



## TO THE CHAIRMAN AND MEMBERS OF THE **OVERVIEW AND SCRUTINY COMMITTEE**

You are hereby summoned to attend a meeting of the Overview and Scrutiny Committee to be held on Monday, 10 July 2023 at 7.00 pm in the Council Chamber, Civic Offices, Gloucester Square, Woking, Surrey GU21 6YL.

The agenda for the meeting is set out below.

JULIE FISHER  
Chief Executive

NOTE: Filming Council Meetings

Please note the meeting will be filmed and will be broadcast live and subsequently as an archive on the Council's website ([www.woking.gov.uk](http://www.woking.gov.uk)). The images and sound recording will also be used for training purposes within the Council. Generally the public seating areas are not filmed. However by entering the meeting room and using the public seating area, you are consenting to being filmed.

## **AGENDA**

### **PART I - PRESS AND PUBLIC PRESENT**

- 1 Apologies for Absence  
To receive any apologies for absence.
- 2 Minutes (Pages 3 - 6)  
To approve the minutes of the meeting of the Committee held on Monday, 5 June 2023 as published.
- 3 Matters Arising from the Previous Minutes OSC23-030 (Pages 7 - 12)  
To review any outstanding items from the previous minutes.
- 4 Urgent Business  
To consider any business that the Chairman rules may be dealt with under Section 100B(4) of the Local Government Act 1972.
- 5 Declarations of Interest  
To receive declarations of disclosable pecuniary and other interests from Members in respect of any item to be considered at the meeting.

## Performance Management

### 6 Performance and Financial Monitoring Information

Please bring to the meeting your copy of the latest Performance and Financial Monitoring Information (Green Book).

## Presentations

### 7 Section 114 Notice (Pages 13 - 26)

To receive an overview of the recently served Section 114 Notice.

Reporting Person: Brendan Arnold

### 8 External Assurance Review and Recovery First Steps (Pages 27 - 74)

To receive an overview of the recently published non-statutory External Assurance Review of governance, finance and commercial issues by the Department of Levelling Up, Housing and Communities and the first steps of recovery for the Council.

Reporting Person: Julie Fisher

## Matters for Scrutiny

### 9 Pre-Decision Scrutiny: Medium Term Financial Strategy Update OSC23-034 (to follow)

### 10 Pre-Decision Scrutiny: Town Centre Masterplan OSC23-035 (to follow)

### 11 Pre-Decision Scrutiny: Public Realm Usage Policy OSC23-036 (Pages 75 - 90)

## Matters for Determination

### 12 Briefing Note: Scrutiny Topic Proposals OSC23-031 (Pages 91 - 132)

### 13 Work Programme OSC23-029 (Pages 133 - 146)

Reporting Person: Councillor Josh Brown

13a Scrutiny Topic Proposal: HS2 Funding at Brookwood Cemetery: Cllr K Davis  
OSC23-032 (Pages 147 - 150)

13b Scrutiny Topic Proposal: Review of Constitution Planning Sections: Cllr A Caulfield  
OSC23-033 (Pages 151 - 152)

AGENDA ENDS

Date Published - 30 June 2023

For further information regarding this agenda and arrangements for the meeting, please contact Toby Nash, Scrutiny & Democratic Services Officer, Ext 3056, Email [toby.nash@woking.gov.uk](mailto:toby.nash@woking.gov.uk)



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MINUTES  
OF A MEETING OF THE  
**OVERVIEW AND SCRUTINY COMMITTEE**

held on 5 June 2023

Present:

Cllr J Brown (Chair)  
Cllr A Kirby (Vice-Chair)

Cllr H Akberali  
Cllr A Caulfield  
Cllr K Davis  
Cllr A Javaid

Cllr R Leach  
Cllr J Morley  
Cllr L Rice  
Cllr M Sullivan

**1. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**2. DECLARATIONS OF INTEREST**

No declarations of interest were received.

**3. MINUTES**

RESOLVED that

The Minutes of the meeting held on 20 March 2023 were accepted as a true and accurate record.

The Minutes of the meeting held on 22 May 2023 were accepted as a true and accurate record.

**4. MATTERS ARISING FROM THE PREVIOUS MINUTES OSC23-023**

Councillor Brown summarised the Matters arising from the meeting of the Overview and Scrutiny Committee held on 20 March 2023, noting that of the thirteen listed, twelve had been marked complete. It was confirmed that the Strategic Director of Communities and former Director of Legal and Democratic Services, had reviewed Member concerns regarding gas-related complaints and that they did not relate to compliance issues.

Councillor Davis questioned that item 3.3, the invitation of Affinity Water to a meeting of the Committee, had been completed. The Councillor pointed to the mutually exclusive positions of the two parties, Affinity Water could only attend remotely, while the Committee could only meet in person. Councillor Davis suggested that if the position did not change, the Council should write a letter noting the Council's deep dissatisfaction, particularly given it had been Affinity Water that had initiated contact and offered to attend with the Committee duly accommodating in two meetings. Councillor Brown requested that a letter first be written to the Chief Executive of Affinity Water requesting once more that a person

from Affinity Water attend the Committee in person and, if they were not able to attend, that the Committee's deep dissatisfaction be expressed in a further letter to the Chief Executive of Affinity Water.

Members reiterated their wish to extend an invite for Southeast Coast Ambulance and Surrey Fire & Rescue.

RESOLVED that the report be noted.

**5. URGENT BUSINESS**

There was no urgent business to discuss.

**6. WORK PROGRAMME OSC23-022**

*Items 6 and 7 were discussed concurrently.*

RESOLVED that the work programme be noted.

**7. WORK PROGRAMME SETTING FOR 2023-24 OSC23-024**

*Items 6 and 7 were discussed concurrently.*

For the July meeting, the Committee agreed that pre-decision scrutiny should be carried out on three items on the Executive Forward Programme due to at its meeting on 13 July 2023; the Medium-Term Financial Strategy, 2023-24 to 2026-27 Working For All Refresh, and the Town Centre Masterplan (which had been submitted to the Forward plan following publication of the Overview and Scrutiny Committee Agenda). Councillor Brown indicated that the Public Realm Usage Policy could also be scrutinised by the Committee at its July meeting and would consider such.

Councillor Leach, as Lead Member for Training, proposed that a report summarising the supplied Member Training be submitted to the Committee, which was accepted by the Chair and membership.

Councillor Akberali requested the Committee to consider scrutiny of fulfilment of pledges made by developers as part of construction projects, and the building of high-rises in the Borough and their effect on infrastructure.

Councillor Caulfield had recently submitted a Scrutiny Topic Request to review planning aspects of the Constitution. The Councillor raised concern that the ten-person threshold for comments, and no ability for supporters of an application to speak on an item, hampered considerations of the Planning Committee. Councillor Davis suggested that a review of the Neighbourhood Notification procedure be reviewed.

Councillor Davis had also submitted a Scrutiny Topic Request and Councillor Brown acknowledge that both would be tabled as formal items at the next meeting on 10 July 2023.

The Committee agreed to consider the Performance and Financial Monitoring Information, commonly referred to as the Green Book, as the first item of scrutiny at each meeting. The

Committee further agreed to review the Green Book formally in Sections and invite the responsible Portfolio Holders to each meeting.

Councillor Brown, recognising the large number of commuters, requested that Officers engage with South Western Railway to extend an invitation to discuss at a future meeting train schedules and post-Covid commuter patterns.

Following Joint Waste Solutions' responses to queries raised at the meeting of the Committee on 23 January 2023, Councillor Kirby mooted inviting representatives to a meeting of the Committee later in the calendar year.

At the conclusion of the discussion the Committee agreed to amend the resolutions such that resolution (iii) was not required as no Task Groups were formed. Resolutions (i) and (ii) were agreed without amendment.

RESOLVED that

(i) Officers be directed to fill the Committee Work Programme for the coming year with the proposed topics along suitable timescales; and

(ii) Officers review the feasibility of any significant items proposed for scrutiny or review and report back on if and when the Committee could receive those items.

## **8. OVERVIEW AND SCRUTINY COMMUNICATIONS PLAN UPDATE OSC23-025**

Members noted that the discussion held at the meeting on 20 March 2023 had been reflected in the webpage. Councillor Davis recommended that the page include link to the Green Book.

RESOLVED that the report be noted.

## **9. PERFORMANCE AND FINANCIAL MONITORING INFORMATION**

There had been a recent incident of fly-tipping at a Borough recycling point. The area was covered by CCTV and statistics on prosecutions against fly-tipping were requested.

Councillor Davis requested information on 'Miscellaneous Costs' and 'Subsidy of Sheerwater GP Practice' listed in the Sheerwater Regeneration section of the Performance and Financial Monitoring Information.

Councillor Kirby enquired whether metrics from the recent elections would be included in future editions of the Green Book.

RESOLVED that the performance and financial monitoring information (February 2023) be noted.

**10. ECONOMIC DEVELOPMENT WORKING GROUP UPDATE OSC23-026**

The Committee received the update report of the Economic Development Working Group.

Councillor Brown requested that the Chair of the Working Group be invited to attend future meetings of the Committee to respond to Member queries.

RESOLVED that the report be noted.

**11. FINANCE WORKING GROUP UPDATE OSC23-027**

The Committee received the update report of the Finance Working Group.

Councillor Brown requested that the Chair of the Working Group be invited to attend future meetings of the Committee to respond to Member queries.

RESOLVED that the report be noted.

**12. HOUSING WORKING GROUP UPDATE OSC23-028**

The Committee received the update report of the Housing Working Group.

Councillor Brown requested that the Chair of the Working Group be invited to attend future meetings of the Committee to respond to Member queries.

Councillor Kirby suggested the Committee scrutinise safe repair and maintenance of properties to complement the work of the Working Group, to which such information was reported. The Vice-Chair also suggested that the Committee receive a report on the Housing Revenue Account, separate from the General Budget, later in the municipal year. Officers agreed to inform the Strategic Director of Communities of the topic suggestion.

RESOLVED that the report be noted.

The meeting commenced at 7.00 pm  
and ended at 7.48 pm

Chairman: \_\_\_\_\_

Date: \_\_\_\_\_

## OVERVIEW AND SCRUTINY COMMITTEE – 10 JULY 2023

### MATTERS ARISING FROM THE PREVIOUS MINUTES

#### Executive Summary

This report provides an update on matters arising from the previous meetings of the Overview and Scrutiny Committee. The details summarise the progress made on achieving the desired outcomes from decisions taken by the Committee and requests from individual Elected Members. Once an action has been closed and the outcome reported to the Committee it will be removed from future reports.

Actions arising from the Committee are managed through the Council's Action Management system which was developed to capture and monitor the actions arising from (i) meetings of the Council and (ii) Internal Audit Reviews.

This is a regular report that is brought the Committee and covers the actions identified at the previous meetings. The next version of this report, listing any actions previously identified together with the progress achieved shall be brought to the next meeting of the Overview and Scrutiny Committee on 19 September 2023.

#### Recommendations

The Committee is requested to:

**RESOLVE That** the report be noted.

The Committee has the authority to determine the recommendation set out above.
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**Background Papers:** None.

**Reporting Person:** Councillor Josh Brown  
CllrJosh.Brown@woking.gov.uk

**Date Published:** 30 June 2023

Matters Arising from the Previous Minutes

Update on Actions Arising from the Overview and Scrutiny Committee held on 5 June 2023.

Minute 3		Matters Arising from the Previous Minutes
3.1	Action	<p><i>From the meeting of the Committee on 20 March 2023.</i></p> <p><i>Last update given at the meeting of the Committee</i></p> <p>To consider as an item for the Work Programme, inviting South East Coast Ambulance Service and Surrey Fire and Rescue to provide updates to the Committee.</p>
	Progress	Officers have considered potential areas of overview that the Committee could hold but have been unable to determine any specific areas. The nature of the work, particularly of South East Coast Ambulance Service and the Council have diverged in the time since such service was invited to the Committee. Officers welcome the views of Members on specific topics that the Committee could consider or ask that the action be made dormant.
	Responsible Person	The Committee / Beverley Kuchar / Mark Tabner
	Status	Ongoing

Minute 4		Matters Arising
4.1	Action	Write to the CEO of Affinity Water asking that representatives attend a meeting of the Committee in person.
	Progress	Letter has been written.
	Responsible Person	Toby Nash
	Status	Ongoing



Matters Arising from the Previous Minutes

Minutes 6 & 7		Work Programme and Work Programme Setting
6.1	Action	Prepare all items as directed by the Committee to the Work Programme.
	Progress	All fed into the Work Programme.
	Responsible Person	Toby Nash
	Status	Completed
6.2	Action	Biannual Review of Complaints
	Progress	Officers to consult with Members on information, statistics and complaints for the report to ensure all queries are satisfied and define those that are otherwise reported to other Committees and Working Groups.
	Responsible Person	Gareth John / Beverley Kuchar / Toby Nash
	Status	Ongoing
Minute 9		Performance and Financial Monitoring Information
9.1	Action	Councillor Davis requested statistics on fly-tipping
	Progress	Data specific to escalated actions (excluding investigations / warning letters / working with individuals to resolve incidents etc). Statistics are not kept on informal action. <b>2022:</b> 5 Fixed Penalty Notices issued. 1 Fixed Penalty issued for fly tipping in Hook Heath Road & 4 Fixed Penalty Notices for Parley Drive. <b>2023:</b> Fixed Penalty Notices Issued. 1 Fixed Penalty Issued for fly tipping in Old Woking & 11 Fixed Penalty Notices for Parley Drive.
	Responsible Person	Mark Tabner
	Status	Completed

Matters Arising from the Previous Minutes

9.2	Action	Councillor Davis requested information on the Miscellaneous Costs listed under the Sheerwater Regeneration and the subsidy for Sheerwater GP Practice.		
	Progress	Miscellaneous costs breakdown:		
		<b>Description</b>	<b>Totals</b>	<b>%</b>
		Legal costs mortgage of last resort	135,411.98	59%
Valuation for red book valuations		31,800.00	14%	
	Marketing/publicity	26,550.28	12%	
	Other consultants pre march 2021	15,288.00	7%	
	Costs external print	10,242.84	5%	
	Main contractor pre march 2021	6,358.66	3%	
	Retail compensation 3rd party fees	1,392.50	1%	
	Professional fees for plans mark up	555.00	0%	
		<b>227,599.26</b>	<b>100%</b>	
		Sheerwater GP Practice has been provided rent relief since April 2019 due to reduction in patient numbers following demolition of a large amount of housing as part of the Regeneration.		
	Responsible Person	Paola Capel-Williams		
	Status	Completed		

Matters Arising from the Previous Minutes

9.3	Action	Invitation of Joint Waste Solutions to an earlier meeting of the Committee than that proposed in the Work Programme so as to be able to discuss outstanding queries from the information submitted at the June meeting.
	Progress	<p>Officers have provided more information for future editions of the Green Book:</p> <p>“The criteria for genuine missed waste and recycling containers reported by residents are: Not emptied, however correct bin presented for collection by 6am on the collection day, missed bin report submitted after 4pm on the collection day and within the 48-hour SLA reporting window, no exception reported on the in-cab system, no informative tag attached to the missed bin, the bin that’s being reported as missed is an authorised container and lastly if related to a missed garden waste bin where an active and valid Garden Waste account exists. There is a 5 week time lag on this indicator.”</p> <p>Officers consider that this satisfies the need for Joint Waste Solutions to attend an earlier meeting. Officers are also happy to discuss queries directly.</p>
	Responsible Person	Mark Tabner
	Status	Completed
9.4	Action	Statistics on the 2023 local election in Woking.
	Progress	<p>May 2023 Election:</p> <ul style="list-style-type: none"> <li>• The data shows that <b>99.7%</b> of electors voting in the borough’s polling stations brought photo ID that met newly introduced voter ID requirements.</li> <li>• Collated figures across the area show <b>17377</b> electors voted at our <b>45</b> polling stations on 4 May.</li> <li>• At the end of polling day, <b>44</b> electors who tried to vote in a polling station were not given a ballot paper because they did not meet the new voter ID requirements – <b>0.3%</b>.</li> <li>• The figures also show while <b>154</b> electors were initially turned away, <b>110</b> returned with acceptable ID and were able to vote. This means <b>71.4%</b> of those initially turned away returned and were issued with a ballot paper.</li> </ul> <p>Comparison between the Voter ID pilot to the Borough Election this year: both election had <b>99.7%</b> of those voting in the borough’s polling stations that brought photo ID meeting voter ID requirements.</p>
	Responsible Person	Emera Chown
	Status	Completed



**Report to all Elected Members of Woking Borough Council**

**under**

**Section 114 (3) of the Local Government Finance Act 1988**

**by**

**Brendan Arnold FCPFA**

**Interim Director of Finance (Section 151 Officer), Woking Borough Council**

**Date of report: 7 June 2023**

Purpose of Report

1. Members of the Council are asked to consider this report by the Section 151 Officer (the Chief Finance Officer). The report is made under section 114 (3) of the Local Government Act 1988 because the Section 151 Officer is of the opinion that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed resources (including sums borrowed) available to it to meet that expenditure.
2. The Section 114 Notice is issued following statutory consultation with both the Chief Executive (Head of Paid Service) and the Monitoring Officer. At the date of this report that consultation has taken place. Following the issuance of the Section 114 Notice the Council has 21 days to hold a meeting of Full Council to consider the report from the Section 151 Officer and decide how it will respond.
3. The purpose of this Section 114 report is to make it clear to Members of the Council that – following events that have played out over a long period of time and which relate to the Council’s Investment Strategy and which has resulted in (a) unaffordable borrowing (b) inadequate steps to repay that borrowing and (c) high values of irrecoverable loans - the Council faces a financial situation of an extremely serious nature. In summary, the Council faces an unprecedented financial shortfall that cannot be funded from resources available to the Council.

Key Issues

4. Following a searching and continuing review of the Council’s financial affairs (the ‘Financial Review’) the main issues that have come to light are as follows:
  - a. Over a long period of time the Council has been using a business model that incorporated a 50 year payback period and has used assumptions that inevitably entailed that the companies used for asset construction and ownership would return accounting losses over a long period of time. The Council – having insufficient revenue resources to fund these operating losses – has chosen to fund them by advancing monies sourced from loans supplied by the Public Works Loans Board (PWLB). Reflecting the business model used, loans have been advanced to the Council’s companies for capital purposes (i.e. the construction of fixed assets or laying out of land under the relevant legislation) *and* revenue purposes (i.e. to meet operating expenses). Where the loans have been used for *revenue* purposes, this practice falls outside Regulation 25(1)(b) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended.

- b. The Council has been setting aside insufficient monies for the repayment of debt. The Council's debt portfolio is £1.8bn at 31 March 2023 and the Minimum Revenue Provision (to repay debt) appears to have been under-calculated since 2007/08. This will result in an additional charges to the Revenue Account (in 2023/24 in the region of £95m) and an average in the region of £75m in each year moving forward.
- c. In addition, as a result of the under-calculation, the opening balances in the historic suite of final accounts at 1 April 2018 will need to be re-stated by c. £80m and *prior period adjustments* (totalling £220m) made to the financial accounts prepared by the Council for the years from 2018/19 to 2022/23. The under provision for repayment of debt also affects the Council's Medium Term Financial Plan which will face additional charges in each year moving forward. In order to explain the impact, if the additional charges of c. £75m in each year were to be funded by service reductions, this would mean that the Council could no longer afford to provide any services at all and would still see a net budget shortfall.
- d. The Council has passed the majority of the loans drawn down from the PWLB to various of its companies (£1.3 billion in total) principally Victoria Square Woking Limited (VSWL) and Thamesway Group Limited (TL). Most of these loans were applied for capital purposes (as is correct), but a significant proportion (up to c. £160m) is likely to have been used to fund *revenue* expenses which is not in accordance with Regulation 25(1)(b) of the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, as amended. If loans were advanced for a revenue purpose these should have been treated as revenue expenditure in the Council's accounts rather than funded from borrowing; this raises the prospect of a corrective charge.
- e. The majority of the assets created by the Investment Programme that has been in delivery over a number of years lie within the accounts of the Council's companies (some of which are joint owned with commercial parties). These assets have been re-valued by experts in the field and it is clear that asset values have diminished substantially over time and further valuation work will be required to bring these values up to date.
- f. It follows that the loans advanced by the Council to the various companies need to be adjusted to reflect impairment of the underlying assets in a sum exceeding of £600m. This has an adverse impact on the security available to the Council in terms of the loan advances made.
- g. The *core funding* of the Council in financial year 2023/24 – comprising Council Tax, Business Rates and Government Grants - is just £16m. The size of the debt portfolio acquired by the Council (£1.8bn) is out of step with the funding streams available.

- h. Aside from the above, arising from a deterioration in the performance of its acquired assets against the original commercial targets as a result of economic factors (including general inflation, energy inflation, reduced parking revenues owing to homeworking, moderated high street spending through internet shopping), the Council is already facing a 'business-as-usual' budget shortfall of £9m in financial year 2024/25 and thereafter. This shortfall is likely to increase as additional pressures are identified at the next update of the MTFS. In addition, the repair and maintenance budget is estimated to be insufficient by £45m per annum based on the value of the Council's asset portfolio at 31 March 2021 and industry benchmarks for repair and maintenance budgets. Overall, the balancing of the 2024/25 Budget will result in very significant reductions in both budget and service levels.
  - i. The existence of the factors set out in this report, render the forward budget shortfalls unbridgeable; there is no prospect that the Council will balance its budget in 2023/24, 2024/25 or the successive years without external intervention on a very large scale. On this journey, the enriched service suite that the Borough has enjoyed over a number of years will need to be removed or alternative funding sources found. In this regard, work has been underway for some months to bring forward proposals to offset the £9m budget shortfall - as adjusted by additional cost pressures – already identified.
  - j. When the overall deficit complicit with the points set out above is calculated, and because calculation of the charge for Minimum Revenue Provision entails a suite of *prior period adjustments* in the financial accounts for years past, the Council presently has an estimated negative General Fund balance of c. £350m at 31 March 2023. The negative value of the General Fund at this date is forecast to more than triple to around £1.20bn by 31 March 2024. In order to resolve this position the Council will need a commensurate injection of cash or removal of liability.
  - k. At the date of this report the Council is working towards definition of the revenue outturn position for 2022/23 against budget. It is considered likely that an overspend will be identified; in this case for the reasons set out above in this report there are in reality no cash backed reserves available to fund this overspend because the General Fund balance is negative.
5. It should be noted that the figures quoted in the above paragraphs will change as the ongoing work of the Financial Review continues in the period ahead. However, the matters defined so far do not allow any doubt as to the scale and breadth of the financial challenge described in this report.

### Consequences of the Section 114 Notice

6. The issuing of the Section 114 report has the following impact on the work of the Council:
  - a. A series of Financial Controls will be imposed until Council has had the opportunity to meet and to consider an accompanying report from the Head of Paid Service on how the Council should proceed.
  - b. Many of these Financial Controls will need to remain after the Council has met to consider the Section 114 report. This is because the Council will lack the resources to maintain spending in all areas moving forward.

### The Financial Controls

7. The Financial Controls will be exercised by a Financial Control Panel (FCP) and will apply from the date of this report. The FCP will comprise a small team of senior officers selected and chaired by the Section 151 Officer. The controls – which are a statutory requirement when a Section 114 Report is issued – are as follows:
  - A. The Council is prevented without the explicit agreement of the Section 151 Officer from entering into any new agreement or commitment for expenditure until Council has met to consider the Section 114 report. These controls may be re-applied after the date of that Council meeting.
  - B. Temporary Measures are in force from the date of this report such that all non - essential expenditure will stop with immediate effect without the written confirmation of the Section 151 Officer. For the avoidance of doubt non-compliance with this requirement will be considered a disciplinary matter by the Council.
  - C. These controls (A) and (B) equally apply where services are being delivered through companies controlled by the Council or where the Council supplies funding to companies that are jointly or partly owned by the Council.
  - D. There will be an immediate suspension of the Council's Investment Programme. All expenditures generated by operation of that programme are suspended until the Section 114 Notice has been considered by Council, unless Directorates can evidence that the Council is in contract with suppliers for the delivery of construction works or professional services essential to the continuation of works for which the Council is in contract. That judgement will be exercised by the Section 151 Officer in consultation with Monitoring Officer. On grounds of affordability it is likely that this suspension will continue in the medium term.
  - E. The Financial Controls described apply to all Council services, including statutory services, those delivered through Council controlled companies and connected entities. The control framework will be set in place to ensure this happens while ensuring that key services to vulnerable people and those who are homeless are not affected by these controls.
  - F. Spending controls will need to remain in place for the foreseeable future i.e. at least for 2023/24 and a progress report on the wider Recovery Plan including progress with the Financial Recovery Plan will be made to Full Council on a quarterly basis moving forward.



G. Complicit with the position that the Council's loan portfolio is unaffordable the Council's Capital Financing Requirement will be reviewed and re-calculated. In addition, this means that no further loans will be sought from the PWLB unless these are to be applied for capital purposes for which the Council is in contract, for the replacement of existing maturing loans, the maintenance of working capital or other specified matters agreed by the PWLB in conjunction with DLUHC and the Commissioners and the Section 151 Officer.

H. Insofar as the Financial Controls generally have an adverse impact on the profit and loss accounts of the various companies hitherto in receipt of support - and which is now unaffordable - the boards of those companies may look to the Council to make up for the lost funding from revenue resources. However, reflecting the financial position, which is the subject of this Section 114 Notice, the Council is unlikely to be in a position to consider provision of such support. Accordingly, there is a responsibility for company boards that find themselves in this position to consider taking professional advice on the options available to them. To provide for this eventuality the Council has taken steps to set in place sources of professional advice to support company boards in these considerations.

I. If the Financial Controls are not adhered to or for unforeseen reasons do not achieve the required outcomes a further Section 114 report will need to be issued.

#### Support to be Sought from Government

8. Attainment of the actions envisaged in the emergent Recovery Plan will not by themselves resolve the Council's financial exigency. The Council must therefore approach Government to explore the prospect of financial support and to seek views on the provision of such support.

9. It follows that the Council, on the basis of the estimated financial deficit of **£1.20bn** to 31 March 2024 referred to in this report, needs to acquire financial support on a very large scale. For the avoidance of doubt, the Council has no means of funding the financial deficit from resources that are available locally and has a very small funding base (just **£16m** in 2023/24 excluding use of reserves) in relation to the size of the deficit identified.

#### The Legal Framework

10. Section 114 (3) requires that:

"The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure."

11. The process for issuing a Section 114 report and the effect of it are set out in various sections under the 1988 Act. Subsection 3(A) requires the chief finance officer to consult, so far as reasonably practicable, the Head of Paid service and the Monitoring Officer. Both of these statutory officers have been fully briefed and consulted in the preparation of this report. Further, the Corporate Leadership Team has been fully briefed on the content of this report and have similarly been consulted.

12. Section 115 of the 1988 Act requires Full Council to consider and decide on the report made under Section 114 within 21 days beginning on the day the report is issued. Full Council must consider the report at a meeting where it shall decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take in consequence of it.
13. Section 115 (6) states that pending consideration of the report by Full Council, there is a prohibition period which runs from the date the report is made to the date of the Full Council meeting. During this period, the Council must not enter into any new agreement which may involve the incurring of expenditure (at any time) by the authority unless the chief finance officer of the authority authorises it to do so.
14. Subsection (6A) states the chief finance officer may only give authority for the purposes of subsection (6) if he considers that the agreement concerned is likely to:
  - a. prevent the situation that led him to make the report from getting worse,
  - b. improve the situation, or
  - c. prevent the situation from recurring.
15. Subsection (6B) requires that authority for the purposes of subsection (6) shall:
  - a. be in writing,
  - b. identify the ground on which it is given, and
  - c. explain the chief finance officer's reasons for thinking that the ground applies.
16. Subsection (8) states that if subsection (6) is not complied with, the Council shall be taken not to have had power to enter into the agreement (notwithstanding any option to do so under contract or otherwise). Therefore, the Council's actions will be deemed unlawful.
17. Section 116 requires the Council to notify its external auditors of the report and the time, date and place of the full Council meeting. The external auditors also need to be informed of the outcome of the meeting as soon as practicable. The external auditors have been kept informed of the emerging financial position and the planned work. The external auditors will need to consider the implications of this report on their statutory functions and the implications for their opinion on the 2019/20 and subsequent accounts which remain unaudited at the date of this report.
18. CIPFA guidance recommends that informal contact is made with DLUHC, lead members and statutory officers in advance of issuing a Section 114, to undertake a level of scenario testing and to ensure a robust action plan to address the issues raised is able to be prepared. Lead members have been kept up to date on the emerging budget situation, as has the Executive and the key statutory officers and there has been regular liaison with DLUHC officials and professional advisers including *CIPFA Solutions* and others.

19. The Council's legal duties around budget setting are set out in Section 31A of the Local Government Finance Act 1992, which states:

- (1) In relation to each financial year a billing authority in England must make the calculations required by this section.
- (2) The authority must calculate the aggregate of:
  - (a) the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account, other than a BID Revenue Account, for the year in accordance with proper practices.
  - (b) such allowance as the authority estimates will be appropriate for contingencies in relation to amounts to be charged or credited to a revenue account for the year in accordance with proper practices.
  - (c) the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure.
  - (d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for.
  - (e) any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with regulations under section 97(2B) of the 1988 Act,
  - (f) any amounts which it estimates will be transferred in the year from its general fund to its collection fund in accordance with section 97(4) of the 1988 Act; and
  - (g) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under section 98(5) of the 1988 Act and charged to a revenue account for the year.

20. The findings of the continuing Financial Review are such that the financial parameters described above and which were considered by the then Section 151 Officer when Council met on 27 February 2023 to agree the Budget for 2023/24 now need to be reviewed and considered in the context of a revised Medium Term Financial Plan and Strategy. The intention is to present a revised MTFPS in July 2023. Accordingly, the Council will seek to open discussions with Government to inform this reporting timetable.

21. Following these considerations Council may wish to call for a revised Budget for 2023/24 in order to endorse:

- (a) the financial support arrangements which may then pertain.
- (b) to agree budget savings for 2024/25 in order to reach for savings in advance of the 2024/25 financial year; and
- (c) to receive a report on how the Financial Review has led changes to financial management arrangements on a broad front.

## The Financial Review - Background

22. The Council has been in dialogue with DLUHC – the relevant Government Department - since May 2022. This dialogue focussed on the very large loan portfolio held by the Council and risks around the ability of the Council to manage the scale of operations then in place. As a result of this engagement the Council was offered and welcomed a non-statutory review by DLUHC that commenced in December 2022; the report from this review was published in May 2023.
23. In setting the 2023/24 Budget in February 2023 the then Section 151 Officer approved the setting of a balanced budget through use of reserves but did so with the cautionary advice that ‘the Council was in Section 114 territory’. Further information was included in the Section 25 report which formed part of that Budget Report.
24. On appointment, having taken note of work already undertaken by the leadership team and having made further observation, the new Section 151 Officer with support from that team (a) presented an updated MTFs to the Executive and Council (from 23 March 2023) and (b) commissioned a suite of work to unpack and define aspects of the Council’s financial affairs. This work, undertaken with support from professional advisers including *CIPFA Solutions* and other specialists comprises the Financial Review referred to in this report. This work is ongoing.

## Detailed Points Arising from the Review

25. The key findings arising from the Review and which have been operating in the Council for some considerable time period (with the exception of (g) prior to 2016) include:
  - a. A weak financial control environment.
  - b. Sub-optimal record keeping.
  - c. Weak management review processes.
  - d. Weak understanding of accounting guidance.
  - e. Weak understanding of statutory requirements in respect of accounting arrangements.
  - f. Insufficient resources generally to manage successfully the scale and complexity of the company structures, assets and liabilities that had been brought into existence by the Council over many years.
  - g. The absence of external audit opinions on the Councils accounts since 2018/19.

26. The Financial Review commissioned by the current leadership team has brought to light and defined the financial deficit in the Council. The financial challenges with which the Council is faced have been acquired over a long period of time and in particular have accelerated between 2016 and 2021. It is likely that further issues will arise in the coming months as more work is completed and the recovery planning is developed fully to set the Council's financial affairs on an appropriate course. It follows that these matters will take some time to resolve and the estimated timeline until a substantive recovery has been achieved is likely to be two years from the date of this report. That said, the financial recovery is being pursued at pace and a plan for the first 100 days is being prepared as a component of the wider Recovery Plan and action is already being taken as part of this greater whole.
27. It is notable that had the issues now being drawn out been understood in previous years (i.e. before 2021) the Council would have had grave difficulty in setting lawfully balanced budgets in the period since 2018/19. The following points are relevant:
- a. The current estimated negative General Fund balance prior to submission of any request for support from DLUHC is c. £350m to 31 March 2023. The additional in-year deficit for 2023/24 is estimated to be in excess of £800m resulting in an overall deficit of almost **£1,200,000,000** or **£1.2bn** forecast to 31 March 2024. This is further described at paragraph (29) of this report.
  - b. It is fair and reasonable - given the circumstances - that the Council take all possible steps to mitigate the level of financial support needed from Government in order to set the Council's affairs on an appropriate financial course. To this end the recommendations prepared by the Chief Executive in the accompanying report on this agenda are of critical importance.
  - c. The financial deficit identified in this Council has the highest ratio compared to the resource base of any major Council in recent years. The expected deficit at 31 March 2024 (£1.181bn as defined at paragraph (29)) is estimated to be 107 times greater than the amount raised in Council Tax in each financial year (£11m). This raises an important point; that the resource base in this Council is insufficient to accommodate meeting the overall deficit even if capitalised over a very long period of time.
  - d. Further Section 114 Notices may need be issued if means of managing the position are not able to be agreed with partners in Government in the weeks ahead. That said, there is a level of confidence that the position faced by the Council is understood in DLUHC and thanks are extended to officials in the Department who have been both supportive and helpful in wider discussions that have so far taken place.
  - e. The Minimum Revenue Provision (MRP) calculation to set aside resources for the repayment of debt has not been undertaken in the manner required for a number of years. The additional charge to be made in 2023/24 is in the region of £95m. Given that the charge has been calculated on a basis that is (a) incorrect and (b) lacking a prudent basis it is clear that the Council has not complied with the relevant guidelines and Codes of Practice that apply.
  - f. From the observations made there is a high probability that the Council's various reports which have been produced over a number of years to deal with budget setting, financial monitoring, capital programming, capital financing and treasury management have all contained inaccuracies and misassumptions. Improvements are needed to ensure that these documents meet the needs of decision makers through suitable transparency and clarity as the Council moves through the process to achieve recovery.

- g. The Chief Executive has sought to ensure that the incoming external auditor (Grant Thornton LLP) is aware that the leadership team is keen to see the initiation of suitable enquiries to clarify how the matters described in this report unfolded in the period 2016 to 2021. This initiative is supported by the Section 151 Officer and at the date of this report a meeting has taken place between the statutory officers and the incoming external auditor who had already been in the process of forming proposals to serve this need.
- h. The accounts for the Council for 2019/20 are still awaiting an audit opinion from the previous external auditor and the audits for years following have yet to commence. Over a substantial period the leadership team has sought to bring this matter to a focus with the external auditor and Public Sector Audit Appointments (PSAA) (the agency responsible for appointing external auditors to local government). In addition the Standards & Audit Committee has enquired closely on this issue. The delivery of an effective external audit service is a continuing priority for the Council and work continues to bring this matter to a focus with providers and stakeholders in the near future.
- i. The Council has a number of wholly or partly owned companies. Historically governance and financial management processes in relation to these arrangements have been weak and a number are in need of ongoing financial support which – on grounds of affordability – the Council is unable to provide. This being so it is inevitable that unless additional resources can be made available by Government some of the boards of these companies will need to seek advice on available options in the period ahead. The Council has set in place sources of such advice where this is needed and - thanks to the efforts of the Council's leadership team - the strengthened arrangements for shareholder liaison are beginning to enable a more structured approach to governance and decision making.
- j. The Finance Directorate – never of adequate size for the commitments it has faced – has sustained in recent weeks the departure of a number of staff experienced and knowledgeable about the arrangements made by the Council. As at the date of this report the majority of the Finance Directorate Management Team is formed of interim contract staff who have been retained by the Council only recently.
- k. Financial processes, reporting and internal controls need in some cases to be strengthened. Budget monitoring processes in particular are weak and poorly designed. These are being redesigned at pace and support for budget managers is being put in place in the period ahead.
- l. The Housing Revenue Account is under severe financial pressure significantly because the Sheerwater housing development scheme has removed a large portfolio of dwellings from the portfolio of HRA rental properties with commensurate loss of rental income. A HRA Financial Recovery Plan is in development to focus on rent collection, the level of recharges from the General Fund and a number of other key opportunities for cost reduction. The Council does not have a 30 year business plan for the HRA at this time.

- m. The Council's company structures are in need of detailed review and simplification and initial steps have already been taken and resources assigned to begin work in this regard. Given the financial position of the Council, it is likely that the case for using companies to develop assets and run services may be significantly weakened and that alternative approaches will need to be explored through conversations with DLUHC and other Government agencies on the forward journey.
- n. The Council's leadership team has been fully briefed on the conclusions of the Financial Review.

#### Other Issues

- 28. The Council has already noted (See the Medium Term Financial Strategy reported to the Executive on 23 March 2023) that in 2024/25 it faces a budget shortfall of £9m. It is expected that additional cost pressures (estimated presently at c. £1m) will need to be added to this total as when the MTFS is next updated. The shortfall is already being targeted through the roll out of the *Fit for the Future Programme* which is designed to bring forward proposals to enable a balanced budget to be formed. The results of this exercise will be presented as part of the July update of the Medium Term Financial Strategy and will form part of the over-arching Recovery Plan led by Commissioners under the terms of their appointment in pursuit of the Best Value duty held by the Council.

## The Deficit

29. The deficit now faced by the Council from the conclusions of the continuing Financial Review at the present time is as follows:

A	B	C	D	E	F	G	H	I	J
Element		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		£m	£m	£m	£m	£m	£m	£m	£m
<b><u>General Fund Balance as originally stated</u></b>									
Balance at 1 April	a	(30)	(28)	(31)	(41)	(30)	(30)	(30)	(30)
In year transactions on the General Fund	b	2	(3)	(10)	11	0			
Balance at 31 March	c=a+b	(28)	(31)	(41)	(30)	(30)	(30)	(30)	(30)
<b><u>Restated General Fund balance</u></b>									
Balance at 1 April	d = n	(30)	73	102	134	199	347	1,181	1,329
Restatement at 1 April 2018 for MRP understated in previous years	e	78							
Revised balance at 1 April 2018	f=d+e	48							
In year transactions on the General Fund	g=b	2	(3)	(10)	11	0	0	0	0
Restatements:									
MRP understated	h	23	32	42	54	67	94	93	73
Revenue loans	i					81	80		
Impairment of loans	j						614		
Understated repair and maintenance budget	k						45	45	45
Budget cost pressures	l							9	10
Other cost pressures	m						1	1	1
<b>Revised balance at 31 March</b>	<b>n=f+g+h+i+j+k+l+m</b>	<b>73</b>	<b>102</b>	<b>134</b>	<b>199</b>	<b>347</b>	<b>1,181</b>	<b>1,329</b>	<b>1,458</b>

### **Notes:**

- All figures are at Outturn prices. The figures for 2018/19 are taken from the audited Statement of Accounts. The figures for 2019/20 to 2021/22 are taken from draft accounts for those years as no audit opinions have yet been provided by the external auditor.
- For 2022/23 the balances have been rolled forward from 2021/22. The outturn has yet to be completed for 2022/23 and will impact the In-year transactions on the General Fund at rows b and g above.
- For 2023/24 onwards the balances are taken from the 2023/24 Budget and MTFS reported to Council on 23 March 2023.
- Rows (a) to (c) show the movement on the General Fund balance as originally reported in the Statements of Account and projected forward to 2025/26.
- Rows (d) to (n) show the revised General Fund balance after restating the accounts for understated MRP in the years to 31 March 2018 (row e) and annual adjustments detailed in rows (h) to (m).
- The detail of the restatements is in the following paragraphs:
  - Rows (e) and (h) (MRP understatement) paras 4(b) to (c);
  - Rows i and j (revenue loans and loan impairment) paras 4 (d) to (f) :
  - Rows (k) to (m) (repair and maintenance budget understatement and budget cost pressures) para 4 (h).

30. It is clear from this analysis that the Council cannot meet these very large costs from its own resources. The only way forward is to open discussions with DLUHC on the provision of financial support from Government.



31. Council is asked to note that any support made available by DLUHC is likely to require the Council to dispose of surplus property or otherwise secure value from the assets under ownership, in order to discharge at least part of the ongoing financial liabilities that may be incurred by the public purse generally in the years ahead if a package of support is able to be secured. Accordingly, Council needs to prepare itself for such a course moving forward.
32. Similarly, on the forward journey, Council needs to consider that it might be invited to pass ownership of the relevant assets into the care and management of other agencies as part of a *quid pro quo* for financial support if negotiations with Government are able to be undertaken successfully. At this time and pending the opening of discussions with Government on the matter of support the approach preferred by Government in this matter is not yet known.

#### Next Steps

33. The issuing of a Section 114 report is a serious matter and will impact on how the Council operates. Local Authorities however cannot go into Administration or Liquidation as they are backed by taxation and Government. This means that all creditors are secured, contracts in flight are secure and the Council will continue to pay staff and deliver its statutory services, particularly services to the vulnerable and homeless. That said, the Financial Controls referred to in this report will operate from 7 June 2023.
34. Council is required under legislation to hold a meeting of Full Council scheduled for the purpose of considering this Section 114 report and the Chief Executive's Response to this report so that Council can decide on any action to be taken as a result.

#### Future Intervention

35. I will monitor in line with the responsibilities of my office the Council's response to this Notice on an ongoing basis to ensure that sufficient action is taken at pace to address the issues identified. If I am not able to see satisfactory progress, I will consider the issuing of a further Section 114 report. It is also the case that an inability to agree financial support from Government may inevitably lead to further Section 114 reports being laid before Council.

Brendan Arnold BA MA FCPFA DMS  
Interim Finance Director & Section 151 Officer  
Woking Borough Council

7 June 2023



## Governance, Financial and Commercial Review of Woking Borough Council

*for the Secretary of State for Levelling Up Housing and  
Communities*

**May 2023**

*Reviewers:*

Jim Taylor

Carol Culley OBE

Mervyn Greer

*A note on the text:*

*This report is comprised of two documents (Parts One and Two) that summarise the findings of two periods of investigation by the review panel in 2023: the field work for the first was undertaken in January and February, the second in April and May. The second period of investigation was undertaken due to the presentation of fresh evidence and updated reporting of the council's finances, the seriousness of which raised concerns for both the panel and DLUHC. The numbered recommendations included in this document are drawn from the first period of investigation, but remain relevant in light of the findings of the second period of investigation. The conclusions within Part Two represent the most up-to-date picture of both the council's position and the degree of support required.*

*Some of the contents of this report is commercially sensitive in nature and therefore certain information has been redacted.*

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## Woking as a place

1. Woking Borough Council (WBC) is one of 11 borough and district councils in the county of Surrey. It is a modern and diverse town born out of the railway and communication revolution. Comprising 6,357 hectares, 60% of the borough is designated green belt land and large areas of the borough's open space are protected.
2. Approximately 100,000 people live in the borough and the council provides services to around 43,000 homes. Woking, West Byfleet and Knaphill are the borough's main urban and economic centres followed by Brookwood, Byfleet, Goldsworth Park, Horsell, Kingfield, Old Woking, Sheerwater, St Johns and Westfield, which have their own identities and local interests.
3. Woking is the third most densely populated borough in Surrey. The average household size is 2.49 persons, slightly above both the regional and national average. Compared to the rest of Surrey Woking has a young population, with the second highest proportion of under 16s and the second lowest number of over 65s in the county. However, in common with the rest of the country, the borough has an ageing population, with the over 65s expected to increase by 3,900, more than 20% in the next 10 years.
4. Residents are generally healthier than the English average. However, in the most deprived areas of the borough, life expectancy is approximately 5 years lower.
5. The borough benefits from excellent transport links and proximity to London makes Woking an important regional hub with enormous potential for growth. Woking has a large economic workforce. 85% of the working-age population is economically active, the second highest proportion in Surrey and well above both regional and national averages.
6. Woking has 30 elected members. The council had been led by the Conservative group for 14 years until May 2022 when the Liberal Democrats formed a new administration following the local elections. The current political breakdown (reflecting May 2023 elections) is 20 Liberal Democrats, 4 Conservative, 3 Independent and 3 Labour. At the time of the initial field work for this review the Liberal Democrats had been in control of the council for 10 months.

## Background to the review

7. Throughout the summer of 2022 the Department for Levelling Up Housing and Communities (DLUHC) were in discussion with Woking Borough Council (the council) regarding the sustainability of Woking's financial position. This was due to concerns with the council's level of debt and the risk this poses to financial sustainability.
8. Following DLUHC's initial engagement, in January 2023 the Secretary of State commissioned a non-statutory review of governance, finance and commercial aspects of the council's business and appointed a review team of Jim Taylor, Carol Culley OBE and Mervyn Greer.
9. The fieldwork took place between 23<sup>rd</sup> January 2023 and 24<sup>th</sup> February 2023. During that period 73 interviews were conducted by the team and significant council documentation was reviewed. The panel were asked to undertake further work by

DLUHC at the end of April. This was due to additional council-commissioned external reports emerging, which indicated further concerning financial developments. The additional work by the panel is outlined in Part Two of this review. Jim Taylor is an ex-Chief Executive Officer of three Metropolitan Borough Local Authorities and was appointed in March 2022 by the Secretary of State as a commissioner at Sandwell Council. He also led on a Governance review of Slough Borough Council for the Secretary of State in 2021. He was a member of the team conducting a recent governance review of Northumberland County Council.

10. Carol Culley OBE is the current Deputy Chief Executive and section 151 officer at Manchester City Council. She is CIPFA qualified and has a diploma in management and is CIPFA Junior Vice President, a member of the CIPFA Council and Chair of the CIPFA Public Financial Board.
11. Mervyn Greer is a Crown Representative at the Cabinet Office where, amongst other responsibilities for strategic suppliers to HMG, is the appointed Crown Representative for Local Government Commercial and the LGA. His background is in property and built asset management in the private sector, where he was responsible for major outsourcing and property related commercial contracts. He retired from the private sector in 2016. He was a member of the team which conducted the initial statutory inspection of Liverpool City Council in 2021.

## Part One: Executive Summary

12. Woking Borough Council is the most indebted local authority relative to its size in the UK, with borrowing of £1.9bn compared to a net budget of £24m. The two largest commercial schemes in the council's portfolio are the regeneration of Victoria Place in the town centre and the regeneration of Sheerwater housing stock; financing these schemes account for the majority of the council's debt. The council's historic investment and borrowing decisions are disproportionate to its ability to manage complex commercial activity and the council lacks the commercial skills and capacity to identify a longer-term strategy to resolve its commercial arrangements. This report considers the areas of leadership and governance, finance and commercial.

### Strategy, governance and leadership

13. A new Chief Executive and leadership team, working with a new political administration, are making great efforts to deal with these significant issues to provide financial stability for the future of Woking. They have placed financial resilience at the heart of their priorities and now understand and recognise the significant challenges faced by the council and significant changes are underway in how the council manages its finances and governs its companies. These positive changes in the most part remain in their infancy, with concerted efforts from autumn 2022 and efforts must continue to be made to identify a sustainable solution to the council's finances.

14. The new leadership team is essentially rebuilding most internal processes as they had not been fit for purpose. Management information to inform decision making is recognised as inadequate and plans are in place to rectify this. Financial information does not currently enable managers to be agile in their approach to departmental budgets. The constitution is being reviewed. New company governance and processes have been put in place from October 2022 to manage the companies with the establishment of a Shareholder Advisory Group (SAG). The council's approach to procurement is being redeveloped as are its processes for change management, digitisation, and transformation. All these developments are in their early stages, nevertheless the review team recognise that these initiatives are required and have the correct direction of travel.

15. There are some very committed and talented members of staff at all levels in Woking, particularly at the senior level. New staff brought in have made a positive difference to the skills required within the council. Despite this, there is not enough capacity or capability to manage the significant number of issues the council is now facing. In reshaping the council, new skills and approaches can be built up in most areas, but this will take time that the council does not have.

16. Despite recent best efforts of the new leadership team, the council does not have the commercial skills or capacity to identify the longer-term strategy to resolve its commercial arrangements. From the historic base, the sheer scale and complexity of the investment and commercial activity of the council, means that the council will never have the capacity to effectively manage all the commercial and economic considerations which would only be enacted properly by expert investors and



developers steeped in experience for a programme of this nature. This is why the council must look to find partners to share risk and any benefit from the council's ongoing programmes.

## Finance

17. Woking Borough Council has £1.9 billion of borrowing and a further capital financing requirement to 2025/26 which extends the debt to £2.4 billion. The associated capital financing costs are £62m per year. It is the most indebted council relative to its size in the UK. The two largest commercial schemes in the council's portfolio are the regeneration of Victoria Place through the company Victoria Square Woking Limited (VSWL) in the town centre, and the regeneration of Sheerwater housing stock and public realm facilities, through the Thameswey Group. These two schemes alone have accounted for the majority of the current debt level.
18. Due to the Covid pandemic and the current economic climate, the council car parking and commercial income has reduced whilst its debt repayments have remained relatively constant but are forecast to grow.
19. In March 2021, the council applied to the Department for Levelling Up Housing and Communities (DLUHC) for Exceptional Financial Support (EFS), but at that time the previous chief executive in his statement to DLUHC remained confident that the council's financial strategy was able to withstand normal economic cycles. The council felt that an injection of emergency funds would bridge a gap which would then bring their financial plan into line. In July 2021, DLUHC refused this request. At that time, the council was holding reserves which could be used to support the budget and there had been no significant evidence that services had been redesigned or altered to fit a budget envelope of similar sized borough councils. The position of the council was not based on an evidence-based assessment of the council's financial position and was optimistic.
20. It is difficult to conclude the council has complied historically with accounting best practice and the Prudential Framework. The scale of borrowing was disproportionate to the council's assets and ability to manage complex commercial activity. There was insufficient regard to the level of risk the council was being exposed to. The decisions to invest were made in line with the constitution, assessed against the Prudential Framework, the 2018/19 and earlier accounts had unqualified VfM opinions. However, given the scale of the borrowing and the fact that future risks of refinancing were not considered it cannot be argued that the approach had been prudent. The arrangements put in place for VSWL and Sheerwater were taken without an adequate assessment of the risks to the council or a full assessment of the legal considerations, including state aid/subsidy, best value consideration and the structure of the financing arrangements.
21. The leadership of the council has changed at an officer and political level since the major commercial decisions were made. The new leadership team is to be commended for a systematic and whole systems approach to establish and address the council's financial challenge and to fundamentally redesign governance. The establishment of the 'Woking for All' strategy and the iterative approach to the

Medium-Term Financial Strategy, alongside management of risk, commissioning independent advice and reviews, has established that the financial position of the council is significantly worse than the position set out in March 2021 at the time of the application to DLUHC for Exceptional Financial Support. These positive steps in the most part remain in their infancy, with concerted efforts from autumn 2022. The direction of travel is encouraging; however, time is not a luxury the council has due to its current financial position.

22. The council is probably able to set a balanced budget for the years 2023/24 and 2024/25 with the use of its reserves. This gives a possible two-year window to work on the consolidation of strategic plans to deal with the model of the regeneration vehicles. This is if all its assumptions materialise and there is not an immediate need to make provision for Minimum Revenue Provision (MRP). The current council's MRP Policy is that no provision is required to be made on £1.3 billion of council borrowing associated with the loans. The new administration has commissioned an independent review of the current MRP policy. According to the council's own calculations prior to the independent review there could be a material risk of an under provision of MRP when reviewed against the DLUHC Consultation on changes to the capital framework: Minimum Revenue Provision in 2022. This under provision amounted to £11.9 million annually in 2021, rising to £23.4 million annually when averaged over a 50-year period.
23. Whilst a balanced budget can be achieved in 2023/24 and potentially in 2024/25 using reserve balances to bridge the budget shortfall, this will not be achieved in 2025/26 unless the savings required can be fully delivered and there are no further external shocks or risks. This does not take into account any changes in MRP policy. Despite best efforts of the current leadership team, it is likely that the council will need to issue a section 114 notice within the coming two-year budget period.
24. A balanced budget for 2023/24 can only be achieved with a disproportionate use of reserves and non-recurrent funds. In setting the budget, the Section 25 report to Council in February 2023 has highlighted that there is a real risk that a section 114 notice could be issued during the upcoming financial year, if the assumptions made do not materialise.
25. A significant risk to balancing the budget is the ability to deliver the savings included in the 2023/24 budget and to deliver the target of £11m savings over a three-year period. This equates to 25% of the council budget. This will fundamentally change the services the council delivers and will require political will and a step change in activity to reconfigure services accordingly. The level of work that has recently been carried out on the budget is encouraging, but it is important the council guard against optimism bias and continue to monitor the position closely. The council does not have a history of redesigning its services or of the decision making needed to save circa £11m over three years.
26. Section 114 of the 1988 Act further requires the Section 151 Officer to report to full Council if it appears to him/her that the expenditure of the Council incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure. In making such

assessments we advise the Section 151 Officer to look at both the immediate-term as well as at the wider sustainability of the budget and reserves position.

27. The current finance team have a wealth of experience and knowledge, but limited capacity to deliver the type of financial information that is required and there is a lack of management accountancy experience. It is recognised that the format of the financial information and reporting requires an overhaul and has not been fit for purpose.

## Commercial

28. The two largest commercial schemes in Woking BC's portfolio are undoubtedly the regeneration of Victoria Place in the town centre and the regeneration of Sheerwater housing stock and public realm facilities. These two schemes alone have accounted for the majority of the current £1.9bn debt level. As a result of the complexities of the loan facilities this debt level is predicted to rise to £2.4bn within the next two years. Added to this is the complex arrangements by which the council has decided to deliver and manage these major projects, placing 100% of risk with the council and this is a key factor contributing to the council's current precarious financial position.
29. Until 2022, Woking Council's vision had been one of local and economic social regeneration which included investment in sustainable energy particularly through its community heat networks. The strategy was based on commercialisation and income generation to develop a greater degree of financial independence and to avoid service transformation. This approach was considered an alternative to taking a more fundamental look at changing council services through transformation and significant restructure, as had been the common approach in Local Government at that time.
30. During the period 2016-2019, the council embarked on an ambitious regeneration programme, funded by money borrowed from Public Works Loan Board at lower than commercial interest rates. This was used to fund a number of commercial properties within the borough and, more significantly, to support the regeneration of the Town Centre via a joint venture and through its wholly owned Thameswey group of companies for sustainable energy and housing, most notably, the plans for the regeneration of Sheerwater. The council then loaned money to the joint venture and the companies to develop the schemes. The council received a margin on some of these loan transactions. This margin, along with the rental income from the commercial priorities, contributed to the council's budget to fund services. This process was used by the council to generate funds for its regeneration schemes over several years. The council is effectively self-funding the borrowing costs through additional borrowing, which is deferring risk.
31. The loans to the regeneration companies on business cases of 50 years and over have built in an inherent dependency for ongoing capital support. Working capital support to service the debt has been provided by a 'revolving' loan facility. Effectively, the council lends money to its companies and the companies then use this money to pay back to the council. This has created an extremely high debt profile which is not backed by assets in any way matching that debt. Some companies are making

operational losses but still extending their borrowing to cover principal and interest repayment costs.

32. The council sought to bring benefits to the communities of Woking 'upfront' and in the shorter term, for example, in Sheerwater, by providing the social infrastructure of the development (leisure centre and community facilities) and social housing, before the 'profit making' element of market housing. As a result of this sequencing, development is taking place whilst the companies are in their loss-making phase of the business plans.
33. These investment and borrowing decisions leave a legacy for the council and pose the biggest threat to its future financial resilience. Although work has started, there is currently no long-term commercial strategy in place. Commercially, the council is overstretched and remains reliant on further support in the form of additional skills and capacity to continue to find a resolvable solution to its commercial position. The leadership team has put in place several initiatives and actions to get to grips with the current situation but is yet to set out a structured overarching council commercial strategy, to maximise the assets the council now holds. Until this strategy is in place the council remains open to commercial risk brought about by a piecemeal approach to challenges and opportunities the council now faces. Before confidence can be restored in the council's management of future financial risk there must be a clear commercial strategy, more robust commercial risk assessment in all business cases put forward and commercial expertise in the council.
34. The situation is well understood by the council leadership team and there are actions in place to reconfigure and have greater control over the schemes. There is an integrated service and financial framework provided by the 'Woking for All Strategy'. However, these actions appear to be taking place outside of the 'Business as Usual' of the council. This leads to the conclusion that, despite many initiatives and advice being actioned there is no overarching strategy for the whole situation under the council's control. There is a huge amount of council energy and resource (both officer and member) being expended on remodelling of business plans, financial models and programming to try to manage the relationship with their subsidiary companies and regeneration projects. The focus of the leadership team should not be distracted away from managing the council's services on behalf of its communities.
35. The justification historically within the council for the sizable investment model had been the alignment of the investments to the social regeneration of the borough. The intent and social value of these two major investments will have an impact on the borough and its ability to attract business and investment in this highly competitive region. However, the reality is that the council currently has double the level of borrowing per head of population compared to the next highest council and is struggling to set a balanced budget. The council has amongst the strongest economic vitality prospects outside of London, higher than average earnings of its population and relatively lower levels of deprivation. Therefore, the quantum of the borrowing and the scale of investments made, for the council to shoulder on its own, had been disproportionate, too large and the risk taken is disproportionate to the social impact.

36. The introduction of the new Shareholder Liaison Service and the Shareholder Advisory Group, coupled with changes made recently to the directorship of the Thameswey company, gives greater comfort that high level governance of Thameswey Group and VSWL is much improved. However, further development of reporting content notably in commercial risk analysis is necessary to underpin and fully inform decisions.
37. There had been a long-term regeneration focus without adequate attention to short term financial viability of the council and the associated risks of the scale of these investments on the council's budget. Many of the regeneration business cases had a 50-year plus time horizons.
38. [Content redacted for commercial sensitivity.]
39. The review team recognise that to avoid a requirement to write off a significant amount of debt now, the current arrangements would need to be maintained while the sustainable strategies are pursued at pace. The council have estimated that this will require c£100m per annum additional borrowing for the three-year period 2023/24 to 2025/26, based on current investment plans. It is acknowledged that this is a risk, but on balance it is felt to be a lesser risk than halting all activities now.
40. As set out in the commercial section of this report, a rapid sale of assets would be an inappropriate course to recommend and would be very detrimental to the Council financial position. With VSWL the current value of the assets has been estimated to be £300m to £350m against the outstanding debt of c£700m. [Content redacted for commercial sensitivity.] Therefore, by stopping the working capital support without a longer-term strategy in place, the council would need to write off a significant amount of outstanding debt.
41. There had been little capacity and capability put in place to manage the scale of commercial activity, the client function was inadequate. The council had the corporate capacity of a small district council, yet the investment portfolio of a very large city/metropolitan council. Despite best recent efforts of the new leadership team, the council still lacks capacity to deal with this scale of commercial activity.
42. There is little evidence to suggest that the systems and processes were initially put in place to ensure that the developments were delivered in an effective way from the outset.
43. There is some evidence to suggest that some investment decisions were made without appropriate business cases and records of robust land valuation. In some cases, project scope had been increased and budgets had to be extended. For example, the scope of Victoria Square had increased from the initial approval of approximately £460m in November 2016 to £700m in February 2021. Some strategic asset acquisitions lacked evidence of robust valuation, which resulted in borrowing more than the asset value.
44. Not enough attention had been given to consider the council's financial resilience and its risk profile. It was the belief that the council's commercial income and its ability to take margins on loans to companies would cover any financial eventuality. This has proved not to be the case. [Content redacted for commercial sensitivity.]
45. Prudential indicators have been set, monitored, and published in the Capital Strategy Report and have been assessed for affordability as required by the code. The initial

assessment of affordability of the regeneration schemes was dependent on the cash flow forecast rather than a robust financial investment model so the risks to principal repayment were not fully understood. There is little evidence that adequate consideration was given to option appraisal or that decisions were being made with sufficient regard to the long run financing implications and potential risks to the authority, especially regarding proportionality to the council's overall resources. The indicators showed that by 2020/21 debt costs would be at almost 100% of the net revenue income.

## Recommendations

**[S] short term 6 months [M] medium term 12 months [L] long term 2 years**

46. Based on the report findings, that the Secretary of State considers the appropriate mechanism to support and challenge the council to give it the best opportunity to resolve its financial and commercial position. [S]
47. That the council consolidate the recently introduced spending controls with rigour. [S]
48. Develop a long-term commercial strategy to consider external partnering which could include all council assets. [S to L]
49. Implement the planned redesign of the system for management information to better inform decision making. This should include asset management, ICT, financial information and reporting, the integration of finance information and performance reporting. There is a need to streamline reporting to avoid constant updates to the Medium-Term Financial Plan. [S]
50. Develop a clear budget planning timeline that aligns the work on service redesign, savings, consultation timescales and implementation. [S]
51. Review the scrutiny function and establish a regeneration scrutiny panel which would discuss regeneration schemes in public (on the understanding that some commercial information may need to be restricted to the public). Review the number and function of the member-only working groups and reduce the number of meetings overall. [L]
52. Review and agree an approach to implement the expert advice on MRP treatment and the approach to any potential loan impairments. [S]
53. Develop a small client team to oversee Victoria Square and other strategic developments. [M]
54. Conduct the planned assessment against the Financial Management Code [S]
55. Review the council's position on subsidy/state aid and best consideration with regard to its wholly owned companies and review and reassess the legal position of the structure of company financing arrangements. [S]
56. Seek tax advice on company structures and financing and to ensure best consideration duties are met. [S]
57. Ensure the accounting treatment is correct for MRP, the treatment of receipts in the capital adjustment account and impairment. [S]
58. Further assess the impairment risk to the council loans. [S]

59. Continue the review of the constitution and pay particular attention to the content of reports to inform decision making, in particular the appropriate management of risk. Ensure that future reporting includes detail on alternative options, external tax and legal advice and appropriate commercial risk analysis. [L]
60. Work to close the several outstanding annual accounting years as soon as possible. This will require high level discussion between DLUHC, the external auditors BDO and the council. [S]
61. Review the decisions to acquire land during the period 2015-2019 regarding valuation, shareholder direction, legal advice, VfM and general governance of such decisions. [M]
62. Prepare a 30 year Housing Revenue Account (HRA) Business Plan and takes steps to ensure the current HRA is in balance. [S]
63. Define and implement an organisational design programme to support new ways of working and the Fit for The Future (FFTF) change programme. Ensure the change programme includes an analysis of skills and capability for the future needs of the council. [M]
64. Ensure that the FFTF change programme urgently realises savings and embeds a culture of service redesign. [S]
65. Strengthen staffing capacity and capability across the council particularly in Finance, Legal and Commercial as part of the FFTF change programme. [M]
66. Review the provision of earmarked reserves and update the earmarked reserves for the current planned use of reserves. Ensure HRA reserves are separately accounted for and not included in the General Fund balance and that the HRA earmarked reserves do not fall into a negative position. [S]
67. Continue to review the 23 council-owned companies to evaluate fitness for purpose. [S to L]
68. Strengthen the Shareholder Advisory Group with independent external advisors. [S]
69. Develop the reporting content from the Shareholder Liaison Service to the Shareholder Advisory Group with particular emphasis to commercial risk analysis. [S]

## Governance commentary

### Strategic direction

70. The organisation now has a five-year corporate plan, 'Woking for All'. It sets out the policy priorities of the administration; healthier, engaged, greener and prospering communities, underpinned by an overarching need for a high performing council. The plan was formulated following member, community roadshow and senior manager engagement. The community engagement was in response to an independent resident survey undertaken in 2020/21. According to the survey, residents valued the services provided by the council, but they did not trust the council (based on the levels of reported debt).
71. The new administration from May 2022 set out its post manifesto priorities and the first of these was noted as 'Getting the council's finances under control'.

72. The corporate plan has more than 200 actions which are monitored. The progress on the actions was reported to the Executive on 6<sup>th</sup> October 2022 and again on 2<sup>nd</sup> February 2023. According to the council reports, over 80% of the actions were rated as green, achieved or on target.

### Internal processes

73. The new leadership team is essentially rebuilding most internal processes as they had been deemed not fit for purpose. Management information to inform decision making is recognised as inadequate and plans are in place to rectify this. Financial information does not currently enable managers to be agile in their approach to departmental budgets. The constitution is being reviewed. New company governance and processes have been put in place to manage the companies with the establishment of a Shareholder Advisory Group (SAG). The council's approach to procurement is being redeveloped as are its processes for change management, digitisation, and transformation. All these developments are in their early stages, nevertheless the review team recognise that these initiatives are required and have the correct direction of travel.

### Culture and leadership

74. The council has a permanent Chief Executive appointed in April 2021. She is supported by three new capable permanent Directors. One Director is due to leave the council for a promoted post, but this will give an opportunity to add more commercial expertise to the senior team. There have been new senior appointments; for example, to lead the changes to the Shareholder function, lead the change and digital programme and to strengthen the finance team. The Monitoring Officer (MO) is leaving the council for a promoted post in April. The Section 151 officer indicated her intention in November 2022 to leave the council. There are plans in place to replace these two crucial roles. An experienced interim Section 151 officer has started in March and the Deputy MO at the council will act up pending a recruitment process.
75. The new leadership team is determined to develop a distributed leadership model. This will promote decision making at all levels and will empower staff to be creative, innovative and be encouraged to suggest solutions to ongoing issues. The review team were made aware of many examples of a 'dependency culture', staff used to pass decisions 'up the line' as this was described as the predominant culture previously. Some staff feel that the new leadership approach indicates that current senior staff are not interested in their work, but this is not the case. Due to the significant immediate issues with council debt and the council budget, the senior team acknowledge that they have not had as much time as they would like to properly engage with staff. The organisation is getting used to this new leadership style and the council is planning a programme of organisational development, previously lacking, to accelerate and embed this culture change. There is a long way to go to embed this new way of working.
76. The review team found there to be a good relationship between members and officers, however, this was described as not always having been the case.



77. The council is very open to support and challenge, evidenced by the significant number of external reviews commissioned to quickly understand existing practice. The council uses the outcome of this activity in a positive proactive manner. The new political administration has pledged to make public any significant documentation as and when necessary and has already demonstrated transparency.

### Council services

78. In an independent survey during 2021/22, residents did express satisfaction with council services and the current rating of most services provided by the council does perform well compared to other statistical neighbours. As a result of commercial income supporting the core budget, the council did not choose to reform at scale its services to residents, whilst neighbouring authorities (and most nationally) engaged in significant change programmes and spent time reforming services.
79. The immediate focus of the council is dominated by financial and commercial considerations which does place a strain on 'business-as-usual' to deliver services.
80. Councillors, senior officers, and the workforce in Woking have not experienced the council working within tight financial constraints. They are not used to making decisions to reduce and reform services based on a clear set of strategic priorities. The budget situation in Woking will now require a significant change programme, which is due to be rolled out. It is imperative that everybody commits to the savings targets and delivers them in what will be a very short period. This is to give the council a fighting chance to remain solvent in the coming years. There will be hard political decisions to make in the coming months.

### Capacity and capability

81. There are some very committed and talented members of staff at all levels in Woking, particularly at the senior level. New staff brought in have made a positive difference to the skills required within the council. Despite this, there is not enough capacity or capability to manage the significant number of issues the council is now facing. In reshaping the council, new skills and approaches can be built up in most areas, but this will take time that the council does not have.
82. From the historic base, the sheer scale and complexity of the investment and commercial activity of the council, means that the council will never have the capacity to effectively manage all the commercial and economic considerations which would only be enacted properly by expert investors and developers steeped in experience for a programme of this nature. This is why the council must look to find partners to share risk and any benefit from the council's ongoing programmes.
83. Nevertheless, the current knowledge in the council about investment, debt and commercial aspects of development, outside of the financial team is impressive for a small council. This however, will not be sufficient to move forward.

### Decision making

84. There is evidence to suggest that historic business cases for investment decisions were considered at the executive and at full council, the review team did not have time to examine every decision in detail.

85. The decisions examined by the review team were made ‘in plain sight’ and would be deemed to be in line with the constitution at that time. However, the level of understanding of risk by decision makers is less clear. The reports taken through the council decision making process historically did not show enough evidence of the level of risk or financial analyses that the review team would normally expect. Further work is needed to review this area, but presentations made to full council are very high level and there is little evidence of the commercial risks that members would be required to consider.
86. What is clear is that the investments by the previous leadership were made with little provision or consideration of the council capacity and capability to manage these programmes effectively and efficiently. The council constitution determined that the previous Chief Executive could hold an ‘Opportunity Acquisition Fund’, which gave him delegated responsibility to spend up to £3m on regeneration projects without formal recourse to the executive or council. This delegation is very unusual and has now been removed by the new leadership and executive.
87. Several development decisions and acquisition of land and/or property undertaken historically by the council are being reviewed by the Monitoring Officer to enable current business plans to be drawn up to develop this land and property held by the council. [Content redacted for commercial sensitivity.] Several parcels of land were acquired by the council between 2015 and 2016. Enquiries to date indicate the paper trail is limited in respect of valuations, shareholder directions and company board minutes for the acquisition. [Content redacted for commercial sensitivity.] There may have been a rationale to purchase this land at the time, but it is unclear whether some of this land was acquired at a market rate based on a robust valuation to ensure value for money.

## Financial commentary

### The Council’s financial position

88. The strategic and policy context are set out in the ‘Woking for All’ Strategy and underpinning documents, the Woking Economic Development Action Plan and the Draft Town Centre Masterplan. The council have produced a ‘Plan on a Page’ setting out the council change programme to be delivered over the next three years.
89. The Woking for All Strategy includes a new strategic outcome and additional priority commitments relating to affordability, financial control and delivery of value for money, with the strategic objective of being ‘a financially sustainable council with sustainable and affordable plans.’ This is accompanied by priority commitments to: get the council’s finances under control; consider new approaches to increasing income and make decisions in an open and transparent way.
90. A material refresh of the MTFS was carried out and reported to the Executive in July 2022. This recognised:
- The strategic and corporate context for the Medium-Term Financial Strategy (MTFS).

91. The financial challenges the council is facing including:
- Inflation costs for pay, non-pay, and energy
  - Pressures on car parking income and commercial rent. These budgets are still at pre covid levels and total c£30m and the shortfalls against this target are one of the main reasons for the overspend. The budgets have been rebased for 2023/24.
92. The need to make significant savings to offset those pressures, targeting £11m by 2025/26. There has since been additional capacity bought into the council with some systematic work to look at how these savings could be identified.
93. As with many local authorities during 2022/23, the in-year financial position has continued to deteriorate. The monitoring reported to Executive in January 2023 (based on the October position) shows a projected outturn or year-end overspend of £3.173m. The most material variation is an increase in the parking income shortfall, alongside some new service pressures emerging.
94. The final projected outturn overspend position for 2023 is more likely to be in the region of £3.5m to £4m.
95. The table below sets out the comparison of the position when the 2022/23 MTFS was set. The figures shown are the budget gap which will need to be met with reserves.

**Table 1**

	<b>2022/2 3 £'000</b>	<b>2023/2 4 £'000</b>	<b>2024/2 5 £'000</b>	<b>2025/2 6 £'000</b>
<b>March 2022</b>	4,134	4,929	4,490	5,450
<b>July 2022</b>	7,414	8,874	9,935	11,181
<b>February 2023*</b>	8,841**	8,345	9,476	10,482

\*As per February 2023 MTFP

\*\*Assumes outturn overspend of £3.4m

96. The council is clearly attempting to get to grips with the financial position and have reached out for additional support, including from Surrey County Council and the LGA and are building their own capacity to deliver the change programme. The latter includes a focus on delivering savings and improving the management information to move the council away from the reliance on the use of reserves. The challenge is the scale and extent of the change required. The council is aware what it needs to do but does not have either the skills or capacity to fully execute, or the luxury of time to implement the changes required to deliver a balanced budget.
97. Proposals for the additional staffing capacity required have been developed. The funding is estimated to cost £3.2m over a two-year period. This must be seen in the context of the need to reduce the debt burden and potential S114 position. The review team feel that this 'invest to save' funding is required in order to enable the council to realise the targets for balancing the budget over the three-year period.
98. The December 2022 MTFS update was stark. The Finance Director (Section 151 officer) stated that, based on current analysis, the expenditure that authority is

projecting for 2023/24 - 2025/26 could exceed the resources that the council has at its disposal to meet the expenditure'. This would in effect trigger a section 114 notice.

### The Housing Revenue Account (HRA)

99. The HRA is a landlord account, recording expenditure and income arising from the provision of housing accommodation by local housing authorities and is a ring-fenced account within the General Fund. Legislative features are:

- It is a ring-fenced account within the General Fund
- no general discretion to breach the ring-fence.
- cannot budget for a deficit.
- all borrowing within the HRA is in line with the Prudential Code.

100. The HRA budget should be set each year in the context of a 30-year business plan. The Business Plan is a statutory requirement used to assess the ongoing financial viability of the HRA and its ability to deliver the council's housing priorities.

101. The HRA has not been considered in detail as part of this review but there are some issues which should be highlighted.

102. The HRA is in deficit for 2022/23 (an estimated deficit before the use of reserves of £804.8k in 2022/23 increasing to £1.6m in 2023/24) and the balance has had to be met from reserves. The maximum allowable rent increase of 7% has been applied generating almost £1.7m of income. However, budgeted spend has increased by £2.2m, with pressures on the maintenance budgets where contracted costs have increased by 10.1% and a £1.5m increase in supervision and management costs. Salary and other central costs have been allocated to the HRA in accordance with normal accounting rules to show the full cost of the service. An initial review of recharges was conducted in 2022-23 with a full review planned for 2023-24. There appears to be an increase over and above what would reasonably be expected from pressures in pay costs etc and it is essential that the review of recharges is carried out.

103. The HRA deficit is driven by the Sheerwater Regeneration project where approximately 426 HRA dwellings will be demolished. The vacant land will be transferred to Thameswey Developments Ltd with the new replacement affordable housing dwellings owned and managed by Thameswey Housing Ltd. The HRA loses the rental income from these dwellings, whilst still incurring costs to maintain and secure them. There are now only around 90 occupied HRA dwellings within that scheme and it is assumed that there will be a further 50% reduction in occupied homes (and therefore rental income) within the 2023/24 budget.

104. In addition [content redacted for commercial sensitivity], abortive costs relating to the work with New Vision Housing were also met from the HRA. The review team have been told that these are due to be repaid to the HRA in March 2024, although Thameswater Housing Ltd will need to be supported with the working capital to be able to do so.

105. The two HRA reserves are:

- HRA working balance of £334k per annum.
- The Housing Investment Reserve (HIP) – this is due to decline from £4.2m in 2020/21 to a negative position of £266k in 2024/25. The balance on the HIP

Reserve was £2.6m on 31 March 2022 and is forecast to have dropped to £221.5k by 31 March 2024 after the transfer from reserves to the HRA and will go into a negative position in the following year. This is a further deterioration from the predicted reserve position in March 2022.

106. No 30-year business plan exists for the HRA. It is important that the 30-year business plan is prepared and used to assess the long-term viability of the current HRA arrangements. The business plan will need to address the impact of the reduction in housing stock on the longer-term viability of the HRA.

### An overview of council's commercial operations / investments / company portfolio and respective management arrangements

107. The major financial impact is from the previous commercial activity, particularly with the Thameswey Companies and Sheerwater Regeneration and Victoria Square Woking Ltd. Whilst the council understand the need for a long-term solution for the investment cost, this is still not reflected in a strong and resourced client side and in the council's business as usual activity. For example, the Risk Register excludes these commercial activities and there are separate asset planning processes. The financial risks that the council is exposed to on their regeneration investments are material and cover:

- The scale of exposure to market valued assets and long-term debt, and
- The need to make prudent provision for the repayment of debt and the associated accounting risks of the Minimum Revenue Provision (MRP) and impairment of the council loans.

### The scale of exposure to market valued assets and long-term debt

108. Following July 2021 Council and the notice of motion about the council's financial affairs, Ernst & Young (EY) were commissioned, after a tender process, to undertake a comprehensive statement on the Council's affairs and work to assess the council's medium term financial resilience. The comprehensive statement on the Council's financial affairs, including its assets, borrowing, investments and contractual obligations was presented to the Council's Overview and Scrutiny Committee on 24<sup>th</sup> January 2022 and Executive Cabinet on 3<sup>rd</sup> February 2022 as part of the Medium-Term Financial Strategy reports. The work on financial resilience was reported to the March 2022 Executive Cabinet. Both reports can be found on the council's website.

109. According to the review, 37% of the council's asset base is investment properties which have a net book value of £330m at the end of 2020/21. They are valued at fair value, or the price that would be received for selling the asset and were revalued £43m downwards during that year to reflect the market position. These assets which are separate to the investments in VSWL and the Thamsewey development, currently generate c£22m income that supports the revenue budget.

110. The borrowing position was £1.8bn, of which 98% is with PWLB. The annual interest paid as a proportion of net service expenditure is 135%. Whilst this was deemed to be affordable at 90% of the Capital Financing Requirement (CFR) this leaves the council financially exposed. It also does not consider the future borrowing

requirements and recent increases in PWLB rates (the average interest on the £1.8bn is 1.62%).

111. The council investments total £1.15bn of long-term investments to Joint Ventures or Group Companies, £38m in associated share capitalisation and £18m to external organisations. For the long-term investments, the council has moved from equity to a loan capital model and whilst there is sufficient turnover to meet short term debt repayments, this is largely due to the working capital facilities provided by the council. The loans are secured against the subsidiaries assets which means they would revert to the council in the event of default. Victoria Square (Woking) Ltd has a negative asset value, indicating that the liabilities of the company are greater than the assets. [Content redacted for commercial sensitivity.] The shares held by the council have not been revalued in the Statement of Accounts since their acquisition.

112. As the debt gearing is so high for VSWL and Thamesway group, it is recommended that the council has up to date tax advice on their structure and gearing.

#### Associated accounting risks, Minimum Revenue Provision (MRP) and impairment

113. The position against the statutory codes and guidance is set out later in this report.

In summary the position is that:

- If the proposed new MRP guidance is implemented, the council estimate the risk initially as £11.9 million annually in 2021, rising to £23.4 million annually when averaged over a 50-year period. This is a complex issue and the council will need specialist accounting advice.
- Capital Adjustment account – the council needs to be ensured that the capital receipts from the loan repayments are applied to write down the requirement for the Capital Financing Requirement or CFR. The Capital Strategy reports set out the receipts set aside but the council needs to be ensured this follows through into the accounting treatment.
- The impairment risks for the loans, particularly to VSWL have not been assessed and could be material given the value of the assets is so much lower than the value of the loans.
- The shares held by the council have not been revalued since their acquisition.

114. The council's current position therefore is not in line with the proportionality and changes to the Prudential Code in 2017.

115. In summary, there is a significant financial risk to the council and if the changes to the MRP guidance (consulted on in 2022) are implemented there will be insufficient resources to cover those additional costs. At that point, there would need to be a discussion with relevant parties as to how a sustainable position can be reached.

#### Other issues

116. As set out in the EY 'comprehensive statement' as of 31<sup>st</sup> March 2021, there were £17m of loans to external organisations (assuming an expected repayment to the council of £9.25m) the most material being £6.3m to the Peacock Centre, which has been recovered in full through the administration process, and £6.4m to Greenfield School. These loans should be carefully monitored.

117. Opportunity to Purchase Budget – The previous Chief Executive’s delegated authority to make strategic acquisitions of land and property for a value of up to £3m was used to make a number of purchases, largely between 2016 and 2019. These sites include 10 Acre Farm (£1.5m), Robin Hood Pub (£1.4m), Anchor Pub (0.9m). In addition, a land assembly acquisition, known as Brookwood Lye was acquired by Thamesway in 2017 for £18m.
118. As set out in the commercial section of this report, a rapid sale of assets would be an inappropriate course to recommend and would be very detrimental to the council’s financial position. With VSWL the current value of the assets has been estimated to be £300m to £350m against the outstanding debt of c£700m. In a sale position [content redacted for commercial sensitivity] the council would need to write off a significant amount of outstanding debt. By halting the working capital support without a longer-term strategy in place, the sale position would de facto be required.
119. In both these cases the review team advise that to avoid a requirement to write off a significant amount of debt now the current arrangements would need to be maintained while the sustainable strategies are pursued at pace. The council have estimated that this will require c.£100m per annum additional borrowing for the three-year period 2023/24 to 2025/26, based on current investment plans. It is acknowledged that this is a risk but on balance it is felt to be a lesser risk than halting all activities now.
120. If the arrangements continue, the financial impact of the accounting risks related to the need to apply a more prudent level of MRP and the potential that some of the loans will need to be impaired cannot be ignored. There is a need to make a more prudent provision to support the level of debt. There will need to be a discussion and agreed approach with DLUHC and with the External Auditors on how these risks can be managed and accommodated.

#### Financial governance arrangements

121. The finance team within the council is small with the Section 151 officer having responsibility for the Finance, the Revenues and Benefits Service and the Internal Audit service, currently provided externally by Mazars. The finance function has no management accountancy or commercial finance expertise. With the reduction in government expenditure and the additional freedoms in the 2011 Localism Act, the council embraced the move to commercialism with significant investments particularly between 2016 and 2019. There is no commercial expertise within the finance function. The team was not geared up to deal with the scale of the investments made by the council, nor was the function strengthened to effectively manage those investments.
122. The council have historically been confident in the approach that they have taken. Justification for the approach is described as investments not being made ‘out of’ borough or purely for investment purposes. The belief was that the council response was prudent and delivered significant benefits to the borough. This rationale is reflected in the language of the reports and previous assessments of the S25 position. However, this justification did not reflect the reality of the situation.



123. Previous S25 reports have used the CIPFA Resilience Index and highlighted risks with future government funding and specific pressures (and in 2021 the need to reduce the reliance on reserves). However, they have not highlighted risks associated with the very high levels of borrowing until the most recent report.
124. Both the 2022/23 and the 2023/24 Capital Strategy Reports conclude 'The Finance Director is satisfied that the proposed capital programme is prudent, affordable and sustainable, and that the revenue impacts of the projects included have been recognised in the budget'. This statement was optimistic and not realistic.
125. The February 2023 papers contain a separate S25 report that is much more realistic about the risks faced.

## Position against statutory codes and guidance

### Prudential Code

126. Under the Prudential Framework, local authorities have freedoms to borrow and invest without the need for government consent, if borrowing is affordable. The Framework includes the Prudential Code and Treasury Management Code. The former is to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable and the latter governs the council's Treasury Management activity.
127. The Prudential Code was strengthened in 2017 to include a stronger emphasis on the prudence and affordability of capital plans and borrowing, stating that 'The local authority shall ensure that all of its capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt (including through MRP/loans fund repayments) and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. The fundamental objective in the consideration of the affordability of the authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.'
128. The codes were further strengthened in late 2021 with requirements around proportionality, alongside the existing Code objectives of affordability and prudence. This is to be implemented for 2023/24.
129. The decisions to invest in the regeneration of Sheerwater and Victoria Place were both made in 2016 and the council had already committed to this path when the Prudential Code was strengthened. The weaknesses in the reports used in the decision-making process and lack of an adequate assessment of risk have been addressed elsewhere in this report.
130. The Prudential Indicators have been set, monitored and published in the Capital Strategy Report and have been assessed for affordability as required. The initial assessment of affordability was dependent on the cash flow forecast rather than a robust financial appraisal so the risks to principal repayment were not fully understood. There is no evidence that adequate consideration was given to option appraisal or that decisions were being made with sufficient regard to the long run



financing implications and potential risks to the authority, especially regarding proportionality to the council's overall resources. The indicators showed that by 2020/21 debt costs would be at almost 100% of the net revenue income. Efforts were made however to de-risk the Council and protect against economic shocks by matching interest rates.

131. The council is now in the following position:

- External debt of £1.9bn (internal borrowing 4%), MRP of £7.4m or 0.37% of debt.
- With a population of 100,008 this means debt per head of £19k
- 4<sup>th</sup> highest level of debt in the country and the highest level of debt per head.

132. It is difficult to conclude the council has complied with accounting best practice and the prudential framework. The scale of borrowing was disproportionate to the council's assets and ability to manage complex commercial activity. There was insufficient regard to the level of risk the council was being exposed to, particularly as the borrowing for VSWL and Thameswey Development covered development costs and the working capital to repay the loans for the majority of the financing period. The decisions to invest were made in line with the constitution, assessed against the Prudential Framework, the 2018/19 and earlier accounts had unqualified VfM opinions.

133. Given the scale of the borrowing and the fact that future risks of refinancing were not considered it cannot be argued that the approach was prudent.

134. The leadership of the council has changed at an officer and political level since these decisions were made and efforts must continue to be made to identify a sustainable solution to the council's finances.

#### Minimum Revenue Provision (MRP)

135. Where authorities borrow to finance capital spend, they are required under regulations to set aside money each year from their revenue account. This is referred to as Minimum Revenue Provision (MRP) and is to make sure they can afford to repay the principal of their debt.

136. An underpinning principle of the local authority financial system is that all capital expenditure has to be financed either from capital receipts, capital grant or eventually from revenue income. The broad aim of prudent provision is to require local authorities to put aside revenue over time to cover the gap between their Capital Financing Requirement (CFR) and grant income/capital receipts. In doing so, local authorities can align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits.

137. In 2019, the MRP guidance was updated and the commentary states that 'Whilst recognising that local authorities have options other than building up prudent provision to repay debt, the Government has identified that there is a mismatch between the weighted average lifetime of local authority debt and the length of time it would take to fully provide for that debt based on current levels of MRP charged. Whilst this is not a risk if ease of access to PWLB remains unchanged, assuming that

this will remain the case over the length of longer dated local authority debt instruments is not a prudent approach. For this reason, the Government has changed the definition of “prudent provision” to highlight that there is a balance between matching MRP to the service potential of assets and to the weighted average lifetime of local authority debt.’

138. In signing off the 2018/19 Audit Opinion, the External Auditors reviewed the council’s policy that there are no charges on the borrowing used to fund the loans to subsidiaries, as the intention is that these entities will be able to make sufficient returns in the future to be able to repay these loans and the receipts will be used to repay the debt. At that point the council were satisfied that the business models would result in full repayment of the loans over the next 50 years and no MRP was required. The External Auditors recommended that:

- The council reviews its existing MRP policy to confirm that it is compliant with the new CLG guidance for investments supported by borrowing from 1 April 2019.
- For pre-April 2019 investments, that the council closely monitor the business plans of the subsidiaries to confirm that, in the current environment, the loans will be fully repaid, or, in the event of any risk, it considers whether it would be appropriate to commence making an MRP charge against that borrowing.

139. The council have chosen their MRP approach on the basis that that there is sufficient cashflow in the entities’ business plans to cover the loan repayments and that the provision of MRP for share capital over 100 years is a prudent provision, considering the underlying assets of the companies. Their Treasury advisors have reviewed the MRP for Thameswey and recommended that as part of its annual impairment review WBC should consider:

- The third parties’ financial position and whether the assets held provide sufficient collateral to cover the loan value in event of default and that business plans still forecast sufficient surpluses.
- Whether there are adverse changes in economic or business conditions which could reduce the ability of the borrower to meet the loan obligations
- Should this review provide an indication that the third party could default on a loan repayment then the Authority should consider commencing a prudent MRP provision. Consideration of MRP provision should be given for any loan provided to a third party.

140. Once loan repayments become due under the loan agreement, the council set aside the capital receipts arising from the repayments to reduce the capital financing requirement in lieu of MRP.

141. The MRP Policy has been updated to reflect the annuity asset life approach for property acquisition and the justification where assets lives beyond 50 years are used. It also commits to reviewing its approach going forward if the recently consulted on changes to MRP policy are implemented.

142. It should be noticed that there is a challenge to the 2019/20 accounts regarding the treatment of MRP.

143. DLUHC launched a further MRP consultation in November 2021 which closed in February 2022. The proposals are to strengthen the 2003 Regulations to make explicit that capital receipts may not be used in place of the revenue charge (although not to prevent authorities using capital receipts to reduce their overall debt position) and that prudent MRP must be determined with respect to the authority's total capital financing requirement. This is to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Revised regulations have not yet been published.
144. The council's own assessment, as set out in the response to the DLUHC consultation, is that 64% of their borrowing, or £1.169bn, will not be compliant with the proposed changes in the guidance as drafted. The current level of MRP provided for in the council's general fund is £6.2m per annum – using the council's calculations this would increase by £11.9m (192%) in the first year and £23.4m (377%) averaged over 50 years.
145. In the consultation response the council expressed concerns about the proposed changes on the basis that as the investment is not for commercial purposes there are not excess yields from which to set aside further funds in the short term. To set aside MRP would risk undermining the business plans for the investment in the Borough. The council has since committed to "should those or other changes be taken forward the Council will review its approach going forward as required".
146. The loans to VSWL and Thameswey are complex with a mix of annuity and interest only loans. The repayment of the annuity loans includes repayment of principal in a similar way to how a mortgage operates and secures repayment of principal over the life of the loan. However, the profile of the principal repayment is considerably backloaded meaning there is additional risk at the start of the loan period. This should have called into question the MRP policy that was followed prior to the November 2021 consultation.
147. The council has commissioned an expert external review of their approach to impairment and MRP. With the complexity of the financing and MRP arrangements alongside the changes to the MRP guidance, this review is welcomed. With the financial position of the council, significant changes to MRP treatment cannot be covered by available resources and a discussion will be required with DLUHC and external auditors on how this can be implemented in a sustainable way.

#### Capital Adjustment Account and impairment

148. As referenced earlier in the report, there is a need to ensure that the capital receipts received from the repayment of the loans are being accounted for to reduce the capital financing requirement. The loans need to be assessed for any impairment risk.

#### Future capital financing charges

149. The loan funding provided to Thameswey and Victoria Square includes a revolving credit facility which provides working capital to cover the financing costs for the previous debt. If the funding is stopped, however the position is not viable and there is a risk the debt will not be recovered. The loan interest payable is based on the PWLB rate. The impact on the council's capital financing budget is not significant. Capital

financing costs are due to increase in 2023/24 and are then forecast to be relatively steady. The exposure to increased PWLB rates for borrowing to support VSWL and Thameswey is also limited as the increases are passported on to the companies.

150. The impact on the capital financing budget will need to be carefully evaluated if any changes are made to the VSWL and Thameswey structures. The impact of the increased capital financing costs for future borrowing due to the increase in PWLB costs should also be considered.

## Financial governance and budget management

### Transformation programme and Fit for the Future (FFTF)

151. The council has not been through a significant process of transformation and service redesign. As a result, there is limited experience and the lack of the right infrastructure to support the scale of the change that is now required.

152. This has started to change. A golden thread from the new Corporate Plan to the budget decisions has been established and the culture at a senior level has shifted significantly. This is not yet reflected throughout the whole council and work will be required to ensure this is embedded across each layer in the organisation. All services need to understand the severity of the budget situation. There has been a need to 'rebuild the council very fast'.

153. Example of the progress made to bring the organisational infrastructure into place include the following:

- Risk management training has been carried out with the senior leadership team (CLT) and members with support from the council's insurance provider. A Risk Strategy and Appetite Statement is in place alongside a Risk Register which is monitored quarterly and reported to the Executive.
- Work is underway to improve procurement and contract monitoring. Discussions are underway with a potential partner to provide a 'trusted advisor' relationship and a dedicated business partner resource. Whilst arrangements are in place for the large contracts, the contract monitoring function itself was disbanded 7-8 years ago.
- A Project Management Office (PMO) function has been established to deliver the Fit For The Future (FFTF) 'Plan on a Page'. Two new posts have been recruited to support the PMO and benefits realisation work.

154. FFTF is a series of CLT priorities to make the council fit for the future. The scope is broad and ambitious and includes:

- Savings and income
- Asset management
- Governance and controls – including the 'Programme on a Page'
- Transformation and channel shift

155. Rigour is being provided with the establishment of a new PMO and a high level roadmap for the programme is now in place. There is a risk however, that the scope becomes too broad. While understandable, it is also noticeable that the work does not relate to that required to establish the longer-term asset management

programme and a solution for Thameswey companies and VSWL. At the appropriate stage some of the programmes will need transitioning into business as usual so the focus can be on driving the benefits realisation work.

156. The benefits realisation work is split into different phases. A MTFP group led by the Strategic Director for Corporate Resources has been established to ensure delivery and track progress. This brings together key personnel from finance, transformation and the PMO. Additional support has also been provided by the LGA who have provided the Council with a separate report on the budget position and the effectiveness of the savings process. The work of the LGA has informed this report.
157. *FFTF 1 – Summer 2021* – This predated the establishment of the PMO and was based on a spreadsheet exercise led by Finance. Round 1 was tasked to deliver £2.4m in 2022/23 from 95 savings options. Effective monitoring was not in place and the delivery has been mixed with some double counting and a net total of £1.2m achieved. The savings have been taken out as part of the 2022/23 budget. As the savings are now ‘mainstreamed’ and taken out of budgets it is hard to track this through into the recent financial reports.
158. *FFTF 2 – Summer 2022* - Managers were asked to identify further savings over the summer and early autumn 2022. A long list of 120 were identified and mapped from 2022 to 2025/26 with a final list of just over 60 savings and cuts measures delivering £4m across 2022/23-2025/26. These were reported to the November 2022 Executive meeting and form part of the 23<sup>rd</sup> February 2023 budget reports.
- £598k of the savings will be delivered in 2022/23. Of these £377k relate to removing vacancies and a small restructuring.
  - £1.978m are due to be delivered in 2023/24 alongside the savings already identified in 2022/23. Of these just over £1.255m relate to corporate measures with £550k to be achieved from reductions in one-off contract spend, £160k relates to a revaluation appeal for car parks (which will impact on the overall business rates retained income if achieved) and £146k reduced pension costs post revaluation.
  - £1.21m to be delivered in 2024/25 - including a further £550k for one off contract spend and £146k for pensions.
159. These measures do not yet include the more challenging reductions and service reconfigurations that will be required to achieve the scale of the budget cuts required. The new post in the PMO will manage the benefits realisation, to ensure that all savings identified are delivered and properly reflected in the council’s general ledger. Based on the success rate from Round 1 the council will need to be extremely focused to ensure that these savings are achieved.
160. Work has started on the ‘*Third Round*’(*FFTF3*) of budget cuts and savings. This is based on the recent work on the impact of each service delivering just the statutory minimum. Ninety functions have been mapped, with 25 workshops involving 30 managers. A potential £5.5m has been identified but this would include very significant service closures. This is a good starting point, but a more realistic assessment has been that around £3m could be deliverable.
161. The need for pace is well understood by the council but there has to be clarity on how the work will align with the MTFP process with a timeline for how and when decisions on service redesign will be made. Broadly this has been described as:

- A clear strategy will be in place and proposed measures will be in place by autumn with consultation on the changes from autumn into the winter. The consultation process will need to be carefully managed with a clear understanding on how changes relate to statutory provision.
- The second year will then be focused on implementing service redesign.
- The process will be completed by the end of 2 years.

162. Traditionally, the council has been a 'cash rich' council and not too close to the detailed budget position, which means that a culture of ensuring services are delivered at best value is not embedded and there is a limited awareness of the cost of service delivery. The PMO team will need strengthening and to act as an internal consultancy to support the benefits realisation and changes that must be delivered. The Finance team are very stretched and struggling to manage all the additional demands. Integration of the work of the PMO and the Finance function is key. The role of the new Section 151 officer will be critical to this.

163. Additional HR support to deliver organisational change will be required. The ICT infrastructure and management information is being improved but the lack of an asset management system will hamper the work required to really get to grips with the council's large estate. More work is required on the provision of integrated financial and performance information which will be picked up through the review of the Green Book.

164. To provide the capacity required there is a £3.2m capital receipt request which identifies a requirement for an organisational development specialist, design lead and business analyst to work with all the service managers. If this is approved by the council, this will need to be submitted to the Government before the beginning of the financial year. This will allow the council to fund the 'invest to save' transformation work without placing additional burden on the revenue budget.

165. A balance must be struck between organisational and service redesign and the urgent need to deliver cashable savings that would lead to a sustainable budget. Setting up a programme management approach to delivering the change in accordance with best practice will need to ensure this is delivered at pace and within acceptable financial parameters. The need to prioritise the savings work must be at the front and centre of the Fit for the Future programme.

166. There will be some difficult political budget decisions that have to be made. Resident perspectives are important and it has been relayed that there are concerns about the levels of debt the Council has and what this will mean for levels of council tax.

### Expenditure Controls

167. A recruitment freeze is in place with leadership team permission required to fill a vacancy. This has taken some time to bed in with some differences of opinion on what is an essential post, but this process is now working effectively and can be tracked by a monitoring spreadsheet.

168. The other expenditure controls had been delayed while work was carried out to look at how spending could be stopped and the impact of the measures monitored. During

the period of fieldwork for this review, the planned further controls were put in place. These have now been expedited as per below.

The controls in place include:

- A freeze on non-essential recruitment to vacant posts.
- Reviews of Investment Programme, Thameswey Business Plan and projects.
- An additional £400k of savings included in MTFP for 2022/23. The restrictions of spending to 'essential only' has been communicated to all managers as of 8th February 2023.
- A weekly cost control panel and reporting process is proposed.

### Financial information and reporting

169. The current finance team have a wealth of experience and knowledge, but limited capacity to deliver the type of financial information that is required and there is a lack of management accountancy experience. It is recognised that the format of the financial information and reporting needs an overhaul and is not fit for purpose.
170. Savings are monitored by the Programme Team and cross referenced to the financial ledger. The Finance team are undertaking work to finalise restructuring the general ledger to reflect the new organisation structure in time for 1 April 2023. The current budget structure and monitoring process is complex with cost units which contain staffing and overheads which are then allocated to the service units. Notional capital charges are also allocated to services and netted off again in the budget. A great deal of effort goes into this work and the resource could usefully be deployed on other tasks.
171. Detailed information is in place for the staffing budget which is monitored on a spreadsheet on a post-by-post basis. Managers have access to the financial system Integra.
172. The senior officer team (CLT) and the Executive receive the Green Book which is the formal monitoring report. It reflects the material issues (staffing, interest, car parking income, commercial income), it does not provide the standard monitoring information by service area with the projected outturn that you would expect. Performance and finance information is not integrated and there is no narrative that explains the position or indeed provides insight or recommendations. CLT feel that they are not receiving the quality of financial reports they require.
173. A report to October 2022 Executive described plans for a new format of the Green Book. Capacity will be required to deliver this and it will also need to drive the benefit realisation work. The new Green Book is due to go live in April 2023.
174. Surrey County Council have also provided some additional technical support which has been welcomed.
175. In March 2022, a financial resilience framework was introduced which provides more of the levers to manage the budgets. This alongside improved financial reporting will provide some of the key enablers for financial control.



## Reporting against the financial management code

176. The Financial Management Code sets out the standards of financial management expected for local authorities. The Code builds on the CIPFA Prudential and Treasury Management Codes taking a principle-based approach to financial management, considering areas including financial leadership and governance, sustainability and assurance. It requires a longer-term view to be taken to financial planning and it is expected that local authorities will self-assess against the requirements of the Code. The council do not currently carry out this assessment. For 2023/24 a separate S25 Report has been made and this includes the commitment to programme a review in 2023/24 as part of its delivery of the MTF5 strategy. This will form an important part of assessing the effectiveness of the financial management arrangements.

## Financial viability

### Revenue budget – risks and delivery of savings

177. The Council has a net budget of approximately £24m when benefits and capital charges are excluded. £36m of this is funded by sales, fees and charges and rent. The previous growth in the rental income, which is now c£20m and has protected the council from previously having to make reductions in services.

178. Due to the format of the current monitoring reports, there is little detailed scrutiny of the service budgets and it is important that the changes to financial and performance reporting endorsed by Overview and Scrutiny and Executive in October and November 2022, are implemented for the new financial year. These reports are required to effectively understand and monitor financial and operational performance as well as the delivery of the savings required.

179. The biggest risks to the revenue budget position are the performance of the commercial investment estate and the parking income. Aside from general inflationary pressures, these are the main factors behind the 2022/23 projected overspend and increased use of reserves required in year. The commercial rent and car parking budgets were at pre-covid levels, offset by the use of reserves and did not reflect current levels of performance. This has been corrected in the 2023/24 budget.

- The car parking budget has been rebased and modelled over three years to reflect the reduced level of activity post covid, in part offset by the new car parking charges introduced. A top down and bottom-up approach to budget setting has been taken with a combination of seeking to achieve an income target whilst considering likely activity levels. It is important this is carefully monitored and not impacted by optimism bias.
- The commercial rental budget has also been rebased and reduced by c£2.5m to reflect current income levels. Detailed analysis of leases sits behind this, but the service is hampered by the lack of an effective asset management system.

180. The amount of work that has been carried out is encouraging, but it is important the council guard against optimism bias and continue to monitor the position closely.



181. Another significant risk is the ability to deliver savings included in the 2023/24 Budget and to deliver the target of £11m over the three-year period. This equates to taking out over 25% of the council budget. This will fundamentally change what the council can deliver and will require political will and a step change in activity to identify savings and reconfigure services.

182. A policy setting out the intended flexible use of capital receipts to fund transformation project costs is being prepared and will be included with the budget papers to Council in February 2023. If approved, this will allow the Council to fund the Transformation work without placing significant additional burden on the revenue budget although there will be a cost.

### 2023/24 Budget position, reserves and future resilience

183. A combination of factors will enable a balanced budget to be delivered for 2023/24 and potentially 2024/25 (aside from the risk with MRP):

- A better-than-expected financial settlement – with c£1m from additional New Homes Bonus funding, the new services grant and changes to business rates.
- The inclusion of £1.8m of savings.
- The continued and increasing requirement to use reserves to support the budget position. The council will have sufficient reserves for 2023/24 and 2024/25 only.

184. No allowance has been made for the next savings round in the budget position as the proposals are not sufficiently well developed or consulted on.

185. The council have assessed a prudent level of reserves to be £10m to reflect 10% of operational expenditure (£5m) plus £5m for business change and budget savings risk. Efforts have been made to strengthen the reserves position and this has been achieved in 2022/23 through the release of development funds and a one-off saving from renegotiating a car parking charge.

**Table 2**

	<b>Opening Balance £'000</b>	<b>Estimated Use Of Reserves* £'000</b>	<b>Additions £'000</b>	<b>Closing Balance £'000</b>
<b>2022/23</b>	24,998	(9,525)	7,466	22,939
<b>2023/24</b>	22,939	(8,957)	0	13,982
<b>2024/25</b>	13,982	(9,476)	0	4,506

\*includes planned use of Investment Programme Reserve as well as support to Revenue Budget

186. The use of reserves to cover revenue deficits is forecast to reduce balances beneath the minimum level and there is a real risk all reserves will be used during 2025/26. The actions taken to reduce the use of reserves have improved the position in 2024/25. There remains a risk that if the targeted £11m cuts and savings are not

delivered then all available balances will be used during 2025/26. This is before any MRP changes are considered.

187. The 2023/24 MTFP does not include a detailed schedule of earmarked reserves. It is important that the position on all of the individual reserves is reviewed and recast so that the planned use of reserves is appropriately allocated. It is also important that the Housing Investment Reserve, which is an HRA reserve, is kept separate and is not allowed to go into a negative balance.
188. Whilst a balanced budget can be achieved in 2023/24 and potentially in 2024/25 this will not be achieved in 2025/26 unless the savings required can be fully delivered and there are no further external shocks or risks. This does not take into account any changes in MRP policy.

### Assurance

189. The external audit process and 'signing off' the accounts are a key part of the external assurance framework for a local authority.
190. BDO are the current auditors and took over from KPMG for the 2018/19 audit process. Under the most recent PSAA process Grant Thornton has been awarded the contract and will take over for the 2023/24 accounts. The last fully signed off accounts are for 2018/19 which have been signed off without qualification. Audit opinion for 2019/20 was dependent on the work on the group consolidation of Thamesway accounts which has been delayed due to a change in the Thamesway auditors and issues with the valuation methodology. To resolve this a significant additional piece of work is now needed requiring resources from BDO, the council and Thamesway to give assurance over material balances in the Thamesway accounts [content redacted for commercial sensitivity]. BDO are also responsible for the Housing Benefit claim audit which has also not been signed off.
191. Work on 2020/21 Accounts has not started. 2021/22 and shortly 2022/23 will then need to be completed. This results in three sets of annual accounts being open, which is a risk to the council's awareness of its financial baseline.

### Commercial commentary

192. The two largest commercial schemes in Woking BC's portfolio are undoubtedly the regeneration of Victoria Place in the town centre and the regeneration of Sheerwater housing stock and public realm facilities. These two schemes alone have accounted for the majority of the current £1.9bn debt level. As a result of the complexities of the loan facilities this debt level is predicted to rise to £2.4bn within the next two years. Added to this is the complex arrangements by which the council has decided to deliver and manage these major projects, placing 100% of risk with the council and this is a key factor contributing to the council's current precarious financial position.
193. The review found that, by-and-large, this situation is well understood by the Council Leadership Team (CLT) and there are actions in place to reconfigure and have greater control over these schemes. Despite the council's finance and service plan, these actions appear to be taking place outside of the 'Business as Usual' of the council. This leads to the conclusion that, despite many initiatives and advice being actioned there

is no overarching strategy for the whole situation under the council's control. There is a huge amount of council energy and resource (both officer and member) being expended on remodelling of business plans, financial models and programming to try to manage the relationship with their subsidiary companies and regeneration projects. The focus of the CLT should not be distracted away from managing the council's services on behalf of its communities.

### Commercial strategy

194. There are a few new initiatives either in development or in the early stages of implementation. These are the Fit for the Future Strategy, Corporate Asset Management Strategy, Thameswey Business Plan options appraisal, Commercial Strategy review for Victoria Square (Woking) Ltd (VSWL) and the Medium-Term Financial Strategy. Although these are linked at several points the council is yet to develop a robust commercial strategy that will support the Council in paying down its current debt burden.
195. There is no further capacity for the council to make new investments or borrowing in its current circumstances. However, there will be a need to invest in the new structures to improve management information and commercially to improve their management and returns on their commercial estate. It is recognised that this will be hard to achieve against a backdrop of a potential s114 regime, but their asset portfolio is the key area in which the council can generate capital receipts to reduce debt.
196. Following further discussion with the senior team the opportunity to develop a commercial strategy to manage the two major investment projects and to leverage its property investment portfolio more effectively was discussed.
197. The council commissioned Porter Brook Associates to review and recommend a strategy for Victoria Place and the wider town centre. The review team has not seen the second draft final report from Porter Brook but have interviewed their principal consultant.
198. Following established business planning processes, it is recommended that the council's senior team clarify their commercial goals for Victoria Place, their objectives by which success in achieving goals will be measured and the strategies that will be deployed to achieve objectives. Once this work has been completed a second phase of work may require a different partner who can drive delivery of the strategy(ies) and drive business inward investments.
199. What is accepted by the council is that they do not have the capacity nor expertise to do this alone. The review team's recommendation is that the council develop a small but effective intelligent client function to oversee this, and other, strategic relationships. It should be noted that VSWL and the investments that have gone into Victoria Place are very complex and have developed over time with minimal oversight or application of due diligence and transparency. This short review has not been able to take a deep dive into the complicated arrangements and pressures.

### Future debt costs

200. The borrowing requirement is largely driven by the investment in the Thameswey Group of companies and VSWL. The total capital financing requirement or CFR is

forecast as £2.1m in 2022/23, reaching £2.4bn by 2025/26. Of this £2.4bn, £1.7bn is for their capital investments, £522k for general fund services and the balance for the HRA. It should be noted that the February 2021 Capital Strategy included a £3bn CFR for 2024/25.

201. As part of the role of SAG and the business plan review, work is being carried out to minimise the investment required in future years and this has been reflected in the CFR position.
202. As of 31 March 2022 (and as set out in the February 2023 Investment Programme Report) the council had £1.18bn of loans of which £1.15bn are to VSWL and the Thameswey Group of Companies, with a further £161m due to be advanced in 2022/23, which includes the last substantive commitment to VSWL. Most of the lending beyond that date is to Thameswey Housing Ltd and Thameswey (Sheerwater). Shareholdings at that date equal £37.8m, of which £31.2m is with Thameswey Ltd. The council are scheduled to borrow £173m in 2022/23, £118m in 2023/24 and c£110m per annum in 2024/25 and 2025/26 by which time the majority of the projected borrowing is completed.
203. The loans are split between long term debt support and a revolving loan facility. For the years in the business plans where the profits are not sufficient to meet operating costs and loan repayment costs, the companies take further loan advances through a revolving loan agreement. These are within the limit of the approved loan facility and the overall level of borrowing agreed as part of the business plan. In addition, the Council does make a margin on some of the loans. This was to spread the benefit of the regeneration scheme to the Council over the life of the scheme. This arrangement is being reviewed. As mentioned earlier in the report the position has been reviewed by EY. The review recognised that company losses were forecast in the short-term reflecting the long-term nature of the business plans and / or the development being undertaken.
204. The gross capital financing budget is £62.1m for 2023/24 rising to £67m in 2025/26. The net budget after repayment of interest is considered is £18.8m rising to £19.3m. The increase in borrowing costs has been factored into the revenue budget position.
205. The structure of the funding agreements with Thameswey and VSWL mean that the increases in borrowing costs is passed directly on to the companies so, to a certain extent, the council is correct in stating that it is insulated from the impact of the increase in borrowing costs. However, given that working capital is also provided to support the company's cash flow to repay the loans, an increase in the cost of the loan may ultimately lead to an increased working capital support and hence the borrowing requirement.

#### Investment decisions – debt levels and repayment timescales

206. The previous investment and borrowing decisions leave a legacy for the council and pose the biggest threat to its future financial resilience. Although work has started, there is currently no long-term commercial strategy in place.
207. Support needs to be provided to assist the council in developing its longer-term commercial strategy and sustaining the current arrangements until a resolution can

be achieved. In order to resolve the current arrangements and avoid a more significant write off of debt, the revolving credit facility support and some investment will need to be continued. The current investment plans to continue require c£100m borrowing per annum. The strengthened client-side arrangements recommended in this report along with some form of external support and oversight will be critical to ensuring effective management of risk and the move to more sustainable long-term arrangements.

208. The council is largely insulated from the increase in capital financing costs whilst the revolving credit arrangement remains in place. The bigger risk is the lack of provision previously made to protect against non-payment of debt. When the changes to the MRP code are implemented, provision does need to be set aside. This may well be unaffordable for the council and the risk that the loans will need impairing due to the reduction in asset values cannot be mitigated from within the council's budget.

### Oversight of commercial and investment risk

209. Measures are currently being implemented through the Shareholder Liaison Service to provide senior officers and members, who have been appointed to the board of Thamesway and VSWL, to improve understanding, decision making and direct the forward strategies of both companies. However, having reviewed a recent paper from the Shareholder Liaison Service to the Shareholder Advisory Group on 8<sup>th</sup> February 2023, it is considered that the two recommendations made lack sufficient commercial analysis of risks for a fully informed decision to be made.

### Wholly owned companies

210. The Council currently has 23 wholly owned companies some of which are inactive and the majority are set up to deliver small community support services. Ownership of these companies and a plan to reduce their number, or reliance on the Council, is being developed. The review team concentrated on the relationship with the two major company holdings, these being Thamesway Group (100% owned by the council) and Victoria Square (Woking) Ltd (a 48%/52% joint venture with Moyallen Holdings (Woking) Ltd).
211. Thamesway Group comprises 13 companies separated into two broad sectors, housing regeneration/development and energy. Originally set up in 1999 to spearhead the council's carbon reduction target commitments, the remit of Thamesway was extended in 2009 to include residential and commercial schemes across the borough. Thamesway Group is reliant on loan facilities from the council and has stated that without continued funding support from the council there is significant doubt in their ability to continue [content redacted for commercial sensitivity].
212. The introduction of the Shareholder Liaison Service and the Shareholder Advisory Group (SAG) coupled with the changes made recently to the directorship of the Thamesway gives greater comfort that high-level governance of Thamesway Group and VSWL is much improved. However further development of the reporting content from the Shareholder Liaison Service to the SAG, in particular commercial risk analysis to underpin and fully inform decisions is necessary.

213. It is also recommended that tighter control of the relationship at a (tactical) project level will improve transparency over draw down of loans and expenditure. The Fit for the Future programme sets out clear intention to focus on best practice project (and contract) management. This will give greater confidence that there is strong oversight of wholly owned companies at strategic and tactical delivery levels.

#### Assistance and support to Council Companies

214. Any support provided by a council to a trading company counts as assistance, whether in cash or other forms. Therefore, significant subsidies in grants, assets, or services could be deemed state aid, which is regulated under European competition rules, which has now been replaced by the UK Subsidy Control Act 2022.

215. It is important to note that state aid and subsidies can take many different forms, and includes soft loans, grants, guarantees, overly favourable contracts, and soft support such as free office accommodation or services. To avoid issues with state aid, the trading company should pay commercial rates for all staff time, premises, payroll, finance, HR, assets, access to IT systems and other support it gets from the local authority. The local authority also ought to avoid treating a local authority trading company more favourably than it would treat any other third-party contractor.

216. It is commonly argued that state aid restrictions do not apply between local authorities and their Teckal vehicles (companies established by local authorities to provide services back to it/them), based on the argument that this is an internal contract and would thus not have an impact on competition. However, this is a difficult argument to maintain and is very unlikely to be successful, especially if the company is allowed to trade outside of the council, with third parties.

217. There is also the requirement to achieve 'best consideration' for the disposal of a local authority asset including land, irrespective of whether land transfers are to externally joint ventures or wholly owned companies. Transferring land or property assets to internal or external companies will also attract Stamp Duty Land Tax (SDLT) and this would occur again at final sale effectively paying SDLT twice. Until assets are ready for final sale then transfers should not be made. The Review team have not had the opportunity to review all the arrangements regarding the transfer of land and assets but if this duty is not met, or consent achieved, then the transactions are potentially ultra vires.

218. Assurance has been given that the position of state aid had been considered at the outset of these company arrangements, but the documentation and advice has not been examined and there was no reference to external advice being sought in the 2016 reports. This type of advice is required to be taken regularly and to date the council has not yet reviewed its position on state aid. The council needs to undertake this exercise as soon as is possible.

#### Commercial income

219. The council's assets currently generate c£30m of income annually. This is made up of c £22m from commercial properties and c£8m from car parking. Both income streams are subject to volume variations. Until there is a clear commercial strategy to maintain the income from major investments such as Victoria Place then it is difficult to predict how stable this will be. The Fit for the Future programme will be critical in ensuring that projected benefits from investments are realised or adjustments to forecast are made.



220. The council has commissioned a Property Asset Management Strategy for its existing operational, office and commercial estate. At the time of the rapid review this was not available for the review team. It will be critical that this strategy maximises the value from the estate and reduces operational cost.

### Commercial decision making

221. From our discussions and interviews a picture emerges of strong senior level ambition to drive through the redevelopment of the town centre and the regeneration of Sheerwater. Some of the officers who were at the council at the time these decisions were made commented on the lack of involvement or transparency of what was being decided. The information and presentations made to Council, that have been seen by the review team outline compelling cases and forecasts for the developments and these formed the basis of approvals given. Some members felt that there was not enough commercial information for them to be fully informed on the decisions to be taken. What is clearly apparent is the fact that there was little consideration, when pushing through the schemes, of how the Council would manage the new developments to maximise returns as they became operational. There remains a clear absence of expertise and capacity to fulfil the Council's role as an 'intelligent client'.

222. The main commercial activities took place between 2016 to 2019 including the approvals of Sheerwater and the Victoria Place redevelopment and most of the major acquisitions. The model adopted for the regeneration of Sheerwater and Victoria Square and the Town Centre was one where the local authority provided the financing and took all the risk.

223. For example, the original model for the Sheerwater Regeneration scheme involved a total investment plan of £372m financed through the sale of properties. Development was to be carried out by the council wholly owned development partner, Thamesway Developments Ltd, to avoid profit being paid to private developers to ensure that the affordable homes could be delivered and rents would be affordable. Thamesway Developments would access a revolving loan facility of £76m for eight years to provide working capital to cover the development financing costs, including the interest on the loans from the council. This revolving loan facility is funded through the council loans to Thamesway Developments and hence through Prudential Borrowing. Properties would then be sold either on the open market or for affordable homes, to the subsidiary company Thamesway Housing. The council would borrow up to £129m to finance share capital and a loan facility for Thamesway Housing Ltd to acquire those homes based on a 75%/25% debt/equity split. All the financing and development risk ultimately sat with the council.

224. The models for both Victoria Square and Sheerwater have changed significantly over time since the original business cases were agreed.

225. Some common features in the historic decision making for the investments included:

- The reports were transparent in the financial implications and decisions. They were presented to Cabinet and Council meetings and as such did fulfil the requirements of the constitution.

- Financial assurance reliance was placed on externally prepared cashflow models as opposed to a financial investment model. The reports did not consider the return on investment or the VfM of the investment.
- There was no evidence of a full options appraisal. An appraisal of alternative options was limited which could have led members towards the decision of supporting the recommended approach.
- There was limited evidence of the use of external advisors to inform the decision. Advisors were used to prepare the cashflow model, prepare valuations and for Sheerwater external legal advice was sought for the CPO process.
- The reports did not include evidence of external legal and tax advice for the company structures to be established, for the consideration of state aid or evidence of the requirement to achieve best consideration in any asset transfers. Similarly, there was no evidence of the financing arrangements proposed.
- The reports did not outline any external financial appraisal to support scheme viability and the assessment of value for money.
- The risks of the local authority taking both the financing and development risk do not appear to be clearly highlighted or adequately assessed. The impact of the level of borrowing and the development and financial risk sitting solely with the council was not adequately considered.

226. In house capacity and skills were not strengthened to deal with investments of this magnitude. Whilst member oversight panels were put in place, the council lacked the project grip and commercial skills to manage these developments. Both projects experienced significant scope creep and cost pressures over time resulting in the debt requirement to be considerably higher than first envisaged in the initial reports.

227. The review team were informed that previous decision making was clustered around a few officers and members and while decisions were transparent and constitutional, there were gaps in the reports for the decision-makers. The potential acquisition of Victoria Square car park was described by interviewees as an example. Briefings to members covered issues of control and receiving income, but not the need to get working capital into VSWL. Thamesway was viewed as a delivery arm of the local authority rather than its own company, with little recognition of the need for a strong council client side (or the resources needed) to manage it.

### Improvements to commercial governance

228. The council have recognised that historically company governance had not been robust enough. Steps have been and are continuing to be made to change this. A report to cabinet in July 2022 resulted in changes to company governance which was put in place by October 2022.



229. The EY medium term financial resilience assessment recommended:

<p><b>Financial Strategy and Planning</b></p> <ul style="list-style-type: none"> <li>□ Prepare a response to the MRP consultation</li> <li>□ Structured review of policy and regulatory change</li> <li>□ Review revenue reserves</li> </ul>	<p><b>Financial Governance</b></p> <ul style="list-style-type: none"> <li>□ Challenge high-cost service expenditure</li> <li>□ Develop a financial resilience strategy</li> <li>□ Evaluate the reporting and business intelligence landscape</li> </ul>
<p><b>Financial Control</b></p> <ul style="list-style-type: none"> <li>□ Develop a shareholder centre of excellence that strengthens strategic finance</li> <li>□ Strengthen the contract register and commitment tracking</li> <li>□ Review the quality of financial capability and capacity</li> </ul>	<p><b>Commercial Oversight of Investment Performance</b></p> <ul style="list-style-type: none"> <li>□ Undertake an appropriate level of scrutiny on companies</li> <li>□ Develop an Asset Management Strategy</li> <li>□ Define Place Making strategic objectives and investment criteria.</li> </ul>

230. Progress is being made on all of the above. The review of company governance is based on best practice from Local Partnerships and CIPFA. In July 2022 the Executive approved a number of new measures to improve company oversight and £150k funding to establish two new posts to support the arrangements which are:

- The designation of the Leader of the Council as Shareholder Representative with responsibility for oversight of all shareholder decisions.
- Shareholder Agreement – ensuring clarity on reserved matters and ensuring the requisite documents are in place: the Business Plan, Articles of Association, Shareholders Agreement, financial agreements and business plan.
- Establishment of a Shareholder Advisory Group – a sub-committee of the Executive and ensure the necessary oversight is in place. Responsibilities include monitoring performance, returns on investment and risks and opportunities. SAG will have three separate meetings for Thameswey, Victoria Place and other company matters which are to be held quarterly. Membership will include Members of the Executive appointed by the Leader, the Chair of the Overview and Scrutiny Committee, a member from outside the Executive will attend. The Section 151 Officer and Monitoring Officer will act as advisors but this is not sufficient expertise.
- Strengthening the role of scrutiny as the Scrutiny Chair will be able to take items to the Scrutiny Committee that warrant further attention.
- Establishing a shareholder liaison service to provide support.
- Changes to board membership to take councillors off company boards with membership being the Chief Executive, independent directors with appropriate expertise and other council officers as required.

231. Work has been ongoing for about 18 months and the council have estimated that there are a couple of years to go due to the sheer scale of the task. There are around 20 joint ventures and the Shareholder Group are reviewing them all. The Thameswey company structures are complex and need consolidating and the council has bought

several companies which need to be properly understood. The previous Chief Executive acted as shareholder. Record keeping was limited.

232. Progress includes:

- There are whole council briefings in advance of decisions.
- Directors have all had formal training. A conflict of interest process has been established. The CLO and CFO are on the client side and councillors have been taken from company boards.
- A directorships file has been set up.
- The new shareholder board and shareholder advisory group have started.
- The constitution is being reviewed.
- The recent Mazars internal audit report update to the Standards and Audit Committee in November 2022 has rated the 'Corporate Governance Arrangements' review substantial assurance.

233. There is limited capacity within Legal Services and Finance and not all the resources are in place. A new project officer has started and the Head of Service role is out to recruitment. An ex Section 151 officer from a core city is providing financial support to the Shareholder Advisory Group (SAG) which has been described as the de facto shareholder support. It is important that SAG has access to commercial finance and development, legal and property expertise to support decision making.

234. There are positive signs that the SAG is starting to have an impact. The Thameswey Business Plan was not initially endorsed by SAG who requested a revised one year business plan with a number of options to be reviewed. The Business Plan is being finalised for the end of May 2023. [Content redacted for commercial sensitivity.]

235. Managers in VSWL and Thameswey companies are starting to see changes being made. The Thameswey leadership team described how they now feel as though they are being held to account. They would welcome a true client function – if they are to be judged commercially, they need a formalized, contractual relationship and this increased rigour is welcomed.

236. The council needs to review the capacity in place to support this work. At present a lot of reliance is placed on external resources as there is insufficient commercial expertise to support SAG in its role. The finance team need a commercially aware accountant to support the option appraisal, monitoring and drawdown process. The finance team also need access to the correct commercial advice and support to help work through potential options for the future.

#### Future financial risk

237. Commercially the council is overstretched and remains reliant on further support to continue to pay down its loans. The CLT has put in place several initiatives and actions to get to grips with the current situation but yet to set out, in a structured overarching commercial strategy, what its ambitions are to maximise the assets that it now holds. Until this is in place the council remains open to commercial risks brought about by a piece-meal approach to challenges and opportunities the council now faces. Before confidence can be restored in the council's management of future financial risk there

must be a clear Commercial Strategy, more robust commercial risk assessment in all business cases put forward and Commercial expertise in the council.

### Debt levels

238. As has been previously noted a sale of assets would be an inappropriate course to recommend and would be very detrimental to the council financial position. The council must therefore consider how it can best use its asset base to reduce its debt levels and maintain an overall balanced budget.
239. In summary, it is considered that the historic decisions made to invest heavily in the redevelopment of Victoria Place and the regeneration of Sheerwater were made with the intention to raise the profile of Woking in the highly competitive Surrey borders region. What has not been built into the business case for such major investments is consideration of the expertise and capacity of a small borough council to manage projects through to final maturity or exit.
240. It is clear that the council will need experienced commercial support to enable them to realise the full benefits of their investment. Other support can be provided by Crown Commercial Services whose frameworks for property management and car park management can be accessed quickly significantly reducing procurement times.
241. The recommendation to put in place a Strategic Oversight Panel will be guided by the strategy and will measure progress against milestone events. Until this is in place and the Council has a settled budget then it is too early to comment on future borrowing.

### The commercial way forward

242. It is recommended that the council use a tried and tested model for commercial business planning that will aid them in taking a structured approach to developing their commercial strategy. In common use in central government is the VMOST model (Vision, Mission, Objectives, Strategies and Tactics). Alignment of commercial objectives with the overall vision for the council and a mission to maximise commercial benefits from its assets whilst reducing debt will be paramount for the future success of the council. Once the council is clear on the immediate commercial objectives, fully informed by expert advice on the planned use of its full property portfolio, then the commercial strategy(ies) to deliver objectives can be developed and implemented. Specific commercial risk assessments, set against potential rewards for the council must form an integral element of the strategy. This will allow members to consider any trade-offs that might be taken to increase reward/reduce risk against. Other investment properties should be considered for disposal on a case-by-case basis as discussed.
243. Many of the initiatives that can be appraised and followed will be influenced by commercial strategy and driven by the need to protect and improve the council's financial position. The review team has discussed with CLT members, a number of options that could be assessed for their viability and potential to reduce commercial risk for the council whilst contributing to reduction in debt levels and delivering promised schemes to its communities. The review team also appreciated the complexities of the current major investment projects in Victoria Place and

Sheerwater, however it is important that all initiatives are appraised to satisfy the need for continued long-term support.

244. In broad outline it is recommended that the council continue to appraise the following initiatives:

- The approach taken to car park management and ownership ensuring that the council protects its minimum income requirement from these assets.
- Using the council's investment property portfolio to generate short term capital receipts or to generate sustainable rental income.
- Reviewing the delivery model for Sheerwater and, where appropriate, bring forward the development of open market properties for sale.
- Consider the value of non-core services that could be wrapped into new partnering arrangements.

245. As stated previously, the review team recognise the complex nature of the current situation and are also cognisant of the pressure that is placed on the small team leading the programme to work through this challenge. We also are aware of the commercial and market expertise that will be needed to make the most of the opportunities that are now presented. It is therefore considered that procuring and engaging with new and effective private sector partners to complement the support provided by other organisations will be necessary.

### Commercial next steps

246. The review team recommend that the council:

- Carry out appraisal of the initiatives outlined above.
- Set clear objectives for each initiative so that specific needs of the council are enshrined in any procurement process following appraisal.
- Carry out early engagement with the market to establish what can be achieved and what risks investors or suppliers will not tolerate.
- Develop a clear view on commercial risk apportionment and management.
- Develop a programme that can be delivered by the available resources or identifies where additional resource is required.
- Ensure at every stage that full and clear detail is presented to council, allowing fully informed decisions to be made and considering trade-offs that might have to be taken.



## Part Two, 5 May 2023

### Scope and purpose

1. Following the completion of the original review work and report, Woking Borough Council (“the Council”) continued work to understand the extent of its financial challenges. In April, the Council provided further information to DLUHC setting out increasing risks to its financial position. [Content redacted for commercial sensitivity.] Given the seriousness of the developing situation with respect to the Council’s investments, DLUHC commissioned a short extension to the review. The scope of the extended work is to provide the government with an assessment of the short- and longer-term decisions facing the Council; the sufficiency and adequacy of the Council’s plans to mitigate immediate risk; and where the Council needs priority support to achieve the best outcome.

### Executive summary

2. Since the original review, the Council has continued to undertake work to progress its understanding of its financial position. This includes an external review of the Council’s lending and borrowing arrangements, impairments, and the position of its companies (the “investment review”). An external review of the Council’s Minimum Revenue Provision (MRP) policy has also been completed. The multiple pieces of work are providing a clearer picture of the financial situation.
3. Although the issues are consistent with the findings from Part One of this review, the financial issues are more severe and immediate than initially thought. Despite the efforts of the current leadership team, it is clear that the Council cannot manage the scale of the challenge alone and needs urgent support to navigate through the decisions and actions needed in the coming weeks.
4. The external MRP review has indicated there could be a £40 million charge on the budget annually, rather than, according to the Council, a £11.9 million charge annually in 2021, rising to £23.4 million annually when averaged over a 50-year period, noted in the initial report. The Council were not making appropriate provision and will need to increase future charges to be compliant with the statutory duty. There may also be a historic underspend that the Council will need to correct; the exact value of this is still being determined. The Council are not able to absorb this additional cost.
5. Work undertaken by the investment review, and further legal advice the Council have taken, indicate that the Council’s arrangement of borrowing from the Public Works Loan Board (PWLB) to lend to its companies for revenue purposes, some of which is paid back to the Council to meet the interest costs of those loans, is probably *ultra vires*. [Content redacted for commercial sensitivity.]
6. [Content redacted for commercial sensitivity.]
7. The scale of this issue is unprecedented. The Council has a net budget of £24m and core spending power of £14 million. The scale of the likely deficit relative to the size of the Council means that there is no realistic means by which the Council can return to financial sustainability on its own. [Content redacted for commercial sensitivity.]

8. Taking into account the findings of part 1 of the review, and the evidence that has come to light since, the complexity and scale of the task facing the Council cannot be understated. The new leadership of the Council is taking the right steps. However, it does not have the capacity or capability to address a challenge of this scale without additional support. Historically, record keeping has been poor and this hampers the Council's ability to understand their own position. Decisions made several years ago have put the Council in an untenable situation and resulted in the Council failing its best value duty. As set out, on the current trajectory the Council will not rectify these issues itself and will continue to fail its best value duty. The Council will require significant support, including statutory oversight.

## Report findings

### Companies and associated borrowing

9. [Content redacted for commercial sensitivity.]
10. [Content redacted for commercial sensitivity.]
11. [Content redacted for commercial sensitivity.]
12. [Content redacted for commercial sensitivity.] As a matter of urgency, the government needs to take action to make sure the Council is supported and that the appropriate expertise and capability is in place.

### Overall financial position

13. [Content redacted for commercial sensitivity.]
14. The Council commissioned an external review of its MRP policy, which has now concluded. Part One of this review made clear that there was a risk the Council had been underpaying MRP, and this could result in a need to increase the charge in future. The MRP review has found that the underpayment is more than the £11 million, and that the Council will need to increase future payments by £40 million. In context, the Council's gross service expenditure is around £44 million. The Council may also need to make additional charges to address prior year underpayments from 2015/16 onwards, adding to the overall cost pressure; this is still to be determined.
15. The review team understands that the Council's total external borrowing is £1.8bn, most of which is from the PWLB. The original review details that most of this debt has been incurred by on-lending to its companies, to finance both capital spend and to provide the revolving loan facility (described in paragraph 5). The Council is currently using the loan repayments from its company to meet its own interest costs to the PWLB. Therefore, as well as incurring the impairment charge, the Council will also need to determine how it can meet its own debt liabilities, and the cost of meeting both the ongoing interest charge and increased MRP cost. The Council are currently working with an external partner to determine the modelling options in debt management.
16. In terms of future borrowing and capital spend, the Council is likely to require an estimated additional £250 – 300 million of borrowing this financial year. This will include the refinancing of c.£200 million of loans, and c.£25 million of contractual obligations carried by the Thameswey group (as described in paragraph 11). The significant office property estate owned by the Council needs fitting out and refurbishment in order to

maintain the revenue they are currently receiving. The Council predicts this to be a further cost of around £25-30 million to bring the office buildings up to standard; work on evaluating this cost is currently concluding within the Council. The exact timing of this borrowing need is not yet clear to the review team, but the Council may approach government within 2 to 3 months. Further work will be required to determine the exact borrowing need. [Content redacted for commercial sensitivity.]

17. The current revenue budget for the Council has a gap of c.£9.5 million in 2024/25, which could increase throughout the year. The Council does not currently have a costed maintenance programme for their current assets and this quantum will also need to be included in their future Medium Term Financial Plans (MTFP).

#### Nature and urgency of additional support required

18. The key priorities can be divided into three inter-related workstreams: handling the technical legacy of the borrowing and lending arrangements; effective management of the asset portfolio; and a wholesale review of the size and shape of the Council to quickly identify ways of cutting costs to bring the organisation's spending in line with its size. The details of these workstreams are outlined below.
  - a. **Resolving the legacy issues on debt and lending arrangements.** The Council faces a legacy of technical issues including the revolving credit facility, the portfolio of assets and the ultra vires factor of the revolving loans. [Content redacted for commercial sensitivity.]
  - b. **The Council need to develop and enact a strategy to achieve the best possible value for their property portfolio.** This may include maximising profit of the property portfolio which would include increasing capacity within the property team and seeking external opinions on how best to do this. The Council require help in the management of their asset stock, and this is probably best achieved if passed out of Council control. There are different options to achieve this, including partnering with development companies or central government.
  - c. **Transformation of the Council to achieve savings and efficiencies.** The Council must prioritize service transformation to achieve cost savings and efficiencies commensurate with its size. This will require difficult decisions, including rationalising some 'County-level' services and developing exit strategies for other services. The Council needs to address issues with its treasury management and capital accounting systems, which require consolidation and additional specialist resource. The Section 151 officer is working to position the Council to tackle these issues on a macro scale. However, the Council's limited experience with service transformation on the required scale highlights the need for expert support to manage this process effectively.
19. The Council will need government support. Senior Management recognises that the Council is in need of additional support and that it does not have the resource base to service the debt alone. The net revenue budget is £24 million, which leaves no room for the repayment of debt of this large a scale. There is no realistic route to the Council returning to financial sustainability alone. Finding a solution is urgent: there are concerns that the debt will increase further once a Section 114 is issued, and further



Section 114 notices may be required going forward. The Council will need to undertake significant service transformation and consider their future operating model.

20. In conclusion, as a result of past investment decisions, the Council has failed its best value duty leaving an unprecedented legacy for the current Leadership Team, which they have not been able to address to prevent financial failure. It is evident that the Council does not have the capacity and expertise to address the scale and complexity of these issues, and so it will continue to fail its best value duty. Resolving the issues and moving the Council back to a place of financial stability and value-for-money for the taxpayer will require significant support, including statutory oversight. There is a need for commercial and financial support including capital, legal and forensic accounting specialists. The Council will also need additional leadership capacity to help deliver this swiftly [content redacted for commercial sensitivity]. There are critical decisions that need to be taken in the next 2-3 months, for which immediate expert support is required.



EXECUTIVE – 13 JULY 2023

## PUBLIC REALM USAGE POLICY

### Executive Summary

The Council adopted a Public Realm Usage Policy in order to better manage the town centre spaces open to the public, and the events permitted within the town centre denoted boundary, for the benefit of all users.

As owner and manager of a number of public spaces within the town centre, it is important that any activity taking place within the public realm enhances the image of Woking as a quality destination in which to spend time and does not compromise anyone's safety or well-being.

The policy aims to effectively manage the number of activities taking place, ensure clear pedestrian routes and access for emergency vehicles are maintained, facilitate and encourage appropriate events and entertainment, and enable local community groups and charities to use the public realm to promote their causes.

The policy covers such activities as street entertainment and buskers, vendors and market stalls, parades, annual and cultural events, street scene advertising, and leafleting.

The policy was last updated in October 2015, but a review was suspended at that time owing to the planned extensive development of the town centre. However, now that the majority of the development has taken place, the locations given in the policy are no longer reflective of the spaces available.

In addition, there have been some changes to management and administration arrangements within the public realm, so it is timely that the policy be updated and approved to reflect these.

As per previous updates of the policy, Members, internal colleagues and external stakeholders have been consulted with to ensure that information given remains current and valid, and these include Victoria Place and Christ Church.

There are no major changes being proposed to the policy beyond those stated above.

### Recommendations

The Executive is requested to:

#### **RECOMMEND TO COUNCIL That**

**the updated Public Realm Usage Policy, attached as Appendix 1 to the report, be adopted.**

### Reasons for Decision

Reason: To ensure fair and consistent usage of the town centre to promote footfall and economic prosperity.

The item(s) above will need to be dealt with by way of a recommendation to Council.

**Background Papers:** None.

**Reporting Person:** Kevin Foster, Strategic Director – Corporate Services  
Email: kevin.foster@woking.gov.uk, Extn: 3198

**Contact Person:** Chris Norrington, Business Liaison Manager  
Email: chris.norrington@woking.gov.uk, Extn: 3900

**Portfolio Holder:** Councillor Dale Roberts  
Email: clrdaledale@woking.gov.uk

**Date Published:** 5 July 2023

DRAFT

### 1.0 Introduction

- 1.1 The Council adopted a policy created by the former Woking Town Centre Management to cover any events and activities within the open spaces of the town centre in the early 2000's, in order to better manage the public realm and safeguard the well-being and enjoyment of everyone using it.
- 1.2 Since then, the policy has been updated at least twice to allow for contemporary changes to the town centre environment, as well as to reflect any updates to management arrangements of the public realm.
- 1.3 The policy was last updated in October 2015 and has been reviewed now because of the redevelopment of the town centre (Victoria Place).

### 2.0 Current situation

- 2.1 The published policy is out of date, mainly owing to the change in available spaces to hire within the public realm. Since the last policy update, there have also been changes to personnel and teams involved with booking and managing those spaces, both at the Council and Victoria Place (formerly Woking Shopping).
- 2.2 Victoria Place remains the main point of contact for all booking enquiries within the public realm and manages all those that take place within the shopping centres. Any enquiries for outdoor town centre space hire are referred to Property Services to determine the suitability of an event/seek permission for the space booking, and to identify any potential source of income from the same.

### 3.0 Proposal

- 3.1 Following consultation with relevant internal teams and external partners, the policy has once again been updated to reflect any changes to the physical environment and management arrangements.
- 3.2 There are no major changes being proposed to the policy beyond the periodic updates specific above.

### 4.0 Corporate Strategy

- 4.1 In line with the aims of Woking For All, events held within the public realm help to promote the town centre as a destination, which can help increase footfall within the public realm. This aims to benefit town centre businesses and increase income for the Council, prospering the local economy as a whole.

### 5.0 Implications

#### Finance and Risk

- 5.1 There are no identified adverse financial implications arising from people using the public realm, although an income stream could be generated through the commercialisation of outdoor public spaces within the town centre.
- 5.2 Each event booker carries out their own risk assessment. The policy itself is a set of guidelines, not a bylaw, and therefore can only be enforced where there is a legal basis to challenge any activities taking place in the public realm.

Equalities and Human Resources

5.3 No implications identified. The policy applies to everyone who uses the public realm.

Legal

5.4 No relevant Legal implications. The updated Public Realm Policy will ensure that the public urban spaces in the town centre are managed and accessible in a positive manner.

**6.0 Engagement and Consultation**

6.1 The following Members, Council teams and external partners have been consulted in the preparation of this draft policy:

- Cllr Roberts
- Cllr Davis
- Christ Church Woking
- Community Development
- Community Safety
- Customer Services
- Environmental Health
- Estates
- Insurance
- Legal
- Licensing
- Marketing Communications
- Parking Services
- Victoria Place
- Victoria Square Woking Limited
- Planning

REPORT ENDS

# Draft Public Realm Usage Policy



*Last Approved by Council at the meeting on 22 October 2015*  
Updated May 2023

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## **1 Introduction**

- 1.1 As owners and managers of the public spaces indicated within the boundary shown on the town centre map in Section 6. It is important to Woking Borough Council ('the Council') that any activities taking place in these spaces enhance the image of Woking town centre as a quality destination in which to spend time, and do not compromise anyone's safety or well-being.
- 1.2 Jubilee Square and Victoria Square are the two main focal points of activity within Woking town centre, but other open spaces which the Council is responsible for and are covered by this policy include:
  - Albion Square
  - Commercial Way
  - Crown Square
  - Gloucester Walk
  - Gloucester Square
  - Market Walk
  - Mercia Walk

Within these spaces, visitors can participate in a variety of activities, including being entertained, browsing stalls, learning something new, or simply enjoying the open air.

## **2 Policy objectives**

- To promote and develop the image of Woking town centre as a quality destination in which to spend time.
- To effectively manage the number of external activities taking place, to safeguard users and their enjoyment of the public space.
- To ensure clear pedestrian routes and access for emergency vehicles are maintained.
- To facilitate and encourage events and entertainment to take place, subject to the guidelines herein.
- To manage and maintain the public realm under the direction of the Council's Director of Place, or their nominee, and with consideration for the needs of other town centre stakeholders.

## **3 Management Arrangements**

### **3.1 Indoor Areas**

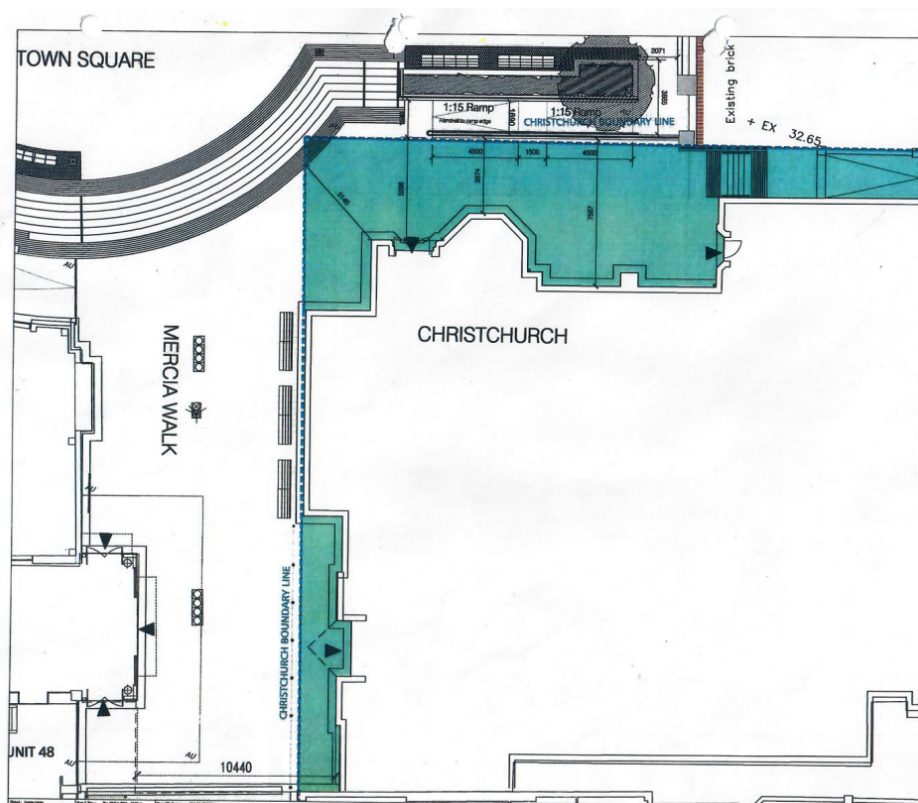
Victoria Place manages bookings and events taking place within the Peacocks Centre (including Market Walk), Henry Plaza and Wolsey Place.

### **3.2 Outdoor Areas**

To maintain a cohesive and coordinated approach to events and activities taking place in the town centre, the Victoria Place management team will be responsible for booking and managing events and activities in those areas of the public realm adjacent to Victoria Place, within the context and principles of this policy on behalf of the Council.

### 3.3 Christ Church

All bookings or enquiries that would take place on Christ Church's outlined area must be made directly with Christ Church's conferencing department.



3.4 This will ensure that events and activities are co-ordinated and controlled to ensure shoppers, visitors and others using the town centre have a positive experience, disruption and conflict is minimised and, where appropriate, a cohesive charging regime can be applied.

3.5 The Council will continue to have preference for its own events/activities or those that it specifically promotes or supports. These will be notified to Victoria Place annually, or giving as much advance notice as possible, and due consideration will be given to any pre-existing bookings.

3.6 A central booking diary will be maintained by Victoria Place and made available to the Council, so that any specific arrangements can be made, for example for non-routine cleaning.

## 4 **Booking terms**

4.1 All bookings must be made through Victoria Place. Bookings are made on a first-come, first-served basis. Please note - ensure you consult the Event Booking Form Guidance Notes when filling out the form.

4.2 Mandatory documentation is required at least 14 days in advance of **any** booking is as follows:

- Written evidence of Public Liability Insurance cover for £5m minimum.
- Written method statement with a photo/sketch of proposed event (if applicable).

- Sample of any promotional literature (if applicable).
- Written risk assessment (if applicable). Depending on the nature of your event, Victoria Place may also request to see a copy of your fire risk assessment.
- Evidence of any other licence required for the proposed activity.

N.B. All bookings must adhere to our terms and conditions.

- 4.3 Vehicular access is not permitted, unless express permission is granted for specific activities at permitted sites (fully comprehensive insurance is required for any vehicle involved in the event, for which the maximum gross vehicle weight is 3.5 tonnes).
- 4.5 Market stallholders must have the permission of the Council's Market Manager to trade.
- 4.6 A maximum of one information distributor and/ fund raiser/ coin collection may be made at any one time.
- 4.7 If any space is booked for a large-scale promotion, such as or similar to those listed below in point 6.2, sole use will be given to that organisation.
- 4.8 Victoria Place management team in liaison with the Council will decide which organisations and activities are appropriate for each of the public spaces, on an individual basis.
- 4.9 Victoria Place management team in liaison with the Council reserves the right to:
- refuse any application where the public space is required for other purposes
  - refuse entry to any organisation, relocate activities within the town centre
  - cancel any booking as it deems appropriate
  - charge a fee to 'commercial' organisations as per the published hire tariffs.
  - propose amendments to this policy, as it deems appropriate
- 4.10 Victoria Place or the Council will not be liable for any loss or damage to equipment or goods belonging to or under the control or custody of booked users of public spaces.
- 4.11 Victoria Place or The Council reserve the right to charge the event organiser for any remedial works deemed necessary because of the activities undertaken within its public spaces.

## **5 Code of conduct**

- 5.1 Activities should normally only take place between 10am and 6pm, with any entertainment performances lasting no longer than two hours, with no return within two hours unless special permission has been granted.

- 5.2 Set up/ break down of an event should be outside the hours of 10am to 6pm. Any event taking place before/after these times will need approval from Victoria Place.
- 5.3 Any activity must cease if a request to do so is given by representatives of Surrey Police, Surrey Fire and Rescue, The Council, or Victoria Place.
- 5.4 Amplifiers may only be used at reasonable levels and not cause disruption to the activities of neighbouring organisations and businesses. Amplifiers powered by generators are only permitted with the express permission of The Council or Victoria Place, and in exceptional circumstances only.
- 5.5 Users of electrical equipment must have a PAT certificate for all appliances.
- 5.6 Official ID must be worn or always displayed by users representing an organisation.
- 5.7 Users must position themselves and/ or their stall so as not to obstruct any access/ egress point to shops and other premises. Where practical, this should be at least three metres away.
- 5.8 The size and scale of activity for each proposed booking will be considered on its individual merits.
- 5.9 No user should cause obstruction of the highway, footpath, or physical or visual access/egress point to shops and other premises.
- 5.10 No user should perform in a manner that may be considered dangerous to themselves or members of the public or speak or dress in a manner which is likely to cause alarm, distress, or offence.
- 5.11 No user should cause members of the public to feel pressurised or harassed by their actions or words, nor utilise manipulative techniques in order to engage with the public.
- 5.12 Consideration must be given to the town centre's off-peak cycling prohibition, which affects several areas at certain times of the day.
- 5.13 Additional guidance follows for users undertaking specific types of activity, for which public spaces have been designated.

## 6 Town Centre Map



### Notes:

Please refer to The Council's [Street Entertainment Guidance](#), for full details of terms and conditions for street entertainers, including buskers.

## 7 Jubilee Square and Victoria Square

7.1 The use of Jubilee Square and/or Victoria Square will be restricted to events and promotions managed by the Council or partners authorised by it, unless special permission has been granted by the Council (such as for charity fundraising, or cultural events/ entertainment).

This will be booked through Victoria Place, who will manage and supervise operational issues as appropriate. Only one booking may take place at a time in either of the Squares, except for the Poppy Appeal and Normandy Veterans, who are welcome for the length of their annual campaign.

7.2 Permitted annual civic events organised by community groups and organisations may include, but are not restricted to, the following (with indicative dates):

- Chinese New Year Celebrations (January/February)
- Shopmobility Pancake Race (Shrove Tuesday)
- Erection of wooden cross (Holy Week)
- Act of Witness (Good Friday)
- Easter Sunday Parade/ Service (Easter Sunday)
- St George's Day Parade (April)

- Veterans' Day Parade (June)
- Woking Food and Drink Festival (September)
- Diwali lantern parade (November)
- Remembrance Day 11 (November)
- Remembrance Sunday Service (November)
- Christmas Tree installation/ lights switch on (November)

## **8 Charity fundraising**

8.1 Designated spaces: Gloucester Walk, Jubilee Square (by Town Gate), Market Walk (either end), Mercia Walk (under the canopy at either end), Wolsey Place (either end), Commercial Way (at junctions with Church Path and Chapel Street).

- Collections are only permitted on Fridays, Saturdays, and Sundays, except for the Poppy Appeal and Normandy Veterans, who are welcome for the length of their annual campaign.
- A licence must be obtained in advance from the Council's [online application form](#) or for fund raising/ coin collections and/or a lottery. Applications must be made at least one calendar month before the proposed date of the collection.
- Only one charity may conduct fundraising at a time.

8.2 Direct debit canvassing is not permitted anywhere.

## **9 Commercial promotions and selling (including market traders)**

9.1 Market traders can apply to join the artisan market, regular farmers' market, and periodic specialist markets, at the discretion of the Council's market operator.

9.2 All traders within Woking's market are subject to conformance with the current regulations for their area of trade and current charges.

9.3 Promotional activities will be permitted up to six times per year per organisation.

9.4 Consideration must be given to businesses adjacent to the event location, to avoid disturbance and/or conflict of interest (e.g., one restaurant cannot promote itself directly outside another).

9.5 Organisations involved with giving away or selling food must be registered as a food business with their local Council's Environmental Health Team and operating to an acceptable standard.

9.6 Charges will be made to commercial organisations, as agreed with the Council's Commercialisation Officer, and rates will be subject to negotiation depending on individual circumstances, competition for spaces, time of year and the footfall in the area.

9.7 More attractive rates will be offered to smaller local commercial organisations than to larger national/international ones. Commercial activity, rates charged, and income generated will be subject to regular review between the Council and the centre management within Victoria Place.

- 9.8 Use of public realm by local community groups, charities and other similar not-for-profit making organisations will continue to be free of charge.
- 9.9 Street vendors wishing to sell their products within Woking town centre will need to hold a licence for their activity and to apply for consent from the Council. Both the license and the Council's written consent will need to be always carried when selling products.
- 9.10 Promotional activity by commercial organisations, including 'pop ups' can take place in any of the event areas shown on the map, if permission is granted by Victoria Place or the Council, as appropriate, subject to the nature of the promotion/product and due consideration being given to adjacent businesses. Businesses that would be in direct competition with tenants of Victoria Place or those on adjacent streets would not be permitted to undertake self-promotion within the same area.

## **10 Leafleting**

- 10.1 Leafleting is not permitted in Jubilee or Victoria Squares, or outside any entrance to Victoria Place.
- 10.2 A maximum of 12 bookings are permitted per year, per organisation, once a month only, between Monday and Thursday. Only one booking may be made at a time.
- 10.3 Leafleteers should be static, whether accompanied by a stall or not, and not to approach passers-by unnecessarily.
- 10.4 Leafleteers should not be positioned outside premises that could cause a conflict of interest.
- 10.5 Council-supported services and events can be promoted via leafleting more widely within the public realm.
- 10.6 Applicants should complete an event booking form and the Council's Customer Services team will process these on behalf of Victoria Place.
- 10.7 Leafleteers must adhere to the Council's booking terms & conditions (see page 3), including the requirement for Public Liability Insurance.

## **11 Market research**

- 11.1 Market research is not permitted in Jubilee or Victoria Squares, or outside any entrance to Victoria Place.
- 11.2 Market researchers must adhere to booking terms & conditions, including the requirement for Public Liability Insurance.
- 11.3 A maximum of 12 bookings are permitted per year, per organisation, once a month only, between Monday and Thursday. Only one booking may be made at a time.
- 11.4 The Council reserves the right to carry out market research on Council supported services and events more widely within the public realm.

## **12 Political, religious and lobby groups, and parades**

- 12.1 Woking Borough Council encourages the use of the public realm by groups which support the diversity of the Borough but retains the right to refuse permission to organisations whose views or activities would lead to potential public order issues or widespread offence.

## **13 Street-scene and digital advertising**

- 13.1 Please see Woking Borough Council's guidance on using [pavement A-boards](#) which applies to the entire public realm within Woking town centre.
- 13.2 Digital screens within Victoria Place are reserved for their own use or by the Council for its own messaging.
- 13.3 Banner advertising space along Commercial Way can be hired with the agreement of the Council, subject to availability and suitable banners being provided by the advertiser.
- 13.4 The use of Woking Borough Council's borough boards and drive-by boards are restricted to community and other not-for-profit groups. Priority is given to arts and cultural organisations within Woking.

## **14 Traffic management and vehicle access**

- 14.1 Vehicles will only be given permission to enter a public space in exceptional circumstances.
- 14.2 Any organisation given special permission to bring a vehicle into an event zone in the public realm must provide written evidence of fully comprehensive insurance for any vehicle involved in their event and sign an agreement to compensate the Council for any damage caused either voluntarily or involuntarily to the fabric of the road surface and/or built structures in or adjacent to their event site.
- 14.3 Please note that the only locations in which promotional vehicles are allowed to park, as part of an event, are Albion Square and Crown Square, unless special permission has been granted by the Council.
- 14.4 Vehicular access to unload goods is also permitted in Commercial Way, subject to advance permission being sought from Woking Borough Council. Please note that there is controlled access between Chapel Street and Victoria Square.
- 14.5 Vehicles needing to access Christ Church to provide wedding or funeral services will continue to be able to do so via Town Gate, subject to the terms given above.

## **15 Contact details**

### **15.1 Booking enquiries**

Hire of any public space enquiries within the town centre - inside or outside - should be made directly to Victoria Place:

### **15.2 Victoria Place**

Centre Management Suite  
Woking GU21 6GH



[info@vpwoking.co.uk](mailto:info@vpwoking.co.uk)  
01483 741000

### **15.3 Christ Church**

Please contact Conferencing and Events at Christ Church Woking to book space within the church premises:

[conferencing@ccwoking.org](mailto:conferencing@ccwoking.org)  
01483 727496

### **15.4 Market traders**

To apply to join any markets in Woking, please contact the Council's Market Manager, Steve Barrett:

[steve.barrett@woking.gov.uk](mailto:steve.barrett@woking.gov.uk)  
07458 003 845

### **15.5 Food vendors**

New traders of a food business will need to [register with the Council](#).  
You can also contact the Council's Environmental Health Team for advice:

[environmental.health@woking.gov.uk](mailto:environmental.health@woking.gov.uk)  
01483 743840

### **15.6 Street traders and promotional activities -**

For more details on how to apply for consent to trade within Woking Borough, please see the Council's webpage on [Licensing and Permits](#) including [Street Trader Licence](#) & [Pavement Furniture licence](#)

[licensingteam@woking.gov.uk](mailto:licensingteam@woking.gov.uk)  
01483 743840

### **15.7 Street Collections**

To apply for a charitable street collection licence, please complete the [online application form](#) or contact the Environmental Health team.

[street.collections@woking.gov.uk](mailto:street.collections@woking.gov.uk)  
01483 743840

### **15.8 Comments**

Urgent concerns during your booking should be raised in person with a member of the Victoria Place security team (also available out of hours and at weekends). Other comments, please contact the Council's Customer Services Team who will pass your enquiry to the relevant person (s).

[customer.services@woking.gov.uk](mailto:customer.services@woking.gov.uk)  
01483 743451



## OVERVIEW AND SCRUTINY COMMITTEE – 10 JULY 2023

### BRIEFING NOTE: SCRUTINY TOPIC PROPOSALS

#### Executive Summary

At the meeting of the Overview and Scrutiny Committee on 5 June 2023 Members discussed the procedure for submitting scrutiny topic proposals.

Previously, no deadline has been set for submitting scrutiny topic proposals for inclusion at the next meeting. To aid Members in having proposals considered by the Committee, a deadline is proposed in the report.

The Scrutiny Toolkit has also been included as an appendix to this report.

#### Recommendations

The Committee is requested to:

##### **RESOLVE That**

the proposed deadline for submitting scrutiny topic proposals, 7 days before the Overview and Scrutiny Committee agenda publication, be agreed.

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

<b>Background Papers:</b>	None.
<b>Reporting Person:</b>	Toby Nash, Scrutiny & Democratic Services Officer Email: toby.nash@woking.gov.uk, Extn: 3056
<b>Contact Person:</b>	Toby Nash, Scrutiny & Democratic Services Officer Email: toby.nash@woking.gov.uk, Extn: 3056
<b>Date Published:</b>	30 June 2023

## **1.0 Introduction**

- 1.1 Submitting a scrutiny topic proposal is a useful tool for Members to formally request items that would not ordinarily be considered by the Committee.
- 1.2 Briefing papers have been provided to the Committee in previous years, and this paper provides a summary for the process in the Municipal Year 2023-24.
- 1.3 A deadline is proposed, so that Members can submit the topic request in time to be considered for inclusion on the agenda.

## **2.0 The Scrutiny Toolkit**

- 2.1 The Scrutiny Toolkit is a significant resource covering all aspects of scrutiny, procedures, and powers of the Committee.
- 2.2 The Toolkit includes a template scrutiny topic proposal form. Alternatively, Members may submit a topic request through an e-form.
- 2.3 The Toolkit provides guidance on evaluating a topic proposed for the Committee, a flowchart is provided to guide whether a topic is appropriate for the Committee and its priority.
- 2.4 If the Member considers that it would be more appropriate to use Councillor Call for Action, or Call-in the Toolkit provides guidance on the criteria to use each, and how to do so. Forms for each are also included.

## **3.0 The Topic**

- 3.1 It is important for any Member considering submitting a topic proposal to evaluate various aspects:
  - 3.1.1 Whether Council has any responsibility for, or can take action over, the issue, or if the issue impacts local people and the Council can represent those views through oversight or scrutiny.
  - 3.1.2 What objective(s) or benefits could be achieved by scrutiny of the topic.
  - 3.1.3 What resources and timescales the Council would need to commit to achieve the intended objectives.

## **4.0 Scrutiny of the Topic**

- 4.1 The Committee has limited resources and therefore must balance being parsimonious with which topics it chooses to scrutinise or take an overview of, with working in the public interest and holding the Executive to account.
- 4.2 To aid in determining whether a topic is appropriate for consideration as an item full advice may be found in the aforementioned Scrutiny Toolkit.
- 4.3 The Committee should focus on those which bring the most benefit for the public but is commensurate with available Councillor and Officer resource. By considering the expected outcomes (i.e. benefits), Members will be most well placed to determine the topic's merit.
- 4.4 If the Committee considers the item as not appropriate for the Work Programme, it may still decide to take action:

4.4.1 Instruct Officers to respond to the query outside of the meeting, or as an action arising from the meeting;

4.4.2 Formation of a task Group, which may be as little as one Councillor, to investigate the topic and report back; or

4.4.3 Suggest that the Member raising the topic consult with Officers outside of the meeting.

4.5 It is important to consider the Work Programme, suggested additions, or anticipated topics when determining the merits of a topic.

## **5.0 Deadline**

5.1 The ordinary process of topic submission necessitates a deadline to be able to ensure consideration of the proposal for potential inclusion on the agenda before its publication.

5.2 It is proposed that a deadline of one week (seven (7) calendar days) before the publication of the agenda for the next meeting be used for scrutiny topic proposals.

5.3 The agenda for a meeting is published five (5) clear working days before the meeting. In effect, this ordinarily means ten (10) calendar days prior to a meeting of the Overview and Scrutiny Committee.

## **6.0 Implications**

### Finance and Risk

6.1 There are no financial implications arising from this report.

### Equalities and Human Resources

6.2 There are no equalities or human resources implications arising from this report.

### Legal

6.3 There are no legal implications arising from this report.

## **7.0 Engagement and Consultation**

7.1 No engagement or consultation has been carried out for this report.

REPORT ENDS



# The Scrutiny Toolkit

2023/24



# Foreword

This toolkit aims to provide information, practical guidance and clarity to everyone involved in the overview and scrutiny process at Woking Borough Council.

The toolkit has been drawn from a variety of sources and includes many good practice points selected from leading authorities in the field.

The toolkit will enable members of the Overview and Scrutiny Committee to ensure that they concentrate on topics that matter to the residents of Woking. This in turn will help us play a significant role in shaping the future of the Borough.





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# 1. An introduction to Overview and Scrutiny

*“Effective Public Scrutiny can be a powerful vehicle for change. It can improve the delivery of services; it can connect the public to decision makers and politicians; it can improve efficiency.” Centre for Public Scrutiny (CfPS) December 2008*

## **What is Overview and Scrutiny?**

Overview and Scrutiny was introduced as part of the modernisation agenda for local government under the Local Government Act 2000. This Act required Local Authorities to develop a new political structure and arrangements to replace the old Committee system. An essential part of these new arrangements was the introduction of Overview and Scrutiny; designed to hold the Executive to account and to help in the development of new policies.

The Overview and Scrutiny Committee is not a decision making body and holds no executive authority over the business of the Council. The Committee’s role relates to scrutiny and review, and its power lies in raising awareness of important issues and placing influence on others to take action in certain ways.

The overview and scrutiny process provides an opportunity for Councillors and, in some cases, external representatives, to examine various functions of the Council, to ask questions about how decisions have been made and to consider whether service improvements can be put in place. It provides an opportunity for Councillors to champion issues of public concern and to participate in the development of new policies. It facilitates debate about priorities, budget, the strategy of the Council and its vision for the Borough.

Overview and scrutiny is a positive activity and should contribute to the delivery of efficient and effective services that meet the needs and aspirations of the local community. The Committee should not shy away from the need to challenge and question decisions and make constructive criticism, but should avoid unnecessary conflict and confrontation.

The role of overview and scrutiny also provides new opportunities for public involvement and debate, supporting the Council in taking a community-orientated approach and bringing new ideas and wider experience into the Council processes.

Overview and scrutiny requires new ways of working and different skills for all concerned. In particular, to work effectively, overview and scrutiny needs to be Member-led.

## **What Overview and Scrutiny is not**

The Overview and Scrutiny Committee does not deal with complaints or regulatory matters such as planning applications or applications for licences. Overview and scrutiny focuses on strategic delivery of services, not individual issues. It is important that scrutiny reviews do not turn into a witch hunt – it is not about apportioning blame or seeking to interrogate people in public aggressively.

## **The work of the Overview and Scrutiny Committee**

The Overview and Scrutiny Committee can:

- review and/or scrutinise decisions made or actions taken by the Executive, individual Executive Members or Officers of the Council;
- prepare reports and/or recommendations to Council and/or the Executive;
- consider any matter affecting the area or its inhabitants; and
- exercise the right to Call-in, for reconsideration, decisions made but not yet implemented by the Executive.

The Overview and Scrutiny Committee can also:

- require Executive Members and senior officers to attend meetings and to be challenged about matters within their areas of responsibility;
- invite expert advisors and other members of the Council and members of the public to take part in Scrutiny reviews;
- refer matters to 'Task Groups' made up of smaller groups of Councillors to undertake in-depth reviews;
- submit formal questions to the Chairman regarding matters that come within the remit of the Committee.

### **The Council's Structure**

The Council has 30 Councillors in total who are elected by local residents and represent 10 wards. The whole Council agrees overall policies. Day-to-day decisions are then made by the Executive comprising a leader and six Councillors who are appointed by the Council. The Council also has a number of Committees to deal with such matters as Planning, Licensing and internal governance issues.

The rules governing the way in which the Overview and Scrutiny Committee operates can be found in the Council's Constitution.

At Woking Borough Council there is a single Overview and Scrutiny Committee which has 10 members and meets seven times per year. This Committee, along with a number of Task Groups, carry out the function of Overview and Scrutiny in Woking.

### **Task and Working Groups**

A Task Group is a small group of Councillors (usually no more than four to six) who are asked to carry out an in depth piece of work on behalf of the Overview and Scrutiny Committee. Task Groups are set up individually for each review. The topic to be reviewed is chosen by the Committee, but it is for the Task Group itself to decide upon the way it chooses to carry out the review. Membership of the Task Group can be drawn from all Councillors and it is not limited to the Members of the Committee. It is often useful to include Members with a range of views and perspectives, those that have expertise, or those that have an interest in the topic.

A Task Group allows a topic to be looked into in some depth and it will normally take up to six months to complete their work.

Working Groups provide an overview of the services of the Council and report directly to the Overview and Scrutiny Committee. These Working Groups do not have a limited life span and are ongoing.

**Ad Hoc Review Task Groups** are established by the Overview and Scrutiny Committee to carry out scrutiny reviews to investigate particular issues which cannot be adequately considered within a normal meeting.

The Task Group must be clear on the purpose, rationale and objectives of their review and set an anticipated completion date.

The Task Groups must feedback regularly to the Committee and at the conclusion of its investigation; the Group will prepare a report for the consideration of the Committee.

Task Groups normally meet in private, but can take place in various locations, depending on the type of work they are undertaking.

### Overview and Scrutiny Working Groups 2023/24

<b>WORKING GROUP</b>	<u>Lib Dem</u>	<u>Con</u>	<u>Labour</u>	<u>Independent</u>
Economic Development Working Group (7)	<b>Councillors</b> Barker Morley Mukherjee Oades Roberts	<b>Councillors</b> Davis	<b>Councillor</b> Javid	
Finance Working Group (7)	<b>Councillors</b> Kirby Oades Rice Roberts	<b>Councillors</b> Davis	<b>Councillor</b> Aziz	
HIF Working Group (7) (on hiatus)	<b>Councillors</b> Forster Johnson Kirby Lyons Nicholson	<b>Councillors</b> Dorsett		<b>Councillor</b> Akberali
Housing Working Group (7)	<b>Councillors</b> Cosnahan Johnson Lyons Sullivan	<b>Councillors</b> Dorsett	<b>Councillor</b> Aziz	<b>Councillor</b> Boote

### The Annual Report

The Overview and Scrutiny Committee prepares an Annual Report which details the work that has been undertaken during the year. The Annual Report outlines the outcome of recommendations made by the Committee and highlights those measures and approaches which have proved effective during the scrutiny reviews. The Committee can also make recommendations for future Work Programmes through the Annual Report, and suggest amended working methods if appropriate. The Annual Report is written by the Chairman and must be agreed by the Committee before it is presented to Council.

## 2. Topic Selection and the Annual Work Programme

*“Effective work programming is the bedrock of an effective scrutiny function. Done well, it can help lay the foundations for targeted, inclusive and timely work on issues of local importance, where scrutiny can add value. Done badly, scrutiny can end up wasting time and resources on issues where the impact of any work done is likely to be minimal” A Cunning Plan? Devising a Scrutiny Work Programme, CfPS, March 2011.*

### Work Programme

The setting of an Annual Work Programme is an important part of the Scrutiny process. Overview and Scrutiny is a Member led process and as such, Members should lead on developing the Work Programme for the Committee.

The Work Programme is a living document and should be subject to regular review. Members should consider the resource implications and be aware of the resource requirements of larger reviews. The Work Programme should also have capacity to consider matters referred to the Committee by the Executive and also to deal with Call-Ins. The Overview and Scrutiny Committee needs to be flexible and responsive to the needs of the organisation. In putting the Work Programme together, the Overview and Scrutiny Committee will need to have regard to Members’ capacity to deliver the Programme and the capacity of Officers to support them in that task. A good maxim would be **‘If in doubt, leave it out’**. **It is far better to do a few topics well, than many topics poorly.**

The Work Programme includes within it ongoing issues such as performance management and annual budget monitoring and one off issues and reviews that may be referred to smaller Task Groups for an in-depth investigation.

### Submitting Topics for Scrutiny

#### Who can suggest a topic?

Councillors, Officers and members of the public can suggest a topic for the Committee to scrutinise. Topics can also be referred to the Overview and Scrutiny Committee by the Executive or Council.

Councillors may also refer matters to scrutiny through what is called a ‘Councillor Call for Action’ (CCfA). More information on this is provided in section 5 of this toolkit.

#### Topic Selection

Before a subject is chosen for review, at least one of the following criteria should be met to establish whether the proposed topic should be selected:

- The Scrutiny Review is likely to result in improvements for local people.
- The topic falls within a Community or Corporate priority area, such as the Community Strategy and the Council’s priorities.
- The topic represents a key issue for the public.

- The service proposed for Scrutiny Review is performing poorly. A Review may pick up on areas of weakness identified through the Council's Audit reports or the Performance and Financial Monitoring Information published by the Council.
- There is a high level of dissatisfaction with the service.

### **Topic Rejection**

The Overview and Scrutiny Committee will not deal with a topic if:

- The topic is already being addressed.
- The matter is subjudice or prejudicial to the Council's interests.
- The specific case falls within the Council's complaints procedure.
- The topic involves an individual disciplinary or grievance matter.
- Scrutiny Review of the proposed topic is unlikely to result in improvements for local people.

It is important that all topics are assessed against the criteria to ensure that time is not wasted on impulse decisions. That way, less important matters can be rejected in a structured transparent way.

A Scrutiny Review Topic Proposal form has been developed to assist the Overview and Scrutiny Committee to select topics in a structured and consistent way, which can be recorded and justified if necessary. **A 'Scrutiny Review Topic Proposal Form' must be completed for every topic suggested/selected in order to define the objectives, determine the methodology of the review and agree timescales.**

[This **Scrutiny Review Topic Proposal** form is referenced in Section 6 – Supporting Documents or an electronic version may be completed here: Scrutiny Review Topic Proposal Form

### **Creation of a Task Group**

The Committee may agree to create a Task Group, as discussed in section 1. To do so a Scrutiny Review Task Group Proposal Form must be completed from which Terms of Reference will be created for approval by the Committee.

### **Steps to setting a Work Programme**

#### **Step 1 – Identify potential topics / issues**

- Identify standard items such as performance monitoring and annual budgets.
- Review the Forward Plan.
- Discuss priorities with Portfolio Holders and senior officers.
- Invite suggestions for scrutiny from Members of the Council, officers and the public.
- Leave capacity to deal with unexpected issues throughout the year.

#### **Step 2 – Filtering topics for further action**

- Filter and prioritise each potential topic by measuring them against the selection and rejection criteria outlined above.

- Divide topics into two categories. An active list containing the topics that will be pursued by the Committee and a reserve list for topics that may be scrutinised at a future date.
- Reject all topics that fall in line with the criteria outlined under 'Topic Rejection' above.

### **Step 3 – Review and update the programme**

Keep the Work Programme under constant review. Adjust as necessary to delete redundant topics, and add subjects as new topics/suggestions are received or revealed through reports on poorly performing services.

## 3. The Overview and Scrutiny Process

*“Scrutiny will only work in the long run, if Members drive the process” (CfPS)*

### **Councillor Led**

There are many different approaches to running overview and scrutiny. There is no ‘one size fits all’ approach. However, what is clear is that successful scrutiny relies upon Member involvement.

In order for the Council to maintain and develop a successful scrutiny function, Councillors must take a leading role in the process. This is not a task just for Chairman or Vice-Chairman, scrutiny relies upon engagement from a wide number of enthusiastic Councillors to achieve success.

Councillors must act in a non-partisan manner, which places the needs and aspirations of the community above the consideration of party politics. They must encompass the appropriate skills and competencies required to be able to influence a wide range of public bodies with the aim of improving services for local people.

Councillors must take the lead in not only choosing topics for selection, but to take the lead in questioning witnesses, formulating recommendations and in preparing reports for consideration by decision makers. Councillors have to make time for detailed involvement in topics under review whilst demonstrating effective work management to make sure that scrutiny activities are timely and have impact.

### **Role of the Chairman and Vice-Chairman**

Because overview and scrutiny is a Member led process, the roles of Chairman and Vice-Chairman are significant. The Chairman has a pivotal role in maintaining the focus of scrutiny activity on issues that are of concern to the residents of Woking.

Each Chairman has to possess a range of abilities including good communication, listening, and analytical skills in order to balance the desire for Committee Members to have full and frank discussion about topics, with the need to ensure the Committee makes the best use of its time and resources. The Chairman has to encourage the Committee to operate in an open and robust manner, whilst also making sure that witnesses and officers are treated with respect and courtesy. It is also important that the Chairman summarises to confirm agreement and ownership of actions, decisions, and important points and at key stages refocus discussions.

### **Chairman and Vice-Chairman Liaison / Briefings and Debriefings**

The Chairman and Vice-Chairman before and after meetings of the Committee in order to discuss the Work Programme, any outcomes from previous meetings, potential agenda items and new developments in overview and scrutiny best practice etc. The Scrutiny and Democratic Services Officer who supports the Overview and Scrutiny Committee also attends these meetings along with other Officers of the Council where necessary.



## The Role of Councillors

Being a Member of the Overview and Scrutiny Committee is a rewarding responsibility, enabling a Member of the Council to explore ways of improving the service the Council provides.

Overview and Scrutiny Committee Members need to take an equal part in scrutinising the Council's policies and Executive decisions, and be active in collecting and assessing evidence and producing recommendations. Overview and scrutiny provides Members with an opportunity to question Executive members, Portfolio Holders, Officers and others in order to gain knowledge of a topic and develop supporting evidence for recommendations.

Councillors will receive a considerable amount of paperwork to read and as a result, they need to set aside sufficient time to allow them to attend meetings, forums, workshops and site visits.

Councillors will:

- Agree a manageable Work Programme.
- Take an active role in Scrutiny reviews either in the full Committee or through Task Groups.
- Receive and examine information and monitor the performance of service areas and participate in reviews as appropriate.
- Hold Executive Members and Senior Officers to account.
- Take part in training and development programmes.

<b>Overview and Scrutiny Committee Members 2023/24</b>	
<b>Member:</b>	<b>Member Position:</b>
Councillor Josh Brown, <i>Conservative</i>	Chairman
Councillor Adam Kirby, <i>Liberal Democrat</i>	Vice-Chairman
Councillor Hassan Akberali, <i>Independent</i>	Committee Member
Councillor Andy Caulfield, <i>Liberal Democrat</i>	Committee Member
Councillor Kevin Davis, <i>Conservative</i>	Committee Member
Councillor Anila Javaid, <i>Labour</i>	Committee Member
Councillor Rob Leach, <i>Liberal Democrat</i>	Committee Member
Councillor John Morley, <i>Liberal Democrat</i>	Committee Member
Councillor Leslie Rice, <i>Liberal Democrat</i>	Committee Member
Councillor Martin Sullivan, <i>Liberal Democrat</i>	Committee Member

## Carrying out a Scrutiny Review

### Stage 1 – Topic Selection

Scrutiny topics are selected by the Overview and Scrutiny Committee. Items can come from a variety of sources including Members of the Council, members of the public or be referred to the Committee by the Executive or Council. Scrutiny Reviews will be undertaken by the Overview and Scrutiny Committee itself or in the majority of cases allocated to a Task Group.

Topic selection has been covered in detail in Section 2 of this guide.

### Stage 2 – Scoping and Planning the Review

Before the Overview and Scrutiny Committee can agree the Scrutiny Review, a ‘Scrutiny Review Topic Proposal’ form must be completed and submitted to the Committee.

Comprehensive scoping and planning is essential in order to ensure that the Scrutiny review is as effective as possible – if a Review is too broad, it may not be possible to identify the necessary resources to complete the Review within the proposed timescale and the Review may lose its focus, leading to ineffective outcomes.

Once a Scrutiny Review topic has been agreed, it is likely that a Task Group will be established to undertake the Review (although this is not always necessary). The Committee will encourage interested Councillors to volunteer to sit on the Task Group and will seek to achieve a politically balanced group.

**Before the Overview and Scrutiny Committee can formally agree the establishment of a Task Group, a Task Group Proposal form must be completed and submitted to the Committee for approval.**

The Terms of Reference will consider-

- The purpose, rationale and objectives of the review.
- Key issues and areas of focus.
- Responsibilities of Councillors and Officers.
- The risks involved in undertaking the review (and how they can be minimised).
- How the review will be undertaken.
- Timescales

At the first meeting of the Task Group, the Members will -

- Elect a Chairman and appoint a Vice Chairman.
- Determine dates for future meetings of the Group.
- Establish a target date for completing the review and submitting a final report to the Overview and Scrutiny Committee.

Task Groups are encouraged to consider innovative and imaginative ways of working. Examples of such working can include holding Task Group meetings at locations across the Borough, use of questionnaires and the staging of public meetings.

### **Stage 3 – Collecting Evidence**

What information is going to be needed? Once the scope for the Review has been agreed, the Task Group will need to consider what information is required to fulfil the objectives of the Review.

When the information requirements have been identified, the Task Group will need to identify where and how the information can be gained, with consideration given to:

- Undertaking site visits.
- Calling on expert witnesses, Council Officers, and external sources.
- Hearing evidence from community and voluntary groups, the public and business sector, and consulting service user groups and local interest groups.
- Commissioning research and researching best practice through local government organisations e.g. [www.idea.gov.uk](http://www.idea.gov.uk), [www.lga.gov.uk](http://www.lga.gov.uk).
- Joint working with other authorities and organisations.
- Officer reports and presentations

### **Stage 4 – Considering the Evidence**

When the evidence has been collected, the Task Group will need to meet to consider and analyse the findings. It is important that both the findings and the recommendations are drawn out of the evidence and are adequately supported by it.

### **Stage 5 – Report**

A draft report based on the Task Group's finding and recommendations will be prepared by the Chairman of the Task Group and the appointed Lead Officer.

Recommendations should:

- Be based on clear evidence.
- Address identified need.
- Link to Council priorities.
- Demonstrate tangible benefits.
- Take account of resources.

The final report and any recommendations from the Task Group will be considered by the Overview and Scrutiny Committee before being recommended to the Executive. Any changes to the Council's policies will then need to be dealt with by way of a recommendation to Council.

In the event of there being dissent from the recommendations, a minority report will also be allowed to be forwarded to the Executive, Council or Partner Organisation, proposing an alternative course of action.

## **Stage 6 – Feedback and Monitoring**

Following the reporting process, it is important that feedback is given to contributors to the Review and stakeholders concerned about the outcome. The feedback should make it clear what actions are proposed as a result of the Review.

The Overview and Scrutiny Committee will need to make suitable arrangements to monitor the implementation of the recommendations adopted, and request progress reports from officers and Portfolio Holders.

### **Officers**

The Overview and Scrutiny Committee is supported by a Scrutiny and Democratic Services Officer, the Corporate Leadership Team, the Legal Department and Lead Officers throughout the Council.

#### **Scrutiny and Democratic Services Officer**

The Scrutiny and Democratic Services Officer will act as a contact, advisor, and support for the Overview and Scrutiny Committee to co-ordinate the work of the Councillors and Officers supporting the Working and Task Groups. This Officer does not always necessarily participate in the work of the Groups, but does aid and assist Members with any necessary arrangements and application of overview and scrutiny. The Officer will also act as a link between a Group and the Council's Committee process. It is expected that the Officer will dedicate significant time to the needs of the Overview and Scrutiny Committee.

The Scrutiny and Democratic Services Officer will also assist in:

- the arrangement and organisation of Task Group meetings;
- the development of terms of reference;
- the arrangement of site visits, workshops, etc. and the attendance of witnesses;
- use of the Internet/Intranet;
- applying the Tool Kit for Successful Scrutiny.

#### **Corporate Leadership Team member**

The Corporate Leadership Team will support the Overview and Scrutiny Committee through the provision of Corporate Leadership Team engagement on and with scrutiny matters and share such between Officers dependent on the scrutiny topic.

#### **Legal Officer Support**

Legal Services will be available to support the Overview and Scrutiny Committee on matters requiring legal expertise.

#### **Lead Officer**

Each Scrutiny Review will have a Lead Officer appointed, who will be best placed to advise and inform. The Lead Officer will be involved for the duration of the Review and will assist the Task Group in its consideration of the evidence collected and the production of the final report. The Officer will assist in scoping the Review, establishing clear aims and objectives and ensuring that the right information and participants are available.

Responsibilities of the Lead Officer include:

- working with the Task Group to establish a plan to define the objectives, timetable and methodology;
- keeping the work of the Task Group under review in light of any additional issues or changes in timescale identified by the Task Group;
- assisting in assimilating information and data and present any findings or conclusions arising from the Review in an appropriate format;
- assisting in communications, including progress reports to the Overview and Scrutiny Committee and consultation with stakeholders; and
- assisting in the preparation of the final recommendations and Committee report.

Additional Officers may be called upon by the Task Group for specific technical information, either written and/or verbal. Legal Services will provide procedural, legislative and constitutional advice.

## 4. Call-In

One of the main responsibilities of the Overview and Scrutiny Committee is to hold the Executive to account. Although the Committee will ordinarily consider items as pre-decision scrutiny, it may also Call-In a decision of the Executive. This will temporarily delay the decision from being implemented until it has been fully discussed by the Overview and Scrutiny Committee.

Although the Overview and Scrutiny Committee cannot change the decision, it can refer the matter back to the decision taker to ask for the decision to be reviewed or to consider an alternative course of action.

The Call-In procedure does not apply where the decision being taken by the Executive is urgent. A decision will be urgent if any delay likely to be caused by the call-in process would be seriously prejudicial to the Council's or public interest.

The Committee may not Call-In a recommendation from the Executive to Council or a decision of Council.

Once a decision has been made by the Executive, Councillors have five working days to Call-In a decision. If the decision is called-in, it cannot be implemented until it has been referred to the Overview and Scrutiny Committee for advice.

The called-in decision must be considered by the Committee within five working days of the decision to call it in.

The decision will be referred to the first available meeting of the Overview and Scrutiny Committee if within timescales, or a special meeting of the Committee will be arranged. The Committee then has three options:

- To offer no advice, in which case the decision may be implemented immediately.
- To make a recommendation, in which case the matter must be referred to the Executive in order for a decision to be made upon it.
- To make a recommendation to Council (bypassing the Executive).

The Executive or Council is not bound to accept any recommendation to it and will have sole discretion on any further action to be taken.

Where the Overview and Scrutiny Committee does decide to make a recommendation this must be clearly documented in the minutes.

Occasionally, matters subject to call-in will be confidential or exempt and the press and public may be required to leave the room for the whole or part of the proceedings in such circumstances.

The full procedure for 'Call-In' can be found in the Overview and Scrutiny Procedure Rules in the Constitution.

## 5. Councillor Call for Action (CCfA)

The Councillor Call for Action (CCfA) provides Members with the opportunity to ask for discussions at the Overview and Scrutiny Committee on issues where local problems have arisen and where all other methods of resolution have been exhausted.

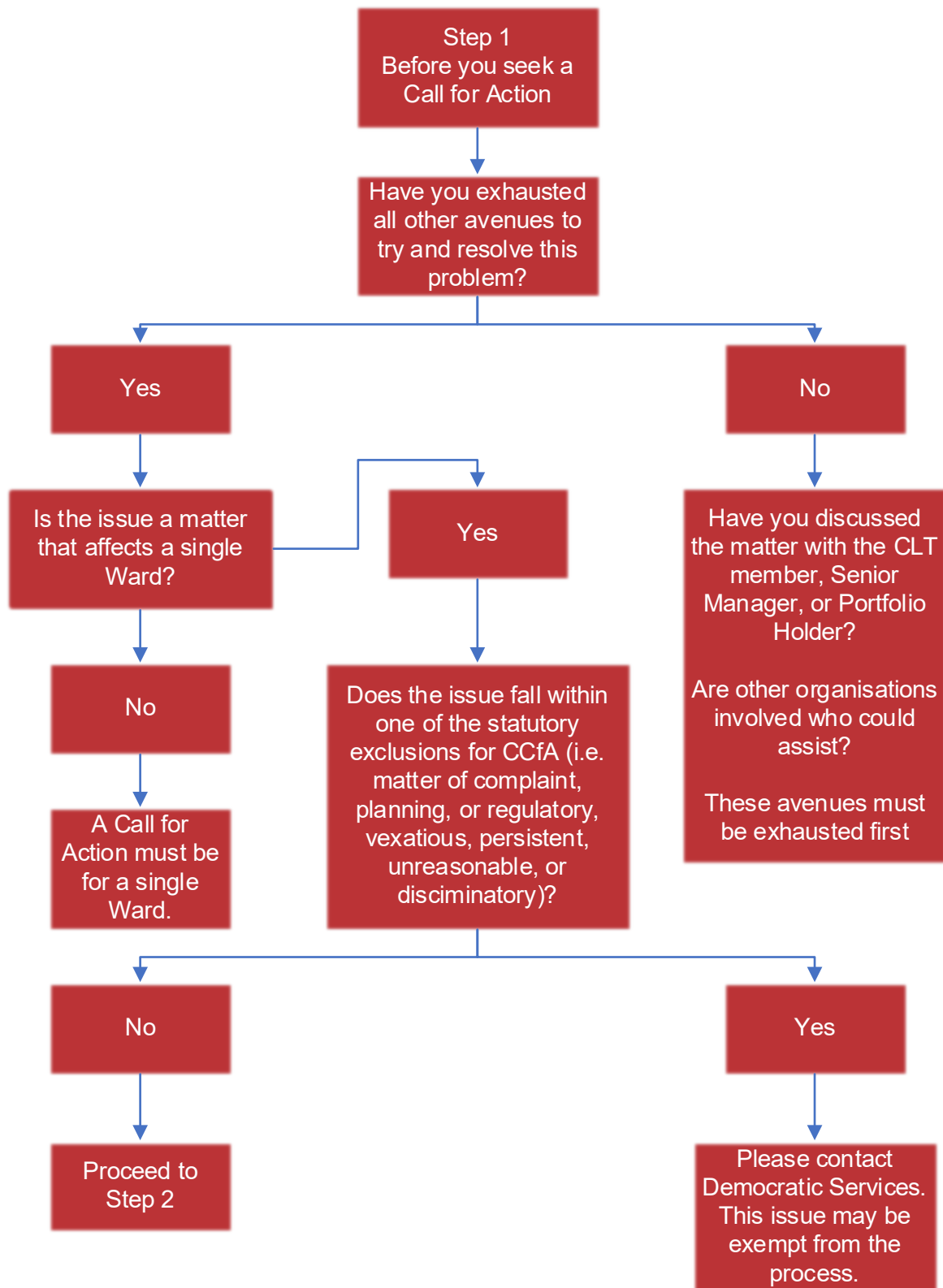
CCfA was introduced as part of wider changes introduced to provide the Overview and Scrutiny Committee with greater powers to work more closely with partners across organisational boundaries. It enables Councillors, as the democratic representatives of their communities, to raise issues that it has not been possible to resolve by other means.

The power is limited to issues affecting single wards and any Councillor can make a CCfA irrespective of their existing role on the Council. It can be about any issue of the Councillor's choice, regardless of which organisation is responsible, subject to statutory exceptions (for example if the matter is the subject of an existing complaint or is vexatious in nature), or if the matter is about a regulatory, licensing, or planning matter.

A flow diagram detailing the preparation of a CCfA is shown on the next page and a copy of the CCfA Request Form is included in Section 6 – Supporting Documents.

Alternatively, an online version of the form may be accessed here:  
[Councillor Call for Action Form](#)

The procedure for CCfA can be found in the Overview and Scrutiny Procedure Rules in the Constitution.





**Step 2 Call for Action Form**

**In completing the form you should:**

- State what the issue is;
- State what action has been taken to resolve the issue;
- Include an outline of the resolution being sought;
- Indicate any other organisations that are involved in the CCfA
- **Send your completed form to Democratic Services.**

**Step 3 Chairman's consideration of the CCfA Form**

The Chairman of the Overview and Scrutiny Committee determines whether or not to accept the CCfA for consideration

**In doing so he will ask if:**

- All existing options to resolve the problem have been exhausted;
- There are potential resource implications in the Committee's work programme to accommodate the CCfA; and
- The statutory exclusions have been considered e.g. subject of a complaint, vexatious, persistent, unreasonable or discriminatory.

In the event a Call for Action is submitted by the Chair, the Vice-Chair will determine whether or not the Call for Action is considered.

**Step 4 Overview and Scrutiny Committee**

The Initial Report allows the Committee to determine the appropriate priority in its work programme for the CCfA.

It will include information on:

- What the Councillor is requesting as the proposed outcome (with an opportunity to speak on the item);
- Action taken prior to the Call for Action being made;
- Any other known information;
- Exclusions process information;
- Which organisation/ Business Managers would be affected;
- Potential resource implications; and
- Whether and when to include CCfA into the work programme.

Details of requests for a Call For Action which have been rejected by the Chairman will be reported to the Overview and Scrutiny Committee. The Committee will consider any representations by the Member responsible for the request and determine whether to uphold the Chairman's decision or agree that the Call for Action be taken forward.

**Step 5 Overview and Scrutiny Committee**

Once the CCfA is in the Committee's work programme it will receive:

- a report including the background to the CCfA;
- comments from partner organisations;
- other information submitted for consideration by the Committee; and
- evidence from appropriate experts.

**The Committee will seek to recommend a resolution to the CCfA.**

**Step 6 Seeking a resolution**

The Overview and Scrutiny Committee makes recommendations to the Executive if it is a Council matter or to other partners.

CCfAs may be about matters that cut across the remit of partner organisations.

The Committee will send its recommendations direct to the organisation concerned.

The Committee might say that there is no action to be taken.

**Step 7 Monitoring of Recommendation**

The Overview and Scrutiny Committee will monitor the implementation of its 'recommendations'.

## 6. Public Participation

Public participation is an important part of the scrutiny process and there are a number of ways members of the public can get involved and keep updated.

- Suggesting topics for scrutiny.
- Attending Committee meetings.
- Submitting written evidence or appearing as a witness when invited to do so.
- Committee agendas, reports and minutes.

The Overview and Scrutiny Committee may request a range of individuals to give evidence and answer questions on a particular topic. These can include:

- Executive Members.
- Senior Officers.
- Members of the Public.
- Outside organisations / Service Providers.
- Experts.

Most of the discussions in Overview and Scrutiny Committee meetings will take place in public and the press are also invited to attend. Task Groups are usually not held in public, although their final report to the Committee will most likely be a public document.

### **Witnesses/Expert attendance at the meeting**

Witnesses and experts have a key role to play in helping the Overview and Scrutiny Committee and Task Groups to fulfil their objectives. Examples of experts and witnesses may include Members of the Executive, Portfolio Holders, Union representatives, external partners, local businesses and voluntary sector groups.

### **Prior to the meeting**

The Chairman or the Scrutiny and Democratic Services Officer will:

- Inform the witness of the time place and date of the meeting.
- Inform the witness of the issue the Committee would like to question them about.
- Inform the witness of any written information or documentation that the Committee may require.
- Provide the witness with copies of the agenda and relevant reports.
- Answer any questions the witness may have.

## **At the meeting**

Overview and Scrutiny meetings are normally held in public and there will often be members of the press and public in attendance. There will also be Committee Members, Officers and possibly other Councillors and witnesses. The Scrutiny and Democratic Services Officer will have contacted the witness/expert before the meeting to make arrangements to meet them and explain the format of the meeting. The Chairman will also introduce themself.

The witness/expert may have been asked to provide the Committee with a presentation. The Members of the Committee will then ask the witness/expert questions in an orderly and respectful manner. Witnesses and experts should take their time to answer the questions clearly, if they are unsure of an answer or do not understand a question, they are encouraged to say so.

Guidance for Witnesses and Experts and Questioning Techniques can be found in Section 6 – Supporting Documents.

## **After the meeting**

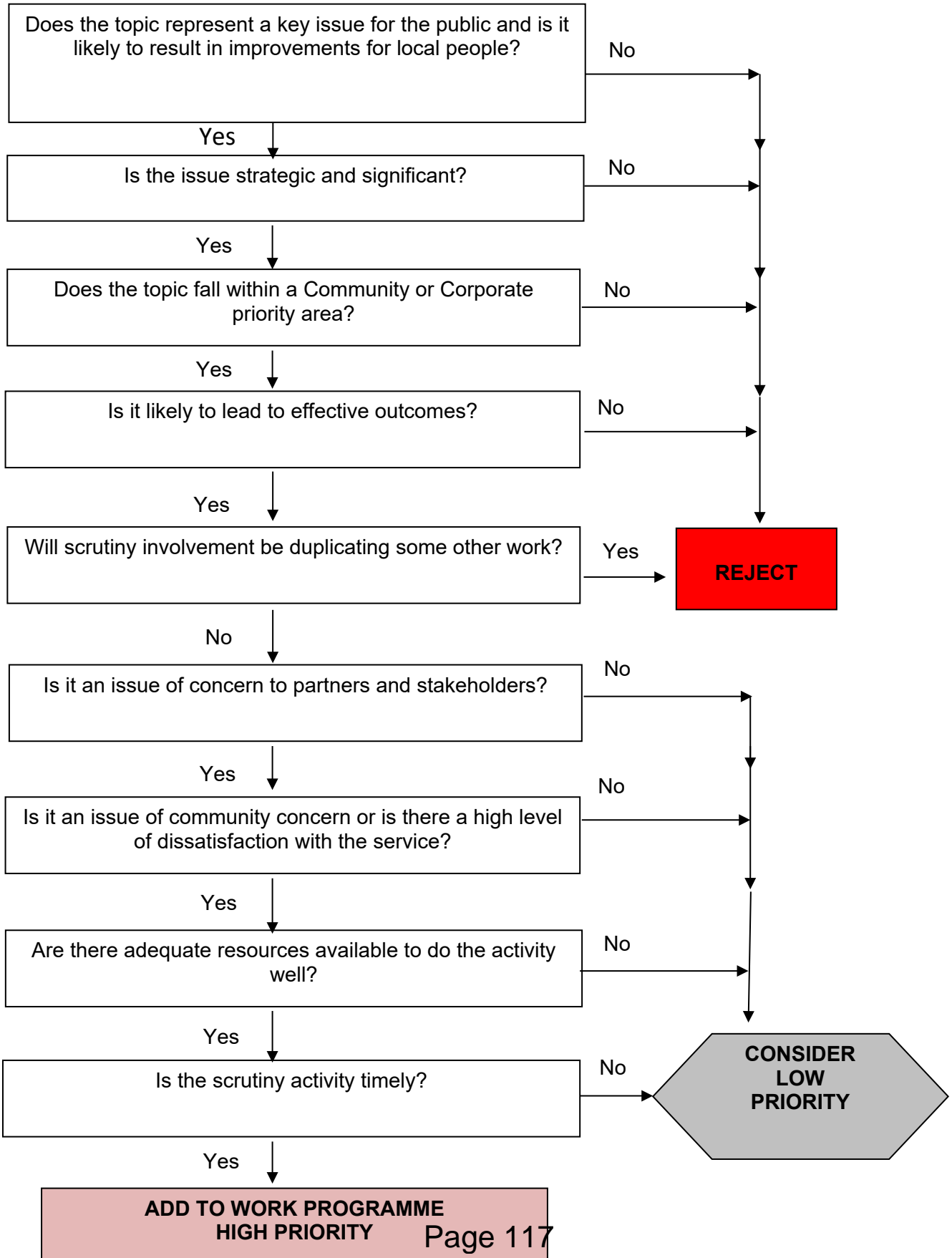
It is good practice for the Chairman of the Overview and Scrutiny Committee to write to the expert/witness to thank them for their attendance and to also inform them of the outcome following the Committee's investigation.

The following supporting documents are attached as appendices:

- Work Programme Development - Overview and Scrutiny Topic Selection Flowchart
- Scrutiny Review Task Group Proposal Form
- Scrutiny Review Topic Proposal Form
- CCfA Form
- Guidance for Witnesses and Experts
- Questioning Techniques

If you have any questions about Overview and Scrutiny or the application of this Toolkit, please contact the Democratic Services Team.

# Work Programme Development - Overview and Scrutiny Topic Selection Flowchart



# Scrutiny Review Task Group Proposal Form



**PROPOSED NAME OF TASK  
GROUP**

## Section One – The Scrutiny Review

Scrutiny Review Topic:

Topic Raised by:

Date Raised:

Purpose of Review:

*What is the purpose of the Task Group? What will the Group scrutinise?*

Rationale of Review:

*Why does the review need to be undertaken?*

## Section Two - The Task Group

Membership Of Task Group:

*Who will make up the Group i.e. Elected Members from the different parties, Portfolio Holders, Officers, Witnesses etc.?*

### Section Three - The Scrutiny Review Process

#### Methodology/Approach

*How will the Task Group undertake the review? Meetings, questionnaires, engagement etc.*

#### Sources of Information/Evidence:

*Where will the Group gather information from? Council officers, Local Groups, reports etc.*

#### Consultation Exercises:

*Will you carry out any consultation exercises?*

#### Witness/Expert Participation:

*Will you involve any witnesses/ experts? Who?*

#### Site Visits:

*Will the Task Group carry out any site visits? Where? Why?*

#### Resource Requirements:

*Officer support, funding implications etc.*

#### Risk Analysis:

*Cost implications, unrealistic expectations, timescales etc.*

**SECTION 4 - SCRUTINY REVIEW COMPLETION**

**Reporting Process:**

*How will the Group report back to the Overview and Scrutiny Committee? Presentation, written report?*

**Monitoring of Outcomes:**

*Regular reports to be submitted to the Overview and Scrutiny Committee? Members of the Task Group to monitor any recommendation and report back to the Committee?*

**Anticipated Completion Date:**

**Draft Report Deadline:**

**Meeting Frequency:**

**Dates of Meetings:**

*These will be identified by Member Services in consultation with the Task Group members.*

**Further Information:**

**\*Please ensure you complete this form in full with as much detail as possible\***



# Scrutiny Review Topic Proposal Form



## Section One – The Scrutiny Review

Scrutiny Review Topic:

--

Topic Raised by:

--	--

Date Raised:

--	--

Rationale: Why should the Review be undertaken?

--

## SECTION TWO – SELECTION CRITERIA

Selection Criteria:

Scrutiny Review likely to result in improvements for local people.

Topic falls within a Community or Corporate priority.

Topic represents a key issue for the public.

Service proposed is performing poorly.

High level of dissatisfaction with the service.

Rejection Criteria:

Topic already being addressed.

Matter is prejudicial to the Council's interests.

- A specific case that falls within the Council's complaints procedure.
- Topic involves individual disciplinary or grievance matter.
- Proposed topic is unlikely to result in improvements for local people.
- Topic is outside the authority of WBC

<b>SECTION THREE – PRIORITISATION</b>
Importance

- Strong evidence linking topic to the Council's key aims and priorities.
- Good evidence linking topic to the Council's key aims and priorities.
- Good evidence linking topic to the Council's key aims but not to current priorities.
- Some evidence that topic is indirectly related to the Council's key aims/priorities.
- No evidence that topic is related to the Council's key aims/priorities.

How would the topic link to the Council's key aims and priorities?

<b>Impact</b>
---------------

- Substantial benefits community wide or for a significant proportion or section of the Community.
- Moderate benefits for two or more client groups or substantial benefits for only one client group.
- Minor benefits for two or more client groups or moderate benefits for one client group.
- Minor benefits for only one client group.
- No benefits likely to result.

What benefits could result from the Scrutiny Review?

**Section Five – Conclusions**  
Topic Selection

Select	<input type="checkbox"/>	Reject	<input type="checkbox"/>	Reserve List	<input type="checkbox"/>
--------	--------------------------	--------	--------------------------	--------------	--------------------------

Refer Topic to:

Scrutiny Review Task Group	<input type="checkbox"/>	Overview and Scrutiny Committee	<input type="checkbox"/>
----------------------------	--------------------------	---------------------------------	--------------------------

Other	<input type="checkbox"/>
-------	--------------------------

Date Topic Considered:	<input type="text"/>
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Further Information:

**\*Please ensure you complete this form in full with as much detail as possible\***

# COUNCILLOR CALL FOR ACTION



## REQUEST FORM

This form should be used by any Councillor at Woking Borough Council who would like the Overview and Scrutiny Committee to consider a Call for Action in their ward.

**What is the subject of the Call for Action?**

**Would you like the opportunity to speak to the Overview and Scrutiny Committee?**

Yes:

No:

**Have you approached the Overview and Scrutiny Committee on the same issue in the past six months?**

Yes:

No:

**Why should the issue be looked at by the Overview and Scrutiny Committee?**

**What evidence is there to support the Call For Action?**

**Which areas or Community Groups are affected by the Call for Action?**

**Have you exhausted all avenues to resolve the issue?**

Yes:

No:

**What action(s) have you taken to resolve the issue?**

Are there any deadlines associated with the Call for Action that the Overview and Scrutiny Committee needs to be aware of?

What outcomes could be achieved from the Call for Action?

Is the Call for Action currently the subject of legal action by any party (to your knowledge) or is being examined by a formal Complaints' process?:

Yes:

No:

Councillor (print):

Signature:

Ward:

Date Submitted:

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For Office Use Only:

Received by:

Received on:

# Guidance for Witnesses/Experts

## The Scrutiny Process

The Overview and Scrutiny Committee may identify topics for scrutiny and undertake a review of a service or function of the Council or an item of public concern with a view to identifying an Improvement Plan to bring about improvements.

Scrutiny provides the opportunity for elected Councillors to examine the various functions of the Council, to ask questions on how decisions have been made, to consider whether service improvements can be put in place and make recommendations to this effect. Scrutiny also provides the opportunity for Councillors to champion issues of local concern to residents and to participate in the development of new policy.

In order to ensure the Review is comprehensive and the improvements realistic, often a Task Group is established to oversee the process. As part of the evidence gathering exercise, witnesses or experts may be requested to attend a meeting of the Committee or Task Group to provide information for the Review.

## The Committee

The Committee will hold formal meetings, the time and venue for these meetings will be set the previous year. These will usually take place in the evening at 7pm in the Council Chamber at the Civic Offices.

The Committee is made up of 10 Councillors, although anyone can attend this meeting including other Councillors, Officers and members of the public.

## The Task Group

The Task Group will hold informal meetings at times and venues suitable for those attending and the subject of the Review. For example, a Task Group reviewing the H G Wells Conference and Events Centre may therefore choose to hold its meetings at the H G Wells Centre rather than the Civic Offices.

The Task Group itself ordinarily comprises between one and seven Councillors together with supporting officers. An external representative may also sit on the Task Group. Notes of the meeting will be taken and a copy provided at a later date.

## Attending the Meeting

You will be given advance notice of the date of the meeting and will be sent a copy of the agenda, together with any background and supporting documents, at least one week before the meeting. An indication of the type of questions likely to be put to you can also be sent to allow you to prepare your responses. Should you be unable to attend a meeting, the Committee/Task Group may request a written response from you on certain points. An indication of the timeframe for such responses will be given.

Upon arrival at the venue for the meeting, you will normally be met by an Officer or member of the Committee/Task Group. They will make contact with you prior to the meeting to confirm the arrangements and where possible give you an indication of when your evidence is likely to be heard and explain the format for the meeting. If you have any particular anxieties or questions then you should not hesitate to raise these. Those present at the

meeting, including the Chairman, will introduce themselves at the start of the meeting. All those present will have copies of the papers circulated in advance of the meeting.

### **Giving Evidence**

Members of the Committee/Task Group will ask you questions in an orderly and respectful manner as directed by the Chairman of the meeting.

#### **Remember:**

- Take your time and speak slowly and clearly.
- Ask for questions to be repeated if you do not understand or cannot hear.
- If you are not sure of the answer then say so.
- You may ask questions of the Task Group for clarification or background information.

# Questioning Techniques

Witnesses are often the most valuable sources of information that Councillors rely upon, when undertaking a review. Good questioning will ensure that Councillors make the best use of witnesses, whose time may be limited.

Witnesses attend reviews to impart their knowledge in their area of expertise. It is then for Councillors to debate the evidence gathered from all sources in formulating a view. Witness would not be expected to enter into arguments about the merits of what they have said.

Below is a selection of examples of questioning techniques:

## Open and Closed Questions

A closed question usually receives a single word or very short, factual answer. For example: "Are you thirsty?" The answer is "Yes" or "No", "Where do you live?" The answer is generally the name of your town or your address.

Open questions elicit longer answers. They usually begin with what, why, how. An open question asks the respondent for his or her knowledge, opinion or feelings.

"Tell me" and "describe" can also be used in the same way as open questions. Here are some examples:

- What happened at the meeting?
- Why did he react that way?
- Describe the circumstances in more detail.

## Open questions are good for:

- Developing an open conversation: "What did you get up to on holiday?"
- Finding out more detail: "What else do we need to do to make this a success?"
- Finding out the other person's opinion or issues: "What do you think about those changes?"

## Closed questions are good for:

- Testing your understanding, or the other person's: "So, if I get this qualification, I will get a raise?"
- Concluding a discussion or making a decision: "Now we know the facts, are we all agreed this is the right course of action?"
- A misplaced closed question, on the other hand, can kill the conversation and lead to awkward silences, so are best avoided when a conversation is in full flow.



## Double-Headed or Multiple Questions

These are questions which ask more than one question at a time and should be avoided as they can lead to confusion. Whilst both elements of the question may be valid, it would be more effective to ask each one separately.

## Funnel Questions

This technique involves starting with general questions, and then homing in on a point in each answer, and asking more and more detail at each level. It is often used by detectives taking a statement from a witness:

- *“How many people were involved in the fight?”*
- *“About ten.”*
- *“Were they children or adults?”*
- *“Mostly children.”*
- *“What sort of ages were they?”*
- *“About 14 or 15.”*
- *“Were any of them wearing anything distinctive?”*
- *“Yes, several of them had red baseball caps on.”*
- *“Can you remember if there was a logo on any of the caps?”*
- *“Now you come to mention it, yes, I remember seeing a big letter N”*

Using this technique, the detective has helped the witness re-live the scene and gradually focus on a useful detail. It is unlikely they would have got this information if the witness is simply asked an open question such as “Are there any details you can give me about what you saw?”

**Tip:** *When using funnel questioning, start with closed questions. As you progress through the funnel, start using more open questions.*

## Funnel questions are good for:

- Finding out more detail about a specific point: “Tell me more about Option 2.”
- Gaining the interest or increasing the confidence of the person you’re speaking with: “Have you used the IT Helpdesk?” “Did they solve your problem?” “What was the attitude of the person who took your call?”

## Probing Questions

Asking probing questions is another strategy for finding out more detail. Sometimes it is as simple as asking your respondent for an example, to help you understand a statement they have made. At other times, you need additional information for clarification, “When do you need this report by, and do you want to see a draft before I give you my final version?”, or to investigate whether there is proof for what has been said, “How do you know that the new database can’t be used by the sales force?”

An effective way of probing is to use the “5 whys” method, which can help you quickly get to the root of a problem.

**Tip:** Use questions that include the word “exactly” to probe further: “What exactly do you mean by fast-track?”, “Who, exactly, wanted this report?”

### **Probing questions are good for:**

- Gaining clarification to ensure you have the whole story and that you understand it thoroughly; and
- Drawing information out of people who are trying to avoid telling you something

### **Leading Questions**

Leading questions try to lead the respondent to your way of thinking. They can do this in several ways:

- With an assumption: “How late do you think that the project will deliver?” This assumes that the project will certainly not be completed on time.
- By adding a personal appeal to agree at the end: “Lori’s very efficient, don’t you think?” or “Option 2 is better, isn’t it?”
- Phrasing the question so that the “easiest” response is “yes” (our natural tendency to prefer to say “yes” than “no” plays an important part in the phrasing of referendum questions): “Shall we all approve Option 2?” is more likely to get a positive response than “Do you want to approve option 2 or not?” A good way of doing this is to make it personal. For example, “Would you like me to go ahead with Option 2?” rather than “Shall I choose Option 2?”
- Giving people a choice between two options, both of which you would be happy with, rather than the choice of one option or not doing anything at all. Strictly speaking, the choice of “neither” is still available when you ask “Which would you prefer of A or B”, but most people will be caught up in deciding between your two preferences. Note that leading questions tend to be closed.

### **Leading questions are good for:**

- Getting the answer you want but leaving the other person feeling that they have had a choice
- Closing a sale: “If that answers all of your questions, shall we agree a price?”

**Tip:** Use leading questions with care. If you use them in a self-serving way or one that harms the interests of the other person, then they can, quite rightly, be seen as manipulative and dishonest.

### **Rhetorical Questions**

Rhetorical questions aren’t really questions at all, in that they don’t expect an answer. They are really just statements phrased in question form: “Isn’t John’s design work so creative?”

People use rhetorical questions because they are engaging for the listener - as they are drawn into agreeing (“Yes it is and I like working with such a creative colleague”) - rather than feeling that they are being “told” something like “John is a very creative designer”. (To which they may answer “So what?”)

**Tip:** *Rhetorical questions are even more powerful if you use a string of them. “Isn’t that a great display? Don’t you love the way the text picks up the colours in the photographs? Doesn’t it use space really well? Wouldn’t you love to have a display like that for our products?”*

Rhetorical questions are good for engaging the listener.

## Using Questioning Techniques

You have probably used all of these questioning techniques before in your everyday life, at work and at home. By consciously applying the appropriate kind of questioning, you can gain the information, response or outcome that you want even more effectively.

### Questions are a powerful way of:

- Learning: Ask open and closed questions, and use probing questioning.
- Relationship building: People generally respond positively if you ask about what they do or enquire about their opinions. If you do this in an affirmative way “Tell me what you like best about working here”, you will help to build and maintain an open dialogue.
- Managing and coaching: Here, rhetorical and leading questions are useful too. They can help get people to reflect and to commit to courses of action that you’ve suggested: “Wouldn’t it be great to gain some further qualifications?”
- Avoiding misunderstandings: Use probing questions to seek clarification, particularly when the consequences are significant. And to make sure you avoid jumping to conclusions, the “Ladder of Inference” tool can help too.
- Diffusing a heated situation: You can calm an angry customer or colleague by using funnel questions to get them to go into more detail about their grievance. This will not only distract them from their emotions, but will often help you to identify a small practical thing that you can do, which is often enough to make them feel that they have “won” something, and no longer need to be angry.
- Persuading people: No one likes to be lectured, but asking a series of open questions will help others to embrace the reasons behind your point of view. “What do you think about bringing the sales force in for half a day to have their laptops upgraded?”





# Overview and Scrutiny Work Programme

This Overview and Scrutiny Work Programme is published with the purpose of assisting the Council in its overview and scrutiny role. The Work Programme covers the following areas:

- Items for consideration at future meetings of the Overview and Scrutiny Committee.
- Scrutiny Review Topics proposed by Members of the Council for inclusion on the Work Programme.
- Topics identified for pre-decision scrutiny.
- The draft forward programme of work for the Executive.
- Details of the current Task and Working Groups under the Committee’s remit.

The Work Programme is designed to assist the Council with its overview and scrutiny role by providing Members with an indication of the current work, topics to be considered for review, and items which the Executive expects to consider at its future meetings, so that matters can be raised beforehand and/or consultations undertaken with a Member of the Executive prior to the relevant meeting.

*Any changes to the Work Programme since it was last published have been highlighted in green.*

<b>The Committee</b>	
<b>Chairman:</b> Councillor Josh Brown	
<b>Vice-Chairman:</b> Councillor Adam Kirby	
Councillor H Akberali	Councillor A Caulfield
Councillor K Davis	Councillor A Javaid
Councillor R Leach	Councillor J Morley
Councillor L Rice	Councillor M Sullivan
<b>2023/24 Committee Dates</b>	
05 June 2023	10 July 2023
11 September 2023	16 October 2023
20 November 2023	22 January 2024
19 February 2024	18 March 2024

## Recommendations

The Committee is requested to:

**RESOLVE That** the report be noted.

The Committee has the authority to determine the recommendation set out above.

**Background Papers:** None.

**Reporting Person:** Councillor Josh Brown  
Email: CllrJosh.Brown@woking.gov.uk

**Contact Person:** Toby Nash, Scrutiny and Democratic Services Officer  
Email: toby.nash@woking.gov.uk, Extn: 3056

**Date Published:** 30 June 2023

REPORT ENDS

## Suggested Additions to the Work Programme

Following the last meeting of the Committee, the Chairman and Vice-Chairman provided Officers with a list of items for consideration over the coming year. Where possible, these have been added to the Work Programme. Set out below are any ideas which have been suggested or requested but are yet to be included against a specific meeting of the Committee.

Topic	Proposed by	Officer Comment
Biannual Overview of Complaints Report	Chair and Vice-Chair (2021/22)	Following the meeting of the Committee on 21 February 2022 it was expressed by Members that the possibility of having this report appear at the Committee twice a year, as opposed to once a year would be beneficial.
Update on Company Governance Structure	Leader	The Committee would receive a report on the progress made to Company Governance Structure once sufficient progress had been made.
Review of Company Governance Structure	Chair & Vice-Chair (2022/23)	To be reviewed one year after the structure is in place.
Invite Thames Water	Overview and Scrutiny Committee	Following the meeting of the Committee on 23 January 2023 it was suggested that Thames Water be invited to attend a future meeting of the OSC once improvements to local treatment works had been completed.
Invite Affinity Water	Overview and Scrutiny Committee	To reinvoke Affinity Water following their agreement to attend first the January and then February meeting.
Community Grants Update	Strategic Director of Place	Following the changes to the handling of Community Grants, it is proposed that the Committee receive an update on how the process is working. It is proposed that this be received at approximately the September or October meeting.
Member Training Update	Overview and Scrutiny Committee	For the Committee to receive a report on the Member training programme, its effectiveness, and for the Committee to consider how it can be strengthened going forwards.
Invite Commissioners	Chair and Overview and Scrutiny Committee	Invite the DLUHC-appointed Commissioners to a future meeting of the Committee.
Commissioner-Officer Working Relationship	Chair	Understand how the relationship between the Corporate Leadership Team and DLUHC-appointed commissioners works and how effective it has so far been.
Scrutiny of definitions of statutory and non-statutory services	Chair and Overview and Scrutiny Committee	The Committee is interested in considering how Officers determined statutory and non-statutory services.
Invite South Western Railway	Chair	Woking has a large commuter population that relies on train services. It would be beneficial to invite representatives from South Western Railway to consider post-Covid services.

## The Work Programme 2023/24

### Overview and Scrutiny Committee Meeting – 11 September 2023

#### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

#### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.2 Pre-Decision Scrutiny: Review of the Core Strategy.**

Consultation	Background Documents	Contact Person/Team
None	None	Beverley Kuchar

#### 3 – Working Group Updates

**3.1 Working Group Update.** To receive an update from any meetings of the Working Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chair of each Working Group



**Overview and Scrutiny Committee Meeting – 16 October 2023**

**1 – Performance Management**

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2 – Matters for Consideration**

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.2 Freedom Leisure Annual Review.** For the Committee to receive the annual performance review and survey.

Consultation	Background Documents	Contact Person/Team
None	None	Steve May

**3 – Working Group Updates**

**3.1 Working Group Update.** To receive an update from any meetings of the Working Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chair of each Working Group

## Overview and Scrutiny Committee Meeting – 20 November 2023

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.2 Celebrate Woking.** For the Committee to receive a review of the year and receive the forward plan.

Consultation	Background Documents	Contact Person/Team
None	None	Riëtte Thomas

**2.3 Treasury Management Mid-Year Review.**

Consultation	Background Documents	Contact Person/Team
None	None	Section 151 Officer

**2.4 Housing Revenue Account.**

Consultation	Background Documents	Contact Person/Team
None	None	Louise Strongitharm

### 3 – Working Group Updates

**3.1 Working Group Update.** To receive an update from any meetings of the Working Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chair of each Working Group

## Overview and Scrutiny Committee Meeting – 22 January 2024

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.2 Joint Waste Management Performance Review.**

Consultation	Background Documents	Contact Person/Team
None	None	Neighbourhood Services

### 3 – Working Group Updates

**3.1 Working Group Update.** To receive an update from any meetings of the Working Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chair of each Working Group

## Overview and Scrutiny Committee Meeting – 19 February 2024

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.2 Freedom of Information Requests Annual Report.**

Consultation	Background Documents	Contact Person/Team
None	None	Monitoring Officer

**2.3 Annual Review of Complaints.**

Consultation	Background Documents	Contact Person/Team
None	None	Monitoring Officer

**2.4 Enterprise M3.** To receive a review of the work of the Local Enterprise Partnership.

Consultation	Background Documents	Contact Person/Team
None	None	Strategic Director of Place

### 3 – Working Group Updates

**3.1 Working Group Update.** To receive an update from any meetings of the Working Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chair of each Working Group

## Overview and Scrutiny Committee Meeting – 18 March 2024

### 1 – Performance Management

**1.1 Performance & Financial Monitoring Information.** For the Committee to consider the current publication of the Performance & Financial Monitoring Information (Green Book).

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

### 2 – Matters for Consideration

**2.1 Work Programme.** For the Committee to receive the updated Work Programme.

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.2 Annual Update on Climate Change.**

Consultation	Background Documents	Contact Person/Team
None	None	Green Infrastructure Team

**2.3 Annual Report of the Overview and Scrutiny Committee.**

Consultation	Background Documents	Contact Person/Team
None	None	Councillor Brown

**2.4 Safer Working Partnership – Community Safety Plan.** The Police and Justice Act 2006 gave local authorities responsibility for considering crime and disorder matters. In 2010 the Committee agreed that the Safer Working Partnership Plan would be brought forward annually for scrutiny.

Consultation	Background Documents	Contact Person/Team
None	None	Community Safety Team

### 3 – Working Group Updates

**3.1 Working Group Update.** To receive an update from any meetings of the Working Groups under the remit of the Committee.

Consultation	Background Documents	Contact Person/Team
None	None	Chair of each Working Group

**The Draft Executive Work Programme**

The following list sets out the draft forward programme of work for the Executive over the coming year. The programme is subject to additions and alterations and will be updated for future meetings of the Overview and Scrutiny Committee. The purpose of the list is to enable the Members of the Overview and Scrutiny Committee to identify those items they would like to scrutinise under the Committee’s function of pre-decision scrutiny. The list includes those items for recommendation to Council as well as those for determination by the Executive.

**Executive – 13 July 2023**

**Matters for Consideration**

- 1) Medium Term Financial Strategy (MTFS)
- 2) Sheerwater Regeneration
- 3) Housing Revenue Account (HRA) Recovery Plan
- 4) Public Realm Usage Policy
- 5) Town Centre Masterplan
- 6) Equalities Annual Report 2023 including Pay Gap Report
- 7) Financial Monitoring Report
- 8) Performance and Financial Monitoring Information

**Executive – 14 September 2023**

**Matters for Consideration**

- 1) 2023-24 to 2026-27 Woking For All Refresh
- 2) Victoria Arch - Housing Infrastructure Fund (HIF) Project
- 3) CIL – Application for Funding – West Byfleet Rec Tennis Court Enhancement
- 4) Treasury Management Annual Report 2022-23
- 5) Write off of Irrecoverable Debt
- 6) Performance and Financial Monitoring Information
- 7) Monitoring Reports - Projects

**Executive – 5 October 2023**

**Matters for Consideration**

- 1) Climate Change Strategy
- 2) Review of the Core Strategy
- 3) Confidentiality Protocol Annual Report

**Executive – 16 November 2023**

**Matters for Consideration**

- 1) Review of Fees and Charges 2024-25
- 2) Calendar of Meetings 2024-25
- 3) ThamesWey Business Plan
- 4) Draft Medium Term Financial Strategy (MTFS) and General Fund Budget 2024-25
- 5) Draft Housing Revenue Account Budget Update 2024-25
- 6) Draft Investment Programme 2023-24 to 2027-28
- 7) Write off of Irrecoverable Debt
- 8) Performance and Financial Monitoring Information

**Executive – 18 January 2024**

**Matters for Consideration**

- 1) Monitoring Reports - Projects

**Executive – 1 February 2024**

**Matters for Consideration**

- 1) Medium Term Financial Strategy (MTFS), General Fund, Service Plans, Budgets and Prudential Indicators 2024-25
- 2) Housing Revenue Account Budgets 2024-25
- 3) Investment Programme 2023-24 to 2027-28
- 4) Capital, Investment and Treasury Management Strategies
- 5) Performance and Financial Monitoring Information

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**Executive – 21 March 2024**

**Matters for Consideration**

- 1) Regulation of Investigatory Powers Act 2000 – Annual Monitoring Report
  - 2) Write off of Irrecoverable Debt
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**Current Working and Task Groups Responsible to the Committee**

The table below provides a list of current Working and Task Groups established by the Committee, including an indication of the resource requirements and the anticipated completion date. Any updates on the progress of individual Working and Task Groups are included elsewhere on the Committee's agenda.

<b>Economic Development Working Group</b>	
<b>Remit:</b>	<p>The Economic Development Working Group shall comprise seven Members of the Council representing all Groups on the Council based on proportionality. The Elected Members to be appointed annually by the Overview and Scrutiny Committee in May.</p> <p>Members of the Working Group will be expected to gain the views of Councillors/ Officers/ other representatives with a view to reporting those views to the Working Group.</p> <p>Members of the Working Group may also be charged with specific areas to research and report back on to the Working Group.</p> <p>Members of the Working Group may be expected to present proposals to the Overview and Scrutiny Committee and, where necessary, prepare written reports.</p>
<b>Membership:</b>	Councillors Barker, Davis, Javaid, Morley, Mukherjee, Oades, Roberts.
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	11.03.09

<b>Finance Working Group</b>	
<b>Remit:</b>	<p>The Working Group has been established as a Standing Working Group to review financial issues as identified either by itself or the Overview and Scrutiny Committee. The Working Group will receive financial information, including reports to the Executive, to enable it to undertake effective scrutiny of the financial performance of the Council.</p> <p>The Working Group will receive reports on areas such as Treasury Management, Budget Process and Financial Forecast, Statement of Accounts, Investment Programme, Review of Fees and Charges, General Fund Budget, Update on Commercial Rents, Update on Irrecoverable Debt, and matters arising from the Green Book. Its Work Programme will be received at each Working Group meeting.</p>
<b>Membership:</b>	Councillors Akberali, Aziz, Davis, Kirby, Oades, Rice, Roberts.
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	25.05.06

<b>HIF Working Group</b>	
<b>Remit:</b>	<p>The HIF Working Group has been established following the decision on 23 May 2022 to taking on the responsibilities of the Aggregates Site Working Group and the HIF Oversight Panel.</p> <p>The Working Group shall comprise seven Members of the Council representing all Groups on the Council based on proportionality. The Elected Members to be appointed annually by the Overview and Scrutiny Committee.</p> <p>Members of the Working Group will be expected to gain the views of Councillors/ Officers/ Portfolio Holder / External Advisors and other representatives with a view to reporting those views to the Working Group.</p> <p>Members of the Working Group may also be charged with specific areas to research and report back on to the Working Group.</p> <p>Working Group Members may be expected to present proposals to the Overview and Scrutiny Committee and, where necessary, prepare written reports.</p>
<b>Membership:</b>	Councillors Akberali, Boote, Cosnahan, Dorsett, Johnson, Lyons, Sullivan.
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	23.05.22

<b>Housing Working Group</b>	
<b>Remit:</b>	<p>The Housing Working Group shall comprise seven Members of the Council representing all Groups on the Council based on proportionality. The Elected Members to be appointed annually by the Overview and Scrutiny Committee.</p> <p>Members of the Working Group will be expected to gain the views of Councillors/ Officers/ Portfolio Holder / External Advisors and other representatives with a view to reporting those views to the Working Group.</p> <p>Members of the Working Group may also be charged with specific areas to research and report back on to the Working Group.</p> <p>Working Group Members may be expected to present proposals to the Overview and Scrutiny Committee and, where necessary, prepare written reports.</p>
<b>Membership:</b>	Councillors Aziz, Boote, Cosnahan, Dorsett, Johnson, Lyons, Sullivan.
<b>Resources:</b>	Officer and Councillor time.
<b>Date Established:</b>	25.05.06

## Scrutiny Review Topic Selection

Set out below is a copy of the online form set up for Councillors to submit a Scrutiny Review Topic Selection for consideration at a meeting of the Overview and Scrutiny Committee.

**This form must be completed in full with as much detail as possible.**

Your name:	Kevin Davis
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Date Drafted:	27/05/2023
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Proposed Scrutiny Topic:	Scrutiny of the Brookwood Cemetery HS2 Funds
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<b>Selection criteria</b>	
If your proposed Scrutiny Review Topic falls under any of these rejection criteria, it may not be a suitable topic to progress	
<b>Criteria for Scrutiny Review:</b>	
Scrutiny Review likely to result in improvements for local people.	X
Topic falls within a Community or Corporate priority.	X
Topic represents a key issue for the public.	X
A service is performing poorly.	
High level of dissatisfaction with a service.	
<b>Criteria for rejecting a Scrutiny Review Topic:</b>	
Topic already being addressed.	
Matter is subjudice or prejudicial to the Council's interests.	
Specific case falls within the Council's complaints procedure.	
Topic involves individual disciplinary or grievance matter.	
Proposed topic is unlikely to result in improvements for local people.	

## Outcomes of the Review

Why should the Scrutiny Review be undertaken?

As part of the HS2 project to move bodies from London to Brookwood, the fund of £2.6 million was given to Brookwood Cemetery to maintain the HS2 memorial area for 100 years.

This endowment was redirected to Council funds whereas arguably it should have been deposited with the cemetery companies.

What guarantees are there that the money will be spent on the cemetery and continue to do so for the full 100 years and should an alternative strategy be taken to safeguard the funds for cemetery use?

What benefits could result from the Scrutiny Review?

The cemetery is guaranteed the income it should have and the transparency around the initial deposit of the £2.6 million is better understood.

What level of impact will the Scrutiny Review have?

Substantial benefits community wide or for a significant proportion or section of the Community.	X
Moderate benefits for two or more client groups or substantial benefits for only one client group.	X
Minor benefits for two or more client groups or substantial benefits for only one client group.	
Minor benefits for only one client groups.	
No benefits likely to result.	

## Topic Review Process

**Resources to be included in the Scrutiny Review:**

WBC Officer Time Committee.	Finance team / Asset Manager
Report and/or presentation.	
Councillor time.	
Portfolio Holder Involvement.	No
Expert or External Representatives participation.	Chairman of the Brookwood Cemetery board HS2 representation
Establishment of a Task Group.	No

Site visits.	No
Research and Evidence.	Original decision making information and definition of processes in place to protect the funding.
Consultation Exercise.	No
Other	
<p>Please add explanatory note for any resource selected above.</p> <p>Representatives of HS2 and Brookwood Cemetery should be present to set the scene, outline intentions and to ensure absolute transparency.</p>	
<p>Please add any further information that you think would be useful in the consideration of this Scrutiny Review Topic.</p>	

Once submitted, if your Scrutiny Review Topic meets the selection criteria and enough information has been provided, it will be considered by the Overview and Scrutiny Committee at their next meeting, where they will decide whether to add the topic to their Work Programme.



## Scrutiny Topic Review Proposal [1/06/2023] *[via e-form]*

### 1.What is the topic that you would like to scrutinise?

Constitutional review and modernisation of (outdated) Planning committee procedures

### 2.Who has raised the topic?

Cllr Andy Caulfield

### 3.Why should the Review be undertaken?

When I first raised full constitutional review in this cttee last summer, I subsequently specifically raised with (then) senior planning and legal officers the need for specific Planning Cttee constitutional review & modernisation (having dealt with opaque and outdated procedures both as a resident and new Cllr). I was told this would be addressed. A year on, it has not been. It would be useful for this Cttee, instrumental in driving fuller openness & transparency, public access of residents to WBC and much needed ongoing modernisation of the way WBC operates, to look into the desired changes to planning cttee constitution and procedures to encourage long overdue updates and improvements now.

## Selection Criteria

Please refer to the Overview and Scrutiny Topic Selection Flowchart available in the Scrutiny Toolkit

### 4.Selection Criteria (select any that apply).

Scrutiny Review is likely to result in improvements for local people.

Topic falls within a Community or Corporate priority.

Topic represents a key issue for the public.

Service is performing poorly.

High level of dissatisfaction with the service.

### 5.Rejection Criteria (select any that apply)

There are no known Rejection Criteria.

## Prioritisation

### 6.How strongly does the topic relate to the Council's key aims and priorities (select one)?

Strong evidence linking the topic to the Council's key aims and priorities.

### 7.How would the topic link to the Council's key Aims and Priorities?

Greater openness & transparency , access for residents and modernisation of out dated procedures

## Impact

8.How much of the community would benefit (select one)?

Substantial benefits community wide or for a significant proportion or section of the Community.

9.What benefits could result from the Scrutiny Review?

Improved, modernised and fairer procedures and greater access for residents