

Strategy & Resources Committee 30.06.22 – Standing Order 30 Questions

Questions from Councillor Cooper

1. TDC have been employing Surrey County Council staff to overhaul the finance area at Tandridge Council during the financial year 2021/2022, continuing into the financial year 2022/2023. Therefore, please could you tell me:

a) How much money was paid to SCC, by TDC, to cover the services provided in the year 2021/2022 and what items in the TDC budget (stating the amount agreed at S&R) covered these payments.

Response from the Chief Finance Officer:

In 2021/22, the payments to Surrey County Council for the Tandridge Finance Transformation Programme were as follows:

- *For the transformation programme itself and the improvement plan, which includes 'exchequer improvement', payments totalled £37k. This was funded from the one-off £80k approved by the Committee on 6th July 2021.*
- *£159k under the Joint Working Agreement for the provision of a Section 151 officer, a Senior Finance Business Partner and other officers. This was part of the finance budget for 2021/22 of £906k, which was £9k underspent at outturn – that budget was confirmed by the Committee on 1st February 2022.*

b) How much money has so far been paid to SCC, by TDC, to cover the services provided so far this year, 2022/2023, and, again, what items in the TDC budget (stating the amount agreed at S&R) covered these payments. Also, what further payments TDC are expecting to make to cover further work, carried out this financial year, by SCC.

Response from the Chief Finance Officer:

So far in 2022/23, no payments have been made in respect of the Tandridge Finance Transformation programme but expected costs are:

- *Up to £10k for the continued investment in Exchequer Services prior to the recruitment of the permanent Exchequer Services manager who started on 23rd May. This will be funded from the balance of the £80k approved on 6th July 2021.*
- *The Tandridge Finance Transformation Programme closes at the end of June (to be reported to the Audit & Scrutiny Committee on 5th July). However, a continuous improvement plan for Finance across the Council will continue beyond the life of the Programme and may require further use of the £80k approved investment.*
- *£190,000 to cover the Joint Working Agreement as approved by the Committee on 1st February 2022. This will be funded from the [£1,019k] budget for Finance as approved by Committee on 7th April.*

- Finance are consulting Group Leaders to increase the JWA amount by £70k for 2022/23 to allow SCC to help Tandridge fill a vacant post in the TDC structure on a fixed-term basis. This would be offset by a reduction in directly employed staff costs.

Regarding the 2022/23 budget, the report for item 8 on this evening's agenda (Tranche 3 Savings and Future Tandridge Programme Update) proposes a £16k saving for Finance.

Supplementary question from Councillor Cooper:

**How do these figures relate to the table on page 60 of the agenda pack?
[Agenda Item 8 – 2022/23 budget – Tranche 3 Savings and Future Tandridge Programme Update – Section 6 , “FTP – Delivery and Resources”]**

Response from the Chief Finance Officer:

The analysis on page 60 is for the wider Future Tandridge Programme. My response [to the original question] was in respect of the Finance Transformation Programme. There are additional costs regarding the Council-wide Future Tandridge Programme, but I understood they were beyond the scope of the question. I can provide that additional information separately. [The Chief Executive added that the costings for the Future Tandridge Programme had been submitted to the Committee at previous meetings, but they can be shared again].

- 2. The total cost of the TDC Legal Services Department, including salaries (including support staff), office accommodation, equipment etc. for the last financial year 2021/2022, and the projected cost for the current financial year, 2022/2023.**

Response from the Chief Finance Officer:

- *By way of an explanatory note, the Council only budgets for the direct cost of each service and does not apportion the cost of office accommodation on a service-by-service basis. The following response reconciles to budgets approved by this Committee for Legal Services.*

- **Budget 21/22:**

On 2nd February 2021, the Committee recommended the 2021/22 Revenue Budget to Council. That was subsequently amended by the Committee on 1st February 2022 to reflect a line-by-line budget review including the re-distribution of the Case Officers team budget to service areas. The final 2021/22 budget for Legal Services (including procurement) was £531,000.

- **Outturn 21/22:**

The outturn for Legal Services (including Procurement) was £493,000.

- Variance to Budget 21/22

There was a £37,000 surplus in the Legal budget, of which staffing accounted for £23,000.

- *The 2022/23 budget was approved at Full Council in February, with a subsequent amendment to reflect the distribution of pressures and savings held corporately.*

- Tranche 2 Budget 22/23

On the 7th of April 2022, the Committee approved a budget of £575,000 for Legal Services' Tranche 2 Budget (including Procurement).

- Tranche 3 Budget 22/23

This evening (30th June 2022) S&R are asked to approve a Legal Services budget (including Procurement) of £532,000.

- Forecast 22/23

The current Legal Services forecast is that it will be the same as the Tranche 3 budget (i.e. £532,000)

Supplementary question from Councillor Cooper:

So these costs are something like 5% to 6% of the total budget?

Response from the Chief Finance Officer:

In net terms, yes

- 3. There has been some concern about excessive use of external legal consultants, to supply legal advice/support, by the TDC Legal Department. Please could you tell me:**
- a) How much money was paid to external legal consultants, by TDC, to pay for their services in the year 2021/2022 and what items in the TDC budget (stating the amount agreed by full Council) covered these payments.**

Response from the Chief Finance Officer:

- Outturn 2021/22

In descending order of cost, expenditure on external legal consultants in 21/22 was incurred by the following services:

		Total Actuals £'s	Budget £'s	Variance £'s
1	<i>Planning</i>	50k		
2	<i>HR Standards Investigation</i>	17k		
3	<i>Legal Department</i>	13k		
4	<i>Estates Management</i>	12k		
5	<i>Other Services</i>	9k		
6	<i>Local Plan</i>	6k		
7	<i>Rent Collection & Accounting</i>	6k		
8	<i>Democratic Services</i>	3k		
9	<i>HR employment matter</i>	2k		
	Total Expenditure	118k	92k	26k

- Budget 21/22

The Council wide 2021/22 budget for external Legal expenditure was £92k.

- Variance to Budget 21/22

Council wide external Legal expenditure in 2021/22 exceeded budget by £26k.

- *Commensurate underspends were identified in advance of expenditure incurred, where necessary, to ensure the Council's net expenditure remained within the approved budget envelope.*
- *The types of expenditure included in the above includes:*
 - *Legal Counsel expenditure*
 - *Planning Appeals and Planning Counsel advice (e.g. Crematoria advice)*
 - *HR standards investigation*
 - *HR employment matters*
 - *Local Plan inspection fees*
 - *HM Land Registry*
 - *HM Court Fees*
 - *Advertising Planning Applications in local media*

Supplementary question from Councillor Cooper:

So we could be spending in the region of £700,000 on legal costs if we add expenditure on external advice to the in-house budget?

Response from the Chief Finance Officer:

The external fees quoted above include £13k already quoted within the legal services budget. The total cost of Legal Service across the Council would be c.£650,000 based on 2021/22 actuals.

- b) How much money has been paid to external legal consultants, by TDC, to pay for their services so far this year, 2022/2023, and, again, what items in the TDC budget (stating the amount agreed by full Council) covered these payments. Also, what further payments TDC are expecting to make to cover further work, carried out by external legal consultants, this financial year.

Response from the Chief Finance Officer:

The response is based on month 1 and month 2 (22/23) actuals. In descending order of cost, external legal related expenditure in April and May 2022/23 was incurred by the following services:

		M1 and M2 22/23 Actuals £'s	Full Year Budget £'s	Variance £'s
1	HR Employment Matter	6k		
2	Planning	4k		
3	Other Services	3k		
4	Rent Collection & Accounting	1k		
5	Legal Department	1k		
	Total Expenditure	17k	95k	(79k)

- Budget 22/23

The Council wide full year 2022/23 budget for external Legal expenditure is £95,080.

- Variance to Budget 22/23

External Council-wide Legal expenditure to the end of May 2022 leaves headroom of £78,576.

Supplementary question from Councillor Cooper:

Will the budget be sufficient?

Response from the Chief Finance Officer:

The legal budget is partly reactive in nature, so outturn is difficult to predict with certainty.

4. When TDC looks to employ agencies to carry out works/supply services, it is usual to enter a tender process to ensure that TDC do not pay over the odds for such work. Therefore, please could you tell me:

a) Which legal firms were used, by TDC, in the year 2021/22 and the areas they dealt and why it was necessary in each case.

Response from the Chief Finance Officer:

- In 21/22 the Council used firms of solicitors and chambers of the Surrey Panel, where the Council has secured discounted rates. The Surrey Panel is an appointed panel which undertook a procurement exercise to secure best value rates for the Council in advance of Legal Services being employed through them.

The following legal suppliers were associated with the most significant spend in 21/22:

- o The Planning Inspectorate (supply of Local Plan Inspector Fees)
- o HM Courts and Tribunals Service (supply of HM court fees)
- o Bevan Brittan (HR employment related matters)
- o HM Land Registry (HM Land Registry fees)
- o Wilkin Chapman LLP (Standards Investigation)

The Council used these external suppliers as it is standard practice to instruct Counsel for judicial reviews and planning appeals and enquiries. With regards to matters that have an employment element, there is no internal legal specialist who can deal with such matters and therefore, they are outsourced.

b) Which legal firms have been used, by TDC, so far this year, 2022/2023, and, again, the areas they dealt with and, again, why it was necessary in each case.

Response from the Chief Finance Officer:

The following legal suppliers are associated with the most significant spend to date in 22/23, for the same reasons:

- o HM Courts and Tribunals Service (supply of HM court fees),
- o Bevan Brittan (HR employment related matters),
- o HM Land Registry (HM Land Registry fees).

Supplementary question from Councillor Cooper:

Should we be addressing the fact that there are no internal legal specialists for certain areas – should we be looking at that?

Response from the Chief Executive

There is an inevitable reactionary element to having to seek external specialist legal advice. However, more generally, as picked up by the Future Tandridge Programme's review of legal services, we need to do what we can to manage down demand and address the root causes for having to seek such advice, and therefore reduce costs.

Questions from Councillor Allen

1. **At the Council Meeting on Thursday 10th February 2022, I asked a question about paragraph 14.2 of the Debt Management policy which states that:**

“Aged debt profiles for review by the Executive Leadership Team will be provided monthly. Similar debt profiling reports will be provided to Council Members on no less than a quarterly basis. Monthly, or if necessary, more frequent reports will be provided to the Finance Business Partners.”

My question was:

Could I please be advised when, over the last 12 months, a “similar debt profiling report was provided to council members on (no less than) a quarterly basis”?

Can it be confirmed that this is now being done?

Response from the Chief Finance Officer:

The debt management review paper on this evening’s agenda sets out a comprehensive position at the end of the 21/22 financial year across all types of debt. We will use that position as a baseline for quarterly reporting to this committee thereafter. The paper also sets out KPIs that we will use as the basis of that reporting. So, the 21/22 report outturn position and Quarter 1 for 22/23 will come back to this committee in September.

2. **At the Council Meeting on Thursday 10th February 2022, I also asked when, over the last 24 months, a discretionary payment to Chief Officers on their ceasing to hold office or to be employed by this authority was authorised by the Strategy and Resources Committee. It came to light that this procedure had not been adhered to and the decision was being wrongly made at the Chief Officer Sub-Committee meetings.**

I have noted that, at Annual Council on 26th May, this Council has changed the format for the future and that COSC will authorise such payments. However, as yet, I have not seen the matter of the discretionary payments coming before this committee to authorise those back payments so as to meet our own rules and obligations and to prove full governance has been retrospectively been put in place.

Can I be advised when this will be done?

Response from the Chief Executive:

Decisions and payments have been made. Some of these agreements were subject to confidentiality clauses so I am taking advice about what we can present and, procedurally, how we deal with that to tidy up governance issues. If we need to bring something back to this Committee we will bring it back to the next meeting.