

Future Tandrige Programme Update and 2024/25 Budget Process

Strategy and Resources Committee

Thursday, 29th June 2023

Report of: Chief Executive and Chief Finance Officer (S151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive Summary:

This report sets out an update on the Future Tandrige Programme ('FTP').

It provides:

- A review of the progress with the overall Future Tandrige Programme, covering achievements to date, elements still to be delivered and risks
- Progress to date in delivering the Service Reviews, with updates on areas currently in progress
- Assets and Facilities Management proposed high-level structure
- Financial Context - detailing the approach to the 2024/25 budget process and planning 2024/25 savings

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

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Recommendations to Committee:

In respect of the wider Future Tandridge Programme, that Committee:

- 1.** Note the approach to developing the Target Operating model and the proposed next steps.
- 2.** Note progress being made on the Corporate Plan and Organisational Development.
- 3.** Note the progress in delivering the service reviews and 2023/24 savings target.

In respect of Assets and Facilities Management, that Committee:

- 4.** Approve the new high-level structure for Assets and Facilities Management, including that the Community Surveying team be integrated into the Housing Structure.

In respect of the 2024/25 Budget process, that Committee:

- 5.** Approve the proposed process and timescale for setting the 2024/25 budget and Medium-Term Financial Strategy (MTFS).
- 6.** Note the approach to be used to develop the 2024/25 savings plan and note the financial context in which it will be prepared.

Reason for recommendations:

The report provides an update on the Future Tandridge Programme, including an overview on the progress to delivering overall objectives, an update on the service review for Assets and Facilities Management and the delivery of the approved Council-wide savings plan.

The report sets out the timetable and expected process for the 2024/25 Budget and Medium-Term Financial Strategy. It is good practice for Members to be engaged early in the budget setting process and to understand the financial context in which the Council is preparing its budget and MTFS.

Formally setting out this context to the Strategy & Resources Committee ensures that the Committee (which is charged with putting forward the overall budget to Council) is sighted on and has opportunity to shape the manner in which the budget is prepared.

1. Introduction

- 1.1** This report updates the Committee on the Future Tandridge Plan and provides an update on progress being made on the planned savings for 2023/24.
- 1.2** This report also sets out the process for producing the 2024/25 Budget and Medium-Term Financial Strategy, preparing for Strategy & Resources Committee on the 30th January 2024 and Full Council on the 8th February 2024.

2. Future Tandridge Programme

2.1 Programme rationale and objectives – from 1 February 2022:

The first phase of the Future Tandridge Programme (FTP) was approved by Strategy and Resources Committee on 1 February 2022.

The overall aim of the programme is:

To transform the operating model for Tandridge, creating a smaller, more strategic, agile and responsive organisation with resources targeted at Council priorities and where need is greatest, underpinned by a more business-like approach to the way the Council operates.

To date, the programme has been delivered through a mixture of internal officer resource and external support funded from flexible capital receipts.

Regular updates have been provided to members of Strategy & Resources Committee on progress. For this report, a more detailed overview is provided on progress and work to be done in a relation to the agreed key outcomes below:

2.2 FTP - Key outcomes, progress made and next steps

2.2.1 Vision and Strategy

Initial Analysis: Strategic Plan is 'on the shelf' and not linked to service plans so no clear method of delivery

End stage: Approved Strategic (Corporate) Plan. Service planning and delivery embedded, linked to Strategic Plan

New Corporate Plan 2024 - 2028

The Council's current Strategic Plan expires in 2024. Having a Corporate vision and plan is an essential element of the of the Future Tandridge Programme. Successful Councils use them to clearly articulate their priorities to a range of audiences, including residents and external stakeholders, they also support bids for external funding.

From 2024, the new Corporate Plan will be aligned to the budget setting process – annual reviews of the Plan's objectives will coincide with budget setting and service planning, which will in turn inform manager and staff appraisals.

The first stage of the development of the new Corporate Plan is underway and is focused on evidence gathering to inform the Council's future priorities and objectives. An evidence pack has been produced and workshops have taken place with Councillors, Council Managers and external stakeholders to consider emerging themes. The Residents' Survey also includes questions designed to inform the plan.

The external stakeholder workshops were very well attended with the following organisations represented:

Biggin Hill Airport, Caterham Barracks Community Trust, Caterham BID, Churches Together, Department for Work and Pensions, East Surrey College, East Surrey Rural Transport, Environment Agency, Freedom Leisure, Mole Valley District Council, Oxted Health Centre, Reigate and Banstead Borough Council, St. Mary's School, Surrey County Council, Surrey Fire and Rescue, Surrey Police, Tandridge Learning Trust, Tandridge Voluntary Action and a number of Parish Councils

Underpinning this from the external stakeholder holders was a strong desire for more collaborative working between the Council and external partners.

The next phase of the plan's development will be to distil the information gathered into a set of meaningful and achievable priorities and objectives for the Council. This will be a Councillor led process with a view to having a draft plan in place by October to inform budget setting, service planning and appraisals for 2024/25. The 4-year plan will be adopted after the Election in May 2024.

Despite the absence of a Corporate Plan, annual service planning was introduced for April 2024. All services produced a plan to set out their priorities for 2023 / 24 underpinned by resourcing considerations and key performance indicators. These plans were discussed and agreed at Extended Management Team. These plans have formed the basis for individual manager and staff objective in appraisals launched at the same time.

From 2024, the adopted Corporate Plan will inform the development of Service Plans, which in turn will inform manager and staff appraisals.

Next steps to 2024

- New Corporate Plan 2024 – 2028
- Draft Corporate Plan to inform service planning and appraisals, and inform budget setting process for 2024 / 25

2.2.2 Management

Initial Analysis: 'Top heavy' with too many Heads of Service roles. Ad hoc / no clear link to service delivery

End Stage: Fewer, more capable managers. Structure clearly linked to Organisational Strategy. Commissioning structure fully in place and operational

At the commencement of the Future Tandridge Programme, the senior management structure – incorporating Director and Head of Service level posts – consisted of 18 full-time equivalent posts.

The Chief Executive led on a restructure of the senior management team. The rationale for the restructure was:

- Concern regarding leadership capacity and focus. Interim Chief Executives and loss of Directors replaced by Executive Heads had created challenges in terms of corporate leadership.
- In turn this had impacted on Corporate 'grip' and ownership on the basics of good governance and sound corporate management – the lack of centralised policy development and research, service planning, performance management had been keenly felt
- Customer First (the previous transformation programme) had seen a number of good officers leave and had led to confusion with roles in some areas and a lack of ownership and accountability
- The need to create a structure and accountabilities to support the delivery of the Future Tandridge Programme
- Underpinning this was the need to make savings. From this stage of the restructure, there was a requirement to save £280k

The resulting restructure saw the deletion of seven posts: Executive Head of Corporate Resources; Executive Head of Communities; Head of Strategy; Head of Operational Services; Specialist Services Manager; Case Services Manager; and Locality Services Manager.

Three new posts were created: Deputy Chief Executive; Head of Housing and Head of Operations and Contracts.

- The Deputy Chief Executive post was created to build greater capacity at the senior leadership level within the Council and to bring together the responsibilities for front line, people and place-based services. The post has overall responsibility for driving the Council's evolving commissioning approach to those services.

- The Head of Housing post was created to ensure clear accountabilities for the delivery of housing services, as these (and Revenues and Benefits) were split between Specialist and Case Teams as a result of Customer First.
- The Head of Operations and Contracts is an amalgamation of the deleted Head of Operational Services and Locality Services posts. This post brings together the Council's key commissioned and directly managed environmental services with a view to applying the principles of good commissioning to future delivery options.

The completed structure has been in place since February 2023. The Council's Extended Management Team (incorporating Director-level posts and Heads of Service) is working more effectively with the greater involvement of Heads of Service in corporate working (including the Future Tandridge Programme) and clearer accountabilities established.

There is a further senior management savings target of £170,000 to be delivered during 2023 / 24. Proposals for this next iteration are being developed and will need to align to the emerging target operating model for the Council, which is underpinned by the principles of good commissioning. The challenge will be to ensure any further reduction in senior leadership capacity does not compromise the ability to deliver the Future Tandridge Programme and impact negatively on service delivery.

Next steps to 2024

- Second stage senior management restructure

2.2.3 Digital and Customer Front End

Initial Findings: Website lacks self-service functionality. Multiple standalone systems. Salesforce not being used to potential. Poorly defined customer front end. Lack of data / metrics/ Customer Strategy. Calls / Contacts routinely double handled

End stage: Full resident / customer self-service / online access. Integrated systems across key functions such as Planning, Housing and Customer Services

The Digital Customer Contact Business Case was approved by Strategy and Resources Committee in March 2023. The digital investment required was also approved on the basis that the savings generated will at least cover the cost of improvement.

Underpinning the business case is the need to transform the resident experience and customer services through digital technology. This has been informed by understanding the types of transactions and traffic that is currently processed by Customer Services and the time and cost of dealing with these, in particular, the high volume of telephone calls.

Developing a digitally focused service to residents will reduce this volume of traffic and allow people to carry out their own transactions online instead, reducing the workload to Officers. In developing digital solutions to address these issues, a key part of the project is to also address digital exclusion, to ensure that residents who cannot access digital channels can continue to contact the Council and resolve their issues through other means.

The proposed outcomes from the Digital Transformation project are:

- Redesign of TDC website completed with Chatbot and telephony solutions in place
- Customer self-service key functions on 'MyAccount'
- A fully prioritised technology development plan
- Full resident / customer self-service / online access with integrated systems across key functions such as Planning, Housing and Customer Services
- Slick customer front end with seamless journeys to other areas, i.e. Planning application enquiry
- Reduced manual work and increased automation across key services in the council

This project is underpinned by two strategies – An Engagement Strategy and a Channel Shift Strategy.

A Digital Project Manager has been recruited and will ensure the scope, management and schedule for the delivery is managed according to the governance arrangements in place. Website redesign and telephony projects are now included in the scope for Digital Transformation due to the relative dependencies and to ensure there is a consistent look and feel for residents using the system. Licensing model discussions and negotiations are underway with Salesforce

The Implementation Partner selection process is in progress – three partners have been interviewed and presented their approach. These are in the process of being evaluated.

Business analysis activities are underway (requirements, use cases, personas etc) working with Housing, Waste, Planning and Revs ad Bens to gather details of current processes and then to map out journeys in the new Salesforce system.

Technical architecture discovery and assessment is in progress, reviewing existing systems and building an understanding of the system requirements of internal and external users.

Next steps to 2024:

- Delivery of project to achieve project outcomes (key milestones)
- Implementation partner selection
- Salesforce licence agreement
- Requirements gathering and business analysis
- Customer account design and build
- Implement Mulesoft to build integrated front end to services
- System and user acceptance testing

2.2.4 Commissioned Services

Initial findings: Ad hoc overall approach to commissioned services. Some areas poorly specified. Many areas lack performance data / metrics.

End stage: All internal and external services operate to clear specifications with performance metrics which are actively managed, developed and improved

Applying the principles of good commissioning is underpinning the work to support the development of the target operating model for the Council. This does not mean we need to define ourselves as a 'commissioning council' rather it applies best practice to the way the Council runs its services.

To date, the Service reviews have applied the broad principles of good commissioning by identifying needs, reviewing key processes, assessing existing skills and capabilities and considering future delivery options.

Stage 1 of the Future Tandridge Programme included a baseline review of aims and objectives, performance, resources and potential for savings and efficiencies, as well as an assessment of alternative delivery options. This has resulted in change / improvement projects in Operations, Digital Services and Revenues and Benefits. Stage 1 was also used to identify gaps in the Council's ability to evidence performance

Building on Stage 1, the next steps for the development of the new target operating model are:

- Align to Council priorities through development of the new Corporate Plan
- Create the framework, governance and commissioning function. This will be applying the Local Government Association's (LGA) Commissioning Cycle Best Practice guidelines
- Development of internal skills and capabilities across the Council including development of Intelligent Client function

- Developing the timetable for applying the commissioning process to services, both internal and external, to ensure there is capacity to deliver the programme in a managed way
- Ensuring that the senior management structure supports the delivery of commissioning.

In developing our approach, design principles to be considered will include:

- Detailed specifications and data available to enable most effective decisions to be made regarding value for money delivery models
- Principles of the commissioning cycle embedded including regular reviews of all delivery options to ensure services are delivered in the right way, whether that be internal, external, shared service or other options such as local organisations
- Robust performance management against outcomes and agreed Service Level Agreements /Key Performance Indicators
- Continuous measurement and improvement of services by regular assessments of performance data

There is a need to prioritise, which services are considered when for future delivery options. In addition to the work progressing in Operations and Digital, the following services have been prioritised:

Service	Current status	Rationale for prioritisation
Void Works contract	Delivered in-house with specialist bought-in provision.	The area is overdue for redesign of an unintended hybrid economy which overlaps other depot operations. Could be an early catalyst and inform way forward for Housing Services.
Revs and Bens	S&R Report of 10th March for current position	There is an open dialogue with Reigate and Banstead, presenting as a Shared Service proposal. Sharing will include the aim to generate profit through a centre of excellence and potentially consider different models for elements of processing. We can use specialist resource to validate and test the benefits and the delivery model for the centre of excellence.
Housing Management	This is a resident facing service, that was well-engaged in FTP service reviews.	This is an inhouse operation with sufficient scale to be attractive to provider market, alone or collaborative procurement with a neighbouring LA partner.
Human Resources	Service review partially progressed, due to change in lead	Finalise review - Opportunity to review service, potential efficiencies and service improvements. Current outline discussion with Reigate and Banstead about working together, alignment and adopting business partnering structure and sharing resilience.
Planning (non-Policy activities)	Transformation managed within Planning – outside of FTP	Review of service and opportunities for efficiencies to be explored.
Legal	Service review partially progressed, due to other priorities	Finalise review – identify areas for improvement, centralising Legal spend and Legal engagement with external providers, moving functions to business areas, reduction in admin.
Communications and Policy	Service review partially progressed	Finalise delivery model

Next steps to 2024

- Councillor engagement in finalising target operating model framework
- Further exploration of shared service opportunities within context of target operating model principles
- Consideration of skills and capability requirements, including as part of next stage of senior management restructure
- Timetable for prioritised services

2.2.5 Support Services

Initial findings: Back-office functions 'babysitting' front line services. Day to day firefighting at expense of added value. Lacking a 'business partnering' ethos

End stage: Service Plans identify needs in advance. Resources are directly linked to requirements. Business Partnering the norm

The Business Partner model being rolled out in Finance will be applied to other corporate services. For Finance, the next phase of transforming the Council's approach to financial management will reaffirm the focus on accountability and self-service, giving budget managers the confidence and tools to deliver their responsibilities.

This will extend to other areas of service delivery to support the overall objective of developing competencies and accountabilities of managers at all levels within the organisation. This activity will inform the requirement for future support from corporate services and form part of budget setting considerations for 2024/25

Next steps to 2024

- Roll out business partnering model across the Council

2.2.6 People

Initial findings: Job roles and responsibilities poorly defined. Lines of accountability blurred in some areas. Lack of coherent People Plan

End stage: Smaller, more agile organisation. Capabilities are defined, invested and developed. Talent is identified and developed

Changes to the senior management restructure created greater clarity regarding roles and responsibilities for managers and their teams. For Extended Management Team and Managers, clear expectations and accountabilities have been established both in terms of the management of their services and how they work with colleagues.

Within the context of the new target operating model, understanding the extent to which the workforce is equipped to deliver what is going to be required is a key consideration. An analysis of the capability requirements to deliver the new model is underway and to complement this a skills matrix is being progressed, partly to establish the skills gap between what the Council has and what it needs.

To drive forward the change required, a People Plan is being developed to address issues of staff retention, recruitment, training and development.

Next steps to 2024

- Develop People Plan
- Skills matrix
- Implementation of Business Partnering
- Potential review of job descriptions and grading

2.2.7 Process and data

Initial findings: Too much organisation effort in inefficient processes. Many processes don't add value. Data not valued or managed.

End stage: More routine processes are simpler and automated. Data is used to drive insight and improvement

As part of the Digital Transformation project, customer facing journeys are being reviewed and automated where possible as part of the MyAccount function.

Providing an online service to residents, enables the Council to gather information to understand more about their resident's requirements, enabling this to be taken into account when considering future improvements. Building a knowledge database that will be used by AI via the chatbot will enable residents to ask questions and be directed to where they find help online, i.e. reporting a missed bin will be fully automated.

Moving towards a culture of 'continuous improvement' across the council will include valuable service level data in areas such as Housing and Planning such as:

- How is a service currently delivered?
- What are the processes that deliver the service?
- How much time do the processes currently take?
- How much do the current processes cost the council?
- Where is there an opportunity to improve the way the service is delivered?

Next steps to 2024

- Develop data insights strategy, including strategy and governance, standards and data integration taking into consideration:
- Collate service specifications and performance as part of continuous improvement process
- Begin to develop customer experience and insight
- Build the findings from data into future design of the service
- Use data to inform decision making on how services are delivered most effectively

2.2.8 Culture

*Initial findings: Lack of shared ownership/ common purpose.
Performance not measured or managed. Inconsistent values and behaviours.*

*End stage: 'One team' Council. Pay and reward linked to performance.
Modern, agile ways of working*

A set of values and behaviours were developed by managers and staff and these are being embedded throughout the organisation. The agreed values are:

- **Taking Ownership:** Be proactive, identify problems and own the solution
- **Committed and Supportive:** Focus on the customer and support each other
- **Positive and Flexible:** Working with passion, energy and enthusiasm and being adaptable to change
- **Learning and Development:** Always learning and encouraging others to think differently

Further to the values and behaviours for all managers and staff there are three behaviours required specifically of managers. These are:

- Setting direction
- Leading and developing people
- Delivering results

The values and behaviours are regularly communicated to managers and staff including having prominence on screens when staff log in. The four values are also incorporated into the appraisal process whereby staff are asked to identify examples where they have demonstrated each of the values.

The Extended Management Team has been participating in a leadership development programme with the aim of creating greater cohesion and sense of common purpose to the senior leadership team.

The introduction of service planning and appraisals has introduced a more robust approach to manager and staff accountability and managing performance. With the appraisals happening annually, managers are expected to manage performance through regular check ins and to address issues when they emerge. Coaching and training support has been identified to support managers with managing staff performance.

From 2024 / 2025, the appraisal process will be used to determine how performance will be linked to pay and reward.

Staff Briefings and the introduction of drop-in sessions for staff (including depot staff) to meet with senior managers and discuss any issues they may have continue to ensure internal communications is working effectively.

A Key Officer Forum (KOF) has been set up, bringing Extended Management Team and middle managers together. The purpose of the Forum is to:

- Develop a 'One Team' culture
- Improve engagement and 2-way communication with managers and team leaders
- Ensure a consistent management approach and messaging to staff
- Create opportunities for managers to contribute to the transformation programme and corporate working (this includes a rolling programme of Task and Finish group projects, led by KOF, on key issues – the first two being improving the induction process and the customer experience via the website and customer services)
- Nurture talent by creating opportunities for managers

The KOF are currently participating in a management development programme similar to the one undertaken by Extended Management Team to consider how to work more effectively as one team and to drive effective change. Identifying and nurturing talent from this pool and staff more generally, then considering ways in which we can invest in that, is also being progressed.

Finally, a Staff Forum is being established in July, which will have representatives from all departments on a rolling membership basis. This will be an opportunity for staff across the Council to meet with managers to discuss issues affecting their work and an opportunity for managers to discuss any proposals affecting staff in what is intended to be a safe space.

Next steps to 2024

- Develop pay and reward scheme linked to performance – integrated into the appraisal process
- Further training and development on managing performance
- Set up Staff Forum

Updates on the savings and the Service Reviews are covered elsewhere in this report and in Appendix A.

2.3 **Establishment review**

As part of the benefits review, an overview of the establishment is attached, this compares the establishment at the beginning of the Future Tandridge programme compared to the current position, summary figures are shown below:

	Number of posts	FTE
Start of FTP	302	286
Current position	286	273
Change	(16)	(13)

3 **Summary of Service Reviews**

3.1 **Service Review Delivery Updates**

Phase 2 of the restructure is being planned for July 2023 and will focus on the following service area:

- Assets and Facilities Management including Community Surveyors

This second phase is expected to be implemented by October 2023.

Further staffing savings are planned in the following service areas, with the consultation dates to be confirmed:

- HR
- IT
- Operations

In respect of Operations, the staffing structure will be determined by the Grounds Maintenance options appraisal which is under way and will be reported for decision through the September Committee cycle.

3.2 **Delivery Risk Overview**

Each Service Review and the associated savings are risk assessed and RAG rated on a monthly basis. The latest position is set out in the table, below.

		March	June			Variance
RAG status	RAG rating determination	Total March 2023 £000	Staff savings 23/24 £000	Non Staff savings 23/24 £000	Total June 23 £000	Movement March to June £000
	Savings delivered	£630	£426	£388	£814	£184
	Clear plans, realistic timescales	£34	£42	£148	£190	£156
	Some risks to delivery or detailed delivery plan still in development	£964	£289	£335	£624	(£340)
	Significant risks to delivery, delivery plan yet to be agreed	£26		£26	£26	No chg
	Totals	£1,654	£757	£897	£1,654	£0

This review shows that £814k of savings are marked as complete, i.e. all necessary actions have been taken in order to deliver the saving. This has improved by £184k since the March update.

A further £190k is marked as green, this relates to the Asset & FM relating to a restructured service and changes to be made in the implementation of the Operations operating model in October 2023. This has improved by £156k since the March update.

Only £26k in Regulatory Services is marked as red, due to a change in the management leads at TDC and MVDC and the subsequent need for a reset on the savings proposed.

The amber element of £624k reflects the risks to delivery of savings at this early stage before the start of the new financial year. This has been reduced by £340k since the March update and now consists of the following, with further detail in Appendix A:

- £16.5k in Operations and Localities which is marked as amber whilst the recommendations of Committee on the 9th of March are in the process of being fully implemented;
- £170k of Management Structure phase 2 – currently marked as amber as plans are being developed;
- £150k saving from better utilisation of the Homelessness Grant Funding, where certainty will increase over the course of the year as homelessness levels are tracked;
- £70k of Assets and FM savings, which are partly dependent on increased lettings at Oxted and Quadrant, and transfer of responsibility for maintenance to leaseholders. Although plans are in place for this, certainty will only come with additional lettings. A reserve exists to mitigate this risk;
- £50k in Revs and Bens – marked as amber as relies on working with external partners with plans being developed in detail.
- £40k for Southern Building Control Partnership awaiting partner sign-off at time of writing.

- £127k smaller amounts across the remaining reviews; mainly linked to Phase 2 and 3 staffing savings which will become green when the consultation is launched.

Confidence in delivering the Amber savings will grow as the year progresses.

A summary of progress for each of the service reviews is included as Appendix A, along with a RAG assessment of current confidence in delivery of target savings and the quality and depth of the review undertaken.

4 Strategy and Resources Committee

A summary of those services which fall under this Committee has been set out in Appendix A, along with target savings identified for delivery in 2023/24 and options under consideration for future delivery models.

The Committee are asked to note the direction of travel and the associated savings for these services. Further analysis is required in some areas and, where necessary, proposals will be brought back to a subsequent Committee for approval.

4.1 Assets and Facilities Management (FM)

As part of the Assets and FM service review, a review of the current service and structure was undertaken. The outcome was a recommendation to change the structure to enable delivery of the service in the most efficient way for officers and residents.

At the Strategy & Resources Committee meeting in December 2022, the Committee S&R approved a single corporate landlord model across HRA and General Fund. Since that point, further work has been undertaken to validate the proposed approach to ensure it delivered value for money and promoted clear line management and accountability.

Under the current structure, Community Surveyors (responsible for the HRA housing stock condition) are reporting to the Chief Finance Officer as an interim measure. It was initially proposed that the surveying team would sit within a combined corporate landlord model with asset management, facilities management, and development teams, however having discussed this approach with both staff and external advisors, it was agreed that a corporate landlord model bridging the HRA and General Fund will not provide value for money due to the need for additional management resource to lead the team.

Also, given the increased focus on compliance and regulation for the management of the Council's housing stock, the joined-up approach to stock management with other housing led services and the funding allocation from the Housing Revenue Account, it is recommended that the Community Surveying team be integrated into the Housing Services structure.

In preparation for this, new role profiles have been designed with a focus on providing surveying expertise across both Housing Revenue Account and the wider Council General Fund assets, with a key focus on compliance, regulation, and resident satisfaction.

The remaining functions will continue to be managed through the corporate landlord structure in Property and Development Services. These include the following main areas:

- Commercial property management
- Management of leases and facilities
- Project delivery
- Housing development
- Garage management
- Utilities management (gas, electricity and water contracts)

Health and Safety compliance

The Community Surveyors team in Housing will use their expertise and knowledge to undertake health and safety compliance management across HRA and General Fund assets. This will be undertaken by means of a clear service level agreement. New role profiles will make the responsibilities for this key area completely clear.

Consultation

As part of the Future Tandridge Programme a formal consultation process will be held with all impacted staff following this Committee. Staff will be given the opportunity to view, comment and challenge the revised structures and amended role profiles in accordance with relevant employment law.

Financial Aspects

The proposed arrangements live within the approved budget, including the £42k savings planned from implementing corporate landlord. The new changes proposed in this report, to have Community Surveyors report into the Head of Housing, reduces the proposed headcount of management within Assets and FM by one, leading to a reduced cost across the General Fund and HRA of £74k. This will be redirected towards asset health and safety compliance and project delivery.

Below are the costings of previous and proposed models:

Previously considered model

- 4 x Management graded posts, single team
- **Total cost £958k, General Fund £221k**

Proposed model to this Committee:

- Two teams – Housing / General Fund and Commercial
- **Total cost £884k, General Fund £202k**
- 3 Management Graded posts (1 of which vacant / potentially not needed)

Other elements of business case in respect of Corporate Landlord refreshed but unchanged.

4.2 Digital Transformation

Following approval of the Digital Transformation business case by Strategy & Resources in March 2023, a digital lead is now in post and work is underway to confirm the detailed scope, develop the detailed plan, timeline and create the benefit realisation plan. A project board has been put in place, led by the sponsor, with representation from across the service areas. This board which meets fortnightly is a decision-making group that will scrutinise and participate in decision making and planning before these are taken to the TOMDG (Target Operating Model Development Group) and MRG for ratification and Committee where approval is required.

The majority of the business benefits relating to the Digital Transformation will be realised after implementation of the system changes and therefore it is important that a benefits realisation function monitors and plans all expected benefits to ensure these are followed up as planned and are achieved by the relevant service areas. This function is included as part of the FTP Programme and Benefits delivery board, however the service this board provides will continue beyond the end of the Future Tandridge programme to ensure any benefits forecast as part of FTP are delivered as planned by the relevant services.

4.3 Community Services Committee

Operations and Locality including Waste

As a result of the Operations, Locality and Waste service review and the business case taken to Committee in October 2022, the Operations Transformation workstream has progressed the following areas:

- Market engagement exercise to understand the market appetite and opportunities has completed.
- Continuing to work with existing suppliers to secure savings through altering service provision.
- Collation of asset data has now completed and is being reviewed as part of the options appraisal, to understand the specification/affordability of service levels and enable modelling of different delivery models and will be used to inform any tender information to market.

The Operations Transformation workstream took a paper to Community Services Committee in March, which included updates on the structure of the service and the future Operations delivery model. The recommendations in this report allowed the delivery of at least £296k of the £312k total and these are now marked Green in the savings forecast. The remaining £16.5k will be addressed through outstanding elements of the service review.

The Grounds Maintenance delivery model options appraisal is now in progress and an update will be provided at the September Committee cycle.

- Data collection for the parks and open spaces and HRA grounds maintenance has been completed.
- The Council has a comprehensive asset database of all the grounds maintenance features that are either maintained by the DSO or by the contractor and this dataset will now be maintained on an ongoing basis.
- Street cleansing service – a new operating model is being developed, this will reflect resources available and will be based on productivity levels of a high performing service. There will be a more detailed update to members when the new operating model has been developed and any revisions to street cleansing confirmed.

4.4 Housing Committee

As a result of a review of the Housing service, a new structure has been implemented across the service. This was done in tandem with new role profiles being developed for each post to ensure resources are deployed in the areas with most need and to ensure staff are aware of their role and responsibilities.

At its meeting on 20th June 2023, the Housing Committee approved a recommendation that the Community Surveying team be integrated into the Housing Services structure. This is referenced in the Assets and Facilities Management Update above.

Further details can be found in the Housing Committee report dated 20th June 2023.

5. 2024/25 Budget Setting Process

5.1 Financial Context

The 2023/24 Budget of £11,935m and the MTFs to 2024/25 was approved by Full Council on 9th February 2023, having been considered by the Strategy & Resources Committee on the 31st January 2023.

The 2023/24 Budget was balanced with funding of £11.935m, consisting of the following movements from 2022/23:

Table 1: 2023/24 Budget	£k
2022/23 Opening Budget	£11.351m
Pressures (including £1.0m inflation)	£2.238m
Savings	(£1.654m)
2023/24 Final Budget	£11.935m

The MTF5, as presented to Full Council in February 2023, indicated a gap for 2024/25 of £1.4m. Since then, further work has been done to estimate funding and potential pressures for 2024/25. This is set out in the table below, along with an early illustration of scenarios for 2024/25, illustrating pessimistic, optimistic and neutral assumptions. The detail underpinning each scenario is set out in the following paragraphs.

At this stage it is not the intention for the scenarios to represent robust estimates of the position for next year, but to demonstrate a plausible range in the requirement for additional savings. The scenarios show a range of savings required between £0.5m and £1.4m, with £0.75m as the neutral expectation.

OVERVIEW OF BUDGET POSITION		2024/25 forecast (optimistic) £000	2024/25 forecast (neutral) £000	2024/25 forecast (pessimistic) £000	
Base budget 2023/24		£11,935	£11,935	£11,935	Commentary
Net Funding Movements		(£518)	(£435)	(£130)	Improvement in all three scenarios, see below.
Revised Funding		£12,453	£12,370	£12,065	
Funding	Business Rates	(£352)	(£352)	(£352)	All three scenarios taken from external advisor model.
Funding	Council tax	(£325)	(£242)	(£242)	3% optimistic, £5 neutral and pessimistic
Funding	Grants	£359	£359	£864	Opt and neutral assumes New Homes Bonus removed. Pessimistic assumes 3% funding guarantee also removed
Funding	Collection Fund	(£200)	(£200)	(£400)	The Council holds a reserve to accumulate prior-year surpluses on business rate funding which can be released to manage the volatility in funding.
New Corporate Pressures		£548	£682	£1,027	
Corporate	Staffing pay award	£237	£316	£395	Scenarios allow for a range of assumptions on 2024/25 pay award subject to further discussion.
Corporate	Contract and utilities inflation	£221	£276	£442	Assumed at 4 - 8%, 5% neutral
Corporate	Staffing Increments	£90	£90	£90	The full cost of increments will be determined by the appraisal process and turnover of staff.
Corporate	Capital Financing Costs	£0	£0	£100	Pessimistic assumption assumes a pressure from the deterioration of Gryllus investment property income.
Corporate	Contingency & Reserves	£0	£0	£0	No change to current £445k contingency
Forecast Base Budget Gap		£30	£247	£897	
New Service Pressures		£500	£500	£500	
Service	Allowance for Service Pressures	£500	£500	£500	High level estimate pending further work
Budget Gap before savings		£530	£747	£1,397	
Net Pressures		£1,048	£1,182	£1,527	

5.2 Funding

The funding projections above are based on modelling by LG Futures, our external funding advisors and local assumptions supported by the Corporate Finance Team through the Joint Working Agreement. In headline terms it is expected that funding will increase by between £100k and £500k, consisting of:

- Business Rates - £352k increase in each case, supported by detailed external modelling. This increase is partly linked to the Council holding a very pessimistic line on business rate income in recent years, combined with recovery post-pandemic.

- Council Tax – An increase between £242k and £325k. The increase will depend upon a 0.5% expected tax base growth, combined with Member decisions on the percentage increase, to be taken in January 2024.
- Grant – All scenarios assume a reduction in Government Grant of £359k, representing the removal of New Homes Bonus. The pessimistic scenario assumes £864k which assumes both New Homes Bonus and the 3% funding guarantee for 2023/24 are withdrawn and not replaced.
- Collection Fund – it is assumed that surpluses on collection achieved in recent years will be released into the funding for 2024/25, between £200k and £400k depending on the level of other funding.

5.3 Pressures

The MTFs reported to Council in February estimated £1.4m of pressures for 2024/25. The scenarios above now suggest a range of pressures (consisting corporate pressures and allowance for increased service spending need) of between £1m and £1.5m. Each of the scenarios include £0.5m of service pressures and the intention will be to manage this down to minimise the size of the savings plan required.

- The **pessimistic** scenario assumes that the pressures itemised at February Council are increased by £0.1m net due to the potential impact of Gryllus investment properties on capital financing costs. In the neutral scenario it is expected that this can be mitigated or managed within existing budgets.
- The **optimistic** scenario works back from the pessimistic scenario, but assumes a lessened impact from inflation, staff costs and the investment property impact set out above.
- The **neutral** scenario assumes that, through a combination of managing inflation and capital financing costs, pressures can be held at a mid-point between the optimistic and pessimistic scenarios.

5.4 Savings

As a result of the above, a range of potential savings targets may be required:

- The **pessimistic** scenario assumes £1.4m savings are required, consistent with the most recently approved MTFs.
- The **optimistic** scenario assumes that this requirement is reduced to £500k.
- The **neutral scenario** assumes a mid-point pending a full risk-based review at £750k.

Officer effort will now be focussed on developing a savings plan, in consultation with Members, that meets the neutral scenario, and holds contingency plans for the pessimistic and optimistic outcomes.

As part of early preparation, planning is already underway to determine areas of work that will contribute to the savings plan. The five key elements of the savings plan will be as follows. Each section has an indicative range of potential savings, based on a high-level review of possible opportunities. This is very much an initial estimate based on early development work, and will take more shape as the budget process develops.

FIVE ELEMENTS OF THE SAVINGS PLAN TO BE DEVELOPED				
Full-year effect of 2023/24 savings and remaining service review KLOES	Early commissioning reviews, delivery model assessments and procurement activity	Review funding levels for each service – in which areas do we have discretion to vary the amount we spend or how we fund it, e.g. if there is external funding available	Commercial opportunities to increase or generate new income	Early digital gains & process review in services that are not prioritised for commissioning, including self-service opportunities
Range: £25-£100k	Range: £50-£200k	Range: £75 - £200k	Range: £75 - £150k	Range: £50 – £100k

The range identified currently is between £275k and £750k. This indicates that the neutral savings target is a stretch at this very early point in planning, and that further work will be necessary to identify areas for saving and convert them into deliverable plans. Equally important, as set out above, is to minimise the pressures built into the budget to lessen the need for savings.

Early work and work underway includes:

- An externally-facilitated commercial workshop to begin the creation of a long-list of opportunities, and start the development of a commercial strategy.
- A full review of outstanding lines of enquiry from the 2023/24 service reviews.
- The development of the Council’s approach to commissioning, and prioritisation of services for consideration.
- Process mapping alongside the Digital Project.

Next steps and planned activities against each element are set in Appendix B.

5.5 Overall position

The pessimistic, optimistic and neutral scenarios set out a range of assumptions which will need refinement as the budget process develops. Government funding is unlikely to be confirmed before the Local Government Finance Settlement in December 2023. In the meantime the Council, in common with Local Government as a whole, will lobby the Government for additional funding to meet the impact of high inflation on the cost of delivering services.

5.6 2024/25 budget governance

The FTP and the approach to 2023/24 savings represent the key mechanism to identify the savings needed for 2024/25. All savings will be managed through the FTP Governance model. The Programme Benefits and Delivery Board, part of the overall FTP Governance, will oversee delivery.

Further work is required to pursue areas of potential savings including key lines of enquiry developed from the FTP in context of the likely funding gap for 2024/25 and the likelihood of further constrained funding in 2025/26 and beyond.

5.7 Proposed Process

The 2024/25 Budget Process will culminate on the 8th February 2024, when Council is scheduled to discuss and approve the budget and MTFS. The Constitution determines that the S&R Committee "shall consider the aggregate of all Committee estimates and, after making such amendments as it thinks fit, submit the aggregate estimates to the Council for approval, together with recommendations as to the Council Tax to be levied for General Fund expenditure." For 2024/25, S&R is scheduled for the 30th January 2024. An indicative timetable leading up to that point is set out below, including plans to engage with the other Policy Committees:

Time Period / Date	Activity / Milestone
29th June 2023	2024/25 Budget Process Report to S&R Committee
July – September 2023	Initial estimates of Pressures and Savings developed: <ul style="list-style-type: none"> • Review of fees and charges • Review of commercial opportunities • Early digital gains • Commissioning benefits and associated savings • Savings from service reviews
August – September 2023	Engagement with Members on 2024/25 initial Pressures, Savings, Fees and Charges
September 2023	Committee Cycle – FTP update and progress on identifying 2024/25 savings
October – November 2023	Engagement with Members on 2024/25 Draft Budget
30th November 2023	2024/25 Draft Budget and Capital Programme, including Tax Base to S&R
December 2023	Expected publication of Local Government Finance Settlement – finalisation of funding estimates
December 2023 to January 2024	Engagement with Members on 2024/25 Final Budget Engagement with residents and Business Rate payers on 2024/25 Budget
January 2024	Committee Cycle – 2024/25 Final Budget, Capital Programme and Medium-Term Financial Strategy
30th January 2024	2024/25 Final Budget, Capital Programme and Medium-Term Financial Strategy to S&R Committee
8th February 2024	2024/25 Final Budget, Capital Programme and Medium-Term Financial Strategy to Council

5.8 Consultation

Engagement with Members will take place through MRG, informal workshops where needed and ultimately through Committee.

The Council has a statutory obligation to consult with Business Rate payers, and it is good practice to engage residents on the shape of the budget. Alongside the initial work to quantify budget pressures and identify savings through the Future Tandridge Programme, consideration will be given to an appropriate form of consultation with these stakeholders. Consultation will align with the process to develop the new Corporate Plan, and the budget process will need to reflect emerging priorities.

The publication of a Draft Budget in December will form the basis of consultation, in order to shape the final budget to Council in February 2024.

6. Next Steps

Subject to any comments from this Committee on the recommendations and direction of travel, Officers will continue to update their delivery plans for the improvements and savings identified and work towards delivering the benefits documented in the business cases. Where appropriate and necessary, revised business cases will be brought to a future Committee for review.

7. Comments of the Chief Finance Officer (s151)

It is imperative that the Council has robust plans to deliver the agreed savings programme for 2023/24 and to develop realistic savings proposals for 2024/25.

This report updates on the progress to date in delivering the planned savings and identifying opportunities to deliver savings in future. The report sets out next steps and the risks associated with delivery of the programme. At this early stage of the financial year, the position is reasonable. Certainty on the amounts flagged as amber will increase as the year progresses and will be reported regularly to Committee.

The Council should ensure that the investment in the FTP and improvement plans is sufficient to assure successful delivery, whilst looking to make best use of limited resources, primarily funded through one-off capital receipts. The total resource projection is unchanged from the £500k previously reported to Committee, however the 2024/25 budget process is likely to require investment to deliver planned change. This will be quantified and set out in future Committee reports.

8. Comments of the Head of Legal Services

Whilst the FTP represents a significant financial commitment by the Council, this report has no legal implications and the overall programme remains within budget allocation. The delivery of the savings associated with FTP are key to supporting the Council in closing the financial gap in the current and future years. There are a number of proposals within the programme that span several service areas and the FTP is being managed in conjunction with the Council's mainstream savings programme to ensure there is no overlap and that all savings are accounted for only once.

The report outlines that the FTP remains on track to deliver the required outcomes and timelines to cost and budget. However, pressures remain and it will be important to continue to take a robust and consistent approach to governance, but at this time there are no unmitigated major risks.

9. Equality

The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

Officers will continue to review proposed changes against the initial equalities screening tool prior to final implementation and take mitigating action if necessary.

10. Climate Change implications

There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through a business case process.

11. Background papers

- Strategy & Resources Committee 1st February 2022 - [Future Tandridge Programme](#)
- Strategy & Resources Committee 29th September 2022 - [Future Tandridge Programme Update](#)
- Community Services Committee 18th October 2022 - [Community Services Committee – Future Tandridge Programme Update](#)
- Housing Committee 4th October 2022 - [Future Tandridge Programme Update](#)
- Strategy & Resources Committee 1st December 2022 [Draft Budget 2023/24 and Future Tandridge Programme Update](#)
- Community Services Committee 9th March 2023 – restricted papers
- Housing Committee 20th June 2023 - [Housing Services Structure report](#)
- Audit and Scrutiny Committee 27th June 2023 - [Future Tandridge Programme Update](#)

Appendix A – 2023 Service Review updates

Appendix B – 2024/25 savings approach

Appendix C – Programme highlight report

Appendix D – Programme Roadmap

Appendix E – Programme Risk Register