate was negotiated with KPMG due to the availability of a team who were just completing a piece of similar work elsewhere and districts and boroughs agreed that the costs would be equally apportioned between them and this amounted to £10,000 each. A Committee paper was brought to S&R on 17<sup>th</sup> August 2020 where this expenditure was approved.
4. Subsequently, following the delay of the anticipated Devolution White Paper from Central Government, it was proposed and agreed by the districts and boroughs that the scope of the work should be expanded to develop potential areas for large scale collaborative/shared services and for KPMG to develop PR support work in connection with alternative proposals to a single unitary.
5. This increased scope of work was brought to Committee on 22<sup>nd</sup> September with a report requesting an additional £20,000 of expenditure. This was not approved and the decision specified that any future expenditure above the originally agreed £10,000 should be brought back to Committee for approval.
6. At some point between the September 22<sup>nd</sup> meeting and the Interim Transformation Lead leaving the Council it appears an agreement was made that all districts and boroughs would each contribute an additional £5,000 to the development of the additional collaborative/shared service options (but not the PR work as this was not necessary following the delay of the decision by Central Government). This was following letters of invitation being sent to three counties in October 2020 which indicated the unitary agenda is only delayed and not discounted.
7. Unfortunately the request for any further expenditure to be brought back to S&R was overlooked and recently the Council has received the invoice for the agreed £15,000.
8. As indicated above, it is still expected that Local Government Reorganisation and unitary authorities agenda will be back on the table in the medium-term in Surrey. Therefore the total expenditure of £15,000 on this work is considered a good investment for current and future outcomes.

## **Key implications**

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

The Chief Finance Officer supports the payment to KPMG of the work undertaken on Unitary options. To date S&R has only approved £10k and it is essential before payment is made to KPMG (which they are now seeking) that the proper governance process is undertaken which is for Committee to approve the additional payment. It is important to note that the payment for the additional £5k is not budgeted but is affordable due to underspends elsewhere this financial year.

### **Comments of the Head of Legal Services (Monitoring Officer)**

Given that the additional work by KPMG has been completed, the Committee Members have no option but to agree to pay the invoice for £5,000.00. Failure to do so may lead to claims for non-payment against the Council.

### **Equality**

There are no equalities implications directly arising from this report.

### **Climate change**

There are no climate change implications arising directly from this report.

### **Appendices**

None

### **Background papers**

None

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