

# 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 2<sup>nd</sup> December 2021 at 7.00pm.

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

**ALSO PRESENT:** Councillors Duck, Farr, Lockwood, Mills, Morrow, Ridge, Sayer, Steeds and N.White

### 200. MINUTES OF THE MEETING HELD ON THE 5<sup>TH</sup> OCTOBER 2021

These minutes were confirmed and signed by the Chair.

### 201. DECLARATIONS OF INTEREST

Councillors Bloore, Morrow and Pursehouse declared interests in agenda item 6 (CIL Working Group – 8<sup>th</sup> November 2021 / Minute 204 below). The nature of their interests was that they were members of Warlingham Parish Council which had submitted the CIL application for the Warlingham Green improvement project. They left the Chamber for the discussion and voting on that agenda item.

### 202. QUESTIONS SUBMITTED UNDER STANDING ORDER 30

A question was submitted by Councillor Cooper, a copy of which is attached at **Appendix A**, together with the response from Councillor Bourne as Chair of the Committee. Councillor Cooper's supplementary question and the response from Councillor Bourne is also included within Appendix A.

### 203. INVESTMENT SUB-COMMITTEE - 5TH NOVEMBER 2021

The minutes of the Sub-Committee's meeting on the 5<sup>th</sup> November 2021 were considered.

The Chair responded to questions about the nature of the planning permission to be sought for Redstone House (i.e. residential) and the rationale for disinvesting in Funding Circle.

**COUNCIL DECISION**  
(subject to ratification by Council)

**RECOMMENDED** – that that the minutes, attached at **Appendix B**, be received and the recommendation in Item 4 (*that Redstone House, Nutfield be sold for the best consideration as can be achieved by the Executive Head of Communities*) be adopted.

## 204. CIL WORKING GROUP – 8<sup>TH</sup> NOVEMBER 2021

The minutes of the Working Group's meeting on the 8<sup>th</sup> November 2021 were considered.

**RESOLVED** – the minutes, attached at **Appendix C**, be received and the recommended CIL allocations in item 3 be adopted.

## 205. 2020/21 OUTTURN MONTH 12 (MARCH 2021)

The Committee considered a report regarding the Council's 2020/21 budget position at the end of March 2021.

After taking account of the £920,000 budget gap (confirmed by the Grant Thornton review) the General Fund revenue outturn was a £885,000 surplus, transfers of which to various reserves were recommended. The report advised that, for 2020/21, the £920,000 gap had been mitigated by in-year underspends across all services. Further mitigation measures were outlined for subsequent years, i.e.:

- 2021/22 – funding the gap from reserves. An application to the Secretary of State to allow the use of capital receipts to replenish reserves was in progress. If permission was not granted, the temporary use of reserves would become permanent.
- 2022/23 – the gap has been taken into account when determining the level of savings that would be required. Assuming that all the £1.2m of savings are delivered and because they are of a permanent nature, the gap would be permanently closed in 2022/23.

Capital expenditure of £11.2 million had been incurred against the combined General Fund and HRA capital programme budget of £15.7 million. After allowing for a £200,000 underspend, slippage of £4.3 million was recommended (£2.5 million to 2021/22 and £1.8 million to 2022/23). The report confirmed that improvements to the governance, monitoring and reporting of the capital programme would be undertaken as part of the finance transformation programme.

The Housing Revenue Account had achieved a surplus of £1,356,300 against the budgeted figure of £1,037,800 (a positive variance of £318,000).

The report also advised that a fundamental review of the Council's financial management and reporting arrangements was being undertaken by an independent external advisor (Laura Rowley BA MBA FCPFA). Laura Rowley's interim report was included within the agenda pack. This concluded that the Chief Finance Officer could proceed with a reasonable degree of confidence and that the data underlying the outturn report could be used to support the production of the 2022/23 draft budget. Laura Rowley joined the meeting via Zoom and confirmed her findings.

In response to Members' questions, the Chief Finance Officer explained:

- that the finance transformation project sought to ensure that, in future years, outturn positions would be predicted more accurately and that significant variations could be identified and tracked earlier in the financial year

- the overspend on Minimum Revenue Provision - the budgeted amount had not taken account of the need to apply MRP to internal (as well as external) borrowing.

The sentence in Laura Rowley's report which stated that Tandridge had approached Surrey County Council for assistance was questioned. This was on the basis that Tandridge had, in fact, originally interviewed two candidates for the Chief Finance Officer vacancy in 2020, one of which was Anna D'Alessandro who was duly appointed and proceeded to lead the joint working with the County Council. Laura Rowley confirmed that she would amend her report accordingly.

### **COMMITTEE DECISIONS**

*(under powers delegated to the Committee)*

**RESOLVED** – that

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

### **COUNCIL DECISIONS**

*(subject to ratification by Council)*

**RECOMMENDED** – that

- A. the following transfers to reserves from the outturn position be approved:
  - (i) £682,000 planning reserve to support the delivery of the Local Plan and other general planning related activities (including £130,000 Homes England money)
  - (ii) £134,000 reserve to mitigate future financial uncertainties /risks in the medium-term and support budget planning
  - (iii) £42,000 Academy/Northgate Reserve to support the delivery of the new revenues & benefits system in 2021/22
  - (iv) £27,000 CV-19 reserve to support future CV-19 related spend
- B. capital carry forwards of £4.3 million from 2020/21 to future years (£2.5 million to 2021/22 and £1.8 million 2022/23) be approved.

## **206. 2022/23 DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY**

A report was presented which recommended a draft budget for 2022/23; a Medium Term Financial Strategy; Council Tax exemptions and discounts; the Council Tax base for 2022/23; funding for the planning service; an application to Government for a 'capital dispensation'; and the flexible use of capital receipts strategy.

The report explained the twin track approach to developing the Council's financial plans, namely focusing on delivering a balanced budget for 2022/23 while seeking to address pressures over the medium term. It reflected upon the challenges associated with developing a balanced budget, especially the continuing impact of the pandemic and the underlying £920,000 budget pressure which was the subject of the Grant Thornton review commissioned by the Committee earlier in the year. At this early stage, the report concluded that up to £200,000 could be required from reserves to balance the budget for 2022/23, pending settlement outcomes, before being replenished in 2023/24.

The report provided details about:

- the need for Council wide transformation over the next two years to deliver a leaner, more sustainable organisation, involving a review of all services beyond the change programmes already underway in finance and planning (an 'improved operating model for Tandridge' was attached to the report - in response to a comment during the debate, the Chief Executive confirmed that actions for delivering the model would be developed in the near future)
- progress in implementing the finance transformation programme to date and an explanation of the change programme for the planning service (as reported to the Planning Policy Committee on the 25<sup>th</sup> November 2021) which involved the creation of four additional posts at a cost of £76,000 per annum; £114,000 was being sought for an eighteen-month period, expected to be funded from the flexible use of capital receipts
- the work undertaken in conjunction with IMPOWER to identify savings opportunities
- an explanation of the flexible use of capital receipts regime whereby the Government allowed Councils to spend their capital receipts on the revenue costs of transformation projects, and the requirement for the application of this type of receipt to be matched by revenue savings and/or cost containment
- strategies applicable to the four policy committees
- financial performance in 2021/22
- the emerging draft 2022/23 budget and Medium Term Financial Strategy/ outlook to 2023/24
- an update on the development of the capital programme 2022/23 to 2024/25.

Information concerning the proposed new and revised Council Tax discounts, exemptions and premiums were provided within the report.

Details regarding the Council Tax base for 2022/23 were also presented within the report.

The Chief Finance Officer explained how the scope of the finance transformation project had extended since its inception, given the identification of the budget gap in April 2021 and associated activities to provide Members with confidence in the underlying numbers and to allow the Finance Transformation Programme to be built on a solid foundation. This had created a delay in its anticipated completion beyond the current financial year. However, she confirmed that the key objectives of the project would still be delivered within the original budget envelope.

Details of the £1.2 million efficiency savings referred to in the report (identified by senior officers and IMPOWER) had arisen from a Member workshop on the 9<sup>th</sup> November 2021 and had been shared with Group Leaders. However, some Members expressed concern that the information had not been presented to this or the other relevant committees for consideration and that all Councillors (especially those who were unable to attend the workshop) and residents (given that committee meetings are held in public) needed to be aware of the detailed aspects of the proposed savings before the draft budget could be approved. Officers explained that, as per paragraph 10.2 of the report ('Next Steps') it was intended to enable policy committees to review their individual future revenue and capital budgets, commencing with the Community Services Committee on the 18<sup>th</sup> January 2022 and concluding with the Strategy & Resources Committee on the 1<sup>st</sup> February 2022. Nevertheless, changes to Recommendation A of the report were proposed by Councillors Morrow and Caulcott, culminating in the following amendment:

“the draft budget for 2022/23 and Medium Term Financial Strategy to 2023/24 be approved-noted, pending consideration by policy committees of their proposed revenue and capital budgets, commencing with the Community Services Committee on the 18<sup>th</sup> January 2022 and concluding with the Strategy & Resources Committee on the 1<sup>st</sup> February 2022.”

Upon being put to the vote, the amendment was agreed.

### **COMMITTEE DECISIONS**

*(under powers delegated to the Committee)*

**RESOLVED** – that:

- A. the draft budget for 2022/23 and Medium Term Financial Strategy to 2023/24 be noted, pending consideration by policy committees of their proposed revenue and capital budgets, commencing with the Community Services Committee on the 18<sup>th</sup> January 2022 and concluding with the Strategy & Resources Committee on the 1<sup>st</sup> February 2022;
- B. the following Council Tax exemptions and discounts for 2022/23 be approved:
  - (i) an exemption should the Council Taxpayer (liable person) be a care leaver living in independent accommodation under 25 years of age;
  - (ii) a 25% discount should the Council Taxpayer (liable person) be a care leaver living in semi-independent accommodation under 25 years of age;
  - (iii) an additional 300% Council Tax premium for long-term empty property (properties empty over 10 years)

- C. the gross Council Tax Base for 2022/23, be determined at 39,162.8 after taking account of the Council's agreed Council Tax Support Scheme, and the net Council Tax Base for 2022/23 be determined at 38,692.9 after adjustment by 1.2% to allow for irrecoverable amounts, appeals and property base changes;
- D. the funding request for the proposed transformation of the planning service of £114,000, including on-costs, be approved;
- E. the draft Flexible use of Capital Receipts Strategy, to be finalised and approved by Full Council in February 2022, be noted.

**COUNCIL DECISION**

*(subject to ratification by Council)*

**RECOMMENDED** – that the request for a capital dispensation from the Department for Levelling Up, Housing and Communities be approved to:

- initially replenish general fund reserves; and
- if the sector-wide flexibilities are not extended, secure flexibility for a further amount to pump-prime transformation.

## **207. HOUSEHOLD SUPPORT FUND – CONFIRMATION OF DECISION TAKEN UNDER URGENCY POWERS (STANDING ORDER 35)**

The Department for Work and Pensions had launched the Household Support Fund to provide financial support to vulnerable households during the winter months. Initial allocations for grant funding were to Unitary and County Councils. Surrey County Council had received nearly £5.3 million and had distributed £2.8 million to Surrey Boroughs and Districts (£234,649 to Tandridge) to enable solutions that meet local requirements. Authorities could deduct reasonable administration costs from their allocations and had discretion to administer the scheme within the scope of the guidance.

A Tandridge Household Support Scheme Local Eligibility Framework had been developed for the local administration of the scheme which confirmed that the Council would:

- exercise discretion to identify and support those most in need
- use the funds to meet immediate needs and help those who are struggling to afford food, energy or water bills and essential household expenditure
- in exceptional cases of genuine emergency, support housing costs where existing housing support schemes do not meet this exceptional need
- work with local services, community groups and other partners to identify and support households within the scope of the scheme.

A report was submitted which advised that the Framework had been approved by the Chief Executive under the urgency provisions of Standing Order 30 and that funds would be allocated to recipient households in the form of vouchers which could be redeemed to offset utility costs and to purchase groceries and other essentials such as clothing and white goods.

The Committee was advised of corrections to paragraph 6 of the report which clarified that the administration costs in Tandridge were anticipated to be approximately £17,756 made up as follows:

Activity	No of Hours	Hourly rate	Costs	Plus £18 per hour on-cost
Set-up	40	£55	£2,200	£2,920
IT development	22	£20	£440	£836
Administration	20 hours per week x 20 weeks	£17	£6,800	£14,000
<b>Total</b>			£9,440	<b>£17,756</b>

It was confirmed that the launch of the Tandridge Fund would be accompanied by a targeted promotional campaign and that relevant local voluntary organisations, with potential knowledge of residents in need of support, would be contacted.

**RESOLVED** – that the decision taken under urgency powers in accordance with Standing Order 35 to approve the Tandridge Household Support Scheme Local Eligibility Framework be ratified.

## 208. DESIGNATION OF POLLING STATION FOR CHELSHAM & FARLEIGH

The current polling place assigned for the Chelsham and Farleigh polling districts was Warlingham Park School (an independent school not covered by the relevant legislation which allowed Returning Officers to use school premises as polling stations).

A report was submitted which advocated that the polling place for the area be re-designated as the Bull Inn, Chelsham Common. This was in light of concerns raised during recent polls regarding the suitability of the school for electoral purposes. The Bull Inn had been used for the 6<sup>th</sup> May 2021 elections due to the impact of the covid-19 pandemic (social distancing could not be maintained in the school) and feedback from voters, polling station staff and Ward Members had been positive.

**COUNCIL DECISION**  
(subject to ratification by Council)

**RECOMMENDED** – that the Bull Inn be assigned as the polling place for the Chelsham and Farleigh polling districts.

Rising 8.44 pm

**Strategy & Resources Committee – 2<sup>nd</sup> December 2021  
Standing Order 30 Questions and responses**

**Question from Councillor Cooper**

The TDC Strategic Plan (Page 109 in the S&R Agenda) includes a statement about becoming greener; 'the Council is taking all the steps it can to become carbon natural (I assume the word should be neutral?) by 2030'. As it is about two years since the Council decided on this policy, I assume it is now understood what is needed to achieve this goal.

Therefore, could the following information be supplied about each of the areas to be addressed to meet this objective? (housing, travel etc):

- a) Current total carbon generated annually by each TDC council activity
- b) The intended approach to reduce the carbon generated to zero
- c) The cost to TDC of carrying out this work
- d) A total of carbon currently generated and the total cost of the work to be carried out. (Whether the work may qualify for government or other grant or not).

*Response from the Chair (Councillor Bourne)*

*The following responses have been provided to me by the relevant Officer:*

- a) *We have carbon emissions data for the buildings we operate, i.e. pay the bills for, and the fuel we use in our vehicles. However, we are still working on the most accurate way of accounting for emissions from other sources such as council homes and leased commercial assets.*
- b) *In brief, our intended approach is to focus on reducing our organisational emissions i.e. gas, electricity and fuel we consume. We also have actions to reduce emissions for our leased assets and to install EV chargepoints in the district.*
- c/d) *We do not have officers who work solely on this work nor a separate budget for climate change per se, it therefore forms part of our BAU activities. Some climate change work may qualify for government grants, however they do require resources in terms of officer time, i.e. to write grant proposals, prepare evidence and claim forms and so forth.*

*The annual update on the climate change action plan is due to come to the next meeting of this Committee on 11<sup>th</sup> January. It will also be discussed with the Climate Change Working Group on the 14<sup>th</sup> December, after which your colleagues on the Working Group should be able to update you.*



Supplementary question from Councillor Cooper

We need to understand the size of the problem if we are going to address it properly. We need to know the quantity of emissions being generated by the Council; the reductions our initiatives are intended to generate; and the cost of the work. When will the promised report on the Council's greenhouse gas emissions (which was supposed to ensure we are effectively measuring and managing our emissions) be published?

Response from the Chair (Councillor Bourne)

*My responses [on climate change matters] have been provided by officers. During the last six months, I've been concentrating on our significant financial challenges. The climate change issues have been assigned to the [Climate Change] Working Group and, until it reports back to us, I don't have any information on the subject. Perhaps you can wait until the 11<sup>th</sup> January meeting when the latest update on climate change actions will be given. Until then, I haven't got any information which hasn't been provided to me by the officers concerned.*

**TANDRIDGE DISTRICT COUNCIL****INVESTMENT SUB COMMITTEE**

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 5 November 2021 at 10.00am.

**PRESENT:** Councillors Bourne (Chair), Cooper, Elias and Langton

**ALSO PRESENT:** Councillors Farr

**APOLOGIES FOR ABSENCE:** Councillor Jones

**1. MINUTES OF THE MEETING HELD ON THE 24TH SEPTEMBER 2021**

The minutes were confirmed and signed as a correct record.

**2. SUMMARY INVESTMENT AND BORROWING POSITION AT 30TH SEPTEMBER 2021**

The investment analysis at Appendices A and B was presented.

The Chair explained that the anticipated remodelled report from Link Group (the Council's treasury advisors) would now be presented to the Sub-Committee's meeting on the 21<sup>st</sup> January 2022. This would help to inform a decision on the use of the redeemed proceeds from Funding Circle which had accumulated since the decision to cease re-investing in its peer to peer loans and to withdraw funds as those loans were repaid. It was confirmed that the 11.2% yield rate from Funding Circle (Appendix A refers) reflected the withdrawal of the principal element of the investment, together with a one-off recovery of non-performing loans amounting to £38,000 and did not reflect pure income.

Members reiterated their wish from the 11<sup>th</sup> June 2021 meeting that the term 'high yielding' should be removed from future investment reports.

**RESOLVED** – that the Council's investment and borrowing position at 30th September 2021, as set out in Appendices A and B, be noted.

### 3. GRYLLUS HOLDINGS, GRYLLUS HOUSING AND GRYLLUS PROPERTY FINAL ACCOUNTS 2020/21

The Sub-Committee considered financial statements for the year ended 31<sup>st</sup> March 2021 in respect of these Council owned subsidiary companies, together with a report from Kreston Reeves LLP arising from its audit of the accounts.

The key issues identified within the Officer covering report were:

- Gryllus Holdings had been dormant during the reporting period and an unqualified audit opinion had been issued. (The term 'dormant' was questioned during the debate, but it was acknowledged that the company had not been trading and that no movement of balances had taken place).
- Gryllus Housing had been dormant during the reporting period and the accounts were unaudited.
- Gryllus Property Limited had recorded a loss of £1,792,530 arising from revaluations of the company's three properties (30-32 Week Street, Maidstone; 80-84 Station Road East, Oxted and Castlefield House, Reigate). This had been expected as Castlefield House was purchased during the 2020/21 reporting year and its valuation had attracted one off purchase costs. Without such costs, the company made an operational post tax profit of £72,373. An unqualified audit opinion had been issued.

The Kreston Reeves audit had identified:

- a late VAT payment (by one day) which had incurred an HMRC penalty fine
- an incorrect posting of £205,583 rental income.

Consequently, Kreston Reeves had recommended measures to reduce the likelihood of such errors reoccurring, namely additional staffing capacity to deal with VAT payments and a quarterly reconciliation of actual and expected rental income. It was confirmed that these matters would be addressed as part of the Finance Transformation Programme.

The Chief Finance Officer (Anna D'Alessandro) advised that she had replaced Simon Jones as a director of all three companies.

**RESOLVED** – that the following be noted:

- (i) the annual financial statements for Gryllus Holdings Limited, Gryllus Housing Limited and Gryllus Property Limited for the year ended 31<sup>st</sup> March 2021;
- (ii) the report from Kreston Reeves arising from its annual audit of Gryllus Holdings Limited and Gryllus Property Limited for the year ended 31<sup>st</sup> March 2021; and
- (iii) the management accounts for Gryllus Property Limited (profit by property).

## 4. INVESTMENT PROPERTY UPDATE

The Sub-Committee resolved to move into 'Part 2' for this item in accordance with Paragraph 3 (information relating to financial or business affairs) of Part 1 of Schedule 12A of the Local Government Act 1972.

The officer report advised Members about the performance of the of the commercial investment properties owned by the Council and its subsidiary company, Gryllus properties:

TDC properties:

- Quadrant House, Caterham Valley
- Redstone House, South Nutfield
- Village Health Club, Caterham on the Hill

Gryllus properties:

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

The information comprised an update about asset management activity for each property; an analysis of opportunities and risks; and valuations carried out by Wilkes, Head and Eve (WHE) in December 2020 for the Gryllus properties and February 2021 for the TDC properties. Members considered that future WHE valuations would benefit from input from the asset management team to ensure they were as realistic as possible.

Members were also provided with:

- rent / service charge collection data for Quadrant House and a risk register compiled by Huntley Cartwright quantity surveyors; and
- an options analysis from Colliers (property consultants) regarding the future use of 30-32 Week Street. Arising from this, it was acknowledged that the property would be marketed 'to let'.

The officer report advocated that Redstone House be sold. Under the Council's scheme of delegation (Part E of the Constitution) such a disposal, due its value being more than £1 million, would need to be recommended by the Strategy & Resources Committee for ratification by Full Council. The property had recently been vacated by the Surrey & Borders Partnership NHS Foundation Trust which had been paying rent of approximately £50,000 per annum to the Housing General Fund. The rationale for selling the property had been presented in a briefing note to the Sub-Committee, Bletchingley & Nutfield Ward Councillors and Housing Committee members. The briefing note was appended to the agenda pack for the meeting and explained why the property was considered inappropriate for use as social housing.

The Sub-Committee supported the recommendation to sell Redstone House but considered that planning permission should be sought by the Council with a view to the property being offered for sale with the required consents in place.

Members also requested additional information regarding the capital expenditure requirements for Linden House prior to its re-letting. Officers undertook to provide this after the meeting.

**RESOLVED** – that

- A. the recent and proposed property asset management activity be noted; and
- B. Redstone House be marketed for sale and that planning consent for the necessary changes of use be sought to enable the property to be sold with the required planning permission already in place.

**COUNCIL DECISION**

*(subject to ratification by the  
Strategy & Resources Committee and Full Council)*

**RECOMMENDED** – that Redstone House be sold for the best consideration as can be achieved by the Executive Head of Communities.

**ACTIONS:**

		<b>Officers responsible for ensuring completion</b>	<b>Deadline</b>
1	Future external property valuations be informed by contributions from the Council's asset management team	Claire Hinds (Finance Business Partner) to liaise with Kate Haacke (Lead Asset Management Specialist)	As soon as practicable prior to the next valuation
2	E-mail to Sub-Committee members confirming the capital expenditure requirements for Linden House prior to its re-letting	Kate Haacke (Lead Asset Management Specialist)	19.11.21

Rising 11.24 am

## Summary of Investments and Borrowing

## Appendix A

Investment	Investment Amount 31/03/21 £	Net Asset Value 30/09/21 £	Yield Rate Note 1 %	Forecast Return 2021/22 £	Previous Year Actual £
<b>Non - Specified (Financial Investments)- Long Term (over 12 mths)</b>					
CCLA Property Fund	4,000,000	4,448,206	3.65	162,300	179,910
Schroders Bond Fund	3,000,000	2,915,856	4.38	127,600	125,529
UBS Multi Asset Fund	3,000,000	2,794,549	4.34	121,300	140,171
CCLA Diversification Fund	2,000,000	2,051,402	3.23	66,200	62,069
Funding Circle	863,160	637,686	11.20	84,900	77,070
<b>Sub Total Non-specified (Financial Investments)</b>	<b>12,863,160</b>	<b>12,847,699</b>		<b>562,300</b>	<b>584,749</b>
<b>Non - Specified (Non-Financial Investments)- Long Term (over 12 mths)</b>					
Gryllus Property Company Loan - Maidstone	2,394,000	2,394,000	5.81	139,023	139,023
Freedom Leisure- Loan (TLP)	774,857	774,857	5.50	42,600	53,271
Freedom Leisure- Loan (de Stafford)	496,571	496,571	7.58	37,600	47,050
Gryllus Property Company Loan - 80-84 Station Rd East	1,012,500	1,012,500	5.81	54,979	54,979
Gryllus Property Company Loan - Castlefield	11,664,000	11,664,000	6.10	711,504	711,504
Gryllus Property Company Share Capital Note 2	5,251,500	5,251,500	-	-	0
<b>Sub Total Non-specified (Non-Financial Investments)</b>	<b>21,593,429</b>	<b>21,593,429</b>		<b>985,706</b>	<b>1,005,827</b>
<b>Total Non-Specified Investments</b>	<b>34,456,589</b>	<b>34,441,128</b>		<b>1,548,006</b>	<b>1,590,576</b>
<b>Specified Investments-Short Term (less than 12 mths)</b>					
Notice Accounts	4,000,000	4,042,002	0.17	7,000	11,449
Money Market Funds	3,250,000	12,285,000	0.02	2,700	15,870
<b>Total Specified Investments</b>	<b>7,250,000</b>	<b>16,327,002</b>		<b>9,700</b>	<b>27,319</b>
<b>Total Non- Specified and Specified Investments</b>	<b>41,706,589</b>	<b>50,768,130</b>		<b>1,557,706</b>	<b>1,617,895</b>
<b>Total Investment Income Budget 2021/22</b>				1,515,700	2,764,200
<b>Over/(under) budget</b>				<b>42,006</b>	<b>(1,146,305)</b>

Borrowing	Loan Amount £	Interest %	Forecast Cost 2021/22 £	Previous Year Cost £
<b>General Fund Borrowing</b>				
Gryllus Loan	3,420,000	2.46	84,132	84,132
Freedom Leisure Loan	2,225,000	2.45	54,513	54,513
Village Health Club	938,678	2.38	22,341	22,341
Linden House	4,175,000	2.69	112,308	112,308
Linden House	254,000	2.42	6,147	6,147
Quadrant House	15,340,000	2.41	369,694	369,694
Quadrant House	800,000	2.28	18,240	18,240
Gryllus - 80-84 Station Road	724,400	2.28	16,516	16,516
Gryllus - Castlefield	15,549,000	2.91	452,476	450,913
<b>Sub Total General Fund Borrowing</b>	<b>43,426,078</b>		<b>1,136,366</b>	<b>1,134,803</b>
<b>Total GF PWLB Budget 2021/22</b>			<b>1,137,000</b>	<b>1,889,000</b>
<b>Over/(under) budget</b>			<b>(634)</b>	<b>(754,197)</b>
<b>HRA Borrowing</b>				
Public Works Loan Board	61,189,000	2.70	1,632,209	1,661,341
<b>Sub Total HRA Borrowing</b>	<b>61,189,000</b>		<b>1,632,209</b>	<b>1,661,341</b>
<b>Total HRA PWLB Budget 2021/22</b>			<b>1,662,500</b>	<b>1,926,500</b>
<b>Over/(under) budget</b>			<b>(30,291)</b>	<b>(265,159)</b>
<b>Total Borrowing</b>	<b>104,615,078</b>		<b>2,768,575</b>	<b>2,796,144</b>
<b>Total Budget 2021/22</b>			<b>2,799,500</b>	<b>3,815,500</b>
<b>Total Over/(under) budget</b>			<b>(30,925)</b>	<b>(1,019,356)</b>

**Notes:**

1. Yield Rate - forecast annual return divided by net asset value. Funding Circle yield rate - forecast annual return divided by average opening & closing net asset value adjusted for estimated principal withdrawn Sept 21 to Mar 22
2. Gryllus share capital comprises of equity shares arising from loans granted - no dividend will be paid in the current year

## Market Value of Long Term Investments at 30/09/2021

## Appendix B

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Carrying Value	Carrying Value 31.3.2017	Carrying Value 31.3.2018	Carrying Value 31.3.2019	Carrying Value 31.03.2020	Carrying Value 31.03.2021	Carrying Value 30.09.2021
	£	£	£	£	£	£
CCLA Property Fund	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Schroders Bond Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
UBS Multi Asset Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
CCLA Diversification Fund	n/a	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>Total</b>	<b>10,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>

	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21
Market Value	Market Value 31.3.2017	Market Value 31.3.2018	Market Value 31.3.2019	Market Value 31.03.2020	Market Value 31.03.2021	Market Value 30.09.2021
	£	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,082,986	4,276,854	4,276,005	4,188,063	4,158,183	4,448,206
Schroders Bond Fund	2,963,563	2,912,837	2,865,130	2,539,938	2,908,911	2,915,856
UBS Multi Asset Fund	3,018,705	2,918,160	2,868,479	2,520,713	2,777,398	2,794,549
CCLA Diversification Fund(indicative market value)	n/a	1,921,257	1,982,167	1,804,193	1,955,874	2,051,402
<b>Total</b>	<b>10,065,254</b>	<b>12,029,108</b>	<b>11,991,781</b>	<b>11,052,907</b>	<b>11,800,366</b>	<b>12,210,013</b>

	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21
Surplus/(Deficit)	Surplus/ (Deficit) 31.3.2017	Surplus/ (Deficit) 31.3.2018	Surplus/ (Deficit) 31.3.2019	Surplus/ (Deficit) 31.03.2020	Surplus/ (Deficit) 31.03.2021	Surplus/ (Deficit) 30.09.2021
	£	£	£	£		
CCLA Property Fund	82,986	276,854	276,005	188,063	158,183	448,206
Schroders Bond Fund	(36,437)	(87,163)	(134,870)	(460,062)	(91,089)	(84,144)
UBS Multi Asset Fund	18,705	(81,840)	(131,521)	(479,287)	(222,602)	(205,451)
CCLA Diversification Fund	n/a	(78,743)	(17,833)	(195,807)	(44,126)	51,402
<b>Total</b>	<b>65,254</b>	<b>29,108</b>	<b>(8,219)</b>	<b>(947,093)</b>	<b>(199,634)</b>	<b>210,013</b>



Gross Revenue Yield	Yield 2016/17	Yield 2016/17	Yield 2017/18	Yield 2017/18	Yield 2018/19	Yield 2018/19	Yield 2019/20	Yield 2019/20	Yield 2020/21	Yield 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	164,434	4.03%	193,758	4.53%	183,989	4.30%	185,240	4.42%	179,910	4.33%
Schroders Bond Fund	127,340	4.30%	105,413	3.62%	120,508	4.21%	124,418	4.90%	125,529	4.32%
UBS Multi Asset Fund	100,600	3.33%	146,788	5.03%	116,513	4.06%	137,531	5.46%	140,171	5.05%
CCLA Diversification Fund	n/a	n/a	62,732	3.27%	67,030	3.38%	66,284	3.67%	62,069	3.17%
<b>Total</b>	<b>392,375</b>		<b>508,691</b>		<b>488,040</b>		<b>513,473</b>		<b>507,679</b>	

Surplus/(Deficit)- Capital Value	Surplus/ (Deficit) 2016/17	Surplus/ (Deficit) 2016/17	Surplus/ (Deficit) 2017/18	Surplus/ (Deficit) 2017/18	Surplus/ (Deficit) 2018/19	Surplus/ (Deficit) 2018/19	Surplus/ (Deficit) 2019/20	Surplus/ (Deficit) 2019/20	Surplus/ (Deficit) 2020/21	Surplus/ (Deficit) 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	(92,996)	-2.28%	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(29,880)	-0.72%
Schroders Bond Fund	16,634	0.56%	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	368,973	12.68%
UBS Multi Asset Fund	36,559	1.21%	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	256,685	9.24%
CCLA Diversification Fund	n/a	n/a	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	151,682	7.76%
<b>Total</b>	<b>(39,803)</b>		<b>(36,146)</b>		<b>(37,327)</b>		<b>(938,874)</b>		<b>747,460</b>	

Net Yield	Net Yield 2016/17	Net Yield 2016/17	Net Yield 2017/18	Net Yield 2017/18	Net Yield 2018/19	Net Yield 2018/19	Net Yield 2019/20	Net Yield 2019/20	Net Yield 2020/21	Net Yield 2020/21
	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	71,438	1.75%	387,626	9.06%	183,140	4.28%	97,298	2.32%	150,030	3.61%
Schroders Bond Fund	143,974	4.86%	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	494,503	17.00%
UBS Multi Asset Fund	137,159	4.54%	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	396,856	14.29%
CCLA Diversification Fund	n/a	n/a	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	213,751	10.93%
<b>Total</b>	<b>352,572</b>		<b>472,545</b>		<b>450,713</b>		<b>(425,401)</b>		<b>1,255,139</b>	

Peer to Peer Investment	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21
Funding Circle	£	%	£	%	£	%	£	%	£	%
<b>Carrying Value</b>	<b>2,003,355</b>		<b>2,075,341</b>		<b>2,056,664</b>		<b>1,831,028</b>		<b>863,160</b>	
Interest Paid by Borrowers	181,892		181,014		184,654		193,170		127,982	
Less FC Service fee	(19,121)		(19,668)		(19,729)		(19,611)		(12,462)	
Promotions/Transfer payment							470		0	
Bad Debts	(58,163)		(61,288)		(111,152)		(127,649)		(80,881)	
Recoveries	8,219		14,780		27,428		30,253		42,431	
<b>Net Yield</b>	<b>112,827</b>	<b>5.63%</b>	<b>114,838</b>	<b>5.53%</b>	<b>81,201</b>	<b>3.95%</b>	<b>76,634</b>	<b>4.19%</b>	<b>77,070</b>	<b>8.93%*</b>
<b>Provisions for future losses</b>	<b>0</b>		<b>0</b>		<b>(10,000)</b>					

\*Funding Circle Net yield - this has been calculated against the current value, however principal has been withdrawn throughout the year. If calculated against the average of the opening and closing value then the net yield would have been 8.93% as there was a large recovery received in June 2021 (£38,494) which has inflated this yield.

## TANDRIDGE DISTRICT COUNCIL

### CIL WORKING GROUP

Minutes of the meeting of the Working Group held in the Council Chamber, Council Offices, Station Road East, Oxted on the 8<sup>th</sup> November 2021 at 6.30pm.

**PRESENT:** Councillors Blackwell, Bloore, Botten, Bourne, Flower, Gaffney, Hammond, Langton, Lockwood and Pursehouse.

#### **1. ELECTION OF CHAIR FOR THE REMAINDER OF 2021/22**

Councillors Bourne and Pursehouse were nominated. Upon being put to the vote, Councillor Bourne was elected Chair of the Working Group for the remainder of 2021/22.

#### **2. DECLARATIONS OF INTEREST**

Members declared interests as follows:

Councillor Blackwell declared that she had been appointed by the Council to the Friends of Limpsfield Common (outside body) but had not been invited to a meeting for over two years and was not involved in the Limpsfield Common access and improvement project.

Councillor Bloore declared that he was a member of Warlingham Parish Council and withdrew from the vote on the Warlingham Green improvement project.

Councillor Gaffney declared that she was a Valley Ward Member but had not been involved in the Croydon Road, Caterham regeneration project, although she had attended meetings in her capacity as a local Councillor to receive updates about the initiative.

Councillor Langton declared that he was a volunteer member of the Friends of Limpsfield Common. He contributed to the discussion about the access and infrastructure project but did not vote.

Councillor Pursehouse declared that he was a member of both Warlingham Parish Council and the Warlingham Green improvement project team. He left the Chamber for the discussion and voting on that bid.

### 3. APPLICATIONS FOR CIL FUNDS

The Group had been provided with written copies of the completed application forms and officer assessments in respect of five CIL applications, i.e.:

<b>Project (applicant shown in brackets) in order of application number</b>	<b>CIL requested</b>	<b>Original Officer ranking</b>
Warlingham Green improvement project – phase 1 (Warlingham Parish Council)	£491,355	4
Limpsfield Common access and infrastructure project (Friends of Limpsfield Common)	£71,032	3
A25 Westerham Road signalised pedestrian crossing and traffic calming measures (Surrey County Council Highways)	£75,000	2
Croydon Road, Caterham regeneration (Tandridge District Council)	£950,000	1
Barn100 – improvements to the Barn Theatre, Oxted (Oxted & Limpsfield Barn Theatre)	£162,500	5
<b>Total CIL requested</b>	<b>£1,749,887</b>	
<b>CIL funding available</b>	<b>£3,097,014</b>	

Representatives of each organisation gave short presentations about their bids and responded to Members' questions.

Following the presentations, the Group discussed the merits of the bids and whether they should be supported in full, in part, or not at all. The key points to emerge were:

#### Warlingham Green improvement project – phase 1

The Group recommended that the bid should be approved in full. However, concerns were expressed at the imposition, by Surrey Highways, of a 12% supervisory charge which amounted to £37,120. It was agreed that representations should be submitted to the County Council arguing that such charges were unreasonable.

### Limpsfield Common access and infrastructure project

It became apparent that the proposed works were phase 1 of a larger project, funding for which had not yet been sourced. Only 1.5% of match funding (£1,100 for a children's trail) had been raised for this phase, with the required CIL contribution now amounting to 98.5% which reduced both the 'match funding' assessment score, and the project's relative ranking (from 4<sup>th</sup> to 5<sup>th</sup>). However, this was partly offset by a higher rating for 'value for money' given the Group's wish to take the volunteering aspect and role of the National Trust into account. As such, the bid still scored well, and the Group recommended full payment, subject to the project being completed within two years of the commencement date.

### A25 Westerham Road signalised pedestrian crossing and traffic calming measures

The bid was poorly received as Members argued that Surrey County Council (SCC) should not be relying on CIL funding to expedite the installation of the pedestrian crossing. Nevertheless, the need to prioritise the road safety of (Limpsfield Infant) school children was considered paramount and the Group concluded that the bid should be supported in full to enable the crossing to be installed at the earliest opportunity. It was, however, agreed that a letter (with cross-party support) be sent to the SCC to express the District Council's concerns.

### Croydon Road, Caterham regeneration

The Group recommended that the bid should be approved in full.

### Barn100 – improvements to the Barn Theatre, Oxted

The Group questioned the extent to which the bid met strategic infrastructure criteria. A partial award of £50,000 was, however, recommended in recognition of the value of this unique community facility to the District. Members also suggested that officers provide feedback to the Barn Theatre's project team concerning the bid.

Regarding the general aspects of the CIL bidding process, the Group considered that applicants should be encouraged, where practicable, to hire Tandridge based contractors for the delivery of projects. However, Members also acknowledged the need to balance value for money aspects against the desire to support the local economy.

**RECOMMENDED** – that the following be ratified by the Strategy & Resources Committee:

A. awards of CIL be made as follows:

<b>Project</b>	<b>Award</b>	<b>Revised ranking</b>
Warlingham Green improvement project – phase 1	£491,355	3
Limpsfield Common access and infrastructure project	£71,032 <sup>1</sup>	4
A25 Westerham Road traffic calming / road safety initiatives	£75,000	2
Croydon Road, Caterham regeneration	£950,000	1
Barn100 – improvements to the Barn Theatre, Oxted	£50,000	5
<b>Total CIL grant awarded</b>	<b>£1,637,387</b>	
<b>Balance available for future allocations</b>	<b>£1,459,627</b>	

*Note 1: subject to the Limpsfield Common access and infrastructure project being completed within 2 years of the commencement date.*

- B. representations be submitted to Surrey County Council’s Executive Director of Customer and Communities expressing concern at the imposition of the Surrey Highways 12% supervisory charge for the Warlingham Green improvement project (£37,120);
- C. regarding the A25 (Limpsfield) traffic calming project, a letter be written to SCC, endorsed by all four Political Group Leaders, explaining Members’ reservations about the nature of the bid and the reliance upon CIL funding to expedite the signalised pedestrian crossing but that, nevertheless, the application would be approved in the interests of children’s safety;
- D. an advisory note be attached to all CIL decision notices encouraging the use of contractors from within the District wherever practicable.

Rising: 9.15 p.m.