

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 1st February 2022 at 7.30pm.

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

ALSO PRESENT: Councillors Farr*, Lockwood*, Moore*, Morrow, Ridge, Sayer, Steeds, Swann*, N.White and Wren*

** while members of the Committee, Councillors Black and Cooper participated via Zoom and, therefore, could not vote

* non-committee members who participated via Zoom

253. MINUTES OF THE MEETING HELD ON 11TH JANUARY 2022

These minutes were confirmed and signed as a correct record.

254. CHIEF OFFICER SUB-COMMITTEE - 13TH JANUARY 2022

RESOLVED – that the minutes of this meeting attached at Appendix A, be received.

255. INVESTMENT SUB-COMMITTEE - 21ST JANUARY 2022

As stated within the minutes at Appendix B, this meeting was inquorate by virtue of Standing Order 22(3) which required three Sub-Committee members (or designated substitutes in their absence) to be present for the purposes of a quorum. Therefore, the Sub-Committee could only make recommendations to the Strategy & Resources Committee. In any event, the matters referred to in items 4 and 5 of the minutes could only be determined by the Strategy & Resources Committee and Full Council respectively, regardless of the quorum situation.

RESOLVED – that the minutes of this meeting, attached at Appendix B, be received and the recommendations contained in items 2, 3 and 5 be adopted.

COUNCIL DECISION

(subject to ratification by Council)

RECOMMENDED – that, in respect of Item 4 of the Sub-Committee's minutes, the Capital, Investment and Treasury Management Strategy, amended by the revision to the capital programme referred to in recommendation J of Minute 257 below (additional provision of £150,000 in each of the years 2022/23 to 2034/25 for the refurbishment of public conveniences) be approved.

Note: The updated strategy can be viewed via the following link:

<https://www.tandridge.gov.uk/Portals/0/Documents/Capital-Investment-TM-Strat.pdf>

256. STRATEGY & RESOURCES COMMITTEE 22/23 DRAFT BUDGET

A proposed draft 2022/23 revenue budget and capital programme for the Committee was presented. This explained that, due to current capacity constraints, a pragmatic approach had been taken regarding the distribution of pressures and savings to achieve a balanced budget position for 2022/23, namely:

Tranche 1 – savings and pressures which were straightforward to allocate.

Tranche 2 – those requiring more time to allocate correctly to each committee, including £367k of pressures (£193k of staffing increments and £174k of contract inflation) plus savings of £200k regarding staff vacancies. These were being held as 'corporate items' pending consideration during the next cycle of committee meetings.

Tranche 3 – the more complex cross-cutting savings totalling £450k, which would require service reviews and business cases to ensure accurate distribution to committees. The recently established Benefits Board would oversee this process to ensure that the benefits were being defined, owned and delivered. These budgeted savings were being held as 'corporate items' pending consideration during the June cycle of committee meetings.

Officers responded to questions about the reassignment of salary costs within the services falling under the Committee's remit. During the debate, Councillors requested that the following information be provided to Committee members after the meeting:

- a breakdown of the 'Council Offices major works' element of the capital programme to highlight why provision has increased from £25,000 in 21/22 to £50,000 in 22/23 (this provision is part of a 25-year planned maintenance programme to enable compliance with legislative and health & safety requirements)
- a breakdown of the 'IT hardware / infrastructure / projects' element of the capital programme
- an explanation of the increased revenue costs allocated to legal services for 2021/22 (from £346,400 to £530,600)

RESOLVED – that

- A. the restructure of 2021/22 budgets between Strategy & Resources and corporate items to realign spend between Strategy & Resources and corporate items be agreed to ensure it is correctly reflected, and to take account of some of the recommendations from the Grant Thornton review - this will provide a stable basis for the 2022/23 budget and will ensure opening balances are correct (Appendix C refers);
- B. the Strategy & Resources draft revenue budget for 2022/23 of £6.3m as attached at Appendix D, which takes account of pressures and savings allocated as part of Tranche 1, be agreed, and it be noted that two further tranches of pressures and savings currently held in corporate items on behalf of other Committees will be distributed over the coming months;
- C. the corporate items (£0.6m) in the draft revenue budget for 2022/23 (Appendix D) be agreed and it be noted that two further tranches of pressures and savings currently held in corporate items on behalf of other Committees will be distributed over the coming months;

- D. the Committee's final Capital Programme for 2022/23 at Appendix E, in the sum of £1.8m, be agreed;
- E. the subjective revenue budgets in Appendix F, noting movements from 2020/21 to 2022/23 and an estimated movement to 2023/24, be noted;
- F. it be noted that, due to timing and capacity constraints across the Council, c£0.7m of savings (as part of a £1.1m savings programme) and c£0.4m of pressures could not be allocated in time for January and February committee cycle and, as such, they will be allocated in three tranches as follows:
- Tranche 1 which are directly attributable to the committee have been allocated as per Appendix D;
 - Tranche 2 will be brought to the March committee cycle for approval; and
 - Tranche 3 will be overseen and monitored by the Benefits Board and will be brought to the June committee cycle for approval.

ACTION:

		Officer responsible for ensuring completion	Deadline
1	Committee members to be provided with a breakdown of the 'Council Offices major works' element of the capital programme to highlight why provision has increased from £25,000 in 21/22 to £50,000 in 22/23	Alison Boote	not specified
2	Committee members to be provided with a breakdown of the 'IT hardware / infrastructure / projects' element of the capital programme	Melanie Thompson	
3	Committee members to be provided with explanation of the increased costs allocated to legal services for 2021/22	Verity Royal / Lidia Harrison	

257. 2022/23 FINAL BUDGET AND 2023/24 MTFS

A report was presented with proposals for a balanced budget and Medium Term Financial Strategy without the use of reserves. This followed consideration by the other policy committees of their respective elements of the budget during January. The report reflected upon recent improvements to the Council's financial governance and management in light of:

- (i) the Tandridge Finance Transformation Programme
- (ii) Grant Thornton's forensic and fact-finding review (the Council had accepted all 15 recommendations)
- (iii) the line-by-line review of the 2021/22 budgets

- (iv) a detailed review of the Council's financial management and reporting arrangements undertaken by an external independent professional, Laura Rowley (Appendix A to the report) to ensure a solid foundation on which to launch the finance transformation programme.

The outcome of (iii) and (iv) above provided confidence that the 2022/23 budget could be approved. It was also confirmed that the budget setting process had been assessed against a best practice framework, details of which were included within the report.

The report explained how organisational and departmental strategies were integral to the budget setting process, with reference to the strategic plan and committee strategies. It also assessed the implications of the single year finance settlement which councils had received from the Department of Levelling-Up, Housing and Communities (DLUHC), together with current macro-economic influences.

An analysis of the main changes to the draft revenue budget submitted to the 2nd December 2021 meeting (when a £307,000 deficit was forecast) was provided. The current balanced budget position had been achieved mainly via increased funding through the provisional settlement and the 2021/22 business rates pooling gain.

The report also included commentary on:

- reassignments of savings to committees since the December 2021 draft budget
- projected funding sources to 2023/24, including an assumed £5 Council Tax increase
- current projections for the 2021/22 budget. i.e.:
 - a full year deficit of £0.2m against the £11.3 million General Fund revenue budget
 - a £7.3 million underspend against the £27.6 million capital programme
- the medium term financial outlook to 2023/24 in light of projected growth pressures, funding reductions and the uncertainties surrounding anticipated national reforms of local government finance (i.e. the fair funding review; business rates reset; and social care reform)
- the development of the Capital Programme for 2022/23 to 2023/24
- the flexible use of capital receipts strategy for 2021/22 and 2022/23
- the adequacy of reserves and a risk mitigation strategy.

The Chief Finance Officer and Laura Rowley gave a presentation on the key messages regarding the 2022/23 budget and the review referred to at (iv) above. During the presentation, discussion focused on the Council's application to DLUHC for a capital dispensation to allow the use of capital to fund extraordinary revenue impacts without revenue implications. It was explained that a response was still awaited and that, if successful, the dispensation would enable greater flexibility to help fund the Future Tandridge Programme and to replenish reserves.

Laura Rowley's part of the presentation summarised her 21 findings and associated 'next steps', RAG rated according to Green (7), Amber (8) and Red (6). She also acknowledged that the second paragraph of her report should have been amended to correct the false impression that Tandridge had approached Surrey County Council for assistance in 2020. As stated in the minutes of the Committee's 2nd December 2021 meeting, Tandridge had, in fact, originally interviewed two candidates for the CFO vacancy, one of which was Anna D'Alessandro who was duly appointed and proceeded to lead the joint working with the County Council.

The Chief Finance Officer and Laura Rowley responded to questions following the presentation. This included confirmation that work on the 'Tranche 3' savings would begin forthwith and wouldn't need to wait until June when their budgetary allocation to committees would be considered.

Debate focused on the Council's three-year capital programme to 2024/25 and the current absence of provision for refurbishing public conveniences. It was proposed that £150,000 in each of the three years be added to the programme for this purpose, to be funded from capital receipts. However, Officers advised that such provision could be achieved by carrying forward an unspent £450,000 from the current year into the 2022/23 – 2024/25 programme as slippage, without having to incur additional financing costs. This course of action was agreed, and it was proposed and seconded that an additional recommendation be made to Full Council to that effect. Notwithstanding this amendment to the capital programme, Members confirmed the importance of implementing the previous decisions of the Community Services Committee (18th January 2022) to:

- pursue the possibility of Surrey County Council providing replacement WC facilities on the A22 Godstone Hill site and taking responsibility for their ongoing maintenance and repair at no cost to TDC; and
- explore opportunities for alternative methods of (public convenience) service delivery in consultation with Surrey County Council, Parish Councils and local businesses.

COUNCIL DECISIONS
(subject to ratification by Council)

RECOMMENDED – that:

- A. the independent report of the Council's financial management and reporting arrangements be noted;
- B. it be noted that, for the purpose of section 52ZB of the Local Government Finance Act 1992, the Council formally determines that the increase in Council Tax is not such as to trigger a referendum (i.e. not greater than £5);
- C. it be noted that the Local Council Tax Support Scheme is unchanged for financial year 2022/23;
- D. the Parish Councils' precept requirements for 2022/23 at Appendix G be noted;
- E. it be noted that the Council is embarking on the Future Tandridge Programme and £450k savings within the 2022/23 budget are to be distributed in June as tranche 3;
- F. the impact of the financial strategy to build the General Fund reserves after 2022/23, via a £0.5m contribution per annum, be noted (prior to a decision from DULHC on the capitalisation dispensation, the General Fund balance at 31st March 2023 is projected to stand at to £3.1m, as per Appendix H);
- G. the net revenue budget requirement be set at £11.351million (net cost of services after service specific government grants) for 2022/23 (Appendix I), subject to confirmation of the final local government financial settlement;
- H. the final budget envelopes for each Committee for 2022/23 as at tranche 1 (Appendices I and J) be approved;

- I. subject to J below, the £35.4 million proposed three-year capital programme at Appendix D to the report be approved (comprising £4.3m General Fund, £3.1m Community Infrastructure Levy and £28.0m Housing Revenue Account) of which £16.0 million is for 2022/23;
- J. £450,000 of the current underspend in the Community Services Committee's 2021/22 capital programme be carried forward to provide provisions of £150,000 per annum in each of the three years 2022/23 to 2024/25 for refurbishments to public conveniences (the revised capital programme at Appendix K to these minutes refers);
- K. the Flexible Use of Capital Receipts Strategy for 2021/22 & 2022/23 at Appendix L be approved (to meet the statutory guidelines for the use of such receipts to fund transformation and, if successful, utilisation of the capital dispensation);
- L. the total Council Tax requirement be set at £8.9 million for 2022/23, based on a Council Tax increase of £5 to cover core Council services (Appendix M);
- M. the Council sets the precept for Band D Council Tax at £230.98, which represents a £5 uplift. (This is a rise of £0.10 a week from the 2021/22 precept of £225.98.) A full list of bands is as follows:

Valuation band	Precept
A	£153.98
B	£179.65
C	£205.31
D	£230.98
E	£282.30
F	£333.63
G	£384.96
H	£461.96

258. PAYMENTS FROM CUSTOMERS AND DEBT MANAGEMENT POLICY

A proposed policy, aimed at improving the administration of income due to the Council, was considered. The objective was to maximise the recovery of income and minimise the amount of aged debt that needs to be written-off, thereby improving the Council's cashflow and total income raised.

The covering report explained that the policy had been drafted in the context of the Council's statement of accounts at 1st April 2021, which showed that the amount owed by debtors was £6.3 million (£6.5 million including Housing Benefit overpayments). This was a significantly high proportion of the Council's revenue budget. The report highlighted the following key changes from previous practice:

- the Council's policy documents for all its main income streams had been edited, simplified, made consistent and brought together in one place.
- the Council's associated operational procedures for taking recovery action had been reviewed – the Chief Finance Officer (CFO), under her delegated powers, would issue updated operational procedures for the efficient and effective administration of income and the recovery of aged debt.

- the CFO, under her delegated powers, would issue an updated operational procedure for the writing-off of bad debt against the Council's provisions for bad debt.
- the CFO would implement a requirement for a report on the reason for, and level of, write-offs of bad debt to be presented to the Strategy & Resources and other relevant committees on a quarterly basis.

The CFO acknowledged that, while the policy addressed concerns previously raised by the Audit & Scrutiny Committee (i.e. by instigating processes to recover arrears and to prevent a reoccurrence of significant accumulations of aged debt) dedicated staffing would be required to implement it. She explained that a self-financing business case for such resources would be submitted to a future meeting.

COUNCIL DECISION

(subject to ratification by Council)

RECOMMENDED – that the 'Payments from Customers and Debt Management Policy', attached at Appendix N, be approved.

259. IMPROVING TDC'S FINANCIAL MANAGEMENT AND REPORTING ARRANGEMENTS - FINANCIAL REGULATIONS

A report was submitted which highlighted the need to change the Council's Financial Regulations because the current version did not meet CIPFA (Chartered Institute of Public Finance and Accountancy) standards. A detailed review had therefore been undertaken, resulting in proposed new Financial Regulations which sought to clarify:

- the responsibilities of Council and Committees in respect of key strategic financial management activities such as the setting and monitoring of budgets, the closing of accounts, and good governance;
- the responsibilities of Officers for managing budgets, authorising transactions, safe custody of assets, financial accounting and reporting requirements and similar matters; and
- operational procedures associated with the above responsibilities and measures to increase the accountability of Officers for budgetary control and the effective use and custody of other assets for which they are responsible.

Upon introducing the draft replacement Financial Regulations, the Head of Legal advised that further amendments would be required, including the reinstatement of the current FR17 which governed the purchase of assets via the Investment & Development Fund and the Housing Revenue Account. Further suggestions were made by Members, including:

- additional wording for situations where the Council is responsible for spending grants awarded by third parties; and
- a scheme of delegation to define the limits of expenditure which budget holders are authorised to sign off (in this respect, the Chief Finance Officer advised that all budget holders would be required to sign an annual accountability statement).

RESOLVED – that the adoption of new Financial Regulations be deferred, pending consideration of a revised version to be submitted to the Committee's next meeting on the 7th April 2022.

260. FUTURE TANDRIDGE PROGRAMME

The Chief Executive presented a report which explained the need for the Council to become a smaller, more strategic and agile organisation, with resources targeted at key priorities, underpinned by a new business model. This was in light of the various challenges facing the Council, including the need to achieve budgeted savings during the next two years and become financially sustainable. The Future Tandrige Programme (FTP) had been designed to deliver this transformation.

The Chief Executive emphasised that, as opposed to the Customer First project in 2018, the FTP would be led by Councillors / staff and not consultants. It would, therefore, be a more cost-effective exercise. However, as the Council lacked both the capacity and capability to deliver the programme in isolation, it would need to invest in expert support and external challenge to design and deliver the required changes.

The report highlighted the following four 'critical success factors' for the FTP:

Financial

overall reduction in net budget of 15% by 2023/24 over 18 months / overall reduction in expenditure on 'back office' functions by 15-20% by 2023/24 / higher proportion of the budget is spent on 'front line' services and the Council's stated priorities

Customer

customers are involved in the redesign of services / customer feedback is used to drive service improvement / customers are encouraged to use the least cost channel to access Council services

Services

a mixed economy of service delivery, with services undertaken by the most appropriate means / service performance is managed and benchmarked / service performance is demonstrably improving

Staff

the Council has a smaller directly employed workforce / managers and staff are engaged and accountable for their performance / staff feel valued and motivated and understand the values and behaviours we expect from them.

The FTP had been structured into the following 4 workstreams:

Workstream 1 - Leadership

including a senior management restructure; development of a new strategic plan; understanding the impact of the boundary review due to be in place for May 2024 (at the earliest); and consideration of improvements to the committee system

Workstream 2 - Service review, redesign and delivery

a prioritised, consistent and rigorous review of all services which will challenge how and why they are provided - this will incorporate a review of cross-cutting themes including commercialisation, asset strategy, customer services and digital

Workstream 3 - Organisational and workforce change

to implement leaner management and service structures for the new operating model

Workstream 4 – Finance and benefit delivery

to deliver the Tandrige Finance Transformation programme and, via the Benefits Board, to oversee and manage the delivery of savings identified for delivery in 2022/23.

The report explained the governance arrangements for the FTP. Each workstream would have its own sponsor and accountable officer. Workstreams 2 and 3 would be overseen in Phase 1 (mobilisation and design phase) through the Target Operating Model (TOM) Development Group to be chaired by the Chief Executive. This will, in effect, be the guiding team for the development of the FTP. As individual change projects are identified and approved for delivery, they will be overseen by a Programme Delivery Board with the Benefits Board maintaining oversight of benefit delivery. Risk would be managed through the Programme Management Office and reported and managed through the relevant Board.

The report also identified the roles required for the successful delivery of the programme, with indicative project management and support costs for Phase 1. These costs were estimated at between £160K and £200K. The additional investment for the delivery phase would depend on the results of the service review and redesign (Workstream 2) and would be subject to consideration of a further business case before the end of Phase 1.

In response to Members' questions, officers explained the 'Programme Manager' and 'Business Analyst' roles and why the duration of their engagements had been set at 18 months and 6 months respectively. This was partly because these, and other external roles, would be additional resources to support TDC's in-house staff. It was also confirmed that the governance regime for the FTP involved clearly defined terms of reference for the different boards, but that arrangements would be reviewed if they became too bureaucratic. The Chief Executive emphasised the need to continue to involve staff in the transformation process and to be open and honest with them about its likely impact. He also confirmed that this Committee was the 'Member level' owner of the project and that all Councillors needed to be at the heart of the strategic plan review.

RESOLVED – that:

- A. the need for the Future Tandridge Programme and the proposed approach set out within the report be supported;
- B. a one-off investment of up to £200k, funded from flexible capital receipts, to mobilise and undertake Phase 1 of the programme (6 months) be approved;
- C. the indicative investment for the delivery of Phase 2 of the programme be noted (this will be dependent on the findings of the service reviews and will be the subject of a separate business case to the Committee before the end of Phase 1).

261. JOINT WORKING AGREEMENT FOR FINANCE SERVICES

On the 11th January 2022, the Committee agreed a new finance structure and requested that a final version of the Joint Working Agreement (JWA) be submitted to this (1st February 2022) meeting. A revised version of the JWA was presented accordingly.

Regarding the schedule of recharges (from SCC to TDC) in section 6 of the JWA, Officers explained that the overall cost to TDC had not changed since the finance transformation report was considered by the Committee on the 11th January. It was also confirmed that the appointment of Mark Hak-Sanders as TDC's new Chief Finance Officer was on the basis of a two-year secondment from SCC. However, during that time, he would be working exclusively for Tandridge.

RESOLVED – that:

- A. subject to the agreement of Surrey County Council, the Joint Working Agreement for Finance Services with Surrey County Council, as attached at Appendix B to the report, be approved; and
- B the Head of Legal Services & Monitoring Officer be authorised to arrange for the Joint Working Agreement to be executed on behalf of the Council.

262. PAY POLICY STATEMENT 2022/23

The Localism Act 2011 required Councils to publish annual pay policy statements. A proposed 2022/23 statement for Tandridge was submitted.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that the annual Pay Policy Statement for 2022/23, attached at Appendix O, be adopted with effect from 1st April 2022.

263. TIMETABLE OF MEETINGS FOR 2022/23

A proposed timetable of meetings for 2022/23 was submitted. It was suggested that, upon constituting the Investment Sub-Committee for 2022/23 (at the 26th May Annual Council meeting) consideration be given to increasing the size of its membership to reduce the likelihood of its meetings being inquorate.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that the timetable of meetings for 2022/23, as attached at Appendix P, be adopted.

Rising 10.09 pm

Note – the appendices to these minutes can be viewed via the following link to the published version on the website:

<https://tandridge.moderngov.co.uk/documents/q975/Public%20minutes%2001st-Feb-2022%2019.30%20Strategy%20Resources%20Committee.pdf?T=11>