

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 30th June 2022 at 7.30pm.

PRESENT: Councillors Langton (Chair), Crane (Vice-Chair), Caulcott, Cooper, Gillman, S.Farr, Gray (substitute in place of Botten), Hammond, Jones, Pursehouse and Sayer (substitute in place of B.Black)

ALSO PRESENT: Councillors Allen, Lockwood and N.White

ALSO PRESENT (Virtually): Councillors C.Farr, Gaffney and Moore

APOLOGIES FOR ABSENCE: Councillors B.Black, Bloore and Botten

55. MINUTES OF THE MEETING HELD ON THE 7TH APRIL 2022

These were confirmed and signed as a correct record.

56. MINUTES OF THE MEETING HELD ON THE 26TH MAY 2022

These were confirmed and signed as a correct record.

57. QUESTIONS SUBMITTED UNDER STANDING ORDER 30

Questions had been submitted by Councillors Cooper and Allen. The questions and responses are attached at Appendix A.

58. INVESTMENT SUB-COMMITTEE - 17TH JUNE 2022

It was confirmed that the schedule of 'Market Value of Long Term Investments', as appended to the minutes within the agenda pack, should have been titled 'as at 31/03/22' and not '31/12/21'.

RESOLVED – that the minutes of the Investment Sub-Committee meeting on the 17th June 2022, attached at Appendix B (and amended with the correct title for Annex B, i.e. 'Market Value of Long Term Investments as at 31.03.22') be received.

59. 2021/22 BUDGET OUTTURN

The Committee considered a report regarding the Council's 2021/22 outturn position in respect of its revenue budget and capital programme.

The delivery of the 2021/22 budget had been interrupted early in the financial year by the identification of a c.£920k (8%) deficit arising from the accounting treatment for pensions, as subsequently reported to Members and investigated by Grant Thornton. The budget was then rebalanced without the £800K transfer to reserves as originally intended. As well as delivering the budget, the Council had been undertaking the Finance Transformation Programme which included the findings of the Grant Thornton review. Despite these challenges, the outturn report had been produced six months earlier than for 2020/21 and with a significantly lower variance to budget, i.e.:

- a surplus of £458k against the revenue budget comprising:
 - a net underspend of £239k relating to one-off events
 - a net underspend of £573k relating to staffing costs; offset by
 - net overspends totalling £355k (already factored into the 2022/23 budget)
- an underspend of £10.5m against the £24.1m capital programme comprising:
 - slippage of £10.4m, proposed to be carried forward (38%);
 - slippage not proposed to be carried forward of £0.3m (1%);
 - a new project of £0.5m; and
 - an underspend of £0.2m.

The report recommended that the revenue surplus be transferred to reserves. Approval of the proposed £10.4m capital programme slippage was also sought.

In response to Members' questions, the Committee was advised that:

- as well as being legally compliant, reserves had to be sustainable over the medium term to mitigate against risks - the previous trajectory of diminishing reserves could have increased the prospects of having to issue a 'Section 114' notice
- the Council was awaiting a response to its application to Government for permission to use capital receipts to bolster reserves
- the most significant risk regarding the capital programme was whether the schemes could be delivered in 2022/23 as opposed to the budgets being exceeded as a result of inflation – the intended outputs from capital schemes would be reviewed and projects may need to be rescoped to manage inflation within scheme budgets
- the quality of services remained a priority
- there was no recruitment freeze, i.e. the £200,000 vacancy factor in the 2022/23 budget represented savings arising from the time lag between staff leaving the Council and their replacements taking up post
- not all of the Housing Benefits budget could be reclaimed from Government
- there was unlikely to be any further funding to offset outstanding Covid related deficits.

RESOLVED – that:

- A. the Council's revenue and capital outturn positions for the year be noted;
- B. the following transfers to reserves from the revenue outturn position be approved:
 - £117k unused contingency and £200k additional contingency to mitigate against financial uncertainties/risks in the medium-term and to support budget resilience, especially due to the impact of inflation
 - £75k to support the Future Tandridge Programme, subject to further approval by this Committee
 - £50k to support Phase 1 of the Debt Management Review
 - £16k residual underspend to the General Fund
- C. capital carry forwards of £10.4m from 2021/22 to future years be approved, subject a full review of the extent to which the capital programme is deliverable, including these carry forwards.

60. 2022/23 BUDGET – TRANCHE 3 SAVINGS AND FUTURE TANDRIDGE PROGRAMME UPDATE

A report was presented which updated the Committee about the current status and next steps for the Future Tandridge Programme (FTP). This included the results of the initial cycle of service reviews and proposed savings of £450,000 (the third and final tranche of savings associated with the 2022/23 budget) i.e.:

- £325,000 in respect of services delivered by this Committee; and
- £125,000 to be achieved through a management restructure.

The actions required to deliver the £325,000 savings in 2022/23 were detailed in Appendix A to the report.

The report provided an overview of the FTP and details about the service review process to date, including Key Lines of Enquiry and initial observations about the scope for improving the delivery of services. The emerging 'direction of travel' was for Tandridge to become a 'commissioning Council', details of which would be presented as part of a future business case.

The report reiterated that, while the FTP should be led and owned by Tandridge, expert support and external challenge was still required to design and deliver changes. The estimated investment required to deliver Phase 1 (mobilisation and design, from February to July) had been approved by the Committee on 1st February. The funding for Phase 1 would allow the completion of the service reviews by the end of July within the approved budget. However, while the budget for Phase 2 (delivery of identified savings) was due to be submitted to the Committee's next meeting on 30th September, initial work on that phase would have to commence beforehand to maintain momentum and develop detailed delivery plans. £50,000 was therefore required to bridge the FTP during August and September, pending consideration of the full Phase 2 business case at the next meeting.

The debate focused on the desire to maintain the delivery of priority services and the need for key staff to be capable of operating a new 'commissioning model'. It was acknowledged that the £450,000 Tranche 3 savings target was a tactical means of achieving a balanced budget for 2022/23 but that more radical, strategic measures would be required to ensure sustainability in the years ahead. The Chief Executive considered that the key principle of the FTP was to design and target resources according to established needs and to monitor progress within a robust performance management regime. Other aspects of the debate included:

- the need to assess the impact on the 'front line' before considering the any reductions to support services
- the future approach to funding IT services and the rationale for transferring development costs from revenue to capital
- the view that the provision of services to meet residents' needs was more important than preserving the Council in its present form
- Councillors had an important role to play in the change process.

RESOLVED – that:

- A. the £450,000 savings allocated to the Committee from corporate items, set out in paragraph 2.1, Table 1 and Appendix A to the report, be approved and authority be delegated to the Chief Executive to proceed with actions required to deliver them;
- B. the £50,000 bridge funding investment, required by the Future Tandridge Programme to progress the delivery of the £450,000 savings identified in the report and to develop full business cases in September, be approved;
- C. the new redundancy policy, set out in Section 9 and Appendix D to the report, necessary to give clarity on the arrangements for redundancies resulting from the service reviews and a constrained financial position, be noted;
- D. authority be delegated to the Chief Executive, in consultation with the Chair and Vice Chair of the Committee, to agree the final redundancy policy wording, following engagement and feedback from the workforce through the Staff Conference; and
- E. the progress to date in delivering the Future Tandridge Programme and direction of travel for the service reviews be noted.

61. 2023/24 BUDGET SETTING PROCESS

A suggested process for setting the 2023/24 budget, including indicative timescales, was presented. This was in the context of the continued uncertainty and expected constraints upon Local Government funding, along with risks and opportunities that need to be explored. The accompanying report also referred to the interdependency between the budget setting process and the Future Tandridge Programme (FTP) (Minute 60 refers).

The Medium Term Financial Strategy (MTFS), as presented to Full Council on the 10th February 2022, anticipated a funding gap of £874k for 2023/24. The report provided early illustrations of updated scenarios of savings requirements for 2023/24, namely 'pessimistic' (£1,494k); 'optimistic' (£314k) and 'neutral' (£887k). All three scenarios reflected the escalating rate of inflation and made alternative assumptions about the delivery of the budgeted £713k savings target. The optimistic scenario assumed that the Department for Levelling Up, Housing and Communities (DLUHC) will approve the use of capital receipts to bolster General Fund reserves, in which case the full £433k of reserves growth in the MTFS would not be necessary.

Each scenario would be refined as the budget process developed. Government funding was unlikely to be confirmed before the Local Government Finance Settlement in December 2022 and, in the meantime, the Local Government sector (including Tandridge) would lobby DLUHC for additional funding to meet the impact of high inflation on the cost of delivering services. The additional savings required, to be delivered through the Future Tandridge programme, was likely to range between £0.3m and £1.5m, with a neutral estimate of £0.9m.

The report proposed the following suggested timeline for setting the 2023/24 budget:

Time Period / Date	Activity / Milestone
July – Sept 2022	Initial estimates of pressures and savings developed, alongside Future Tandridge Programme business cases Review of fees and charges Review of staff allocations and charges to Housing Revenue Account
August – Sept 2022	Engagement with Members on 2023/24 initial pressures, savings and fees & charges
Sept 2022	Committee Cycle – Future Tandridge Programme business cases and initial pressures and savings
Oct – Nov 2022	Engagement with Members on 2023/24 draft budget
1 st Dec 2022	2023/24 draft budget and capital programme, including tax base to S&R
Dec 2022	Expected publication of Local Government Finance Settlement – finalisation of funding estimates
Dec 2022 to Jan 2023	Engagement with Members on 2023/24 final budget Engagement with residents and business rate payers on 2023/24 budget
Jan 2023	Committee Cycle – 2023/24 final budget, capital programme and Medium Term Financial Strategy
31 st Jan 2023	2023/24 final budget, capital programme and Medium Term Financial Strategy to S&R Committee
9 th Feb 2023	2023/24 final budget, capital programme and Medium Term Financial Strategy to Council

The merits of modelling the impact of more severe budgetary constraints than the 'pessimistic scenario' within the report were discussed.

The Chair reflected that the service review process within the FTP programme had established good practices in terms of challenging the status quo and proving catalysts for change.

RESOLVED – that the proposed process and timescale for setting the 2023/24 budget and Medium Term Financial Strategy, and the financial context in which it will be prepared, be noted.

62. DEBT MANAGEMENT REVIEW

A report was presented which provided a position statement for the following four debt categories as at 31st March 2022:

- sundry debt
- Housing Benefits overpayments
- Housing Revenue Account
- Collection Fund (Council Tax and Business Rates).

The report demonstrated that:

- all except sundry debt is increasing
- all four debt streams have increasing, or stagnated debts aged over 1 year
- collectability is reducing.

On the 6th July 2021, the Committee had approved a £50K budget to transform the exchequer function in respect of debt management. The report provided an update about the progress of that project and recommended that a Debt Improvement Plan be implemented in two phases.

A further £50k expenditure in Phase 1 of the Debt Improvement Plan would involve the temporary recruitment of a legal and an accounts receivable officer. These two posts would, initially, be funded from the revenue budget surplus from 2021/22 (Recommendation B of Minute 59 refers) but this outlay was expected to be recouped 'in-year' via debt repayments.

Arising from the debate, Members were informed that very few debts had been written off as part of the review process. The way in which debt is accounted for was explained, together with the prospect of increasing the rate of ongoing debt recovery which would have a permanent, positive revenue impact.

Clarification was sought regarding the existence of a formal write off policy.

RESOLVED – that:

- A. the current debt position (paragraph 1 and Appendix A to the report) be noted;
- B. Phase 1 of the proposed Debt Improvement Plan be approved to tackle the debt position, providing an initial resource (up to £50k) to:
 - prioritise outstanding sundry debt recovery and straightforward recovery in other areas
 - provide assurance that further recovery action across all debt types is likely to be self-funded
 - address the immediate capacity to review outstanding debt and continue the implementation of more robust debt collection processes across the services;
- C. it be noted that a decision to proceed with Phase 2 (if required and subject to the outcome of Phase 1) will be reported to a subsequent meeting of the Committee to:
 - provide a further time-limited resource to tackle the outstanding debt across the other debt streams, focussing on recovery where appropriate and to constrain any write-offs; and
 - engage in an opportunity under consideration to increase collection of Council Tax and Business Rates, with the possibility of a mechanism to share the gain equitably with the County Council
- D. the proposed Debt Improvement Plan, performance indicators, project risks, and critical success factors (performance metrics in Appendix B to the report) be noted.

ACTION:

		Officer responsible for ensuring completion	Deadline
1	The existence (or otherwise) of a formal debt write-off policy be confirmed to members of the Committee	Mark Hak-Sanders (Chief Finance Officer)	15.07.22

63. HOUSEHOLD SUPPORT FUND - CONFIRMATION OF DECISION TAKEN UNDER URGENCY POWERS (STANDING ORDER 35)

The report before the Committee explained that the Government (DWP) had relaunched the Household Support Fund to provide financial support to vulnerable households during the summer. The distribution criteria had changed since the last scheme and at least one-third of the allocation was required to reach those of pensionable age.

Initial allocations were to Unitary and County Councils. Surrey County Council had, in turn, distributed £2.45m to Boroughs and Districts, including £219,188 to Tandridge, i.e.:

- £156,335 to support those aged over 65; and
- £62,853 for other age groups.

The scheme allowed for reasonable administration costs to be deducted from the amount available for grant allocations. It was confirmed that:

- the administration costs for Tandridge were anticipated to be £5,662; and
- the new scheme would be publicised on the Council's website in the next few days and a fresh application process would begin.

The Chief Executive had exercised the urgency provisions of Standing Order 35 to approve criteria for the scheme, namely to reuse the previous Tandridge Household Support Scheme Local Eligibility Framework.

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.

64. STRATEGY AND RESOURCES QUARTER 4 2021/22 PERFORMANCE REPORT

The Committee was presented with an analysis of progress against its key performance indicators, together with updated risk registers, for the fourth quarter of 2021/22. The report highlighted the three most critical KPIs in terms of impact on income and performance, namely:

- SR1: percentage of council tax collected (below target due to limited recovery processes being run during the installation of Northgate, although collection rates were still competitive compared to neighbouring councils).
- SR2: percentage of business rates due for the financial year which were received by the Council (commentary as per SR1 above)
- SR6: staff turnover (this had increased slightly in the last three months, although fairly stable over the last six months - reasons given by staff for leaving included new opportunities, personal reasons and work/life balance).

Members reiterated previous concerns that actions to mitigate risk were not being refreshed on a regular basis.

RESOLVED – that the Committee's most critical performance and risk indicators be noted.

65. COUNTY DEAL INITIATIVE - MEMBER WORKING GROUP

The establishment of a Working Group was suggested as a mechanism for engaging Members (from all four political groups) in the Council's dialogue with Surrey County Council regarding the preparation of a County Deal proposal to the Government. This followed a briefing from Councillor Tim Oliver (Leader of Surrey County Council) to TDC Members on 25th May 2022.

Councillor Sayer provided additional context from her perspective as Leader. She explained that, originally, SCC had sought suggestions by 27th June regarding powers which should be devolved to Districts and Boroughs. SCC had since lifted that deadline, but was still seeking ideas, as soon as possible, about what powers they would like as part of County Deal.

Clarification was sought that the Group's deliberations would be reported back to the Committee. This was confirmed, and an additional resolution (to Recommendations A to D of the report) was agreed.

RESOLVED – that:

- A. a County Deal Working Group be established to consider:
 - (i) how this Council's views should be reflected in the submission to Government (by Surrey County Council) of a proposed 'County Deal for Surrey'
 - (ii) in more general terms, the scope for more effective District / County working relationships aimed at improving the quality of services
- B. the Group comprise eight Councillors with the following political representation:
 - Independents and OLRG Alliance x 3
 - Liberal Democrat x 2
 - Conservative x 2
 - Independent Group x 1
- C. Group Leaders to advise the Democratic Services team of their nominees at the earliest opportunity with a view to the Group meeting before the end of July 2022;
- D. authority be delegated to the Chief Executive, in consultation with the Chair of the Working Group, to make representations to Surrey County Council in connection with its (SCC's) process for developing a 'Surrey Deal' proposal to government; and
- E. the Group's deliberations be reported back to the Committee.

66. RESULTS OF THE CONSULTATION ON THE COUNCIL'S ELECTION CYCLE

Following previous consideration of this matter at the Committee's meeting on 7th April 2022, a public consultation had taken place about whether to:

- (i) change the election cycle to whole Council elections every four years from 2024; or
- (ii) retain the current scheme of elections by thirds.

The consultation ran from 9th May until 17th June and prompted 214 responses, with 106 (51.21%) in favour of a move to an all-out electoral system and 101 (48.79%) against. A report was submitted with further details about the consultation feedback and other information, including financial implications and suggested arguments in support of the respective options.

The Committee was invited to recommend which of the two options should be pursued. The report confirmed that Authorities could only change their electoral cycles at an extraordinary meeting of Full Council, and where at least two-thirds of those present vote in favour (Local Government & Public Involvement in Health Act 2007 - Sections 31 to 54).

Councillor Caulcott, seconded by Councillor Jones, proposed that the matter be referred to Full Council to decide, without further discussion. Upon being put to the vote, the motion was lost.

Councillor Pursehouse, seconded by the Chair, proposed that:

"It be recommended to Full Council that a scheme of whole Council elections every 4 years from 2024 be adopted, with a strong recommendation to the Boundary Commission that our smaller settlements retain their Councillors, and this matter be considered at an extraordinary meeting of Full Council on 21st July 2022 to commence immediately after the ordinary Council meeting on the same day"

Upon being put to the vote, the motion was lost.

Councillor Crane, seconded by Councillor Cooper, proposed that the current scheme of elections by thirds be retained. Upon being put to the vote, the motion was carried.

COUNCIL DECISION (subject to ratification by Council)

RECOMMENDED – that the current scheme of elections by thirds be retained.

Rising 10.20 pm