

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 29th June 2023 at 7:30pm.

PRESENT: Councillors Langton (Chair), Black, Bloore, Damesick, Gray, Alun Jones, Pursehouse and Sayer

ALSO PRESENT: Councillors Allen, Chris Farr, Sue Farr and Nicholas White

APOLOGIES FOR ABSENCE: Councillors Botten, Cooper, Crane and Hammond

71. MINUTES OF THE MEETING HELD ON THE 30TH MARCH 2023

These minutes were confirmed and signed as a correct record.

72. MINUTES OF THE MEETING HELD ON THE 25TH MAY 2023

These minutes were confirmed and signed as a correct record.

73. DECLARATIONS OF INTEREST

The Chair declared a non-pecuniary interest in item 9 of the agenda (Rent Subsidy Applications) in view of the assistance he had given to the Hurst Green Community Association regarding its application for a rent subsidy. He advised that he would leave the Chamber for the duration of that item.

74. CHIEF FINANCE OFFICER - MARK HAK SANDERS

The Chair was pleased to confirm that Mark Hak-Sanders had been made a Tandridge District Council employee following his transfer from Surrey County Council. He praised Mark's valuable contribution throughout the Authority since his secondment from SCC in April 2022 and welcomed him as a permanent member of the Tandridge staff.

75. INVESTMENT SUB-COMMITTEE - 16TH JUNE 2023

RESOLVED – that the minutes of this meeting, attached at Appendix A, be received and the recommendation contained in Item 3 be adopted.

76. 2022/23 FINANCIAL OUTTURN

A financial outturn report for the 2022/23 financial year was presented. The main headlines were:

- a revenue budget surplus of £595k, comprising a £111k underspend on committee budgets and £484k unused contingency; and
- reduced capital expenditure of £8,842k, £4,407k of which related to the General Fund and £4,435K to the Housing Revenue Account.

The report provided a summary of the outturn positions of the respective committee revenue budgets, with a recommendation for the deployment of the £595k revenue surplus following an assessment of external risks (i.e. declining planning and building control fee income; potential escalation of planning appeals; and inflation). A £550K contingency was proposed to cover those emerging risks, together with a £45K provision to cover the non-statutory element of redundancy costs which could not be met from capital receipts.

To ensure the delivery of the original capital programme, carry-forward of unspent £9.1m for rephasing across future years was recommended. While some aspects of capital underspends were unavoidable, the report acknowledged concerns regarding the level of required slippage. The capital programme would be reviewed before the September cycle of meetings to ensure that the 2023/24 capital allocations (adjusted for the proposed carry-forwards) were deliverable.

While welcoming the revenue budget surplus, Members sought assurance that the IT underspend did not relate to any necessary planned expenditure that, for whatever reason, was not undertaken in 2022/23. The Chief Finance Officer confirmed that there was no such deferred spending and clarified that the 'one-off telephony refund' (referred to in Section 33 of the report) amounted to £88k and reflected improved contract management.

Discussion also focused on balancing the prudent provision of contingencies against providing the General Fund with sufficient capacity and flexibility to deliver front line services. The Chief Finance Officer cautioned against using one-off contingencies to offset on-going budget pressures and reiterated the need to increase reserves, or at least maintain them at current levels. He also advised that, in most cases, contingencies were not ring-fenced and could be released if relevant risks diminished, including by way of virement between committees if necessary.

RESOLVED – that:

- A. the Council's financial outturn position for 2022/23 be noted;
- B. from the Council's £595k total surplus:
 - (i) £550k be approved as an additional contingency to cover external risks to the delivery of the 2023/24 budget
 - (ii) £45k be approved to meet redundancy costs associated with the Future Tandridge Programme
- C. capital carry forwards of £9.1m be approved, with a revised phasing to be reported during the September 2023 committee cycle.

77. FUTURE TANDRIDGE PROGRAMME UPDATE AND 2024/25 BUDGET SETTING PROCESS

The Committee considered a report regarding the overall Future Tandridge Programme (FTP); progress with the delivery of service reviews; a proposed organisational structure for assets and facilities management; and the 2024/25 budget setting process.

As far as the FTP was concerned, the report commented on:

- the first stage of developing a new corporate plan which concerned evidence gathering to inform future objectives and priorities
- the initial senior management restructure (effective from February 2023) involving the deletion of seven posts and creation of three new posts, to be followed by a second stage restructure to address the associated savings target of £170k for 2023/24
- the next steps for the digital transformation project, involving engagement and channel shift strategies (an implementation partner selection process was underway, along with business analysis activities and technical architecture assessments)
- the transition towards becoming a 'commissioning council', including engagement with councillors; further pursuit of shared service opportunities; and assessments of skills and capability requirements
- the planned roll out of the 'business partnering model' across the Council whereby corporate services will support all managers to develop competencies and become more accountable
- the next steps to becoming a smaller, more agile organisation, including the development of a people plan and skills matrix
- using data to better understand residents' requirements with a view to developing a data insights strategy and redesigning services
- progress towards transforming the culture of the organisation, including a leadership development programme for the Extended Management Team; initiatives to encourage a 'one team' approach; other training & development initiatives; and the intended introduction of a pay & reward scheme linked to performance.

Of the original £1,654k savings target, the report confirmed that £814k had been delivered, with the remaining elements quantified with RAG ratings, i.e. £190k (green); £624k (amber) and £26k (red). This represented an improvement since the March 2023 update and Officers were confident that more 'amber savings' would be delivered throughout 2023/24.

A new structure was recommended for assets and facilities management (FM), involving the integration of the community surveying team (responsible for the condition of the Council-owned housing stock) within Housing Services. The remaining assets and FM functions would continue to be managed through the corporate landlord structure in Property & Development Services, resulting in a reduced cost across the General Fund and HRA of £74k through a reduction in management graded posts from three to two.

The report also provided a financial context for the 2024/25 budget setting process, including latest assessments of potential funding and pressures, with a plausible 'required savings' range of between £0.5m and £1.4m. The neutral scenario required savings of approximately £0.75m. An indicative timetable of activities / milestones for setting the budget and agreeing a new Medium Term Financial Strategy was also presented, culminating in ratification by Full Council on 8th February 2024. This included measures for consulting Members (separate from the committee process) and the need to engage residents and business rate payers.

The following key elements of the savings plan were identified, each with an indicative range of potential savings, based on a high-level review of possible opportunities:

- full year effect of 2023/24 savings and remaining service review Key Lines of Enquiry
- early commissioning reviews, delivery model assessments and procurement activity
- funding level reviews for each service, including the scope for external funding contributions
- commercial opportunities to increase or generate new income
- early digital gains and process reviews in services not prioritised for commissioning.

The next steps and planned activities against each element were set out in Appendix B to the report.

The Committee was keen to ensure that residents without access to digital communication channels would not be disadvantaged and would still be able to engage with the Council and receive necessary support. Officers confirmed the intention to free up resources for this purpose by enabling those who could 'self-serve' to do so via the digital transformation project.

The importance of officers liaising with Ward Councillors and Parish Councils as part of the process for setting service standards (e.g. grass cutting and street sweeping) was acknowledged during the debate.

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

- the current year's budget assumed a 4% vacancy factor, although managers were encouraged to fill all vacancies as soon as they arose
- the base budget for each year was a culmination of that for the previous year, adjusted for pressures and required savings.

The Chair reflected on the need for the 'FTP roadmap' (Appendix D to the report) to be updated and re-presented to the Committee and Member Reference Group as a key tracking tool for monitoring the extent to which the programme is being successfully delivered.

RESOLVED – that:

in respect of the wider Future Tandridge Programme:

- A. the approach to developing the target operating model and the proposed next steps be noted
- B. progress being made on the corporate plan and organisational development be noted
- C. progress in delivering the service reviews and 2023/24 savings target be noted

in respect of Assets and Facilities Management:

- D. the new high-level structure for Assets and Facilities Management, including the integration of the Community Surveying team into the housing structure, be approved

in respect of the 2024/25 budget setting process:

- E. the proposed process and timescale for setting the 2024/25 budget and Medium-Term Financial Strategy be approved
- F. the approach to be used to develop the 2024/25 savings plan, and the financial context in which it will be prepared, be noted.

78. RENT SUBSIDY APPLICATIONS - HURST GREEN COMMUNITY CENTRE & FURZE CORNER PLAYING FIELD, TATSFIELD

Councillor Langton left the Chamber for this item in light of the interest he had declared at the beginning of the meeting. Due to the absence of the Vice-Chair, the Committee was asked to appoint another Member to preside. Councillor Sayer was appointed and took the Chair for this item.

The Committee considered two applications (and officer recommendations) for rental subsidies from two organisations in respect of Council owned assets:

- Hurst Green Community Association, which operated the Community Centre in Oak Close, Hurst Green. The current lease, whereby the Council received an annual rental of £50, was due to expire on 2nd November 2029. The market rental had been assessed at £17,000 per annum. The Association was seeking a lease extension to support a grant application to Your Fund Surrey (YFS) to enlarge and renovate the premises. YFS required a landlord commitment to a long lease before any funding could be considered for the project and the Association stated that, *“as the Community Centre would not be economically viable after 2029 with a £17K annual rental, it would be irresponsible to proceed with the work without first knowing whether a grant subsidy would commence from 2029”*.
- Tatsfield Parish Council wished to replace the pavilion on the Furze Corner playing field with a modern, accessible facility, and undertake landscaping and drainage works to the sports field. The incumbent lease (with Tatsfield Playing Fields Association) had expired and the Parish Council had agreed to take full responsibility for all buildings and land within the demise. The market rental had been assessed at £8,000 per annum. The Parish Council was seeking a 25-year lease with a 100% rental subsidy to support external funding applications for the improvements scheme.

As permitted by Standing Order 31, representatives from the two organisations addressed the Committee in support of the rent subsidy applications:

- James Kent, a Hurst Green Community Association trustee (who described the varied community use of the community centre; the Association’s response to financial challenges; and how a continued rental subsidy from the Council was integral to efforts to secure external funding to modernise the premises); and

- Jason Syrett, a Tatsfield Parish Councillor (who explained that Furze Corner was the only playing field in the village; the clubhouse was in poor condition; various sports teams had vacated, meaning that there was no longer any winter sports; the Parish Council was committed to restoring Furze Corner to active use by persuading teams to return / attracting new teams and seeking external funding to transform the facilities, but it couldn't proceed without the 100% rental subsidy).

The report recommended that, given the circumstances of these two applications, the Council's rent subsidy policy should be reviewed. Members considered that the review should include arrangements for requiring the Council to commence negotiations with tenant organisations in advance of future rent reviews and that the policy should specify when such discussions should begin.

RESOLVED – that:

- A. the Hurst Green Community Association be granted a 100% rent subsidy, to be reviewed at five yearly intervals, on the condition that:
 - 1. The Association enters into a new 25-year full repairing and insuring lease of the property. The rent until 2nd November (the expiry date of the existing lease) is to remain at £50 per annum (the passing rent under the existing lease). For the following 5 years (3rd November 2029 until 2nd November 2034) the Association be granted a 100% rent subsidy.
 - 2. The Association seeks external grant funding and fundraises to continue to maintain the property and to improve or replace the current building.
 - 3. If the terms of the new lease, including the rent review provisions, prohibit the Association from obtaining funding for a redevelopment of the property, the matter will be returned to Committee to reconsider.
- B. Tatsfield Parish Council be awarded a 100% rental grant subsidy, subject to a rent review after the fifth anniversary, on the condition that:
 - 1. The Parish Council enters into a 25-year full repairing and insuring lease so that the tenant is fully responsible for all repair and maintenance for the buildings and grounds within the demise.
 - 2. The Parish Council seeks external grant funding and fundraises to continue to maintain the property and to improve or replace the current clubhouse.
 - 3. If the terms of the new lease, including the rent review provisions, prohibit the Parish Council from obtaining funding for a redevelopment of the clubhouse, the matter will be returned to Committee to reconsider.
- C. Officers will review Council policy for the grant of rent subsidies and make recommendations to the Committee at the next meeting.

Councillor Langton returned to the Chamber and resumed the Chair for the remainder of the meeting.

79. IMPROVING TANDRIDGE DISTRICT COUNCIL'S FINANCIAL MANAGEMENT AND REPORTING ARRANGEMENTS

Proposed replacement Financial Regulations (Part C of the Council's Constitution) were presented. This followed a previous report to the Committee on 1st February 2022 when further work on updating the Financial Regulations was deferred, pending consideration of suggestions made by Members at that meeting.

The main changes to the Financial Regulations sought to clarify:

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

Arising from the Committee's 1st February 2022 meeting, a scheme of delegated authority was also presented which defined the extent to which senior officers could authorise certain financial transactions and write-offs. The Chief Finance Officer clarified that the overall delegation powers prescribed by the Council's constitution remained unchanged and that the aforementioned scheme provided additional transparency about matters which Management Team members were already authorised to determine themselves, or delegate in turn to other officers of their choice. However, the Chair emphasised that the Monitoring Officer should track the implementation of such decisions with sample spot checks to verify whether the officers concerned had acted within the limits of their delegated authority and that such delegations were appropriate.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that the re-drafted Financial Regulations at Appendix A to the report be adopted.

80. UPDATE ON PROCUREMENT AND CONTRACT STANDING ORDERS

A report was submitted which recommended minor changes to Contract Standing Orders (CSOs - Part D of the Council's Constitution) and updated the Committee regarding procurement performance during the 2022 calendar year, waivers from CSOs and a new shared service arrangement.

The performance update showed that (for 2022):

- a saving of £226.3k had been achieved against approved values of procurement activity requests;

- 63% of procurement transactions greater than £5k had been captured on in-tend (the Council's tendering portal) and training was planned to increase this percentage.
- 97% of spend with the 100 top suppliers had complied with CSOs
- 95% of contract values had been awarded to within 10% of pre-contract estimated values
- 23 waivers from CSOs had been approved, details of which were provided. Further work was needed to ensure that waivers under urgency were for genuinely urgent matters.

The new approach to procurement included joint working with Orbis (a collaborative procurement partnership between Surrey County Council, East Sussex County Council and Brighton & Hove City Council).

Regarding the proposed amendments to CSOs, Members sought clarification about the meaning of the highlighted wording below in the suggested new text for section 2.2.10 (describing how sections 12-30 of CSOs do not apply to commissioning external legal advice):

“Where there is no approved list, then the Head of Legal Services and Monitoring Officer will determine the method of selection, likely to be appointed from a list maintained by a third party.”

It was agreed that, following consultation with the Chair, a clearer version of this wording would be provided within the text to be recommended to Full Council on 20th July.

It was also acknowledged that the replacement CSO text before the Committee for section 2.2.10 contained typographical errors in respect of three words which should have been marked by 'strikethroughs' as text to be deleted.

RESOLVED – that

- A. the procurement performance referred to in section 6 of the report be noted;
- B. the volume and value of waivers from CSOs at Appendix A to the report be noted; and
- C. the new procurement shared service be noted.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that, subject to further amendments regarding the following aspects of section 2.2.10 (describing how sections 12-30 of Contract Standing Orders do not apply to commissioning external legal advice) the Contract Standing Orders be updated in accordance with the revisions in section 5 of the report:

- (i) clarification about the meaning of a “list maintained by a third party” in the following sentence:

“Where there is no approved list, then the Head of Legal Services and Monitoring Officer will determine the method of selection, likely to be appointed from a list maintained by a third party.”

- (ii) correction of typographical errors to show deleted words in the third paragraph of the proposed replacement 2.2.10 as follows:

“The engagement of external solicitors shall be made by formal letter or appointment contract ~~once~~ and approved by the Head of Legal Services and Monitoring Officer. In most cases the Head of Legal Services and Monitoring Officer ~~may~~ will authorise the use of external solicitors on the Surrey Legal Alliance Solicitors Framework. Requests for advice (up to ~~£10k~~ £20k) can be obtained without the need to advertise or seek alternative quotes subject to the Head of Legal Services and Monitoring Officer being satisfied that the appropriate specialism is not obtainable elsewhere and that value for money is achieved.”

Note – a revised schedule of the recommended amendments to Contract Standing Orders, reflecting the further revisions required by (i) and (ii) above, is provided at Appendix B to these minutes.

81. STRATEGY & RESOURCES COMMITTEE - TERMS OF REFERENCE

The Local Government Boundary Commission was due to publish its final recommendations for the Council’s ward boundaries on 31st October 2023. Following that, it would be necessary to review polling districts and polling places to enable all voters to vote at the correct polling stations in May 2024.

The Committee considered a proposed change to its terms of reference to enable it to determine changes to polling districts and polling places. At present, such changes could only be recommended to Full Council. Given the tight timetable for the polling district review, the proposal would ensure Officers had sufficient time to implement the new ward boundaries and ensure polling districts were correct. It was confirmed that consultation would take place with Ward Members (and others) during the review, especially if changes to polling stations were required.

COUNCIL DECISION

(subject to ratification by Council)

RECOMMENDED – that the amendments to the terms of reference for the Committee as attached at Appendix A to the report be adopted, whereby the following clause would be transferred from the Committee’s list of matters ‘*to recommend*’ to the list of matters for which the Committee is empowered ‘*to resolve*’:

“Polling District Reviews (subject to the Electoral Registration Officer having authority to change a polling place, in consultation with Ward Members and Group Leaders, when it would not be practicable to seek Committee / Council approval for such a change in time for an election – Minute 268 (2020/21)”