

EXECUTIVE – 14 JULY 2022

## MEDIUM TERM FINANCIAL STRATEGY (MTFS)

### Executive Summary

This report provides an update to the Medium-Term Financial Strategy (MTFS) for 2022-23 to 2025/26 and outlines the approach to aligning the budgets of the Council with the priority outcomes defined within the *Woking for All strategy* and more recently the “*Supplementary and amended priorities 2022-23 from the new administration*”

The approach of the new administration is to use the Woking for All strategy as the corporate framework for the Council’s plans and to make sure the priority actions within it reflect the needs of the borough and our communities. The MTFS will support the approach through focussing on responsible and decisive change, targeted at the areas of highest priority, so that the actions make a difference.

The outlook over this period and the impact on the economy and speed of economic recovery remains very difficult to assess as the country emerges from the Covid pandemic.

The financial position of the Council remains significantly reliant on income from car parking and commercial rents contributing some £8m and £22m towards the Council’s total income. This income has been used to fund a wide range of services for the communities of Woking that would not be possible to fund if this income was not generated.

Whilst some recovery of income is being experienced, it is too early for the post pandemic environment to be clear. The financial forecasting has been updated for this report and will remain under review with any further revisions incorporated into updates to the MTFS throughout the year. A full recovery is still assumed to extend beyond the 3 years of this Medium-Term Financial Strategy (MTFS) and this assumption will need to be comprehensively assessed as part of the Financial Resilience Framework that has now been established as an integral part to the MTFS.

During 2021/22 the Council identified £4.8m of savings over 2022/23 to 2024/25. There are however a number of pressures that are being forecast to increase which offset these savings. These pressures relate to an increase in the pay award for staff to recognise the cost of living and underlying increases to sector pay, higher inflation, reduction in income from Thamesway Housing Ltd reflecting a reprofile of investment, a slower economic recovery than previously assumed, and a further year of cost pressures included in the forecast.

**The savings options that need to be proposed and modelled to cover the 4 years to 31 March 2026 is circa £11m. There are a number of unknowns and assumptions within the forecasting, however, as part of the Council’s Financial Resilience Strategy it is essential that the Council has plans that enable it to respond to the financial risks that are contained within planning and forecasting assumptions. It is therefore prudent and responsible to understand the options and implications for savings of circa £11m and to continue to review forecasts and develop stronger evidence behind these to bring greater certainty to the forecasts.**

**This is a significantly greater challenge than reflected in the March 2022 MTFS, recognising increased inflationary pressures and risk to the level of Council’s forecast income.**

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	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Projected Annual Use of Reserves - March 2022</b>	<b>4,134</b>	<b>4,929</b>	<b>4,490</b>	<b>5,450</b>	
<b>Changes since March MTFS</b>					
Council Tax surplus		-304	304		
inflation (energy, contracts, pay award)	1,280	872	1,019		<b>3,171</b>
Retain government funding		-910	-434	-432	<b>-1,776</b>
Business Rates growth assume retained		-467			<b>-467</b>
<b>Total</b>	<b>1,280</b>	<b>-809</b>	<b>889</b>	<b>-432</b>	<b>928</b>
<b>Cumulative additional pressure</b>	<b>1,280</b>	<b>471</b>	<b>1,360</b>	<b>928</b>	
Income risk	2,000	3,474	4,085	4,803	
<b>Projected Annual Use of Reserves - July 2022</b>	<b>7,414</b>	<b>8,874</b>	<b>9,935</b>	<b>11,181</b>	

A prudent, responsible, and sustainable approach is required which secures savings in the short and medium-term to reduce and remove the use of reserves, stabilising the Council's financial position and establishing affordability over the term.

Forecasts and a proposed approach to addressing this budget gap will be further worked through the MTFS process and reported in the October and November reports to the Executive. There are however a number of key areas that are being assessed to provide a scale of opportunity that would enable the Council to deliver major change at pace. These opportunities cover:

- Reviewing Council owned company governance and financing models
- Establishing stronger commercial operating principles
- Using the Council's Assets to lever greater inward investment to the Borough
- Working in partnership to reduce costs and increase opportunities
- Identifying the full range of financing and treasury management flexibilities
- Reviewing all income generation opportunities
- Developing procurement category management plans for key areas of spend
- Ensuring statutory services continue to be delivered and prioritising service expenditure against services that make the greatest contribution to delivering the priorities within the Woking for All strategy

Effective financial management is built on planning for the long-term. The challenge for the Council is increasingly about the resilience to deliver annual savings and manage significant financial risks while still pursuing our ambitious regeneration goals for the benefit of the Borough's communities.

Financial resilience for the Council describes our approach to embedding affordable, responsible, and sustainable principles into how the Council shapes its MTFS for the next 3 years in the face of pressures from economic inflation, growing demand, tightening funding and an increasingly complex and unpredictable financial environment.

A separate report on company governance is being presented to this meeting of the Executive. This report seeks to ensure that the Council's governance arrangements are amongst the best in local government and as such, proposes that its arrangements are updated and kept under continuous review. The guiding principles of affordable, responsible, and sustainable that the Council has adopted are equally being used to oversee these governance arrangements.

An initial evaluation of developments in the Milton Keynes area that will lead to new business opportunities and discussions on potential partnership opportunities has been initiated and scenario modelling is underway.

Members will receive a full briefing on the review of business plans alongside the proposed governance arrangements prior to Thameswey business plans being submitted to the meeting of the Executive on 17 November 2022.

The MTFS will continue to be reviewed and updated over the summer to bring forward areas of search for efficiencies and savings which enable the Council to manage its resources over the short and medium-term and align these to the priority outcomes identified within the Working for All strategy.

Monitoring of the 2022/23 budget will be reported in the Green Book Performance and Financial Monitoring report.

### Recommendations

The Executive is requested to:

#### **RESOLVE That**

- (i) the evidence base on demographics (Appendix 1 to the report) be noted;
- (ii) the target for areas of search to identify further efficiency and savings proposals (Section 6) be noted;
- (iii) agree for the Strategic Director – Place, in consultation with the relevant Portfolio Holder, to submit the UK Shared Prosperity Fund Investment programme (referenced in Section 2 of the report) to the DLUHC by 1<sup>st</sup> August 2022;
- (iv) agree to the continuance of Opportunity purchases within the Investment Programme with delegation to the Chief Executive in consultation with the Leader and relevant Portfolio Holder;
- (v) agree the car park pilot in the Victoria Place Car Park for the Saturdays within the pilot period;
- (vi) the priority outcomes, in the Corporate Plan which form the basis of the Council's business and financial planning set out in Section 4, be reviewed through the process highlighted within the report;
- (vii) the development of a four-year Medium Term Financial Strategy drawing from the Corporate Plan priority outcomes be agreed;
- (viii) agree to continue to develop activity and financial plans through the Fit for the Future programme using the guiding principles of affordable, responsible, and sustainable to develop options for operating within the resources available;
- (ix) reports be received on more detailed plans for the next four years in November 2022;
- (x) as detailed in paragraphs 6.19-6.20 of the report, parent company guarantees be provided to the new gas and electricity

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providers, as required by Thamesway Energy Ltd and Thamesway Central Milton Keynes Ltd, with the detail to be agreed by the Director of Legal and Democratic Services in consultation with the Leader; and

### RECOMMEND TO COUNCIL That

**(xi) the Medium-Term Financial Strategy as updated be approved.**

Reason: The decision is sought to agree the framework for Officers to develop further proposals for consideration, in due course, by the Council to ensure the medium-term financial stability of the Council.

The Executive has authority to determine recommendations (i) to (x) above, (xi) will need to be dealt with by way of a recommendation to Council.

**Background Papers:** None.

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### 1.0 Introduction

- 1.1 This Woking Medium Term Financial Strategy report is part of the Council's integrated service and financial planning cycle. The report sets out the context and provides an overview of the latest position in preparation for more detailed planning for 2023/24 and beyond.
- 1.2 It follows the Medium-Term Financial Strategy report presented to the Executive at its meeting on 24<sup>th</sup> March 2022 and Council on 31<sup>st</sup> March 2022.
- 1.3 It builds on our performance and achievements over the last year and acknowledges the challenges in the years ahead at both a local and national level as we assess the impact that the economic downturn has had on the Council's income, demand for services provided by the Council and what the prospects and forecasts for economic recovery are.
- 1.4 The Council spends circa £130m gross and £18m net revenue each year on the general fund and has an ambitious £540m capital Investment Programme. It is vital that these resources, in partnership with others, are deployed in the most effective way.
- 1.5 The Woking for All strategy sets the core priorities for the Council and informs where our spending is directed to ensure that we target our finite resources towards the areas of highest priority and need.
- 1.6 The Council budgets for circa £35m per annum from commercial and income generating activities as well as margins from loans to Group Companies and other partners which have supported the Council's ability to provide a comprehensive set of services that are valued by the communities of the Borough. A report on the "Investment Strategy – Investment in Group Companies and Joint Ventures" was presented to the 24th March 2022 meeting of the Executive and should be referenced for further background and contextual information on the relationship between the Council and the companies in which it has an interest and has provided loan funding.
- 1.7 The Woking for All strategy and integrated service and financial planning within this Medium-Term Financial Strategy will provide the policy and priority context for developing proposals that sustain our financial resilience and are affordable, responsible, and sustainable, whilst ensuring we remain focussed on the priorities for our communities.
- 1.8 In developing our medium and longer term plans we will need to have regard to the broader context in which we will be working. There are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potentially significant financial impact. This includes:
  - The impact of operating in an economy that is coming out of recession. The Government is considering the overall level of Public Sector borrowing and how it starts to rebalance the country's finances. This consideration will include overall levels of spending through Government Departments and levels of taxation.
  - The lasting impact the pandemic will have on communities and the implications on the demand for services.
  - The conclusions the Government might draw from the pandemic in terms of the nature and organisation of public services and the relationship between national and local government and communities.
  - Changes to the system of local government funding that have been deferred by Government and confirmation of funding for the sector beyond the current annual

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settlements. The level of Government funding that Woking Borough Council (WBC) will receive from 2023/24 onwards is not confirmed. Whilst spending review 2021 was for three years, Local Authorities were only given a single year settlement. However, the Secretary of State for Levelling Up, Housing and Communities, Michael Gove, announced at the Local Government Association's annual conference on 29<sup>th</sup> June 2022, that Councils in England will receive two-year funding settlements from 2023/24.

- The outcomes from the "Consultation on changes to the capital framework: Minimum Revenue Provision" and implementation of the Levelling Up and Regeneration Bill.

- 1.9 Sections 2 and 3 of this report provide this broader context for the MTFS that is referenced in point 1.7 above. It is important that we understand the wider economic, political, and funding environment that we are operating in and so that we can ensure our MTFS is positioned to respond to these.
- 1.10 Furthermore, within the Council's Financial Resilience Strategy framework we have identified a requirement to have a strategic approach to financial planning in the short-medium- and long-term horizons. The Local Government Policy and Funding (Section 2) and Economy (Section 3) are key components of this and form part of the assessment of our financial resilience and resilience activity.
- 1.11 **The savings options that need to be proposed and modelled to cover the 4 years to 31 March 2026 is circa £11m as referenced in Section 6 of this MTFS report.**
- 1.12 **There are a number of unknowns and assumptions within the forecasting, however, as part of the Council's Financial Resilience Strategy it is essential that the Council has plans that enable it to respond to the financial risks that are contained within planning and forecasting assumptions. It is therefore prudent and responsible to understand the options and implications for savings of circa £11m and to continue to review forecasts and develop stronger evidence behind these to bring greater certainty to the forecasts.**

### MTFS Reset - July 2022

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Baseline MTFS -use of reserves	5,414	5,400	5,850	6,378
Additional Income Risk	2,000	3,474	4,085	4,803
<b>Revised Budget pressure</b>	<b>7,414</b>	<b>8,874</b>	<b>9,935</b>	<b>11,181</b>

## 2.0 Local Government Policy and Funding

### Local Government Funding

- 2.1 Whilst the Comprehensive Spending Review (CSR) set government departmental budgets for the 3 years from 2022/23 – 2024/25, the local government settlement was again for just a single year – 2022/23 – with no indications of funding beyond.
- 2.2 The Secretary of State for Levelling Up, Housing and Communities, Michael Gove, announced at the Local Government Association's annual conference on 29<sup>th</sup> June 2022, that Councils in England will receive two-year funding settlements from 2023/24 to help them plan with a greater degree of confidence and is set to launch a consultation on the spending plans shortly.

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- 2.3 The Secretary of State also announced the creation of a new oversight body, the Office for Local Government, to “shine a light on how local authorities are performing and delivering”. The body will at first analyse and publish existing data on council service performance, but the Secretary of State said it will look at issues such as climate change and the integration of health and social care “in time”. It will also produce a yearly local government performance report, assessing whether councils are meeting their duty to provide value for money and sharing best practice.
- 2.4 There has been further delay in the proposed reforms to Local Government funding. This includes the review of Fair Funding (where resources should be allocated) and a review of the Business Rates system (the mechanics of how income is distributed and to what extent any growth is retained). It also includes the future of the New Homes Bonus scheme or any alternative replacement incentive scheme.
- 2.5 Further business rates retention now appears unlikely. Michael Gove, the Secretary of State for Levelling Up, Housing and Communities, has indicated that progressing with greater business rates retention would be ‘against the broader principle of Levelling Up’ as it would benefit areas that already have greater and more secure income from business rates.
- 2.6 Through the Levelling Up White Paper, the Government repeats the commitment they have made to base funding allocations for councils on an up-to-date assessment of their needs and resources. Over the coming months in 2022/23, the Government have stated they will work closely with the sector to look at the challenges and opportunities facing the local government sector, before consulting on any potential changes. As part of this the Government will look at options to support local authorities through transitional protection.
- 2.7 Given the time elapsed since the original consideration of potential funding reform, as well as the political changes, it is difficult to predict the direction of any reform. However, the Levelling Up agenda is not expected to benefit authorities in the Southeast, and funding for Social Care remains a significant challenge on resources for which District Councils will be competing.
- 2.8 Taking in to account the current levels of inflation in the economy and the implications this will have for the general supply of goods and services, it is now prudent to assume that the funding from government will recognise this and seek to ensure purchasing power is maintained. Government funding is assumed to be maintained at the 2022/23 level which will offset the excessive levels of inflation that is being experienced.

### Levelling Up White Paper

2.9 On 2 February 2022 the Government published its long-awaited levelling policy paper **Levelling Up the United Kingdom**. This included details of a new devolution framework, the establishment of a new independent data body and a new Levelling Up Advisory Council.

2.10 The White Paper also provides details of 12 new missions across 4 broad areas:

#### Broad Areas:

- Boosting productivity and living standards by growing the private sector
- Spreading opportunities and improving public services
- Restoring a sense of community, local pride and belonging, and
- Empowering local leaders and communities

Missions by 2030 (Extracts from the mission statements within the White Paper):

1. Pay, employment and productivity will have risen in every area in the UK, with each containing a globally competitive city
  2. Domestic public investment in Research and Development outside the Greater Southeast will increase by at least 40 per cent
  3. Local public transport connectivity across the country will be significantly closer to the standards of London
  4. The UK will have a nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population
  5. The number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased
  6. The number of people successfully completing high-quality skills training will have significantly increased in every area of the UK
  7. The gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed
  8. Well-being will have improved in every area of the UK
  9. Pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK
  10. Renters will have a secure path to ownership with the number of first-time buyers increasing in all areas – government's ambition is for the number of non-decent rented homes to have fallen by 50%
  11. Homicide, serious violence, and neighbourhood crime will have fallen
  12. Every part of England that wants one will have a devolution deal
- 2.11 There is strong alignment between the Council's regeneration investments and strategic priorities contained within the Woking for All strategy 2022-27, with the broad areas of focus within the Levelling Up White Paper. It is however by its nature focussing on levelling up performance and opportunities across regions and may therefore provide limited opportunities for the Southeast to access funding.
- 2.12 The Council is preparing a bid to the Levelling Up Fund (Round 2), seeking funding towards the development of the new health and community campus in Sheerwater. The new facility, within the next "Yellow" phase of the project, presents an exciting opportunity to co-locate health and wellbeing services together. The GP Surgery will be located in the building, along with Maternity, Health Visitors, Mental Health, Chiropody, Family Services and Early Years provision (non-exhaustive list). The heart of this facility will include a public café, soft play area with open access to the new green space with the park, cycle tracks and multi-use games area. It will serve the whole community and enable services to be locally accessible and connected. If successful, the grant would provide approximately £4 million of capital funding towards the new health and community campus and support the financial model for the whole regeneration scheme.

### Levelling Up and Regeneration Bill

- 2.13 Further to the Levelling Up White Paper, a Levelling up and Regeneration Bill was announced in the Queen's Speech in May 2022 and makes provision for the legislative changes required to deliver on some aspects of the levelling up programme set out in the White Paper. Of particular note are reform to the planning system to give residents more involvement in local development; introducing measures and reforms to deliver plans for devolution and adopting what the Government describes as a responsible approach to the public finances, reducing debt while reforming and cutting taxes.
- 2.14 Of particular relevance to the Council, the Bill will make amendments to the Local Government Act 2003 Section 12 (power to invest) through adding:
- Risk mitigation directions
  - Risk thresholds
  - Restriction of power to give risk mitigation directions
  - Duty to cooperate
- 2.15 The Department for Levelling Up, Housing and Communities (DLUHC) have advised the Council that it is likely to be in scope of the Bill's powers due to its high level of debt.
- 2.16 Officers from the Council and DLUHC are working collaboratively to assist the Department in understanding the Council's local borrowing and investment practices into regeneration of the Borough in advance of them establishing new measures that will support the implementation of the Bill.
- 2.17 The Council's MTFS will be updated as DLUHC provide further details in response to the information we have provided. At this stage it is anticipated that the focus of the analysis will be on:
- The proportionality of the Council's debt
  - The reliance the Council has on commercial income to pay the debt interest and fund services the Council delivers for the borough's communities
  - The provisions the Council makes to account for and repay the debt

### Minimum Revenue Provision

#### Consultation

- 2.18 Local authorities have wide freedoms to borrow and invest without the need to seek the government's consent, provided that borrowing is affordable. There is a Prudential Framework in place which intends to make sure that local decisions are prudent, affordable, and sustainable.
- 2.19 Where authorities borrow to finance capital spend, they are required under regulations to set aside money each year from their revenue account. This is referred to as Minimum Revenue Provision (MRP) and is to make sure they can afford to repay the principal of their debt.
- 2.20 The government is aware that some authorities employ practices that are not fully compliant with the duty to make a prudent revenue provision, resulting in underpayment of MRP. This was reported in the National Audit Office's report Local authority investment in commercial property (February 2020) and the subsequent report by the Public Accounts Committee in July 2020, which recommended the government take steps to address the issue.

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- 2.21 The government set out in its policy paper [Local authority capital finance framework: planned improvements](#), published on 28 July 2021, that it would look to strengthen the MRP duty. It has worked with the sector, Chartered Institute of Public Finance and Accounting (CIPFA) and other stakeholders to identify the problematic practices and is now proposing changes to regulations to make sure that Local authority practices are consistent and fully compliant with the intent of the Prudential Framework.
- 2.22 The government is proposing to make changes to the [Local Authorities \(Capital Finance and Accounting\) \(England\) Regulations 2003](#) (the 2003 Regulations) to address the issue that some authorities are not adequately complying with the duty to make Minimum Revenue Provision.
- 2.23 The behaviours the government is seeking to address are:
1. Local authorities using sales from assets (capital receipts) in place of a charge to revenue. Authorities may use capital receipts to reduce overall debt and thereby reduce MRP through the calculation. Capital receipts may not, however, be used in lieu of a prudent charge to revenue.
  2. Local authorities are not charging MRP on debt related to certain assets. The evidence is that while some authorities are making MRP for commercial investments funded by borrowing, some are not paying MRP in relation to borrowing associated with investment assets or capital loans. The statutory guidance is clear that financing for investment assets and capital loans requires provision to be made.
- 2.24 The government has sought views on the proposed changes to the 2003 Regulations to:
1. Make sure that the proposed changes are clear and will appropriately meet the government's objectives.
  2. Identify potential unintended consequences that could negatively impact the delivery of services or local and national priorities.
  3. Understand the financial impact to the sector.
  4. Determine the appropriate timing for the changes to be implemented.
- 2.25 On 17<sup>th</sup> June 2022, the government subsequently proposed some amendments to its proposals and has invited participants in the consultation to give views on these amended proposals. The deadline for providing views was 1<sup>st</sup> July 2022.
- 2.26 At the time of producing this MTFS report, the outcomes from this consultation are not known and will be incorporated into future updates.

### Woking Borough Council position

- 2.27 The Council has fully engaged with the initial consultation and has provided views on the amended proposals.
- 2.28 Woking is an ambitious and forward-thinking Council and has invested significantly to further its housing, regeneration, sustainable energy, and economic development objectives.
- 2.29 The Council understands and supports, in principle, the efforts that the Department of Levelling Up Housing and Communities are taking in response to National Audit Office's report *Local authority investment in commercial property (February 2020)* and the subsequent *report by the Public Accounts Committee in July 2020*, which recommended the government take steps to address the issue.

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- 2.30 The Council also welcomes the consultation being used to Identify potential unintended consequences that could negatively impact the delivery of services or local and national priorities and is seeking to understand the financial impact to the sector. Officers of the Council have had meetings with the Capital financing Team in DLUHC to assist the government in its understanding of both current practices and the potential unintentional impact of changes.
- 2.31 The Council maintains that it has been applying the MRP duty correctly and therefore welcomes the statement in the consultation that Authorities that have been applying the MRP duty correctly will be unaffected.
- 2.32 The Council also maintains that:
- Its capital practices are prudent
  - It does not apply capital receipts in lieu of making provision for the repayment of debt
  - It has not borrowed for the purpose of acquiring assets for investment return
- 2.33 Any implications of changes to the capital framework will be incorporated into the financial scenario modelling once the details are finalised.

### Queen's Speech

- 2.34 The May 2022 Queen's Speech set out the Government's legislative programme for the new Parliamentary session, announcing that its top priorities are to grow and strengthen the economy to ease the increasing cost of living for families; reduce crime and improve community safety; and fund the NHS to address coronavirus backlogs.
- 2.35 Key pieces of legislation the Government announced in the speech include the Levelling Up and Regeneration Bill (see above) and the Schools Bill which makes provision for the legislative changes required to implement plans in the Education White Paper.
- 2.36 Other legislation of relevance to local government included:
- Non-Domestic Rating Bill – covering previously announced changes to the business rates system, specifically enabling more frequent revaluations and reliefs for decarbonisation and property improvements (all reliefs to be reimbursed in the usual way).
  - Data Reform Bill – reforming the General Data Protection Regulation (GDPR) and Data Protection Act post-Brexit.
  - Draft Audit Reform Bill – which establishes the Audit, Reporting and Governance Authority (ARGA), a proposed audit regulator intended to replace the Financial Reporting Council. The Bill also makes provisions intended to increase resilience and choice in the statutory audit market.
  - Procurement Bill – previously announced in the 2021 Queen's Speech, this Bill will aim to reform the current procurement regime, which currently reflects EU law, and make public procurement more accessible for new entrants.
  - Transport Bill – which establishes a new body, Great British Railways, to 'act as the single national leader of the railways and supports the installation of more electric vehicle charge points throughout the UK.
  - Energy Security Bill – which will support the transition to a more secure, affordable, and cleaner domestic energy system through measures such as supporting industry to invest

in the growing consumer market for electric heat pumps, extending the energy price cap beyond 2023 and enabling the first large-scale hydrogen heating trial.

- Product Security and Telecommunications Infrastructure Bill – previously announced in the 2021 Queen’s Speech, this Bill will accelerate and improve the roll out of mobile and broadband networks through measures such as reforming the Electronic Communications Code to support faster and fairer negotiations for the use of private and public land to enable deployment of telecommunications networks.
- Draft Mental Health Act Reform Bill.

### UK Shared Prosperity Fund

2.37 In conjunction with the Levelling Up White Paper, the Government also published UK Shared Prosperity Fund: pre-launch. The full prospectus for the fund was launched in April 2022.

2.38 The fund is a central pillar of the Government’s levelling up agenda. It provides £2.6billion of funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding-formulae rather than a competition.

2.39 The fund targets investment supporting levelling up missions and references specifically building pride in place, supporting high quality skills training, and supporting pay, employment, and productivity growth. The Fund however is set to be worth significantly less than the European Union Structural Funds that it replaces.

2.40 All places across the UK have received a conditional allocation from the Fund. To access the allocation each place will need to set out measurable outcomes they are looking to deliver, and what interventions they are choosing to prioritise in an investment plan. These will be submitted in summer 2022 for Government approval.

2.41 The Investment priorities for the fund are:

- Communities and place  
Example interventions may include, but are not limited to, visual improvements to town centres and high streets, cultural/visitor economy interventions, litter, waste and graffiti reduction, projects to fight anti-social behaviour and capital funding to improve neighbourhoods or community projects and initiatives.
- Local businesses  
Example interventions may include support to increase town centre footfall, outdoor markets, the development of cultural, visitor and heritage assets, targeted business growth and innovation support.
- People and skills  
Example interventions may include technical and vocational qualifications in areas where there are skills shortages locally, addressing barriers to employment, skills, supported employment.

2.42 Woking Borough Council has received a £1m share of the fund spread across 2022/23 – 2024/25 3-year period as highlighted in the table below. Within the allocation there is a minimum spend on activity that is of a capital nature of 10% in year 1; 13% in year 2 and 20% in year 3.

Table 1

	22/23	23/24	24/25	Total
Total Allocation	£44,839	£89,678	£865,483	<b>£1,000,000</b>
Min Capital split (10%/13%/20%)	£4,484	£11,658	£173,097	<b>£189,239</b>
Max Revenue split	£40,355	£78,020	£692,386	<b>£810,761</b>
4% administration allowance*	£1,794	£3,587	£34,619	<b>£40,000</b>

\* To be deducted from the total allocation

\* in 2022/23 an additional £20,000 is available for development of the Investment Plan

- 2.43 All Surrey Districts received the same allocation of £1m which is below the average of £1.9m for lower tier authorities.
- 2.44 In order for a council to be awarded funding they need to submit an Investment Plan to the Department of Levelling Up, Housing & Communities (DLUHC) by 1 August 2022. It is anticipated that the award confirmation is to be expected in September 2022.
- 2.45 It is proposed that the Investment Plan will highlight a series of projects that align to the 41 published interventions. DLUHC recognises that Councils might have different priorities by year 3 and therefore are comfortable for Councils to amend their investment plans with replacement projects as long as the criteria is still met.
- 2.46 Officers have considered the interventions and have recommended the projects in the table below be included in the investment plan.
- 2.47 Including these projects in the plan does not commit the Council to the projects at this stage. They can be reviewed following further work on developing the details of projects to ensure they are deliverable, provide a good return on investment and realise benefits for the Council.

### Funding breakdown

SPF Project	2022/23	2023/24	2024/25	Total
<b>Option A:</b>				
Innovation Hub	£ 44,839	£ 11,658	£ 544,503	£ 601,000
Green Infrastructure	£ -	£ 78,020	£ 270,980	£ 349,000
SCC Loan Scheme	£ -	£ -	£ 50,000	£ 50,000
				<b>£ 1,000,000</b>

- 2.48 At the 24<sup>th</sup> of March 2022 Meeting of the Executive it resolved that Additional Restrictions Grant of £400k be allocated to the delivery of the Innovation Hub and a proposal for capital improvements to facilitate this service to be considered at a future meeting of the Executive. This proposal to use the Council's allocation from the Shared Prosperity Fund to finance the capital improvements supports an existing priority of the Council and meets the criteria of the fund.
- 2.49 Equally investing in delivering a carbon neutral council and the green infrastructure of the Borough is a key priority and supports the Greener Communities Strategic Outcome priority in the Woking for All strategy.

- 2.50 The Council has been approached by Surrey County Council regarding their proposed Surrey SME Decarbonisation Loan Scheme. The scheme intends to create a fund of between £3m and £6m to support loan funding to micro/SME businesses across the county to develop their businesses encompassing, utilising, or developing green/net zero practices and/or innovations. Surrey is seeking between £35k to £50k from each authority, potentially sourced from their Shared Prosperity Fund allocation.
- 2.51 Approval at this stage is required to include the above projects in the Council's Shared Prosperity Fund submission. Further approvals will be sought from the Executive, following the anticipated award confirmation from DLUHC, prior to committing to project spend.

### Net Zero Strategy – Build Back Greener

- 2.52 In October, the Government announced its national Net Zero Strategy: 'Build Back Greener', ahead of the COP26 climate summit which took place in November.
- 2.53 Building on the 10 Point Plan for a Green Industrial Revolution published in 2020, the strategy sets out key actions the Government intends to take to progress against its commitment to reduce UK carbon emissions to net zero by 2050 encompassing:
- decarbonisation pathways to net zero by 2050, including illustrative scenarios.
  - policies and proposals to reduce emissions for each sector; and
  - cross-cutting action to support the transition.
- 2.54 The strategy includes a section on local action, including the establishment of a Local Net Zero Forum through which Government intends to work with local government to discuss policy and delivery options on net zero and continuation of the Local Net Zero Programme to support all local areas with their capability and capacity to meet net zero.
- 2.55 In November, the Government published its Heat and Buildings Strategy which set out the need for virtually all heat in buildings to be decarbonised to meet net zero. It includes a range of measures to reduce dependence on oil, Liquefied Petroleum Gas (LPG) and gas heating including banning the sale of new gas boilers by 2035, accelerating the use of heat pumps, large scale trials of hydrogen for heating and potential adjustments to environmental levies to make electric heating more cost effective.
- 2.56 Both the Net Zero Strategy and the Heat and Buildings Strategy set out a large number of commitments. Detail about how delivery will take place in many areas is yet to be defined and there are concerns that the national funding committed to date will not be enough to meet the commitments made.
- 2.57 Combined Heat and Power (CHP) Networks are one of the solutions supported by the government in its drive to reduce carbon emissions due to their greater efficiency. Thamesway Energy Limited (TEL) has been awarded funding through the government Heat Networks Investment Project (HNIP), administered through the Department for Business, Energy, and Industrial Strategy, for investment in infrastructure to extend the network of the Poole Road Energy Centre.
- 2.58 Looking ahead, the Government's main priorities for the next year are expected to be led by the further development of the domestic 'Levelling Up' policy and strategies in relation to economic growth and skills, the ongoing response to and recovery from COVID-19 and the related economic and health consequences.

### Planning Reform

- 2.59 The planning reforms were first announced in the “Planning for the Future” White Paper in the summer of 2020. They have been delayed for over 18 months; however, it is expected that the government will announce an update to its proposed planning reforms this spring.
- 2.60 The update is expected to provide further detail on how measures will be taken forward to create a modernised and effective planning system that empowers communities to support, and local authorities to deliver, environmentally friendly development.
- 2.61 The planning Bill is due to go before parliament this year and is likely to comprise several key strands aimed at creating a more streamlined process. These could include:
- *A digital planning system* that is designed to improve the speed and efficiency of application decisions and allow residents to be more engaged in the development of their local area. According to government, only 3% of local people engage with consultations on planning at the moment.
  - *Scrapping Section 106*. A locally set new infrastructure levy has been proposed.
  - *Street referendums on developments* to give local people the power to set their own development rules in suburban areas.
  - *Brownfield site investment*. Investment in urban regeneration to put new homes on “neglected” brownfield sites.

### Surrey’s 2050 Place Ambition

- 2.62 The Surrey 2050 Place Ambition is a narrative about and framework for what Surrey’s strategic partners want to achieve over the next 30 years in terms of “good growth”. The purpose of the ambition is to:
- Outline a vision and special priorities for growth
  - Provide a framework to shape the future of communities and places across Surrey
  - Emphasise the need for an integrated, systemic approach to delivering good growth
- 2.63 There are four priorities within the Ambition:
- |            |  |
|------------|--|
| Priority 1 | Improve connectivity both within Surrey and between strategically important hubs |
| Priority 2 | Enhance the place offer of Surrey’s towns  |
| Priority 3 | Maximise the potential of our Strategic Opportunity Areas                        |
| Priority 4 | Invest in natural capital and deliver nature recovery                            |

### First Homes

- 2.64 Planning policy changes in relation to First Homes, including revisions to Planning Practice Guidance (PPG) were introduced in spring 2021. First Homes are a form of discounted market housing for first-time buyers to be delivered by developer contributions and through ‘exception sites’.

- 2.65 Changes to planning policy require a minimum of 25% of all affordable homes secured through developer contributions to be First Homes. Local authorities should then prioritise securing their policy requirements for social rented properties once they have secured the First Homes requirement. Other tenure types should be secured in the relative proportions set out in the development plan.
- 2.66 The requirement does also not apply to sites with full or outline planning permission in place or where a right of appeal against non-determination has arisen, before 28th December 2021, or 28th March 2022 if there has been significant pre-application engagement. Local authorities should allow developers to add First Homes to the tenure mix if they wish to.
- 2.67 The introduction of a First Homes policy reflects the Government's commitment to ensure that there is an adequate supply and variety of options to help people onto the housing ladder.
- 2.68 There is an expectation from Government that local authorities will process applications for First Homes and conduct eligibility checks and, as yet no funding has been provided to compensate councils for the additional administrative burden.

### 3.0 UK Economy

- 3.1 The UK has experienced a steep increase in inflation in the first half of this calendar year. The cost of goods and services has increased in recent months and Consumer Price Index (CPI) inflation rose to 9% in April, its highest level for more than 40 years. This increase is being driven by a number of factors including the global rise in energy and fuel prices and global restrictions on supply chains due to disruption from the war in Ukraine and the coronavirus pandemic.
- 3.2 Rising inflation, along with the increasing cost of fuel, energy and food, tax increases and interest rate rises are all contributing to a significant increase in the cost of living for households, which is outpacing average growth in earnings. In March, the Office for Budget Responsibility (OBR) projected that real household disposable incomes per person would fall by 2.2% in 2022/23, the largest fall in a single financial year since Office for National Statistics records began in 1956/57.
- 3.3 The impact of the increased cost of living will, however, have a greater impact on those on lower incomes or already in financial hardship; and the Institute for Fiscal Studies has suggested that the real CPI inflation rate experienced by those on the lowest incomes in April was closer to 11% due to those households spending a greater proportion of their total budget on energy.
- 3.4 On 26 May, the Government announced a £15bn package of measures to support households with the rising cost of living. Measures include:
- A one-off £650 payment to low-income households on Universal Credit, Tax Credits, Pension Credit, and legacy benefits, with separate one-off payments of £300 to pensioner households who receive Winter Fuel Payments and £150 to individuals receiving disability benefits. Payments will be made directly by the Government to households.
  - An increase to £400 in the previously announced universal discount on energy bills planned for October. Households will also no longer be required to repay this over 5 years. This support is in addition to the £150 Council Tax rebate for households in England in bands A-D and the £144m Discretionary Fund for billing authorities to support households in need but not eligible for the Council Tax Rebate, both announced in February.

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- An extra £500m Household Support Funding, extending the fund from October 2022 to March 2023. This is in addition to £500m Household Support Funding announced at the Spring Statement. Government will issue guidance to councils to ensure support is targeted towards those most in need of support, including those not eligible for the cost-of-living payments above.
- 3.5 While the OBR revised their projections for Gross Domestic Product (GDP) growth this year down from 6% to 3.8% in March, there have since been predictions that the UK economy may go into recession later this year as inflation damages consumer spending and business investment. This may result in further fiscal and/or policy interventions by the Government to provide support to households and businesses.
- 3.6 The impact of the increases in the cost of living on residents, particularly those already experiencing financial hardship, can be expected to result in an increase in need for public services and voluntary sector support locally
- 3.7 Appendix 1 to this report provides some insight into the Borough in respect of the health of the communities and the vitality of the environment and the economy. These insights help inform the priorities in the Woking for All strategy.

### 4.0 Woking Economy and Vitality

#### Financial Review and Insight

- 4.1 The professional services firm EY have acted as independent advisors to Woking Borough Council (WBC) to conduct a financial review of our current financial standing that can inform our Medium-Term Financial Plan and accompanying financial strategies going forward.
- 4.2 The insights from EY on the Council's ambitions and strategies and socio-economic factors relevant to the Borough have been reported to the 31st of March 2022 meeting of Council as part of the MTFS report. These insights add a further dimension to our analysis of the national economic conditions and the local economic recovery plans developed through the Economic Development Action Plan.
- 4.3 The Insights from EY recognise the Council has adopted an ambitious investment strategy placing significant importance on investing in the future of Woking through placemaking regeneration strategies that maximise resources and partnerships with the commercial sector.
- 4.4 The Council's activities play a key role in supporting the quality of life of its residents, communities, and businesses. Against a background of ever diminishing resources and increasing demand, the Council has invested in the local economy to help regenerate the town centre and at the same time have become financially more self-sustaining through the generation of commercial rents from these assets.
- 4.5 The Commercial Income and reserve position of the Council has facilitated continued investment in new community facilities and protected services in a period of austerity beyond the capabilities of many comparable district authorities in England.

#### Economic Development Action Plan

- 4.6 Soon after the beginning of the pandemic, a Framework for Recovery was published by the Council (July 2020) to assist businesses through the Covid crisis and into a period of recovery.
- 4.7 The publication of the Council's Economic Development Action Plan (EDAP) in September 2021 recognised that businesses were now in a position of post-pandemic recovery. The

Action Plan is an interim measure to take us to the end of 2023, when an updated Economic Development Strategy will be adopted.

- 4.8 The action plan complements several of the Council's key strategies already in place, including the Core Strategy, the Economic Development Strategy for Woking 2017-2022, and the 2021-2022 Corporate Plan.
- 4.9 The action plan addresses key issues arising from the pandemic, and informs the forthcoming Woking Town Centre Masterplan, Five-Year Corporate Plan, and the Digital Strategy.

### EDAP list of Priorities

Priority 1	Focus on business
Priority 2	Build on our business advantages and skilled people
Priority 3	Future proofing the town and village centres
Priority 4	Making our place the place to be
Priority 5	Destination Woking

### Town Centre Master Plan

- 4.10 The Executive at its meeting on 15 July 2021 asked Officers to prepare the Town Centre Masterplan with the purpose of providing an overarching framework to help guide development and investment decisions in the Town Centre. The Executive specifically requested that public engagement should be central to the Masterplan preparation process.
- 4.11 The Draft Masterplan has been completed accordingly and is included on the same agenda of the meeting of this Executive. The Draft Masterplan includes:
  - An accompanying Site Analysis of each allocated and Housing Infrastructure Fund sites.
  - An Executive Summary of the Draft Masterplan.
  - A Consultation Plan setting out how the community will be consulted and engaged during the consultation period. The contents of the Masterplan reflect views expressed by the Residents' Panel and key stakeholders during an initial community engagement.
- 4.12 Through the Draft Masterplan report, the Executive are being requested to approve it for public consultation between 25 July 2022 and 16 October 2022.

### Town Centre Vitality

- 4.13 The social and economic vibrancy of the Town Centre as a hub for the Borough is critical for the Council's budgets, economic prosperity of the Borough and offer to our residents.
- 4.14 The Council's budget includes approximately £30m income per annum from its investments in off-street car park provision and retail and office space.
- 4.15 Equally the vibrancy of the town centre adds to the wider economy of the borough through creating employment and income opportunities for residents and businesses.
- 4.16 The Council has a role to ensure the flow of economic benefits from the town centre both come back to the Council to enable it to finance the investments it has made and go out into the wider economy, so the communities of Woking equally benefit.

## Medium Term Financial Strategy (MTFS)

- 4.17 The balance of flow of benefits is a critical part of the Council's approach to integrated service and financial planning. This is established through the agreed strategic priority outcomes within the Working for All strategy, underpinned by the MTFS which supports a responsible, affordable, and sustainable approach to delivering these priorities.
- 4.18 As part of the Council's Economic Development Action Plan and framework for economic recovery, the Council are looking to pilot a review of car park charges that will support the development of a car parking strategy later in this year.
- 4.19 The relationship that changes in car park charges has on the level of trade in the surrounding retail and leisure offers is complex and has been subject to much consideration across the country. There is little research that exists that evidences a simple and definitive relationship that can be universally applied.
- 4.20 A pilot for car park charges is being proposed which is outlined below. As part of this pilot, it will be important to understand and monitor both the costs of the proposals; the benefits that are realised and where these benefits flow.

### 4.21 Parking Pilot

- 4.21.1 Parking fees are a critical source of income for the Council. It is clear that the level of parking activity is not currently at the levels experienced in 2019 prior to the Covid pandemic. A key piece of work is underway to consider whether there is a better pricing structure for the Council's parking provision and how to best provide a modern parking service to residents and visitors to the Borough. This will also consider how to incentivise the move to hybrid and electric vehicles through review of the season ticket policy.
- 4.21.2 The MTFS includes increases in parking income generated over the period. The base budget for 2022/23 was set at pre pandemic levels with an assumed transfer from reserves of £1.3m to recognise activity still recovering.
- 4.21.3 Income was forecast to increase as shown in the table below through a combination of returning and new activity alongside a 10p increase to the hourly parking charge twice over the period.

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Base budget		7,892	7,892	7,892	7,892
Covid Provision		- 1,301			
Economic Recovery/New Activity			103	833	833
Increased Charges			400	600	800
Forecast Income (Actual 2021/22)	4,337	6,591	8,395	9,325	9,525
Year on year increase in income		2,254	1,804	930	200
Year on year increase in income (%)		52%	27%	11%	2%

- 4.21.4 Whilst activity recovered during 2021/22, as the lockdown measures eased and guidance replaced the legal requirement to isolate, footfall in the town remains below pre pandemic levels. It is likely that much of this is driven by office workers not returning at previous levels and maintaining hybrid working practices.
- 4.21.5 The MTFS budgeted income targets are substantially higher than current levels of income and this reduction in income presents a significant risk in the MTFS. If income is maintained at current levels, using an average of March – May 2022, the total for the year would be £5.2m, £1.4m (34%) below budget. A slower return in income during 2022/23 would also

## Medium Term Financial Strategy (MTFS)

impact income in future years and the requirement to use reserves for longer to support services.

4.21.6 The opening of Victoria Place on 23<sup>rd</sup> March 2022, with the leisure offer and Italia Conti dance academy to launch in the coming months, is expected to improve the position. While parking income will continue to be monitored, it is clear that the retail market remains under significant pressure in part by changing shopping habitats and more recently by the cost-of-living crisis creating an even more challenging environment.

4.21.7 While a parking strategy will be commissioned this year, it is proposed that the Council pilot a new pricing structure which aims to encourage increased occupancy and prolonged stays within the town centre focused on Saturdays.

4.21.8 Current activity data shows that 65% of Saturday's car park users stay for up to two hours maximum (35% for up to one hour and 30% for up to two hours) and only 23% of stays are between the three hour to seven hour charge during peak hours. There is a clear and significant drop in the number of car park users staying beyond two hours on the main weekend shopping day as shown in the table below.

	night	1hr	2hrs	3hrs	4hrs	6hrs	7hrs	7hrs-24hrs
Saturday	10%	35%	30%	13%	6%	3%	1%	2%

4.21.9 It is therefore proposed a new tariff be piloted, targeted at the retail and leisure users, and limited to Saturdays in Victoria Place Car Park only, which seeks to encourage car park users to extend their stay beyond two hours.

4.21.10 The table below shows the current and proposed tariffs. The proposed tariff maintains hourly charges, reduces the cost per hour from two to five hours and provides three hours of parking for £3.00 which is competitive with other comparable towns in Surrey and Hampshire. There is no change to the night-time charge or for stays above 5 hours.

	Night	1 hr	2hr	3hr	4hr	5hr	6hr	7hr	8-24 hr
Current	£1.50	£1.60	£3.20	£4.80	£6.40	£7.60	£7.60	£12.00	£13.00
Proposed trial	£1.50	£1.60	£3.00	£3.00	£4.50	£6.00	£7.60	£12.00	£13.00

4.21.11 In terms of financial implications, if visitor numbers and duration time stayed the same as present, the cost associated with the tariff change would be £1,145 per week.

4.21.12 The pilot will seek to understand any impact that these changes have on the number of car park users and the volume of trade and activity in the town centre. It would take 13% increase in numbers to secure the same level of income from car park charges secured by current tariff.

4.21.13 The gross costs of running a pilot over a 20- week period is £23,000. Any costs beyond this period and, or any implications of decisions taken from the outcomes of the pilot would be subject of a report to the November 2022 meeting of the Executive and are therefore not part of the financial implications that need to be reflected in this MTFS report.

4.21.14 It is reasonable to anticipate at this stage that there will be some benefits that will offset the gross costs of the pilot. However, the maximum gross cost of £23,000 can be funded from within existing budgets that have been established to deal with promoting vitality of the town centre and commercial income risk provisions.

4.21.15 The Executive is being asked to agree the car park pilot in the Victoria Place Car Park for the Saturdays within the pilot period to commence once the statutory process for varying the charges has been completed.

4.21.16 A statutory traffic regulation order will need to be published in the local press for 21 days to commence and end the changes in car park tariffs within this pilot.

### 5.0 Corporate Strategy

5.1 To provide a clear sense of direction for Council staff, residents, businesses and partner organisations, the Council has set out its strategic objectives in a five-year Corporate Strategy for 2022-2027.

5.2 The Working for All strategy follows on from the Corporate Plan 2021/22 which was a plan for one year only. This was to enable a more extensive review to be undertaken of council strategic objectives, finances over the medium term and the framework of planning and performance management. This approach provides a comprehensive and integrated approach to service and financial planning.

5.3 The Working for All strategy has been developed following the community engagement roadshows and consultation. It provides an overview of the Council's strategic outcomes for the next five years and incorporates the actions for 2022/23 to support the delivery of these outcomes.

5.4 The new administration developed a suite of Supplementary and amended priorities for 2022-23 to the Working for All strategy. These were agreed at the meeting of the Executive on 16<sup>th</sup> June 2022 and recommended to Council for its meeting on 21<sup>st</sup> July 2022.

5.5 The Supplementary and amended priorities build on the Council performance reset established by the Chief Executive and embed **affordable**, **responsible**, and **sustainable** principles into how the Council conducts its business going forward.

5.6 Of particular note for the MTFS is the introduction of a new strategic outcome and additional priority commitments relating to affordability, financial control, and delivery of value for money, extracted below:

Strategic Outcome: A financially responsible council with sustainable and affordable plans

Additional priority commitments:

- > Get the Council's finances under control
- > Consider new approaches to increase income
- > Make decisions in an open and transparent way

5.7 The Directorate Service Plans replaced service plans and established the link that takes the strategic outcomes from the Working for All strategy into Directorate priorities and service actions.

5.8 The Medium-Term Financial Strategy (MTFS) to 2025/26 provides the financial strategy that supports and underpins the resourcing and delivery of the Working for All strategy and aligns resourcing and funding decisions with the strategic outcomes the Council is working towards delivering.

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- 5.9 The Overview and Scrutiny Committee are reviewing the Performance and Financial Monitoring Information Green Book and the outcomes from this review will inform the suite of performance measures we will use and develop for the strategy going forward.
- 5.10 The Woking for All strategy will be reviewed annually to ensure the strategic outcomes remain relevant and annual priority actions to deliver the outcomes are set.

### 6.0 Summary Financial Outlook

- 6.1 A key purpose of this MTFS report is to update the financial forecasts produced for the March 2022 MTFS with the latest local and national economic and sector specific performance in order to establish the targets for a responsible, affordable, and sustainable council budget in the medium term.
- 6.2 This update has been undertaken in 2 stages:
- Stage 1            Review of service pressures, inflation and funding assumptions established by the macro economy of the UK.
- Stage 2            Review of the local assumptions around the impact of economic recovery on the Woking economy and the Council’s commercial income streams.
- 6.3 Following the Stage 1 review, the March MTFS budget gap has been rebased and is presented in the table below showing the movements between the March and July MTFS reports. This shows an increase in pressures of £3.2m over the 4-year MTFS to cover additional allowances for contractual and energy inflation and increase in the pay award for staff to recognise the cost of living and underlying increases in sector pay. These costs are offset by reductions in the assumed reduction in government funding of £2.2m, which is considered less likely in the current economic environment. Overall, this results in a net increase in pressures of £1m and subsequent increase in the annual use of reserves by 2025/26 if additional savings are not brought forward. Further detail on these assumptions is set out in the sections below.

#### MEDIUM TERM FINANCIAL STRATEGY - CHANGES SINCE MARCH 2022

	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Projected Annual Use of Reserves - March 2022</b>	<b>4,134</b>	<b>4,929</b>	<b>4,490</b>	<b>5,450</b>	
<b>Changes since March MTFS</b>					
Council Tax surplus		-304	304		0
inflation (energy, contracts, pay award)	1,280	872	1,019	0	3,171
Retain government funding		-910	-434	-432	-1,776
Business Rates growth assume retained		-467			-467
<b>Total</b>	<b>1,280</b>	<b>-809</b>	<b>889</b>	<b>-432</b>	<b>928</b>
Cumulative additional pressure	1,280	471	1,360	928	
<b>Projected Annual Use of Reserves - July 2022</b>	<b>5,414</b>	<b>5,400</b>	<b>5,850</b>	<b>6,378</b>	

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6.4 The table below shows revised pressures over the period from 2022/23 to 2025/26.

### BASELINE MEDIUM TERM FINANCIAL STRATEGY - JULY 2022

<u>In year pressures</u>	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
Service Pressures	1,280	1,785	1,867	862	5,794
Reduced Reliance on Government Funding		910	434	432	1,776
Assume Government Funding retained		-910	-434	-432	-1,776
Adjust for non-recurring Collection Fund surplus		244	236		480
Investment Programme Projects (net of income)		2,043	12	170	2,225
<u>Funded by:</u>					
Fees and Charges		-1,804	-930	-200	-2,934
Council Tax		-305	-296	-303	-904
Fit for the Future savings		-1,976	-440	0	-2,416
Increase/Decrease (-) in use of reserves	1,280	-14	450	528	2,244
Projected Annual Use of Reserves	5,414	5,400	5,850	6,378	

6.5 Further to the update on pressures shown above, the Stage 2 review considered the underlying assumptions around the Council's commercial income generating operations to assess the risk incorporated within the financial forecast.

6.6 The current forecast provides for recovery of parking income and preservation of commercial rents. It also relies on ongoing investment in Thameswey Housing Ltd, at a 1.5% margin, for provision of new homes in addition to the Sheerwater regeneration (shown net in the cost of the Investment Programme).

6.7 These income budgets are significant and future projections remain materially volatile and uncertain. It is not possible to confidently assess whether this income will be fully secured at this stage. The economic climate post pandemic remains increasingly challenging. Whilst over the long term the Council may consider the recovery of income to be achievable, the short-term pressures have increased in each of these key areas, and it is necessary to plan for a slower recovery to previously forecast levels.

6.8 This reset of the forecast income assumptions focuses on the main and most material areas of income as shown in the table below. This table provides an extract of the income budgets for these areas:

#### Income assumed within MTFS

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Parking (Total)	6,591	8,395	9,325	9,525
Commercial Rent (Total)	22,009	22,141	22,271	22,271
THL Margins (Additional)		474	1,085	1,803

6.9 When these areas have been reviewed it shows that performance is below the March 2022 MTFS forecasts for economic recovery and growth. This underperformance is providing a further £4.8m financial risk within the MTFS, reflecting more conservative income targets than those used for the MTFS reported to the March 2022 Executive. Further detail on these assumptions is set out in the sections below.

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### Assessed Risk to income within MTFS

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	% of budget
Parking	-	1,000	1,000	1,000	10%
Commercial Rent	2,000	2,000	2,000	2,000	9%
New THL Margins	-	474	1,085	1,803	100%
<b>Total Income Risk</b>	<b>2,000</b>	<b>3,474</b>	<b>4,085</b>	<b>4,803</b>	

6.10 These assumptions have taken a mid-point position in recognising the overall risks and pressures. Incorporating this income risk to the baseline MTFS pressure generates a forecast annual budget gap by 2025/26 of £11.1m when Stage 1 and Stage 2 forecasts are combined (See table below).

### MTFS Reset - July 2022

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Baseline MTFS -use of reserves	5,414	5,400	5,850	6,378
Additional Income Risk	2,000	3,474	4,085	4,803
<b>Revised Budget pressure</b>	<b>7,414</b>	<b>8,874</b>	<b>9,935</b>	<b>11,181</b>

- 6.11 This budget gap is almost fully explained by the divergence between the unavoidable inflationary costs that fall on the Council's costs of operations alongside an inability to increase the Council's income to offset the increased costs. The Council is having to manage the impact of in excess of 5% inflation on its gross budgets (£130m) whilst also feeling the impact of economic downturn in excess of 10% through underperformance of its commercial income budgets (£35m).
- 6.12 As part of the Council's Financial Resilience Strategy, it is essential that the Council has plans that enable it to respond to the financial risks that are contained within planning and forecasting assumptions. It is therefore prudent and responsible to understand the options and implications for savings of circa £11m.
- 6.13 Whilst this is not meant to represent an absolute savings requirement, the Council should develop plans and options to address the level of pressure that is presented in summary form in the table above.
- 6.14 Planning for the level of saving required by this reset will be very challenging for the Council and will necessitate consideration of transformational approaches to addressing the financial challenge. However, it is essential that the risks are recognised, and work commences to identify actions to ensure that the future finances can be secured.
- 6.15 Work has already been commenced by the Corporate Leadership Team, working with Senior Managers to identify the key areas to be explored incorporating:
- Reviewing Council owned company governance and financing models
  - Resident services and channel shift review
  - ICT infrastructure and corporate systems review
  - Establishing stronger commercial operating principles
  - Using the Council's Assets to lever greater inward investment to the borough
  - Working in partnership to reduce costs and increase opportunities
  - Identifying the full range of financing and treasury management flexibilities
  - Reviewing all income generation opportunities
  - Developing category management plans for key areas of spend

- Prioritising service expenditure against statutory services and services that make the greatest contribution to delivering the priorities within the Woking for All strategy

### Stage 1 forecasts in detail

#### Costs:

- 6.16 Current levels of inflation will put pressure on the Council's cost base. Most significantly energy costs, major service contracts which are index linked, and increase in the pay award for staff to recognise the cost of living and underlying increases to sector pay. This pressure is difficult to model with certainty over the MTFS, however an additional pressure has been included adding £3.2m to the cost base over the period. Allowance has been made for growth in staffing budgets at double the previously assumed rate.
- 6.17 The MTFS includes increases in deficit contributions to the pension fund and Business Rates (on Council properties) as previously forecast. The pension fund valuation at 31 March 2022 will establish ongoing pension contributions but there is currently no indication that an increase will be required. It is assumed that the government would not allow Business Rates to increase at headline inflation levels in the current economic climate, so no further allowance has been made. There are many other smaller contracts and budgets which will be under pressure, however it is currently assumed that these are held at cash levels, or any increase covered by increased income through fees and charges or external funding.
- 6.18 Since last year global wholesale energy prices have put pressure on the energy market. Gas and electricity prices around the world have reached record levels with demand increasing following the easing of Covid restrictions, and supply issues related to the conflict in Ukraine. The main Council energy supply is through Thamesway Energy Ltd (TEL) and is directly influenced by the cost of gas. Gas prices for the first quarter of 2022 were double the budgeted level. Projecting this for the remainder of the year would increase the Council's costs by £1.28m. Whilst gas prices have fallen more recently, the market remains volatile, and it is likely that there will be further pressure over the winter months.
- 6.19 Thamesway have invited suppliers to re-tender for supply of gas and electricity to Thamesway Energy Ltd and TCMK Ltd. As a result of this exercise, it is proposed that the gas and electricity purchasing be split. Contracts for both have previously been awarded to Total Gas and Power (TGP). The new supply arrangements are being set to commence 1 August.
- 6.20 As previously required by TGP, and recently updated as part of the February 2022 budget, Parent Company Guarantees (PCGs) will be required for the supply contracts. Given the need for the PCGs to be in place by the start of August it is recommended that the approval of requested documents be delegated to the Director of Legal and Democratic Services in consultation with the Leader.
- 6.21 The Council is in a fixed price contract with Gazprom Marketing & Trading Retail Limited which runs until 30th September 2023. The c£350k contract relates to supply of housing sites (82%) together with some commercial sites. This company is UK registered but owned by a German company which in turn is a subsidiary of the Russian parent company. The Council has no legal right to exit this contract prematurely and if it were to do so it would be at risk of a damages claim for breach of contract. Given the current highly volatile market price it is estimated that the Council could be looking at a 4/5-fold increase on the current contracted price. The current advice is to remain in the contract unless the company becomes insolvent, or the Council is compelled to exit the contract by central government in which case the Council would instruct the energy bureau to assist in procuring a new supplier. Whilst these costs are rechargeable there is a risk that the Council would not be able to fully recover any increase.

## Medium Term Financial Strategy (MTFS)

- 6.22 Contractual, staffing and energy cost pressures are summarised in the table below. The allowance for additional inflation adds £3m to the forecast, which is £5.8m in total over the period.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Base MTFS inflation - contractual		487	448	462	<b>1,397</b>
Base MTFS inflation - employees		425	400	400	<b>1,225</b>
Inflation in March 2022 MTFS		912	848	862	<b>2,622</b>
Further allowance - contractual		447	619		<b>1,066</b>
Further allowance - employees		425	400		<b>825</b>
Further allowance - energy	1,280				<b>1,280</b>
Additional pressure - inflation	1,280	872	1,019	-	<b>3,171</b>

Investment Programme:

- 6.23 The Bank of England increased the Bank Rate for a fifth consecutive meeting in June 2022, taking it to 1.25%, their highest since the financial crisis. It is clear that the dampening of inflationary pressures is the primary objective of central banks despite the risk of slow growth or recession.
- 6.24 Link Group (the Council's treasury advisors) forecast Bank Rate to rise faster and further than previously was the case. The market is pricing in Bank Rate at 3.5% by April 2023. Link Group forecast Bank Rate to peak at 2.75% but warn there is potential upside risk to this projection. The key factor for this increase is inflation. The CPI measure of inflation is already at 9%, and the Bank of England anticipates it will peak near 11% at the end of the year. With the impact of the cost-of living squeeze, and unemployment likely to be increasing, Link forecast that the Bank will pause increases following its March 2023 meeting. However, markets have been volatile throughout 2022 to date and there are many geopolitical factors that could affect this forecast.
- 6.25 The Link Group forecast for the Bank and PWLB rates are below.

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
<b>BANK RATE</b>	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

- 6.26 The investment programme costs in the MTFS have been held at the levels included in the March MTFS. Whilst the impact of increasing interest rates on the 2022/23 budget is forecast to be approximately £500k, this can be managed in the year through taking short-term borrowing at a lower rate, and minimising borrowing until essential, using internal funds to delay borrowing. Where investments are through capital loans increased borrowing costs are offset by increased investment income and it is the company which will need to manage the additional cost. In the longer term the Investment Programme will need to be reviewed for affordability.

6.27 The investment programme approved in February 2022 includes an ‘Opportunity Purchases’ budget of £3m each year which may be used to acquire land or property which becomes available and is of strategic importance to the Council. The budget is financed by borrowing with the interest costs assumed to be covered either through rental income or capitalised as part of a development project. Any acquisitions using this fund are reported in the Green Book during the year. It is important that this budget is only applied to purchase assets with a clear strategic purpose and recognising the potential revenue impact on the Council’s budgets. Any future use of the Opportunity Purchases budget will be delegated to the Chief Executive in consultation with the Leader and relevant Portfolio Holder.

Income assumptions:

6.28 The above paragraphs indicate the pressures on Council expenditure budgets in the current inflationary environment. Whilst costs increase it is unlikely that the Council’s income budgets will be able to increase at the same rates. It will be a challenge to maintain income relative to the cost of providing services where possible. The table below indicates the scale of ‘lost inflation’ if income falls behind the rate of increase on costs.

Inflation relative to income budgets	2022/23 £'000
Council Tax base income	10,606
At 2%	212
At 10%	1,061
Fees and Charges base income	12,416
At 2%	248
At 10%	1,242

6.29 As set out in section 3, the impact of the cost-of-living crises will be greater for those on lower incomes and those already in financial hardship. The annual review of fees and charges in November 2022 will consider strategies to maintain income levels whilst recognising the pressures on resident’s finances.

6.30 The Woking for All strategy Supplementary and amended priorities for 2022-23 from the new administration includes hosting a Cost-of-Living summit in the autumn to consider actions.

Stage 2 forecasts in detail

Car Parking

6.31 For the MTFS reset, parking income is considered a risk and a £1m reduction is assumed in the forecast recovery from 2023/24. This will increase the use of reserves over the period and increase the savings required by 31 March 2026. The trend in income during the year will be monitored with an update provided in the next MTFS report.

6.32 Further analysis, including proposals for a car park pilot, are included in section 4 of this MTFS report.

Commercial Rents

6.33 The Council’s commercial rent income is budgeted at £22m for 2022/23. This base income has been affected by the impact of the Covid pandemic on demand for commercial property. It has been necessary to work with tenants to provide concessions and flexibility of terms in some cases over this period, with some of these arrangements running through to March 2023. Whilst there continues to be interest in property in the town, the commercial climate is

challenging with shorter leases and new tenants requiring rent free periods and capital contributions.

- 6.34 During 2022/23 the budget will be impacted by the cost of agreed flexible rent arrangements. There is also the risk of tenancies nearing the end of the lease, or approaching break clauses, choosing either not to renew or to reduce space. This is particularly the case for offices where the post pandemic requirement may be quite different to previous working models. Over the MTFS there will also be changes in retail rents including the Council's freehold interest in the Peacocks centre.
- 6.35 Whilst over time, following the investment in the town, there is potential for rising rental levels, and the opportunity to let current vacant assets, it is recognised that the period of the MTFS will continue to be challenging. The MTFS reset reduces the commercial rent income by £2m, 9%, reflecting the ongoing risk to achieving current levels.

Thamesway Housing Limited

- 6.36 Included within the investment programme is continued investment through Thamesway Housing Ltd (THL) for the provision of new homes in the borough. The MTFS reflects this ambition and incorporates the 1.5% margin on these capital loans. With inflationary pressure on construction costs, the focus on the Sheerwater regeneration (at no margin) and engagement with DLUHC on overall debt levels, there is a risk that the planned programme is not progressed at the rate envisaged. The MTFS reset removes the assumed additional margin from non-Sheerwater future investment through THL. Work will continue with Thamesway through the review of financial plans and business planning cycle to establish future investment levels.

## 7.0 Financial Resilience Strategy

### Financial Resilience Overview

- 7.1 The MTFS report to the 24<sup>th</sup> of March 2022 meeting of the Executive introduced the development of a Financial Resilience Strategy as a key component part of the Council's MTFS.
- 7.2 Effective financial management in the public sector has always been built on planning for the long-term. The challenge for Woking Borough Council now is increasingly about ensuring the Council has the resilience to deliver annual savings and manage significant financial risks while still pursuing our ambitious regeneration goals for the benefit of the borough's communities.
- 7.3 It is in this context that financial resilience for the Council describes our ability to remain viable, stable, and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.
- 7.4 Against a background of ever diminishing resources and increasing demand, the Council has invested in the local economy to help regenerate the town centre and at the same time has become financially more self-sustaining through the generation of commercial rents from these assets.
- 7.5 The commercial income and reserve position of the Council has facilitated continued investment in new community facilities and protected services in a period of austerity beyond the capabilities of many comparable district authorities in England.
- 7.6 However, the Council's resilience has been challenged and impacted by the Covid-19 pandemic, in particular reducing commercial income and council tax collection. The Council's reserve position has offered protection during this turbulent period; however, the level of reserves needs to be stabilised to ensure they can support our financial resilience strategy.

- 7.7 The following sections of this report provide a framework for our financial resilience strategy and actions taken to strengthen financial resilience against this framework.

### Financial Resilience Framework

- 7.8 Attached at Appendix 2 is a framework of key indicators of good performance that we are using to manage our approach to ensuring we have the right components of the MTFS in place to deliver annual savings and manage significant financial risks while still pursuing our ambitious regeneration goals for the benefit of the borough's communities.
- 7.9 The pillars provide the defined areas that are being used to focus attention on to ensure we have the standards and approach to assessing, establishing, and delivering financial resilience.

### Financial Resilience Assessment

- 7.10 The Council has based its core assessment and approach to developing strong financial resilience on two independent sources of insight:

- **CIPFA Financial Resilience Index**
- **EY Medium Term Financial Resilience Assessment and Recommendations**

- 7.11 Whilst the CIPFA Financial Resilience Index provides a useful high level and generic set of indicators, the council wanted a more thorough, in-depth, and localised set of insights and we therefore commissioned and worked with the professional services firm EY to produce short-, medium- and long-term outlooks.

- 7.12 Attached at Appendix 3 are the recommendations from within the EY assessment mapped to the Council's financial resilience framework.

- 7.13 Work to develop comprehensive responses to the recommendations has commenced and are summarised below:

### FINANCIAL STRATEGY AND PLANNING

Risk There is a risk that the Council have to refinance, restructure or reprogramme the Capital and Investment Programme and associated financial strategy

#### **Recommendation 2**

#### **Prepare a response to the Minimum Revenue Provision Consultation**

This has been reported earlier in this report in section 2

#### **Recommendation 4**

#### **Structured Review of Policy and Regulatory Change**

This is an inherent component part of our MTFS approach. Sections 2 and 3 of this report outline the key relevant issues.

Risk There is a risk the Council could not employ revenue reserves to deal with other sustained financial shocks to its revenue position

#### **Recommendation 5**

#### **Review revenue reserves**

## Medium Term Financial Strategy (MTFS)

As part of the work on the MTFS in 2021/22 the council established a risk-based reserves strategy and savings plan that with the aim of ensuring the council had the level of reserves that as a minimum were appropriate to manage risk and provided some capacity for funding business and transformational change investments

In developing the MTFS during 2021/22 the Fit for the Future programme was projected to reduce the underlying budget gap to circa £2m for the period to 2024/25. It was not possible to balance the MTFS position over the period without the use of reserves and it was hoped that there would be a 3-year funding settlement which would provide certainty around the reduction in government support through this period. It was also recognised that slower draw down of funding by Thameswey Housing Ltd would reduce income to the Council generated through loan margins.

The current forecast has increased this use of reserves to £10m for 2024/25 and £11m by 2025/26. This has been significantly impacted by assumptions around income forecasts over this period.

The use of reserves over the MTFS continues to be substantial and is not affordable or sustainable at the current forecast level. The 2021/22 Fit for the Future savings have mitigated some pressures, but further work is required to establish a sustainable financial position without the ongoing use of reserves. A focussed approach is being adopted to deliver identified savings as well as working up future opportunities to address the budget requirement. Updates have been provided through this report on the MTFS and through the year as this base MTFS is developed during 2022/23.

Further details on the reserves position are reported later in this report

### FINANCIAL GOVERNANCE

Risk Previous surpluses the Council had against its car parking and commercial rent position has allowed the Council to afford to spend the higher amounts across its core services. This provides the Council the levers to reduce **expenditure from its service expenditure position in the short-term if required**

#### **Recommendation 6**

#### **Challenge high-cost service expenditure**

Initial benchmarking has been undertaken against like Council's using published benchmark information. This has however provided limited additional value due to the wide variances in data reporting approaches and presentation of service expenditure.

## Medium Term Financial Strategy (MTFS)

An approach is therefore being developed to undertake more specific analysis and benchmarking with a smaller number of Councils who are equally looking for similar insights.

Progress on this work which is part of the Fit for the Future Programme will be reported through the MTFS programme through 2022/23

Risk There is a risk that the Council faced further financial shocks, it is unable to reduce this budget category making further service efficiencies

### **Recommendation 8 Develop a Financial Resilience Strategy**

This section (section 7) of this MTFS report is the evidence of progressing this recommendation

Risk There is a risk that further economic decline will dampen recovery against both Council Tax and Business Rate income. This will reduce funding available to the Council, either requiring further savings or further draw down from reserves

### **Recommendation 9 Evaluate the reporting and business intelligence landscape**

The Council has implemented a review of its business intelligence and performance reporting (Green Book). The scope of this review was agreed at the meeting of the Overview and Scrutiny Committee at its meeting on 21<sup>st</sup> March 2022. A progress report is being taken to the 11<sup>th</sup> of July meeting of the Overview and Scrutiny, with a final proposal later in the year.

## FINANCIAL CONTROL

Risk There is a risk that the Council are not capturing the key risks within the financial position of its Group Companies, which could impact the recoverability of their financial investments

### **Recommendation 3 Develop a Shareholder Centre of Excellence that strengthens strategic finance**

A separate report on company governance is being presented to this meeting of the Executive. This report seeks to ensure that the Council's governance arrangements are amongst the best in local government and as such, proposes that its arrangements are updated and kept under continuous review. This report outlines proposed changes to the Council's current governance arrangements in line with best practice, as particularly highlighted by Local Partnerships, CIPFA and Lawyers in Local Government guidance.

As part of these proposed changes there is a Shareholder Liaison Service which directly addresses this Shareholder Centre of Excellence recommendation.

## Medium Term Financial Strategy (MTFS)

Risk There is a risk where contracts are to be renewed and have renewal prices linked to inflationary indices that the Council will face increased cost

**Recommendation 7** **Strengthen the contract register and commitment tracking**

A Chartered Institute of Procurement and Supply (CIPS) certified procurement service has been commissioned to undertake analysis of Council spend and develop proposals for savings and organisational design for how the Council should management procurement activity.

This analysis and review will be reported this year and incorporated into MTFS updates

Risk There is a risk that the Council are not undertaking financial governance reflective of the complexity of the company portfolio

**Recommendation 12** **Review the quality of financial capability and capacity**

This recommendation is being addressed through the response to Recommendation 3 above.

### COMMERCIAL OVERSIGHT OF INVESTMENT PERFORMANCE

Risk There is a risk that if the pace and scale of future development continues to stall, or does not realise the expected connections for the company, significant losses will continue for the company

**Recommendation 1** **Undertake an appropriate level of scrutiny on companies**

See response to Recommendation 3 above.

A separate report on company governance is being presented to this meeting of the Executive. This report seeks to ensure that the Council's governance arrangements are amongst the best in local government and as such, proposes that its arrangements are updated and kept under continuous review. This report outlines proposed changes to the Council's current governance arrangements in line with best practice, as particularly highlighted by Local Partnerships, CIPFA and Lawyers in Local Government guidance.

Running in parallel with the review of the governance of companies highlighted above, a review of the Thameswey group of companies' financial performance and business development and growth forecasts has been initiated and is being led by the Chief Executive. This review includes stress testing of sales forecasts

## Medium Term Financial Strategy (MTFS)

and margins and scenario planning changes in markets.

Priority is being given to the review of Thamesway Central Milton Keynes as this is commensurate to the outline exposure to risk for the company and the council, using the guiding principles of **affordable, responsible, and sustainable** to develop options

An initial evaluation of developments in the Milton Keynes area that will lead to new business opportunities and discussions on potential partnership opportunities has been initiated and scenario modelling is underway.

Members will receive a full briefing on the review of business plans alongside the proposed governance arrangements prior to Thamesway business plans being submitted to the 17<sup>th</sup> of November 2022 meeting of the Executive

Risk There is a risk the Council is not maintaining asset conditions, impacting value

**Recommendation 10                      Develop an Asset Management Strategy**

A strategic asset management plan is needed for the next 5 years to demonstrate compliance with the Woking for All strategy, addressing important key principles for the Council's estate to ensure it is fit for purpose, efficient, and performing well to support the services – for the good of the Borough and its residents.

The Council are in the process of commissioning for a Strategic Asset Management Plan to be produced and delivered by November 2022

Risk There is a risk continued downward revaluations undermine the Council's regeneration agenda, and weaken the balance sheet

**Recommendation 11                      Define Place Making strategic objectives and investment criteria**

Key component parts of the regeneration and Place Making strategy are referenced in the MTFS report, notably the development of a Town Centre Masterplan; Strategic Asset Management plan referenced above and the car parking charging strategy. All of these component parts are part of the Council's response to recovery of the Woking economy and vitality (Section 4)

### Risk Based Reserves Strategy

- 7.14 During 2021/22 a risk-based reserves strategy was established as part of the MTFS. It was determined that a balance of £10m should be retained to meet the budget robustness assessment and provide some provision for risks and an ability to invest into future priority investment programmes.
- 7.15 This provision, highlighted below, will continue to be reviewed as part of the ongoing MTFS process, including the implications of any further identified risks.

General Fund Balance (set at 4% of Gross budget)	£4.8m
Priority Outcomes and Transformation	£3.2m
Finance and Service Risk	£2.0m

- 7.16 The provisional outturn for 2021/22 is consistent with the reserves forecast reported in the March MTFS. Amendments relate to timing of grants and collection fund balances but do not impact the overall level of resources available over the MTFS period.
- 7.17 As the statement of accounts is finalised in the coming weeks a review will be completed to consolidate reserves which can be used to support the Council's budget through the MTFS, maintaining those for which there is committed expenditure or specific identified risk. This will be presented within the final analysis for 31 March 2022 and reported in October.
- 7.18 As part of the annual budget setting process the Chief Finance Officer (S151) is required to confirm that the budgets are robust and that the reserves and provisions are adequate. This statement was provided in February 2022 in relation to the 2022/23 budget and the Council continues to have an adequate level of reserves in the short term.
- 7.19 The updated financial outlook, as detailed in section 6 above, recognises a much greater potential risk than previously identified due to slower income growth and increased inflationary cost pressures. This could double the call on reserves and would result in all available resources being used by the end of 2024/25. Further necessary actions are set out in Section 8 below.
- 7.20 Work is ongoing to update the Victoria Square Woking Ltd (VSWL) financial model to reflect the current position on project construction costs and the operating position as the residential and commercial units are occupied. The car park asset currently remains in the company and as such it will be necessary to amend the loan facility to reflect the full investment value (including the car park) as included in the Investment Programme. An update on the project and financial position is scheduled for the September meeting of the Executive.
- 7.21 The Council has engaged EY to assist with the review of the Thamesway Group financial plans. This will provide insight for the Council in determining the future direction of the group as well as providing challenge on the underlying modelling assumptions. Any changes to the debt structure would affect the Council's budgets so will need to be carefully considered. The results will be reported as part of the Thamesway business plan cycle and MTFS update in the autumn.

## **8.0 Summary position and actions**

- 8.1 The financial forecast and pressures as set out in the sections above are substantially worse than in previous updates to the MTFS. This reflects a combination of an ongoing real risk to the Council's historic income, together with costs rising at a rate not seen for 40 years.

## Medium Term Financial Strategy (MTFS)

8.2 This financial forecast position is aligned to the most recent messaging from the Bank of England this week (5<sup>th</sup> July 2022), specifically in relation to developments from the forecasts earlier in the year:

- The global economy has worsened materially
- Markets remain volatile
- The outlook for the economy remains very uncertain

8.3 In this context of uncertainty, the savings options that need to be proposed and modelled to cover the 4 years to 31 March 2026 is circa £11m. There are a number of unknowns and assumptions within the forecasting, however, as part of the Council's Financial Resilience Strategy it is essential that the Council has plans that enable it to respond to the financial risks that are contained within planning and forecasting assumptions. It is therefore prudent and responsible to understand the options and implications for savings of circa £11m and to continue to review forecasts and develop stronger evidence behind these to bring greater certainty to the forecasts.

8.4 If no action is taken, together these pressures have the potential to increase the use of reserves at a rate which would lead to all the Council's being exhausted by the end of 2024/25. Over the summer it is therefore critical that the Council establishes a plan to address this use of reserves.

8.5 The annual savings required to keep reserves at an acceptable level are shown in the table below, £10m in total by 31 March 2026. These targets may be met through a combination of cost savings, efficiencies and transformation, mitigation of identified pressures and income generation.

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Forecast Revenue Reserves at 31 March (Feb 22)	21.7	16.2	11.2	6.1
Forecast additional use of reserves (July 22)	- 2.2	- 7.0	- 13.0	- 20.4
Revised Reserves Forecast (July 2022)	19.5	9.2	1.8	14.3
2022/23 Savings target	2.0	2.0	2.0	2.0
2023/24 Savings target		4.0	4.0	4.0
2024/25 Savings target			2.0	2.0
2025/26 Savings target				2.0
Total Savings Achieved (annual)	2.0	6.0	8.0	10.0
Total Savings Achieved (cumulative)	2.0	8.0	16.0	26.0
<b>Reserves Forecast (July 2022)</b>	21.5	17.2	14.2	11.7

8.6 A proposed approach to addressing this budget gap will be further worked through the MTFS process and reported in the October and November reports to the Executive. There are however a number of key areas that are being assessed to provide a scale of opportunity that would enable the Council to deliver major change at pace. These opportunities cover:

- Reviewing Council owned company governance and financing models
- Establishing stronger commercial operating principles
- Using the Council's Assets to lever greater inward investment to the Borough
- Working in partnership to reduce costs and increase opportunities
- Identifying the full range of financing and treasury management flexibilities
- Reviewing all income generation opportunities
- Developing procurement category management plans for key areas of spend

## Medium Term Financial Strategy (MTFS)

- Ensuring statutory services continue to be delivered and prioritising service expenditure against services that make the greatest contribution to delivering the priorities within the Working for All strategy
- 8.7 Alongside these opportunities that will be explored we need to understand the implications of establishing a general savings target across all services in order for options to be developed and prioritised against the Working for All strategy priority outcomes.
- 8.8 This work will be undertaken over the coming months against a savings target of 10%, in order to inform the November 2022 MTFS report. It is however important to note and recognise that this is not a recommendation or decision to take this saving from all services. At this stage the target is being used so that options and implications can be assessed, evaluated, and understood.
- 8.9 During the year the key income streams and inflationary pressures will be monitored to provide more certainty around the scale and timing of the challenge ahead.
- 8.10 In April 2022 the government published guidance on the use of capital receipts to fund qualifying revenue expenditure on projects that are designed to:
- generate ongoing revenue savings in the delivery of public services and/or
  - transform service delivery to reduce costs and/or
  - transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.
- 8.11 Use of this flexibility requires a Flexible use of Capital Receipts Strategy to be adopted by the Council which should list all projects for which the Council intends to apply capital receipts together with details of the savings/service transformation for each. The Strategy must be published and submitted to DLUHC. It may be updated during the year subject to any updates being submitted to DLUHC. This potential to use capital receipts to support the Council's transformation agenda will be explored in more detail with an update reported through the MTFS in the autumn.

### Equalities and Human Resources

- 8.12 No specific Human Resource or Training and Development implications.
- 8.13 There are no equalities implications.

### Legal

- 8.14 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'. The Local Government Act 2003 places a duty on the Council's Chief Finance Officer to advise on the robustness of the proposed budget and the adequacy of reserves.
- 8.15 The MTFS is a fundamental element of the Council's strategic financial management arrangements. The MTFS is a policy framework document that is required by law to be adopted by Council.
- 8.16 The Council is required by statute to set a balanced budget. Members have a duty to seek to ensure that the Council acts lawfully. They are under an obligation to produce a balanced budget. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided against the costs of providing such services.

8.17 The MTFS ought to be consistent with the Council's work plans and strategies, particularly the Corporate Plan.

8.18 The Council is required to obtain approval by Full Council of its MTFS.

**9.0 Engagement and Consultation**

9.1 The Council has undertaken a significant programme of engagement during 2021/22 in preparing for the adoption of the Working for All strategy. The feedback from this engagement has identified priority areas for the Council in allocation of resources over this MTFS.

REPORT ENDS

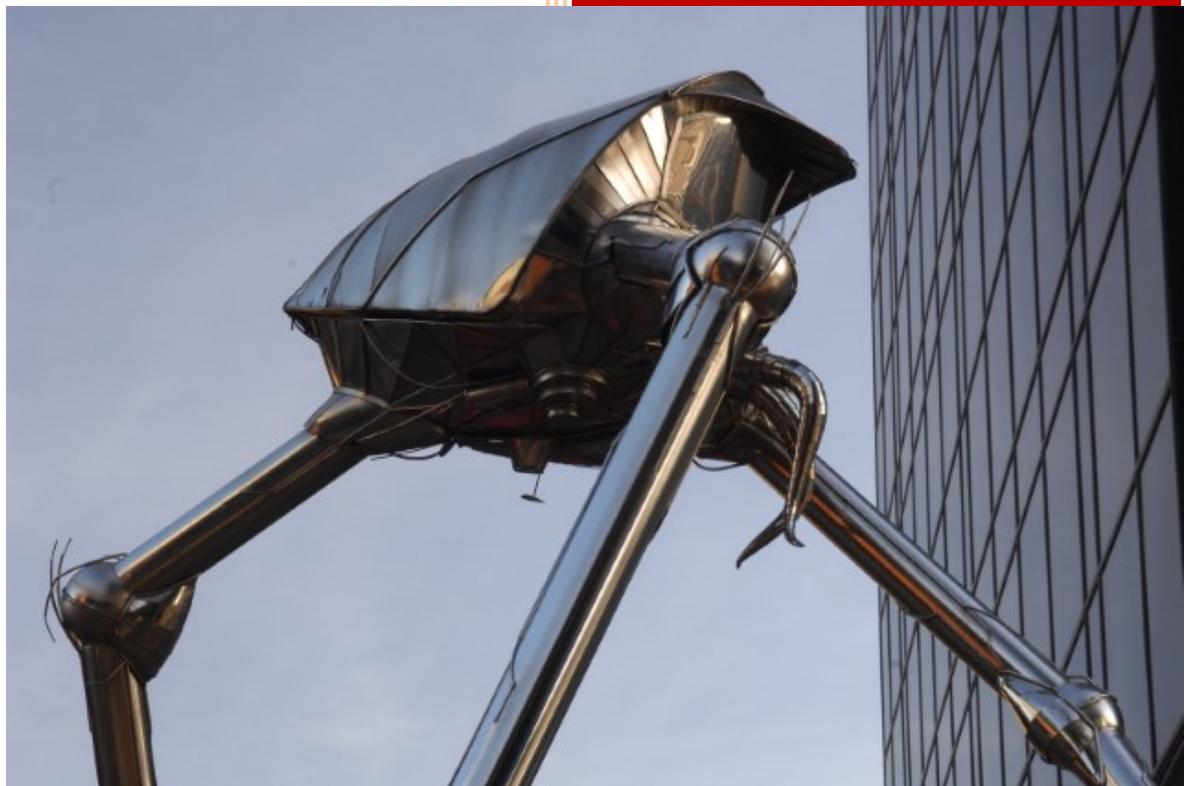
**APPENDICES**

- Appendix 1 Picture of Working
- Appendix 2 Financial Resilience Framework
- Appendix 3 Financial Resilience Actions



2021

# Appendix 1: Picture of Woking



Woking Borough Council

7/15/2021

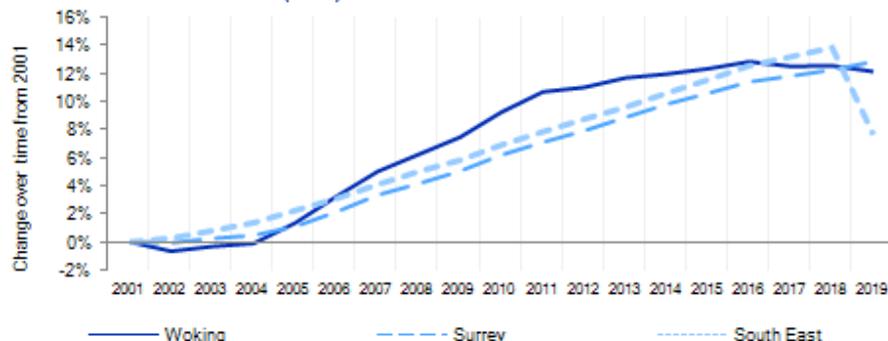
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## 1.0 A picture of Woking

Woking is one of 11 districts and boroughs in the county of Surrey<sup>1</sup>. It has a population of 100,793 across ten wards, which has plateaued in recent years following an above average increase from 2006 – 2015. Of the total population, 50.0% are male and 50.0% are female.

Figure: % change in total population from 2001-2019  
Source: Mid-Year Estimates (ONS)



Woking has a slightly younger population profile than both England and the South East region. Of the Woking population, 21.6% are aged 0 to 15 (South East: 19.2%, England: 19.2%), 61.1% are aged 16 to 64 (South East: 61.3%, England 62.4%) and 17.3% are aged 65 and over (South East: 19.5%, England: 18.4%).

However, in common with the rest of the country, Woking has an ageing population and the over 65 population is expected to increase by 3,900, more than 20%, in the next ten years.

Woking is the most ethnically diverse borough in Surrey, with a large Pakistani community (5.7% - the highest proportion in Surrey). In 2011, 83.6% of Woking's population identified themselves as white, 11.6% as Asian or Asian British, 1.4% as black or black British, 2.4% as mixed and 1.1% as other ethnic group.

Woking has the biggest Syrian Refugee Resettlement programme in the South East region. 50 Syrian families have been resettled in Woking over the last five years through the Home Office Vulnerable Person's Relocation Scheme. The council provides housing and intensive support for resettlement including health needs, benefits, employment, language training and social integration.

In March 2021 it was announced that Woking was top of the Lambert Smith Hampton UK Vitality Index 2021<sup>2</sup> which assesses locations outside London to identify the best places to live, work and do business, in addition to those with the highest growth potential. The index incorporates a range of indicators including economy, business, health outcomes and the environment. Woking had particularly strong performance in the pillars of:

- Economy and Business (10<sup>th</sup>) - inclusive of a top score for wage growth and commercial property investment, and
- Health and Environment (2<sup>nd</sup>) – Low levels of cardiovascular mortality and high score for life satisfaction and recycling

Other things to note in the index that are relevant to Woking are:

- Strong performance of medium sized centres related to their ability to offer more to their residents in certain key respects, including education, health outcomes and life satisfaction.
- Strong performance of the South of England making up 8 of the top 10 places

Further to the UK Vitality Index the Legatum Institute produced a 2021 Prosperity Index. The Legatum Institute is a London based think tank focussing on the pathways from poverty to prosperity and the transformation of society

<sup>1</sup> Throughout this document 'Woking' is used to refer to the borough of Woking (as opposed to the town of Woking).

<sup>2</sup> <https://www.lsh.co.uk/explore/research-and-views/research/2021/feb/vitality-index-2021>

The prosperity index tracks prosperity across all 379 Local Authorities in the UK and allows the assessment of development, growth and extent of prosperity across all areas of the UK.

For 2021, Woking is ranked 5<sup>th</sup> of all 379 Local Authorities using 3 high level domains of Inclusive Societies; Open Economics and Empowered People to make this assessment. Woking is ranked particularly strongly in the Empowered People domain which covers Living Conditions; Health; Education and Natural Environment.

Other things to note in the Index that are relevant to Woking are:

- Strong overall correlation with the assessments in both the Lambert Smith Hampton Vitality Index and the Legatum Institute Prosperity Index
- Strong overall assessment of the South East region and the County of Surrey with 10 of the 12 Surrey District and Boroughs in the top 20 local authorities

Woking has also scored highly in other rankings, earning a spot among the happiest places in the UK, according to the Office for National Statistics, while the most recent Halifax Quality of Life Survey named Woking among the 20 best places to live in Britain.

## **2.0 People: A Healthy, Inclusive and Engaged Community**

### **2.1 The health of Woking**

The health of people in Woking is generally better than the English average. The life expectancy for both men and women is higher than the average for England – in Woking, life expectancy at birth for males is 82.7 years (compared to 80.8 for the South East region and 79.8 for England) and for females is 84.9 years (compared to 84.3 for the South East region and 83.4 for England).

However, there are health inequalities – differences between the health status of different groups of people – in Woking. In the most deprived areas of Woking, life expectancy is 5.7 years lower for men and 4.6 years lower for women than in the least deprived areas. This is, however, less pronounced than in the South East region generally (7.9 and 6.0 years respectively) and England as a whole (9.5 and 7.5 years respectively).

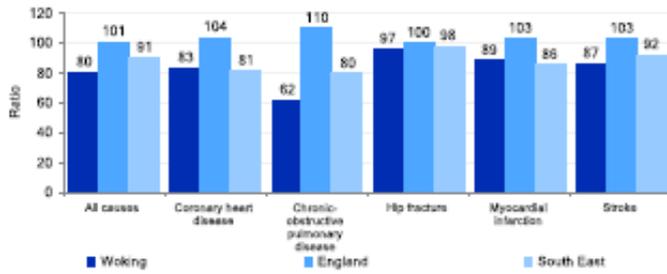
The Covid-19 pandemic has brought health inequalities into sharp focus. A Public Health England report<sup>3</sup> published in June 2020 found that that the impact of Covid-19 has replicated existing health inequalities, and in some cases has increased them. Nationally, the mortality rates from Covid-19 in the most deprived areas were more than double those in the least deprived areas for both males and females. This is greater than the inequality seen in mortality rates in previous years.

Woking performs well for most other measures of physical health - the infant mortality rate of 3.7 is in line with the South East region (3.7) and lower than England (3.9) and the under 75 mortality rate from cardiovascular diseases (46.8) is better than the averages for the South East region (57.1) and England (70.4), as is the under 75 mortality rate from cancer (110.6 in Woking compared to 121.6 in South East region and 129.2 in England). As the chart below shows, Woking had a lower emergency admission rate to hospital than other areas in England and the South East from 2013 – 2018.

Figure: Emergency hospital admissions: Standardised ratio (select causes)

Source: Hospital Episode Statistics, Information Centre for Health and Social Care, Office for National Statistics (2013/14 – 2017/18)

If an area is above 100, there is a higher proportion of admissions than had been expected. If it's below 100, there is a lower proportion of admissions than expected.



However, the estimated prevalence of diabetes in Woking is 5.7%, higher than the Surrey average of 5.4% and broadly in line with the national average of 6.8%. As highlighted in the Government’s White Paper **Working Together To Improve Health and Social Care For All** published in February 2021, diabetes is on the rise. The rate of diabetes in England is expected to increase by more than 15% by 2030.

There are over 14 million disabled people in the UK. Into this group fall 19% of working age adults, 44% of pensioners and 8% of children. Woking is the district/borough in Surrey with the highest percentage of adults claiming Disability Living Allowance (1.7% compared to 1.5% Surrey average). The top three wards for disability benefit claims are Hoe Valley, Goldsworth Park and Knaphill. The council’s Homelink service has seen an increase in the number of clients with mobility issues as a result of the pandemic.

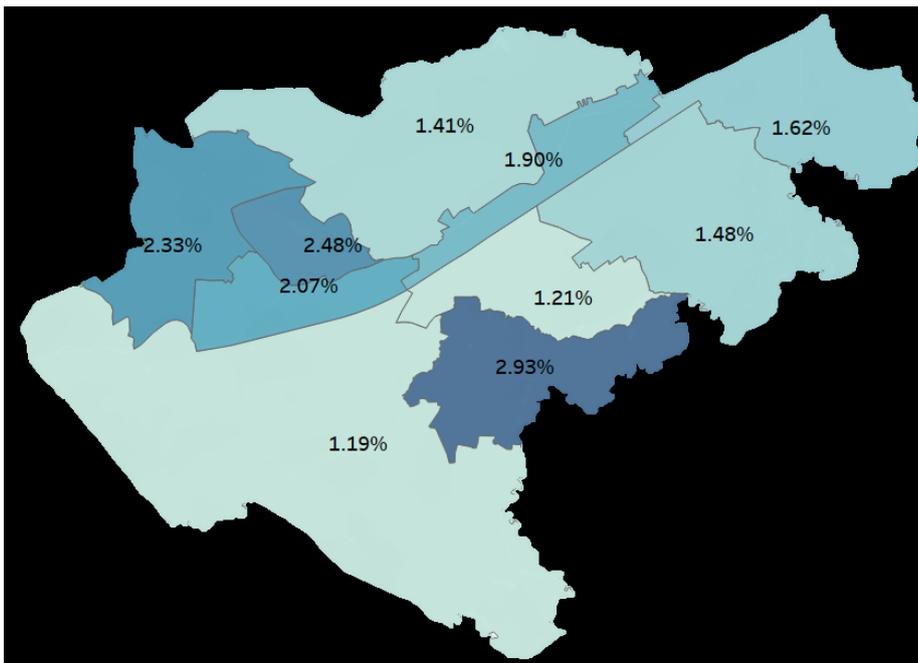


Figure 2: Shows proportion of people who are disabled and receiving Disability Living Allowance (DLA)  
Source: Department for Work and Pensions – February 2021

Woking has the second highest rate in Surrey for children with Special Educational Needs and Disabilities (SEND) in Year R (aged 4-5 years) at 79.1 per 1,000 compared to the Surrey average of 55.3. At Year 6 (aged 10-11 years) the rate in Woking of 108.1 is slightly below the Surrey average of 109.6.

Surrey County Council's Graduated Response<sup>4</sup>, also known as 'SEND Support', provides an approach for early identification and intervention to support children who experience barriers in making progress. This 'staged' approach follows a four-part cycle - assess, plan, do and review – and sets out how services in Surrey work together with parents/carers, schools and settings to improve outcomes for children and young people with SEND.

In terms of mental health, the rate for self-harm related hospital admissions in Woking is 106.4 (representing 100 admissions per year), lower than the average for both the South East region (199.7) and England (193.4). Similarly, Woking's suicide rate of 8.0 per 100,000 people is lower than that of the South East region (9.6) and England (10.1). Males account for around 75% of suicide deaths, with 45-60 being the highest risk age group. The Surrey Suicide Prevention Strategy 2019-22 aims to reduce levels of suicide by 10% by 2021.

Mental health problems are distributed according to a gradient of economic disadvantage i.e. the poorer and more disadvantaged are more likely to be affected by a mental illness.

Nationally, one in six adults experiences a common mental health problem such as anxiety or depression. The estimated prevalence of common mental disorders in Woking is lower compared to the South East region and England for both the population aged 16 and over (England: 16.9%, South East region: 14.8%, Woking: 13.1%) and the population aged 65 and over (England: 10.2%, South East region: 9.2%, Woking: 7.9%).

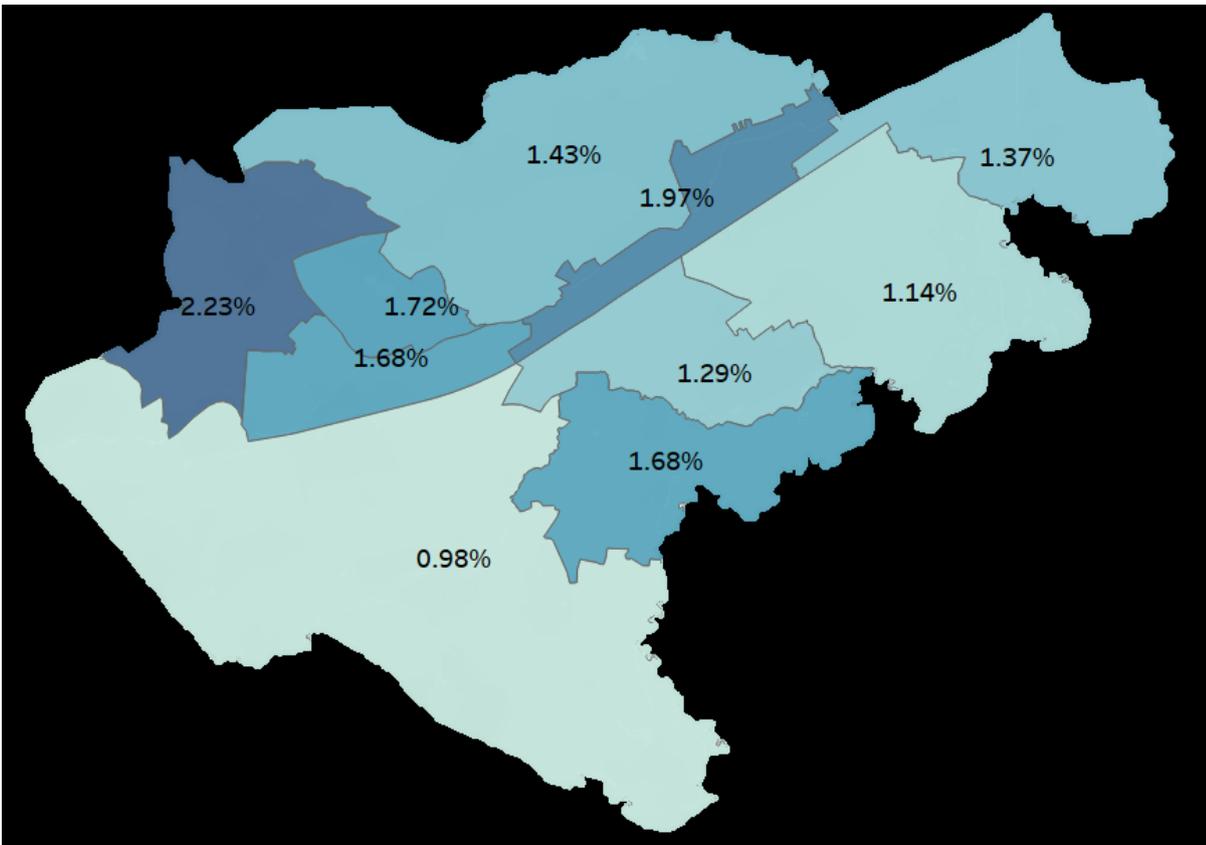
However, Woking has a slightly higher percentage of adults claiming incapacity benefit for mental health issues (1.6% of all incapacity benefit claimants) compared to the rest of Surrey (1.5%), ranking joint second out of the 11 borough and districts in Surrey. It should be noted that this is lower than the England average of 2.3% and no Woking wards fall above this national average. The top three wards for mental health incapacity benefit are Knaphill<sup>5</sup> (2.2%), Canalside (2.0%) and Goldsworth Park (1.7%), as show in the map below.

Figure 3: Claimants of Incapacity Benefit who are claiming due to mental health related conditions Source: Department for Work and Pensions – May 2020

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<sup>4</sup> <https://www.surreylocaloffer.org.uk/kb5/surrey/localoffer/site.page?id=6soPrqlr3vA>

<sup>5</sup> Brookwood Asylum in Knaphill was the leading mental health site in West Surrey until its closure in 1994. Many former residents chose to stay in the area.



The trend for those claiming Incapacity Benefit due to mental health has remained largely flat across the last 10 years.

Mental health has been identified as a particular issue in young people. In 2020, Redeeming Our Communities undertook a survey of more than 150 young people in Woking. When asked what the biggest issue was in Woking, the main response was mental health, followed by a lack of things to do / being bored and bullying in school, online and through phone and text messages. During the past year, 73% of young people surveyed had experienced anxiety, 40% had felt isolation, 37% had periods of sustained mental health illness and depression, 24% had suffered from self-harm, and 8% said their long-term mental health had been affected by a disability.

The lockdowns as a result of the pandemic have had a significant impact on mental health and social isolation. The UCL COVID-19 Social Study published in February 2021 found that anxiety and depression levels are consistently higher than pre-pandemic averages. The ONS report **Coronavirus and the Social Impacts on Great Britain**, published in November 2020, found that restrictions on socialising have had an impact on people's wellbeing and mental health with nearly half of adults (49%) reporting boredom, loneliness, anxiety or stress arising due to the pandemic. In November 2020 Surrey County Council published a Covid-19 Community Impact Assessment<sup>6</sup> which found that 58% of Woking residents were concerned about their mental health and wellbeing for the following six months. This figure is 11% higher than the Surrey average and the highest of the districts and boroughs in Surrey.

A social prescribing survey of 29 link workers and wellbeing advisers across Surrey in January 2021 found that the most common issues being experienced by clients were mental health and emotional support, and social interaction or loneliness. An ONS survey<sup>7</sup> between October 2020 and February 2021 found that 6.58% of people in Woking often or always felt lonely, compared to 6.17% in Surrey and 7.26% in England.

<sup>6</sup> <https://www.surreyi.gov.uk/covid-impacts/>

<sup>7</sup>

The mental health impact of the pandemic on children and young people has been widely reported. In July 2020 NHS Digital undertook a survey<sup>8</sup> of the mental health of children and young people across England, a follow-up to a 2017 survey. This latest survey found that rates of probable mental disorder in children aged 5 - 16 years have increased from one in nine (10.8%) in 2017 to one in six (16.0%) in 2020. The likelihood of a probable mental disorder increased with age, and there was a noticeable difference in gender for the older age group (17 - 22 years); 27.2% of young women and 13.3% of young men were identified as having a probable mental disorder in 2020.

Dementia is now the leading cause of death in the UK. 1.29% of the Woking population (which equates to 1,370 people)<sup>9</sup> is living with dementia. This is broadly in line with the UK average of 1.29%. The number of people with dementia is predicted to rise by up to 35% by 2025 and 146% by 2050.

## 2.2 Clinical care

Physical and mental health and care services are provided by a range of organisations including NHS providers, Surrey County Council and the voluntary and community sector.

Although the Council has limited influence over the quality of clinical care, it can and does influence access to clinical care, for example through the provision of space for health services in the local community and ensuring transport provides easy access to health services.

- In November 2020 outpatient physiotherapy services were relocated from Ashford and St Peter's Hospital to five new physio rooms at Woking Leisure Centre to improve access, provide the opportunity to link recovery programmes with exercise at the gym and encourage local residents to access facilities and activities they may never have done before.

In addition, the stigma in relation to mental health issues can prevent people from seeking help and the Council can play a role in reducing this.

- In 2019, Woking was recognised by the Alzheimer's Society as the first Dementia Friendly Community in Surrey.

## 2.3 Smoking

The smoking rate in Woking has more than halved in the last ten years. 7.6% of adults in Woking smoke, this is lower than both the South East region (12.2%) and England (13.9%). Smoking prevalence in pregnant women is also lower (7.4%) than both the South East region (9.7%) and England (10.4%).

## 2.4 Diet

60.2% of adults in Woking are classified as overweight or obese compared to 62.3% in England and 57.6% in the South East region. 8.5% of adults (8,500 people) in Woking are registered by their GP with obesity as a health condition. Again, although this is lower than the national average of 9.8%, it is higher than the Surrey rate of 6% and Woking ranks highest of the 11 boroughs and districts in Surrey.

Obesity is the single greatest risk factor for developing Type 2 diabetes and adults who are overweight or living with obesity are at an increased risk of serious Covid-19 complications and death.

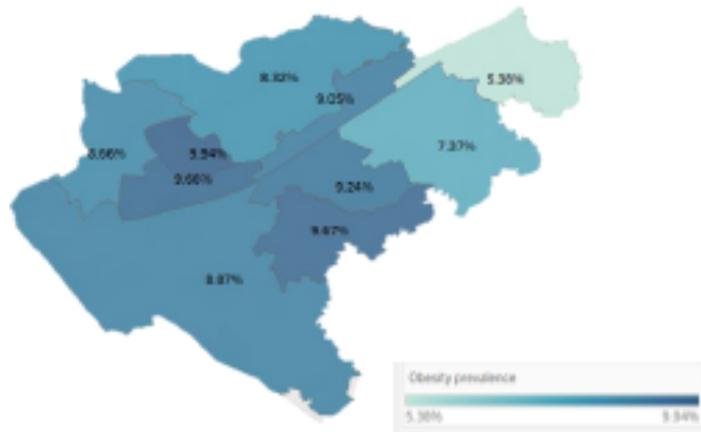
The map below shows that though prevalence of obesity is highest in the centre of the borough it is largely similar throughout.

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<sup>8</sup> <https://digital.nhs.uk/data-and-information/publications/statistical/mental-health-of-children-and-young-people-in-england/2020-wave-1-follow-up>

<sup>9</sup> [https://app.polimapper.co.uk/?dataSetKey=38d03a57d2f948c8b577839a1cf16543# =&con\\_over=Woking](https://app.polimapper.co.uk/?dataSetKey=38d03a57d2f948c8b577839a1cf16543# =&con_over=Woking)

Figure: Shows the estimated percentage of Obesity prevalence.  
Source: GP registers In 2017/18, NHS Digital

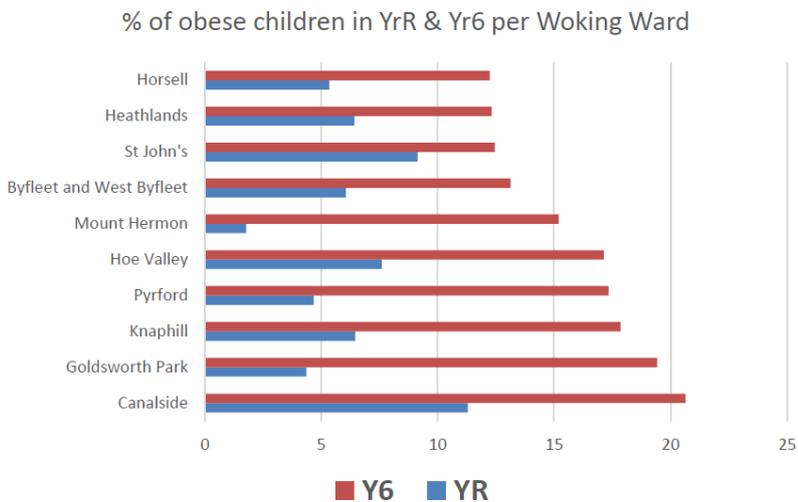


Goldsworth Park has the greatest obesity prevalence at 9.9%, followed by Hoe Valley and St. John's (both at 9.6%). These three wards are the highest ranked wards in Surrey. Six of the top ten wards in Surrey for obesity prevalence are in Woking. All Woking wards apart from Byfleet and West Byfleet are above the Surrey average.

Childhood obesity statistics present a similar picture. This is a particular concern as children who are overweight or living with obesity are much more likely to become adults who are overweight or living with obesity.

Childhood obesity rates in Year R (ages 4-5) and Year 6 (ages 10-11) in Woking are 6.4% and 15.9% respectively, lower than the averages for England (9.6% and 20% respectively) but higher than the Surrey averages (6.2% and 14% respectively).

Per Ward, the breakdown is as follows:



Canalside has the highest percentage of obesity in both Year R (11.2%) and Year 6 (20.6% - one in five children of this age) and is above the national average for both age groups.

## 2.5 Exercise

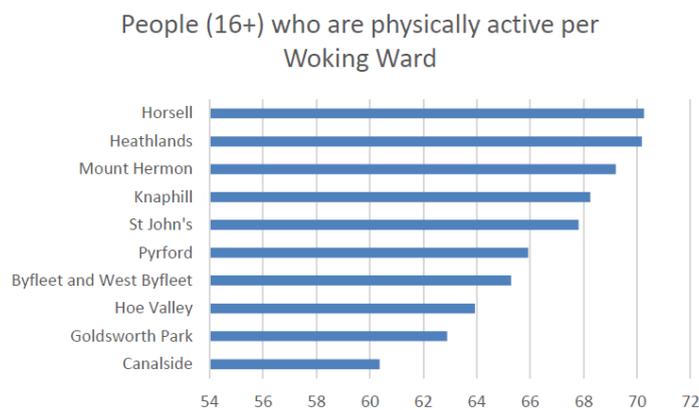
Just behind smoking, high blood pressure and obesity, the fourth biggest cause of disease in our population is lack of physical activity. As well as preventing physical ill health, exercise can also have a positive impact on mental wellbeing. In a recent survey undertaken by Active Surrey c. 75% of

Woking residents surveyed reported that sport and exercise made them most happy and c. 70% reported that they do sport or exercise to manage their worries.

28.0% of people (aged 16+) in Woking are classed as inactive which means they do less than 30 minutes of moderate intensity physical activity a week. This compares to 23.2% in Surrey and 27.1% in England<sup>10</sup> and Woking is the most inactive district or borough in Surrey. The figure for Woking has significantly increased over the past six months from 24.2%. 61.6% of people in Woking are classed as physically active, as they do at least 150 minutes of moderate physical activity a week (Surrey: 65.4%, England: 61.4%).

This most recent data is not yet available at a ward level, but the breakdown by ward for the May 2019/20 data is as follows:

The breakdown by ward is as follows:



Canalside has the lowest percentage of physically active people (16+) at 63.5% and has the third highest percentage of inactive adults of all the wards in Surrey.

The most recent physical activity data<sup>11</sup> for children and young people at a borough level is from 2017/18 which showed that almost a third (28.8%) of children did less than 30 minutes of activity each day. This was the third lowest compared to other Surrey boroughs and districts and lower than the Surrey average (30.9%).

Sport England has reported on the impact of the pandemic on activity levels. The proportion of the adult population classed as inactive increased by 7.4% during the first few weeks of full lockdown between mid-March and mid-May 2020<sup>12</sup>. Sport England also found that the proportion of children and young people reporting they were active during mid-May to late-July 2020 fell by 2.3% compared to the same period 12 months earlier.<sup>13</sup> Sporting activities saw a large decrease in the numbers taking part, however, significant increases in walking, cycling and fitness activities limited the negative impact on overall activity levels.

The council recognises the importance of physical activity, as demonstrated by its endorsement of the Physical Activity Strategy for Surrey in 2019. The council provides leisure facilities (operated by Freedom Leisure) at Woking Leisure Centre, Woking Sportsbox and Pool in the Park. In 2019/20 Freedom Leisure provided almost 90,000 swimming lessons as part of a mixed programme of leisure, sport, recreation and competition activities, catering to a variety of groups and needs. The programme includes learning disability swimming lessons, walking football, dementia friendly swimming sessions,

<sup>10</sup> Source: <https://activelives.sportengland.org/Home/AdultData>

<sup>11</sup> Source: [https://www.sportengland.org/know-your-audience/data/active-lives/active-lives-data-tables?section=children\\_and\\_young\\_people\\_surveys](https://www.sportengland.org/know-your-audience/data/active-lives/active-lives-data-tables?section=children_and_young_people_surveys)

<sup>12</sup> [https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2020-10/Active%20Lives%20Adult%20May%2019-20%20Coronavirus%20Report.pdf?2L6TBVV5UvCGXb\\_VxZcWHcfFX0\\_wRaI7](https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2020-10/Active%20Lives%20Adult%20May%2019-20%20Coronavirus%20Report.pdf?2L6TBVV5UvCGXb_VxZcWHcfFX0_wRaI7)

<sup>13</sup> [https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2021-01/Active%20Lives%20Children%20Survey%20Academic%20Year%2019-20%20Coronavirus%20report.pdf?2yHCzeG\\_iDUxKq4Q2e4LiQcThJPowerPoint Presentation \(sportengland-production-files.s3.eu-west-2.amazonaws.com\)](https://sportengland-production-files.s3.eu-west-2.amazonaws.com/s3fs-public/2021-01/Active%20Lives%20Children%20Survey%20Academic%20Year%2019-20%20Coronavirus%20report.pdf?2yHCzeG_iDUxKq4Q2e4LiQcThJPowerPoint Presentation (sportengland-production-files.s3.eu-west-2.amazonaws.com))

ladies football, ladies youth boxing and disability badminton courses. The facilities offer tiered pricing on both a pay as you go and monthly/annual basis, including reduced rates for those in full time education, receiving means tested benefits, disabled users and carers.

The council also operates a large number of sports pitches (football, cricket and rugby) and pavilions over 18 local greenspaces. In addition, there are a number of private providers running facilities across the borough.

The council has a Sports Development Officer who liaises with the wide range of sports clubs (over 75 in total) to ensure best use is made of the available facilities. Some clubs boast over 500 members ranging from elite participants to grassroots level. The council has a range of tennis courts and a community membership package at the newly refurbished courts in Woking Park which is hugely popular (775 active members and 77% court utilisation in 2020) and very accessible at £39 a year for up to six hours of tennis a week. The council also participates in annual events such as Surrey Youth Games and hosts the Woking Sports Awards to encourage more residents to be active.

Physical activity can be a form of travel such as walking or cycling everyday journeys. In England, 56% of car journeys are under five miles<sup>14</sup> and transport accounts for a third (34%) of all carbon dioxide emissions<sup>15</sup>, the majority arising from road travel. Increasing active travel (walking and cycling) can therefore improve health through both reduced emissions and increased exercise as well as having a positive climate impact.

In 2008, Woking was awarded cycle demonstration town status and received £1.8m in government funding to develop a three-year infrastructure enhancement programme. Woking Borough Council delivered the Cycle Woking programme in partnership with Surrey County Council to help increase take up of walking and cycling, particularly for shorter journeys within the borough.

Just over 26km of new off-road cycle routes were constructed, 13km of which run along the Basingstoke Canal. The enhanced cycle network provided a 60% increase in dedicated cycle facilities and transformed the old fragmented network by improving connectivity to key places including the town centre and railway station.

The network was named the 'Planet Trails' giving a nod to local connections with HG Wells and the War of the Worlds, which was written and based in Woking.

Other infrastructure improvements have included new and improved signalised cycle crossings which allow safer access across busy roads, better signage and over a thousand new cycle parking spaces, including a dedicated secure Cycle Hub at Woking Railway Station. Since the improvements, Woking Town Centre has played host to Britain's leading televised cycle race, the Tour Series, five times.

In August 2020, a [Local Cycling and Walking Infrastructure Plan](#) (LCWIP) for Woking was published, one of the first in the UK. Development of the plan was funded by the Department of Transport, working with Surrey County Council and Woking Borough Council. This plan identifies cycling and walking infrastructure improvements for future investment to help further increase trips made on foot or by bicycle.

## 2.6 Alcohol use

Alcohol misuse is the biggest risk factor for death, ill health and disability among 15-49 year olds in the UK, and the fifth biggest risk factor across all ages. The rate for alcohol-related harm hospital

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<sup>14</sup>

Department for Transport, Walking & cycling statistics (2018). [https:// assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/674503/walking-and-cycling-statistics-england-2016.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/674503/walking-and-cycling-statistics-england-2016.pdf)

<sup>15</sup>

2019 UK greenhouse gas emissions, provisional figures [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/875485/2019\\_UK\\_greenhouse\\_gas\\_emissions\\_provisional\\_figures\\_statistical\\_release.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875485/2019_UK_greenhouse_gas_emissions_provisional_figures_statistical_release.pdf)

admissions in Woking is 506 per 100,000, representing 479 admissions per year. The rate is lower than the averages for both the South East region (526) and England (664).

The rate for alcohol-specific hospital admissions among those under 18 in Woking is 21 per 100,000, representing 15 admissions per year. Again, this is lower than both the South East region (31.7) and England (31.6) rates.

The i-access drug and alcohol service, provided by Surrey and Borders Partnership NHS Foundation Trust, offers specialist advice, support and treatment to people in Surrey who want help with their drug and/or alcohol use. The council's Family Services team works in partnership with treatment providers where alcohol misuse is an issue for a family being supported and the Women's Support Centre actively supports women with substance misuse issues (including alcohol).

## 2.7 Sexual health

The rate of new sexually transmitted infections in Woking (529 per 100,000) is lower than the averages for the South East region (714) and England (900).

The Sexual Health Clinic at Woking Community Hospital is commissioned by Public Health and provides free confidential sexual health services, including contraception and genito-urinary medicine (GUM) screening, treatment and follow-up.

## 2.8 Education

A key measure of educational attainment is the 'average 8 attainment score'<sup>16</sup>. This is a measure of the average attainment of pupils in up to eight qualifications of GCSE and equivalent. Woking has an average 8 attainment score of 50.2, which is broadly in line with the Surrey average (50.3) and above England's (46.9). In addition, 81.9% of those aged 16-64 in Woking are qualified to Level 2 or higher, which is greater than the average for the South East (79.2%).

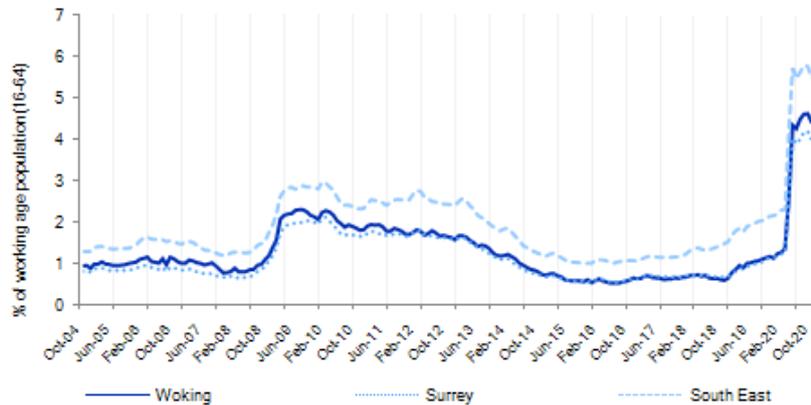
Surrey County Council is responsible for education. There are more than 30 primary schools in Woking, including five independent schools and two special schools (Freemantles, a school for children and young people with complex social communication needs, and Knowl Hill, a school for children with dyslexia and associated learning needs). There are ten secondary schools in Woking, including two independent schools and three special schools (Freemantles, Knowl Hill and Park School). There are four further education institutions in Woking for students aged 16 to 18 – Woking College, St John the Baptist Catholic Comprehensive School, Freemantles School and Hoe Valley School. All these institutions are rated outstanding by Ofsted apart from Woking College which is rated good.

## 2.9 Employment

In Woking, 51% of workers are in managerial, professional and technical occupations which is 10% above the average for the UK. The rate of employment (for those aged 16-64) is better in Woking (78.9%) than the England average (76.2%) but lower than the South East average (79.6%). However, this data is from 2019/20 and the economic impacts of the pandemic are now starting to be felt.

The chart below shows the month on month changes in the percentage of people claiming Jobseeker's Allowance (JSA) or Universal Credit (UC) across Woking and comparator areas. A clear and large spike can be seen in spring 2020 as a result of the Covid-19 outbreak.

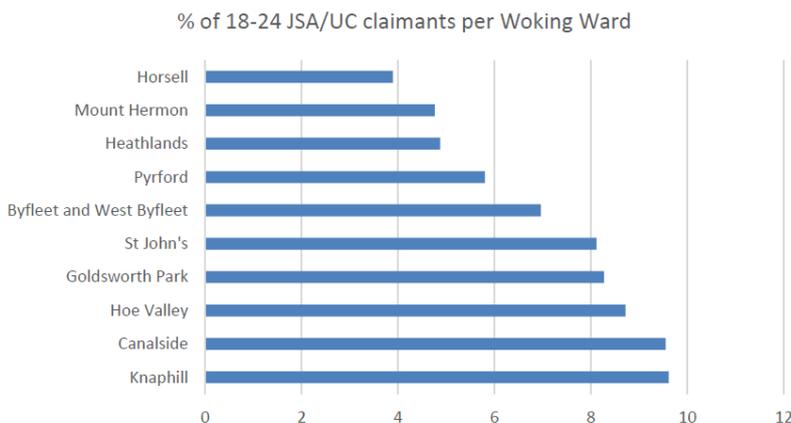
Figure: Unemployment benefit (Jobseekers Allowance/Universal Credit) claimants  
Source: Department for Work and Pensions



In summer 2020 Surrey County Council undertook analysis of furlough data to identify at risk employees and Woking ranked seventh (out of eleven districts and boroughs) in Surrey for quantity of at risk employees. This analysis also looked at unemployment rates and identified that communities with the highest existing unemployment may also be hit hardest by future redundancies. Canalside and Hoe Valley appeared in the top two for both indicators.

Youth unemployment is a particular concern. 7.7% of 18-24 year olds in Woking claimed JSA or UC in March 2021 (South East: 7.9%, Great Britain: 9.1%)<sup>17</sup>. The number of claimants in this category in Woking has more than tripled in the year since March 2020.

Per Ward, the breakdown is as follows:



Hoe Valley (9.7%) and St Johns (9.2%) have the highest figures which are above the national (9.2%), countywide (6.1%) and local average (7.9%). All Woking wards apart from Horsell are above the Surrey average.

Youth unemployment has also been significantly impacted by the pandemic. In December 2020 there were 882 Woking residents aged 18-24 in receipt of UC. Prior to the pandemic there were approximately 250 recipients at any one time.

The council's [Economic Development Strategy](#) 2017-2022 has five themes:

- Economic Dynamism;
- Economic Strength;
- People Skills and Workforce;
- Transport and Infrastructure; and
- Place Making.

<sup>17</sup> [https://www.nomisweb.co.uk/reports/lmp/la/1946157338/subreports/cca\\_time\\_series/report.aspx?](https://www.nomisweb.co.uk/reports/lmp/la/1946157338/subreports/cca_time_series/report.aspx?)

The priorities for action in the strategy include several designed to positively affect employment (and income) in Woking, including encouraging local recruitment.

The council has recently commissioned Surrey Care Trust to deliver a Youth Hub project to support 18-24 year olds in receipt of UC. This project launched in April 2021 based in Moorcroft Centre for the Community (which is in Westfield, Hoe Valley ward which has the highest level of UC/JSA claimants aged 18-24 in Woking) and also utilising centres in Byfleet and Knaphill. The project provides targeted support to help young people in Woking into employment through holistic support, links to business opportunities and the [Kickstart Scheme](#). In addition, within the community campus as part of the Sheerwater development (see case study on page [57]), the council will seek to incorporate support for young people in training and skills development.

## 2.10 Family and social support

Family and social support are key determinants of health. They are particularly important for families (including single parent families) and people at risk of social isolation. There are over 14,000 single person households in Woking<sup>18</sup> and this is projected to continue increasing. There are over 1,800 lone parents with dependent families in Woking.

Woking's planning strategy includes community facilities to support community cohesion and prevent isolation. The council seeks developer contributions to enable the provision of facilities or allocates land to enable the building of facilities.

The council also provides the following family and social support:

- Family Centres and Family Support Programme - these teams work with families and coordinate support across a range of areas including parenting, employment, education, physical and mental health, finances, healthy relationships, crime and anti-social behaviour. In the year to 9 March 2021, Family Centres received 168 referrals and supported a total of 297 children up to the age of 11. The main reasons for referrals were domestic abuse (32%), SEND (27%), and adult mental health including substance misuse (24%);
- Targeted youth work – the council runs targeted support jointly with Surrey County Council for; girls at risk of child exploitation, LGBT+ young people, children with special educational needs and disabilities (SEND), and young carers and looked after children. Approximately 50 young people are currently accessing services including mental health and wellbeing support, face-to-face sessions with youth workers, bereavement support, support with homework and Duke of Edinburgh Award programmes. Following a Surrey-wide consultation, the two Youth Centres in Woking (Sheerwater and WYAC) will be leased to local voluntary organisations during 2021. The council is also using feedback from looked after children and care leavers to shape the services available in the Centres for the Community;
- Centres for the Community - four centres across the borough (Moorcroft, Parkview, St Mary's and The Vyne) provide meals and activities for older and vulnerable residents. The centres are also used by health visitors for baby clinics and parenting support and for hairdressing, chiropody, reflexology and assisted bathing services. Before the pandemic the centres received over 20,000 visits each month and in 2019/20 more than 13,000 meals were provided. The majority of services at these centres have been closed during the most recent lockdown but the council has plans to reopen them in line with government guidance;
- Volunteer management and charity support – the council supports volunteers to register for placements and charities to recruit volunteers. There are currently 1,000 volunteers registered and seeking placements. Many of these charities support families and people who are socially isolated, and volunteering can help volunteers to stay physically and mentally active while also reducing their own social isolation. Volunteer Woking also provides a range of other services

including funding support, training, governance advice and information and knowledge sharing, to more than 450 charities and community groups in Woking;

- Social Prescribing– this service links people with social, emotional and practical needs to a range of local non-medical support provided in the community. This is one of the six components of the comprehensive model of personalised care described in the NHS Long Term Plan, and is designed to help improve an individual’s health, wellbeing and resilience. Social prescribing looks at all aspects of the wider determinants of health and recognises that if an individual is able to improve one area of their life, it can have a positive impact on other factors. The team receives referrals from a range of sources including GP surgeries, district nurses, and social care workers. They signpost people to local services and activities, and attend sessions with individuals who do not feel comfortable doing so on their own. The service is being further developed by extending referrers to include the ambulance service, mental health trust and the Job Centre. There has been an increase in referrals from an average of 31 referrals per month in 2019/20 to an average of more than 50 per month in the first ten months of 2020/21 with a noticeable increase in referrals of males living alone (81 referrals from this demographic in 2019/20 increased to 133 in 2020/21 as at 19 March 2021); and
- Arts – Woking has a cinema, two theatres and a drama studio (Ypod). A new small theatre and studio, which will be used by the Italia Conti Academy of Theatre Arts, is being built as part of the Victoria Place town centre development. The council’s Arts Officer liaises with a wide range of community drama, singing, dance and arts groups throughout the borough and sits on the Surrey Arts Partnership Board. Activities including the community choir have been run virtually during the pandemic.

In addition, Surrey County Council runs a number of participation groups for care leavers that are open to Woking residents. ‘Care Council’ exists for 13-25 year olds who are in care or have left care, ‘Care Council Juniors’ for 8-13 year olds in care, fostering or under special arrangements and ‘Surrey Care Leavers’ Forum’ for care leavers aged 18+. There are currently approximately 41 care leavers in Woking who are supported by an allocated worker.

Carers provide vital, unpaid support to many people. A carer is anyone (child or adult) who cares, unpaid, for a family member, partner or friend who due to illness, disability, a mental health problem or an addiction cannot cope without their support. There are almost 7,000 carers in Woking of which more than 2,000 are over the age of 65, and this figure is likely to be an under representation. Carers are twice as likely to suffer from ill health as non-carers and the council recognises the importance of supporting this group to enable them to continue in their caring roles.

Responding to the Carers UK’s State of Caring 2018 survey, 72% of carers said they had suffered mental ill health and 61% said they had suffered physical ill health as a result of caring. 80% of people caring for loved ones said they had felt lonely or socially isolated. In March 2021, Public Health England published a report<sup>19</sup> stating that as there is evidence that carers experience worse health than non-carers, unpaid caring responsibilities should be considered a social determinant of health.

It is estimated that an additional 4.5 million people in the UK have taken on caring responsibilities during the pandemic and it has been widely reported that the pandemic has increased pressure on carers. For example, the Carers Trust found that 40% of young carers and 59% of young adult carers reported worsening mental health since Covid-19. They also reported that 70% of young carers are providing more care during the outbreak - 11% of young carers and 20% of young adult carers reported an increase of 30 hours or more in the amount of time they spend caring per week.<sup>20</sup>

Woking Council was the first district and borough in Surrey to sign up to the Together for Carers principles in March 2017, and the first to train staff to complete a carer’s prescription which helps ensure that carers are provided with all available support. The council also signed up to the Young Carers Pledge in January 2020 to identify and support young carers living in the borough.

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<sup>19</sup> <https://www.gov.uk/government/publications/caring-as-a-social-determinant-of-health-review-of-evidence>

<sup>20</sup> <https://carers.org/downloads/what-we-do-section/my-future-by-looking-after-my-family.pdf>

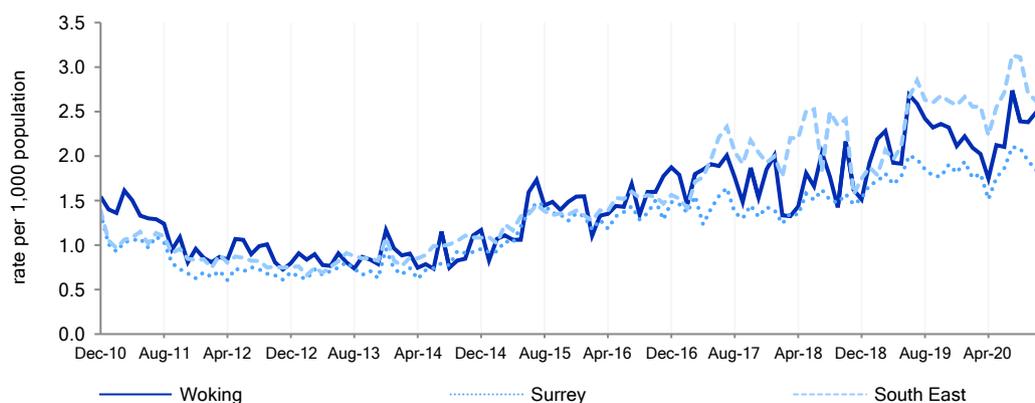
Over 1,400 adult carers in Woking are registered with Action for Carers Surrey, and approximately 1,100 of those are actively engaged, for example by attending social events or support events (currently provided virtually due to the pandemic). Action for Carers also supports over 300 young carers (aged 5-17) and 15 young adult carers (aged 18-24) in Woking. The council runs a Young Carers weekly club at Lakeview Centre for the Community and prior to the pandemic ran a Carers Choir and 'creative lunches' for people with dementia and their carers. In February 2021 Surrey Heartlands launched an end of life care website for carers - [Caring to the end](#). The council is promoting the website, which was co-produced with carers, to its residents.

## 2.11 Community safety

Overall Woking is a safe place to live. However, the rate of violent crime (hospital admissions for violence) in Woking (34.9) is higher than the rate for the South East region (31.2) and is rising, as shown in the chart below, although it is lower than the England average (44.9).

Figure 5: Violent crime offences

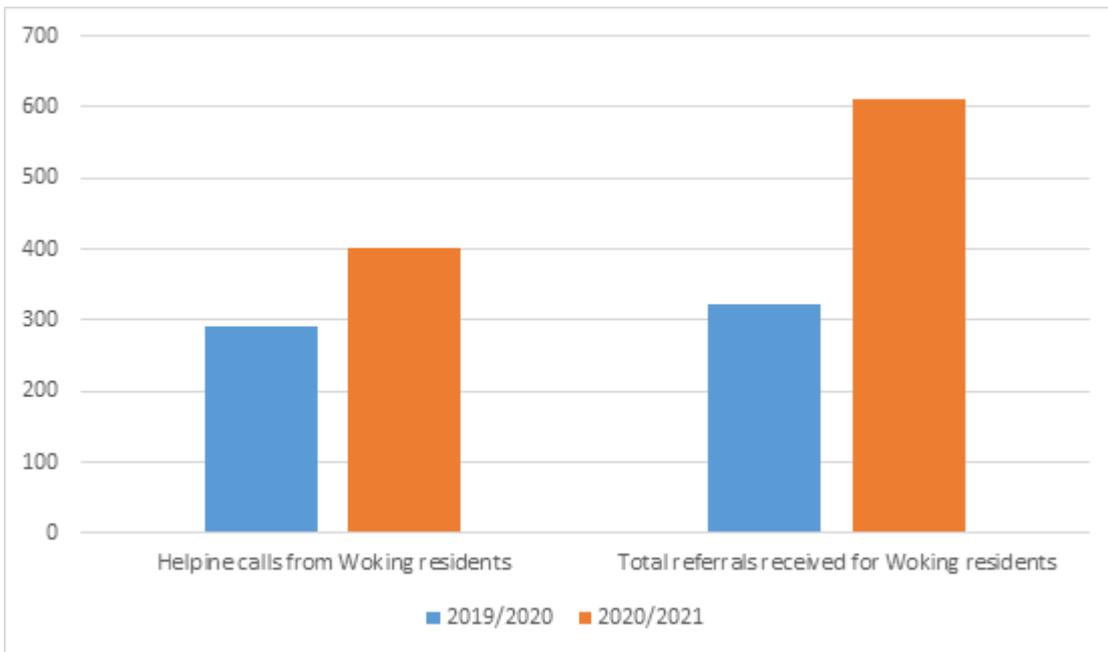
Source: <https://data.police.uk/>



Nationally one in three women and one in six men will experience an abusive relationship in their lifetime. Domestic abuse is considerably underreported but nevertheless there has been a year on year increase in the number of cases reported to Surrey Police now receiving an average of 1,000 reports each month across Surrey. There has been an 89% increase in Woking referrals to Your Sanctuary<sup>21</sup> in 2020/21 compared to the previous year, in line with the national picture. Your Sanctuary has heard from survivors that the lockdowns due to the pandemic have enabled perpetrators to increase levels of control and abuse (they do not believe that the lockdowns have made previously non-abusive people into perpetrators).

Your Sanctuary Domestic Violence Statistics 2019/20 and 2020/21

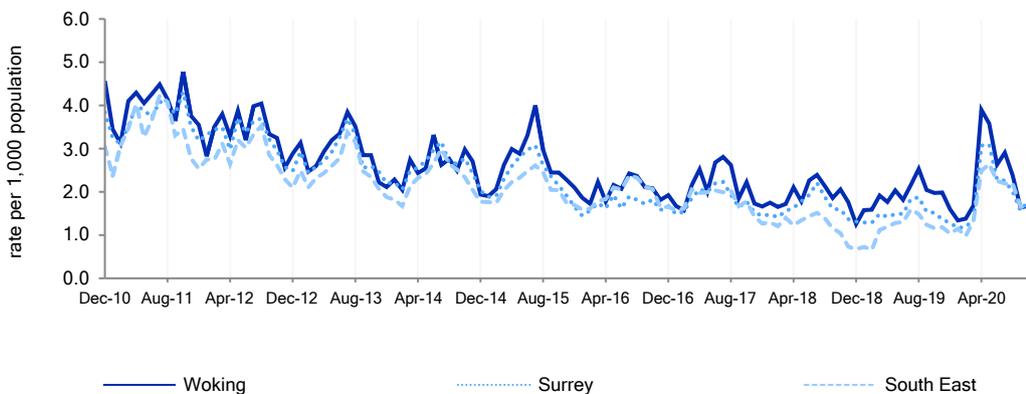
<sup>21</sup> Your Sanctuary provides specialist support services for survivors of domestic abuse, as well as their concerned families and friends, for further detail see page [54].



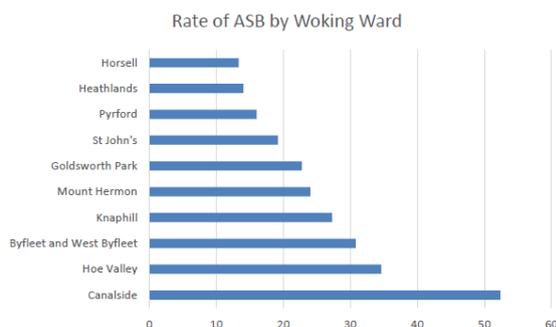
Woking's rate of anti-social behaviour (ASB) (29.3) is higher than the Surrey rate (27.1) but slightly lower than England (29.6). Woking's rate is the fourth highest in Surrey although it has been exhibiting a downward trend since 2010.

Figure 6: Anti-social behaviour offences

Source: <https://data.police.uk/>



Per ward, the breakdown is as follows:



Canalside has a significantly higher incidence of ASB than any other Woking ward, and with a rate of 52.8 it is ranked tenth compared to all wards in Surrey. It should be acknowledged that town centres are commonly the highest-ranking wards for this indicator. However, the Hoe Valley, Byfleet and West Byfleet, Goldsworth Park and Knaphill wards are all higher than the national, countywide and local

rates for this indicator. It should be noted that this national dataset for ASB is based on police data and does not include ASB that has only been reported to the council.

Other types of crime, such as vehicle crime, criminal damage and burglary offences have remained reasonably static.

The Safer Woking Partnership was set up to help reduce crime in the area by promoting crime prevention initiatives and protecting the most vulnerable people in the community. As well as the council it includes representatives from Surrey County Council, Surrey Fire and Rescue Service, the NHS, Surrey Police and Kent Surrey and Sussex Community Rehabilitation Company. The [Safer Woking Partnership Plan](#) sets out the priorities, which include ASB. Due to the pandemic, the action plan for 2020/21 was not finalised as many of the planned engagement activities were not possible. The Partnership is in the process of developing its action plan for 2021/22.

[Woking Street Angels](#) are trained volunteers who, for the past ten years, have walked the streets of Woking town centre every Friday and Saturday night, from 10pm till 4am, to help night-time visitors have a safe experience in the town. Typically, they help those who are intoxicated, lonely, sick, vulnerable, troubled or sleeping rough, working with police, door staff, CCTV, the council and medical services. The council has supported Woking Street Angels with grant funding.

[Your Sanctuary](#) provides specialist support services for survivors of domestic abuse, as well as their concerned families and friends, and is a source of advice for local professionals. The council provides an annual grant to Your Sanctuary and has collaborated with Your Sanctuary on campaigns to raise awareness.

## 2.12 The voluntary sector

Woking's Voluntary Sector includes not for profit independent, voluntary, and community groups. Also organisations formed by local people, and those with a local interest, to improve the quality of life for themselves and/or others in Woking. These include a range of registered charities; voluntary organisations; community groups; faith groups involved in social action; community interest companies, mutual and co-operatives, social enterprises, and citizen-led organisations.

The diversity and wide range of Voluntary Sector organisations in Woking have a highly significant role in helping to improve the quality of life of people who live and work in the borough, particularly vulnerable adults and children. Volunteer Woking supports 477 organisations and currently has over 1350 active volunteers.

Charities in Woking are currently going through uncertainty and change. The loss of income and/or donations resulting from Covid is putting a great deal of pressure on charities within the borough. Charities are now looking to change their service to adapt to the current climate. The Council is looking at ways to help support both charities and clients; we need to make sure they are aware of the different networks who can help and support them, which needs to include partnership working.

Volunteering in Woking has changed over the last 18 months. There has been a fantastic response from people in Woking wishing to volunteer with over 500 people signing up to Volunteer Woking in the first 3 months of lockdown. This does not take into account the five Mutual Aid groups with their volunteers who helped and supported their local community with collecting medication, shopping and providing food. We have seen a change in the age range of people signing up to volunteer with an increase in younger people (24-49) being on furlough or being made redundant wishing to volunteer. We have also seen a change with the older volunteers being a little more reluctant, mainly due to shielding or government guidelines not allowing them to safely volunteer. A lot more graduates are volunteering as they are unable to currently find placements. We need to capture all volunteers - this means keeping them engaged with the Woking community and the different opportunities available to them.

## 3.0 PLACE: An enterprising, vibrant and sustainable borough

### 3.1 Environment

The built and natural environment refers to the physical environment. This includes: schools, workplaces, homes, communities, parks and recreation areas, green spaces (visible grass, trees and other vegetation) and blue spaces (visible water). The environment is a key factor which influences the health and wellbeing of local populations. For example, green infrastructure<sup>22</sup> can improve health through providing opportunities for physical exercise and boosting mental health by being in nature (termed 'biophilia') and the design of neighbourhoods can influence patterns of travel and social connectivity.

### 3.2 Green Infrastructure Network

15.9% of Woking is green space<sup>23</sup> which is higher than the averages for both Surrey (6.2%) and England (2.2%). However, public parks and gardens green space coverage is only 0.9% which is broadly in line with the average for England (0.8%) and lower than the Surrey average (1.8%).

Woking Borough's green infrastructure network is made up of a wide range of green assets. These range from landscapes which are statutorily designated or protected to some degree to individual trees and vegetation.

Approximately 60% of the Borough is designated Green Belt and it is largely undeveloped greenfield land. Essentially, the built up area sits within a large island in the centre of a green sea. Although green land and elements are more evident on the outskirts than the central urban core, the main built up areas are not absent of green assets. The River Wey and Basingstoke Canal run through the urban area, injecting green/blue seams through the grey island. There are also pockets of open space, recreation areas, verges, tree lined streets/avenues, private gardens that all contribute to the green infrastructure network and biodiversity in Woking Borough. The following identifies the green assets within the Borough:

**Local Nature reserves (LNR), Local Geological Sites:** Local nature reserves (LNR) are statutory designations made under Section 21 of the National Parks and Access to the Countryside Act 1949, as amended by Schedule 11 of the NERC Act 2006. They are identified for their nature or wildlife value. There are two LNRs in Woking Borough:

- White Rose Lane
- Mayford Meadows

**Trees protected by Tree Preservation Orders (TPOs) and Trees (no formal protection):** There are over 2000 TPOs within the Borough. These comprise of single trees and groups of trees. They are afforded protection under the Town and Country Planning (Tree Preservation) (England) Regulations 2012 for their amenity value to the surrounding area.

There are many trees and hedges in the Borough that do not have any formal protection. However local policies seek to protect any trees and hedgerows of significant amenity or environmental value.

**Sites of Special Scientific Interest (SSSI):** There are six Sites of Special Scientific Interest (SSSI) all or part of which are found within the Borough:

- Horsell Common (status: favourable/recovering condition)
- Ash to Brookwood Heaths (favourable/recovering)
- Smarts and Prey Heaths (recovering)
- Colony Bog & Bagshot Heaths (favourable/recovering)
- Basingstoke Canal (unfavourable/no change)
- Smart's and Prey Heaths (unfavourable/recovering), and

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<sup>22</sup> Green infrastructure includes parks, green spaces, playing fields, woodlands, street trees, allotments, private gardens, green roofs and walls, sustainable drainage systems and soils. It also includes rivers, streams, canals and other water bodies, sometimes called 'blue infrastructure'.

<sup>23</sup> Ordnance Survey data which includes allotments or community growing spaces, bowling greens, cemeteries, religious grounds, golf courses, other sports facilities, play spaces, playing fields, public parks or gardens and tennis courts.

- Whitmoor Common (largely unfavourable/recovering) (fragment only - Whitmoor Common is located in Guildford Borough but adjoins the Woking Borough boundary).

These are sites of national importance for wildlife and/or geology (some are also of international significance). SSSIs contain the most unique and varied habitats which are maintained through active management and conservation. They contain plants and wildlife that would find it difficult to survive elsewhere. SSSIs are legally protected under the Wildlife and Countryside Act 1981, amended by the CRoW Act 2000 and the NERC Act 2006.

**Suitable Alternative Natural Greenspace (SANG):** As part of the Council's Thames Basin Heaths Special Protection Area Avoidance Strategy 2010-2015, the Council has the following operational SANG sites:

- Brookwood Country Park
- Horsell Common, Monument Road
- White Rose Lane
- Heather Farm wetland, Chobham Road.

These are identified to mitigate against potential harm to the SPA as a result of residential development. The designation of greenspace as SANG requires it to meet certain design standards set out by Natural England.

**Special Protection Area (SPA):** The Thames Basin Heaths SPA comprises a network of 13 sites across 11 Local Authorities in Surrey, Berkshire and Hampshire. These are protected under European Directive 79/409/EEC Birds Directive. Sites in Woking Borough include, Horsell Common SSSI, Brookwood Heath (part of Ash to Brookwood Heath SSSI), and Sheets Heath (part of Colony Bog and Bagshot Heath SSSI). Chobham Common SSSI, Ockham and Wisley SSSI and Whitmoor Common SSSI are also within 5km of the Borough.

**Common Land:** Common Land and town/village greens are protected under the Commons Act 2006. There are a number of areas of Common Land within the Borough:

- Bisley Common
- Brookwood Heath Common
- Castle Green
- Horsell Common
- Horsell Moor
- Kingfield Green
- Mayford Green
- Mill Moor
- Prey/Pray Heath
- Sheets Heath Common
- Smart's Heath
- St John's Lye
- Westfield Common

In addition there are areas such as Pyrford Common, a common in name not designation, but which is in part designated a village green.

**Registered Historic Parks and Gardens:** There are three registered historic parks and gardens within the Borough:

- Brookwood Cemetery
- Pyrford Court
- Sutton

Place

RHS Garden Wisley is located south east, just outside of the Borough. These spaces of historic importance are part of the country's heritage assets. They are identified for their special character and heritage.

**River/water features:** The main water corridors and their tributaries in the Borough are the River Wey, Hoe Stream, the Basingstoke Canal, the River Bourne and The Wey Navigation. Development near water corridors should avoid impacts on the watercourse itself and the wildlife, for example by creating or maintaining natural buffer zones of an appropriate size.

**Ancient Woodlands and Woodland:** Surrey is the most wooded County in England and there are numerous ancient woodlands within Woking Borough. Surrey Wildlife Trust completed an inventory of Surrey's Ancient Woodland in 2011. These are ancient as they are known to be in existence since 1600. These are important for biodiversity.

**Parks and gardens:** The last comprehensive review of open spaces by the Council was undertaken as part of The Open Space, Sports and Recreation Facilities Audit (2008) in the Borough. It found there are 11 parks and gardens in the Borough, these are listed in the audit and includes urban parks, country parks and formal gardens. Examples include Woking Park and Goldsworth Park. The Muslim Burial Ground Peace Garden (opened November 2015) provides a beautiful and calm place of contemplation. Since the audit was carried out there has been the creation of a new park Hoe Valley Park and various SANGS (see above).

**Amenity green space:** The Open Space, Sports and Recreation Facilities Audit 2008 calculated 82 areas of amenity green space (which is informal recreation space in and around housing).

**Children play areas and Teenage provision:** The 2008 audit listed 36 play areas. Since then there have been a few new sites, with a total of 41 recorded. A number of sites have also been refurbished.

**Outdoor sports and recreation:** The Open Space, Sports and Recreation Facilities Audit 2008 calculated 39 outdoor sports facilities in the Borough, including golf courses, bowling greens and sports grounds. Since then new facilities have been created.

**Allotments:** There are 10 allotments in the Borough:

- Albert Drive, Sheerwater, Woking
- Derry's Field, Coniston Road, Old Woking
- Eden Grove Road, Byfleet
- Horsell Allotments, Bulbeggars Lane, Woking
- Knaphill Allotments, Creston Avenue, Woking
- Leisure Lane, off Camphill Road, West Byfleet
- Maybury Gardens, Alpha Road, Woking
- Sheets Heath Lane, Brookwood
- Winern Glebe, Rectory Lane, Byfleet
- Littlewick Allotments, Carthouse Lane

**Cemeteries and churchyards:** One cemetery (Brookwood Cemetery) and 5 churchyards. Multiple spaces available for burial and also serve a recreational function as places for walking, quiet contemplation and wildlife interest.

**Sites of Nature Conservation Importance (SNCI):** There are over 44 SNCIs in Woking Borough. These are non-statutory local designations, identified for their local nature conservation and geological value. These were identified in the early 1990s with an update in 2003. Sites were identified through joint working between Surrey County Council, Surrey Wildlife Trust, Natural England (then called English Nature), Environment Agency and Woking Borough Council. There are a number of regionally important wildlife sites which have been designated as Sites of Nature Conservation Importance (SNCI). Pyrford Common, Roundbridge Farm, Grayshott Fields, Wheelers Meadow (South), Warren Farm Meadows, Pyrford Place Lake, the Hoe Stream and River Wey were designated as SNCI's to protect the important meadow, marsh, pasture, grassland and water course habitats.

**Special Areas of Conservation (SAC):** There is one area of SAC to the West of the Borough. SACs are designated for their international importance. This is an area afforded special protection under the European Union's Habitats Directive 92/43/EEC. The site is also an SSSI. The additional designation as a SAC is recognition that some or all of the wildlife habitats and species are particularly valued in a European context.

### 3.3 Environmental quality

The level of air pollutants (nitrogen dioxide, benzene, sulphur dioxide and particulates) in Woking is in line with the levels in Surrey and England. Levels for each of these pollutants do not exceed national standards for clean air.<sup>24</sup>

Woking 2050<sup>25</sup> is the council's current climate change strategy, adopted in 2015. It sets out a vision to create a sustainable borough by reducing our environmental impact. In 2019, the council declared a climate emergency and pledged to become zero carbon across its own estate and operations by 2030. A Climate Emergency Action Plan (CEAP) was put in place, building on ongoing work to deliver the objectives of Woking 2050.

A key tool the council is using to deliver the CEAP is Planet Woking. This aims to engage local residents, schools and businesses and enable them to play their part in enhancing the sustainability of the borough, and ultimately in achieving our aim of carbon neutrality. The website provides useful resources on what the council has been doing to tackle climate change locally as well as ideas and inspiration for what residents can do at home or work to help lighten their environmental footprint. It also has a dedicated section for younger audiences, titled *Little Planet Woking*.

Natural Woking, the council's biodiversity and green infrastructure strategy, was adopted in 2016 and runs to 2050. It aims to promote and celebrate the borough's diverse countryside and urban environments, while enhancing accessibility to our natural habitats and wildlife. The Natural Woking strategy highlights the benefits that enjoying green spaces can bring including to health and wellbeing.

The council is a member of the Surrey Air Alliance, and works in partnership with Surrey District and Boroughs and Surrey County Council's Public Health and Highways Teams to improve air quality across the county. The council offers a free airAlert service which provides advance warning (by email, text message or voicemail) of high pollution levels to local residents who have respiratory problems such as asthma, COPD and emphysema. The council also participated in the School Air Quality programme which aimed to improve air quality by changing behaviours and encouraging more active travel. This involved raising awareness via theatre workshops for pupils, school travel planning and provision of cycle proficiency training.

### 3.4 Income

Woking is one of the 20% least deprived districts/unitary authorities in England<sup>26</sup>.

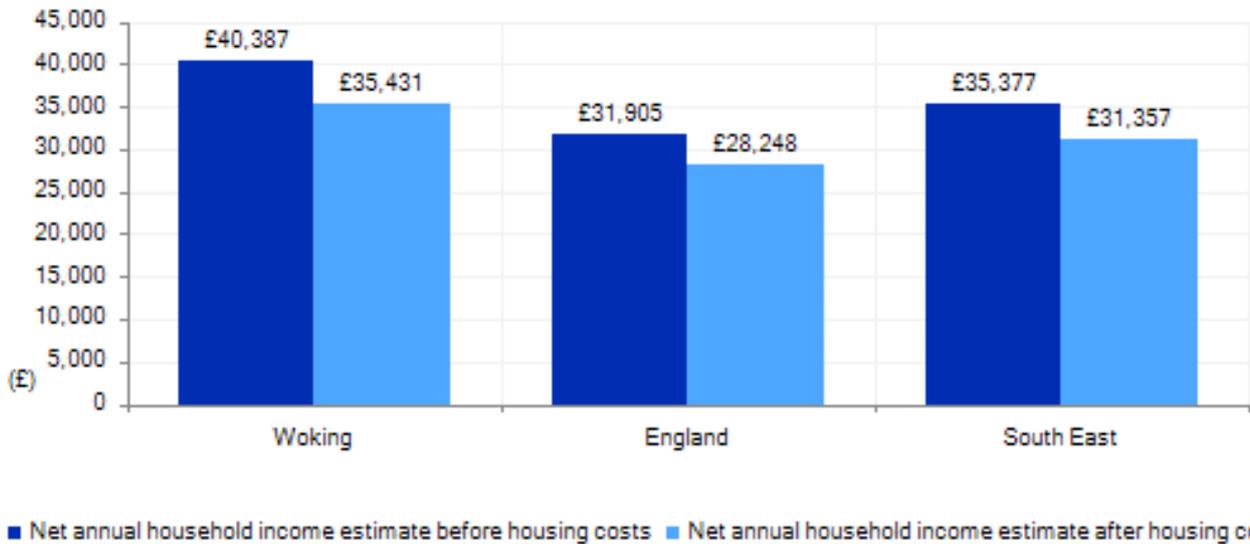
The chart below shows the estimated average annual household income (equivalised to consider variations in household size) across Woking and comparator areas before and after housing costs. It shows that Woking is more prosperous than the South East on average.

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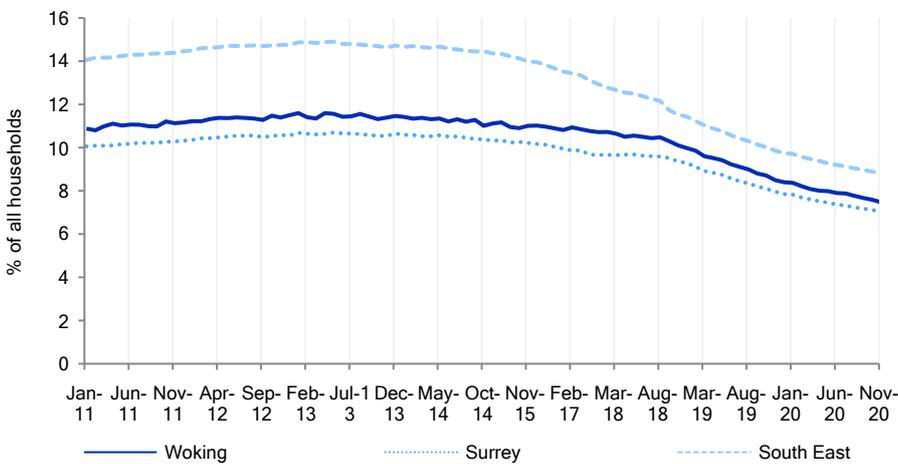
<sup>24</sup> The council monitors air quality across the borough by monitoring nitrogen dioxide levels via diffusion tubes. Each year the data from this monitoring is analysed and forms the Annual Status Report which is submitted to DEFRA for approval. These reports can be found at <https://www.woking.gov.uk/environmental-services/pollution/air-quality>

<sup>25</sup> <https://www.woking.gov.uk/sites/default/files/documents/Nature/woking2050.pdf>

<sup>26</sup> Woking's Index of Deprivation score is 11.9 compared to an average for England of 21.9 (the more deprived an area, the higher the IMD score). None of Woking's lower super output areas fall among the most deprived 10% of small areas in England.

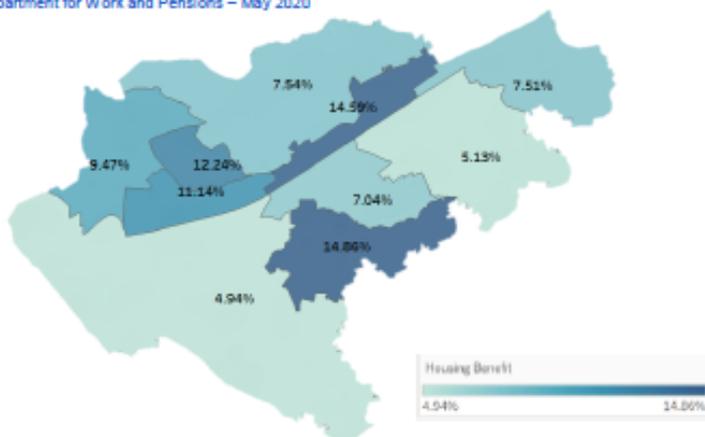


The chart below shows the trend for those claiming housing benefit. Woking ranks second highest in Surrey for housing benefit claimants, although Woking's housing benefit claimant numbers have been decreasing along with the national figures.



The map below shows the breakdown of housing benefit claimants by ward. Canalside and Hoe Valley have the largest numbers of claimants.

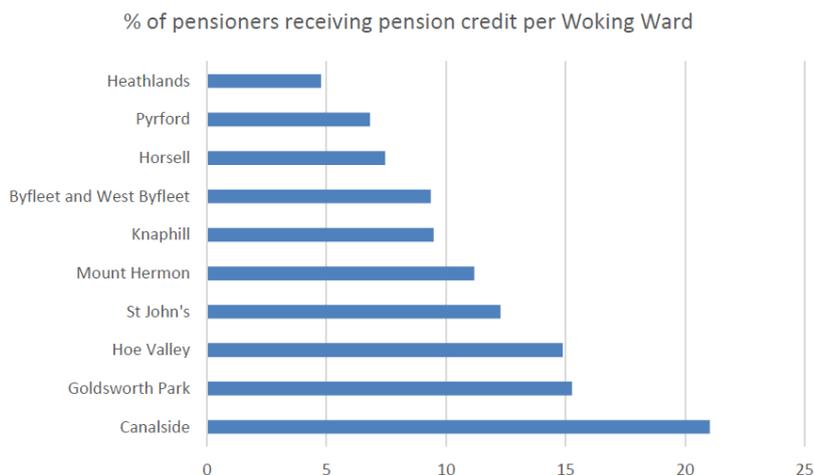
Figure: Shows the proportion of households receiving Housing Benefit (HB)  
Source: Department for Work and Pensions – May 2020



9.7% of children (under 16s) in Woking live in low income families, compared to 12.9% in the South East and 17.0% England.

Income is a particular issue for pensioners in Woking. 7.8% of pensioners in Woking receive pension credit, which equates to 1,345 pensioners. This is higher than the average across Surrey (6.8%) but lower than England (12.9%).

Per ward, the breakdown is as follows:



Of Woking wards, Canalside has the highest percentage (21%) of pensioners receiving pension credit and it is the second highest ward across the whole of Surrey. The percentage there is more than three times higher than the county average.

The impact of the Covid-19 pandemic can be measured by looking at the increase in claimants between March and April 2020, as well as estimates of the number of people furloughed. This impact is relatively evenly spread, though the centre of the borough has been affected less. Areas such as West Byfleet & Pyrford North, Old Woking & Westfield, and Sheerwater have been the most affected.

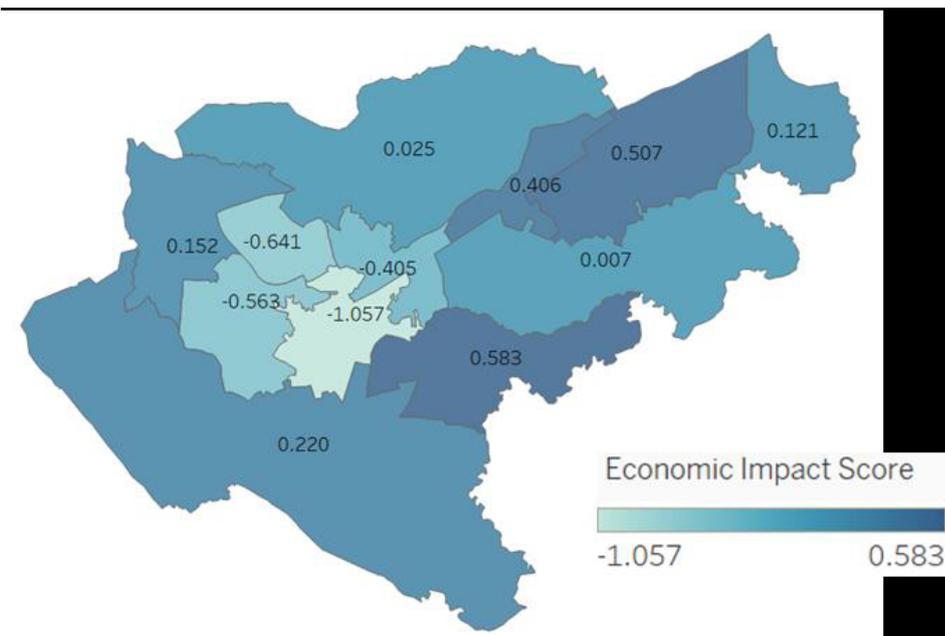


Figure 4: Shows the distribution of Covid-19 Economic Impact across MSOAs<sup>27</sup> in Woking (unemployment increases and people furloughed)

<sup>27</sup> Middle Layer Super Output Areas (MSOAs) are a geographical hierarchy designed to improve the reporting of small area statistics in England and Wales.

### 3.5 Built environment

Housing is a key component of the built environment which impacts the health and wellbeing of residents. The predominant housing tenure in Woking is owner occupation (71%), in line with the national figure. Woking is a very expensive housing market area and house prices have increased significantly over the last five years. The latest Land Registry data shows that the average house price of all property types in Woking borough was £425,728 in November 2020. This is a 10.3% (+ £39,687) increase since November 2015. The average house price in Woking remains significantly higher than the national average of £249,633.

The private rental sector accounts for 14.6% and social housing for 10.9% of all housing locally. The average private rent in Woking (£1,863 per calendar month) is lower than across Surrey as a whole (£2,074 pcm). However, rents are significantly above the Local Housing Allowance (Housing Benefit) for the area, which creates challenges for many residents to secure good quality affordable private rental accommodation. The latest HomeLet Rental Index<sup>28</sup> shows that average rental values in the South East have increased by 2.8% when compared to September last year. The table below gives a breakdown of asking rents for privately rented homes as of February 2021, together with the applicable Local Housing Allowance (LHA) and the potential shortfall between these figures.

	<b>LHA month (pcm)</b>	<b>Average Asking Rent (pcm) February 2021</b>	<b>Potential Shortfall (pcm)</b>
1 Bed flat	£847.68	£976.00	£128.32
2 Bed flat	£1,096.98	£1,291.00	£194.02
2 Bed house	£1,096.98	£1,261.00	£164.02
3 Bed house	£1,371.24	£1,542.00	£170.76
4 Bed house	£1,795.08	£2,042.00	£246.92

The council operates a range of private sector access schemes to assist residents in securing private rented accommodation.

The Let's Rent service procures and supports tenancy sustainment for households that are homeless or threatened with homelessness. The service provides advice and support to tenants and landlords, and incentives for landlords. 365 tenancies were secured by the Let's Rent service between 1 April 2020 and 28 October 2020.

The council owns 3,361 properties (including temporary accommodation and shared ownership) in the borough. In addition, the council's housing provider partners (including ThamesWey Housing Limited<sup>29</sup> and housing associations) own approximately 2,200 in the borough (including shared ownership properties). In January 2021, there were 1,108 active households on the housing register.

The majority of housing register applicants need one and two bedroom properties (41% and 31% respectively), with three or more bedroom properties comprising the remaining 28% of current need.

The council's Core Strategy set a reasonable target of providing an additional 1,737 affordable dwellings for the period of the plan (2013 to 2027), equating to an annual target of 102 new affordable

<sup>28</sup> <https://homelet.co.uk/homelet-rental-index/south-east>

<sup>29</sup> ThamesWey Housing Limited (THL) is an independent limited company wholly owned by the council. THL was established to support the Woking Borough Council Housing and Economic Development Strategies through the provision of additional residential accommodation of all types.

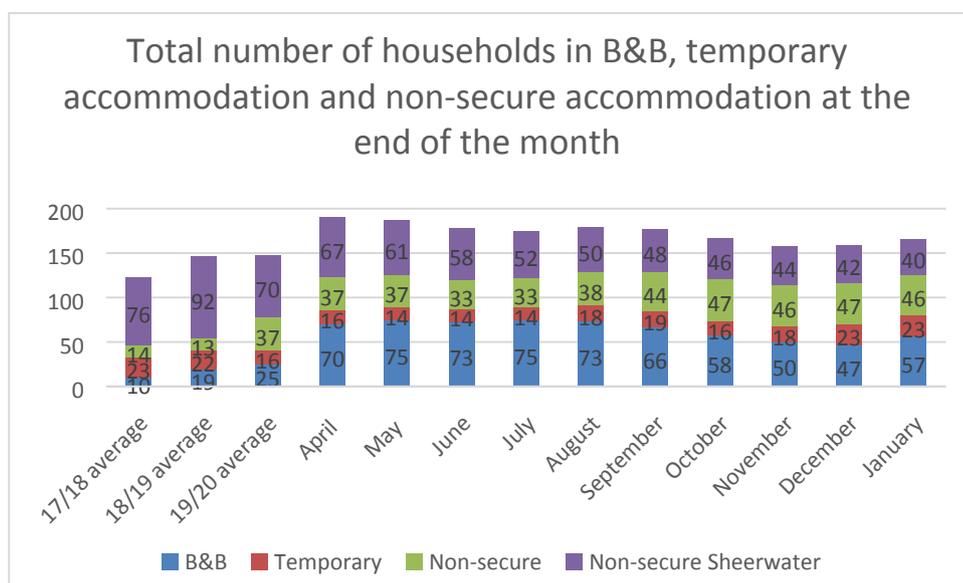
dwellings per annum. Of these, 70% of new affordable dwellings should be in the rented tenure (social and affordable) and 30% at intermediate level (including shared ownership). The council is committed to continuing to work with Registered Providers, Thamesway Housing Limited and private developers to facilitate the provision of 102 new affordable homes each year, as well as, identifying new-build opportunities on council-owned land. 581 affordable dwellings have been delivered to date comprising 316 affordable/social rent dwellings and 261 intermediate dwellings. There are a further 436 affordable homes planned for delivery by 2023/24, including 74 as part of the Sheerwater Regeneration programme.

Overcrowding is an issue affecting 4.79% of households in Woking. This is the highest level in Surrey (which has an average of 3.43%) and only slightly lower than the average for England (4.81%). There are links between overcrowding and both homelessness and mental health issues. Repeated lockdowns due to the pandemic have exacerbated the mental health consequences of overcrowding as people have spent more time at home.

The council is in the process of developing a housing strategy to cover the period 2021-2026 with the following priorities:

- Providing well designed high-quality homes that are affordable and meet local needs;
- Preventing homelessness and helping those in housing need;
- Helping people to achieve independence and wellbeing;
- Delivering an improved housing service to our tenants and leaseholders; and
- Enhancing choice, standards and quality within the private rental sector.

In recent years there has been a significant increase in the number of households who are homeless in Woking. This includes families, single people, young people and people who are sleeping rough. This trend is also reflected nationally, and the increase has been accelerated by the roll out of Universal Credit and the Homelessness Reduction Act 2017. At the end of October 2020, the council was accommodating 167 homeless households in some form of emergency accommodation. Typically, over the last 2 years, this number has been around 130 – 150. This increase reflects the additional numbers accommodated in hotels through the Covid-19 pandemic and the ‘Everyone In’ government initiative.



In the [Homelessness and Rough Sleeping Strategy](#) 2020-2024, the council sets out how it will work with partners to address homelessness in Woking and support residents in housing crisis. Actions will be targeted at delivering on the following four strategic priorities:

- Preventing homelessness and offering early help;
- Providing a range of accommodation options;
- Supporting vulnerable residents through partnership working; and
- Reducing rough sleeping.

Planning policy and guidance at a local and national level shapes the built environment. Surrey County Council has developed specific guidance, **Creating Healthier Built Environments**, to support and enable health and planning colleagues to share planning policy which addresses public health issues and embeds health and wellbeing into planning decisions.

Within Woking, the council undertakes a sustainability appraisal approach to any planning activity. This ensures that health and wellbeing are appropriately considered. The council's planning strategy includes the integration of open spaces into development, securing spaces for recreation and ensuring sustainable alternative natural spaces.

### 3.6 Local business

Businesses in Woking continue to face unprecedented challenges in keeping their businesses solvent. Following the initial lockdown, the Government gradually eased the restrictions on retail businesses and allowed them to reopen from June 16 onwards. Over the subsequent six weeks, most businesses were allowed to re-open. During lockdown, online sales increased due to the restriction of movement faced by consumers. However, there was support for local shops - mostly food and drink outlets - and an increase in take-away meal sales. The subsequent lockdowns have seen these businesses adapt again in order to remain trading, adapting their services to meet local needs.

Woking Town Centre relies heavily on office workers to frequent the restaurants and cafes, as well as the local shops. Before lockdown, there were nearly 50,000 office workers in the borough. We estimate that in the period to September only 10% were occupying space, as the Government continued to encourage people to work from home if they could. With such a large drop in footfall, pavement-facing businesses will struggle to survive much longer if people do not come back to their offices or leave their homes to shop.

We have seen a small amount of businesses shut down but with the Government's Furlough Scheme extended until summer 2021, and orders not picking up in some areas, Woking is likely to witness more firms going out of businesses.

### 3.7 Business start-up and migration

According to the latest report by the [Inform Direct Review of Company Formations](#), using data from Companies House and the Office for National Statistics, SURREY registered 11,997 new businesses last year, an 8.7% increase on the 11,032 formed in 2019. Woking is seventh in the table of 11 Surrey districts covered by the research, with **1,034 new companies formed in 2020**.

In terms of business migration, key statistics from the 20/21 financial year highlight that 26 businesses moved into the Borough, 28 businesses relocated within the Borough, 6 businesses left the Borough and 30 businesses closed.

### 3.8 Kickstart Scheme

Approximately 60 new jobs have been created in the Borough through local businesses using the Kickstart Scheme. The Scheme provides funding to create new job placements for 16 to 24 year olds on Universal Credit who are at risk of long-term unemployment.

### 3.9 Town Centre

With the usual office population in the town centre down, as office staff were advised by the Government to work from home or operate with limited numbers in offices, the Town Centre is quiet. The knock-on effect is the reduced spend in associated shops and services. Many of these retail and hospitality businesses, like others across the Borough, have adjusted their opening hours.

The increase in footfall over the summer, as non-essential retail and hospitality reopened, has now levelled off with the message from central Government returning for people to work from home if they can.

### 3.10 Shopping Centres

As non-essential retail and hospitality reopened over the summer, there was an increase in footfall within the centres. Aside from chain restaurants closures, most retail and hospitality units have opened back up, with a few new operators in Woking Market. Social distancing measures are in place across the centres and within individual units but with the lower than usual footfall it feels quiet, and the stock levels in some stores reflects this.

The largest increase in visitor footfall to Woking Shopping was during w/c 15 June, when non-essential retailers were allowed to reopen.

The numbers are down compared to the same period last year. In June 2020, the footfall stood at about 19% of the 2019 figures – c. 50,000 per week. Following non-essential retailers reopening, footfall increased but only to around 30% of 2019 levels – c. 80,000 per week.

Shops reopened after lockdown to between half and two thirds of their normal footfall. They have still not returned to 100% of pre-lockdown levels.

Woking Shopping's Springboard system to record footfall at the shopping centres was not installed until early 2020 so a full year's stats is not available. Nationally, they reported that UK footfall is down 73.8% year on year.

The footfall of short term tickets across the Council car parks, (Shoppers, Brewery Road and Victoria Way) is a good indication of visitor numbers across the town centre. Due to the forced closure of many shops, and number of additional restrictions imposed because of Covid, the footfall of short term car park tickets was on average 71% down from July to January 19/20, compared to the same period in 20/21.

### Financial Strategy and Planning

- Clear council strategic outcomes driving resourcing decisions
- Strategic approach to financial planning in the short-medium-long term horizons
- Evidence based planning and forecasting incorporating sensitivity analysis
- Periodic review and reporting

### Financial Governance

- Clear understanding of the Financial Environment
- Councillor and Strategic Leadership engagement
- Strategies to apply cost controls to key areas of activity and acceleration actions to key areas of commercial return
- Timely and accurate financial reporting
- Clear performance management of budgets

### Financial Control

- Clear accountability for budget setting
- Focus on and monitoring of savings plans
- Adequately resourced and capable finance function
- Clear strategic finance advice
- Coherent financial systems and financial management information
- Active use of and response to Internal audit
- Effective external audit arrangements

### Commercial oversight of Investment Performance

- Clearly defined and reviewed objectives
- Clear governance arrangements representing shareholder interests
- Annual agreed Business Plans
- Clear roles and responsibilities undertaken by capable and supported officers
- Clear performance monitoring and reporting
- Effective overview and scrutiny arrangements



**Financial Strategy and Planning**

- R2 Prepare a response to the Minimum Revenue Provision Consultation
- R4 Structured Review of Policy and Regulatory Change
- R5 Review revenue reserves

**Financial Governance**

- R6 Challenge high cost service expenditure
- R8 Develop a Financial Resilience Strategy
- R9 Evaluate the reporting and business intelligence landscape

**Financial Control**

- R3 Develop a Shareholder Centre of Excellence that strengthens strategic finance
- R7 Strengthen the contract register and commitment tracking
- R12 Review the quality of financial capability and capacity

**Commercial oversight of Investment Performance**

- R1 Undertake an Appropriate level of Scrutiny on Companies
- R10 Develop and Asset Management Strategy
- R11 Define Place Making strategic objectives and investment criteria

