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EXECUTIVE 1 FEBRUARY 2024 SUPPLEMENTARY REPORTS PACK

PART I – Press and Public Present

10. Performance Management Report (Pages 3 - 40)

Please refer to your electronic copy of the Performance Management Report – Quarter 3, 2023/24.

11. Financial Monitoring Report - Budget Monitoring and Forecast 2023-24 - Quarter 3 EXE24-010 (Pages 41 - 66)

Reporting Person – Eugene Walker

Agenda Ends

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Woking Borough Council

Performance Management Report

Q3. 2023/24

Shaping the *future*
of our borough



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1. CHIEF EXECUTIVE'S SUMMARY – JULIE FISHER

I am pleased to present the second publication of the Council's new Corporate Performance Management Report. This report covers the third quarter of the 2023/24 financial year, covering the period October to December 2023.

The report covers a period of intense activity for the Council, as we look to deliver against our Improvement and Recovery Plan and deliver our savings programme. Since announcing the savings proposals in September, the Council has undertaken widescale public and stakeholder consultation alongside detailed Equalities Impact Assessments (EqIAs). The outcomes of both the consultation and EqIAs have helped to shape the budget paper that will be presented to Members in February.

However, the savings programme is significant and comes with risks. These include:

- A large staff restructure of up to 20%, across all services (except Finance and Legal).
- A reduction of around half the total net spending of the Council.
- The pace of the programme - whilst many of the savings being considered have been done elsewhere, they have rarely been done in such a short time.

Given this significant change at the Council, performance monitoring is imperative to understanding how budget reductions are impacting day-to-day service delivery and ensuring that the Council still meets its statutory targets and responsibilities.

This quarter has also seen significant activity in relation to Housing. To ensure that we give housing improvement the strategic focus it needs, we have added 'Housing Improvement' as a theme within our Improvement and Recovery Plan. This programme of work will address all aspects of housing management and incorporate the work needed to create a 30-year HRA business plan.

Despite these challenges, I am positive about the future. The delivery of the Improvement and Recovery Plan is progressing at pace. We continue to strengthen our governance arrangements and policies and procedures across the Council and in particular across our commercial activity. For example, the Council's new Commercial Protocol will now be embedded, providing robust governance and ensuring best value. The administration has also developed a new Council vision, which sets out how we will work with residents and partners in the future to achieve the best outcomes for the borough.

It has been a privilege to lead the organisation through significant change and serve the residents of Woking since 2021. Whilst the Council is still in an extremely vulnerable position, I believe that it is firmly on the path of recovery as I hand over to Richard Carr, who will take over as Managing Director Commissioner from April.

Julie Fisher – Chief Executive

2. SECTION 151 OFFICER – BUDGET POSITION & MEDIUM-TERM FINANCIAL STRATEGY UPDATE

The Q3. budget monitoring report to Members identifies a projected full year overspend of £3.3m, a significant change from the Quarter 2 position of a £7.5m overspend. The Q2. report identified that £6.5m of the potential £7.5m overspend related to pressures on commercial estate income, car parking, and £3m on capital financing budgets.

The Q3. position has significantly improved because of identifying a £5million error in the accruals taken for the interest costs in the 2022/23 final accounts. This has moved the interest budget from a potential £3m overspend to a £2m underspend.

Service budgets are now overspending by £4.8m, of which £2.2m is still due to car parking and the commercial estate, both of which are a legacy of previous investments through borrowing. The Council's budget does not have the scale or resilience to cope with the large fluctuations on these trading accounts, particularly given its lack of reserves. The other main service pressure is homelessness and temporary accommodation.

The 2024/25 General Fund Budget report is being presented to Scrutiny on 29 January, Executive on 1 February and Full Council on 8 February, with £8m of savings recommended for approval alongside a 10% council tax increase. These measures are an important step in the Council "living within its means" and focussing on delivering core services to residents. The report also includes an outline of the comprehensive support package from the Government, which will be subject to a final report to Full Council on 4 March. This support package should also allow the Council to re-create risk reserves to improve its financial resilience.

The 8 March Council will also receive reports on:

- Setting the Housing Revenue Account (HRA) budget and rent increase in line with CPI inflation, marking an improvement in the financial stability of the HRA.
- The investments to be included in the capital programme, which is a more limited, affordable level of investment focussed on the Council's core services assets, including Pool in the Park life cycle maintenance and a £17m investment in fire safety and the decent homes standard for Council housing.

The finance team are still finalising the 2022/23 outturn position and draft Statement of Accounts to be reported to the Audit Committee. Additional capacity is being sourced to finalise the position and to ensure that the 2023/24 final accounts process can be planned and executed in a timelier manner. Early liaison with our new auditors Grant Thornton has started.

Eugene Walker – Interim Director of Finance & Section 151 Officer

3. CORPORATE OUTTURN – FINANCIAL POSITION

The December 2023 outturn forecast is summarised in the table below, and indicates a projected overspend of £3.277m for the year compared with £7.5m reported for September 2023 (Q2). The monitoring is showing overspends of:

- £4.805m against net Service Budgets of £8.872m. This represents a variance of 55%.

- (£1.528m) is an underspend against net corporate items Budgets of £15.603m. This represents a variance of (10%).
- £380k correction for costs incorrectly recharged to the HRA.
- £3.277 combined variance against a net budget of £24.475m. This represents a combined variance of 13%.

This forecast overspend is on a budget for 2023/24 that had planned to utilise £8.346m from reserves to provide a balanced budget. The forecast variance of £3.277m is in addition to the planned £8.346m from reserves.

To put the Q3 2023/24 financial monitoring position in context, the amount the Council had planned to be met from local taxation and government grant is £16.128m. The 2023/24 in-year projected variance when added to the one-off use of reserves is equal to a budget shortfall for 2024/25 purposes of circa £12m over 70% more than the funds available from grants and local taxation to fund these services. This shows the extent of the financial challenges for the Council and the impact of the current financial monitoring position.


	NET BUDGET £'000	FORECAST OUTTURN £'000	Q3 OVER SPEND £'000	Q2 OVER SPEND £'000	Change Q2-Q3 £,000
Place	4,411	6,072	1,661	1,418	243
Communities	5,136	6,157	1,401	901	500
Corporate Resources	(675)	1,068	1,743	1,811	(68)
TOTAL SERVICE BUDGETS	8,872	13,297	4,805	4,130	675
Corporate Items	15,603	14,075	(1,528)	3,400	(4,928)
NET TOTAL	24,475	27,372	3,277	7,530	(4,253)


4. IMPROVEMENT AND RECOVERY PLAN PROGRESS UPDATE

The Improvement and Recovery Plan (IRP) provides the necessary assurance to government that the Council is committed to delivering the changes needed to meet our best value duty and tackle the significant financial challenges we face. The IRP is a three-to-five-year plan, recognising the journey that the Council needs to embark on and the intervention timescale.

The IRP is based around four key themes: Organisation & Service Redesign, Financial Recovery, Commercial, and Governance & Assurance. A fifth theme, Housing Recovery and Improvement, was approved by the Executive in December and will be added to the Q4. Report. Progress against each current theme, along with achievements and priorities for the next reporting period are as follows:


THEME 1: Organisation & Service Redesign - Deliver a smaller, data driven organisation, where staff feel empowered and digitally confident and are delivering on key priorities.

Theme improvement rating: (up, the same, down)		Summary of reason for improvement rating:	Similar distribution of green/amber workstreams as previous report. 'Staff and councillor tools and ways of working' workstream has been temporarily closed as the work has become BAU.
Achievements from the reporting period:	<ul style="list-style-type: none"> Phase 2 staff consultation launched on 22 November. Support for staff has been made available and staff briefings planned. Public/stakeholder consultation closed on 12 November - 5,679 responses received. Report to be published alongside the budget report in January. Soft market testing for digital solutions to improve customer facing services launched as part of the digital services workstream. 86 individuals booked onto the 10 November launch representing 35 suppliers. 1:1 meetings have been held with 28 of these suppliers. This will feed into the final report to inform the commercial processes for going out to tender in early 2024. Vision statement drafted following workshops with CLT and Informal Executive which will be critical in providing the narrative to support the savings. 		
Priorities for next reporting period:	<ul style="list-style-type: none"> Finalise Community Asset Transfer policy and commence the adoption of the policy process (CLT/ C&FGB/ Council). Complete options appraisals for proposed service changes. Civic office outline business case for review at CLT. Finish Equality Impact Assessments for changes to services and develop the overall summary of the potential impact and mitigations. Complete public/stakeholder consultation report and provide the headlines at the Member Briefing. Members and Senior Managers workshops planned for December to test and further develop the organisation's new vision. Begin design of commercial approach for digital services. 		


THEME 2: Financial Recovery - Sustainable budget management, making difficult decisions whilst delivering against strategic council priorities and safeguarding future capacity.			
Financial Recovery theme improvement rating: (up, the same, down)		Summary of reason for improvement rating:	The Finance program is now showing increased number of red workstreams since the last report. This is a result of un-earthing more issues and discrepancies in the data and previous budget reporting. This is alongside the continued insufficient capacity and capability within the council and an increasing level of work required by the Section 151 Officer, deputy, and finance team.
Achievements from the reporting period:	<ul style="list-style-type: none"> The senior team are starting to unpick real issues within the organisation against a backdrop of the pace that we need to work at. This is an achievement as becoming more self-aware will lead to improvements. Capacity & capability is a real barrier to progress and action is underway to address this area. 		

	<ul style="list-style-type: none"> • MTFS and 2024/25 General Fund budget: Identified the areas where more work is required and have a plan in place to enable delivery. • Increased engagement with Members is working well as noted in recent O&S meeting. • The development of a debt reduction plan is progressing well with government. • Day to day borrowing & cashflow requirements are working well with good process with DLUHC. More sophisticated cashflow modelling being developed. • Following discussions with both Mazars and Reigate & Banstead Council (“Reigate”), WBC has entered into an agreement with Reigate to undertake a counter fraud risk assessment and produce a strategy for WBC. This is due for completion in January and is expected to solve a long-standing high-risk issue identified by internal audit some two years ago. • The Councils insurance broker has been tasked with reviewing existing insurance arrangements. • Finalising prior year accounts, audits, and preparations for new auditors: report on audit arrangements going to Audit Committee (3-yrs outstanding accounts with BDO). Agreement regarding finalising BDO audit and starting fieldwork with Grant Thornton for 2023/24. • Progressing the appointment and deployment of expert treasury capacity to improve the Council’s relevant strategies and discussions with DLUHC. • Capital Programme to PSOG • Preparation of the HRA Budget Monitoring Report is up to date. Now preparing HRA 2024–25 budgets. • Completed HRA recharge review for 2022–23, considering General Fund to HRA recharges from 2019-20 to 2023-24, with proposed reduction factored into the final 2022-23 HRA outturn. Also examining recharges from 2019–20 to 2021/22.
<p>Priorities for next reporting period:</p>	<ul style="list-style-type: none"> • Put resources in place to stabilise the Finance team. • Finalise accounts for 2022/23. • Update of MTFS. • Finalisation of the draft budget 2024/25. • Preparing 2024/25 HRA budgets and up to 2028/29. • Improve the alignment between savings plans, budget position and changes proposed as part of the budget setting process. • Need to make a decision re valuations on 23/24 assets. • Review the workstreams and leads.

THEME 3: Commercial - Release WBC from unaffordable commitments, whilst protecting the public purse and optimising the value of existing assets and rationalising.

Commercial theme improvement rating: (up, the same, down)		Summary of reason for improvement rating:	Additional resourcing has allowed intensification of efforts and increased outputs during this period. However, the reduction in improvement relates to the red workstream on the wider commercial estate and the balancing of issues with the MTFs.
Achievements from the reporting period:			<ul style="list-style-type: none"> • Companies' Governance Framework has been formally approved and adopted by the Executive. • New terms of reference for the Advisory Group have been drafted. • Proposals for re-drafting Part 6 of the constitution have been developed. • Governance reviews for TW group, VSWL group and the Brookwood group of companies have been completed. • Priorities for achieving compliance with Companies Governance Framework have been agreed with the companies and implementation plans are in development. • Draft legal agreement to transfer shares in VSWL to WBC is commissioned. • Improved security over assets in the companies as a part of further debt standstill agreements is not possible having taken legal advice. • VSWL ready to market plan actions are underway. • High-level model of refinancing, quick sale or longer-term sale has been created that clearly shows preferred approach to maximize value to the public purse. This model is informing the longer-term disposal strategy being developed. • Market options to recruit new chairs to the companies being considered. • New strategic adviser for property has commenced their engagement. • Work progressing with the companies to ensure their proposals for a further period of debt standstill are received in good time and are of sufficient quality to allow proper consideration. • Continuing input into specific asset disposal plans and support on negotiations where required. • Asset management system procurement underway.
Priorities for next reporting period:			<ul style="list-style-type: none"> • Finalise the share purchase of Moyallen shares in VSWL. • Confirm if any alternative solutions to cover gaps in WBC security over TW assets are available to WBC as the lender. • Continue progressing VS Ready to Market actions in place and resourced. • Continue to support work on the debt reduction plan. • Hold workshop around Thameswey group asset options. Set out high level options e.g., new lender/buy/invest and further develop Housing and energy separately. This will tease out how to move forward to get options. • Confirm recruitment route for new chairs and board members. • Commence strategic review of companies. • Develop implementation plan for the Commercial Protocol. • Continue development of strategic options for the council's wider commercial estate. • Assimilate the procurement and contract management review into the commercial workstream and reflect the plan into the Commercial Strategy.

	<ul style="list-style-type: none"> • Co-ordinate activities to be ready for debt standstill extension. • Confirm resources to support TW company proposals to WBC on options to reduce debt.
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Theme 4: Governance and Assurance - Ensure risk is managed and decisions are based on data and evidence and scrutinised.			
Governance and Assurance theme improvement rating:		Summary of reason for improvement rating:	One amber workstream from last reporting period has moved to green. All other workstreams rated green.
Achievements from the reporting period:	<ul style="list-style-type: none"> • Annual Governance Statement produced and submitted to Standards and Audit Committee 23 November. • Overview and Scrutiny review members workshop planned for 25/1/24 as part of ongoing process in delivering the action plan. • New draft committee structure produced and benchmarked against other local authorities as part of new council meetings review workstream. 		
Priorities for next reporting period:	<ul style="list-style-type: none"> • Agree plan with marketing communications and IT re. release of the Part II documents, including briefing for members and officers. • Circulate report on Overview & Scrutiny after sign off from Chief Executive. • Recruiting an independent member for standards and audit committee. 		

5. CORPORATE KEY PERFORMANCE INDICATORS (KPI's)

The Council uses a variety of KPI's to monitor how well our services are performing in meeting the needs of our residents. We monitor and publish our performance quarterly in this document to ensure that we remain focused on our priorities and can promptly deal with underperformance wherever necessary. Work is also underway to develop benchmarking statistics across the sector; this will enable greater insight as to how Woking is performing compared to other Local Authorities.

Each KPI is marked with a colour coded status based on the following criteria:

KPI RAG Status	RAG Rating Criteria
Grey	Indicator either: (a) does not have a target (due to the nature of the data or KPI outside of direct control) (b) data is not yet available (c) monitoring of the activity is paused/suspended.
Green	Indicator has performed on or above target, no area of concern to note.
Amber	Indicator is up to 5% off target: Officers determine the reason(s) for underperformance and confirm if improvement action is required.
Red	Indicator is more than 5% off target: Officers determine the reason(s) for underperformance and confirm if improvement action is required.

The table below provides an overview of all directorate and corporate level KPI's to illustrate how the Council is performing overall. The full detail of each KPI will sit under each specific area.

OVERVIEW OF ALL COUNCIL KPI'S

Totals:	100%	49	
Green - on target	8.16%	4	
Amber - less than 5% off target	8.16%	4	
Red - over 5% off target	16.33%	8	
Data only	61.22%	30	
Data not available	6.12%	3	

6. CORPORATE HEALTH INDICATORS

WBC staff are critical to delivering the Council's immediate priorities and for ensuring that the organisation is able to respond to the opportunities and challenges ahead. The following indicators provide an overview of key workforce information.

Human Resources – Amanda Jeffrey							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
WF1	Average number of working days lost per employee to short-and long-term sickness absence. Rolling 12-month figure. Lower outturn is better.	4.96	5.58	5.69	5.83	5.99	N/a
	Using the Local Government Association workforce survey 2022, the average days lost due to sickness (long and short term) is 8.7%. The Council is currently performing well against this target.						
WF2	Average number of working days lost per employee to short term sickness absence (less than 4 weeks absence). Rolling 12 months. Lower outturn is better.	4.58	3.85	4.07	4.21	4.48	N/a
	Using the Local Government Association workforce survey 2022, the average days lost due to sickness (long and short term) is 8.7%. The Council is currently performing well against this target.						
WF3	Percentage of staff leaving voluntarily over rolling 12-month period. Data only.	18.17%	21.25%	22.77%	19.69%	21.07%	Data only
	Using the Local Government Association workforce survey 2022, the median turnover rate across the sector is 14%. The Council turnover rate is currently higher than this target, however it is recognised that the S.114 notice served, and the current restructure programme has and will impact this indicator and the percentage is likely to increase over next 12 months.						

Corporate Complaints (excluding Housing complaints which are managed elsewhere) - Gareth John							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
CC1	Number of complaints received via the formal Council complaint process. Data only.	19	19	15	15	17	Data only
	The Council tracks and monitors all complaints that are received via the formal process. The 17 complaints received in Q3. relate to the following areas: planning/development (7), parking (1), revenue/benefits (3), housing needs (4), noise nuisance (1), and disability discrimination (1). The figures within this KPI do not include complaints related to Housing Management and Housing Asset Management – these are tracked and monitored via separate processes and feature under the Communities Directorate section later in this report.						
CC2	Number of complaints received via the formal Council complaint process concluded within 20 working days. Data only.	15	16	10	9	12	Data only
	Q1. – Q3. complaints concluded within 20 days is averaging 66% which is below the average for Q3. and Q4. of 2022/23 which was c 82%. Staff sickness absence has had an impact on performance. Overall complaints numbers are relatively low. From the 47 complaints received in 2023/24 during Q1. - Q3. 1 case is at stage 2 complaint (planning) and 2 cases have progressed to Stage 3 (1 relates to housing/homelessness and 1 relates to planning).						
CC3	Number of formal Council complaints that have breached the 20-working day completion target. Data only.	4	3	5	6	5	Data Only
	Of the 5 cases that breached the 20-day completion target in Q3, all were completed within 28 days.						

7. KEY CORPORATE STRATEGIC RISKS

As part of the improvement and recovery journey, the Council recognises that risk management is an integral component of good management and corporate governance and should be at the heart of robust decision making. A Strategic Risk Register is owned and maintained by CLT, which contains the key strategic risks which could affect the delivery of significant Council objectives and targets.

There is an underlying risk around capability and capacity across the Council given the significant pace of change, however the items below represent the highest scoring risks (score of 16) that sit outside of the Councils appetite and tolerance thresholds. These risks are reviewed monthly.

	What is the Risk	Mitigation / Progress in reporting period
1	<i>Risk that the Council is unable to balance its General Fund (GF) and Housing Revenue Account (HRA) budgets over the medium-term. The Council's General Fund has a shortfall of £3m for 2023/24 and £12m for 2024/25, even after £8m of savings. These figures do not include the full impact of the debt issue, which is reliant on Government</i>	<ul style="list-style-type: none"> • Maintain current controls on spending. • Continue to improve financial monitoring/forecasts - Management and Admin account to be changed. • Stabilise commercial estate and car parking. • Completion of the Strategic Asset Management Plan. • Development of a clearer approach to commercialisation, and risk appetite through Commercial Protocol and Strategy.

	<p>support. This support will balance 24/25 but there remain significant financial challenges in the budget due to the reliance on commercial estate and car park income. The Housing Revenue Account is balanced in 2024/25 but stock investment requirements mean the funding challenge remains in the medium term.</p>	<ul style="list-style-type: none"> • Seek different delivery models i.e., community transfer. • Put in place RAG for savings delivery in 24/25 and develop further savings options for 25/26. • Work is underway on a debt reduction plan. • 24/25 budget reports finalised with £8m GF savings and balanced HRA.
2	<p><i>Risk that the Council's large-scale investments and financial operations have led to, and continue to contribute towards, a deficit financial position of strategic dimensions which cannot be overcome without ongoing Government Support in future financial years.</i></p>	<ul style="list-style-type: none"> • The development of a revised Medium Term Financial Strategy incorporating company impacts. • Improved alignment of Financial and Commercial workstreams in the Improvement and Recovery Plan. • Continued engagement with Government. • Development of debt reduction plan.
3	<p><i>Risk that WBC Group Company(s) do not deliver to their approved business plans in support of Council and Place priorities.</i> The Council's medium-term budget is heavily dependent on the performance of the Group Companies given the scale of recent investment. Should any of the Companies fail for whatever reason, the ability to repay loans to the Council may be compromised, as will any projected income that the Council might have received and/or planned for.</p>	<ul style="list-style-type: none"> • Company Governance arrangements reviewed and agreed to adopt national best practice principles. • Additional resources approved to strengthen client-side stakeholder advisory capacity and capability throughout 2023. • Company operating manual developed to direct governance improvements. • Engagement with Government on Council debt structure and affordability is underway. • Companies are being supported to produce 2024/25 business plans in line with new company operating manual and in support of the delivery of the IRP.
4	<p><i>Risk that workforce resilience will be negatively impacted by the Council's financial situation and actions required to deliver a balanced MTFS.</i> As with any organisation, the Council is reliant on a workforce that can demonstrate a range of particular skills and/or understanding of key processes, systems, and projects. The Council has a significant change agenda, and a dependable / stable workforce is key to future success.</p>	<ul style="list-style-type: none"> • Develop an Organisational Development Strategy. • Work planned to develop a Recruitment and Retention Strategy as local and national pay awards are more likely to reduce our offer as an employer of choice. • Considerable attention being given to staff communication in respect of budget shortfalls and mitigation measures. <p>Develop resilience and knowledge between teams as part of the change work being undertaken within the organisation.</p>
5	<p><i>Risk that the capability and capacity of the Council is not sufficient to deliver the ambitions of the Woking Vision and core service objectives in 2024/25.</i></p>	<ul style="list-style-type: none"> • Ensure that senior managers have a forum to escalate capability/capacity issues. • Review the scope and objectives in the strategy to ensure ambition aligns with Council capability/capacity. • The strategy will be fully reviewed and updated in 2024/25, informed by visioning workshops.

COMMUNITIES DIRECTORATE – LOUISE STRONGITHARM

The Communities Directorate is comprised of the following functions:

Leisure & Communities: (Arts & Culture, Community Centres, Community Safety, Leisure Services).

Health & Wellbeing: (Careline, Community Meals, Extra Care, Handy Person, Homelink, Independent Support, Social Prescribing, Volunteer Development, Refugee Resettlement, Family Services).

Housing: (Housing Assets, Housing Service Improvement, Housing Solutions, Resident Services, Sheerwater Regeneration, Strategic Housing & Development).

8. COMMUNITIES DIRECTORATE – STRATEGIC DIRECTOR SUMMARY

Given the considerable financial challenges faced by the Council, work has continued to review our discretionary services (Leisure Services, Community Centres, Community Meals, etc.) and devise new delivery models so these valued services can continue. A Community Asset Transfer policy has been drafted with input from community groups as one potential option. Residents have been consulted and have indicated a willingness to pay more to protect services, particularly the Pool in the Park. Work is ongoing to liaise with partner organisations, develop detailed option appraisals, and undertake impact assessments to inform budget setting and future service delivery.

As referenced last quarter, the Council self-referred to the Regulator of Social Housing due to concerns about the condition of its housing stock. On 14 December 2023, the Regulator issued the Council with a Regulatory Notice for breaching the Homes Standard in respect of fire safety. Following completion of over 250 Fire Risk Assessments last summer, the Council was already implementing a number of actions and will work with the Regulator to deliver a comprehensive programme to rectify the failures identified.

Given the scale of improvement work underway across the Housing Service, the Executive resolved to add the Housing Improvement Programme to the Council's wider Improvement and Recovery Plan. The comprehensive improvement programme will include increasing our resident engagement, creating a 30-year business plan for the Housing Revenue Account, and the actions required to meet all regulatory standards. On a positive note, it is encouraging to see the KPIs continue to improve for rent collection and void turnaround times. Additional KPIs have been added for Housing complaints for Quarter 3 with additional Housing KPI's covering compliance data to be added to future reports.

Regrettably, the Council launched a consultation on the proposed closure of Brockhill Extra Care scheme in December. The scheme will need capital expenditure of circa £5.8 million over the next 10 years, which is considered unviable for a building of its size and age. This is a difficult and upsetting time for residents at Brockhill, as well as their families, and officers are supporting residents through this uncertain period.

It continues to be a busy time for the Council's homelessness team with demand considerably outstripping supply of affordable homes. As we enter the winter months, the first Severe Weather Emergency Protocol (SWEP) was initiated in November with 12 rough sleepers accommodated. A new KPI has been added to show the number of families with children accommodated in B&B accommodation for over 6 weeks, which continues to be a concern. The Council is continuing to work with Government on a B&B Elimination Plan to address this.

9. HRA – FINANCIAL POSITION

A Housing Revenue Account forecast is presented in the table below. It shows a forecast increase in the HRA deficit for the year, from a £1,336,000 deficit budgeted in February to a forecast £2,571,000 deficit at the end of December, a worsening in the deficit (overspend) of £1,234,000 since the budgets were set. Work is almost complete reviewing the charges being made to the HRA for staffing, support services and other costs to ensure that they are fair and reasonable for last year, this year and moving forward.

<u>Expenditure</u>	Budget	December	Variance (Surplus) / Deficit	Comments
	£'000	£'000	£'000	
Supervision & Management				
Estate Management	5,730	5,535	-196	This is as a result of decant and removal costs for Sheerwater (£123k). Transfer of Hale End (£289k) and Brockhill costs (£198k) to the HRA. Positive variance from the adjustments for reduction in recharges and underspend in staffing costs. Underspend of (£627k) forecast anticipated in the Gas and Electricity budgets.
Rent Accounting / Collection	363	256	-107	This is due to reduction in recharges
Home Support Service	774	791	17	
Tenant Participation	63	46	-16	Underspend on external printing budget (£6k) and savings on recharges (£10k)
Democratic Process	1,742	1,424	-317	This is mainly due to savings from the proposed changes to recharges
Repairs Administration	885	877	-8	The underspend is due to adjustment to recharges and underspend on staffing (£233k). This is reduced by overspend from non-achievement of the estimated Income from management Income (previously Schedule 6), (£25k) and the cost of temporary staff, (£202k).
Transfer to hardship fund	10	0	-10	The hardship budget will not be spent in 2023/24
	9,566	8,929	-637	
Depreciation	3,956	4,196	240	This is as a result of the inclusion of Hale End properties and updated revaluation of housing stock. Forecast based on final 2022/23 outturn.
Repairs & Maintenance				
Day to Day Repairs	2,788	5,314	2,526	The projected costs for repairs have increased significantly as a result of Brockhill Extra-Care waking watch and evacuation staff required to manage the fire safety risk to the building along with the overspend on voids and repairs (including some additional emergency communal heating repairs).

HRA Statutory	434	398	-36	
	3,222	5,712	2,490	
Debt Management Expenses	36	71	35	Forecast based on 2022/23 outturn position
Capital Financing Charges	5,541	5,487	-54	Forecast based on 2022/23 outturn and HRA Capital Financing Reserves (CFR) position
Total expenditure	22,321	24,395	2,074	
Income				
Dwelling Rents	-19,341	-20,338	-997	Sheerwater voids losses moved to voids line below. Further breakdown to be added to future reports
less				
Voids	185	1,830	1,645	Increase in voids and the empty properties in the Sheerwater regeneration scheme reflected in the forecast.
Write offs	57	124	67	The write offs budget is forecast to overspend by £67k.
	-19,098	-18,383	715	
Service Charges & Other Income	-1,885	-2,852	-966	Additional income anticipated from the increase in heating and electricity costs. The budget is understated and may need to be reviewed as part of setting the 2024/25 budgets.
	-20,984	-21,235	-251	
Interest Council House Mortgages	-1	-1	0	
Other receipts (Sheerwater)		-589	-589	Sheerwater receipts accrued in 2022/23 cancelled. Income expected in 2023/24
Total income	-20,985	-21,825	-840	
HRA (Surplus)/Deficit	1,336	2,571	1,234	
HRA Opening Reserves		-1,571		

10. COMMUNITIES DIRECTORATE – FINANCIAL POSITION

The key financial variations for the Communities Directorate are as follows:

Communities Directorate	Q2 Over / (Under) Spend	Q3 Over / (Under) Spend	Impact on deficit - change from Q2 to Q3
	£	£	£
Leisure			

The Leisure Contract has been projecting a short fall of £125K on the management fee payment to WBC from Freedom Leisure. However, performance throughout the year has been stronger than forecast with many areas now back to the levels of attendance from pre pandemic. As such the contract is now projecting to achieve the management fee forecast.	125,546	0	(125,546)
Energy costs, which are the responsibility of the Council under the Leisure Management Contract, are likely to be over budget this year. Closure of certain areas of the building is driving this cost down. However, information has not been input from Thameswey since June 2023 not allowing for an accurate forecast.	128,000	209,132	81,132
Athletic Club Contribution goes to Freedom Leisure NOT WBC.		10,000	10,000
Women's Support Centre			
The Women's Support Centre transferred under TUPE regulations to Catalyst on 31.05.23. A one-off transitional subsidy was agreed for 2023/24 which has meant the FFF saving of £250k has not been achieved.	258,464	258,789	325
Centres For The Communities – Kitchens			
Kitchens at Moorcroft and St Mary's have been rented out so we will not see the budgeted income. This is partially offset by the savings in staff costs.	74,333	74,432	99
Bustler			
Annual Bustler service for St Mary's and The Vyne - No budget set.	11,499	11,499	0
Moorcroft			
FFF is unachievable as assigned incorrectly		77,000	77,000
Theatre Contribution			
New Victoria Theatre (NVT) contribution. We are legally tied in to pay the full £150k for 3y		75,000	75,000
Housing Strategy			
There are savings in staff costs (Housing Strategy & Projects Officer) as part of the FFF-2 savings to the value of £12,246. However, this is reduced because there are no recharges to projects as anticipated at the time of budget setting.	7,105	(302)	(7,407)
Housing Advances			
There is an overspend on Housing Advances. This is because there is a payment to LAMAC (mortgage services) for which there is no budget. There are minor underspends in staff costs of the Sheerwater team seen here.	10,742	9,493	(1,249)
Non-HRA Housing Services & Communities Corporate Management (Commercial)			
There is an underspend in the Energy Bureau Service and in Non-HRA Services.		(9,384)	(9,384)
Housing Options/Needs/Enabling			
There is a savings of £37,700 in the PSL and Lets Rent team because of 1 vacant post and a savings of £327,954 in the Housing Options team because of the Homelessness Prevention Grant received this year that can be used to fund these staff costs. There is an overspend of £17,305 in Housing Services.	91,056	(348,349)	(439,405)

There is an overspend of £ 616,997 in Housing Options due to an overspend in Bed & Breakfast expenditure. Out of this, the fit for future savings not achievable is £47,750. In FFF round 1, an amount of £15,750 for 2022-23 and an amount of £32,000 for 2023-24 was budgeted. This was subject to pursuing the Thamesway Lets Rent Model, so that we could reduce the number of nights in Bed & Breakfast. However, since the model did not materialise, these savings are not achievable. There is an improvement in income collection, bringing an amount of £108,896 as over-recovery against budgets. Expenses to the extent of £13,653 can be funded by the homelessness grant, and the amount of £691,796 is due to the increasing homelessness needs, also because of larger families approaching B&Bs, requiring larger accommodations.	231,885	616,997	385,112
During the budget setting of 2023/24 in Temporary Accommodation, we forecast a government income of £140,427 that was incorrect, an adjustment needs to be made on that account. There is an anticipated under recovery of £67,851 in the temporary accommodation budgets. This is due to under recovery of income although there is a savings in expenditure of £41,047.	224,603	208,278	(16,325)
The Private Sector Leasing Scheme is showing an overspend of £15,845 due to under-recovery of income. The position of the PSL's has improved from £79,016 deficit in 2022/23 to an anticipated deficit of £58,328 in the current year. However, this is expected to increase, as an increase in void costs are expected during the year.	5,087	15,485	10,398
Total Projected Overspends	1,168,320	1,233,616	65,296
The Junction/Richardson Centre			
These premises are used by the Women's Support Centre and all costs are now with Catalyst.	(30,150)	(30,150)	0
Youth Development			
Youth Development ended in 2022 and we are no longer paying this grant.	(44,000)	(44,000)	0
Family & Community Manager FCS011			
Post vacated in Oct23 - To be removed	0	(36,387)	(36,387)
Social Prescribing			
Two vacancies that are being recruited to. Fully funded posts.	(12,652)	(5,606)	7,046
Community Alarms			
New NHS funding received.	(20,000)	(20,000)	0
Home Independent Support			
There are six vacancies in this area, approval has been given to recruit to four of the posts and the saving is the net impact.	Included elsewhere	Included elsewhere	Included elsewhere
Brockhill			
Two staff left and posts will not be recruited to resulting in a saving.	Included elsewhere	Included elsewhere	Included elsewhere
Homelessness Directorate Funding			
The Homelessness Directorate funding grant is showing an anticipated surplus of £44,073 against a budgeted surplus of £211,635. An unbudgeted Homelessness grant income of £229,912 was received in Aug 2023 that will help meet additional costs of homelessness, including rent arrears. It is anticipated that this additional funding received during the year will be used to fund additional staff costs in the Housing Options team. This funding includes the Homelessness Prevention grant, Rough Sleeper Initiative, Rough Sleeper grant and RSAP /NSAP grants.	(214,097)	167,562	381,659

Let's Rent Scheme and Other Housing Service Expenses			
The Let's Rent scheme is showing savings of £110,471 due to a reduction in specific initiatives (for example, tenant training and targeted incentive schemes) compared to previous years. Some of these expenses will be funded by the Homelessness Prevention grant.	(85,135)	(110,471)	(25,336)
A £19,611 savings from Welfare Reform and Homelessness is achieved as part of the fit for future savings, value £18,000 (Withdrawal from Sharer's scheme). There is an overspend of £6,942 on CRB mental health grants and £2,104 in Other Housing Services expenses.	(10,565)	(10,565)	0
Other Minor Variations	191,457	(51,199)	(242,656)
Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	(42,000)	(46,062)	(4,062)
Total Mitigations	(267,141)	(187,177)	79,964
Total Projected Variance on Communities Directorate Services [overspend]	901,179	1,020,893	119,714

11. COMMUNITIES DIRECTORATE – KEY PERFORMANCE INDICATORS

Homelessness & Allocations – Catherine Butler							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
SO-018a	Number of new homeless households placed in B&B during the quarter. Lower outturn is better.	39	98	29	29	46	N/a
	Severe Winter Emergency Protocol provision increased the number of rough sleepers placed in B&B during November which in turn has impacted this KPI.						
SO-018b	Number of new homeless households placed in other emergency accommodation (temporary and non-secure) during the quarter. Lower outturn is better.	15	19	10	18	22	N/a
	There is a small increase in households approaching the Council under the homelessness legislation this quarter, due to the economic climate and cost of living crisis.						
SO-085a	Total number of households in B&B at the end of the quarter. Lower outturn is better.	41	23	40	42	47	N/a
	There has been a consistent increase in the number of households placed into B&B in 2023/24. This is because more people are losing their homes and approaching the council for support.						

KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
SO-085b	Total number of households in other emergency accommodation (temporary and non-secure) at the end of the quarter. Lower outturn is better.	171	175	175	177	183	0
	There is a consistent increase in households placed in emergency accommodation due to ongoing pressures as we continue to see a high numbers of homelessness presentations.						
SO-080a	The average length of stay of homeless households in B&B accommodation (weeks). Lower outturn is better.	8	8	14	10	9	N/a
	Severe Winter Emergency Protocol increased the number of rough sleepers placed in B&B during November, however this KPI is showing a reduction as these rough sleepers were only in for a short period of time. This brings down the average for this quarter.						
SO-080b	The average length of stay of homeless households in other emergency accommodation (temporary and non-secure) - weeks. Lower outturn is better.	134	114	102	110	98	N/a
	Since adopting the DLUHC approved Homelessness Elimination Plan the average length of time has reduced from 110 to 98 weeks average length of stay which is an improvement.						
SO-080c NEW	The number of families with children in B&B for more than 6 weeks. Lower outturn is better.	New KPI		10	12	8	0
	DLUHC closely monitor local authorities who have more than 6 households with children in B&B for more than 6 weeks. Since adopting the DLUHC approved Homelessness Elimination Plan this number has steadily reduced.						
CO-001	Cumulative number of affordable homes delivered. Higher outturn is better.	7	15	0	0	5	102
	The Council's Housing Strategy 2021-2026 commits to a total delivery of at least 510 new affordable homes, averaging a target of 102 per year. However, delivery levels can fluctuate significantly from year to year.						
Housing Landlord Services – Mick Collyer							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
IM1	Rent & service charge income collected for properties managed by the housing service. Higher outturn is better.	92.37%	94.71%	97.99%	97.09%	98.11%	99%
	Current tenant rent arrears stand at £1.13m and equates to 4.39% of the annual rent role which is a marginal reduction since the end of Q2, however, the Q3 figure does not include any income from the final week of the quarter due to the offices being closed at Christmas. New arrears management software in place since October 2023 is starting to take a positive effect in the way that cases are prioritised and managed. Former tenant arrears are now at £856k for all account types, reduced from £1.1m following an exercise to write off all statute barred debts.						

KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
IM3	Average number of days taken to re-let properties managed by the housing service. Lower outturn is better.	81.59	85.32	85.30	62.53	61.98	Data only
	Void performance has seen a slight improvement since the end of Q2. A continuation of increased resources and better communication between teams has achieved further improvements in the time taken to complete the asset works but other issues have negated some of these improvements. These issues include integrating the new gas contractor into the void works process, lack of housing management resources to carry out pre-vacation visits which would normally identify issues with larger scale clearance work being needed and avoid impact on the void works process, and training and awareness issues introducing changes to the sign-up process with the Independent Living Officers now taking up sign-ups for Sheltered accommodation.						
RR1	Emergency repairs carried out in properties managed by the housing service (attended within 4 hrs and made safe/completed within a further 4 hrs). Higher outturn is better.	N/a	N/a	90%	No data	89% (Dec 2023)	N/a
	Raw data was used to collate Q1. The Council is working with the contractor to provide performance indicators for 2023/24. December's figures have been provided and included for Q3. These have been skewed by the Christmas period. Quarterly figures should be available for Q4 with any backdated analysis also added.						
RR2	Urgent repairs carried out in properties managed by the housing service (repairs due for completion within 24 hrs). Higher outturn is better.	N/a	N/a	80%	No data	80% (Dec 2023)	N/a
	Raw data was used to collate Q1. The Council is working with the contractor to provide performance indicators for 2023/24. December's figures have been provided and included for Q3. These have been skewed by the Christmas period. Quarterly figures should be available for Q4 with any backdated analysis also added.						
RR3	Routine repairs carried out in properties managed by the housing service (repairs due for completion within 10 working days). Higher outturn is better.	N/a	N/a	62%	No data	75% (Dec 2023)	N/a
	Raw data was used to collate Q1. The Council is working with the contractor to provide performance indicators for 2023/24. December's figures have been provided and included for Q3. These have been skewed by the Christmas period. Quarterly figures should be available for Q4 with any backdated analysis also added.						
HC01 NEW	Number of Stage 1 Housing complaints received. Data only.	36	36	11	17	7	Data only
Housing Management and Housing Asset Management Complaints – Mick Collyer							
HC02 NEW	Number of Stage 1 complaints responded to within 14 calendar days. Data only.	11	13	5	14	5	Data only
HC03 NEW	Number of Stage 1 complaints not responded to within 14 calendar days. Data only.	25	23	6	3	2	Data only

KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
HC04 NEW	Number of Stage 2 complaints received. Data only.	4	6	4	5	1	Data only
HC05 NEW	Number of Stage 2 complaints responded to within 28 calendar days. Data only.	2	0	0	2	0	Data only
HC06 NEW	Number of Stage 2 complaints not responded to within 28 calendar days. Data only.	2	6	4	3	1	Data only
HC07 NEW	Percentage of Housing complaints answered on time. Higher outturn is better.	32.5%	31.0%	33.3%	72.7%	62.5%	Data only
HC08 NEW	Percentage of escalated Housing complaints. Lower outturn is better.	11.1%	16.7%	36.4%	29.4%	14.3%	Data only
<p>These KPI's illustrate the complaints received each quarter and the number responded to within time. The response time frame is due to be measured against the Housing Ombudsman complaint handling guidelines which is 10 working days for stage 1 complaints and 20 working days for stage 2 complaints. The measures shown vary slightly due to the current capacity of our systems, which are 14 calendar days for stage 1 and 28 calendar days for stage 2.</p> <p>Overall rates of response have been below expected standards over most of 2022-23 and 2023-24. There have been a number of circumstances that have affected the performance since the housing service was brought back in house in April 2022 including changes of repairs and cleaning contactors causing delays in investigations taking place, a lack of consistent customer support staff within housing management and a general lack of resource due to unfilled posts in housing management. The performance level has been recognised as below acceptable standards and the Council undertook the Housing Ombudsman complaints handling self-assessment during Q2, which highlighted a number of areas for improvement. An experienced housing professional has recently been appointed to the new role of Resident Engagement Team Leader who will be taking the lead in implementing the changes necessary to bring the performance levels back up.</p>							
Health & Wellbeing – Julie Meme							
HW1	Average number of Community Meals clients. Data only.	184	161	162	158	151	Data only
	There has been a decline in community meals clients over recent quarters. Take-up of the service is seasonal and typically increases over Winter, but we have not seen the typical increase due to the cost of living crisis. A fresh marketing campaign is being planned - new signage has been created for all vehicles and work continues with marketing to promote the service.						
HW2	Average number of Careline clients. Data Only.	1467	1425	1400	1381	1380	Data only
	Whilst fluctuations in Careline customer numbers are not unusual, there has been a downward trend over the last 5 quarters. This is partially due to recent increases in fees (to make the cost of service more in line with other Councils) and the availability of alternative equipment, such as smart watches, which can be purchased from many retailers. However, the service is still well used by elderly and/or vulnerable residents.						

CORPORATE RESOURCES DIRECTORATE – KEVIN FOSTER

The Corporate Resources Directorate is comprised of the following functions:

Corporate Strategy: (Business Continuity, Performance Management, Project / Risk Management).

Customer Services: (Contact Centre, Land Charges, Reception, Statutory Reporting).

Democratic Services: (Democratic Services, Corporate Management Support, Elections, Mayoral & Civic Events, Post Room).

Finance: (Budget Management, Business Support, Cash Management, Debtors/Creditors, Treasury).

Human Resources: (Health and Safety, Human Resources, Insurance, Payroll Services).

ICT: (Application Services, Cyber Security, Disaster Recovery, Infrastructure Services, Service Desk).

Legal Services: (Legal, Procurement).

Marketing Communications: (Community Engagement, Website Content, Project Communications).

Property Services: (Asset and Commercial Management, Capital Projects, Facilities Management, Town Centre Management).

Revenues & Benefits: (Business Rates, Council Tax, Fraud Investigation, Housing Benefits).

12. CORPORATE RESOURCES DIRECTORATE – STRATEGIC DIRECTOR SUMMARY

Work to prepare and deliver the Medium-Term Financial Strategy and the development of savings proposals to meet the budget targets has dominated management activity and focus over the last quarter. A considerable amount of attention has been paid to reviewing in-year operational and financial performance in order to inform these savings proposals and focus on essential value adding support to the key priorities of the Council.

There will need to be a focus for some time on developing a stronger corporate approach to how the Council operates and is managed, ensuring it embraces a culture of continuous improvement and being insight driven to inform decision making. A relentless focus on the Improvement and Recovery Plan which encapsulates much of the activity and priorities for Corporate Resources will be a feature for the coming years, however this must balance against delivering the core business of a borough council. Equally we will need to ensure that the workforce is brought along with the significant changes taking place in the Council and the impact this has.

The KPI's and financial monitoring analysis present a mixed picture of performance when considered in isolation, and therefore needs to be considered in the context of:

- The new performance management regime is still forming and has involved a considerable degree of reviewing and re-establishing data criteria to ensure what is captured is representative of corporate performance.
- There is a significant level of change being undertaken within Corporate Resources and the wider Council, all of which sits alongside business-as-usual service delivery.
- The range of performance indicators need to better represent the services delivered within Corporate Resources, and key measures of success for these services need to be developed.
- New indicators that add strategic value will be developed and added to future publications to ensure that this document evolves alongside the needs of the Council.

In respect of other priorities within the Directorate, good progress is being made on establishing a fit for purpose response to supporting the challenges and opportunities facing the Council. This includes:

- The development of business partnering – aligning Corporate Resources services and reporting to the needs of the business.
- Improving performance reporting to provide a better oversight of overall Council performance – this report and the new financial monitoring arrangements are good examples of this.
- Focussing on controls and management of risk – both of which have been enhanced through the operation of a Financial Control Panel and corporate risk register reporting.
- Enhancing Health and Safety reporting and oversight
- Developing profit and loss account reporting for investment assets and establishing strategic asset management principles and systems

One of the key aims of Corporate Resources is to enable other services within the Council to function effectively. We must continue to make progress on collaborative working across all directorates and with Councillors to ensure that the support we provide is focussed on the needs of the services the Council delivers. We must be responsive to these needs and not limited by a silo view of the organisation.

13. CORPORATE RESOURCES DIRECTORATE – FINANCIAL POSITION

The key financial variations for the Corporate Resources Directorate are as follows:

Corporate Resources Directorate	Q2 Over / (Under) Spend	Q3 Over / (Under) Spend	Impact on deficit - change from Q2 to Q3
	£	£	£
Property Services			
The Commercial rent budget was increased by £400,000 to include new leases which are now unlikely to complete this financial year and the Fit for Future anticipated savings of £132,000 have not been met. In addition, it is anticipated rent concessions of £250,000 are likely to secure lease renewals as assumed in the rent forecast reported via the MTFs.	1,124,250	363,000	(761,250)
The council have received £500,000 for the sale of a long lease (150 years) at St.Andrews House and Kestrel Way mast income of £80,000.			
Surrey County Council vacated the Civic Offices on 21 st April 2023 resulting in a shortfall of income of rents at the Civic Offices of £115,000.			
Rent reviews have completed for the remaining tenants resulting in increased rents and backdated rents, securing a further (£100,000) in the current year.			
It has been possible to mitigate these costs following a review of the Civic Offices operational costs in year, also reported as part of the Gateway savings (£115,000).			

<p>A dilapidation settlement of £176,000 has been received in respect of Midas House. These monies will need to be expended to make the floor lettable. Feedback from letting agents is that these works need to be completed to stand any chance of attracting tenants. Furthermore, we will need to seek legal advice as to whether dilapidation money which is paid by a tenant for a landlord to reinstate the premises can be used for alternative works from what it was received for.</p> <p>For information, the estimated rental value for this space is £475,000 and the loss in business rates £168,448, Service Charge £156,165 and insurance total £330,203.</p> <p>Until legal advice is received the forecast for monitoring purposes is that these monies will be expended.</p>			
<p>In order to increase rent income at Midas House, landlord capital works of £90,000 have been approved. However, due to rent free periods, the new rents will not be realised until the new financial year.</p>			
<p>There is an underspend of £1,000,000 against the budget for Business Rates due rate revaluations, back dated rate valuation changes, and the timing difference between the budget being set and the current reporting period. Rate mitigation has been achieved by using an agency who specialise in placing charities in short term lettings specifically to reduce the business rate liability to the council. Revaluations and rate mitigation efforts will continue throughout the year and the variation will be updated monthly to reflect these changes as they happen.</p>			
<p>These savings are partly offset by rate mitigation agency fees revaluation fees of £150,000.</p>			
<p>Due to the shortfall in rents, there is an increase in voids service costs of £750,000 mostly attributed the larger offices and shopping centre (Midas House, Dukes Court, Wolsey Place and Export House).</p>			
<p>Only essential repairs and maintenance are being carried out resulting in an underspend against budget of £200,000. Landlord incentives can be agreed to secure a lease and costs to date have totalled £89,000.</p>			
<p>During 2023/24 £144,000 of compensation payments are due to tenants to remove their security of tenure and enable maximum market value.</p>			
<p>Due to the bad state of garages, repairs have become expensive. In addition, the number of void garages is increasing due to the poor condition and the lack of capacity within the housing team to deal with reviewing the void garages and getting any relet has resulted in a forecast overspend of £80,000.</p>			
<p>There is an overspend against budget at Provision House of £95,000, of which £11,000 is due to void space, £24,000 due to under recovery of service charge from a charity letting and the balance is due to out-of-date budgets £60,000.</p>			
<p>Due to the removal of the Town Centre Management Agreement (TCMA) reserve, there will be an overspend of £250,000 due to works which had already commenced such as the Chertsey Road works.</p>			
<p>To mitigate this further negotiations with SCC will secure additional funding of £130,000 in 2023-24.</p>			

Due to inflation a higher contribution has been received from Surrey Heath Borough Council of £9,000 towards CCTV. In addition, transmission maintenance is anticipated to be £6,000 lower than budget.			
Election Services			
Overspend on Borough election due to Budgets set too low	65,000	65,000	0
Marketing and Communications			
Overspend on staff costs	4,618	8,780	4,162
Financial Services			
The overspend relates to the costs of temporary and interim staff.	144,568	493,629	349,061
Overspend on Internal Audit	0	85,000	85,000
Revenues, Benefits and Customer Services			
Income from Search fees less than budget due to lower number of applications received than Forecasted Activity	0	101,088	101,088
Corporate Management			
The overspend relates to the cost of the Interim Section 151 Officer and costs of Commissioners offset by Strategic Director Place vacancy	301,000	396,769	95,769
Human Resources			
Overspend relates to graduate programme not budgeted for.	113,945	81,405	(32,540)
Democratic Services			
Overspend on staff costs/salaries	23,000	9,406	(13,594)
Internal recharges, SLGA reimbursement		(60,000)	(60,000)
ICT			
Procurement Savings budgeted for in a central code – savings are being delivered and are represented in the rest of this budget monitoring report through the relevant service savings and mitigations.	0	550,000	550,000
Underspend relates to: Implementing corporate systems review to rationalise the number of hosted applications; Contract re-negotiations and procurement efficiencies through better sourcing; movement to cloud systems hosting; Review of licenses.	0	(198,672)	(198,672)
Overspend relates to network circuits. We are still having to subscribe to the PSN due to the DWP having not yet moved away from it (the original deadline of April 2023 has passed, and we do not have information from DWP as to when they will be ready to move off it). This was not included in the original budget estimates for 2023/24 as we did not expect the ongoing requirement.	0	9,300	9,300
Other Minor Variations	201,554	(10,868)	(212,422)
Total Projected Overspends	1,977,934	1,893,837	(84,098)
Corporate Management			
Legal Services			
Vacancy saving Head of Legal.	(121,878)	(126,138)	(4,260)
Election Services			
Saving arising from scaling back Civic and Mayoral events and services.	(25,000)	(25,000)	0
Underspend due to Electoral Services Officer vacancy.	(20,000)	0	20,000
Total Mitigations	(166,878)	(151,138)	15,740
Total Projected Variance on Corporate Services Directorate Services ([overspend])	1,811,057	1,742,699	(68,358)

14. CORPORATE RESOURCES DIRECTORATE – KEY PERFORMANCE INDICATORS

Financial Services – Nicola Regis							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
CO-021	Invoices paid within 30 days or within supplier payment terms – cumulative. Higher outturn is better.	97.90%	97.90%	90.70%	93.60%	93.00%	97.00%
	Q3. is showing amber due to energy companies issuing large credit notes and then re-issuing invoices. Extra work has been undertaken to process these invoices and these issues should be resolved with accounts going forward.						
Revenues & Benefits – David Ripley							
EC-011	Council Tax Collected (cumulative target Q1. 30.10%, Q2. 59.30%, Q3. 87.90%, Q4. 98.40%). Higher outturn is better.	84.67%	97.90%	29.64%	57.50%	85.28%	87.90%
	Government has introduced a change which enables residents to pay Council Tax over 12 months rather than the default scheme of 10 months (April to January). The change has impacted this performance indicator because quarterly collection rate targets are continuously adjusted as more residents opt for this payment schedule. Outside factors such as the cost-of-living crisis and interest rates can also negatively affect this performance indicator.						
EC-012	Business Rates Collected (cumulative target Q1. 32.33%, Q2. 57.61%, Q3. 87.52%, Q4. 98.46%). Higher outturn is better.	86.00%	98.06%	32.81%	57.86%	85.40%	87.52%
	The current collection rates are within the expected range and reflect a similar rate achieved last year at the same date.						
NI 181	Average time taken to process Housing Benefit and Council Tax Support claims. Lower outturn is better.	7.30	5.60	6.79	6.99	7.01	8.00
	The current performance is within target. However, this KPI is currently affected by claimants failing to provide evidence in support of their claims. We proactively remind and chase applicants, but under legislation they have one calendar month to supply the required supporting evidence.						
SO-004	Benefit Overpayments Recovered Higher outturn is better.	80%	82%	118%	125%	90.16%	75%
	Current recovery rates are above target, but this KPI can be significantly affected in any quarter due to a range of influences i.e., possible backdated benefit fraud investigations which may result in large overpayments of Housing Benefit. The most recent large overpayment recovery was in July 2023 for £27k.						

PLACE DIRECTORATE – BEVERLEY KUCHAR

The Place Directorate is comprised of the following functions:

Planning & Building Control: (Arboricultural Services, Building Control, Development Management, Enforcement, Planning Policy).

Car Parking: (Off-Street Parking, Permits).

Environmental Health: (Air Quality, Food Safety, Pollution Control, Licensing, Housing Standards).

Neighbourhood Services: (Environmental Maintenance, Neighbourhood Officers, Waste & Recycling, Climate Change, Green Spaces, Biodiversity & Habitats, GIS, Street Name and Numbering).

15. PLACE DIRECTORATE – INTERIM STRATEGIC DIRECTOR SUMMARY

The Place Directorate focuses primarily on service delivery to provide a safe, healthy, green, and prospering Borough for our residents.

Within our KPI's we are presenting a picture of performance in key areas of this service delivery and the following should be taken into account:

- There continues to be a level of business change being undertaken within the organisation which has an impact on the 'business as usual' service delivery in the Place Directorate, with further changes ahead as the organisation becomes smaller.
- New indicators that reflect changes to national planning legislation that were introduced in December 2023, and respond to the Government's direction of travel in relation to performance reporting, are being finalised and will form part of the reporting framework for future reports.

Going forward and as we continue to identify savings and meet the recommendations of the Improvement and Recovery Plan, it is important that we monitor performance to ensure that we are meeting statutory duties and providing a safe and healthy place for our residents to live and work, and to encourage visitors and future development within the Borough.

The Car Parking Strategy, which is shortly to be finalised, will provide useful information in relation to usage and capacity within our car parks in addition to highlighting those car parks where investment may be needed to maintain standards. Proposed amendments to the charging schedule are being developed with the aim to introduce changes in the Spring. We continue to progress the procurement of a new grounds maintenance and street cleaning contract which will come into effect in April 2025. In the meantime, we are securing in-year savings to the existing contract.

A further challenge will be ensuring we are fully prepared for when Biodiversity Net Gain becomes mandatory for all new major development – this will come into effect from early in 2024. And, finally, we are working with a number of developers on significant town centre proposals, both for residential and grade A office uses, with interest at a much higher level than we saw last year.

16. PLACE DIRECTORATE – FINANCIAL POSITION

The key financial variations for the Place Directorate are as follows:

Place Directorate	Q2 Over / (Under) Spend	Q3 Over / (Under) Spend	Impact on deficit - change from Q2 to Q3
Development Management			
<p>Fee income now looks likely to be some £100k below target for the year. A national fee increase was introduced in December, it is unlikely to have a significant impact in this financial year.</p> <p>The costs involved in defending the Council’s decision, at public inquiry, to refuse the planning application at Technology House, are likely to cost a further £10,000 over and above the previously reported cost of £40,000. This is because the design consultant originally employed is not available for the inquiry due to a hospital procedure and we have had to secure the services of another design consultant whilst still incurring some costs of the first one.</p> <p>The Appeals budget of £4,750 is currently not spent.</p>	16,799	145,250	128,451
Building Control			
<p>There is a significant shortfall due to the effects of high interest rates on the construction sector (mainly due to the loss of town centre development). However, the domestic sector began to recover in the third quarter. Mitigating actions; Retirement of the current chief surveyor and appointment from within will reduce a post and give a saving of approximately £65K in 2024/25.</p>	176,085	171,085	(5,000)
Parking Services			
<p>A vacant post in Parking Services contributes savings of £17,000. There are overspends on business rates of £705,000 mainly due to under-provision of budgets for Red and Green Car Parks and over-provision of savings from appeals on business rates. Electricity costs had not been budgeted for Red Car Park and are under budget for car park at Heathside Crescent resulting in an estimated overspend of £287,000. Also, water at Victoria and Red Car Parks are over budget by £13,000. Estimated additional works on repairs, maintenance and facilities management at car parks result in a overspend of £44,000. There is an overspend of £12,000 on cash collection and card handling fee for receipts of parking income. Newly signed cleaning contract enables a saving of £34,000 in Red and Green car parks which can offset partly the overspends.</p>	1,853,000	1,823,000	(30,000)

<p>The forecast outturn for car park incomes including parking fees, season tickets and PCNs are less than the estimated income target by £813,000. When compared to December 2022, income across the three key measures is up by £670,000. Despite the impact of a loss of income due to two separate service faults in cash and card payments during August and September 2023, Day Tariffs are around £568,000 more than the same period last year. The Permits and Off-street PCN's are up by £58,000 and £44,000 respectively. Officers sought and obtained approval from SCC to continue to recover FPN debt for on-street enforcement undertaken up to 31 March 2023. This was estimated to be up to £270,000 split across the bus lane, Woking on-street and Surrey Heath on-street. So far we have recovered £122K. Arguably, this estimated income should have been split across 2023/24 and 2024/25 as debt recovery can take time. So, whilst this is recorded as an underspend it is income which will continue to be pursued. In addition, the review on Parking strategy is in progress. We anticipate introducing a new tariff structure early in 2024 which could see an increase in income for the final two months.</p>			
Environmental Health and Housing Standards			
<p>A vacant post contributes a gateway saving of £11,000. An estimated reduction in the number of inspections for animal welfare licences will reduce income of £14,000. The removal of internal contributions from Parks, Countryside and Housing Revenue Account for patrols and dog control reduce income by £58,000. The additional costs for security out of hours handling covered partly by recharge and expenses in stray dog and kennelling result in an overspend of £10,000. However, there are savings of £12,000 from less estimated expenditure on equipment, marketing, and land registry fees. Income from penalty charges on HMO licenses is expected to increase by £19,000. A recharge of £24,000 from the Homes For Ukraine income to fund the time spent completing essential housing checks enhances further savings. In addition, the recharges from Primary Authority work and Licence inspection enable savings of £15,000 to partly cover the overspends.</p>	10,000	1,000	(9,000)
Licensing			
<p>There are overspends of £8,000 in Employee costs. The projected income is reduced by £21,000 mainly due to less fees from Private Car Hire and Taxi Licences and removal of recharge from CRB fees.</p>	29,000	29,000	0
HIF project			
<p>There are overspends of £14,000 in Employee costs. We are seeking to recover these costs from Homes England. Progress will be reported in a future Budget Monitoring Report.</p>	16,000	14,000	(2,000)
Total Projected Overspends	2,100,884	2,183,335	82,451
Planning Strategy			
<p>A Planning Policy post is vacant, and there are currently no plans to recruit. A temporary member of staff was used to cover the Planning Policy Manager's post, which was filled permanently from October. CIL administrative costs will be charged to CIL receipts at year end in line with legislation.</p>	(71,303)	(46,981)	24,322

Economic Development			
Underspend of £103,055 is mainly due to cancellation of Celebrate Woking activities of £100,000, Overspend of £23,620 on staff not budgeted for and £26,675 underspend on Business liaison project.	(103,055)	(101,605)	1,450
Waste and Recycling			
There are overall savings of £25,000 from Waste and Recycling due to estimated reducing variable costs in waste collection. The estimated lower level of income from bin replacement and slightly lower take up of garden waste subscriptions offset part of the savings.	(145,000)	(25,000)	120,000
Green Infrastructure			
A vacant post in Green Infrastructure contributes savings of £11,000. Additional savings of £76,000 are expected mainly from reducing non-essential activities mainly for tree, vegetation, and footpath improvement, holding off on works in repair and maintenance in play and sports equipment, and reducing ground maintenance in allotments, parks and countryside sites with contribution towards relevant costs recharged from third parties. Expenditure for works for Biodiversity Net Gain can be offset by grants and increased fees income from ice-cream licences thereby releasing savings of £22,000. Estimated reduction in service payment to consultants on climate change and other green infrastructure issues provide an underspend of £10,000. An underspend on dog control for Parks and Countryside saves £48,000 which has been internally recharged to Environmental Health. Termination of partner contribution for Basingstoke Canal generates savings of £53,000 which contributes to our gateway savings target. However, there is a reduction in budgeted income of £8,000 on rent received for the mast in Sheerwater which was decommissioned in 2022 linked to the regeneration scheme and a projected overspend of £16,000 on the corporate car club and car hire budget, which is the subject of a gateway savings proposal. A net overspend of £4,000 in electricity charges deducted with electricity recharge at Parks is predicted, due to higher than previously predicted energy tariffs, work is being undertaken corporately towards a new contract.	(186,000)	(192,000)	(6,000)
Neighbourhood Services			
A vacant post contributes a saving of £25,000. Underspends on Street Furniture, grounds maintenance and maintenance of other land where WBC has an interest result in savings of £36,000. There is an estimated increase in income of £13,000 from Roundabout sponsorship. Removed budget for business rate which is not required enables saving of £5,000.	(74,000)	(79,000)	(5,000)
Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	(92,940)	(92,940)	0
Other Minor Variations	(10,565)	15,281	25,846
Total Mitigations	(682,863)	(522,245)	160,618
Total Projected Variance on Place Directorate Services [overspend]	1,418,021	1,661,090	243,069

17. PLACE DIRECTORATE – KEY PERFORMANCE INDICATORS

Neighbourhood Services – Mark Tabner							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
EN-101	The quarterly % of household waste reused, recycled, and composted. Higher outturn is better.	60.9%	49.7%	61.3%	55.0%	5-week delay	61.0%
	Suez collates direct tipping data from various sources before uploading to the Intelligent Waste Disposal Data Management System and then further analysis is undertaken. This process impacts with the availability of the final KPI information and therefore is only available 5-weeks after collation. Q2. saw a seasonal dip in the recycling rate due to the change of weather, which typically results in less green waste tonnage being collected.						
EN-101a NEW	The cumulative % of household waste reused, recycled, and composted. Higher outturn is better.	57.6%	55.8%	61.3%	57.3%	5-week delay	61.0%
	Suez collates direct tipping data from various sources before uploading to the Intelligent Waste Disposal Data Management System and then further analysis is undertaken. This process impacts with the availability of the final KPI information and therefore is only available 5-weeks after collation. Q2. saw a seasonal dip in the recycling rate due to the change of weather, which typically results in less green waste tonnage being collected.						
EN-093a	The number of missed collections per 100,000 collections of household waste. Lower outturn is better.	38	42	47	33	5-week delay	80
	Suez collates direct tipping data from various sources before uploading to the Intelligent Waste Disposal Data Management System and then further analysis is undertaken. This process impacts with the availability of the final KPI information and therefore is only available 5-weeks after collation. Q2. performance was well within target due to stable staffing levels and the fact that the contractor has implemented a Power BI dashboard to monitor and address missed bins.						
NI-196	Cumulative Number of Fly Tipping Incidents. Data only.	891	1186	328	608	984	Data Only
	The trend in the number of fly tipping incidents is broadly in-line with expectations based on 2022/23 data.						
NI-196a	Cumulative Number of Fly Tipping Enforcement and Investigation Actions. Data only.	1137	1450	314	614	1030	Data Only
	The trend in the number of fly tipping incidents is broadly in-line with expectations based on 2022/23 data.						
Development Management – Thomas James							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
EN-013	Major Planning Applications decided in 13 weeks or an agreed time extension. Higher outturn is better.	100%	100%	100%	100%	50%	66%

	Only 2 major applications were determined in this quarter, one of which went beyond the determination date due to ongoing S.106 matters. This has resulted in our performance being recorded at 50%. However, in terms of the 2-year rolling performance that DLUHC measures, performance on majors is strong and we remain above statutory performance levels.						
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
EN-014	Minor Planning Applications decided in 8 weeks or an agreed time extension. Higher outturn is better.	87%	86%	92%	86%	81%	65%
	Performance remains above target. From Q4. it is proposed to differentiate which applications have relied on applicants agreeing to an Extension of Time (EoT) to meet the performance target, as the government are looking to introduce new performance indicators in this regard. This can give a clearer indication of performance in real terms. It is noted that, because of the Special Protection Area designation, all granted minor applications for dwellings in the Borough must be subject to a S.106 Legal Agreement which can rarely be drafted and completed within the statutory 8 weeks and performance therefore relies on applicants agreeing to an EoT.						
EN-015	Other Planning Applications decided in 8 weeks or an agreed time extension. Higher outturn is better.	88%	87%	82%	79%	73%	80%
	Performance has dropped sharply over the year and is now below the target in Q3. This application type represents the greater part of the team's caseload and the number of applications being received during this quarter remains higher than the pre-Covid period. Resourcing and staffing levels, alongside high caseload levels, have had a negative impact on performance figures. In December DLUHC confirmed we were successful in securing funding for an officer to work on backlog applications. This 6-month post should support the team in reducing overall application numbers and build capacity for improved performance in 2024/25.						
EN-016	Appeals allowed against the decision to refuse planning applications. Lower outturn is better.	35%	36%	50%	50%	27%	35%
	A relatively small number of decisions are issued by the Planning Inspectorate each quarter meaning that 1-2 allowed appeals can significantly impact on figures as in quarters 1 and 2. For Q3, the target is met with 3 appeals allowed and 8 dismissed.						
NI 154	Cumulative total Net Additional Homes Provided. Higher outturn is better.	587	650	49	74	120	292
	The total dwellings delivered in 2022-23 (650) was significantly higher than in most years as a result of the completion of the residential element of Victoria Square. This has more than outweighed the cumulative undersupply against our housing requirements over past years. In comparison the lower number of net additional homes reflected cumulatively for 2023/24 so far are thought to be due to the No Deal Brexit threat and Covid lockdowns around 3-4 years ago, which caused a drop in planning applications; that drop is now feeding through the system to completions.						
P006	Cumulative Net Additional Affordable Homes Provided. Higher outturn is better.	4	12	0	0	5	102
	Building Control completions have occurred on Sheerwater Red phase but are not yet reflected in this KPI. The outcome of a current application is due and once received will determine the amount of affordable housing on site.						

Environmental Health – Emma Bourne							
KPI	Description	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Q3 23/24	Target
EN-073	Inspecting food premises - planned visits plus adjustments resulting from new sites opening, closing, inspection findings, and requests for paid re-inspections. Higher outturn is better.	44%	276%	28%	38%	67%	100%
	The number of inspections completed in Q3. is below target as we are a reactive service with demands at different times of the year. December is typically a month where fewer inspections are completed due to demands on the industry over Christmas and New Year. We are also finding that more food businesses are poorly compliant due to staff issues, cost of living, etc. therefore inspections take longer and require enforcement action. It is expected that we will meet inspection targets by the end of Q4.						
EN002	Percentage of completed inspections (YTD) for overdue D and E rated food businesses. Higher outturn is better.	N/a	N/a	13%	16%	6%	25%
	The low figure for Q3. reflects a decrease in December inspections when food businesses are typically busy, and priorities adjust for other seasonal variations such as food poisoning investigations.						
E003	Percentage of food businesses with a food hygiene rating of 3 or better. Higher outturn is better.	95%	94%	95%	94%	94%	Data only
	A food hygiene rating is given in accordance with compliance with food hygiene law after each food inspection. This figure shows the percentage of food businesses which have achieved a rating of 3, 4 or 5 and are therefore considered to be 'broadly compliant'.						
EH01	Total number of Environmental Health complaints (i.e., food, health and safety, animal welfare, statutory nuisance, pollution, etc). Data only.	New PI for 2023/24		495	436	368	Data only
	The total number of complaints for this quarter are a little less than Q1 and Q2 due to seasonal variation - that is, we typically receive more complaints, such as noise and bonfires, over summer months.						

18. CAR PARKS INCOME

	Off Street PCNs	Off Street Parking Fees	Off Street Season Tickets	Total
Annual Budget	30,000	5,818,000	1,477,000	7,325,000
Budget to Date	23,000	4,420,000	1,358,000	5,801,000
Actual to Date	59,000	3,684,000	1,241,000	4,984,000
Variation to Date	+36,000	-736,000	-117,000	-817,000

	+157%	-17%	+9%	-14%
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The 2023/24 income budget for off-street parking is £7.325m. The £4.984m income secured to-date falls short of the £5.801m target (-14%).

19. COMMUNITY INFRASTRUCTURE LEVY (CIL) FUNDING AVAILABLE BY AREA

CIL is a charge levied on new developments to contribute towards infrastructure delivery. A proportion of the money received from this charge is allocated to Wards or Neighbourhood Areas where the development occurred, to be used for local community projects. Ward Councillors can apply for this funding and work with providers and resident groups to deliver identified community projects. The table below sets out the proportion of the CIL income that has been earmarked for the various Wards and Neighbourhood Areas at December 2023.

Area	Funding Receipts (£)	Funding Commitments yet to be Paid (£)	Money Paid (£)	Available Funding (Receipts less Commitments) (£)
Brookwood Neighbourhood Area	16,065.24	0.00	0.00	16,065.24
*Byfleet and West Byfleet Ward	-£4,482.19	0.00	16,452.22	-4,482.19
Canalside Ward	388,468.06	66,054.74	15,060.02	322,413.32
Goldsworth Park Ward	2,149.81	281.87	6,615.69	1,867.94
Heathlands Ward	85,857.66	0.00	0.00	85,857.66
Hoe Valley Ward	48,344.80	3,500.00	0.00	44,844.80
Hook Heath Neighbourhood Area	63,734.09	11,669.00	3,331.00	52,065.09
Horsell Ward	53,144.86	9,000.00	6,969.84	44,144.86
Knaphill Ward	43,787.06	2,000.00	720.74	41,787.06
Mount Hermon Ward	166,783.53	3,500.00	9,600.00	163,283.53
Pyrford Neighbourhood Area	58,507.17	0.00	22,189.65	58,507.17
Pyrford Ward	5,860.82	0.00	0.00	5,860.82
Pyrford Ward within West Byfleet Neighbourhood Area	2,630.77	0.00	0.00	2,630.77
St Johns Ward	31,066.99	118.00	8,314.36	30,948.99
West Byfleet Neighbourhood Area	1,100,256.12	74,812.32	12,329.32	1,025,443.80
Total	2,062,174.79	170,935.93	101,582.84	1,891,238.86

* A proportion of CIL monies received for Byfleet and West Byfleet were misattributed to Byfleet Ward, which accounts for the deficit reported above. This error is now resolved, and corrections have been applied to the database. The deficit will be removed as more CIL money is received for Byfleet Ward.

FINANCIAL AND TREASURY MANAGEMENT INFORMATION

20. EMPLOYEE COSTS

	Original Budget 2023/24 £	Variations £	Latest Budget 2023/24 £	Budget to December £	Actual Expenditure to Dec £	Variation from Budget to Dec £
Corporate Resources	9,142,753	0	9,142,753	6,855,744	7,330,829	475,085
Place	4,487,829	0	4,487,829	3,366,330	3,352,958	-13,372
Communities	7,911,763	0	7,911,763	5,933,282	5,646,043	-287,239
Salary budget	21,542,345	0	21,542,345	16,155,356	16,329,830	174,474
Contribution towards costs	-3,293,326	0	-3,293,326	-2,468,732	-2,617,568	-148,836
	18,249,019	0	18,249,019	13,686,624	13,712,262	25,638

Notes

- At its meeting on the 23 February 2023 the Executive agreed that the staffing budget for the year would be limited to £18.720m and an annual average number of staff for the year of 360 FTE. CLT will manage the staffing budget flexibly within these two parameters.
- The above figures exclude costs of £36,783 on redundancy payments, which will be met from the management of change budget. The amount is split as follows:

General Fund	32,231
Housing Revenue Account	4,552
	<u>36,783</u>

- Contributions towards costs reflect costs included in main table for which we receive some external funding.
- The variation above is split between the General Fund and Housing Revenue Account as follows:

General Fund	215,970
Housing Revenue Account	-190,331
	<u>25,639</u>

21. ASSET DISPOSALS AND CAPITAL RECEIPTS

On 7th December 2023, the Woking Commissioners provided the Secretary of State with their second report relating to the Council's Improvement and Recovery Plan, which was passed by the Council on 30th November 2023.

The Woking Commissioners recognised progress in the asset rationalisation work and the objective over the next 4 months to produce a prioritised plan which will need to balance the urgent need to reduce the levels of debt with achieving value for money from the assets sold. This will take the form of an Asset Disposal Strategy covering both the Council's assets and those Council owned companies that have significant asset holdings, primarily the Thamesway Group and Victoria Square Woking Limited. The strategy is planned to cover a 3-to-5-year period.

At its meeting on 18th January 2024, the Executive approved the disposal of Victoria Gate to Surrey County Council which represented the first strategic asset disposal in recent years. The disposal supported the approach to reducing the Council's levels of unaffordable borrowing and was evaluated through the recently adopted Commercial Protocol.

Within the Asset Disposal Strategy all assets are considered to be under review irrespective of which portfolio they sit within, although it is accepted that there are considerations (such as the continuing provision of services, social needs, and contribution to revenue) that will need to be taken into account for both the internal portfolios and the companies.

The Q4. Performance Management Report will incorporate progress on adopting an Asset Disposal Strategy and a profile of capital receipts that will be targeted for delivery.

HOUSING CAPITAL RECEIPTS		
DETAILS OF RECEIPT	ESTIMATED RECEIPTS (full year) £	ACTUAL RECEIPTS (to date) £
Right To Buy Sales*	3,330,000	1,322,390
Land Sales (including target disposals)	0	0
Equity Share Sale	0	0
Repayment of Discount	0	0
TOTAL RECEIPTS 2023/24	3,330,000	1,322,390
Receipt Retained by WBC	723,191	272,838
Treasury Share of Receipt	535,801	535,801
Earmarked for replacement housing	2,071,008	513,751
	3,330,000	1,322,390
<p>* 5 properties were sold under the Right To Buy to the end of December, at a discounted price of £264,478 compared with a forecast of 15 for the year @ £222,000 each. The Treasury Share will be retained on the same conditions as we currently retain the 1-4-1 receipts.</p>		

22. INTEREST RECEIPTS AND PAYMENTS

Information will be included in the Treasury Management Report to Full Council on 4th March. A Q4. report will follow showing the final outturn and will be included in this document from Q4. onwards.

23. SUMMARY OF EXTERNAL COMMITMENTS

Information will be included in the Treasury Management Report to Full Council on 4th March. A Q4. report will follow showing the final outturn and will be included in this document from Q4. onwards.

24. LONG TERM LOANS

Information will be included in the Treasury Management Report to Full Council on 4th March. A Q4. report will follow showing the final outturn and will be included in this document from Q4. onwards.

INDICATORS – Q4. REPORTING

This document reports strategic KPI's that require quarterly monitoring. This frequency enables key services to be reviewed at regular intervals and ensures action can be taken if performance significantly differs from targets. Corporate indicators that require less frequent reporting will also be monitored, however these will be included in an expanded Q4. publication at the end of each financial year. For completeness, the list of indicators that will be reported at Q4. are as follows:

25. DIRECTORATE Q4. INDICATORS

KPI	COMMUNITIES
NI-158	Annual Percentage of non-decent Council homes
SO-015	Number of Rough Sleepers (Annual)
SO-071	Annual Energy efficiency of Council owned homes
C002	Repair and maintenance appointments attended on time
E004	Number of noise complaints
E005	Number of construction noise related complaints received.
E006	Prior Consent Notices served.
E007	Number of S60 Notices served.
E007a	Number of dust complaints received.
EH02	Number of Infectious Disease notifications.
EH03	Number of Accident Reports.
EH04	Number of Housing Standards service requests and complaints received.
	Cumulative number of affordable homes delivered
CORPORATE RESOURCES	
EC-002	Percentage of Adult Population on the Electoral Register
EC-003	Percentage of rising 18-year-olds on the Electoral Register
EC-004	Percentage of those on the Electoral Register who voted
EC-005	Percentage of people who voted by post
EC-007	Percentage of clerical errors recorded at the last election
EC-008a	Rolling Registration Alterations - Creations
EC-008b	Rolling Registration Alterations - Deletions
EC-008c	Rolling Registration Alterations - Amendments
EC-008	Number of Postal Votes Issued (due after the election)
EC-009	Number of Postal Votes Received (due after the election)
E-010	Percentage of Postal Votes Returned (due after the election)
CO-001	Top 5% of earners who are women
CO-001a	Top 5% of earners who are disabled
CO-001b	Top 5% of earners who are BME
CO-006	Leavers – early retirement
CO-008	Percentage of disabled staff employed the Council
CO-009	Percentage of ethnic minority staff employed at the Council
PLACE	
EN-084	Abandoned Vehicles investigated in 24 hours
EN-085	Abandoned Vehicles removed in 24 hours

EXECUTIVE – 1 FEBRUARY 2024

FINANCIAL MONITORING REPORT

BUDGET MONITORING AND FORECAST 2023-24 – QUARTER 3

Executive Summary

This report sets out the material financial issues identified since the 2023/24 budget was set, based on the income and expenditure as at the end of December 2023 (Quarter 3) and reflects the views of budget managers within the Council's Directorates.

Recommendations

The Executive is requested to:

RESOLVE That

- (i) the Council's forecast General Fund outturn position for 2023/24 be noted; and
- (ii) it be noted that the Corporate Leadership Team will continue to identify mitigations to enable the net expenditure for 2023/24 to be contained within budget approved by Council on 23 February 2023.

Reasons for Decision

Reason: Controlling the outturn within budget is essential to maintain financial control.

The Executive has the authority to determine the recommendation(s) set out above.

Background Papers: None.

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Financial Monitoring Report – Budget Monitoring and Forecast 2023-24 – Quarter 3

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Date Published: 25 January 2024

Financial Monitoring Report – Budget Monitoring and Forecast 2023-24 – Quarter 3

1.0 Introduction

- 1.1. The 2023/24 Revenue Budgets and Medium-Term Financial Strategy for Woking Borough Council's General Fund and Housing Revenue Account were approved by Council at its meeting on 23rd February 2023.
- 1.2. On 7 June 2023 the Section 151 Officer issued a Section 114 Notice to the Council which estimated a General Fund deficit ('the Deficit') of £1.200 billion by 31 March 2024. This means that on estimates made at that time the Council required £1.200 billion of financial support to enable the General Fund to be balanced as required by law at that date.
- 1.3. An updated Medium Term Financial Strategy (MTFS), covering 2024/25 to 2027/28, was prepared in June 2023, and has been updated on a regular basis since then.
- 1.4. The purpose of this report is to set out the forecast outturn position for 2023/24 for the Council's General Fund and Housing Revenue Account (HRA). Future reports will be further developed to incorporate the Capital Programme and to update on progress in delivering the savings programme.
- 1.5. This monitoring report sets out the material financial issues identified since the 2023/24 budget was set, based on the income and expenditure as at end of December 2023 (Period 9) and reflects the views of budget managers within the Council's Directorates.
- 1.6. As part of the ongoing monitoring process, work will continue to examine income and expenditure and activity data against the available budgets to support the position presented and help in shaping the Medium-Term Financial Plan.

2.0 Executive Summary

- 2.1 This report provides commentary on the Council's forecast revenue outturn position for 2023/24, which, for the General Fund, is indicating a projected overspend of £3.277m based on the information available as at Period 9 (December 2023). This is compared with a projected £7.5m at the end of Q2. The Housing Revenue Account forecast is presented in Table 6. It shows a forecast increase in the HRA deficit for the year, from a budgeted £1,336,000 deficit to a forecast £2,571,000 deficit at the end of December 2023, a worsening in the deficit (overspend) of £1,234,000 since the budgets were set.
- 2.2 The HRA position includes the adjustment to correct costs incorrectly recharged to the HRA of £380k for 2023/24 and £1.379m for prior years. The significant change in the General Fund position between Q2 and Q3 largely relates to an error discovered in not making an accrual for group company interest of £4.928m in the 2022/23 accounts, which has now been corrected. In April 2023 the Section 151 Officer suspended debt service charges into the profit and loss accounts of the Council's Group Companies: this was because the revenue charges were being financed by loans for capital purposes which is not permitted under the relevant regulations. For the time being, those charges will need of necessity to remain on the Council's revenue ledger; the alternative is to pass these charges to the companies, and it is likely that the companies would not remain financially viable if this action were to be taken. The costs arising from this suspension are included in the Capitalisation Directive request submitted to Government on 12 January and explained in the 2024/25 report on this agenda.
- 2.3 A significant exercise has been undertaken to adjust HRA/General Fund recharges to a more accurate apportionment of costs. The total adjustments are:

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Year	£'000
2019/20	292
2020/21	283
2021/22	286
2022/23	518
2023/24	380
TOTAL	1,759

2.4 The Council will continue to assess and refine the forecasts on a regular basis using the latest information available. The forecast presented in the report is based on the best available data and information acquired in discussions with budget managers.

2.5 Moving forward, the Corporate Leadership Team (CLT) are asked to continue to engage with their respective management teams to identify available mitigations to reduce the service overspends.

3.0 Monitoring Frequency

3.1 Budget monitoring will be reported to the Executive on a quarterly basis.

3.2 The timetable for the remainder of the financial year is attached at Appendix A for information.

4.0 General Fund Forecast Outturn - Overview

4.1 The December 2023 outturn forecast is summarised in Table 1 below, and indicates a projected overspend of £3.277m for the year compared with £7.5m reported for September 2023 (Q2). The most significant change between Q2 and Q3 monitoring relates to Treasury Management and is referenced at points 8.1-8.2 later in this report.

4.2 The monitoring is showing overspends of:

- £4.805m against net Service Budgets of £8.872m. This represents a variance of 55%.
- (£1.528m) is an underspend against net corporate items Budgets of £15.603m. This represents a variance of (10%).
- £380k correction for costs incorrectly recharged to the HRA.
- £3.277 combined variance against a net budget of £24.475m. This represents a combined variance of 13%.

4.3 This forecast overspend is on a budget for 2023/24 that had planned to utilise £8.346m from reserves to provide a balanced budget. The forecast variance of £3.277m is in addition to the planned £8.346m from reserves.

4.4 To put the Q3 2023/24 financial monitoring position in context, the amount the Council had planned to be met from local taxation and government grant is £16.128m. The 2023/24 in-year projected variance when added to the one-off use of reserves is equal to a budget shortfall for 2024/25 purposes of circa £12m over 70% more than the funds available from grants and local taxation to fund these services.

4.5 This shows the extent of the financial challenges for the Council and the impact of the current financial monitoring position.

4.6 The detailed variance monitoring is shown at Tables 2, 3 and 4, and the following provides a high-level overview of the key variances:

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Major Service Items

Commercial, Regeneration and Development:

Reduced Car Park Income	£1.823m	
Development Management & Building Control	£0.316m	
Investment property assets trading performance	<u>£0.363m</u>	<u>£2.502m</u> (1)

Significant Service Overspends:

Communities:

Leisure	£0.219m	
Unachievable budget savings	£0.411m	
Centres for Communities	£0.074m	
Housing Options	£0.825m	
Homeless	£0.168m	
Proposed transfer from HRA	£0.380m	

Corporate Services:

Finance and Audit	£0.579m	
Revenues	£0.101m	
Corporate Management	£0.478m	
Procurement Savings Holding Budget	£0.550m	<u>£3.785m</u> (2)

Other service Overspends:

Place	£0.059m	
Communities	£0.036m	
Corporate Resources	£0.094m	£0.189m (3)

Savings mitigations (savings):

Place	(£0.538m)	
Communities	(£0.712m)	
Corporate Resources	(£0.421m)	(£1.671m) (4)

Sub Total		£4.805m
Corporate Items		(£1.528m) (5)
Total		£3.277m

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As can be seen from the above analysis:

Note (1) £2.186m of the £4.805m service variance (45%) are due to car parking and investment property reduced income forecasts. The Council budget has a dependency of c£30m income from the trading of car parks and the Investment Property (Commercial) estate and does not have the resilience or flexibility in other council budgets to be able to deal with variances in the generated income from these investments. Also due to the council's financial position, there are no "reserves" to manage any volatility in the economic performance of these assets and in-year variances have to be managed within the overall council general fund budgets.

The Development Management and Building Control variance equally relates to the downturn in the economy and stalled levels of investment and building development activity.

Note (2) There are £3.785m of in year forecast significant service overspends which have been listed. Service managers have identified and taken actions to find savings of £1.671m (see note 4) that mitigate these forecasted overspends by approximately 50%.

Over £1m of the Corporate Resources overspend relates to additional in year activity that has had to be resourced to provide the required additional strategic and finance capacity to get core Council reporting, management and monitoring arrangements in place for both business as usual activity and relating to best value interventions.

A £0.550m saving was set for 2023/24 against targeted procurement savings. The mobilisation of the service to support this target slipped by approximately 5 months which has impacted on the development of a procurement pipeline of savings. Some savings are being delivered. These are included in the overall mitigation savings being delivered by Directorates and are not recorded against the budget code holding the procurement savings budget target.

Note (3) Represents an aggregate of many small service variations that are not material to warrant specific reference in this summary.

Note (4) As referenced in Note (2) Service managers have identified savings of £1.671m that mitigate the forecasted service overspends by approximately 44%. Whilst service managers will continue to seek further savings it has not been possible to fully mitigate the overspend position, largely due to the challenges posed by the reductions in car park and commercial income.

Note (5) There has been a (£4.928m) change in the forecast position between Q2 and Q3 due to an error discovered in not making an accrual for group company interest in the 2022/23 accounts. This error has now been corrected.

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4.7 In addition to highlighting the forecasted budget overspends and mitigations in 4.6 above, it is also relevant to review the changes in forecasts between periods (Q2 and Q3 in this instance). Changes between forecasting periods can include, but are not limited to, management actions to reduce to mitigate budget pressures, changes in the price of and demand for services and better forecasting and monitoring. The major significant changes between Q2 and Q3 monitoring are highlighted below:

Service	Change Q2-Q3	Reason
PLACE:		
Development Management	£0.128m	Improved forecasting of traded income
Waste & Recycling	£0.120m	Mitigations off-setting budget pressures
COMMUNITIES:		
Moorcroft	£0.077m	Better budget monitoring & reporting
Theatre Contribution	£0.075m	Better budget monitoring & reporting
Homelessness	£0.382m	Better budget monitoring & reporting
Minor budget mitigations	(£0.243m)	Mitigations off-setting budget pressures
Recharges from HRA	£0.380m	Better budget monitoring & reporting
CORPORATE RESOURCES:		
Property Commercial Estate	(£0.761m)	Improved forecasting of traded income
Finance & Audit	£0.434m	Additional demand for support
Corporate Management	£0.096m	Additional demand for support
Procurement Savings	£0.550m	Non achievement of planned savings
ICT	(£0.199m)	Mitigations off-setting budget pressures
Minor budget mitigations	(£0.212m)	Mitigations off-setting budget pressures

There are other small variations between Q2 and Q3. The above captures c£0.830m of the £0.675m Total budget service variations highlighted in Table 1 below.

Service	Change Q2-Q3	Reason
CORPORATE ITEMS		
Treasury Management	(£4.928m)	Error in accrual for interest in 2022/23

Table 1

	NET BUDGET £'000	FORECAST OUTTURN £'000	Q3 OVER SPEND £'000	Q2 OVER SPEND £'000	Change Q2-Q3 £,000
Place	4,411	6,072	1,661	1,418	243
Communities	5,136	6,157	1,401	901	500
Corporate Resources	(675)	1,068	1,743	1,811	(68)
TOTAL SERVICE BUDGETS	8,872	13,297	4,805	4,130	675
Corporate Items	15,603	14,075	(1,528)	3,400	(4,928)
NET TOTAL	24,475	27,372	3,277	7,530	(4,253)

- 4.8 The key variations are set out in tables 2-4 below, with an indication of any mitigating actions which are proposed or already underway. The previous quarter's figures are included against each of the key variations in these tables to indicate 'direction of travel'. Any major items that are new this quarter are marked as such.

5.0 Place Directorate

5.1 The key variations within the Place Directorate are set out in Table 2.

Table 2

Place Directorate	Q2 Over / (Under) Spend £	Q3 Over / (Under) Spend £	Impact on deficit - change from Q2 to Q3 £
Development Management			
<p>Fee income now looks likely to be some £100k below target for the year. A national fee increase was introduced in December, it is unlikely to have a significant impact in this financial year.</p> <p>The costs involved in defending the Council's decision, at public inquiry, to refuse the planning application at Technology House, are likely to cost a further £10,000 over and above the previously reported cost of £40,000. This is because the design consultant originally employed is not available for the inquiry due to a hospital procedure and we have had to secure the services of another design consultant whilst still incurring some costs of the first one.</p> <p>The Appeals budget of £4,750 is currently not spent.</p>	16,799	145,250	128,451
Building Control			
<p>There is a significant shortfall due to the effects of high interest rates on the construction sector (mainly due to the loss of town centre development). However, the domestic sector began to recover in the third quarter.</p> <p>Mitigating actions; Retirement of the current chief surveyor and appointment from within will reduce a post and give a saving of approximately £65K in 2024/25.</p>	176,085	171,085	(5,000)
Parking Services			
<p>A vacant post in Parking Services contributes savings of £17,000. There are overspends on business rates of £705,000 mainly due to under-provision of budgets for Red and Green Car Parks and over-provision of savings from appeals on business rates. Electricity costs had not been budgeted for Red Car Park and are under budget for car park at Heathside Crescent resulting in an estimated overspend of £287,000. Also, water at Victoria and Red Car Parks are over budget by £13,000. Estimated additional works on repairs, maintenance and facilities management at car parks result in a overspend of £44,000. There is an</p>	1,853,000	1,823,000	(30,000)

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<p>overspend of £12,000 on cash collection and card handling fee for receipts of parking income. Newly signed cleaning contract enables a saving of £34,000 in Red and Green car parks which can offset partly the overspends.</p> <p>The forecast outturn for car park incomes including parking fees, season tickets and PCNs are less than the estimated income target by £813,000. When compared to December 2022, income across the three key measures is up by £670,000. Despite the impact of a loss of income due to two separate service faults in cash and card payments during August and September 2023, Day Tariffs are around £568,000 more than the same period last year. The Permits and Off-street PCN's are up by £58,000 and £44,000 respectively. Officers sought and obtained approval from SCC to continue to recover FPN debt for on-street enforcement undertaken up to 31 March 2023. This was estimated to be up to £270,000 split across the bus lane, Woking on-street and Surrey Heath on-street. So far, we have recovered £122K. Arguably, this estimated income should have been split across 2023/24 and 2024/25 as debt recovery can take time. So, whilst this is recorded as an underspend it is income which will continue to be pursued. In addition, the review on Parking strategy is in progress. We anticipate introducing a new tariff structure early in 2024 which could see an increase in income for the final two months.</p>			
<p>Environmental Health and Housing Standards</p>			
<p>A vacant post contributes a gateway saving of £11,000. An estimated reduction in the number of inspections for animal welfare licences will reduce income of £14,000. The removal of internal contributions from Parks, Countryside and Housing Revenue Account for patrols and dog control reduce income by £58,000. The additional costs for security out of hours handling covered partly by recharge and expenses in stray dog and kennelling result in an overspend of £10,000. However, there are savings of £12,000 from less estimated expenditure on equipment, marketing, and land registry fees. Income from penalty charges on HMO licenses is expected to increase by £19,000. A recharge of £24,000 from the Homes For Ukraine income to fund the time spent completing essential housing checks enhances further savings. In addition, the recharges from Primary Authority work and Licence inspection enable savings of £15,000 to partly cover the overspends.</p>	<p>10,000</p>	<p>1,000</p>	<p>(9,000)</p>

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Licensing			
There are overspends of £8,000 in Employee costs. The projected income is reduced by £21,000 mainly due to less fees from Private Car Hire and Taxi Licences and removal of recharge from CRB fees.	29,000	29,000	0
HIF project			
There are overspends of £14,000 in Employee costs. We are seeking to recover these costs from Homes England. Progress will be reported in a future Budget Monitoring Report.	16,000	14,000	(2,000)
Total Projected Overspends	2,100,884	2,183,335	82,451
Planning Strategy			
A Planning Policy post is vacant, and there are currently no plans to recruit. A temporary member of staff was used to cover the Planning Policy Manager's post, which was filled permanently from October. CIL administrative costs will be charged to CIL receipts at year end in line with legislation.	(71,303)	(46,981)	24,322
Economic Development			
Underspend of £103,055 is mainly due to cancellation of Celebrate Woking activities of £100,000, Overspend of £23,620 on staff not budgeted for and £26,675 underspend on Business liaison project.	(103,055)	(101,605)	1,450
Waste and Recycling			
There are overall savings of £25,000 from Waste and Recycling due to estimated reducing variable costs in waste collection. The estimated lower level of income from bin replacement and slightly lower take up of garden waste subscriptions offset part of the savings.	(145,000)	(25,000)	120,000
Green Infrastructure			
A vacant post in Green Infrastructure contributes savings of £11,000. Additional savings of £76,000 are expected mainly from reducing non-essential activities mainly for tree, vegetation, and footpath improvement, holding off on works in repair and maintenance in play and sports equipment, and reducing ground maintenance in allotments, parks and countryside sites with contribution towards relevant costs recharged from third parties. Expenditure for works for Biodiversity Net Gain can be offset by grants and increased fees income from ice-cream licences thereby releasing savings of £22,000. Estimated reduction in service payment to consultants on climate change and other green infrastructure issues provide an underspend of £10,000. An underspend on dog control for Parks	(186,000)	(192,000)	(6,000)

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and Countryside saves £48,000 which has been internally recharged to Environmental Health. Termination of partner contribution for Basingstoke Canal generates savings of £53,000 which contributes to our gateway savings target. However, there is a reduction in budgeted income of £8,000 on rent received for the mast in Sheerwater which was decommissioned in 2022 linked to the regeneration scheme and a projected overspend of £16,000 on the corporate car club and car hire budget, which is the subject of a gateway savings proposal. A net overspend of £4,000 in electricity charges deducted with electricity recharge at Parks is predicted, due to higher than previously predicted energy tariffs, work is being undertaken corporately towards a new contract.			
Neighbourhood Services			
A vacant post contributes a saving of £25,000. Underspends on Street Furniture, grounds maintenance and maintenance of other land where WBC has an interest result in savings of £36,000. There is an estimated increase in income of £13,000 from Roundabout sponsorship. Removed budget for business rate which is not required enables saving of £5,000.	(74,000)	(79,000)	(5,000)
Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	(92,940)	(92,940)	0
Other Minor Variations	(10,565)	15,281	25,846
Total Mitigations	(682,863)	(522,245)	160,618
Total Projected Variance on Place Directorate Services ([overspend])	1,418,021	1,661,090	243,069

6.0 Communities Directorate

6.1 The key variations within the Communities Directorate are set out in Table 3.

Table 3

Communities Directorate	Q2 Over / (Under) Spend £	Q3 Over / (Under) Spend £	Impact on deficit - change from Q2 to Q3 £
Leisure			
The Leisure Contract has been projecting a short fall of £125K on the management fee payment to WBC from Freedom Leisure. However, performance throughout the year has been stronger than forecast with many areas now back to the levels of attendance from pre pandemic. As such the contract is now projecting to achieve the management fee forecast.	125,546	0	(125,546)
Energy costs, which are the responsibility of the Council under the Leisure Management Contract, are likely to be over budget this year. Closure of certain areas of the building is driving this cost down. However, information has not been input from ThamesWey since June 2023 not allowing for an accurate forecast.	128,000	209,132	81,132
Athletic Club Contribution goes to Freedom Leisure NOT WBC.		10,000	10,000
Women's Support Centre			
The Women's Support Centre transferred under TUPE regulations to Catalyst on 31.05.23. A one-off transitional subsidy was agreed for 2023/24 which has meant the FFF saving of £250k has not been achieved.	258,464	258,789	325
Centres For the Communities – Kitchens			
Kitchens at Moorcroft and St Mary's have been rented out so we will not see the budgeted income. This is partially offset by the savings in staff costs.	74,333	74,432	99
Bustler			
Annual Bustler service for St Mary's and The Vyne - No budget set.	11,499	11,499	0
Moorcroft			
FFF is unachievable as assigned incorrectly		77,000	77,000

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Theatre Contribution			
New Victoria Theatre (NVT) contribution. We are legally tied in to pay the full £150k for 3y		75,000	75,000
Housing Strategy			
There are savings in staff costs (Housing Strategy & Projects Officer) as part of the FFF-2 savings to the value of £12,246. However, this is reduced because there are no recharges to projects as anticipated at the time of budget setting.	7,105	(302)	(7,407)
Housing Advances			
There is an overspend on Housing Advances. This is because there is a payment to LAMAC (mortgage services) for which there is no budget. There are minor underspends in staff costs of the Sheerwater team seen here.	10,742	9,493	(1,249)
Non-HRA Housing Services & Communities Corporate Management (Commercial)			
There is an underspend in the Energy Bureau Service and in Non-HRA Services.		(9,384)	(9,384)
Housing Options/Needs/Enabling			
There is a savings of £37,700 in the PSL and Lets Rent team because of 1 vacant post and a savings of £327,954 in the Housing Options team because of the Homelessness Prevention Grant received this year that can be used to fund these staff costs. There is an overspend of £17,305 in Housing Services.	91,056	(348,349)	(439,405)
There is an overspend of £ 616,997 in Housing Options due to an overspend in Bed & Breakfast expenditure. Out of this, the fit for future savings not achievable is £47,750. In FFF round 1, an amount of £15,750 for 2022-23 and an amount of £32,000 for 2023-24 was budgeted. This was subject to pursuing the ThamesWey Lets Rent Model, so that we could reduce the number of nights in Bed & Breakfast. However, since the model did not materialise, these savings are not achievable. There is an improvement in income collection, bringing an amount of £108,896 as over-recovery against budgets. Expenses to the extent of £13,653 can be funded by the homelessness grant, and the amount of £691,796 is due to the increasing homelessness needs, also because of larger families approaching B&Bs, requiring larger accommodations.	231,885	616,997	385,112

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During the budget setting of 2023/24 in Temporary Accommodation, we forecast a government income of £140,427 that was incorrect, an adjustment needs to be made on that account. There is an anticipated under recovery of £67,851 in the temporary accommodation budgets. This is due to under recovery of income although there is a savings in expenditure of £41,047.	224,603	208,278	(16,325)
The Private Sector Leasing Scheme is showing an overspend of £15,845 due to under-recovery of income. The position of the PSL's has improved from £79,016 deficit in 2022/23 to an anticipated deficit of £58,328 in the current year. However, this is expected to increase, as an increase in void costs are expected during the year.	5,087	15,485	10,398
Total Projected Overspends	1,168,320	1,233,616	65,296
The Junction/Richardson Centre			
These premises are used by the Women's Support Centre and all costs are now with Catalyst.	(30,150)	(30,150)	0
Youth Development			
Youth Development ended in 2022 and we are no longer paying this grant.	(44,000)	(44,000)	0
Family & Community Manager FCS011			
Post vacated in Oct23 - To be removed	0	(36,387)	(36,387)
Social Prescribing			
Two vacancies that are being recruited to. Fully funded posts.	(12,652)	(5,606)	7,046
Community Alarms			
New NHS funding received.	(20,000)	(20,000)	0
Home Independent Support			
There are six vacancies in this area, approval has been given to recruit to four of the posts and the saving is the net impact.	Included elsewhere	Included elsewhere	Included elsewhere
Brockhill			
Two staff left and posts will not be recruited to resulting in a saving.	Included elsewhere	Included elsewhere	Included elsewhere

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Homelessness Directorate Funding			
The Homelessness Directorate funding grant is showing an anticipated surplus of £44,073 against a budgeted surplus of £211,635. An unbudgeted Homelessness grant income of £229,912 was received in Aug 2023 that will help meet additional costs of homelessness, including rent arrears. It is anticipated that this additional funding received during the year will be used to fund additional staff costs in the Housing Options team. This funding includes the Homelessness Prevention grant, Rough Sleeper Initiative, Rough Sleeper grant and RSAP /NSAP grants.	(214,097)	167,562	381,659
Let's Rent Scheme and Other Housing Service Expenses			
The Let's Rent scheme is showing savings of £110,471 due to a reduction in specific initiatives (for example, tenant training and targeted incentive schemes) compared to previous years. Some of these expenses will be funded by the Homelessness Prevention grant.	(85,135)	(110,471)	(25,336)
A £19,611 savings from Welfare Reform and Homelessness is achieved as part of the fit for future savings, value £18,000 (Withdrawal from Sharer's scheme). There is an overspend of £6,942 on CRB mental health grants and £2,104 in Other Housing Services expenses.	(10,565)	(10,565)	0
Other Minor Variations	191,457	(51,199)	(242,656)
Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	(42,000)	(46,062)	(4,062)
Total Mitigations	(267,141)	(187,177)	79,964
Total Projected Variance on Communities Directorate Services [overspend]	901,179	1,020,893	119,714

7.0 Corporate Resources Directorate

7.1 The key variations within the Corporate Resources Directorate are set out in Table 4.

Table 4

Corporate Resources Directorate	Q2 Over / (Under) Spend	Q3 Over / (Under) Spend	Impact on deficit - change from Q2 to Q3
Property Services			
The Commercial rent budget was increased by £400,000 to include new leases which are now unlikely to complete this financial year and the Fit for Future anticipated savings of £132,000 have not been met. In addition, it is anticipated rent concessions of £250,000 are likely to secure lease renewals as assumed in the rent forecast reported via the MTFs.	1,124,250	363,000	(761,250)
The Council has received £500,000 for the sale of a long lease (150 years) at St. Andrews House and Kestrel Way mast income of £80,000.			
Surrey County Council vacated the Civic Offices on 21 st April 2023 resulting in a shortfall of income of rents at the Civic Offices of £115,000.			
Rent reviews have completed for the remaining tenants resulting in increased rents and backdated rents, securing a further (£100,000) in the current year.			
It has been possible to mitigate these costs following a review of the Civic Offices operational costs in year, also reported as part of the Gateway savings (£115,000).			
A dilapidation settlement of £176,000 has been received in respect of Midas House. These monies will need to be expended to make the floor lettable. Feedback from letting agents is that these works need to be completed to stand any chance of attracting tenants. Furthermore, we will need to seek legal advice as to whether dilapidation money which is paid by a tenant for a landlord to reinstate the premises can be used for alternative works from what it was received for.			
For information, the estimated rental value for this space is £475,000 and the loss in business rates £168,448, Service Charge £156,165 and insurance total £330,203.			
Until legal advice is received the forecast for monitoring purposes is that these monies will be expended.			

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<p>In order to increase rent income at Midas House, landlord capital works of £90,000 have been approved. However, due to rent free periods, the new rents will not be realised until the new financial year.</p>			
<p>There is an underspend of £1,000,000 against the budget for Business Rates due rate revaluations, back dated rate valuation changes, and the timing difference between the budget being set and the current reporting period. Rate mitigation has been achieved by using an agency who specialise in placing charities in short term lettings specifically to reduce the business rate liability to the Council. Revaluations and rate mitigation efforts will continue throughout the year and the variation will be updated monthly to reflect these changes as they happen.</p>			
<p>These savings are partly offset by rate mitigation agency fees revaluation fees of £150,000.</p>			
<p>Due to the shortfall in rents, there is an increase in voids service costs of £750,000 mostly attributed the larger offices and shopping centre (Midas House, Dukes Court, Wolsey Place and Export House).</p>			
<p>Only essential repairs and maintenance are being carried out resulting in an underspend against budget of £200,000. Landlord incentives can be agreed to secure a lease and costs to date have totalled £89,000.</p>			
<p>During 2023/24 £144,000 of compensation payments are due to tenants to remove their security of tenure and enable maximum market value.</p>			
<p>Due to the bad state of garages, repairs have become expensive. In addition, the number of void garages is increasing due to the poor condition and the lack of capacity within the housing team to deal with reviewing the void garages and getting any relet has resulted in a forecast overspend of £80,000.</p>			
<p>There is an overspend against budget at Provincial House of £95,000, of which £11,000 is due to void space, £24,000 due to under recovery of service charge from a charity letting and the balance is due to out-of-date budgets £60,000.</p>			
<p>Due to the removal of the Town Centre Management Agreement (TCMA) reserve, there will be an overspend of £250,000 due to works which had already commenced such as the Chertsey Road works.</p>			
<p>To mitigate this further negotiations with SCC will secure additional funding of £130,000 in 2023-24.</p>			
<p>Due to inflation a higher contribution has been received from Surrey Heath Borough Council of £9,000 towards CCTV. In addition, transmission maintenance is anticipated to be £6,000 lower than budget.</p>			

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Election Services			
Overspend on Borough election due to Budgets set too low	65,000	65,000	0
Marketing and Communications			
Overspend on staff costs	4,618	8,780	4,162
Financial Services			
The overspend relates to the costs of temporary and interim staff.	144,568	493,629	349,061
Overspend on Internal Audit	0	85,000	85,000
Revenues, Benefits and Customer Services			
Income from Search fees less than budget due to lower number of applications received than Forecasted Activity	0	101,088	101,088
Corporate Management			
The overspend relates to the cost of the Interim Section 151 Officer and costs of Commissioners offset by Strategic Director Place vacancy	301,000	396,769	95,769
Human Resources			
Overspend relates to graduate programme not budgeted for.	113,945	81,405	(32,540)
Democratic Services			
Overspend on staff costs/salaries	23,000	9,406	(13,594)
Internal recharges, SLGA reimbursement		(60,000)	(60,000)
ICT			
Procurement Savings budgeted for in a central code – savings are being delivered and are represented in the rest of this budget monitoring report through the relevant service savings and mitigations.	0	550,000	550,000
Underspend relates to: Implementing corporate systems review to rationalise the number of hosted applications; Contract re-negotiations and procurement efficiencies through better sourcing; movement to cloud systems hosting; Review of licenses.	0	(198,672)	(198,672)
Overspend relates to network circuits. We are still having to subscribe to the PSN due to the DWP having not yet moved away from it (the original deadline of April 2023 has passed, and we do not have information from DWP as to when they will be ready to move off it). This was not included in the original budget estimates for 2023/24 as we did not expect the ongoing requirement.	0	9,300	9,300

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Other Minor Variations	201,554	(10,868)	(212,422)
Total Projected Overspends	1,977,934	1,893,837	(84,098)
Corporate Management			
Legal Services			
Vacancy saving Head of Legal.	(121,878)	(126,138)	(4,260)
Election Services			
Saving arising from scaling back Civic and Mayoral events and services.	(25,000)	(25,000)	0
Underspend due to Electoral Services Officer vacancy.	(20,000)	0	20,000
Total Mitigations	(166,878)	(151,138)	15,740
Total Projected Variance on Corporate Services Directorate Services ([overspend])	1,811,057	1,742,699	(68,358)

8.0 Corporate Items

- 8.1 Corporate items include amongst other things the minimum revenue provision (MRP) and interest payable/receivable relating to treasury management activities. The estimated variance against budget for Corporate Items is an under spend of (£1.528m). The 2023/24 forecast figures now assume that any unpaid group interest relating to 2022/23 is accounted for in the Council's opening reserves position for 2023/24. This aligns the approach with that assumed in the Council's Capitalisation Direction application to Government. Previously the Quarter 2 reporting assumed that the 2022/23 unpaid interest would be treated as a loss in 2023/24 (not in 2022/23). This change has led to a significant movement from the budget variance reported previously. The capital financing and interest budgets are subject to further detailed work and will be updated again in Quarter 4.
- 8.2 The interest received from Council owned companies (Victoria Square and ThamesWey) is budgeted at £42.1m per annum. The revolving credit facility that had been made available to fund these costs was suspended as part of the arrangements following the S114 notice in June. The payment of interest and principal costs has therefore been suspended whilst the longer-term strategy for the companies is developed. This leaves a £42m shortfall in the Council's budget and is included in the request for a capitalisation directive as part of the extraordinary financial support from government. The shortfall will ultimately be dealt with as part of a wider asset disposal strategy and debt reduction plan.

9.0 Recovery Improvement Programme – Funded by the flexible use of Capital Receipts

- 9.1 Table 5 gives a summary of the current estimated costs of the Recovery Improvement Programme which totals £3.4m. The Council has an approval from DLUHC for the flexible use of £3.2m of capital receipts (which are contractually committed to be received by the Council before the end of the financial year) to fund the programme, which the current estimates exceed. A funding solution will need to be developed in order to deal with the additional costs. These include identifying potential future capital receipts which may be available to finance the costs.

Table 5

Theme	Estimate 2023/24
	£
Commercial	1,363,000
Financial Recovery	700,000
Organisation & Service Redesign	1,125,000
Overall	174,500
Total	3,362,500

10.0 Housing Revenue Account (HRA)

- 10.1 A Housing Revenue Account forecast is incorporated in Table 6 below.
- 10.2 It shows a forecast increase in the HRA deficit for the year, from a £1,336,000 deficit budgeted in February to a forecast £2,571,000 deficit at the end of December, a worsening in the deficit (overspend) of £1,234,000 since the budgets were set.
- 10.3 Work is almost complete reviewing the charges being made to the HRA for staffing, support services and other costs to ensure that they are fair and reasonable for last year, this year and moving forward. This is detailed in Table 7 below.

Table 6
HRA Budget Monitoring Report - December
2023

<u>Expenditure</u>	Budget	December	Variance	
	£'000	£'000	(Surplus)/Deficit	Comments
			£'000	
Supervision & Management				
Real Estate Management	5,730	5,535	-196	This is as a result of decant and removal costs for Sheerwater (£123k). Transfer of Hale End (£289k) and Brockhill costs (£198k) to the HRA. Positive variance from the adjustments for reduction in recharges and underspend in staffing costs. Underspend of (£627k) forecast anticipated in the Gas and Electricity budgets.
Rent Accounting/Collection	363	256	-107	This is due to reduction in recharges
Home Support Service	774	791	17	
Tenant Participation	63	46	-16	Underspend on external printing budget (£6k) and savings on recharges (£10k)
Democratic Process	1,742	1,424	-317	This is mainly due to savings from the proposed changes to recharges
Repairs Administration	885	877	-8	The underspend is due to adjustment to recharges and underspend on staffing (£233k). This is reduced by overspend from non-achievement of the estimated Income from management Income (previously Schedule 6), (£25k) and the cost of temporary staff, (£202k).
Transfer to hardship fund	10	0	-10	The hardship budget will not be spent in 2023/24
	9,566	8,929	-637	

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Depreciation	3,956	4,196	240	This is as a result of the inclusion of Hale End properties and updated revaluation of housing stock. Forecast based on final 2022/23 outturn.
Repairs & Maintenance				
Day to Day Repairs	2,788	5,314	2,526	The projected costs for repairs have increased significantly as a result of Brockhill Extra-Care waking watch and evacuation staff required to manage the fire safety risk to the building along with the overspend on voids and repairs (including some additional emergency communal heating repairs).
HRA Statutory	434	398	-36	
	3,222	5,712	2,490	
Debt Management Expenses	36	71	35	Forecast based on 2022/23 outturn position
Capital Financing Charges	5,541	5,487	-54	Forecast based on 2022/23 outturn and HRA Capital Financing Reserves (CFR) position
Total expenditure	22,321	24,395	2,074	
<u>Income</u>				
Dwelling Rents	-19,341	-20,338	-997	Sheerwater voids losses moved to voids line below. Further breakdown to be added to future reports
less				
Voids	185	1,830	1,645	Increase in voids and the empty properties in the Sheerwater regeneration scheme reflected in the forecast.

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Write offs	57	124	67	The write offs budget is forecast to overspend by £67k.
	-19,098	-18,383	715	
Service Charges & Other Income	-1,885	-2,852	-966	Additional income anticipated from the increase in heating and electricity costs. The budget is understated and may need to be reviewed as part of setting the 2024/25 budgets.
	-20,984	-21,235	-251	
Interest Council House Mortgages	-1	-1	0	
Other receipts (Sheerwater)		-589	-589	Sheerwater receipts accrued in 2022/23 cancelled. Income expected in 2023/24
Total income	-20,985	-21,825	-840	
HRA (Surplus)/Deficit	1,336	2,571	1,234	
HRA Opening Reserves		-1,571		

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11.0 Corporate Strategy

11.1 Budget monitoring is an essential function to ensure that the Council maintains financial control of its budget.

12.0 Implications

Finance and Risk

12.1 The financial or risk implications are outlined in the body of the report.

Equalities and Human Resources

12.2 There are no equalities or human resource implications arising from this report.

Legal

12.3 There are no legal implications arising from this report.

13.0 Engagement and Consultation

13.1 None.

REPORT ENDS

Table 7

Proposed changes to HRA recharges - December 2023	2023/24
Cost Centres	£
Brockhill	198,342
Housing Landlord Services **	(517,727)
Strategic Housing **	(9,965)
Hale End Court	289,553
Home Independence Manager	3,542
Home Independent Support	
Community Development & Engagement	(15,816)
Home Independence Services***	16,667
Housing Revenue Account Staffing (Housing Landlord Overheads)	(259,435)
Corporate Leadership Team	(29,539)
Shareholder Advisory Group	(46,666)
Head of Transformation & Digital	(8,813)
sub total	(379,857)

Notes:

** include staffing costs underspend in 2023/24

*** overspend in 2023/24

**** For 2024-25 fuel cells, no corrections on account of fuel cell as they are budgeted at levels based on revised calculations.

**** For 2023-24 fuel cells, we have yet to review the position as the current year invoices are yet to be received.