



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, 20 November 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). 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 - 10)
To approve the minutes of the meeting of the Committee held on 16 October 2023 as published.
- 3 Matters Arising from the Previous Minutes OSC23-055 (Pages 11 - 14)
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.

Matters for Scrutiny

- 6 Improvement and Recovery Plan Progress Update OSC23-057 (Pages 15 - 36)

Reporting Person: Julie Fisher

- 7 Treasury Management Mid-Year Review OSC23-056 (Pages 37 - 54)

Reporting Person: Eugene Walker

- 8 General Fund and HRA Outturn Report 2022-23 OSC23-062 (Pages 55 - 62)

Reporting Person: Eugene Walker

Performance Management

- 9 Performance Monitoring Information (Pages 63 - 98)

- 10 Financial Monitoring Report - Budget Monitoring and Forecast 2023-24 - Quarter 2 OSC23-063 (Pages 99 - 120)

Reporting Person: Eugene Walker

Matters for Determination

- 11 Work Programme OSC23-054 (Pages 121 - 132)

Reporting Person: Councillor Josh Brown

Working Group Updates

- 12 Economic Development Working Group Update (Verbal Update)

Reporting Person: Councillor Anila Javaid

- 13 Finance Working Group Update OSC23-060 (Pages 133 - 136)

Reporting Person: Councillor Tahir Aziz

- 14 HIF Working Group Update (Verbal Update)

Reporting Person: Councillor Adam Kirby

AGENDA ENDS

Date Published: 10 November 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



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MINUTES
OF A MEETING OF THE
OVERVIEW AND SCRUTINY COMMITTEE

held on 16 October 2023

Present:

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

Cllr H Akberali	Cllr J Morley
Cllr A Caulfield	Cllr L Rice
Cllr K Davis	Cllr M Sullivan

Also Present: Councillors E Nicholson and D Roberts.

Absent: Councillors A Javaid and R Leach.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Javaid and Leach.

2. MINUTES

RESOLVED

That the minutes of the meeting of the Committee held on Monday,
11 September 2023 be approved and signed as a true and correct record.

3. MATTERS ARISING FROM THE PREVIOUS MINUTES

The Chairman introduced the report on matters raised at previous meetings of the Committee, drawing the Committee's attention to actions undertaken subsequently. At the request of the Chair in relation to action 10.3, Officers would provide income figures for the Council's sports pavilions. Officers were further asked to provide details of any other income the Council received through its leisure facilities.

RESOLVED

That the report be noted.

4. URGENT BUSINESS

There was no urgent business to discuss.

5. DECLARATIONS OF INTEREST

In accordance with the Members' Code of Conduct, Councillor Davis declared a non-pecuniary interest in Agenda Item 9 – Task & Finish Group: HS2 Funding for Brookwood Cemetery – arising from his membership of the Brookwood Cemetery Society. The interest was such that speaking and voting were permissible.

In accordance with the Officer Employment Procedure Rules, Kevin Foster, Strategic Director – Corporate Services, declared a disclosable personal interest (non-pecuniary) in Agenda Item 9 – Task & Finish Group: HS2 Funding for Brookwood Cemetery – arising from his position on the Board of Brookwood Cemetery. The interest was such that Mr Foster could advise the Committee on those items.

6. WORK PROGRAMME

The Chair introduced the report on the updated Work Programme, drawing Members' attention to the key changes since the document had been received at the Committee's previous meeting.

The Chair was keen to invite the Government's Commissioners to a future meeting of the Committee. In addition, the Chair advised the Committee that he had attended a meeting with the representatives from the Centre for Governance and Scrutiny (CfGS) at which they had emphasised the importance of the Committee concentrating on the proposed cuts to the Council's services and their impact. The CfGS had suggested that as many as possible unrelated items of business should be deferred until after the confirmation of budgets in February 2024.

The Committee would therefore look to invite key stakeholders to future meetings, including representatives from community groups such as Community Transport and Citizens Advice Woking, and services such as Pool in the Park and the Centres in the Community.

Reference was made to the Commissioners and a request from a resident that the Commissioners should be available to answer questions. It was suggested that the possibility of enabling a limited number of questions to be posed to the Commissioners should be considered. *(Note: following the meeting of the Committee, the arrangements for Members of Public to raise questions with the Commissioners Team was circulated to Councillors ([Contact the commissioners | Woking Borough Council](#))).*

It was noted that the Committee had previously asked for two reports on the overview of complaints to be prepared each year, in September and March. Officers were asked to explore whether the first of these reports could be brought to the next meeting of the Committee, to enable Members to identify any underlying trends.

In light of the comments of the CfGS, it was suggested that the item on the Joint Waste Management Performance Review should be deferred to March 2024.

A topic for scrutiny had been received from a resident writing on behalf of Citizens Advice Woking, a local Charity which had historically been funded by the Council. The request was in light of the current consultation on services which included the possibility of ending the discretionary funding of local community groups and sought a review by the Committee before a final decision was taken by the Council. The Councillors expressed disappointment that the request was not before the Committee and, in view of the

timescale for the review of services, it was agreed that the request would be reviewed by the Chair and Vice-Chair in consultation with Officers following the meeting, with a view to inviting representatives for Citizens Advice Woking to the next meeting.

In relation to the request, the Committee was encouraged to consider the impact of the Council's proposals across the wider community, seeking to avoid a piecemeal approach, and adopting a suitable methodology to achieve consistent outcomes. It was recognised that some organisations would not necessarily be in a position to make similar representation directly to the Council. The Committee should also look to review the importance given to the outcomes of the public consultation.

RESOLVED

That the Work Programme be noted.

7. FREEDOM LEISURE ANNUAL REVIEW OSC23-050

The Committee considered a report on the performance of Freedom Leisure over the past year, reviewing the complaints, feedback and achievements across the range of services provided by Freedom Leisure. The year had been very positive with significant growth in services, though this was due in part to the first full-year operation of the Eastwood Centre. Steve May, the Leisure Services Manager, confirmed that Freedom Leisure had achieved all the targets for the year.

The Chairman noted that the flooring to the showers in the Pool in the Park had been replaced for a second time. The Committee was advised that the work had been undertaken to address issues which had come as result of the initial work. The replacement of the flooring had been undertaken by the Contractor with no cost to Freedom Leisure or the Council.

Reference was made to the contract with the NHS to deliver a range of health products and projects, and it was confirmed that the contract achieved a surplus for the Council.

Attention turned to the Pool in the Park and it was noted that a number of complaints had been received in respect of unplanned pool closures. The Committee was advised that the closures were often as a result of a lifeguard failing to arrive on time, sometimes due to illness. There was a national shortage of lifeguards and Freedom Leisure was actively promoting opportunities through recruitment and training. Contract penalties could be charged for such closures, though these would have an impact on the Council's management fee.

Several questions were raised in respect of the funding arrangements; it was known that the Eastwood Centre achieved an annual surplus of £100,000 and Officers were asked whether this could be used to subsidise the costs of the Pool in the Park. The Committee also enquired whether the temperature of the pool could be lowered to achieve savings in service costs.

The Committee was advised that every effort to reduce the costs of the leisure facilities was being undertaken, including a review of contract requirements for services such as free swims. The Pool in the Park temperatures had been lowered and a cost saving of some 6% had been achieved. Reducing the temperature further ran the risk of discouraging users. In terms of the surplus achieved by the Eastwood Centre, it was

explained that the Council operated a wide portfolio of leisure facilities and services, with some achieving a surplus, some not.

The impact of the closure of a centre such as Pool in the Park would be captured by the work plan, including any impact on leisure membership packages. Changes to the contract with Freedom Leisure could be considered through the Council's Leisure Partnership Board with a view to identifying opportunities to achieve savings or greater income.

A desk top 'dilapidation' review exercise would identify which elements of the Pool in the Park would need to be replaced over the coming five years and the estimated costs.

The Concessions scheme was discussed and it was noted that the Borough's scheme was generous when compared to neighbouring authorities. This raised the option of possible increases, though it was emphasised that the concessions were often for the most vulnerable residents.

The Committee thanked Steve May for his presentation. Noting the ongoing consultation on changes to services, the Members asked for GP surgeries to be directly approached in recognition that changes to the Council's resources for health and wellbeing could impact on their own services.

RESOLVED

That the report be noted.

8. PUBLIC PARTICIPATION AT PLANNING COMMITTEE OSC23-049

Elements of the Council's consultation were currently being reviewed and the Committee had before it details of changes drawn up around the public participation element of the Planning Committee. The objectives of the changes were to simplify the process and ensure that residents' representations were treated equally, regardless of whether they supported or objected to a particular planning application. The proposals also recommended that the current threshold for public speaking – a minimum of ten objections to an application – should be reduced to a total of five representations.

The proposals had already been considered at a meeting of the Corporate Governance Working Group, at which the Members had suggested removing the threshold altogether. Officers had agreed to consider the proposal, noting that it could have a significant impact on the length of the Planning Committee meetings if there was the option to speak on every application. The Officers had undertaken to review whether greater Officer delegation could offset the impact on the Committee.

It was noted that the draft extract for the Constitution indicated that any representations received would be responded to by letter, albeit first class. It suggested that the options for communications should be widened to include responses by email to allow for the most appropriate form of written communication. The Committee welcomed the suggestion.

The Committee discussed the possibility of removing the threshold for representations though expressed some concerns over the impact this would have on the workloads of the Planning Committee and Officers. The possibility of restricting representations to residents only was discussed though it was noted that this could be to the detriment of applicants or agents who could be based outside of the Borough.

Reference was made to paragraph 1.2 of the draft constitution section which referred to the threshold figure of five. It was felt that the paragraph was unclear and the Committee agreed that the wording should be clarified to ensure that its meaning was no longer ambiguous. Above all, the Committee was keen to avoid the current arrangements for public speaking at the Planning Committee from becoming more complex.

It was noted that, under both the existing scheme and the proposed scheme, those making representations could, should they so choose, register to speak with the intention of preventing those wishing to support or object to the application from speaking. Officers advised that, although this was a risk, to-date such attempts had not occurred.

The Members welcomed the ambition to review the public participation at Planning Committee arrangements, and it was noted that the proposals, together with the comments from the Corporate Governance Working Group and the Overview and Scrutiny Committee, would be considered by the Planning Committee itself before a report was presented to the Standards and Audit Committee for recommendation to Council. In the meantime, the Members of the Committee could raise any questions outside of the Committee meeting.

RESOLVED

That the Committee support the amended Public Participation at Planning Committee section of the Constitution and that the Committee's proposals be taken forward with the proposed scheme:

- (a) Paragraphs 1.2 and 2.2 of the draft wording be amended for clarity as follows (changes highlighted in bold):

“1.2 The number of **representations** required before a planning application qualifies for public speaking at the Planning Committee is five (5).”

“2.2 Public may speak on any application which attracts five (5) or more **representations**.”

- (b) Any reference to communications by letter to be revised throughout the Public Speaking at Planning Committee section of the Constitution to allow for the most appropriate form of written communication, namely by letter or by email.

9. TASK & FINISH GROUP: HS2 FUNDING FOR BROOKWOOD CEMETERY OSC23-051

The Chair introduced a report which proposed the establishment of a task and finish group to review the financial agreement between HS2, the Council and Brookwood Cemetery for the management of the HS2 funds for the HS2 reburials at the Cemetery. The task group had been proposed by Councillor Davis who expressed concerns over the financial agreement. The task group would review the contract and seek to understand the obligations of the Council, the status of the funding, the impact, if any, of the S114 Statement and the arrangements to ensure the continued annual transfer of funds to the Cemetery for the duration adopted in the agreement.

The contract was for the Cemetery to maintain a section of the site for a period of 100 years for those exhumed during the HS2 construction work. Amongst other matters, the

task group would explore how the Council could ensure the continued annual payments over such a significant period.

The Chair noted that all Members of the Council had been asked to express an interest in the task group. Councillor Davis and Councillor Rice, both Ward Councillors for the Cemetery, had offered to form the membership of the task group. Councillor Davis explained that it was anticipated that only two meetings of the task group would be necessary, before a final report was presented to the Committee. The need for Officer support would be kept to a minimum and it was hoped to be able to report to the Committee in March 2024.

Councillor Roberts, Portfolio Holder for Finance, offered his assistance to Councillor Davis and Councillor Rice should they require it during the review. Councillor Davis welcomed the offer.

RESOLVED

- That (i) the general role and function of the Task and Finish Group be agreed, including those aims as set out in the Terms of Reference;
- (ii) Councillor Davis and Councillor Rice be appointed to the Task and Finish Group;
- (iii) a minimal level of Officer resource be required;
- (iv) two meetings of the Task and Finish Group be held before reporting back to the Committee; and
- (v) the Task and Finish Group to report back to the Committee by 18 March 2024.

10. HOUSING WORKING GROUP UPDATE

The Committee received the update report of the Housing Task Group, written and introduced by Louise Strongitharm, Strategic Director for Communities. The report outlined the topics discussed by the Task Group at its meetings on 26 July and 4 October 2023.

It was noted that there had been a fire at a property in Ash Road and the Committee asked what lessons had been learnt from the incident. Members were advised that the fire had been able to spread as a result of residents overloading the balconies. The Council had now drafted a balcony policy that would provide clear directions on what could be stored on the balconies.

The residents affected by the fire, consisting of six families, had initially been housed in emergency accommodation. Efforts to identify more suitable accommodation were now being undertaken, with the repairs likely to take a year to complete. Approximately half of the families were still being accommodated in hotels.

It was noted that approximately 200 residents were currently in temporary accommodation, with a broad spectrum of accommodation types. The number of homeless individuals was low, typically up to three each day.

It was agreed that a copy of the draft balcony policy would be shared with Councillors after the meeting, noting the questions around what residents would be able to place on their balconies, such as racks to dry clothes.

RESOLVED

That the report be noted.

11. FINANCIAL MONITORING REPORT

The Committee received the first of what would become a regular quarterly Financial Monitoring Report. This first report outlined the material financial issues identified since the 2023/24 budget had been set, based on the income and expenditure as at the end of June 2023. Two significant variations were referred to: issues around capital refinancing costs on which further work was being done, and in respect of car parking and the strategic options for corrective action.

RESOLVED

That the report be noted.

The meeting commenced at 7.00 pm
and ended at 9.23 pm.

Chairman: _____

Date: _____

OVERVIEW AND SCRUTINY COMMITTEE – 20 NOVEMBER 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 22 January 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
CllrJosh.Brown@woking.gov.uk

Date Published: 10 November 2023

Matters Arising from the Previous Minutes

Update on Actions Arising from the Overview and Scrutiny Committee held on 16 October 2023.

Minute 3		Matters Arising from the Previous Minutes
3.1	Action	Biannual Review of Complaints
	Progress	<p><i>From the meeting of the committee on 16 October 2023.</i></p> <p>Officers were requested to explore the possibility of bringing a report on complaints to the November Committee meeting.</p> <p>It has not been possible to bring a report to the meeting due to Officer resource and time constraints. Officers will endeavour to bring a report at the earliest opportunity and will engage with Members on its content.</p>
	Responsible Person	Gareth John / Beverley Kuchar / Toby Nash
	Status	Ongoing
3.2	Action	The ThamesWey Group information to be updated to a more readable format, in line with that provided at Member briefings.
	Progress	A new format Performance Monitoring Information is included on the agenda. As part of the company governance framework the performance indicators are being reviewed.
	Responsible Person	Pino Mastromarco
	Status	Ongoing
3.3	Action	Officers undertook to provide details on the cost of running Pool in the Park and subsidy from the Council.
	Progress	<p><i>From the meeting of the Committee on 10 September 2023.</i></p> <p>Officers are working to provide the information to Members.</p>
	Responsible Person	Eugene Walker / Louise Strongitharm.
	Status	Ongoing

Matters Arising from the Previous Minutes

3.4	Action	Officers undertook to review the costs of pavilions.
	Progress	<i>From the meeting of the Committee on 16 October 2023.</i> Officers are working to provide the information to Members.
	Responsible Person	Corporate Leadership Team
	Status	Ongoing

Minute 10		Housing Working Group Update
10.1	Action	Officers to circulate the draft balcony policy with Members.
	Progress	Officers shall circulate the policy.
	Responsible Person	Louise Strongitharm
	Status	Completed

END OF REPORT

OVERVIEW AND SCRUTINY COMMITTEE – 20 NOVEMBER 2023

IMPROVEMENT AND RECOVERY PROGRAMME PROGRESS UPDATE

Executive Summary

Following statutory government intervention and the issuing of a Section 114 Notice, the Council was required to put in place an [Improvement and Recovery Plan](#).

The Council is required to report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as the Commissioners may direct. The first three-month progress report was submitted to Commissioners in August.

The plan was adopted at Council on 22 August 2023, along with the first three-month progress report. Ahead of this both the plan and the progress report were scrutinised by the Overview and Scrutiny Committee.

The report at Annex 1 is the next progress report to Commissioners which will be presented to Council on 30 November for approval. The Overview and Scrutiny Committee is asked to provide scrutiny of this report which sets out the progress made by the Council during the period August to November 2023.

Recommendations

The Committee is requested to:

RESOLVE That the report be noted.

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

Background Papers: None.

Reporting Person: Julie Fisher, Chief Executive
Email: Julie.Fisher@woking.gov.uk

Contact Person: Lee Danson
Email: Lee.Danson@woking.gov.uk

Portfolio Holder: Councillor Ann-Marie Barker
Email: cllrAnn-Marie.Barker@woking.gov.uk

Date Published: 10 November 2023

COUNCIL – 30 NOVEMBER 2023

THE IMPROVEMENT AND RECOVERY PLAN PROGRESS – SEPTEMBER TO NOVEMBER 2023

Executive Summary

Following statutory government intervention and the issuing of a Section 114 Notice, the Council was required to put in place an [Improvement and Recovery Plan](#).

The Improvement and Recovery Plan will deliver the expectations detailed in the [Secretary of State's Directions published on 25 May 2023](#) and will help the Council return to meeting its best value duty. It will also draw upon the recommendations of the [non-statutory external assurance review](#) into the Council's finances, investments and related governance.

The three-to-five-year plan, which was adopted at Council on 22 August 2023, details the actions that the Council will undertake to deliver against the Government directions, together with milestones and delivery targets to measure progress.

The Council is required to report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as the Commissioners may direct. The first three-month progress report was submitted to Commissioners in August, and this report outlines the progress after six months.

The Chief Executive's position statement in relation to the Improvement and Recovery Plan is included at appendix A.

The full six-month progress update is included at Appendix B.

Council is asked to consider and approve the progress outlined in the report.

Recommendations

The Council is requested to:

RESOLVE That

- (i) the six months' progress since the beginning of the Government intervention on 25 May 2023 be approved.

The Council has authority to determine the recommendations set out above.

Reporting Person: Julie Fisher, Chief Executive

Email: Julie.Fisher@woking.gov.uk

Contact Person: Lee Danson, Senior Programme Manager

Email: Lee.Danson@woking.gov.uk

Portfolio Holder: Councillor Ann-Marie Barker

Email: cllrAnn-Marie.Barker@woking.gov.uk

Date Published:

CEX Position Statement

Introduction

1. I am pleased to present the second of Woking Borough Council's (WBC) Improvement and Recovery Plan (IRP) progress reports, providing an update on how the Council has responded to the Government Directions. The first progress report provided an update on the Council's immediate response to the Section 114 Notice and the development of the IRP. This second progress report provides an update on the work that has taken place to deliver against our improvement priorities since the IRP was approved in August 2023. In my position statement, I want to recognise the significant progress that has been made so far, whilst also highlighting the key challenges and risks the Council faces going forward.

Background

2. All progress detailed in this position statement must be set against the scale of the challenge that we face here at Woking. The Council is in an extremely difficult financial position due to its historic investment decisions which has left it £2billion in debt. There are also issues with historic governance and record-keeping which means that, in some areas, we may still not fully understand the scale and complexities of the financial deficit. At the same time, the Council lacks the data, systems, and capacity to enable it to respond quickly to many of the challenges it faces.
3. The IRP outlines what the Council will do over a period of three to five years, in order to respond to this significant challenge and the Government Directions. The plan is divided into four themes, which I shall report on in turn.

Theme 1: Financial Recovery

4. I am confident that we are establishing a new culture in relation to financial monitoring and control. Spend and procurement is now robustly scrutinised in advance of commitments being made. We have also improved our budget monitoring processes so that there is clear and regular reporting on the Council's in-year financial position, with budget holders empowered to act in response to the information they receive from finance.
5. However, despite these improvements, the Council still faces a significant budget gap, with £3.5m of savings for 2024-2025 yet to be identified. Further work is in hand to verify the deliverability of the £8.5m of savings already identified and the additional £3.5m savings target. There is also in-year budget pressure of £7.5m, of which £6.4m is due to commercial pressures related to debt costs, the operational performance of investments assets, primarily car parks and our retail and office commercial estate. Although the Council is taking steps to address these pressures, for example through the development of our asset management strategy and car parking review, these are not 'quick wins' and it will take time before we see the financial impact of this work. I am also leading budget monitoring sessions with senior managers, to identify any additional in-year mitigations.
6. Whilst progress has been made in agreeing the scope and direction of our Debt Reduction Plan, work is required to ensure that the Council has the capacity in place to deliver this significant workstream. The finance service remains heavily reliant on interims and, whilst the Council is working to recruit permanently to the team (including the Finance Director and their deputy), resourcing of experienced finance employees remains a challenge across local government. Despite the hard work of colleagues within this service, there is still much to do to ensure that our finance practices are 'fit for the future'.

Theme 2: Commercial

7. As I have previously reported, the Council does not have the funds to complete some of its key regeneration projects. Therefore, a focus of officer time since my last report has been developing business cases for both Victoria Square Woking Limited (VSWL) and the ThamesWey group (Sheerwater), that would enable the Council to draw down funding from the Public Works Loan Board. The business cases agreed with Commissioners, and presented to the Department for Levelling Up, Homes, and Communities (DLHUC) support these companies to avoid further impairment of assets and enable completion or partial completion of schemes in a way that delivers value for the public purse.
8. The Council has further strengthened its governance with respect to how its companies operate and how commercial decisions are made within the Council, through the introduction of a Commercial Protocol and Companies Governance Framework. The implementation of these documents will help ensure that future decisions relating to the Council's assets and commercial activities are planned, structured and robust.
9. Now that the Council has addressed the immediate priority of securing the short-term future of VSWL and Sheerwater, it can develop a broader Commercial Strategy, that will address how the Council exits from unaffordable investments and (in discussion with DLUHC) addresses its debt burden. This is a significant piece of work and an area where, again, the Council faces challenges due to missing data and documentation. However, it is vitally important that the Council takes a strategic approach that leverages the best value for Woking residents and the public purse. Therefore, this strategy needs to be developed with pace and rigour and will be a key focus for the next three-month period.

Theme 3: Governance and Assurance

10. Good progress has been made against this theme, with the Centre for Governance and Scrutiny (CfGS) completing their review of the Council's scrutiny function. The review's findings have been considered by the Improvement and Recovery Board (IRB) and a workshop is being scheduled with Members in early 2024, so that they can input to a robust action plan.
11. Progress has also been made in reviewing Part II (confidential) papers, to enable the public access to them and provide greater openness and transparency. The Legal team have reviewed over 500 documents that were considered by members under Part II. A number of these documents require redactions before being put in the public domain for commercial reasons, which is a focus for the coming months. The team is also working with our Marketing and Communications Team and ICT to establish the best way to release these documents to the public.

Theme 4: Organisation and Service Redesign

12. There has been a good response to the public consultation on proposed service changes which closed on 12 November 2023. Alongside the online consultation, I have personally met with a number of partners and community groups, to discuss the impacts of the proposed savings and consider how we could work together to deliver services differently in the future. For example, a number of community groups have expressed an interest running council assets and we are now working through how we can facilitate this process. I am grateful for these open and constructive discussions, which have again highlighted to me the strength of the community, voluntary and business communities here in Woking.
13. Alongside the public consultation, the Council is also undertaking consultation with staff as we move towards becoming a smaller organisation. Phase One (Senior Management) has now completed, with Phase Two (all other employees) commencing at the end of

November. Reviewing the whole council structure is a huge undertaking and I want to recognise the hard work of the Fit for the Future Programme Team in progressing this project at pace. I also want to recognise the professionalism and dedication of the Council's employees, who continue to deliver essential services to residents during this difficult time.

14. It is important to note the risks attached to such a large staff re-structure. We recognise the strain that this puts on employees and the risk that, as a result of the process, we fail to retain staff in roles we need going forward. Whilst we cannot completely mitigate against this risk, we are working hard to support our staff through this period of change, with regular briefings and a comprehensive training and support offer.
15. We are also working to develop a new Council vision. We recognise how important it is for Members, residents, staff and partners to have a clear and positive vision for the future. Of course, this vision needs to be set in the context of Woking being a much smaller council, with significant financial challenges. However, it is important for us to set out how we will work with residents and partners in the future to collectively achieve good outcomes for Woking. I am looking forward to discussing this emerging vision with Councillors in the coming weeks.

Conclusion

16. To conclude, I am proud of the progress that has been made over the past three months, with significant achievements across all four themes of the IRP. However, these achievements must be set against the scale of the challenge that we face here in Woking and the transformation required will take time to deliver and embed. We must keep up the momentum and continue to build on the progress made over the last six months as we move forward.
17. Moving forward we will confirm our vision as a Leadership and we will develop this with members. We must deliver the changes required to ensure we live within our means and that these changes are set in the context of a clear and future facing vision for the council.

Appendix B – Progress Report

1.0 Government Intervention

- 1.1 The Council remains in a challenging financial position. As previously reported, this is due to historical commercial and regeneration investments leading to unsustainable levels of borrowing. The Council has not made, nor does it have the financial capacity to make, sufficient provision to repay this debt. Furthermore, the level of service provision historically enjoyed by residents has become dependent on the use of reserves and high target levels from commercial income which are no longer available.
- 1.2 The Council needs to significantly reconfigure services, taking 25% out of its gross revenue budget to live within the resources available, alongside rationalising the assets held to reduce the £2bn debt WBC holds and make sufficient provision for the repayment of that debt. It needs to consider the future of commercial ventures, particularly Victoria Square Woking Ltd. and the ThamesWey group of companies, in a way that best protects the public purse, and ensure all the steps are in place to deliver sound commercial governance and financial management, and to deliver the scale of organisational change required. The Council will aim to negotiate a substantial package of Government support.
- 1.3 On 25 May 2023 the Secretary of State for Levelling Up, Housing and Communities announced an intervention package and a set of Directions (see appendix 1) to ensure that the Council was able to comply with its best value duty under Part 1 of the Local Government Act 1999. The basis for the intervention is the following: -
 - “The scale of the financial and commercial risks facing your Authority, which are compounded by the Authority’s approach to financial and debt management, corporate governance, including scrutiny of strategic financial decision making, commercial projects and property management. This has been made clear by the findings of the External Assurance Review that Minister Rowley commissioned in January.
 - The failure of the Authority to provide assurance to Ministers and the Department on the adequacy of the actions that it is taking to address the issues or provide assurance of its capacity to take the necessary action, considering the scale and pace of the response required.”
- 1.4 The intervention package is formed of actions the Council is directed to take, and powers over Council functions to be enacted by Commissioners. The Directions will be in place for five years; that this is a longer duration than in other Councils’ interventions reflects the severity of the challenge at Woking, in comparison to other intervention areas.
- 1.5 The Improvement and Recovery Plan was developed following the intervention and sets out actions to address the issues outlined above.
- 1.6 The Council is required to report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as the Commissioners may direct. The first three-month progress report was submitted to Commissioners in August, and this report outlines the progress after six-months.
- 1.7 In October the Council received the letter that Commissioners wrote to the Secretary of State after the first three-month period. This stated that:

“[the] Council was in the earliest stages of resolving the complex financial and commercial arrangements and much more remains to be done”.

The Improvement and Recovery Plan

- 1.8 The letter reflected the Council's very difficult financial position due to previous investment decisions and a lack of rigorous recordkeeping and governance. There is much to do still. The most difficult phases of the Council's recovery are yet to begin. This includes:

"the establishment of a new service delivery offer (including through engagement with a range of partners) and

"development of the revenue budget to support that offer over the Autumn. The setting of the budget in the Spring of 2024 will be pivotal.

"The Council is going through an organisational transformation process which will include significant reductions in the organisation's headcount.

"There is also the extensive work required to develop and deliver an asset rationalisation strategy."

2.0 The Improvement and Recovery Plan

- 2.1 The Improvement and Recovery Plan contains four themes. The four themes and their strategic aims are:

- (i) **Financial recovery:** Sustainable budget management, making difficult decisions whilst delivering against Council strategic priorities and safeguarding future capacity.
- (ii) **Commercial:** Release the Council from unaffordable commitments, whilst protecting the public purse and optimising the value of existing assets.
- (iii) **Governance and Assurance:** Ensure risk is managed and decisions are made transparently and safely, improving future decision-making.
- (iv) **Organisation and Service Redesign:** Deliver a smaller, data driven organisation, where staff feel empowered and digitally confident, and are delivering on key priorities.

- 2.2 All the Directions from Government are aligned to one or more of the themes, with progress reported to the Secretary of State as part of the governance arrangements.

- 2.3 Since the three-month progress report the Commissioners have described a set of success measures for each of the Directions. This is how the Commissioners will assess whether the Council has improved sufficiently. The full success measures are included at appendix 2.

3.0 Progress since the Intervention

- 3.1 This section describes the progress that the Council has made since it adopted the Improvement and Recovery Plan and the first three-month progress report which was submitted to the Commissioners on 25 August. The progress is grouped by theme and is aligned to each of the directions.

4.0 Financial Recovery Theme

Direction: An action plan to achieve financial sustainability.

Success measure: The Council has a balanced revenue budget and a sustainable MTFS.

- 4.1 The Financial Control Panel meets twice a week to ensure all spend is robustly challenged. The Panel now includes Procurement (Orbis¹) and is continuously improved, for example, additional checks will now be put in ahead of the panel to ensure correct procurement procedures have been followed. The need for robust control on spend is collectively owned by service teams as well as finance (all three directorates are represented and the chair is a Strategic Director, not the S151 Officer). This process is proving successful in changing the culture around spend at the Council.
- 4.2 The Medium Term Financial Plan was updated in September 2023. The 2024/2025 budget setting meeting is scheduled for the meeting of Council on 8th February 2024, and prior to this it will be taken through the Overview and Scrutiny Committee and the Executive. A series of briefings are planned for the Finance Working Group starting in October and leading up to the budget being set, to drill down into the key financial issues. There are also a series of member briefings planned.
- 4.3 The assessment against the Financial Management Code is complete and includes an improvement plan. Improved programme management is in place to monitor the progress of the improvement to finance reporting and actions. Further work is needed to ensure processes and systems are robust and supported by the necessary capability and capacity in the finance team.
- 4.4 The Statement of Accounts for 2022/23 is scheduled to be presented to the Standards and Audit Committee in November 2023. These will be on an unadjusted basis and following a report on outturn which will be considered by the Corporate Leadership Team. The Statement of Accounts adjusted/final (subject to audit) versions for 2018/19, 2019/20, 2020/21, 2021/22, and 2022/23 will follow the completion of audit reports by BDO on the unadjusted versions which are due by March 2024. Grant Thornton is currently looking at the Value for Money (VfM) assessments that are part of the 2023/24 accounts and a VfM review report is imminent.

Direction: Action plan to ensure the capital, investment and treasury management strategies are sustainable and affordable.

Success measure: The Council's capital investment and treasury management strategies are sustainable.

- 4.5 The review of the Council's position on subsidy/state aid in respect of the additional business cases is now complete. The Council's external legal advisers have confirmed that the actions of the Council are compliant with regulations and guidance.
- 4.6 The Section 114 Report, issued on 7 June 2023 covered the assessment of the impairment risk to Council loans. The matter was re-assessed in August and the overall deficit restated. This is being updated again to apply the Minimum Revenue Provision (MRP) changes and any other capital or treasury management requirements.
- 4.7 A report regarding the Review of Treasury Management was received by the S151 officer. Plans are currently being developed to increase the Council's capacity and skills in respect of cashflow monitoring and to address the recommendations in the report. Further urgent work is being undertaken on cashflow monitoring to ensure that the cash requirements for capital debt rescheduling and revenue budget requirements can be separately identified and covered.

¹ Orbis is a public sector partnership to provide services for its partner Councils (Surrey County Council, East Sussex County Council and Brighton and Hove City Council). Orbis works with colleagues in other authorities to deliver high quality, customer-focussed support services without the profit requirement of commercial outsourcers. The council has brought in Orbis to support specifically on the procurement and commissioning improvements and savings.

Direction: A strict debt reduction plan.

Success factor: The Council's debt position has been improved.

- 4.8 The debt reduction plan has been developed and approved by the Improvement and Recovery Board (IRB). Work is underway to provide the revised debt position based on updated savings plans, the revised MRP and the asset sale plan. The commercial strategy currently in development will support this. Work is underway to develop the asset rationalisation strategy and plan. This will have significant focus during the next period.

Direction: Compliance with financial management guidelines (updated Minimum Revenue Provision policy).

Success Factor: The Council's functions are operating in line with the appropriate rules, guidance and good practice. The Council has a compliant Housing Revenue Account.

- 4.9 Work continues to implement the expert advice on MRP treatment and loan impairments following the report received from an independent consultant in August 2023. Further modelling has been undertaken and the MTFS will be updated to reflect scenarios and apply the revised MRP charges.
- 4.10 Financial reporting has improved. This will now be embedded into the organisation to effect culture change with the ownership of service budgets sitting with service managers, supported by the finance team.
- 4.11 A consultant was appointed to prepare the 30-year Housing Revenue Account (HRA) business plan. The initial focus was on recharges as this will impact on both the HRA and the General Fund. Work on HRA recharges is progressing well and will inform the outturn and budget. Work is underway to develop the HRA budget and business plan – this is being developed with the service. The current focus is to procure a HRA Business Plan model to use for this exercise.

Direction: Resourcing Plan to support Recovery – capacity; capability; skills.

Success measure: The structure of the Council is proportionate to that service offer and to the wider corporate plan and is designed in such a way as to deliver the objectives of that plan.

- 4.12 Additional specialist finance resource has been brought in on a temporary basis to support the progression of the Financial Recovery theme key actions. A review of the capability within the finance team has been undertaken to inform what the future structure should look like. CIPFA will provide benchmarking information from other borough Councils to support this. Recruitment for a permanent S151 officer and deputy S151 officer has commenced, and once in place they will improve the stability of the function.

5.0 Commercial Theme

Direction: An action plan to strengthen financial and commercial functions (also within the Governance and Assurance Theme).

Success measure: The structure of the Council is proportionate to that service offer and to the wider corporate plan and is designed in such a way as to deliver the objectives of that plan.

Direction: An action plan to secure value for money in dealing with and financing of and strategies for companies.

Success measure: The Council's remaining assets and commercial interests following a programme of exit are appropriate to the Council's size, in line with the corporate plan.

- 5.1 Since the first progress report in August 2023, the capacity to develop and deliver the Commercial theme of the IRP has been increased (using Ethical Commercial who are consultants providing expert commercial support and advice), recognising the lack of commercial capability in-house and the pace needed in this area of the IRP. The aim of this theme is to “Release the Council from unaffordable commitments, whilst protecting the public purse and optimising the value of existing assets”.
- 5.2 A key achievement in this period was the development of the Victoria Square and Sheerwater business cases for capital investment that were submitted to Government through the Department for Levelling Up Housing and Communities (DLUHC). The business cases share the same essential aim: to avoid imminent insolvency and to protect and maximise the value of assets held by the companies to subsequently reduce the debt burden on the Council as far as possible.
- 5.3 In both cases the business cases were to enable the completion of partially completed capital works that were in the 2023/24 Capital Programme. They set out the reasoning as to why it is in the broader interests of the public purse for the Government to allow the Council to continue to access Public Works Loan Board (PWLB) borrowing to enable the completion of these schemes.
- 5.4 Following consideration of the business cases, the Council is now able to access PWLB borrowing to fund the completion of these schemes. Monthly requests for draw down of borrowing requirements are made and supported by detailed expenditure analysis and cash flow forecasting.
- 5.5 A Commercial Protocol has been developed and approved. The primary purpose of this protocol is to ensure that future commercial activities and use of commercial assets are demonstrably aligned to the Council’s prevailing strategic priorities. This will be used for all future commercial decisions within scope.
- 5.6 The Council is developing a Commercial Strategy. The strategy will contain the plans for commercial activities which the Council will execute to achieve its commercial strategic aim as set out above. This will include commercial asset disposals, procurement and contract management, role of companies and fees and charges. The strategy will clearly outline how assets will be reviewed to determine what should happen to them. This includes analysis of the contribution (and potential contribution) of each asset to the Council’s strategic aims, including the IRP, and its financial, social, environmental, and local economic impacts. It also includes an analysis of the revenue and capital impacts of disposal, development or re-purposing of assets. The outcome of this review will determine whether the Council is to retain the asset.
- 5.7 A draft of the Companies Governance Framework has been produced following consultation with key internal stakeholders and the Commissioners. This is a new document which provides a clear set of requirements for all companies in which the Council has an interest. The Governance Framework sets out a process for developing and agreeing business plans and a reporting framework that will produce critical information for each company. Companies are now asked to ‘self-assess’ and identify areas requiring improvement, followed by validation from Ethical Commercial Ltd. The Companies Governance Framework is due to go to the Executive for formal approval in November.
- 5.8 As part of the IRP, all companies are being reviewed in two stages. Firstly, an assessment of their compliance with the Council’s Companies Governance Framework (see above), and secondly a strategic review to determine how (and to what extent) the companies support the Council’s core strategic aims. The outcome of the strategic reviews will determine the future form and purpose of the companies if they are to be retained. Recommendations will fall into three categories: shut down, continue with revisions, or continue as is but with improved

governance following implementation of the Companies Governance Framework's requirements.

6.0 Governance and Assurance Theme

Direction: An action plan to strengthen financial and commercial functions (also within Commercial Theme).

Success Measure: The Council has ensured that there are effective governance, risk management and scrutiny arrangements and functions in place for Council decisions, that members and officers demonstrate that they understand and respect their roles in Council business, and that decisions are taken on the basis of appropriate evidence and analysis.

- 6.1 A Local Government Association (LGA) mentor has been identified and put in place for the Chair and Vice-Chair of the Overview and Scrutiny Committee. The Centre for Governance and Scrutiny (CfGS) has been commissioned by the LGA to review the Council's Overview and Scrutiny function, and they produced an action plan for improving the function at the end of September. Work has begun to prioritise the actions in the plan and identify the necessary officer resources to support delivery. A member workshop is being arranged to engage Councillors with the review work. The Council will continue to be supported by the CfGS as this action plan is implemented.
- 6.2 A decision was made following the intervention to release Part II confidential documents dating back to 2016 with appropriate redaction, for increased transparency and in response to an increasing number of FOI requests. Approximately 500 documents were identified as part of the review. After removing duplicates, there are 226 documents to release with 186 of these requiring redacting. A redacting software has been obtained and work to carry out the redaction has begun. Initial discussions have been held with the Marketing Communications team regarding the best release method.
- 6.3 LGA contacts have been identified to discuss the process for changing the election format to all-out elections. Discussions are due to take place with other authorities who have implemented this change (South Cambridgeshire and Huntingdonshire). The next step will be to engage members on the process.
- 6.4 Conversations have been held with the LGA regarding the most appropriate role for the independent member on the Standards and Audit committee. The final decision on this will inform what support the Council receives from the LGA in future for this work.
- 6.5 Ethical Commercial has completed a review of our operating manual for companies, and we have sought external legal advice on our business cases to Government on both ThamesWey and Victoria Square. Work on ThamesWey and Victoria Square is being prioritised but work on other companies is ongoing.
- 6.6 The Annual Governance Statement for 2022/23 is being prepared, to go to the Standards and Audit committee for approval on Thursday 23 November. The Statement reflects the Council's assessment of its governance arrangements as at 31 March 2023, therefore the impact of the Government intervention and external audit will be addressed in the 2023/24 Statement, to be published next year.
- 6.7 Considerations about the future size of our legal and commercial capability are ongoing, but the conclusion will largely depend on the future of Council companies and assets. A temporary property lawyer is starting with the Council in early 2024.

7.0 Organisation and Service Redesign Theme

Direction: An action plan to reconfigure services.

Success measure: The Council has a service offer which is shaped by a focus on its residents and customers and responsiveness to their needs and demands and which is affordable.

- 7.1 The Gateway process discovery stage identified the minimum viable provision for all services. As reported in the first three-month progress report, this process identified £4m of savings, and further service changes that will result in an additional £4m savings, contributing to the £12m budget shortfall. The possible savings have now increased to £8.5m and plans are in place to identify the remaining £4m by the end of the November.
- 7.2 Resident engagement was carried out in the summer to seek views on the Council's discretionary services. With over 8,000 responses, this was the largest consultation response rate the Council has received. Most respondents said they would consider paying an additional charge for all discretionary services, with the exception of car parking. When asked which services the Council should consider closing, arts and theatre services was the most frequently select answer (27%), as opposed to leisure (5%) and community centres (5%). Residents' preferred options for tackling the budget shortfall were 'finding other organisations to deliver services' (32%), followed by 'charging more for discretionary services' (20%). The full details of the engagement were published with the MTFS update in September 2023 and have been used to shape the public consultations.
- 7.3 Public consultation commenced on 2 October 2023 on proposals to reduce or stop certain discretionary services and will run for six weeks to 12 November. During this time senior managers have been engaging stakeholders and partners to discuss the impact of the savings proposals and discuss potential mitigations. These include transferring some services to another Local Authority which has now been agreed. Community Asset Transfer is an option for some services and this is being looked into where possible. As part of the Council's sector support offer from the LGA, an organisation called Local Partnerships is supporting the Council by providing additional expertise in this area.
- 7.4 Local Partnerships are also carrying out benchmarking on what the 'business as usual' offer should be for a small district Council. This will include an assessment of staff structures, fees and charges and key outsourced services. This will potentially highlight additional savings in services to plug the revenue savings gap.
- 7.5 The phase one staff consultation (senior management structure reporting to strategic directors only) has now concluded, resulting in £244k staffing savings. No change to service provision has yet happened as this is subject to public and further staff consultation. Service structures for the rest of the organisation have now been finalised and the phase 2 consultation will commence with the workforce and trade unions at the end of November.
- 7.6 The Council's leadership has commenced work to establish a clear vision for the future organisation. This will help shape the review of the 'Woking for all' strategy. The vision is also an integral part of providing a narrative to support the proposed service changes within the budget and the IRP. This vision will take account of WBC being a much smaller Council with significant financial challenges. The vision will be a key tool for the Council, supporting conversations with stakeholders around the budget and beyond whilst also underpinning the development of future strategies and operating models.
- 7.7 Initial improvements and efficiencies have been identified for customer-facing services. A joint ICT and customer services team has been formed to make improvements to the website and user journeys. A more comprehensive service redesign programme begins in early 2024, after the staff restructures are completed. The longer-term goal of improving the way services are

delivered though channel shift² is underway with soft market testing to potential suppliers starting in November.

- 7.8 Orbis procurement (a public sector partnership that provides services to local authorities) has provided a Procurement Business Partner who started at the Council in August 2023. A major review of the Council's contracts and procurement processes has been carried out and a subsequent improvement plan is being implemented. Every action is focussed on achieving cost savings/cost avoidance and ensuring that a robust procurement system is implemented to enable the Council to become more efficient, commercial in approach, and minimise duplication.
- 7.9 The outcome of the staff consultation, the public consultations, the Equality Impact Assessments (EqIAs) on proposed service changes, and the benchmarking exercise will all be analysed in totality and brought together at the beginning of 2024 to form the 2024/25 budget. Then, subject to approval at full Council in February 2024, implementation will commence.

8.0 Programme level progress

- 8.1 As highlighted in the first three-month progress report, effective programme management arrangements, robust monitoring processes, and clear roles and responsibilities will be key to the Council's successful delivery of this IRP and achievement of sustainable change.
- 8.2 The Programme Management Office continues to manage the delivery of the programme on a day-to-day basis, with a dedicated Programme Manager responsible for the delivery of the programme and managing the dependencies between themes.
- 8.3 Each Theme now has its own board or working group in place to manage progress, risks and issues. Due to the pace of the plan, these groups/ boards meet either weekly or fortnightly. Commissioners attend these periodically.
- 8.4 Additional governance has been put in place around key deliverables and work packages to ensure join up, that linkages are managed, and that work progresses at pace. This includes the Valuations Oversight Group which has been set up to identify the Council's current and future Corporate, Financial Services and Property Services requirements from property asset valuations to meet statutory current cost accounting requirements and inform senior management property asset related decision making.
- 8.5 The IRB which comprises CLT, Commissioners and the deputy Chief Executive from Surrey County Council to provide external challenge, meets on a monthly basis. Highlight reports for each theme are provided at each board, which cover progress of the actions and milestones within the delivery plan, and management of risks and issues. An overall report is also provided, which outlines the dependencies and overall 'health' of the programme in a dashboard format. This suite of documents is shared with the Executive monthly.
- 8.6 The IRP is a live document, continuously updated to take account of progress and relevant changes. These changes will be tracked through programme management mechanisms and may include the addition of new workstreams or objectives, or the amendment of timescales for delivery of actions. The Executive will retain oversight of these changes through the regular reporting process.
- 8.7 A set of Key Performance Indicators (KPIs) has been agreed by the board. These KPIs will be the means for measuring the improvement journey of the Council. They are: a) Expenditure

² 'channel shift' is the process by which organisations encourage customers to change the way they choose to interact with services, from the customers' current preferred approach to a new one. Channel shift is not about asking people to adopt new technologies or habits or to make it more difficult for them to interact with the council. It is about asking customers who can, to interact with the council in ways that they already do with other businesses and organisations.

against the Programme; b) Savings identified; c) Savings delivered; and d) Debt reduction status. Others will be added later in the improvement journey. These performance indicators will be monitored as part of the Corporate Performance monitoring.

- 8.8 Programme costs are tracked monthly. Any new resource requirements are subject to approval at the Financial Control Panel. There continues to be a high level of temporary/interim staff to deliver the Plan, and this comes at a higher cost than in-house resource. The current forecast shows £3.4m allocated over a three-year period.

9.0 Corporate Strategy

- 9.1 The deliverables set out in this IRP will achieve long-term sustainable improvements in how the Council operates, ensuring it is able to take effective decisions focused on improving outcomes for residents. This impacts on the Council's ability to deliver its Corporate Plan, which will have its objectives and actions revised.

10.0 Implications

Finance and Risk

- 10.1 If the Council fails to take appropriate action to meet the requirements set out in the Government Direction, or if the Commissioners appointed by the Secretary of State do not have sufficient confidence that appropriate actions are being taken to implement and sustain the required improvements, then the Council risks not having appropriate arrangements in place to comply with its best value duty under Part 1 of the Local Government Act 1999. This could lead to further Government intervention, increased costs and damage to reputation.
- 10.2 An IRP Risk Register will be maintained which will underpin the Council's Strategic Risk Register. This will be reported monthly to CLT and to the Informal Executive. The current key risks are outlined in appendix 3.

Equalities and Human Resources

- 10.3 The successful delivery of this IRP will require the development and review of many of the Council's services. These will include an EqlA where appropriate prior to decisions being made.
- 10.4 The staffing changes as a result of the Organisation and Service Redesign theme are being carefully managed and a formal consultation approach is being taken. Full EqlAs are being carried out as part of this process.

Legal

- 10.5 The Monitoring Officer reiterates the guidance provided by the S151 Officer under the Finance heading of this report as well as highlighting that the Council is still obliged to meet its statutory duties and continue to make decisions in accordance with public law principles. It is anticipated that the IRP outlined in this report will support the Council to rationalise and deliver its statutory obligations.

11.0 Engagement and Consultation

- 11.1 The IRP is published on the Council's website. The progress reports produced to the Commissioners are also published on the Council's website. A communications plan to keep staff, residents, partners, businesses and stakeholders informed is also in development.

Staff and Members

- 11.2 It is vital that the Council effectively engages staff and Members to drive organisational changes. The Council is having an open conversation with staff and Members about the values the Council needs to adopt and embed going forward. The Council has around 350 members of staff, many of whom work on the frontline, and internal communications will support staff to understand the relevance of the IRP to their day-to-day work, alongside the Council's Corporate Plan and priorities for residents.
- 11.3 The Council is communicating with staff in a variety of ways, including regular video and email messages, staff Q&A sessions and manager briefings. This is a two-way conversation with the intelligence gained from staff throughout the organisation used to inform the IRP.

Residents

- 11.4 The Council is committed to becoming a listening, responsive Council that enables residents to influence the design of services. The Council is conducting a residents' survey that will inform priorities and future communications with the community, to ensure focus on the issues residents care about.

Partners and stakeholders

- 11.5 The Council is reviewing ways of working and partnership arrangements as it continually strives to provide the best possible services. The Council wants to build on its operational relationships with partners that have been strengthened during the pandemic and is keeping them informed of progress against the IRP.

REPORT ENDS

The Secretary of State Directions

The Directions include requirements for the following:

- a. An action plan to achieve financial sustainability and to identify and close any short and long-term budget gaps across the period of its Medium Term Financial Strategy, including a robust multi-year savings plan.
- b. An action plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable.
- c. A strict debt reduction plan, demonstrating how overall capital financing requirement and external borrowing will be reduced over a realistic but expedient timescale, reducing debt servicing costs.
- d. An action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority. An updated Minimum Revenue Provision policy in line with all relevant rules and guidelines.
- e. An action plan to reconfigure the Authority's services commensurate with the Authority's available financial resources.
- f. A plan to ensure that the Authority has sufficient skills, capabilities and capacity to deliver the Improvement and Recovery Plan, within a robust officer structure, including appropriate commercial expertise and capacity.
- g. An action plan to strengthen the Authority's financial and commercial functions, and to secure improvements in risk management and governance.
- h. A plan to secure value for money during any exit from the Authority's arrangements with its companies, and the revolving lending arrangements between them, including a plan on how to mitigate associated risks and an appropriate timescale for doing so.
- i. Actions to secure continuous improvement in all services.

The Directions and Success Measures

Direction	Success measure
(a) An Action Plan to achieve financial sustainability	The Council has a balanced revenue budget and a sustainable Medium Term Financial Strategy.
(b) An Action Plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable	The Council's capital, investment and treasury management strategies are sustainable.
(c) A strict debt reduction plan	The Council's debt position has been improved.
(d) Compliance with Financial Management guidelines – updated MRP policy	The Council's functions are operating in line with the appropriate rules, guidance and good practice. The Council has a compliant Housing Revenue Account.
(e) An action Plan to reconfigure services	The Council has a service offer which is shaped by a focus on its residents and customers and responsiveness to their needs and demands and which is affordable.
(f) Resourcing Plan to support Recovery – capacity; capability; skills	The structure of the Council is proportionate to that service offer and to the wider corporate plan and is designed in such a way as to deliver the objectives of that plan.
(g) An action plan to strengthen financial and commercial functions	The Council has ensured that there are effective governance, risk management and scrutiny arrangements and functions in place for Council decisions, that members and officers demonstrate that they understand and respect their roles in Council business, and that decisions are taken on the basis of appropriate evidence and analysis.
(h) An action plan to secure value for money in dealing with the financing of and strategies for companies	The Council's remaining assets and commercial interests following a programme of exit are appropriate to the Council's size, in line with the corporate plan.
(i) An action plan to secure continuous improvement	The Council has demonstrated that it is focused on continuously improving in all areas and has robust processes in place to collect and analyse data on its delivery, and to manage its performance effectively, and has developed an organisational culture, at all levels, where staff are enabled and empowered to constructively challenge and improve ways of working.

The Improvement and Recovery Plan

All the recommended actions from the External Assurance review and other actions identified as part of the Improvement and Recovery Plan have been progressed, or a concrete plan is in place to action them.

The Council has considered properly and decided as to whether to move to a four yearly electoral cycle.

The following risks are extracted from the Risk Register as the top ‘red’ risks to the delivery of the Improvement and Recovery Plan. They are monitored by the Improvement and Recovery Board on a monthly basis.

Risk	Mitigation
1. Resources – major competency and capacity gaps identified but difficulty in filling them leading to continued reliance on temporary resource	Upskilling staff where possible. Current interim S151 and interim deputy are improving the culture of the function and improving links with service managers. Commencing recruitment of permanent S151 and deputy S151.
2. Pace of change and ability of staff to cope with the pace alongside delivering BAU services	The pace required and the scale of the change with limited resources continue. Regular senior manager briefings and staff briefings are being held. Additional support in place from HR change team.
3. Insufficient data and poor record keeping leading to delays in delivering the programme actions e.g. asset rationalisation strategy	This is improving as more attention is given. Still remains a high risk.
4. Difficult decisions not being made leading to savings not being realised and loss in confidence by Government	Finance Working Group and all-councillor briefings in place to brief on financial issues. Additional Scrutiny meeting planned for December. Vision being developed to support the narrative.
5. The level of organisational change and uncertainty has an adverse impact on staff morale leading to higher numbers leaving and a resultant loss of corporate knowledge	Vision being developed and supporting narrative regarding what the vision means for staff, residents, and partners. Regular staff briefings and additional support is being provided during this phase

OVERVIEW AND SCRUTINY COMMITTEE – 20 NOVEMBER 2023

TREASURY MANAGEMENT MID-YEAR REVIEW 2023-24

Executive Summary

To comply with the CIPFA (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management, the Council has agreed that the Overview and Scrutiny Committee would be responsible for ensuring effective scrutiny of the treasury management strategy and policies. In December 2021, CIPFA, issued revised Prudential and Treasury Management Codes.

This report to the Overview and Scrutiny Committee provides an overview of Treasury Management for the first six months of the year against the Treasury Management Strategy and Prudential Indicators for 2023/24.

Recommendations

The Committee is requested to:

RESOLVE That

- (i) the report be received and compliance with the Council's approved strategy be noted.

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

Background Papers:	None.
Reporting Person:	Eugene Walker, Interim Finance Director & Section 151 Officer Email: eugene.walker@woking.gov.uk, Extn: 3070
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Date Published:	10 November 2023

1.0 Introduction

- 1.1 The CIPFA (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management requires formal scrutiny of the Treasury Management function. The Council has agreed that the Overview and Scrutiny Committee would be responsible for ensuring effective scrutiny of the treasury management strategy and policies. This report to the Overview and Scrutiny Committee provides an overview of Treasury Management for the first six months of the year against the Treasury Management Strategy and Prudential Indicators for 2023/24.
- 1.2 CIPFA published updated Treasury Management and Prudential Codes on 20th December 2021 with the changes coming into effect in 2023/24. The changes include new requirements such as the purpose, objectives, and management arrangements for commercial & service investments needing to be defined in the Council's Capital or Investment Strategy. The strategies are being reviewed to ensure they comply with the updated guidance and a new suite of strategies will be published with the budget reports in February 2024.
- 1.3 There is overlap between the Capital and Investment Strategies, and the Council's Treasury Management strategy. Therefore, the three strategies will be presented together, as part of the budget setting papers in February, enabling the links to be highlighted whilst minimising duplication.
- 1.4 The information in appendix A reports on total interest receipts and payments for the year to date. It also contains a comprehensive section on Treasury Management, detailing external commitments (borrowing, deposits and investments in and other advances to group companies, joint ventures and external organisations), details of long-term loans, and deals outstanding at the quarter end.
- 1.5 The information presented needs to be considered in the context of the wider reviews of the Council's financial position. As discussed later in the report, the interest variation of £4.9m assumes that the 2023/24 interest and principal repayments on the loans made by the Council to its Group Companies will be received. However, due to the financial position of the companies, these repayments have been suspended pending further reviews of the solvency of the subsidiaries. If this income is not received then there will be a forecast shortfall of £41m against the interest income budget. This will increase the interest budget monitoring variance position (shown in the Appendix A) by £41m by the year end.
- 1.6 The Council has commissioned consultancy advice on a Commercial Strategy, which will include strategic options for key regenerations schemes such as Sheerwater and Victoria Square. The Commercial Strategy is in development with the support of Commissioners and will be reported to Council in the coming months. This will inform reviews of the Minimum Revenue Provision (MRP) position and Bad Debt on the Council's loans to its subsidiary companies. The strategy and reviews will determine how much of the Council's group investments will be recoverable.

Capital Strategy

- 1.7 The Capital Strategy has a wide scope covering the Council's overall approach to capital investment. It demonstrates how the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability.
- 1.8 The purpose of the capital strategy is to give a clear and concise view of how the Council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It includes references to elements of the Investment Strategy, Treasury Management Strategy and the Council's Investment Programme.

- 1.9 The Capital Strategy sets out the Council's long-term approach in line with the long-term nature of capital and investment decisions. There is a direct link to the Council's Local Plan, place shaping activities and other long-term strategies.
- 1.10 Group activities and joint ventures are also included in the Capital Strategy, including the processes for ensuring effective due diligence and defining the Authority's risk appetite.
- 1.11 The guidance requires that proportionality, in respect of overall resources, is also considered.
- 1.12 As discussed in the Section 114 Notice issued in June 2023, the Council's previous Capital and Investment strategies have resulted in unaffordable borrowing, inadequate steps to repay that borrowing, and high values of irrecoverable loan investments.
- 1.13 The Capital Programme has therefore been largely suspended with provisions only for items such as urgent health and safety and regulatory works, Housing Asset Management Programmes, and payments only being made to companies and joint ventures to cover contractually committed capital expenditure or business cases agreed with The Commissioners\DLUHC.

Non-treasury Investment Strategy

- 1.14 The Investment Strategy covers investments which have been made in support of service objectives rather than as part of treasury management activity. It is intended to provide a better explanation of investment activities, explaining 'why' as well as 'what' investments are made. A range of indicators and disclosures are recommended in the guidance.
- 1.15 Investments held for treasury management purposes are covered by the Treasury Management Strategy (see below), with the focus of the Investment Strategy being other investments such as loans, shares and property.
- 1.16 Whilst the Council has a significant property portfolio, these assets are not held primarily for financial return. Each asset has a strategic purpose with a direct link to Council objectives or services. Shares and loans are also used to support the Council's objectives. Property, loans and shares are usually treated as capital expenditure and financed as with other Investment Programme projects. However, these items are disclosed as assets held as investments on the Council's balance sheet and so the guidance has been applied.
- 1.17 As discussed above, the Council now has an unaffordable level of borrowing due to the irrecoverability of its service loan investments and inadequate MRP being made. Officers are reviewing the property portfolio to identify suitable assets to dispose of in order to reduce the level of overall debt. This work is a key element of the Commercial and Finance workstreams of the Council's Improvement and Recovery Plan developed in conjunction with Commissioners.

2.0 Treasury Management Prudential Indicators

- 2.1 On 23 February 2023 the Council approved Prudential Indicators for the period 2023/24 to 2025/26 as part of the annual budget process. Performance as at 30th September 2023 against the approved limits is shown below.

	2023/24	2023/24
TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'000	£'000
	Approved limit	Actual at 30/9/23
Authorised limit for external borrowing -		
Borrowing	£2,288,278	£2,033,585
Other long-term liabilities	£20,989	£22,601*
Total authorised limit for external borrowing	£2,309,267	£2,056,186
Operational boundary for external borrowing -		
Borrowing	£2,278,278	£2,033,585
Other long-term liabilities	£20,989	£22,601*
Total operational boundary for external borrowing	£2,299,267	£2,056,186
Upper limit for fixed interest rate exposure	100%	100%
Upper limit for variable rate exposure	70%	0%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£3,000	£0

2.2 *Estimate based on September 2023 projections. The PFI Finance Lease Liability will reduce during 2023/24 and the budget reflects the end of year position.

2.3 These indicators will be reviewed in the Annual Treasury Management Strategy that will be approved as part of the 2024/25 budget.

3.0 Current Treasury Position

3.1 The Council's treasury position at 30th September 2023 comprised:

	Principal	Ave Rate
Borrowing	£000	%
Long term borrowing	1,767,383	2.65%
Short term borrowing	266,202	4.92%
Total Borrowing	2,033,585	
Deposits		
External Investments		
- Short term on advice of TUK	0	0.00%
- Short term WBC Treasury	29,000	5.35%
- on call with Lloyds TSB	3,360	3.90%
Total External Deposits	32,360	
Long Term Investments in Group Companies/ Joint Ventures/External Organisations	1,326,547	3.33%

3.2 Appendix A shows the current interest variance against budget for the financial year to the end of September. As discussed above, many of the loans the Council has made to its subsidiary companies are not recoverable and some level of assistance from Government will be required to deal with the Council's debt. It is not known what form of assistance (if any) will be provided. Currently, in order to ensure that the Council does not borrow to finance revenue loans to the Group companies, loan repayments from Subsidiaries to the Council have been suspended.

The interest due from the group investments is being accrued in the accounts. Until the reviews into the Companies have been completed, it is not known which loans will be recoverable and what interest will be due.

3.3 There are effectively two interest positions to monitor against in 2023/24;

- 1) The 'Business as Usual' position of the Council which assumes the 2023/24 interest from loans to the Group companies will be received. This approach allows the core financial position of the Council to be measured. Due to the size of the capital financing budget, any movements in the budget can distort the bottom line monitoring position of the Council's core services. On this basis, as shown in Appendix A, the interest from the group companies is assumed to be received in full (reflecting the position currently being assumed in the Council's accounts). As more is known about the financial position of the Group, the recoverability of the Council's investments in its subsidiaries, and any Government support, the interest variance will be updated to reflect the latest position.

The 2022/23 Draft Final Accounts contain an accrual for the interest owed by the subsidiary companies to the Council as at 31st March 2023 (i.e. the accounts assume that this will be paid at a later date). The interest position reported in appendix A assumes that this income relating to 2022/23 will not be received and therefore creates an overspend in year.

- 2) The interest income from investments in the group makes up £42.1m of total £43.3m interest income budget. The £1.2b deficit reported in the Section 114 notice assumed that this income would not be forthcoming as the underlying loans will be written off. It is not yet known how much of this income will be recoverable. £41m of the £43m interest budget is at risk of not being received.

3.4 The Section 114 Notice states that 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 Council's MRP strategy is being updated and will be presented with the Treasury Management Strategy in February. Both the additional MRP charged, and the lost interest income on irrecoverable loans to the group, will need to be considered as part of the £1.2bn deficit detailed in the Section 114 notice. The s114 notice identified that there needed to be a major revision to the MRP charge - there is both a backlog adjustment and an ongoing annual charge not currently in the budget.

4.0 Borrowing Requirement

4.1 The borrowing requirement for the current financial year set out in the 2023/24 strategy was £173m.

4.2 Due to the reasons outline above, and in the Section 114 Notice, the capital programme has been suspended apart from urgent health and safety and regulatory works, with payments only being made to companies and joint ventures to cover contractually committed capital expenditure or business cases approved by The Commissioners\DLUHC. This will be reflected in the Investment Programme section of the budget report going to the February Council.

4.3 In the wider economy, CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. However, inflation continues to be well above the Monetary Policy Committee's (MPC) 2% target with CPI inflation remaining at 6.7% in September. In order to tackle inflation, the first half of 2023/24 saw interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.

4.4 Link Group (the Council's treasury management advisors) forecast the bank rate to peak at 5.25%. A table of Link's forecast rates is below;

Link Group Interest Rate View 25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

- 4.5 50 year annuity PWLB rates continue to remain high starting the year at 4.62% rising to 5.6% by the end of September increasing the cost of any new long-term borrowing for the Council. Link Group are forecasting 50 year PWLB to be 5.2% in December 2023 and then to fall gradually to 4.20% in March 2025. However there has been market volatility and rates continue to be difficult to predict.
- 4.6 With interest rates remaining high through the first half of the year, Link advised that rates were above target rates and recommended not to lock in long term borrowing. Therefore, where the Council has borrowed in the current year, it has taken temporary borrowing with a view to refinancing this to long term PWLB borrowing when the rates fall. Borrowing has been deferred wherever possible by maintaining only small cash balances.
- 4.7 As at the 1st April 2023 the Council held £198,000,000 in temporary borrowing (less than 1 year outstanding). The majority of the Council's debt is long term (50 year) annuity loans reflecting the anticipated long life of the projects it was taking on. As discussed elsewhere in the report, the Council is reviewing its asset portfolio in order to identify assets to dispose of in order to reduce the Council's debt. It may be that medium term borrowing of between 1 and 5 years is taken rather than short term borrowing in order to match loan maturity dates to broadly coincide with asset sales.
- 4.8 There were no new long term fixed rate loans taken from the Public Works Loan Board (PWLB) during the first six months of 2023/24. The following short-term loans were taken from Local Lenders and the PWLB during the first six months of 2023/24: -

Loan number	Start date	Principal	Interest Rate	Type of Loan	Borrowing Period
612710	06/04/2023	20,000,000	4.69	Maturity	1 Year
4407	25/04/2023	5,000,000	4.3	Maturity	9 Months
4409	25/04/2023	5,000,000	4.6	Maturity	1 Year
625854	23/05/2023	10,000,000	4.96	Maturity	1 Year
4412	06/06/2023	10,000,000	5	Maturity	9 Months
4410	08/06/2023	10,000,000	4.75	Maturity	9 Months
634679	23/06/2023	12,000,000	5.86	Maturity	1 Year
636524	30/06/2023	10,000,000	6.13	Maturity	1 Year
4411	19/07/2023	5,000,000	5	Maturity	1 Year
641800	21/07/2023	5,000,000	6.1	Maturity	1 Year
644108	28/07/2023	10,000,000	5.97	Maturity	1 Year
644412	31/07/2023	5,000,000	5.83	Maturity	1 Year
650215	17/08/2023	10,000,000	5.81	Maturity	1 Year
652763	25/08/2023	5,000,000	6.05	Maturity	1 Year
656657	11/09/2023	10,000,000	5.84	Maturity	1 Year

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657466	13/09/2023	5,900,000	5.91	Maturity	1 Year
660178	22/09/2023	5,000,000	5.77	Maturity	1 Year
660210	22/09/2023	3,300,000	5.77	Maturity	1 Year
Total		146,200,000			

4.9 £78m of the £146m was taken to re-finance loan maturities and £68.2m funded new expenditure in 2023/24.

4.10 Full details of the Council's loans are reported in Appendix A to this report.

4.11 The Council has been working with DLUHC and Commissioners to identify the borrowing needs of the Council going forward. Further borrowing is required in order to finance the remaining capital programme (which is now limited to the items discussed above) and to refinance loan maturities.

4.12 The new borrowing is likely to be a combination of PWLB and loans through other Local Authorities depending on the rates and availability of both. The Council will look to take longer term borrowing again, dependent on the Council's future borrowing needs and if there is a fall in medium/long-term rates (either through market volatility, the economy stabilising, and/or inflation subsiding).

4.13 There will be close monitoring of the rates and borrowing available over the next 6 months and in the longer term.

5.0 Debt Rescheduling

5.1 No debt rescheduling has taken place to date in the 2023/24 financial year and therefore the Treasury Management Panel has not met.

5.2 For prudence the Council has largely taken 50-year fixed rate loans to finance its long term projects and therefore the average loan duration is very much skewed towards longer dates. It is good Treasury Management to review the average duration of loans to ensure the organisation is borrowing as efficiently as possible.

5.3 Increasing interest rates can offer opportunities to redeem loans early and refinance them at current rates. The Council may then receive a discount on the original loan which it would spread over 10 years. This debt rescheduling could be used to find the optimum average loan duration and possibly achieve a revenue saving over the next 10 years. These benefits would need to be considered alongside the impact on the remainder of the loan term (not just the first 10 years) and the prudence of matching loans to the economic lives of the assets produced by the Council's projects.

5.4 Any debt rescheduling proposals will be discussed with the Treasury Management Panel.

6.0 Treasury Management Investment Strategy

6.1 The Council's treasury investments are held primarily to manage cashflows. Treasury investment priorities are the security of its capital, the liquidity of its investments and finally the return on the investment. The balances held during 2023/24 to date have been minimised to assist in delaying the need to borrow, and so it has not been necessary to use the range of investments available in the strategy.

6.2 The investments used to manage cash flow to date in 2023/24, and the limits applied, are as indicated below.

- Money market funds – four funds, two with a limit of £50m per fund, one with a limit of £70m, and one with a limit of £30m.
- Deposits with other local authorities – up to £4m per authority.
- Deposits with Lloyds Bank – no limit as this is the Council's banker.

6.3 Whilst deposits with other local authorities and Building Societies are permitted by the Strategy, it has not been necessary to make such investments or place funds on the advice of Tradition UK (TUK) during the year to date.

Creditworthiness Policy

- 6.4 The Council uses Fitch ratings to derive its investment criteria for investments other than with other local authorities and Building Societies. Where a counterparty does not have a Fitch rating, the equivalent Moody's rating will be used.
- 6.5 The Council takes account of Link Asset Services' creditworthiness service and receives notification of changes to ratings as well as a comprehensive weekly list. This service uses credit ratings from all three rating agencies (Fitch, Moodys and Standard and Poors), but also takes account of credit watches, credit outlooks and other information. These factors are combined to indicate the relative creditworthiness of counterparties and provide a recommended duration for investments.

Country Limits

- 6.6 Under the Code of Practice, the Council should determine the minimum credit limit on a country basis as well as for institutions. The Treasury Management Strategy sets out that the Council will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent agencies if Fitch does not provide). It should be noted that the UK is excluded from the minimum country limit as per the Executive decision on 30th June 2016; without this decision, the Council would have been unable to place investments in the UK.
- 6.7 Information on changes to country ratings is received as part of the Link Asset Services creditworthiness service, and records are updated by Treasury Management staff.
- 6.8 In the six months to 30th September, no deposits were placed outside of the UK.

7.0 Use of External Service Providers

- 7.1 The Council uses Link Group as its external treasury management advisors. Further external support and reviews of the Treasury Management functions have been carried out by Worth Technical Accounting Solutions Ltd and Martin Easton in 2023/24.

8.0 Corporate Strategy

- 8.1 The Capital, Investment and Treasury Management Strategies support the Council's use and prioritisation of resources in line with the Corporate Plan and Corporate Strategy

9.0 Implications

Finance and Risk

- 9.1 The financial implications are implicit in the body of this report.

Equalities and Human Resources

- 9.2 The CIPFA code requires members and staff involved in treasury management to receive training and the Council's training requirements will be reviewed in order to provide appropriate training.
- 9.3 The contract with Link Asset Services provides for staff attendance at various conferences and seminars as well as providing a helpline facility, and Treasury Management staff have attended seminars and courses run by Link Asset Services during the year.

Legal

- 9.4 This report has been reviewed by Legal Services who have not raised any issues.

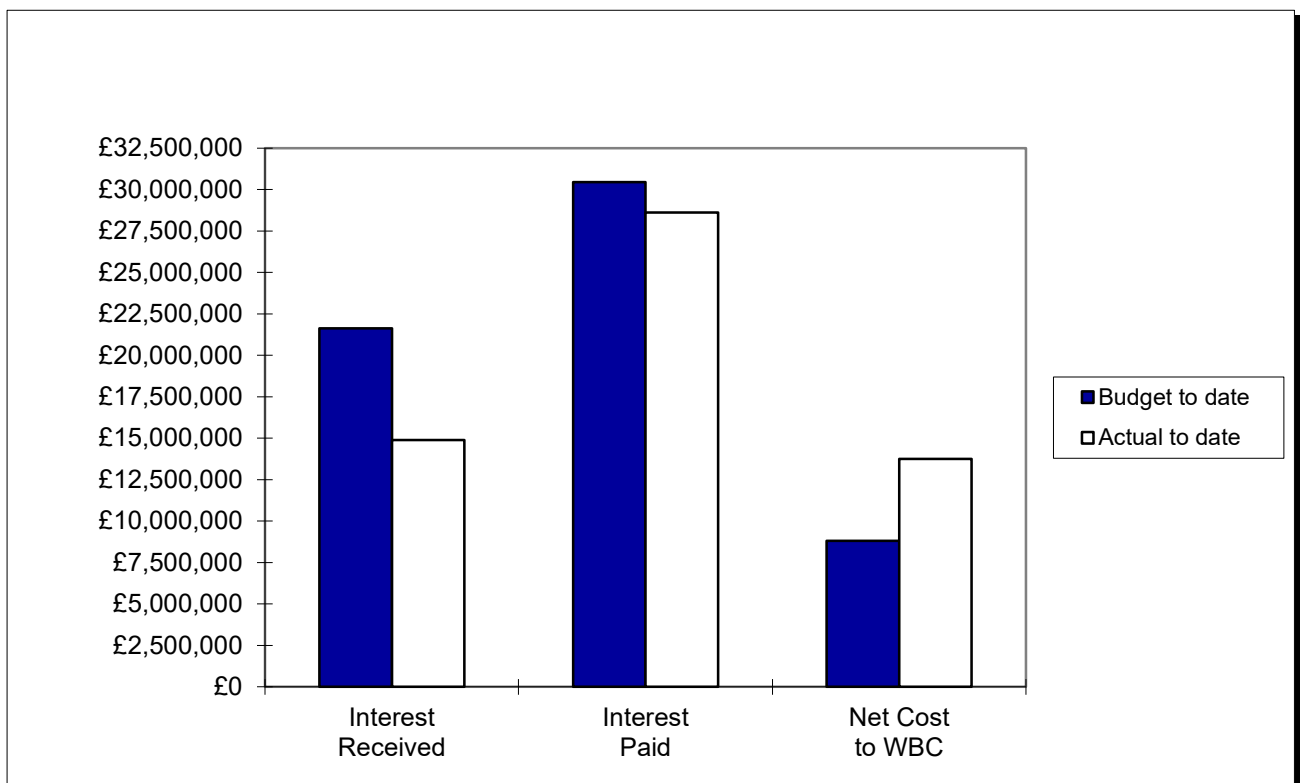
10.0 Engagement and Consultation

- 10.1 No general public consultations have been undertaken in connection with this report.

REPORT ENDS

INTEREST RECEIPTS AND PAYMENTS
SEPTEMBER 2023

	Interest Received	Interest Paid	Net Cost to WBC
2023/24 Estimate	<u>43,281,350</u>	<u>60,898,928</u>	<u>17,617,578</u>
Budget to date	21,640,675	30,449,464	8,808,789
Actual to date	14,883,147	28,626,332	13,743,186
Variation to Date	-6,757,528 -31%	-1,823,132 -6%	+4,934,397 +56%



SUMMARY OF EXTERNAL COMMITMENTS

[detailed schedules overleaf]

At 31 August 2023 £'000		At 30 September 2023 £'000	%
	External Borrowing Outstanding		
1,769,604	Long-term borrowing (1)	1,767,383	86.9
	Short-term borrowing (less than 12 months)		
45,000	- Three months or more	45,000	2.2
45,000	- Less than three months	40,000	2.0
157,000	- PWLB loans due within 1 Year	181,200	8.9
2	- Mayoral Charities (including Hospice)	2	0.0
2,016,606	Total Borrowing	2,033,585	100.0
	External Deposits		
0	Long-term Deposits	0	0
	Short-term Deposits		
20,000	- invested by WBC Treasury (2)	29,000	89.6
3,266	- on call with Lloyds	3,360	10.4
23,266	Total External Deposits	32,360	100.0
	Long-term Investments in Group Companies/Joint Ventures (3)		
42,460	- Thamesway Energy Limited (TEL)	42,460	n/a *
305,642	- Thamesway Housing Limited (THL)	305,642	n/a *
173,116	- Thamesway Housing Limited (Sheerwater)	173,116	n/a *
32,353	- Thamesway Developments Limited (for THL)	32,353	n/a *
0	- Thamesway Developments Limited (Sheerwater)	0	n/a *
1,095	- Thamesway Developments(Sheerwater Leisure Centre)	1,095	n/a *
5,524	- Thamesway Developments Limited (for TEL)	5,524	n/a *
36,725	- Thamesway Central Milton Keynes Ltd	36,725	n/a *
725	- Thamesway Solar Ltd	725	n/a *
1,665	- Rutland (Woking) Ltd	1,665	n/a *
705,745	- Victoria Square Woking Ltd	709,007	n/a *
1,500	- Kingfield Community Sports Centre Limited	1,500	n/a *
1,306,549		1,309,811	
	Long-term Loans to External Organisations		
0	- Peacocks Centre	0	n/a *
101	- A & B Menswear	101	n/a *
75	- Woking Football Club	75	n/a *
1,572	- Freedom Leisure	1,572	n/a *
13,317	- Greenfield School	13,317	n/a *
1,671	- Wolsey Place	1,671	n/a *
16,736		16,736	
	Share Capitalisations		
31,193	- Thamesway Limited	31,193	n/a *
6,000	- Woking Necropolis and Mausoleum Ltd	6,000	n/a *
1	- Woking Town Centre Management	1	n/a *
14	- Victoria Square Woking Ltd	14	n/a *
50	- Municipal Bonds Agency	50	n/a *
50	- SurreySave Credit Union	50	n/a *
500	- Kingfield Community Sports Centre Limited	500	n/a *
37,808		37,808	

(1) £132,796k of the long term borrowing is Housing Revenue Account, with £98,006k of this relating to the Housing Self Financing settlement. The remainder of the borrowing relates to the General Fund.

(2) WBC Treasury utilises AAA rated Money Market Funds operated by Deutsche Bank Advisors, Ignis Asset Management and Federated Hermes Cash Management Fund to manage day to day cash flow.

(3) These investments are used to provide operational assets within the group companies, and consequently fall outside the liquidity measure within the Council's approved Investment Strategy i.e. that a minimum of 65% of investments should mature within 12 months of placing an investment.

Long Term Loans

Public Works Loans Board

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal £m
496087	PWLB	13/10/2009	13/10/2024	3.91 Fixed	Maturity	4.0
499430	PWLB	12/03/2012	12/03/2025	3.59 Fixed	Maturity	5.0
506421	PWLB	27/09/2017	31/08/2025	1.95 Fixed	Maturity	8.0
501617	PWLB	05/10/2012	05/10/2026	2.18 Fixed	Annuity	0.6
495369	PWLB	17/03/2009	10/03/2027	3.78 Fixed	Maturity	3.0
489099	PWLB	04/10/2004	04/10/2030	4.75 Fixed	Maturity	5.0
489100	PWLB	04/10/2004	04/10/2031	4.75 Fixed	Maturity	5.0
489952	PWLB	20/05/2005	16/05/2033	4.45 Fixed	Maturity	5.0
503002	PWLB	24/04/2014	24/04/2034	3.69 Fixed	Annuity	1.0
488996	PWLB	26/08/2004	26/08/2034	4.85 Fixed	Maturity	5.0
497990	PWLB	28/09/2010	28/09/2034	4.06 Fixed	Maturity	5.0
489911	PWLB	16/05/2005	16/05/2035	4.55 Fixed	Maturity	5.0
502015	PWLB	22/03/2013	22/03/2037	3.90 Fixed	Maturity	5.0
494140	PWLB	10/12/2007	10/12/2037	4.49 Fixed	Maturity	3.0
501718	PWLB	13/11/2012	13/05/2038	3.78 Fixed	Maturity	5.0
496255	PWLB	01/12/2009	01/12/2039	4.22 Fixed	Maturity	3.0
502580	PWLB	04/10/2013	04/10/2040	4.26 Fixed	Maturity	5.0
494241	PWLB	09/01/2008	10/12/2042	4.39 Fixed	Maturity	3.0
496164	PWLB	04/11/2009	02/11/2049	4.29 Fixed	Maturity	3.0
496526	PWLB	21/01/2010	21/01/2053	4.48 Fixed	Maturity	4.0
494807	PWLB	10/09/2008	10/09/2053	4.41 Fixed	Maturity	3.0
496700	PWLB	19/02/2010	19/09/2053	4.67 Fixed	Maturity	10.0
496599	PWLB	01/02/2010	01/08/2054	4.44 Fixed	Maturity	5.0
496701	PWLB	19/02/2010	19/01/2055	4.67 Fixed	Maturity	10.0
490975	PWLB	10/01/2006	10/01/2056	3.95 Fixed	Maturity	3.0
501032	PWLB	28/03/2012	01/09/2056	3.50 Fixed	Maturity	10.0
492382	PWLB	02/11/2006	02/11/2056	4.05 Fixed	Maturity	6.0
496702	PWLB	19/02/2010	19/10/2057	4.67 Fixed	Maturity	10.0
494733	PWLB	15/08/2008	15/02/2058	4.39 Fixed	Maturity	3.0
494420	PWLB	07/03/2008	07/03/2058	4.41 Fixed	Maturity	3.0
494702	PWLB	04/08/2008	04/08/2058	4.46 Fixed	Maturity	5.0
501025	PWLB	28/03/2012	02/09/2058	3.50 Fixed	Maturity	10.0
496703	PWLB	19/02/2010	19/01/2059	4.67 Fixed	Maturity	10.0
501029	PWLB	28/03/2012	03/03/2059	3.50 Fixed	Maturity	10.0
496600	PWLB	01/02/2010	01/08/2059	4.43 Fixed	Maturity	5.0
501028	PWLB	28/03/2012	01/09/2059	3.50 Fixed	Maturity	10.0
496704	PWLB	19/02/2010	19/10/2059	4.67 Fixed	Maturity	8.0
496257	PWLB	01/12/2009	01/12/2059	4.21 Fixed	Maturity	4.0
496525	PWLB	21/01/2010	21/01/2060	4.46 Fixed	Maturity	4.0
501027	PWLB	28/03/2012	01/03/2060	3.49 Fixed	Maturity	10.0
501024	PWLB	28/03/2012	01/09/2060	3.49 Fixed	Maturity	10.0
497889	PWLB	10/09/2010	10/09/2060	4.04 Fixed	Maturity	5.0
501030	PWLB	28/03/2012	01/03/2061	3.49 Fixed	Maturity	10.0
501026	PWLB	28/03/2012	01/09/2061	3.48 Fixed	Maturity	10.0
499282	PWLB	28/12/2011	22/12/2061	4.11 Fixed	Maturity	5.0
499322	PWLB	20/01/2012	20/01/2062	3.99 Fixed	Maturity	5.0
501031	PWLB	28/03/2012	01/03/2062	3.48 Fixed	Maturity	18.0
503577	PWLB	18/12/2014	18/07/2062	3.22 Fixed	Maturity	3.0
503547	PWLB	15/12/2014	15/12/2062	3.36 Fixed	Maturity	3.0
503658	PWLB	20/01/2015	20/03/2063	2.99 Fixed	Maturity	2.0
503523	PWLB	02/12/2014	02/05/2063	3.45 Fixed	Maturity	3.0
502654	PWLB	04/11/2013	04/11/2063	4.20 Fixed	Maturity	5.0
503517	PWLB	01/12/2014	01/05/2064	3.49 Fixed	Maturity	5.0
504415	PWLB	19/10/2015	19/10/2064	3.25 Fixed	Maturity	9.5
503472	PWLB	20/11/2014	20/11/2064	3.66 Fixed	Maturity	5.0
503499	PWLB	27/11/2014	27/11/2064	3.58 Fixed	Maturity	6.0
504660	PWLB	11/02/2016	11/02/2065	2.92 Fixed	Maturity	3.0
506120	PWLB	09/06/2017	09/06/2065	2.28 Fixed	Maturity	4.5
504298	PWLB	12/08/2015	12/08/2065	3.16 Fixed	Maturity	2.0
504387	PWLB	28/09/2015	28/09/2065	3.18 Fixed	Maturity	5.0
504478	PWLB	18/11/2015	18/11/2065	3.33 Fixed	Maturity	2.0
504531	PWLB	08/12/2015	08/12/2065	3.21 Fixed	Maturity	2.0
504597	PWLB	19/01/2016	19/01/2066	3.13 Fixed	Maturity	2.5
505119	PWLB	20/06/2016	20/04/2066	2.50 Fixed	Maturity	10.0
505091	PWLB	17/06/2016	17/06/2066	2.57 Fixed	Maturity	10.0
505186	PWLB	30/06/2016	30/06/2066	2.42 Fixed	Maturity	3.0
505365	PWLB	21/09/2016	21/09/2066	2.23 Fixed	Maturity	4.0

Long Term Loans

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal £m
505499	PWLB	10/11/2016	10/11/2066	2.47 Fixed	Maturity	8.0
505518	PWLB	30/11/2016	30/11/2066	2.61 Fixed	Maturity	9.0
505724	PWLB	13/02/2017	11/02/2067	2.74 Fixed	Annuity	11.2
505767	PWLB	28/02/2017	28/02/2067	2.68 Fixed	Annuity	18.6
505783	PWLB	02/03/2017	02/03/2067	2.64 Fixed	Annuity	9.3
505922	PWLB	27/03/2017	27/03/2067	2.37 Fixed	Maturity	5.0
506000	PWLB	19/04/2017	19/04/2067	2.50 Fixed	Annuity	4.7
506121	PWLB	09/06/2017	09/06/2067	2.52 Fixed	Annuity	4.7
506306	PWLB	31/08/2017	31/08/2067	2.52 Fixed	Annuity	46.8
506347	PWLB	12/09/2017	12/09/2067	2.50 Fixed	Annuity	9.3
506555	PWLB	07/11/2017	07/11/2067	2.67 Fixed	Annuity	18.9
506564	PWLB	09/11/2017	09/11/2067	2.66 Fixed	Annuity	28.3
506569	PWLB	10/11/2017	10/11/2067	2.63 Fixed	Annuity	18.9
506658	PWLB	23/11/2017	23/11/2067	2.65 Fixed	Annuity	9.4
506730	PWLB	13/12/2017	13/12/2067	2.64 Fixed	Annuity	9.4
506752	PWLB	19/12/2017	19/12/2067	2.30 Fixed	Maturity	10.0
506980	PWLB	02/03/2018	02/03/2068	2.73 Fixed	Annuity	9.4
507084	PWLB	19/03/2018	19/03/2068	2.63 Fixed	Annuity	9.4
507090	PWLB	20/03/2018	20/03/2068	2.61 Fixed	Annuity	9.4
507135	PWLB	26/03/2018	26/03/2068	2.56 Fixed	Annuity	14.1
507136	PWLB	26/03/2018	26/03/2068	2.56 Fixed	Annuity	7.5
507182	PWLB	29/03/2018	29/03/2068	2.54 Fixed	Annuity	9.4
507445	PWLB	31/05/2018	31/05/2068	2.49 Fixed	Annuity	9.5
507623	PWLB	27/07/2018	27/07/2068	2.53 Fixed	Annuity	9.5
507925	PWLB	19/10/2018	19/10/2068	2.68 Fixed	Maturity	6.0
508038	PWLB	14/11/2018	14/11/2068	2.72 Fixed	Annuity	9.5
508052	PWLB	19/11/2018	19/11/2068	2.78 Fixed	Annuity	9.6
508146	PWLB	07/12/2018	07/12/2068	2.75 Fixed	Annuity	57.3
508180	PWLB	11/12/2018	11/12/2068	2.66 Fixed	Annuity	19.1
508231	PWLB	13/12/2018	13/12/2068	2.55 Fixed	Annuity	38.1
508432	PWLB	31/01/2019	31/01/2069	2.56 Fixed	Annuity	9.4
508481	PWLB	11/02/2019	11/02/2069	2.52 Fixed	Annuity	76.2
508610	PWLB	27/02/2019	27/02/2069	2.39 Fixed	Annuity	7.0
508842	PWLB	19/03/2019	19/03/2069	2.55 Fixed	Annuity	19.2
508850	PWLB	20/03/2019	20/03/2069	2.53 Fixed	Annuity	19.0
508869	PWLB	22/03/2019	22/03/2069	2.49 Fixed	Annuity	28.6
508916	PWLB	25/03/2019	25/03/2069	2.39 Fixed	Annuity	47.5
508947	PWLB	26/03/2019	26/03/2069	2.37 Fixed	Annuity	19.0
509003	PWLB	28/03/2019	28/03/2069	2.31 Fixed	Annuity	19.0
509473	PWLB	05/07/2019	05/07/2069	2.15 Fixed	Annuity	19.1
509557	PWLB	26/07/2019	26/07/2069	2.16 Fixed	Annuity	19.1
509591	PWLB	06/08/2019	06/08/2069	2.09 Fixed	Annuity	19.1
509644	PWLB	09/08/2019	09/08/2069	1.93 Fixed	Annuity	19.0
509739	PWLB	20/08/2019	20/08/2069	1.77 Fixed	Annuity	9.5
509874	PWLB	05/09/2019	05/09/2069	1.74 Fixed	Annuity	9.5
116151	PWLB	25/09/2019	25/09/2069	1.82 Fixed	Annuity	9.5
116631	PWLB	26/09/2019	26/09/2069	1.80 Fixed	Annuity	9.5
141733	PWLB	11/12/2019	11/12/2069	3.08 Fixed	Annuity	19.4
156094	PWLB	30/01/2020	30/01/2070	2.85 Fixed	Annuity	19.3
186269	PWLB	16/04/2020	16/04/2070	2.48 Fixed	Annuity	19.4
197955	PWLB	12/05/2020	12/05/2070	2.43 Fixed	Annuity	19.4
292072	PWLB	18/01/2021	18/01/2071	1.71 Fixed	Annuity	9.7
294068	PWLB	21/01/2021	21/01/2071	1.71 Fixed	Annuity	19.4
297978	PWLB	29/01/2021	29/01/2071	1.68 Fixed	Annuity	19.3
304476	PWLB	15/02/2021	15/02/2071	1.87 Fixed	Annuity	14.5
311952	PWLB	02/03/2021	02/03/2071	2.15 Fixed	Annuity	43.7
313114	PWLB	04/03/2021	04/03/2071	2.15 Fixed	Annuity	19.4
323859	PWLB	25/03/2021	25/03/2071	2.13 Fixed	Annuity	9.7
324395	PWLB	26/03/2021	26/03/2071	2.09 Fixed	Annuity	14.6
337369	PWLB	21/04/2021	21/04/2071	2.11 Fixed	Annuity	9.8
353644	PWLB	24/05/2021	24/05/2071	2.23 Fixed	Annuity	19.6
362679	PWLB	14/06/2021	14/06/2071	2.09 Fixed	Annuity	24.4
363703	PWLB	16/06/2021	16/06/2071	2.07 Fixed	Annuity	9.8
365996	PWLB	23/06/2021	23/06/2071	2.02 Fixed	Annuity	19.5
368894	PWLB	01/07/2021	01/07/2071	2.05 Fixed	Annuity	19.5
370826	PWLB	06/07/2021	06/07/2071	2.04 Fixed	Annuity	19.5
372808	PWLB	09/07/2021	09/07/2071	1.98 Fixed	Annuity	19.5
374078	PWLB	13/07/2021	13/07/2071	1.98 Fixed	Annuity	19.5

Long Term Loans

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal £m
376376	PWLB	19/07/2021	19/07/2071	1.90 Fixed	Annuity	19.5
378261	PWLB	22/07/2021	22/07/2071	1.82 Fixed	Annuity	19.5
380895	PWLB	28/07/2021	28/07/2071	1.80 Fixed	Annuity	29.2
389042	PWLB	12/08/2021	12/08/2071	1.75 Fixed	Annuity	29.2
410896	PWLB	30/09/2021	30/09/2071	1.94 Fixed	Annuity	19.6
431831	PWLB	04/11/2021	04/11/2071	1.91 Fixed	Annuity	19.6
455542	PWLB	16/12/2021	16/12/2071	1.65 Fixed	Annuity	19.6
493376	PWLB	09/03/2022	09/03/2072	2.24 Fixed	Annuity	19.7
Falling due within 1 Year						
563226	PWLB	21/10/2022	23/10/2023	4.17 Fixed	Maturity	10.0
574409	PWLB	22/11/2022	22/11/2023	3.94 Fixed	Maturity	10.0
577280	PWLB	01/12/2022	01/12/2023	3.92 Fixed	Maturity	15.0
583650	PWLB	22/12/2022	22/12/2023	4.16 Fixed	Maturity	10.0
602368	PWLB	27/02/2023	27/02/2024	4.52 Fixed	Maturity	10.0
604071	PWLB	03/03/2023	04/03/2024	4.68 Fixed	Maturity	5.0
608752	PWLB	22/03/2023	22/03/2024	4.49 Fixed	Maturity	10.0
612710	PWLB	06/04/2023	08/04/2024	4.69 Fixed	Maturity	20.0
625854	PWLB	23/05/2023	23/05/2024	4.96 Fixed	Maturity	10.0
634679	PWLB	23/06/2023	23/06/2024	5.86 Fixed	Maturity	12.0
636524	PWLB	30/06/2023	30/06/2024	6.13 Fixed	Maturity	10.0
641800	PWLB	21/07/2023	21/07/2024	6.10 Fixed	Maturity	5.0
644108	PWLB	28/07/2023	29/07/2024	5.97 Fixed	Maturity	10.0
644412	PWLB	31/07/2023	31/07/2024	5.83 Fixed	Maturity	5.0
650215	PWLB	17/08/2023	19/08/2024	5.81 Fixed	Maturity	10.0
652763	PWLB	25/08/2023	27/08/2024	6.05 Fixed	Maturity	5.0
656657	PWLB	11/09/2023	11/09/2024	5.84 Fixed	Maturity	10.0 *
657466	PWLB	13/09/2023	13/09/2024	5.91 Fixed	Maturity	5.9 *
660178	PWLB	22/09/2023	23/09/2024	5.77 Fixed	Maturity	5.0 *
660210	PWLB	22/09/2023	23/09/2024	5.77 Fixed	Maturity	3.3 *
* New loans taken during this period.						
Average interest rate 2.85						<u>1,918.6</u>

Long Term Loans

Market Loans

Reference	Counter Party Name	Start date	Maturity date	Interest Rate	Loan Type	Principal
291/296	Barclays Bank plc	31/07/2006	31/07/2076	4.75 Fixed	Maturity	5.0 **
292/295	Barclays Bank plc	31/07/2006	31/07/2076	4.75 Fixed	Maturity	5.0 **
299	Barclays Bank plc	05/04/2007	05/04/2077	3.95 Fixed	Maturity	5.0 **

No new loans taken during this period.

Average interest rate 4.48

15.0

** These loans were previously classified as LOBO (Lender Option Borrower Option) loans. Barclays notified the Council that it had permanently waived its rights under the lender's option of the LOBO feature of the loans to change the interest rate in the future. As a result, the loans effectively became fixed rate loans at their current interest rates with their stated maturities and no risk that the rates will be changed in the future. This change was effective from 28th June 2016.

Lender Option Borrower Option (LOBO) Loan Debt

£15m of the Council's long term borrowing is in the form of loans called LOBOs. These loans have a 'step up' date after which the lender has the option of asking for the interest rate to be increased at specific intervals ('call periods'). Should the lender request a rate increase, the Council has the option of repaying the loan and seeking an alternative source of finance. Some LOBOs have an interest rate increase pre-agreed at the 'step up' date at which the borrower does not have the option to repay. The new rate is referred to as the 'back-end rate'.

Reference	Counter Party Name	Start date	Maturity date	Initial rate	Next Step up date	Back-end rate	Effective rate	Call Period	Principal £m
293	Danske Bank*	05/04/2005	05/04/2055	3.90	05/04/2023	4.75	n/a	6 years	5.0
294/297	Dexia Public Finance Bank*	06/10/2006	06/10/2076	3.89	08/04/2023	4.75	n/a	2 years	5.0
298	Dexia Public Finance Bank	22/11/2006	22/11/2076	3.95	22/11/2026	3.95	n/a	1 years	5.0

*LOBO has stepped up to back-end rate.

Average prevailing interest rate 4.48

15.0

Total PWLB, Market and LOBO loans

Average prevailing interest rate 2.88

1,948.6

PRUDENTIAL INDICATORS

Section 1 of the Local Government Act 2003, requires the Council to determine, before the beginning of each financial year, the Council's treasury Prudential Indicators.

On 23 February 2023, the Council determined the following limits for 2023/24:

Operational Boundary for External Debt	£2,299,267,000
<i>Current External Debt as a percentage of Operational Boundary *</i>	89.43%
Authorised Limit for External Debt	£2,309,267,000
<i>Current External Debt as a percentage of Authorised Limit *</i>	89.04%

* The value relating to the estimated PFI liability at 30 September 2023 which is classed as a credit arrangement and comes within the scope of the prudential indicators is: £22,601,000

Deals Outstanding at 30 September 2023

Internally managed deposits

Deal Ref	Counter Party Name	Start	Dates Maturity	Interest Rate	Principal
2739	DEUTSCHE ASSET & WEALTH MANA	N/A	CALL	0.000	0.00
2750	FEDERATED HERMES CASH MANAGEMENT FUND	N/A	CALL	5.351	29,000,000.00
					<u>29,000,000.00</u>

Deposits placed on the advice of Tradition UK

Deal Ref	Counter Party Name	Start	Dates Maturity	Interest Rate	Principal
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No applicable deals

Temporary Loans

Deal	Counter Party	Start	Dates Maturity	Interest Rate	Principal
3488	NORTH AYRSHIRE COUNCIL	24/10/2022	23/10/2023	4.50	5,000,000.00
3489	TAMESIDE METROPOLITAN BOROUGH COUNCIL	14/11/2022	13/11/2023	4.50	5,000,000.00
3490	SOMERSET COUNTY COUNCIL	21/11/2022	20/11/2023	4.85	10,000,000.00
3491	CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTH.	16/11/2022	15/11/2023	4.85	5,000,000.00
3492	SOMERSET COUNTY COUNCIL PENSION FUND	16/11/2022	15/11/2023	4.85	5,000,000.00
3496	GREATER MANCHESTER PENSION FUND	14/12/2022	14/11/2023	3.85	10,000,000.00
4406	DEVON COUNTY COUNCIL	15/03/2023	13/03/2024	4.45	5,000,000.00
4407	WEST MIDLANDS COMBINED AUTHORITY	25/04/2023	25/01/2024	4.30	5,000,000.00
4408	FURNESS BUILDING SOCIETY	27/02/2023	26/02/2024	4.45	5,000,000.00
4409	WEST MIDLANDS COMBINED AUTHORITY	25/04/2023	23/04/2024	4.60	5,000,000.00
4410	WOKINGHAM BOROUGH COUNCIL	08/06/2023	08/03/2024	4.75	10,000,000.00
4411	WEST MIDLANDS COMBINED AUTHORITY	19/07/2023	17/07/2024	5.00	5,000,000.00
4412	NORTH OF TYNE COMBINED AUTHORITY	06/06/2023	06/03/2024	5.00	10,000,000.00
					<u>85,000,000.00</u>

Short Term PWLB

Deal	Counter Party	Start	Dates Maturity	Interest Rate	Principal
563226	PWLB	21/10/2022	23/10/2023	4.17	10,000,000.00
574409	PWLB	22/11/2022	22/11/2023	3.94	10,000,000.00
577280	PWLB	01/12/2022	01/12/2023	3.92	15,000,000.00
583650	PWLB	22/12/2022	22/12/2023	4.16	10,000,000.00
602368	PWLB	27/02/2023	27/02/2024	4.52	10,000,000.00
604071	PWLB	03/03/2023	04/03/2024	4.68	5,000,000.00
608752	PWLB	22/03/2023	22/03/2024	4.49	10,000,000.00
612710	PWLB	06/04/2023	08/04/2024	4.69	20,000,000.00
625854	PWLB	23/05/2023	23/05/2024	4.96	10,000,000.00
634679	PWLB	23/06/2023	23/06/2024	5.86	12,000,000.00
636524	PWLB	30/06/2023	30/06/2024	6.13	10,000,000.00
641800	PWLB	21/07/2023	21/07/2024	6.10	5,000,000.00
644108	PWLB	28/07/2023	29/07/2024	5.97	10,000,000.00
644412	PWLB	31/07/2023	31/07/2024	5.83	5,000,000.00
650215	PWLB	17/08/2023	19/08/2024	5.81	10,000,000.00
652763	PWLB	25/08/2023	27/08/2024	6.05	5,000,000.00
656657	PWLB	11/09/2023	11/09/2024	5.84	10,000,000.00

657466 PWLB	13/09/2023	13/09/2024	5.91	5,900,000.00
660178 PWLB	22/09/2023	23/09/2024	5.77	5,000,000.00
660210 PWLB	22/09/2023	23/09/2024	5.77	3,300,000.00
				<u>181,200,000.00</u>

OVERVIEW AND SCRUTINY COMMITTEE – 20 NOVEMBER 2023

GENERAL FUND AND HRA OUTTURN REPORT 2022-23

Executive Summary

Attached at Appendix 1 is the General Fund and HRA Outturn Report 2022-23 as included on the agenda of the Executive meeting 16 November 2023.

Recommendations

The Committee is requested to:

RESOLVE That the report be noted

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

Background Papers: None.

Reporting Person: Eugene Walker, Interim Finance Director & Section 151 Officer
Email: eugene.walker@woking.gov.uk, Extn: 3070

Contact Person: Eugene Walker, Interim Finance Director & Section 151 Officer
Email: eugene.walker@woking.gov.uk, Extn: 3070

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

Shadow Portfolio Holder: Councillor Dale Roberts
Email: CllrDale.Roberts@woking.gov.uk

Date Published: 10 November 2023

EXECUTIVE – 16 NOVEMBER 2023

GENERAL FUND AND HRA OUTTURN REPORT 2022-23

Executive Summary

This report identifies and analyses the outturn position, financial year 2022/23, for the General Fund (GF) and the Housing Revenue Account (HRA).

Recommendations

The Executive is requested to:

RESOLVE That

the reported outturn position be noted.

Reasons for Decision

Reason: To analyse the outturn position for the General Fund and Housing Revenue Account for financial year 2022/23.

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

Background Papers:	Medium Term Financial Strategy (MTFS), General Fund, Service Plans, Budgets and Prudential Indicators 2022-23
Reporting Person:	Eugene Walker, Interim Finance Director & Section 151 Officer Email : eugene.walker@woking.gov.uk, Extn: 3070
Contact Person:	Ken Trotter, Interim Technical Financial Accountant Email: ken.trotter@woking.gov.uk
Portfolio Holder:	Councillor Dale Roberts Email: clldale.roberts@woking.gov.uk
Date Published:	10 November 2023

1.0 Introduction

- 1.1 This Outturn report completes the financial monitoring cycle for 2022/23 and details performance against budget.
- 1.2 Appendix 1 - Annual Financial Monitoring - contains budget and provisional outturn information including main variances for all General Fund (GF) service areas.
- 1.3 Appendix 2 - Housing Revenue Account - contains budget and provisional outturn information including main variances for the HRA.
- 1.4 All variances are being examined for ongoing cost implications to ensure they do not impact on the Medium Term Financial Strategy (MTFS). Compensating savings are being sought as part of the work where there are unavoidable cost implications.
- 1.5 The provisional outturn forms the basis of the Annual Statement of Accounts which are currently being prepared under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and International Financial Reporting Standards (IFRS).

2.0 General Fund Revenue

- 2.1 The unaudited draft overspend to budget is £9.123m for services, partially offset by an underspend on Investment projects and transformation funded from Revenue of £0.065m.

Table 1 - Draft outturn

2021/22	2022/23	Original Estimate	Out Turn	Variance
£'000		£'000	£'000	£'000
9,916	Communities	10,188	11,457	1,269
(1,621)	Place	(12,711)	(5,055)	7,656
6,100	Resources	6,819	7,017	198
14,395	Net Cost of Services	4,296	13,419	9,123
4,264	Investment Projects	1,494	1,179	(315)
0	Transformation	(250)	0	250
18,659	Total Cost to General Fund	5,540	14,598	9,058

- 2.2 The original estimate was approved by Council on 10 February 2022 with the £5.5m cost to the general fund to be met from existing reserves.
- 2.3 The GF net cost of services variance to budget mainly reflects ongoing pressures on commercial estate and car parking income together with a reduction of £0.7m for central services costs charged to the HRA. Further information is available in Appendix 1 - Annual Financial Monitoring.
- 2.4 Amendments to this report may be necessary and further information is given in paragraph 4 - Implications (Finance and Risk) - of the report.

3.0 Housing Revenue Account

Table 2 – Draft outturn

2021/22	2022/23	Original Estimate	Out Turn	Variance
£'000		£'000	£'000	£'000
(17,938)	Total Income	(19,324)	(18,727)	597
13,511	Operating Costs	14,635	14,444	(191)
(4,427)	Contribution from operations	(4,689)	(4,283)	406
5,247	Net interest (incl. premiums)	5,494	5,487	(7)
820	Net (Surplus) / Deficit	805	1,204	399

3.1 The original estimate was approved by Council on 10 February 2022 with the deficit to be met from existing reserves.

3.2 The net deficit of £1.204m reflects an under recovery of energy from service charges offset by a reduction in Central Services charges of £700k

4.0 Implications

Finance and Risk

- 4.1 This report is financial in nature with implications and risks identified in the body of the report.
- 4.2 General reserves are held for risk mitigation and potential management of unforeseen circumstances particularly in times of economic volatility. When the 2022/23 budget was presented the level of reserves was assessed as being sufficient to deal with the identified in year pressures. However current detailed work in progress may impact on this view which will need further analysis for the going concern principle that underpins the statement of accounts.
- 4.3 At an Extraordinary Meeting of the Council on 20 June 2023 a report under Section 114 (3) of the Local Government Finance Act 1988 was presented by the interim Section 151 Officer and was endorsed by Council. Key issues identified in the report are currently being examined and amendments to the GF outturn for 2022/23 may be necessary, particularly in respect of Key issues in paragraphs 4 and 5 of the 114 notice report.
- 4.4 Other financial work in progress that may change the final outturn position includes capital transfers to revenue, and Interest payable and receivable.
- 4.5 The 2022/23 Budget identified changes to the Housing Revenue Account (HRA) in respect Sheerwater regeneration and the completion of the outsourced New Vision Homes (NVH) contract.
- 4.6 Sheerwater regeneration financial impact includes a planned demolition of HRA properties. As these properties become vacant, they are withdrawn from service awaiting demolition. A report to the Executive on 5 October 2023 identified that the regeneration project would be brought to a close and it is estimated that this will return 106 units to the Housing stock in the HRA. Gross annual rental income is forecast to increase by approx. £650,000 from 2024/25 potentially easing medium to long term pressure in the HRA budget.
- 4.7 The NVH external contract terminated in March 2022 and a revised structure was implemented to introduce an in-house service supplemented with external contractors for maintenance and repairs. Savings were not declared on this project in the budget as a prudent approach balancing Council staff savings with potential increases in contractor fees was proposed. The

outturn includes savings in staff in line with the Green Book for December 2022 and some additional cost in repairs and maintenance. The full impact of the change to an in-house service is currently being compiled as part of the central services project highlighted in paragraph 2.3. In addition, due to a technical oversight £371,976 of anticipated charges for work completed in 2021/22 not invoiced was duplicated and is shown as an underspend to Budget in the outturn for 2022/23.

- 4.8 Further work has also been carried out in 2023/24 to examine potential sustainability issues in the HRA. This includes an analysis of central service costs and the apportionment between the GF and other areas including the HRA. Initial findings indicate that structural changes in the Council have not been reflected in the allocation system used to recharge central services and additional work will be needed to update the methods and allocation keys as part of the 2024/25 Budget. Impact on the GF is currently estimated at £700,000 for 2022/23 reflecting reduced recharges to the HRA with a final position to be determined when the work is complete. As well as looking forwards the work is also examining historical records from 2018 onwards to determine if recharges require amendment. GF service adjustments for 2024/25 Budget will need to reflect potentially revised recharges in any savings calculations going forwards.
- 4.9 A revised reserves position will be presented when financial implications of items in paragraphs 4.3; 4.4; and 4.8 above have been determined.

Equalities and Human Resources

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

Legal

- 4.11 There are no legal implications arising from this report.

5.0 Engagement and Consultation

- 5.1 None.

REPORT ENDS

Annual Financial Monitoring

Table 3 General Fund Service analysis

2021/22 Actual £ 000		2022/23		
		Estimate £ 000	Outturn £ 000	Variance £ 000
	Communities			
3,146	Community Support	3,206	3,952	746
3,629	Health and Well Being and Cultural Development	3,753	4,246	493
2,429	Housing	2,646	2,488	(158)
712	Independent Living	583	771	188
9,916		10,188	11,457	1,269
	Place			
1,801	Sustaining the Local Economy	(4,457)	(1,875)	2,582
8,529	Environmental Quality	8,998	8,900	(98)
(11,951)	Place Making	(17,252)	(12,080)	5,172
(1,621)		(12,711)	(5,055)	7,656
	Resources			
3,732	Democratic Services	5,152	3,961	(1,191)
313	Corporate Services	278	954	676
2,055	Customer Support Services	1,389	2,102	713
6,100		6,819	7,017	198
14,395	Net Cost of Services	4,296	13,419	9,123
4,264	Investment Programme Revenue Projects	1,494	1,179	(315)
0	Transformation	(250)	0	250
18,659	Total Cost to General Fund	5,540	14,598	9,058

Variances to budget are broadly in line with estimated position contained in the December 2022 - Performance and Financial monitoring information (December Green Book) presented to the Executive on 23 March 2023, with the following exceptions:

Sustaining the Local Economy

1. Additional Overspend of £411k mainly loss of car parking income £231k and additional costs in car park operations £130,000.

Place making

2. Additional Overspend of £2,625k mainly associated with lower income from estate management. Some tenants in Dukes House have vacated during the year and the ongoing impact of this rent loss is being examined as part of the follow up actions from the MTFS report.
3. Planning staff shortages resulted in a temporary staff premium of £101,000.

Corporate Services

4. Following a review of charges, a £700k reduction has been applied to HRA recharges for services. Work is continuing, to identify any past or future budget implications.

Customer Support Services

5. Overspend of £713k mainly due to additional demand for Housing benefit and expenditure outside of the subsidy system.

Housing Revenue Account

Table 4 HRA Service analysis

2021/22 Actual £ 000		2022/23		
		Estimate £ 000	Outturn £ 000	Variance £ 000
(16,497)	Rent	(17,439)	(17,360)	79
(1,441)	Service Charges	(1,885)	(1,367)	518
(17,938)	Net Income	(19,324)	(18,727)	597
7,520	Supervision & Management	8,023	7,561	(462)
2,255	Repairs & Maintenance	2,620	2,517	(103)
3,700	Contribution to Major Repairs Reserve (Depn)	3,956	4,295	339
36	Debt Management	36	71	35
13,511	Operating Costs	14,635	14,444	(191)
(4,427)	Contribution from operations	(4,689)	(4,283)	406
5,247	Net Interest	5,494	5,487	(7)
820	(Surplus) / Deficit	805	1,204	399

1. Rent Income was £79k under budget due to additional void properties.
2. Service charges were also affected by void properties with lost income of £89k. Heating Charges for 2022/23 were set in late 2021 prior to the extent of energy price increases being known. Lost income reflects an under recovery, in that challenging period, of £429k.
3. Supervision & Management charges were £462k lower than budget primarily due to lower staffing costs and vacancies, £430k and lower legal and other expenses, £74k together with the reversal of the NVH over accrual from 2021/22, £179k. Offset by higher energy costs £117k; decant / removal costs, £54k; and higher contribution to the provision for bad and doubtful debts, £50k reflecting an increase in arrears during the year.
4. Repairs and Maintenance cost underspend was mainly due to the reversal of the NVH over accrual from 2021/22 £168k and lower Statutory maintenance charged to revenue of £62k. Offset by higher council tax charges on void properties, £77k and additional responsive repairs, £50k.
5. Contribution to the Major repairs reserve equals the amount of the Depreciation charge in year. These charges are based on assets at the end of the preceding year. In 2022/23 the cost of the Hale end court facility was omitted from the budget which has an annual charge of £339k. This charge and will need to be reflected in current and future budgets.
6. Debt management increase in costs reflects additional brokerage costs for loans taken out in year on behalf of the HRA.

Woking Borough Council

Performance Management Report

Q2. 2023/24

Shaping the *future*
of our borough



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1. CHIEF EXECUTIVE'S SUMMARY – JULIE FISHER

This is the first publication of the Council's new Corporate Performance Management Report, which has replaced the Green Book. This report covers the second quarter for the 2023/24 financial year, covering the period July to September 2023.

The Performance Management Report is designed to make it easier to access, interpret, and act on performance data. The report seeks to clearly link performance and financial monitoring information with other core activity across the Council. We have also ensured that our performance monitoring aligns with the Improvement And Recovery Plan priorities, which will remain a core focus of Council activity for some time.

This report is structured around the three Directorates within the Council - Communities, Corporate Resources, and Place. Each Strategic Director has provided an overview of how their directorate is performing, supporting greater openness and accountability.

A great deal of corporate focus remains on working with the Department for Levelling Up, Housing and Communities and the appointed Commissioner Team to respond to the Government Directions and put in plans to achieve financial sustainability. Progress over the reporting period includes:

- The development of an Improvement and Recovery Plan (IRP) which has been built around requirements set out in the statutory Directions and recommendations from the Commissioners.
- Work to further identify and track savings opportunities across the Council.
- Initiating a detailed public consultation to help us understand what impact budget proposals might have on residents, partners, and other stakeholders.
- Completing the first phase of staff consultation in relation to service changes.

With such a large focus around the IRP, it is important that we do not lose sight of our day-to-day service delivery which so many people rely on. Progress in these areas will be covered in greater detail in the sections below.

Looking to the next quarter, work will continue on a number of key areas, including:

- Commencing the second phase of staff consultation in November.
- Setting a clear vision for the Council. We recognise how important it is for Members, staff, residents, and stakeholders to have a clear and positive vision for the future. This vision will be set in the context of Woking being a much smaller Council, with significant financial challenges. However, it is important for us to set out how we will work with residents and partners in the future to collectively achieve good outcomes for Woking.
- Assessing the outcomes from The Grant Thornton Value For Money Review, which was commissioned to review historic decisions regarding the Council's Investment Strategy. The findings from the review will be shared to enable the Council to learn lessons from the past.

I am extremely grateful for the effort and contribution colleagues continue to make in delivering our services throughout this incredibly challenging time. Colleagues remain committed and professional and can rightly be proud of the many key services that we continue to provide.

Julie Fisher – Chief Executive

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

The Quarter 2 budget monitoring report to Members identifies a projected full year overspend of £7.6m, of which £6.5m relates to pressures on commercial estate income, car parking, and capital financing budgets. These significant items arise from the Council's investment programmes and dealing with them will be part of the strategic reviews being undertaken on both. The relatively small overspend of £1.1m relating to other service variations is being targeted through mitigations within services and control of spend via the Financial Control Panel.

Further work has been undertaken on the in-year 2023/24 budget pressures that will be reported in a Quarter 2 report to the Executive on 16th November and included in this report. The position is not significantly changed because of the commercial income and capital financing pressures and because the other significant item, car parking income, requires a strategic review to deal with the current car park under-utilisation.

For 2024/25, the Council is still targeting £12m of service savings - £8.5m of which had been identified in September. A comprehensive update will be brought to a special Executive on 14th December that will provide additional information, option analysis and risk review of the proposed savings, following on from the public consultation. Pressures on the legacy issues of commercial estate income, car parking and capital financing costs are also part of the problem to be dealt with in this budget.

The finance team is also finalising the 2022/23 outturn report for reporting to Executive in November, followed by the draft Statement of Accounts to the Audit Committee also in November. A mid-year review of Treasury Management and debt will be reported to the November Scrutiny Board, with complementary information to be provided in this report in future on a quarterly basis.

3. CORPORATE OUTTURN – FINANCIAL POSITION

This report provides commentary on the Council's forecast revenue outturn position for 2023/24, which, for the General Fund, is indicating a projected overspend of £7.5m based on the information available as at Period 6 (September 2023).

The September 2023 outturn forecast is summarised the below and indicates a projected overspend of £7.5m for the year, compared with £6.2m reported for June (Q1). The monitoring is showing overspends of:

- £4.130m against net Service Budgets of £8.872m. This represents a variance of 47%.
- £3.400m against net Corporate items Budgets of £15.603m. This represents a variance of 23%.
- £7,530m combined variance against a net budget of £24.475m. This represents a combined variance of 31%.

This forecast variance (overspend) analysis is on a budget for 2023/24 that had planned to utilize £8.346m from reserves to provide a balanced budget. The forecast variance of £7.530 is in addition to the planned £8.346m from reserves.


To put the Q2 2023/24 financial monitoring position in context, the amount the Council had planned to be met from local taxation and government grant is £16.128m. The 2023/24 in-year projected variance when added to the one-off use of reserves is equal to a budget shortfall for 2024/25 purposes of circa £16m i.e., almost 100% more than the funds available from grants and local taxation to fund these services. This shows the extent of the financial challenges for the Council and the impact of the current financial monitoring position.

	NET BUDGET £'000	FORECAST OUTTURN £'000	Q2 OVER SPEND £'000	Q1 OVER SPEND £'000
Place	(3,888)	(2,470)	1,418	1,798
Communities	2,261	3,162	901	364
Corporate Resources	10,499	12,310	1,811	591
TOTAL SERVICE BUDGETS	8,872	13,002	4,130	2,753
Corporate Items [not updated this month]	15,603	19,003	3,400	3,400
NET BUDGET	24,475	32,005	7,530	6,153


4. IMPROVEMENT AND RECOVERY PLAN PROGRESS UPDATE

The Improvement and Recovery Plan (IRP) provides the necessary assurance to government that the Council is committed to delivering the changes needed to meet our best value duty and tackle the significant financial challenges we face. The IRP is a three-to-five-year plan, recognising the journey that the Council needs to embark on and the intervention timescale. A detailed 6-month progress report will be going to the O&S Committee and Council in November.


The IRP is based around four key themes; progress against each theme, along with achievements and priorities for the next reporting period are as follows:

THEME 1: Organisation & Service Redesign - Deliver a smaller, data driven organisation, where staff feel empowered and digitally confident and are delivering on key priorities.			
Theme improvement rating: (up, the same, down)		Summary of reason for improvement rating:	First of the series so currently neutral. The focus has been on clarifying the service savings, the staff consultation, and the public consultation. Given the scale, complexity, and speed, most of the workstreams in this theme are showing as Amber. This is not unusual given the circumstances but will require continuous monitoring and action.
Achievements from the reporting period:	<ul style="list-style-type: none"> Strategic Outline Case for the Digital Services workstream presented to CLT on 25 September. Phase 1 staff consultation concluded, and formal response issued on 13 September. Savings identified and contained within the September MTFS. 		


	<ul style="list-style-type: none"> • Pulse survey with staff undertaken. • Public and stakeholder consultations drafted and taken to CLT.
Priorities for next reporting period:	<ul style="list-style-type: none"> • Launch the public and stakeholder consultations on proposed service changes as outlined in the September MTFS. • Sign off Digital Action Plan to enable greater flexible working as part of the Staff and Councillor Tools and Ways of Working workstream. • Finalise first 100-day plan as part of the Procurement Services Improvement workstream to go to November Improvement and Recovery Board. • Job Evaluation process on job descriptions. • Finalise 'To Be' structures and subsequent implications. • Work with Local Partnerships, focusing on designing the vision for the future organisation and what this means to residents, Councillors, and staff. This will support the narrative for the MTFS.

THEME 2: Financial Recovery - Sustainable budget management, making difficult decisions whilst delivering against strategic council priorities and safeguarding future capacity.			
Financial Recovery theme improvement rating: (up, the same, down)		Summary of reason for improvement rating:	The programme is progressing however with delays. These are due to incomplete and unreliable information along with insufficient capacity and capability within the council. Whilst resource requirements have been identified, sourcing is proving difficult. Work is underway, where possible, to upskill existing staff.
Achievements from the reporting period:			<ul style="list-style-type: none"> • New capital accountant and HRA accountant in post on the back of assessment of skills and capacity but needs formalising. • Cashflow support provided to companies to support business case development and treasury management forecasting at the Council. • MTFS presented to Council, but more work needed to ensure it is aligned to the service provision and priorities, wider improvement and recovery plan, and reflects full impairment and MRP adjustments. • Interim S151 now in place and establishing working arrangements for the programme and business as usual activity. • Skills/competency analysis on existing Finance functions carried out and additional finance capability identified and being sourced. • Expenditure control arrangements are mature and fully operational. • The development of a Commercial and Finance Board to align financial and commercial recovery – this will ensure effective governance over commercial decision making. • Further modelling has been undertaken and the MTFS is being updated to reflect scenarios and apply revised MRP charges. • Improved budget monitoring processes now in place with a move towards a business partnering model. • A draft monitoring report and early MTFS was produced for the Council.

<p>Priorities for next reporting period:</p>	<ul style="list-style-type: none"> • Next stage of MTFS and 24/25 budget preparation. • HRA closedown and Business Plan. • Resources for the programme – identifying technical financial capability and a finance project manager. • Progressing the appointment and deployment of expert treasury capacity to improve the Council’s relevant strategies and discussions with DLUHC. • Finalising the priorities for the internal audit programme and putting a counter fraud resource in place. • A review of the Council’s insurance arrangements. • Completion of finance validation of phase one and two Fit for the Future (FFTF) savings. • Data quality position in key areas of improvement and recovery plan. • Accounts finalisation and preparation for GT audit/ finalising BDO audits of prior years. • Define need for a workstream on capital programme in line with agreed principles and its link to asset management (essential works)/asset divestment.
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THEME 3: Commercial - Release WBC from unaffordable commitments, whilst protecting the public purse and optimising the value of existing assets and rationalising.			
<p>Commercial theme improvement rating: (up, the same, down)</p>		<p>Summary of reason for improvement rating:</p>	<p>Established the foundations for a disciplined commercial approach from which all future decisions and governance will flow. Creation of Commercial protocol, companies operating manual, and commercial and financial governance board. Key issue for next stage will be turning this into plans and decision making.</p> <p>Joint work between this Theme and Finance Recovery Theme to align plans and decision making to asset valuation and debt reduction activity.</p> <p>Work is progressing, the immediate short-term priorities of the Victoria Square (VS) and Thamesway (TW), has delayed the commencement of some of the workstreams within the Theme. With additional resource secured this should improve over the next reporting period.</p>
<p>Achievements from the reporting period:</p>	<ul style="list-style-type: none"> • Business cases for capital investment to prevent insolvency and impairment avoided (TW £240m gross avoided and VS £80m gross). • AY report received. Expert advice received on phasing of sale of assets and a model for operational performance of those assets. • Commercial Protocol developed to ensure that commercial activities and use of commercial assets are demonstrably aligned to the Council’s prevailing strategic priorities. Reviewed at Commercial & Finance Governance board. 		

	<ul style="list-style-type: none"> Re-writing the companies operating manual to reflect UK corporate governance code requirements. To be completed by 28th September for review by the Commercial & Finance Governance Board and subsequent agreement by the Shareholder Advisory Group (SAG).
Priorities for next reporting period:	<ul style="list-style-type: none"> Thameswey - business plan and view on company sustainability. Sheerwater - Plan for how to approach the rest of the land. Victoria Square - approach to the asset. Complete negotiations around taking full ownership of Victoria Square. Client-side capability - go to market, focusing on Victoria Square S and acquiring full ownership. Companies to articulate balance sheet (forecasts) showing trading performance to demonstrate they are able to operate without support for operating costs. Will inform discussions with Government. Agree Terms Of Reference for Commercial & Finance Governance Board (4th Oct) and programme of work. Give status to the Commercial Strategy (Protocol) and apply to all entities in scope to which the strategy applies. Implement as Business as usual. Commence the review of company governance

Theme 4: Governance and Assurance - Ensure risk is managed and decisions are based on data and evidence and scrutinised.			
Governance and Assurance theme improvement rating:		Summary of reason for improvement rating:	All workstreams have seen improvement since the last IRB. All actions with deadlines to this point have completed.
Achievements from the reporting period:			<ul style="list-style-type: none"> All documents in the Part II review (approx. 500) have been reviewed. Approx. 350 identified to be redacted and released. Remaining are not appropriate for release at this time as they are commercially sensitive. LGA mentor identified for the Overview & Scrutiny chair, as well as assistance for the vice-chair. Operating manual for companies has been completed and is being reviewed by Ethical Commercial.
Priorities for next reporting period:			<ul style="list-style-type: none"> Begin redacting documents from the Part II review and agree the method for release with Marketing Communications. Review Overview & Scrutiny action plan following the review findings from the Centre for Governance and Scrutiny (CfGS). Appoint a replacement director for Kevin Foster on Victoria Square.

5. CORPORATE HEALTH INDICATORS

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

Human Resources – Amanda Jeffrey							
KPI	Description	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Target
WF1	Average number of working days lost per employee to short-and long-term sickness absence. Rolling 12-month figure. Lower outturn is better.	5.33	4.96	5.58	5.69	TBC	N/a
WF2	Average number of working days lost per employee to short term sickness absence (less than 4 weeks absence). Rolling 12 months. Lower outturn is better.	4.70	4.58	3.85	4.07	TBC	N/a
WF3	Percentage of staff leaving voluntarily over rolling 12-month period. Data only.	16.35%	18.17%	21.25%	22.77%	TBC	Data only
Corporate Complaints (excluding Housing complaints which are managed elsewhere) - Gareth Johns							
CC1	Number of complaints received via the formal Council complaint process. Data only.	5	19	19	15	15	Data only
CC2	Number of complaints received via the formal Council complaint process concluded within 20 working days. Data only.	3	15	16	10	9	Data only
CC3	Number of formal Council complaints that have breached the 20-working day completion target. Data only.	2	4	3	5	6	Data Only

KPI PERFORMANCE SUPPORTING INFORMATION
WF1 (Average number of working days lost per employee to short-and-long-term sickness absence) - Using the Local Government Association workforce survey 2022, the average days lost due to sickness (both long and short term) is 8.7%. The Council is currently performing well against this target.
WF2 (Average number of working days lost per employee to short term sickness absence) - As noted in the total staff absence summary the average days lost due to sickness is 8.7%, includes both long and short term. The Council will want to continue to keep below this percentage.
WF3 (Percentage of staff leaving voluntarily over rolling 12-month period) - Using the Local Government Association workforce survey 2022, the median turnover rate across the sector is 14%. The Council turnover rate is currently higher than this target, however it is recognised that the S114 notice served and the current restructure programme has and will impact this indicator and consequently the percentage is likely to increase over next 12 months.

CC1 (Complaints received via the formal Council complaint process) – The Council tracks and monitors all complaints that are received via the formal process. The numbers in this KPI do not include complaints related to Housing functions which are tracked and monitored via separate processes.
CC2 (Complaints received via the formal Council complaint process concluded within 20 working days) - A high proportion of formal complaints are dealt with within the agreed 20-day target, however this quarter has been negatively impacted by staff absence/leave over the summer holiday period.
CC3 (Complaints that have breached the 20-working day completion target) - Staff taking annual holiday during the Summer months has impacted the turnaround time for some of the complaint responses.

6. CORPORATE KEY PERFORMANCE INDICATORS (KPI's)

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

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

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

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

OVERVIEW OF ALL COUNCIL KPI'S

Totals:	100%	39	
Green - on target	15.38%	6	
Amber - less than 5% off target	10.26%	4	
Red - over 5% off target	10.26%	4	
Data only	48.72%	19	
Data not available	15.38%	6	

7. KEY CORPORATE STRATEGIC RISKS

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

The items below represent the highest scoring risks (score of 16) that sit outside of the Council's appetite and tolerance thresholds. These risks are reviewed monthly.

	What is the Risk?	Mitigation / Progress in reporting period
1	Risk that the Council is unable to bridge the budget shortfall in 2023/24 and 2024/25. The Council's revenue budget is based on predicted levels of demand and need which has resulted in the identification of a General Fund budget shortfall of £6m for 2023/24 and £19m for 2024/25. These figures do not include the impact of the crystallisation of the £1.2 billion debt related issues in the s114 notice. There are significant financial challenges in the budget due to the reliance on commercial estate income of £22m and fees and charges such as car parking. In addition, the Housing Revenue Account is at risk of being in deficit in 2024/25.	<ul style="list-style-type: none"> • Maintain current controls on spending via the Financial Control Panel. • Continue to review financial monitoring forecasts and Investment Programme. • Completion of the Strategic Asset Management Plan. • Development of a clearer approach to commercialisation and risk appetite through Commercial Protocol and Strategy. • Seek different service delivery models i.e., community transfer. • Undertake a programme of service reviews, transformation, and savings opportunities to meet £12m target for General Fund and balance HRA. • Commercial and Financial workstreams in the Improvement Recovery Plan better integrated.
2	Risk that the Council's large-scale investments and financial operations have led to, and continue to contribute towards, a deficit financial position of strategic dimensions which cannot be overcome without Government Support.	<ul style="list-style-type: none"> • The development of a revised Medium Term Financial Strategy incorporating company impacts. • Improved alignment of Financial and Commercial workstreams in the Improvement and Recovery Plan. • Continued engagement with Government. • Development of debt reduction plan.
3	Risk that WBC Group Company(s) do not deliver to their approved business plans in support of Council and Place priorities. The Council's medium-term budget is heavily dependent on the performance of the Group Companies given the scale of recent investment. Should any of the Companies fail for whatever reason, the ability to repay loans to the Council may be compromised, as will any projected income that the Council might have received and/or planned for.	<ul style="list-style-type: none"> • Ongoing review of Thamesway and Victoria Square Business Plans. • Company Governance arrangements reviewed and agreed to adopt national best practice principles. • Additional resources approved to strengthen client-side stakeholder advisory capacity and capability throughout 2023. • Company operating manual developed to direct governance improvements. • Engagement with Government on Council debt structure and affordability is underway.

4	<p>Risk that workforce resilience will be negatively impacted by the Council's financial situation and actions required to deliver a balanced MTF5. As with any organisation, the Council is reliant on a workforce that can demonstrate a range of particular skills and/or understanding of key processes, systems, and projects. The Council has a significant change agenda, and a dependable / stable workforce is key to future success.</p>	<ul style="list-style-type: none"> • Work planned to develop a Recruitment and Retention Strategy as local and national pay awards are more likely to reduce our offer as an employer of choice. • Considerable attention being given to staff communication in respect of budget shortfalls and mitigation measures. • Successful Investors in People reaccreditation. • Develop resilience and knowledge between teams as part of the change work being undertaken within the organisation.
5	<p>Risk that the capability and capacity of the Council is not sufficient to deliver the ambitions of the Woking for All Strategy.</p>	<ul style="list-style-type: none"> • Ensure that senior managers have a forum to escalate capability/capacity issues. • Review the scope and objectives in the strategy to ensure ambition aligns with Council capability/capacity. • The strategy was not refreshed in 2023/24 to enable a full review for 2024/25 which will be informed Council visioning workshops.

COMMUNITIES DIRECTORATE – LOUISE STRONGITHARM

The Communities Directorate is comprised of the following functions:

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

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

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

8. COMMUNITIES DIRECTORATE – STRATEGIC DIRECTOR SUMMARY

Following the insourcing of our Housing Service in 2022, a considerable amount of work is ongoing to improve the level of service to residents. Since the transfer, it has become apparent that our homes are in a poor condition and the Council's ability to fund the level of works required is constrained. The key focus is on delivering fire safety remedial works, which means that we are unable to fund Decent Homes improvements. Subsequently, the Council has self-referred to the Regulator of Social Housing. Alongside this, the team have been working closely with Finance colleagues to put in place a recovery plan for the Housing Revenue Account (HRA), which will feed into a 30-year Business Plan (a requirement of the Improvement and Recovery Plan).

The challenges faced by the Housing Service are reflected in the KPI's and budget monitoring analysis below. There are early signs that rent collection and void turnaround times are improving, but they are not at the level we need them to be. Going forward, additional Housing KPI's will be included to cover compliance data.

Our homelessness team is continuing to face considerable demand for its services, which is exacerbated by a worsening shortage of private rented and affordable homes. With higher interest rates, many landlords are exiting the sector. The Council is working with Government on a B&B Elimination Plan due to length of time families are waiting in B&B accommodation.

In respect of other priorities within the Directorate, the focus is reviewing all our discretionary services in light of the Council's considerable financial challenges. In order for these valued local services (i.e., leisure services, community centres, community meals, etc.) to continue, the Council will have to consider new delivery models, higher fees and charges and other approaches to make them self-funding. It will not be possible to subsidise these services as we have done in the past. A considerable amount of work is underway to liaise with partner organisations, engage residents and develop detailed business cases to support alternative delivery options.

9. HRA – FINANCIAL POSITION

The Housing Revenue Account forecast is presented in the table below. It shows a forecast increase in the HRA deficit for the year, from a budgeted £1,336,000 deficit to a forecast £2,306,000 deficit, a worsening in the deficit (overspend) of £970,000. Work is almost complete reviewing the charges being made to the HRA for staffing, support services and other costs to ensure that they are fair and reasonable for last year, this year and moving forward.

Housing Revenue Account	2023/24 Original Budget	2023/24 Annual Projection September	Forecast Variance (Surplus) / Deficit	Comments
	£'000	£'000	£'000	
EXPENDITURE				
Supervision & Management				
Estate Management	5,730	5,804	74	This is because of decant and removal costs of (£113k) and overspend of (£13k) on Lakeview Cost Centre. This is reduced by other various underspends within the area. The underspends are Legal (£30k), Hale End Cleaning & Grounds Maintenance budgets, (£13k).
Rent Accounting / Collection	363	377	14	
Home Support Service	774	796	23	Overspend on payment to other local authorities and council tax payments.
Tenant Participation	63	57	(6)	Underspend on external printing.
Democratic Process	1,742	1,742	0	
Repairs Administration	885	981	96	The overspend is mainly due to non-achievement of the estimated Income from Management Income (previously Schedule 6) (£25k), and the cost of temporary staff (£71k).
Transfer to Hardship Fund	10	0	(10)	It is anticipated that the hardship budget will not be spent in 2023/24.
Supervision & Management - Total	9,566	9,756	190	
Depreciation	3,956	4,295	339	This is because of the inclusion of Hale End properties. Forecast based on 2022/23 outturn.
Repairs & Maintenance				
Day to Day Repairs	2,788	4,248	1,460	The projected overspend for the year has increased by £96k from previous month forecast of £1364m. This is due to the movement of costs that have previously been in capital budgets. These are the costs for Brockhill Waking Watch (£347,496) and the Sheerwater Security Costs (£101,713). The impact of these costs has been mitigated by a reduction in the projected overspend on communal gas (£16,806), this is due to the tendered costs being finalised and accurately projected. Further mitigation is achieved by a reduction in projected void costs. The redesign of the void specification has started to show results, with average void property costs reducing from £4,142 to £1,942 in 3 months. The overall reduction in estimated void costs is £109,110. The final mitigation action is to renegotiate elements of the Mountjoy repairs contract. This will provide significant overhead savings to reflect a smaller, service driven provision (savings estimated at £240,000).

				Whilst there is still an overspend, officers are managing the contracts tightly to bring the figure down.
HRA Statutory	434	398	(36)	Repairs based on contract price. Underspend projected against the budget.
	3,222	4,647	1,425	
Debt Management Expenses	36	71	35	Forecast based on 2022/23 outturn position.
Capital Financing Charges	5,541	5,487	(54)	
TOTAL EXPENDITURE	22,321	24,256	1,934	
INCOME				
Dwelling Rents	(19,341)	(20,468)	(1,127)	Additional income from the rent uplift of 7%. Sheerwater voids are included in the dwelling rents forecast.
Less Voids	185	1,941	1,755	Increase in voids and the empty properties in the Sheerwater regeneration scheme reflected in the forecast. Please refer to comment above on Sheerwater voids.
Less Write offs	57	57	0	
Dwelling Rents - Total	(19,098)	(18,470)	628	
Service Charges & Other Income	(1,885)	(2,890)	(1,005)	Additional income anticipated from the increase in heating and electricity costs. The budget is understated and may need to be reviewed as part of setting the 2024/25 budgets.
Dwelling Rents / Service Charges - Total	(20,984)	(21,360)	(376)	
Interest on Reserves	(1)	(1)	0	
Other Receipts (Sheerwater)	-	(589)	(589)	Sheerwater reimbursements originally accrued in 2022/23 were cancelled. Income is now expected in 2023/24.
TOTAL INCOME	(20,985)	(21,950)	(965)	
HRA (SURPLUS) / DEFICIT	1,336	2,306	970	
HRA Opening Reserves		(1,515)		
Estimated HRA Closing Reserves		771		

10. COMMUNITIES DIRECTORATE – FINANCIAL POSITION

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

Communities Directorate	Q1 Over / (Under) Spend	Q2 Over / (Under) Spend	Impact on deficit - change from Q1 to Q2
	£	£	£
Leisure (was under Place in Q1)			
As a result of changes in leisure habits during and since the pandemic, and cost increases in recent months, Freedom Leisure, who currently manage the Council's Leisure facilities on our behalf, are unlikely to be able to meet the full payments due to us under the Leisure Management Contract, with a currently projected shortfall of £125,000.	125,546	125,546	0
Energy costs, which are the responsibility of the Council under the Leisure Management Contract, are likely to be over this year. Closure of certain areas of the building is driving this cost down.	56,906	128,000	71,094
Women's Support Centre			
The Women's Support Centre transferred under TUPE regulations to Catalyst on 31.05.23. A one-off transitional subsidy was agreed for 2023/24 which has meant the FFF saving of £250k has not been achieved.	258,356	258,464	108
Centres For The Communities - Kitchens			
Kitchens at Moorcroft and St Mary's have been rented out so we will not see the budgeted income. This is partially offset by the savings in staff costs.	*NEW*	74,333	74,333
Bustler			
Annual Bustler service for St Mary's and The Vyne - No budget set.	*NEW*	11,499	11,499
Housing Strategy			
There are savings in staff costs (Housing Strategy & Projects Officer) as part of the FFF-2 savings to the value of £12,246. However, this is reduced because there are no recharges to projects as anticipated at the time of budget setting.	(12,000)	7,105	19,105
Housing Advances			
There is an overspend on Housing Advances. This is because there is a payment to LAMAC (mortgage services) for which there is no budget.	*NEW*	10,742	10,742
Housing Options/Needs/Enabling			
There is an overspend of £111,865 on the Housing Options staffing budget and £13,177 on the Housing Services Staffing budget, and savings of £36,090 in the Lets Rent/PSL team.	265,281	91,056	(174,225)

There is an overspend of £184,135 in Housing Options due to an overspend in Bed & Breakfast expenditure, though there is an improvement in income collection and Government rent subsidy, being an over-recovery against budgets of £113,666 and £123,895 respectively. The fit for future savings not achievable is £47,750. In FFF round 1, an amount of £15,750 for 2022-23 and an amount of £32,000 for 2023-24 was budgeted. This was subject to pursuing the Thamesway Lets Rent Model, so that we could reduce the number of nights in Bed & Breakfast. However, since the model did not materialise, these savings are not achievable.	-	231,885	231,885
There is an anticipated overspend of £224,603 in temporary accommodation budgets. Though there has been a savings in expenditure of £38,010, this overspend is due to the under-recovery of income £122,186 and an error in budget setting of Government subsidy rent rebates £140,427.	109,719	224,603	114,884
The Private Sector Leasing Scheme is showing an overspend of £5,087 due to under-recovery of income. The position of the PSLs' have improved from £79,016 overspend in 2022-23 to an anticipated overspend of £47,930 in the current year.	-	5,087	5,087
Other Minor Variations	(17,000)	191,458	208,458
Total Projected Overspends	786,808	1,359,777	572,969
The Junction/Richardson Centre			
These premises are used by the Women's Support Centre and all costs are now with Catalyst.	(30,150)	(30,150)	0
Youth Development			
Youth Development ended in 2022 and we are no longer paying this grant.	(44,000)	(44,000)	0
Social Prescribing			
Two vacancies that are being recruited to. Fully funded posts.	(18,541)	(12,652)	5,889
Community Alarms			
New NHS funding received.	(20,000)	(20,000)	0
Home Independent Support			
There are six vacancies in this area, approval has been given to recruit to four of the posts and the saving is the net impact.	(111,960)	Included elsewhere	111,960
Brockhill			
Two staff left and posts will not be recruited to resulting in a saving.	(15,533)	Included elsewhere	15,533
Homelessness Directorate Funding			
The Homelessness Directorate is showing a surplus of £214,097. This is because an unbudgeted Homelessness grant income of £229,912 was received in Aug 2023 that will help meet additional costs.	*NEW*	(214,097)	(214,097)
Let's Rent Scheme and Other Housing Service Expenses			
The Let's Rent scheme is showing savings of £85,135 due to a reduction in specific initiatives (for example, tenant training and targeted incentive schemes) compared to previous years.	*NEW*	(85,135)	(85,135)
A £19,611 savings from Welfare Reform and Homelessness is achieved as part of the fit for future savings, value £18,000 (Withdrawal from Sharer's scheme). There is an overspend of £6,942 on CRB mental health grants and £2,104 in Other Housing Services expenses.	*NEW*	(10,565)	(10,565)
Fees and Charges			

Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	*NEW*	(42,000)	(42,000)
Total Mitigations	(240,184)	(458,599)	(218,415)
Total Projected Variance on Communities Directorate Services [overspend]	546,624	901,178	354,554

11. COMMUNITIES DIRECTORATE – KEY PERFORMANCE INDICATORS

Homelessness & Allocations – Catherine Butler							
KPI	Description	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Target
SO-018a	Number of new homeless households placed in B&B during the quarter. Lower outturn is better.	46	39	98	29	29	N/a
SO-018b	Number of new homeless households placed in other emergency accommodation (temporary and non-secure) during the quarter. Lower outturn is better.	37	15	19	10	18	N/a
SO-085a	Total number of households in B&B at the end of the quarter. Lower outturn is better.	35	41	23	40	42	N/a
SO-085b	Total number of households in other emergency accommodation (temporary and non-secure) at the end of the quarter. Lower outturn is better.	171	171	175	175	177	0
SO-080a	The average length of stay of homeless households in B&B accommodation (weeks). Lower outturn is better.	8	8	8	14	15	N/a
SO-080b	The average length of stay of homeless households in other emergency accommodation (temporary and non-secure) - weeks. Lower outturn is better.	77	134	114	102	110	N/a
CO-001	Cumulative number of affordable homes delivered. Higher outturn is better.	3	7	15	0	0	102
Housing Landlord Services – Mick Collyer							
IM1	Rent & service charge income collected for properties managed by the housing service. Higher outturn is better.	90%	92%	95%	98%	97%	99%

IM3	Average time taken to re-let properties managed by the housing service. Data only.	91.58	81.59	85.32	85.30	62.53	N/a
RR1	Emergency repairs carried out in properties managed by the housing service (attended within 4 hrs and made safe/completed within a further 4 hrs). Higher outturn is better.	N/a	N/a	N/a	90%	No data	N/a
RR2	Urgent repairs carried out in properties managed by the housing service (repairs due for completion within 24 hrs). Higher outturn is better.	N/a	N/a	N/a	80%	No data	N/a
RR3	Routine repairs carried out in properties managed by the housing service (repairs due for completion within 10 working days). Higher outturn is better.	N/a	N/a	N/a	62%	No data	N/a
Health & Wellbeing – Julie Meme							
HW1	Average number of Community Meals clients. Data only.	213	184	161	162	158	Data only
HW2	Average number of Careline clients. Data Only.	1488	1467	1425	1400	1381	Data only

KPI PERFORMANCE SUPPORTING INFORMATION	
SO-018a (New homeless households placed in B&B during the quarter) - Although down from figures this time last year, the Housing Options team is continuing to see a high number of homelessness presentations resulting from more Section 21 evictions, cost of living, and arrivals from Ukraine.	
SO-018b (New homeless households placed in other emergency accommodation during the quarter) - This KPI has performed well this quarter due to ongoing efforts to resettle homeless households into settled accommodation and release private section leasing properties to other households in need.	
SO-085a (Households in B&B at the end of the quarter) - Although marginally higher than Q1, the numbers across the KPI remain consistent. Ongoing pressures in the area remains as we continue to see a high numbers of homelessness presentations.	
SO-085b (Households in other emergency accommodation at the end of the quarter) - Although marginally higher than Q1, the numbers across the KPI remain consistent. Ongoing pressures in the area remains as we continue to see a high numbers of homelessness presentations.	
SO-080a (The average length of stay of homeless households in B&B accommodation (weeks)) - Performance is marginally down from Q1, however work is underway to implement the DLUCH recovery plan which aims to reduce the number of families in B&B to less than 6 weeks.	
SO-080b (The average length of stay of homeless households in other emergency accommodation - weeks) - Performance is down from Q1, however work is underway to deliver the DLUCH recovery plan to reduce the number of families in B&B to less than 6 weeks.	

<p>CO-001 (Cumulative number of affordable homes delivered) - The Council's Housing Strategy 2021-2026 commits to a total delivery of at least 510 new affordable homes, averaging a target of 102 per year. However, delivery levels can fluctuate significantly from year to year.</p>
<p>IM1 (Rent & service charge income collected for properties managed by the housing service) - Rent arrears stand at £1.16m and equates to 4.95% of the annual rent role. This is a 0.04% decrease since the start of the financial year. Recent work has seen the start of July 2023 arrears total almost identical to the end of September 2023 which indicates the delivery of the recommendations in the Service Improvement Plan are starting to see positive outcomes. Next steps to reduce arrears is through the implementation of new software (October 2023) which will support activity, and a new procedure to increase pro-active personal contact with tenants. Former tenant arrears are £1.11m for all account types. The new software for former tenant arrears will go live in December 2023. In the meantime, an Options Paper for addressing arrears has been completed and write-offs have been submitted for authorisation.</p>
<p>IM3 (Average time taken to re-let properties managed by the housing service) - Void performance improves month on month, with September being an average of 57 days, this is down from 92 days in April. Increase in resources and better communication between teams is key to the improved turnaround time.</p>
<p>RR1 (Emergency Repairs), RR2 (Urgent Repairs) & RR3 (Routine Repairs) - Raw data was used to collate Q1. 23/24 performance indicator as the contractor has not been able to provide any verified KPI reports. Further raw data has not been made available to carry out any subsequent analysis, however, discussions with the contractor over provisions of data are underway and any backdated analysis will be undertaken once the base data is received.</p>
<p>HW1 (Total number of Community Meals customers) - There has been a decline in community meals clients over recent quarters, however the number was artificially high due to the pandemic when numbers greatly increased. Take-up of the service is seasonal and typically increases over the colder months. Now the service is secured a fresh marketing campaign will be introduced.</p>
<p>HW2 (Total number of Careline customers) - Whilst fluctuations in Careline customer numbers are not unusual, there has been a downward trend over the last 5 quarters. This is partially due to recent increases in fees (to make the cost of service more in line with other Councils) and the availability of alternative equipment, such as smart watches, which can be purchased from many retailers. These options will never provide the same level of support and interaction that the Carline service currently provides, but customers might choose this if cost is the primary driver.</p>

CORPORATE RESOURCES DIRECTORATE – KEVIN FOSTER

The Corporate Resources Directorate is comprised of the following functions:

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

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

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

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

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

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

Legal Services: (Legal, Procurement).

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

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

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

12. CORPORATE RESOURCES DIRECTORATE – STRATEGIC DIRECTOR SUMMARY

I recognise that historically there has been insufficient attention to the development of a corporate approach to how the Council is managed. Councils are complex organisations and must embrace continuous improvement; key fundamentals such as systems, data quality, information governance, policies, processes etc. must be constantly reviewed and enhanced. This will need to be a focus for some time and is reflected in the Improvement and Recovery Plan that the Council has established and is in the early stages of delivery.

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

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

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

- The development of business partnering – aligning Corporate Resources services and reporting to the needs of the business.

- Improving performance reporting to provide a better oversight of overall Council performance – this report and the new financial monitoring arrangements are good examples of this.
- Focussing on controls and management of risk – both of which have been enhanced through the operation of a financial control panel and corporate risk register reporting.

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

13. CORPORATE RESOURCES DIRECTORATE – FINANCIAL POSITION

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

Corporate Resources Directorate	Q1 Over / (Under) Spend	Q2 Over / (Under) Spend	Impact on deficit - change from Q1 to Q2
Property Services (was included under Place in Q1)			
The Commercial rent budget was increased by £400,000 to include new leases which are now unlikely to complete this financial year and the Fit for Future anticipated savings of £132,000 have not been met. In addition, it is anticipated rent concessions of £250,000 are likely to secure lease renewals as assumed in the rent forecast reported via the MTFS.	357,000	1,124,250	767,250
Surrey County Council vacated the Civic Offices on 21 st April 2023 resulting in a shortfall of income of rents at the Civic Offices of £114,250.			
It has been possible to mitigate these costs following a review of the Civic Offices operational costs in year, also reported as part of the Gateway savings (£115,000).			
A dilapidation settlement of £176,000 has been received in respect of Midas House. These monies will need to be expended to make the floor lettable. Feedback from letting agents is that these works need to be completed to stand any chance of attracting tenants. Furthermore, we will need to seek legal advice as to whether dilapidation money which is paid by a tenant for a landlord to reinstate the premises can be used for alternative works from what it was received for.			
For information, the estimated rental value for this space is £475,000 and the loss in business rates £168,448, Service Charge £156,165 and insurance total £330,203.			
Until legal advice is received the forecast for monitoring purposes is that these monies will be expended.			
There is an underspend of £1,000,000 against the budget for Business Rates due rate revaluations, back dated rate valuation changes, and the timing difference between the budget being set and the current reporting period. Rate mitigation has been achieved by using an agency who specialise in placing charities in			

short term lettings specifically to reduce the business rate liability to the council. Revaluations and rate mitigation efforts will continue throughout the year and the variation will be updated monthly to reflect these changes as they happen.			
These savings are partly offset by rate mitigation agency fees revaluation fees of £150,000.			
Due to the shortfall in rents, there is an increase in voids service costs of £750,000 mostly attributed the larger offices and shopping centre (Midas House, Dukes Court, Wolsey Place and Export House).			
Only essential repairs and maintenance are being carried out resulting in an underspend against budget of £200,000. Landlord incentives can be agreed to secure a lease and costs to date have totalled £89,000.			
During 2023/24 £144,000 of compensation payments are due to tenants to remove their security of tenure and enable maximum market value.			
Due to the bad state of garages, repairs have become expensive. In addition, the number of void garages is increasing due to the poor condition and the lack of capacity within the housing team to deal with reviewing the void garages and getting any relet has resulted in a forecast overspend of £80,000.			
There is an overspend against budget at Provision House of £95,000, of which £11,000 is due to void space, £24,000 due to under recovery of service charge from a charity letting and the balance is due to out-of-date budgets £60,000.			
Due to the removal of the Town Centre Management Agreement (TCMA) reserve, there will be an overspend of £250,000 due to works which had already commenced such as the Chertsey Road works.			
Due to inflation a higher contribution has been received from Surrey Heath Borough Council of £9,000 towards CCTV. In addition, transmission maintenance is anticipated to be £6,000 lower than budget.			
Election Services			
Additional costs due to introduction of voter ID	115,000	65,000	(50,000)
Marketing and Communications			
Small overspend from pay inflation, offset by minor underspends on services	11,000	4,618	(6,382)
Financial Services			
The overspend relates to the costs of interim staff, partly mitigated by Internal Audit savings.	153,000	144,568	(8,432)
Corporate Management			
The overspend relates to the costs of the Commissioners and the Interim Section 151 Officer partly offset by vacancies.	259,000	301,000	42,000
Human Resources			
Overspend on Temporary staff, £104k on Graduate Programme and £3k on Subscriptions that are not budgeted for.	139,000	113,945	(25,055)
Democratic Services			
Overspend on staff costs/salaries	23,000	23,000	0
Other Minor Variations	58,000	201,554	143,554
Total Projected Overspends	1,115,000	1,977,934	862,934
Legal Services			

Head of Legal vacancy, partially offset by Pay Award.	(142,000)	(121,878)	20,122
Underspend due to reduction in external printing.			
Election Services			
Saving arising from scaling back Civic and Mayoral events and services.	(25,000)	(25,000)	0
Underspend due to Electoral Services Officer vacancy.	*NEW*	(20,000)	(20,000)
Total Mitigations	(167,000)	(166,878)	122
Total Projected Variance on Corporate Services Directorate Services ([overspend])	948,000	1,811,056	863,056

14. CORPORATE RESOURCES DIRECTORATE – KEY PERFORMANCE INDICATORS

Financial Services – Nicola Regis							
KPI	Description	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Target
CO-021	Invoices paid within 30 days or within supplier payment terms – cumulative. Higher outturn is better.	97.80%	97.90%	97.90%	90.70%	93.60%	97.00%
Revenues & Benefits – David Ripley							
EC-011	Council Tax Collected (cumulative target Q1. 30.10%, Q2. 59.30%, Q3. 87.90%, Q4. 98.40%). Higher outturn is better.	56.95%	84.67%	97.90%	29.64%	57.50%	59.30%
EC-012	Business Rates Collected (cumulative target Q1. 32.33%, Q2. 57.61%, Q3. 87.52%, Q4. 98.46%). Higher outturn is better.	62.30%	86.00%	98.06%	32.81%	57.86%	57.61%
NI 181	Average time taken to process Housing Benefit and Council Tax Support claims. Lower outturn is better.	7.00	7.30	5.60	6.79	6.99	8.00
SO-004	Benefit Overpayments Recovered Higher outturn is better.	110%	80%	82%	118%	125%	75%

KPI PERFORMANCE SUPPORTING INFORMATION

CO-021 (Invoices paid within 30 days or within supplier payment terms) - Q2. is showing as amber due to initial delays resulting from the introduction of the Financial Control Panel (FCP) following the serving of the Section 114 notice at the beginning of June 2023. This control delayed some payment of invoices whilst FCP approval was sought. This process is now established and in turn brings the percentages more in line with target.

EC-011 (Council Tax Collected) - Government has introduced a change which enables residents to pay Council Tax over 12 months rather than the default scheme of 10 months (April to January). The change has impacted this performance indicator because quarterly collection rate targets are continuously adjusted as more residents opt for this payment schedule. Outside factors such as the cost-of-living crisis and interest rates can also negatively affect this performance indicator.
EC-012 (Business Rates Collected) - The current collection rates are within the target range set.
NI 181 (Average time taken to process Housing Benefit and Council Tax Support claims) - The current performance is within target. However, this KPI is currently affected by claimants failing to provide evidence in support of their claims. We proactively remind and chase applicants, but under legislation they have one calendar month to supply the required supporting evidence.
SO-004 (Benefit Overpayments Recovered) - Current recovery rates are above target, but this KPI can be significantly affected in any quarter due to a range of influences i.e., possible backdated benefit fraud investigations which may result in large overpayments of Housing Benefit. The most recent large overpayment recovery was in July 2023 for £27k.

PLACE DIRECTORATE – BEVERLEY KUCCHAR

The Place Directorate is comprised of the following functions:

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

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

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

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

15. PLACE DIRECTORATE – INTERIM STRATEGIC DIRECTOR SUMMARY

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

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

- This report is the first that has been produced under the new performance management regime and has involved a considerable degree of reviewing and re-establishing data criteria to ensure what is captured is representative of Place performance.
- There is a significant level of business change being undertaken within the organisation which has an effect on the 'business as usual' service delivery of the Place Directorate, with further changes ahead as the organisation becomes smaller.
- New indicators that add value will be developed and added to future publications to ensure that this document evolves alongside the needs of the Council.
- Many of the KPI's included present a picture of service delivery which may not be within the control of the Council, but reflect the workload and performance output, for example, the number of planning applications and complaints or requests for service received.

Going forward and as we continue to identify savings, meet the recommendations of the Improvement and Recovery Plan and approach phase 2 of the staff consultation, it is important that we monitor performance to ensure that we are meeting statutory duties and providing a safe and healthy place for our residents to live and work, and to encourage visitors and future development within the Borough.

Looking forward to the next quarter, the Car Parking Strategy, commissioned earlier this year, is set to report back in the Autumn, highlighting opportunities for maximising income and more effective use of the Council's car parking estate. We are also progressing the procurement of a new grounds maintenance and street cleaning contract.

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

16. PLACE DIRECTORATE – FINANCIAL POSITION

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

Place Directorate	Q1 Over / (Under) Spend	Q2 Over / (Under) Spend	Impact on deficit - change from Q1 to Q2
Development Management			
Fee income looks likely to be close to target for the year. If the current proposals for a national fee increase are implemented in the next couple of months, then this position should be improved, depending on start date. However, the expected increase in expenditure relates to the costs involved in defending the Council's decision, at public inquiry, to refuse the planning application at Technology House. This results in an overall overspend of £17,000.	100,000	16,799	(83,201)
Building Control			
There is now a significant shortfall emerging due to the effects of the interest rates on the construction market and mitigating actions are being reviewed to reduce overheads in staffing.	96,085	176,085	80,000
Parking Services			
There are overspends on business rates of £701,000 mainly due to under-provision of budgets for Red and Green Car Parks and over-provision of savings from appeals on business rates. Electricity costs for Red Car Park had not been budgeted for resulting in an estimated overspend of £148,000. Also, water at Victoria and Red Car Parks are over budget by £13,000. Estimated additional works on repairs, maintenance and facilities management at car parks result in a overspend of £45,000. Newly signed cleaning contract enables a saving of £34,000 in Red and Green car parks which can partly offset the overspends. The forecast outturn for car park incomes including parking fees and season tickets are less than the estimated income target by £1.27m. Two separate service faults during August and September affected cash and card payments which resulted in a loss of income. Despite this impact, the total income for April to September is around £380,000 more than for the same period last year. The Parking strategy is due by the end of November. We anticipate introducing a new tariff structure early in 2024 which could see an increase in income for the final two months. Estimated increases of £290,000 from PCN Penalty Charge Notice income partly offset the overspends.	1,367,000	1,853,000	486,000
Environmental Health and Housing Standards			
An estimated reduction in the number of inspections for animal welfare licences will reduce income of £13,000. The removal of internal contributions from Parks and Countryside for patrols and dog control reduce income by £48,000. The additional costs for security out of hours handling covered partly by recharge result in an overspend of £3,000, However, there are savings of £15,000 from less estimated expenditure on equipment and marketing, and additional income from penalty charges on HMO licenses. A recharge of £24,000 from the Homes For Ukraine income to fund the time spent completing essential housing checks enhances	23,000	10,000	(13,000)

further savings. In addition, the recharges from Primary Authority work and Licence inspection enable savings of £15,000 to partly cover the overspends.			
Licensing			
There are overspends of £8,000 in Employee costs. The projected income is reduced by £21,000 mainly due to less fees from Private Car Hire and Taxi Licences and removal of recharge from CRB fees.	8,000	29,000	21,000
HIF project			
There are overspends of £16,000 in Employee costs. We are seeking to recover these costs from Homes England. Progress will be reported in a future Budget Monitoring Report.	20,291	16,000	(4,291)
Total Projected Overspends	1,614,376	2,100,884	486,508
Planning Strategy			
A Planning Policy post is vacant, and there are currently no plans to recruit. A temporary member of staff has been used to cover the Planning Policy Manager's post. From October this post will be filled on a permanent basis. CIL administrative costs will be charged to CIL receipts at year end in line with legislation.	(94,000)	(71,303)	22,697
Economic Development			
Underspend of £103,055 is mainly due to cancellation of Celebrate Woking activities of £100,000, Overspend of £23,620 on staff not budgeted for and £26,675 underspend on Business liaison project.	(92,605)	(103,055)	(10,450)
Waste and Recycling			
There are overall savings of £145,000 from Waste and Recycling due to estimated reducing variable costs in waste collection, increase of recycling credit and higher level of payments for bin replacement as the bin stock ages. The estimated slightly lower take up of garden waste subscriptions offsets part of the savings.	(145,237)	(145,000)	237
Green Infrastructure			
A vacant post in Green Infrastructure contributes savings of £11,000. Additional savings of £66,000 are expected from reducing non-essential activities for tree, vegetation, and footpath improvement, holding off on works in repair and maintenance in play and sports equipment, and reducing ground maintenance in allotments, parks and countryside sites. Expenditure for works for Biodiversity Net Gain can be offset by grants and increased fees income from ice-cream licences thereby releasing savings of £22,000. Estimated reduction in service payment to consultants on climate change and other green infrastructure issues provide an underspend of £10,000. An underspend on dog control for Parks and Countryside saves £48,000 which has been internally recharged to Environmental Health. Termination of partner contribution for Basingstoke Canal generates savings of £53,000 which contributes to our gateway savings target. However, there is a reduction in budgeted income of £8,000 on rent received for the mast in Sheerwater which was decommissioned in 2022 linked to the regeneration scheme and a projected overspend of £16,000 on the corporate car club and car hire budget, which is the subject of a gateway savings proposal.	(50,000)	(186,000)	(136,000)
Neighbourhood Services			
A vacant post contributes a saving of £25,000. Underspends on Street Furniture, grounds maintenance and maintenance of other land where WBC has an interest result in savings of £31,000. There is an estimated increase in income of £13,000 from Roundabout	*NEW*	(74,000)	(74,000)

sponsorship. Removed budget for business rate which is not required enables saving of £5,000.			
Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	*NEW*	(92,940)	(92,940)
Other Minor Variations	25,300	(10,565)	(36,865)
Total Mitigations	(356,542)	(683,863)	(326,321)
Total Projected Variance on Place Directorate Services ([overspend])	1,257,834	1,418,021	160,187

17. PLACE DIRECTORATE – KEY PERFORMANCE INDICATORS

Neighbourhood Services – Mark Tabner							
KPI	Description	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Target
EN-101	The quarterly % of household waste reused, recycled, and composted. Higher outturn is better.	54.6%	60.9%	49.7%	61.3%	55.0%	61.0%
EN-093a	The number of missed collections per 100,000 collections of household waste. Lower outturn is better.	54	38	42	47	33	80
NI-196	Cumulative Number of Fly Tipping Incidents. Data only.	546	891	1186	328	608	Data Only
NI-196a	Cumulative Number of Fly Tipping Enforcement and Investigation Actions. Data only.	728	1137	1450	314	614	Data Only
Development Management – Thomas James							
EN-013	Major Planning Applications decided in 13 weeks or an agreed time extension. Higher outturn is better.	100%	100%	100%	100%	100%	66%
EN-014	Minor Planning Applications decided in 8 weeks or an agreed time extension. Higher outturn is better.	88%	87%	86%	92%	86%	65%
EN-015	Other Planning Applications decided in 8 weeks or an agreed time extension. Higher outturn is better.	89%	88%	87%	82%	79%	80%
EN-016	Appeals allowed against the decision to refuse planning applications. Lower outturn is better.	22%	35%	36%	50%	50%	35%

NI 154	Cumulative total Net Additional Homes Provided. Higher outturn is better.	146	587	650	49	74	292
P006	Cumulative Net Additional Affordable Homes Provided. Higher outturn is better.	0	4	12	0	0	102
Environmental Health – Emma Bourne							
KPI	Description	Q2 22/23	Q3 22/23	Q4 22/23	Q1 23/24	Q2 23/24	Target
EN-073	Inspecting food premises - planned visits plus adjustments resulting from new sites opening, closing, inspection findings, and requests for paid re-inspections. Higher outturn is better.	80%	44%	276%	28%	38%	100%
EN002	Percentage of completed inspections (YTD) for overdue D and E rated food businesses. Higher outturn is better.	N/a	N/a	N/a	13%	16%	25%
E003	Percentage of food businesses with a food hygiene rating of 3 or better. Higher outturn is better.	96%	95%	94%	95%	94%	Data only
EH01 New	Total number of Environmental Health complaints (i.e., food, health and safety, animal welfare, statutory nuisance, pollution, etc). Data only.	New PI for 2023/24			495	436	Data only

KPI PERFORMANCE SUPPORTING INFORMATION	
EN-101 The cumulative % of household waste reused, recycled, and composted - Q2.	has seen a seasonal dip in the recycling rate due to the change of weather, which typically results in less green waste tonnage being collected. This quarter also includes the school summer holidays with many residents away resulting in less waste and recycling generated. There were 5 more refuse collection days than recycling days in Q2.
EN-093a (Missed collections per 100,000 collections of household waste)	- This KPI is performing well due to stable staffing levels and the fact that the contractor has implemented a Power BI dashboard to monitor and address missed bins.
NI-196 (Fly Tipping Incidents)	- The trend in the number of fly tipping incidents is broadly in-line with expectations based on 2022/23 data.
NI-196a (Fly Tipping Enforcement and Investigation Actions)	- The trend in the number of fly tipping incidents is broadly in-line with expectations based on 2022/23 data.
EN-013 (Major Planning Applications decided in 13 weeks or an agreed time extension)	- Performance continues to be maintained at 100%. From Q3 it is proposed to differentiate which applications have relied on applicants agreeing to an 'Extension of Time' to meet the performance target. It is noted that, because of the Special Protection Area designation, all granted Major applications in the Borough must be subject to a S.106 Legal Agreement which can rarely be drafted and completed within the statutory 13 weeks and performance therefore relies on applicants agreeing to an Extension of Time.

<p>EN-014 (Minor Planning Applications decided in 8 weeks or an agreed time extension) - Performance remains above target. From Q3 it is proposed to differentiate which applications have relied on applicants agreeing to an 'Extension of Time' to meet the performance target. This can give a clearer indication of performance in real terms.</p>
<p>EN-015 (Other Planning Applications decided in 8 weeks or an agreed time extension) - Performance has dropped sharply over the year and is now marginally below the target in Q2. This application type represents the greater part of the team's caseload and the number of applications being received remains higher than the pre-Covid period. 2.5 FTE Case Officers have left the Authority in 2023 and are unable to be replaced because of the S.114 Notice. Remaining officers' caseloads are consequently extremely high with a resultant impact on performance.</p>
<p>EN-016 (Appeals allowed against the decision to refuse planning applications) - A relatively small number of decisions are issued by the Planning Inspectorate each quarter meaning that 1-2 allowed appeals can significantly impact on figures as in Q 1 and 2.</p>
<p>NI 154 (Cumulative total Net Additional Homes Provided) - The total dwellings delivered in 2022-23 was significantly higher than in most years as a result of the completion of the residential element of Victoria Square. This has more than outweighed the cumulative undersupply against our housing requirements over past years.</p>
<p>P006 (Cumulative Net Additional Affordable Homes Provided) - The new affordable dwellings delivered through the planning system included four flats at Rydens Way and eight houses at Sheerwater, Copper Phase. All dwelling completions recorded in the year were either at Victoria Square (where provision of affordable dwellings was shown to be unviable, although the housing at the new Fire Station was associated with this development); prior approval change of use developments, minor developments and an extra care housing scheme, where we were unable to require affordable housing (although the revision of the Affordable Housing SPD will allow us to do so for extra care housing in future); Sheerwater Copper Phase; and the later phases of Broadoaks, where the affordable element has already been delivered. Numerous other affordable dwellings were under construction at Sheerwater and at Portugal Road in 2022-23, although some of these are now unlikely to be delivered as affordable.</p>
<p>EN-073 (Inspecting food premises) - The number of inspections completed is below target as we are a reactive service with demands at different times of the year, for example, a higher number of noise and bonfire complaints during summer months may result in the reallocation of resources. We are also finding that more food businesses are poorly compliant due to staff issues, cost of living, etc. therefore inspections take longer and require enforcement action. It is expected that we will meet inspection targets by the end of Q4.</p>
<p>EN002 (Completed inspections for overdue D and E rated food businesses) - A number of lower risk food businesses are overdue their programmed food hygiene inspection due to the covid pandemic when we couldn't visit, businesses were closed, or staff were redeployed to assist with business continuity and the Covid response. The number of these inspections completed is below target as we will prioritise due inspections, high risk, new businesses, and complaints before completing the lower risk, more compliant food business inspections.</p>
<p>E003 (Food businesses Establishments with a food hygiene rating of 3 or better) - A food hygiene rating is given in accordance with compliance with food hygiene law after each food inspection. This figure shows the percentage of food businesses which have achieved a rating of 3, 4 or 5 and are therefore considered to be 'broadly compliant'.</p>
<p>EH01 (Total number of Environmental Health complaints) - The number of complaints made cannot be controlled but does show the volume and variety of service requests dealt with by Environmental Health. Complaints may require a verbal or written response, visits, analysis of</p>

diary sheets, consideration of applications or consultations from Planning and Licensing, and enforcement actions. This also provides a picture showing why the completion of food hygiene inspections may be under target. The figure does not include infectious disease investigations, accident report investigations, or Housing Standards complaint / service requests.

18. CAR PARKS INCOME

	Off Street PCNs	Off Street Parking Fees	Off Street Season Tickets	Total
Annual Budget	30,000	5,818,000	1,477,000	7,325,000
Budget to Date	15,000	2,803,000	896,000	3,714,000
Actual to Date	43,000	2,322,000	934,000	3,299,000
Variation to Date	+28,000	-481,000	+38,000	-415,000
	+187%	-17%	+4%	-11%

The 2023/24 income budget for off-street parking is £7.325m. The £3.299m income secured to-date falls short of the £3.714m target (-11%).

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

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

Area	Funding Receipts (£)	Funding Commitments yet to be Paid (£)	Money Paid (£)	Available Funding (Receipts less Commitments) (£)
Brookwood Neighbourhood Area	16,065.24	0.00	0.00	16,065.24
Byfleet and West Byfleet Ward	0.00	0.00	16,452.22	-4,482.19
Canalside Ward	388,468.06	66,054.74	15,060.02	322,413.32
Goldsworth Park Ward	2,149.81	281.87	6,615.69	1,867.94
Heathlands Ward	85,857.66	0.00	0.00	85,857.66
Hoe Valley Ward	45,795.11	3,500.00	0.00	42,295.11
Hook Heath Neighbourhood Area	63,734.09	11,669.00	3,331.00	52,065.09

Horsell Ward	41,530.63	9,000.00	6,969.84	32,530.63
Knaphill Ward	43,787.06	2,000.00	720.74	41,787.06
Mount Hermon Ward	166,783.53	3,500.00	9,600.00	163,283.53
Pyrford Neighbourhood Area	58,318.58	0.00	14,000.00	58,318.58
Pyrford Ward	5,860.82	0.00	0.00	5,860.82
Pyrford Ward within West Byfleet Neighbourhood Area	2,630.77	0.00	0.00	2,630.77
St Johns Ward	25,965.13	118.00	8,314.36	25,847.13
West Byfleet Neighbourhood Area	1,066,832.31	4,731.78	10,909.86	1,062,100.53
Total	2,013,778.81	100,855.39	91,973.73	1,908,441.23

FINANCIAL AND TREASURY MANAGEMENT INFORMATION

20. EMPLOYEE COSTS

	Original Budget 2023/24 £	Variations £	Latest Budget 2023/24 £	Budget to September £	Actual Expenditure to Sept £	Variation from Budget to Sept £
Corporate Resources	9,142,753	0	9,142,753	4,570,793	4,859,409	288,616
Place	4,487,829	0	4,487,829	2,244,336	2,267,122	22,786
Communities	7,911,763	0	7,911,763	3,955,701	3,823,810	-131,891
Salary budget	21,542,345	0	21,542,345	10,770,830	10,950,341	179,511
Contribution towards costs	-3,293,326	0	-3,293,326	-1,645,839	-1,863,122	-217,283
	18,249,019	0	18,249,019	9,124,991	9,087,219	-37,772

Notes

- At its meeting on the 23 February 2023 the Executive agreed that the staffing budget for the year would be limited to £18.720m and an annual average number of staff for the year of 360 FTE. CLT will manage the staffing budget flexibly within these two parameters.
- The above figures exclude costs of £1,554 on redundancy payments, which will be met from the management of change budget. The amount is split as follows:

General Fund	1,554
Housing Revenue Account	0
	<u>1,554</u>

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

General Fund	53,238
Housing Revenue Account	-91,010
	<u>-37,772</u>

21. CAPITAL RECEIPTS

GENERAL FUND		
DETAILS OF RECEIPT	ESTIMATED RECEIPTS (full year) £	ACTUAL RECEIPTS (to date) £
Land Sales	0	2,500
TOTAL RECEIPTS 2022/3	0	2,500

HOUSING		
DETAILS OF RECEIPT	ESTIMATED RECEIPTS (full year) £	ACTUAL RECEIPTS (to date) £
Right To Buy Sales*	3,330,000	2,278,900
Land Sales (including target disposals)	0	0
Equity Share Sale	0	0
Repayment of Discount	0	0
TOTAL RECEIPTS 2022/23	3,330,000	2,278,900
Receipt Retained by WBC	723,191	340,169
Treasury Share of Receipt	535,801	535,801
Earmarked for replacement housing	2,071,008	1,402,930
	3,330,000	2,278,900

* 4 properties were sold under the Right To Buy to the end of September, at a discounted price of £262,398 compared with a forecast of 15 for the year @ £222,000 each. The Treasury Share will be retained on the same conditions as we currently retain the 1-4-1 receipts.

22. INTEREST RECEIPTS AND PAYMENTS

This information is being developed and will be submitted to the November O&S Committee as part of the Mid-Year Treasury Report. Detail will be included in this document from Q3. Onwards.

23. SUMMARY OF EXTERNAL COMMITMENTS

This information is being developed and will be submitted to the November O&S Committee as part of the Mid-Year Treasury Report. Detail will be included in this document from Q3. Onwards.

24. LONG TERM LOANS

This information is being developed and will be submitted to the November O&S Committee as part of the Mid-Year Treasury Report. Detail will be included in this document from Q3. Onwards.

INDICATORS – Q4. REPORTING

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

25. DIRECTORATE Q4. INDICATORS

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

OVERVIEW AND SCRUTINY COMMITTEE – 20 NOVEMBER 2023

FINANCIAL MONITORING REPORT - BUDGET MONITORING AND FORECAST 2023-24 - QUARTER 2

Executive Summary

Attached at Appendix 1 is the Financial Monitoring Report - Budget Monitoring and Forecast 2023-24 - Quarter 2 as included on the agenda of the Executive meeting 16 November 2023.

The report contains financial monitoring information and is included on the agenda for the Committee to review

Recommendations

The Committee is requested to:

RESOLVE That the report be noted.

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

Background Papers: None.

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Date Published: 10 November 2023

EXECUTIVE – 16 NOVEMBER 2023

FINANCIAL MONITORING REPORT
BUDGET MONITORING AND FORECAST 2023-24 - QUARTER 2

Executive Summary

This report sets out the material financial issues identified since the 2023/24 budget was set, based on the income and expenditure as at end of September 2023 (Quarter 2) and reflects the views of budget managers within the Council's Directorates.

Recommendations

The Executive is requested to:

RESOLVE That

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

Reasons for Decision

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

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

Background Papers: None.

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Financial Monitoring Report - Budget Monitoring and Forecast 2023-24 - Quarter 2

Date Published: 10 November 2023

1.0 Introduction

- 1.1. The 2023/24 Revenue Budgets and Medium-Term Financial Strategy for Woking Borough Council's General Fund and Housing Revenue Account were approved by Council at its meeting on 23rd February 2023.
- 1.2. On 7 June 2023 the Section 151 Officer issued a Section 114 Notice to the Council which estimated a General Fund deficit ('the Deficit') of £1.2 billion by 31 March 2024. This means that on estimates made at that time the Council required £1.2 billion of financial support to enable the General Fund to be balanced as required by law at that date.
- 1.3. An updated Medium Term Financial Strategy (MTFS), covering 2024/25 to 2027/28, was prepared in June 2023, and has been updated on a regular basis since then.
- 1.4. The purpose of this report is to set out the forecast outturn position for 2023/24 for the Council's General Fund and Housing Revenue Account (HRA). Future reports will be further developed to incorporate the Capital Programme and to update on progress in delivering the savings programme.
- 1.5. This monitoring report sets out the material financial issues identified since the 2023/24 budget was set, based on the income and expenditure as at end of September 2023 (Period 6) and reflects the views of budget managers within the Council's Directorates.
- 1.6. As part of the ongoing monitoring process, work will continue to examine income and expenditure and activity data against the available budgets to support the position presented and help in shaping the Medium-Term Financial Plan.

2.0 Executive Summary

- 2.1 This report provides commentary on the Council's forecast revenue outturn position for 2023/24, which, for the General Fund, is indicating a projected overspend of £7.5m based on the information available as at Period 6 (September 2023).
- 2.2 The Housing Revenue Account forecast is presented in Table 6. It shows a forecast increase in the HRA deficit for the year, from a budgeted £1,336,000 deficit to a forecast £2,306,000 deficit, a worsening in the deficit (overspend) of £970,000.
- 2.3 In April 2023 the Section 151 officer suspended debt service charges into the profit and loss accounts of the Council's Group Companies: this was because the revenue charges were being financed by loans for capital purposes which is not permitted under the relevant regulations. For the time being, those charges will need of necessity to remain on the Council's revenue ledger; the alternative is to pass these charges to the companies, and it is likely that the companies would not remain financially viable if this action were to be taken. Notwithstanding this, in the absence of support from outside the Council, these charges will need to be invoiced to the companies by the end of financial year 2023/24 in order to prepare the Council's accounts.
- 2.4 The Council will continue to assess and refine the forecasts on a regular basis using the latest information available. The forecast presented in the report is based on the best available data and information acquired in discussions with budget managers.
- 2.5 Moving forward, the Corporate Leadership Team (CLT) will continue to engage with their respective management teams to identify available mitigations to suppress the service overspends. A line-by-line review of all service budgets continues to be undertaken by all budget holders to identify any savings to mitigate the overspend. The results of this will feed into the future monitoring reports.

3.0 Monitoring Frequency

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

4.0 General Fund Forecast Outturn

4.1 The September 2023 outturn forecast is summarised in Table A below and further shown by Directorate at Table 1. Tables A and 1 show a projected overspend of £7.5m for the year, compared with £6.2m projected overspend reported for June (Q1). This represents an increase in the projected overspend of £1.3m.

4.2 To put this projected overspend into context against the Council's approved budgets estimates for 2023/24, the monitoring is showing overspends of:

- £4.130m against net Service Budgets of £8.872m. This represents a variance of 47%.
- £3.400m against net Corporate items Budgets of £15.603m. This represents a variance of 23%.
- £7,530m combined variance against a net budget of £24.475m. This represents a combined variance of 31%.

4.3 This forecast variance (overspend) analysis is on a budget for 2023/24 that had planned to utilise £8.346m from reserves in order to provide a balanced budget. The forecast variance of £7.530 in this report is in addition to the planned utilization of £8.346m from reserves.

4.4 To put the Q2 2023/24 financial monitoring position in context, the amount the Council had budgeted to be met from local taxation and government grant is £16.128m. The 2023/24 in-year projected variance when added to the one off use of reserves is equal to a budget shortfall for 2024/25 budget planning purposes of circa £16m i.e. almost 100% more than the funds available from grants and local taxation to fund these services.

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

4.6 Within the detailed variance monitoring at Tables 2, 3 and 4, the following extract analysis provides a high level overview of the key strategic variances:

Table A

Summarised Service Variances

Reduced Car Park Income	£1.853m		
Investment property assets trading performance	<u>£1.125m</u>	<u>£2.978m</u>	(1)
Leisure operating costs and income shortfall	£0.254m		
Women's Support Centre	£0.250m		
Temporary accommodation budgets	£0.225m		
Other service variances	£1.013m		
Savings mitigations (savings)	<u>(£1.150m)</u>	<u>£0.582m</u>	(2)
Corporate resources management and finance staffing	<u>£0.570m</u>	<u>£0.570m</u>	(3)
Total Service Variances	£4.140m	£4.140m	
Corporate Items	£3.400m		(4)
Total	£7.540m		

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As can be seen from the above analysis:

Note (1) £2.978m of the £4.140m service variance (72%) are due to car parking and investment property reduced income forecasts. These budgets are exceptional in the General Fund due to the size of these budgets when compared to the remainder of the General Fund budget of the Council.

The Council budget has a dependency of c£30m income from the trading of car parks and the Investment Property estate and does not have the resilience or flexibility in the remaining Council budgets to be able to deal with this magnitude of variance in the generated income from these investments.

Due to the Council's financial position, it does not have any "reserves" to enable it to manage any volatility in the economic performance of these assets and smooth variances over a medium-term trading period and therefore in-year variances are required to be managed within the overall Council general fund budgets.

Note (2) There are £1.730m of in year forecast service variances (overspends). Service managers have identified and taken actions to find savings of £1.150m that mitigate these forecasted overspends, resulting in a net forecasted variance of £0.582m.

Whilst service managers will continue to seek opportunities to identify further savings opportunities to mitigate overspends, it is not possible to identify the level of further savings that would materially contribute to mitigating the forecasted overspends identified in Note (1). This circumstance is a factor of the disproportionate size of investment into car park and investment property assets when considered alongside the size of the general fund for the Council.

Note (3) Represents the additional resources that have had to be invested in the finance and corporate management functions resulting from the Council's investigations into prior years financial practices (Section 114) and financial recovery actions that cannot be charged to the Fit for the Future Change programme. Whilst it is recognised these additional resources are increasing the in-year projected overspend, they do represent unavoidable costs and are essential in order for the Council to be able to report on and manage its financial performance.

Note (4) The corporate items are largely financing and treasury management in year variances and primarily relate to investment and regeneration activity. When considered alongside the variances at Note (1), relating to investment assets, they account for £6.378m of the £7.540m (85%) of the overall budget variance.

Table 1

	NET BUDGET £'000	FORECAST OUTTURN £'000	Q2 OVER SPEND £'000	Q1 OVER SPEND £'000
Place	(3,888)	(2,456)	1,432	1,798
Communities	2,261	3,158	897	364
Corporate Resources	10,499	12,310	1,811	591
TOTAL SERVICE BUDGETS	8,872	13,012	4,140	2,753
Corporate Items [not updated this month]	15,603	19,003	3,400	3,400
NET BUDGET	24,475	32,015	7,540	6,153

4.7 The key variations are set out in paragraphs 5 to 7 below, with an indication of any mitigating actions which are proposed or already underway.

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- 4.8 The previous quarter's figures are now included against each of the key variations in paragraphs 5 to 7 below to indicate 'direction of travel'. Any major items that are new this month are marked as such.
- 4.9 Leisure and Property Services were included under Place for the Q1 report. Leisure is now part of Communities, and Property Services is within Corporate Resources. The Net Budget in the table below has been adjusted to reflect these movements.

5.0 Place Directorate

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

Table 2

Place Directorate	Q1 Over / (Under) Spend £	Q2 Over / (Under) Spend £	Impact on deficit - change from Q1 to Q2 £
Development Management			
Fee income looks likely to be close to target for the year. If the current proposals for a national fee increase are implemented in the next couple of months then this position should be improved, depending on start date. However, the expected increase in expenditure relates to the costs involved in defending the Council's decision, at public inquiry, to refuse the planning application at Technology House. This results in an overall overspend of £17,000.	100,000	16,799	(83,201)
Building Control			
There is now a significant shortfall emerging due to the effects of the interest rates on the construction market and mitigating actions are being reviewed to reduce overheads in staffing.	96,085	176,085	80,000
Parking Services			
There are overspends on business rates of £701,000 mainly due to under-provision of budgets for Red and Green Car Parks and over-provision of savings from appeals on business rates. Electricity costs for Red Car Park had not been budgeted for resulting in an estimated overspend of £148,000. Also, water at Victoria and Red Car Parks are over budget by £13,000. Estimated additional works on repairs, maintenance and facilities management at car parks result in a overspend of £45,000. Newly signed cleaning contract enables a saving of £34,000 in Red and Green car parks which can partly offset the overspends.	1,367,000	1,853,000	486,000

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The forecast outturn for car park incomes including parking fees and season tickets are less than the estimated income target by £1.27m. Two separate service faults during August and September affected cash and card payments which resulted in a loss of income. Despite this impact, the total income for April to September is around £380,000 more than for the same period last year. The Parking strategy is due by the end of November. We anticipate introducing a new tariff structure early in 2024 which could see an increase in income for the final two months. Estimated increases of £290,000 from PCN Penalty Charge Notice income partly offset the overspends.			
Environmental Health and Housing Standards			
An estimated reduction in the number of inspections for animal welfare licences will reduce income of £13,000. The removal of internal contributions from Parks and Countryside for patrols and dog control reduce income by £48,000. The additional costs for security out of hours handling covered partly by recharge result in an overspend of £3,000, However, there are savings of £15,000 from less estimated expenditure on equipment and marketing, and additional income from penalty charges on HMO licenses. A recharge of £24,000 from the Homes For Ukraine income to fund the time spent completing essential housing checks enhances further savings. In addition, the recharges from Primary Authority work and Licence inspection enable savings of £15,000 to partly cover the overspends.	23,000	10,000	(13,000)
Licensing			
There are overspends of £8,000 in Employee costs. The projected income is reduced by £21,000 mainly due to less fees from Private Car Hire and Taxi Licences and removal of recharge from CRB fees.	8,000	29,000	21,000
HIF project			
There are overspends of £16,000 in Employee costs. We are seeking to recover these costs from Homes England. Progress will be reported in a future Budget Monitoring Report.	20,291	16,000	(4,291)
Total Projected Overspends	1,614,376	2,100,884	486,508
Planning Strategy			
A Planning Policy post is vacant, and there are currently no plans to recruit. A temporary member of staff has been used to cover the Planning Policy Manager's post. From October this post will be filled on a permanent basis. CIL administrative costs will be charged to CIL receipts at year end in line with legislation.	(94,000)	(71,303)	22,697

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Economic Development			
Underspend of £103,055 is mainly due to cancellation of Celebrate Woking activities of £100,000, Overspend of £23,620 on staff not budgeted for and £26,675 underspend on Business liaison project.	(92,605)	(103,055)	(10,450)
Waste and Recycling			
There are overall savings of £145,000 from Waste and Recycling due to estimated reducing variable costs in waste collection, increase of recycling credit and higher level of payments for bin replacement as the bin stock ages. The estimated slightly lower take up of garden waste subscriptions offsets part of the savings.	(145,237)	(145,000)	237
Green Infrastructure			
A vacant post in Green Infrastructure contributes savings of £11,000. Additional savings of £66,000 are expected from reducing non-essential activities for tree, vegetation, and footpath improvement, holding off on works in repair and maintenance in play and sports equipment, and reducing ground maintenance in allotments, parks and countryside sites. Expenditure for works for Biodiversity Net Gain can be offset by grants and increased fees income from ice-cream licences thereby releasing savings of £22,000. Estimated reduction in service payment to consultants on climate change and other green infrastructure issues provide an underspend of £10,000. An underspend on dog control for Parks and Countryside saves £48,000 which has been internally recharged to Environmental Health. Termination of partner contribution for Basingstoke Canal generates savings of £53,000 which contributes to our gateway savings target. However, there is a reduction in budgeted income of £8,000 on rent received for the mast in Sheerwater which was decommissioned in 2022 linked to the regeneration scheme and a projected overspend of £16,000 on the corporate car club and car hire budget, which is the subject of a gateway savings proposal.	(50,000)	(186,000)	(136,000)
Neighbourhood Services			
A vacant post contributes a saving of £25,000. Underspends on Street Furniture, grounds maintenance and maintenance of other land where WBC has an interest result in savings of £31,000. There is an estimated increase in income of £13,000 from Roundabout sponsorship. Removed budget for business rate which is not required enables saving of £5,000.	*NEW*	(74,000)	(74,000)

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Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	*NEW*	(79,292)	(79,292)
Other Minor Variations	25,300	(10,565)	(36,865)
Total Mitigations	(356,542)	(669,215)	(321,673)
Total Projected Variance on Place Directorate Services ([overspend])	1,257,834	1,431,669	173,835

6.0 Communities Directorate

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

Table 3

Communities Directorate	Q1 Over / (Under) Spend £	Q2 Over / (Under) Spend £	Impact on deficit - change from Q1 to Q2 £
Leisure (was under Place in Q1)			
Freedom Leisure are unlikely to make the full leisure management fee payment in this year. This is linked to both recovery from the covid lockdowns seeing lower numbers of attendees although most areas have now recovered (Sept 2023) and the huge increases in the cost of goods. With significant price increases from January this should put the contract in a much better position for next year.	125,546	125,546	0
Energy costs, which are the responsibility of the Council under the Leisure Management Contract, are likely to be over this year. Closure of certain areas of the building is driving this cost down.	56,906	128,000	71,094
Women's Support Centre			
The Women's Support Centre transferred under TUPE regulations to Catalyst on 31.05.23. A one-off transitional subsidy was agreed for 2023/24 which has meant the FFF saving of £250k has not been achieved.	258,356	258,464	108
Centres For The Communities - Kitchens			
Kitchens at Moorcroft and St Mary's have been rented out so we will not see the budgeted income. This is partially offset by the savings in staff costs.	*NEW*	85,832	85,832

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Housing Strategy			
There are savings in staff costs (Housing Strategy & Projects Officer) as part of the FFF-2 savings to the value of £12,246. However, this is reduced because there are no recharges to projects as anticipated at the time of budget setting.	(12,000)	7,105	19,105
Housing Advances			
There is an overspend on Housing Advances. This is because there is a payment to LAMAC (mortgage services) for which there is no budget.	*NEW*	10,742	10,742
Housing Options/Needs/Enabling			
There is an overspend of £111,865 on the Housing Options staffing budget and £13,177 on the Housing Services Staffing budget, and savings of £36,090 in the Lets Rent/PSL team.	265,281	91,056	(174,225)
There is an overspend of £184,135 in Housing Options due to an overspend in Bed & Breakfast expenditure, though there is an improvement in income collection and Government rent subsidy, being an over-recovery against budgets of £113,666 and £123,895 respectively. The fit for future savings not achievable is £47,750. In FFF round 1, an amount of £15,750 for 2022-23 and an amount of £32,000 for 2023-24 was budgeted. This was subject to pursuing the Thamesway Lets Rent Model, so that we could reduce the number of nights in Bed & Breakfast. However, since the model did not materialise, these savings are not achievable.	-	231,885	231,885
There is an anticipated overspend of £224,603 in temporary accommodation budgets. Though there has been a savings in expenditure of £38,010, this overspend is due to the under-recovery of income £122,186 and an error in budget setting of Government subsidy rent rebates £140,427.	109,719	224,603	114,884
The Private Sector Leasing Scheme is showing an overspend of £5,087 due to under-recovery of income. The position of the PSLs' have improved from £79,016 overspend in 2022-23 to an anticipated overspend of £47,930 in the current year.	-	5,087	5,087
Other Minor Variations	(17,000)	191,458	208,458
Total Projected Overspends	786,808	1,359,777	572,969
The Junction/Richardson Centre			
These premises are used by the Women's Support Centre and all costs are now with Catalyst.	(30,150)	(30,150)	0
Youth Development			
Youth Development ended in 2022 and we are no longer paying this grant.	(44,000)	(44,000)	0

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Social Prescribing			
Two vacancies that are being recruited to. Fully funded posts.	(18,541)	(12,652)	5,889
Community Alarms			
New NHS funding received.	(20,000)	(20,000)	0
Home Independent Support			
There are six vacancies in this area, approval has been given to recruit to four of the posts and the saving is the net impact.	(111,960)	Included elsewhere	111,960
Brockhill			
Two staff left and posts will not be recruited to resulting in a saving.	(15,533)	Included elsewhere	15,533
Homelessness Directorate Funding			
The Homelessness Directorate is showing an surplus of £214,097. This is because an unbudgeted Homelessness grant income of £229,912 was received in Aug 2023 that will help meet additional costs.	*NEW*	(214,097)	(214,097)
Let's Rent Scheme and Other Housing Service Expenses			
The Let's Rent scheme is showing savings of £85,135 due to a reduction in specific initiatives (for example, tenant training and targeted incentive schemes) compared to previous years.	*NEW*	(85,135)	(85,135)
A £19,611 savings from Welfare Reform and Homelessness is achieved as part of the fit for future savings, value £18,000 (Withdrawal from Sharer's scheme). There is an overspend of £6,942 on CRB mental health grants and £2,104 in Other Housing Services expenses.	*NEW*	(10,565)	(10,565)
Fees and Charges			
Proposed increases in various Fees and Charges from 1st January 2024 should generate additional income.	*NEW*	(46,062)	(46,062)
Total Mitigations	(240,184)	(462,661)	(222,477)
Total Projected Variance on Communities Directorate Services [overspend]	546,624	897,116	350,492

7.0 Corporate Resources Directorate

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

Table 4

Corporate Resources Directorate	Q1 Over / (Under) Spend	Q2 Over / (Under) Spend	Impact on deficit - change from Q1 to Q2
Property Services (was included under Place in Q1)			
The Commercial rent budget was increased by £400,000 to include new leases which are now unlikely to complete this financial year and the Fit for Future anticipated savings of £132,000 have not been met. In addition, it is anticipated rent concessions of £250,000 are likely to secure lease renewals as assumed in the rent forecast reported via the MTFS.	357,000	1,124,250	767,250
Surrey County Council vacated the Civic Offices on 21 st April 2023 resulting in a shortfall of income of rents at the Civic Offices of £114,250.			
It has been possible to mitigate these costs following a review of the Civic Offices operational costs in year, also reported as part of the Gateway savings (£115,000).			
A dilapidation settlement of £176,000 has been received in respect of Midas House. These monies will need to be expended to make the floor lettable. Feedback from letting agents is that these works need to be completed to stand any chance of attracting tenants. Furthermore, we will need to seek legal advice as to whether dilapidation money which is paid by a tenant for a landlord to reinstate the premises can be used for alternative works from what it was received for.			
For information, the estimated rental value for this space is £475,000 and the loss in business rates £168,448, Service Charge £156,165 and insurance total £330,203.			
Until legal advice is received the forecast for monitoring purposes is that these monies will be expended.			

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There is an underspend of £1,000,000 against the budget for Business Rates due rate revaluations, back dated rate valuation changes, and the timing difference between the budget being set and the current reporting period. Rate mitigation has been achieved by using an agency who specialise in placing charities in short term lettings specifically to reduce the business rate liability to the council. Revaluations and rate mitigation efforts will continue throughout the year and the variation will be updated monthly to reflect these changes as they happen.			
These savings are partly offset by rate mitigation agency fees revaluation fees of £150,000.			
Due to the shortfall in rents, there is an increase in voids service costs of £750,000 mostly attributed the larger offices and shopping centre (Midas House, Dukes Court, Wolsey Place and Export House).			
Only essential repairs and maintenance are being carried out resulting in an underspend against budget of £200,000. Landlord incentives can be agreed to secure a lease and costs to date have totalled £89,000.			
During 2023/24 £144,000 of compensation payments are due to tenants to remove their security of tenure and enable maximum market value.			
Due to the bad state of garages, repairs have become expensive. In addition, the number of void garages is increasing due to the poor condition and the lack of capacity within the housing team to deal with reviewing the void garages and getting any relet has resulted in a forecast overspend of £80,000.			
There is an overspend against budget at Provision House of £95,000, of which £11,000 is due to void space, £24,000 due to under recovery of service charge from a charity letting and the balance is due to out-of-date budgets £60,000.			
Due to the removal of the Town Centre Management Agreement (TCMA) reserve, there will be an overspend of £250,000 due to works which had already commenced such as the Chertsey Road works.			
Due to inflation a higher contribution has been received from Surrey Heath Borough Council of £9,000 towards CCTV. In addition, transmission maintenance is anticipated to be £6,000 lower than budget.			
Election Services			
Additional costs due to introduction of voter ID	115,000	65,000	(50,000)
Marketing and Communications			
Small overspend from pay inflation, offset by minor underspends on services	11,000	4,618	(6,382)

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Financial Services			
The overspend relates to the costs of interim staff, partly mitigated by Internal Audit savings.	153,000	144,568	(8,432)
Corporate Management			
The overspend relates to the costs of the Commissioners and the Interim Section 151 Officer partly offset by vacancies.	259,000	301,000	42,000
Human Resources			
Overspend on Temporary staff, £104k on Graduate Programme and £3k on Subscriptions that are not budgeted for.	139,000	113,945	(25,055)
Democratic Services			
Overspend on staff costs/salaries	23,000	23,000	0
Other Minor Variations	58,000	201,554	143,554
Total Projected Overspends	1,115,000	1,977,934	862,934
Legal Services			
Head of Legal vacancy, partially offset by Pay Award.	(142,000)	(121,878)	20,122
Underspend due to reduction in external printing.			
Election Services			
Saving arising from scaling back Civic and Mayoral events and services.	(25,000)	(25,000)	0
Underspend due to Electoral Services Officer vacancy.	*NEW*	(20,000)	(20,000)
Total Mitigations	(167,000)	(166,878)	122
Total Projected Variance on Corporate Services Directorate Services ([overspend])	948,000	1,811,056	863,056

8.0 Corporate Items

- 8.1 Corporate items include amongst other things the minimum revenue provision (MRP) and interest payable/receivable relating to treasury management activities. The Section 114 report highlighted that the Council as a result of prior year incorrect accounting treatment has no balances and in fact they are negative. The council has moved from a budgeted position of receiving interest from short term investments on cash balances to paying interest on short term PWLB borrowing. This has resulted in a forecast adverse variation compared to the budget of £3.4m. The capital financing and interest budgets are subject to further detailed work and will be updated again in quarter 3.
- 8.2 The interest received from Council owned companies (Victoria Square and Thamesway) is budgeted at £42.1m per annum. Council companies do make positive earnings before interest payments, taxation, depreciation and amortization (EBITDA) but they do not make sufficient earnings to meet their interest payment liabilities. Interest payments have been suspended so far this year as part of the work with Commissioners and Government, which clearly has a large potential effect on the Council's finances. The reason for the suspension is that the companies would be unable to fund the payments now that the Council's revolving loan arrangements with them have ended as part of the s114 notice in June. The costs arising from

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this are being rolled up as part of a wider asset disposal strategy and debt reduction plan that allows the Victoria Square scheme and phases of the Sheerwater scheme to be completed in order to maximise asset values and avoid additional costs. The final treatment of the suspended costs will be part of the overall solution to the crystallisation of the £1.2billion deficit that the s114 notice flagged.

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

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

Table 5

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

10.0 Housing Revenue Account (HRA)

- 10.1 A Housing Revenue Account forecast is incorporated in Table 6 below.
- 10.2 It shows a forecast increase in the HRA deficit for the year, from a £1.336m deficit budgeted in February to a forecast £2.306m deficit at the end of September, a worsening in the deficit (overspend) of £0.970m since the budgets were set.
- 10.3 Work is almost complete reviewing the charges being made to the HRA for staffing, support services and other costs to ensure that they are fair and reasonable for last year, this year and moving forward. The work to date is highlighting an overcharge to the HRA for staffing and support services which will need rectifying in 2023/24.
- 10.4 For 2023/24 there is a forecast overspend on the HRA of £2.306m, which is greater than the £1.515m reserves position at the beginning of the year, and consequently would result in the account being overdrawn by £0.771m at 31st March 2024. This position is expected to be addressed through the review of recharges which will both improve the reserves position and reduce the in- year forecasted overspend.

Table 6

Housing Revenue Account	2023/24 Original Budget £'000	2023/24 Annual Projection September £'000	Forecast Variance (Surplus)/ Deficit £'000	Comments
EXPENDITURE				
Supervision & Management				
Estate Management	5,730	5,804	74	This is because of decant and removal costs of (£113k) and overspend of (£13k) on Lakeview Cost Centre. This is reduced by other various underspends within the area. The underspends are Legal (£30k), Hale End Cleaning & Grounds Maintenance budgets, (£13k).
Rent Accounting/Collection	363	377	14	
Home Support Service	774	796	23	Overspend on payment to other local authorities and council tax payments.
Tenant Participation	63	57	(6)	Underspend on external printing.
Democratic Process	1,742	1,742	0	
Repairs Administration	885	981	96	The overspend is mainly due to non-achievement of the estimated Income from Management Income (previously Schedule 6) (£25k), and the cost of temporary staff (£71k).
Transfer to Hardship Fund	10	0	(10)	It is anticipated that the hardship budget will not be spent in 2023/24.
Supervision & Management - Total	9,566	9,756	190	
Depreciation	3,956	4,295	339	This is because of the inclusion of Hale End properties. Forecast based on 2022/23 outturn.

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Table 6 (cont.)

Housing Revenue Account	2023/24 Original Budget	2023/24 Annual Projection September	Forecast Variance (Surplus)/ Deficit	Comments
Repairs & Maintenance				
Day to Day Repairs	2,788	4,248	1,460	The projected overspend for the year has increased by £96k from previous month forecast of £1364m. This is due to the movement of costs that have previously been in capital budgets. These are the costs for Brockhill Waking Watch (£347,496) and the Sheerwater Security Costs (£101,713). The impact of these costs has been mitigated by a reduction in the projected overspend on communal gas (£16,806), this is due to the tendered costs being finalised and accurately projected. Further mitigation is achieved by a reduction in projected void costs. The redesign of the void specification has started to show results, with average void property costs reducing from £4,142 to £1,942 in 3 months. The overall reduction in estimated void costs is £109,110. The final mitigation action is to renegotiate elements of the Mountjoy repairs contract. This will provide significant overhead savings to reflect a smaller, service driven provision (savings estimated at £240,000). Whilst there is still an overspend, officers are managing the contracts tightly to bring the figure down.
HRA Statutory	434	398	(36)	Repairs based on contract price. Underspend projected against the budget.
	3,222	4,647	1,425	
Debt Management Expenses	36	71	35	Forecast based on 2022/23 outturn position.
Capital Financing Charges	5,541	5,487	(54)	
TOTAL EXPENDITURE	22,321	24,256	1,934	
INCOME				
Dwelling Rents	(19,341)	(20,468)	(1,127)	Additional income from the rent uplift of 7%. Sheerwater voids are included in the dwelling rents forecast.

Financial Monitoring Report - Budget Monitoring and Forecast 2023-24 - Quarter 2

Less Voids	185	1,941	1,755	Increase in voids and the empty properties in the Sheerwater regeneration scheme reflected in the forecast. Please refer to comment above on Sheerwater voids.
Less Write offs	57	57	0	
Dwelling Rents - Total	(19,098)	(18,470)	628	
Service Charges & Other Income	(1,885)	(2,890)	(1,005)	Additional income anticipated from the increase in heating and electricity costs. The budget is understated and may need to be reviewed as part of setting the 2024/25 budgets.
Dwelling Rents / Service Charges - Total	(20,984)	(21,360)	(376)	
Interest on Reserves	(1)	(1)	0	
Other Receipts (Sheerwater)	-	(589)	(589)	Sheerwater reimbursements originally accrued in 2022/23 were cancelled. Income is now expected in 2023/24.
TOTAL INCOME	(20,985)	(21,950)	(965)	
HRA (SURPLUS) / DEFICIT	1,336	2,306	970	
HRA Opening Reserves		(1,515)		
Estimated HRA Closing Reserves		771		

11.0 Corporate Strategy

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

12.0 Implications

Finance and Risk

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

Equalities and Human Resources

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

Legal

- 12.3 There are no legal implications arising from this report.

13.0 Engagement and Consultation

- 13.1 None.

REPORT ENDS



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.

The Committee	
Chairman: Councillor Josh Brown	
Vice-Chairman: 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
2023/24 Committee Dates	
05 June 2023	10 July 2023
14 August 2023 (Extraordinary)	11 September 2023
16 October 2023	20 November 2023
11 December 2023 (Extraordinary)	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: 10 November 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.
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 Commissioners	Chair and Overview and Scrutiny Committee	Invite the DLUHC-appointed Commissioners to a future meeting of the Committee.
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.

The Work Programme 2023/24

Overview and Scrutiny Committee Meeting – 22 January 2024

1 – Performance Management

1.1 Performance Monitoring Information. For the Committee to consider the current publication of the Performance 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 Medium Term Financial Strategy.

Consultation	Background Documents	Contact Person/Team
None	None	Eugene Walker

2.3 Member Training Update.

Consultation	Background Documents	Contact Person/Team
None	None	Toby Nash

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 Monitoring Information. For the Committee to consider the current publication of the Performance 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 Monitoring Information. For the Committee to consider the current publication of the Performance 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

2.5 Improvement and Recovery Programme Update.

Consultation	Background Documents	Contact Person/Team
None	None	Lee Danson

2.6 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

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 – 16 November 2023

Matters for Consideration

- | | |
|-----|---|
| 1) | Review of Fees and Charges 2024-25 |
| 2) | Climate Change Supplementary Planning Document (SPD) |
| 3) | Calendar of Meetings 2024-25 |
| 4) | Companies Governance Framework and Business Cases for Victoria Square Woking Ltd and ThamesWey Housing Ltd (Sheerwater) Supported Borrowing |
| 5) | Update on General Fund and Housing Revenue Account Budgets 2024-25 |
| 6) | General Fund and HRA Outturn Report 2022-23 |
| 7) | CIL – Application for Funding – West Byfleet Rec Tennis Court Enhancement |
| 8) | Performance and Financial Monitoring Information |
| 9) | Financial Monitoring Report – Budget Monitoring and Forecast 2023-24 – Quarter 2 |
| 10) | Companies Governance Framework and Business Cases for Victoria Square Woking Ltd and ThamesWey Housing Ltd (Sheerwater) Supported Borrowing (PART II) |
| 11) | Contract Update (PART II) |

Executive – 14 December 2023

Matters for Consideration

- 1) Petition – Brookwood Lye Development
- 2) Draft Medium Term Financial Strategy (MTFS) and General Fund Budget 2024-25
- 3) Draft Housing Revenue Account Budget Update 2024-25
- 4) UK Shared Prosperity Fund (UKSPF)
- 5) Asset Disposal
- 6) Asset Disposal (Part II)

Executive – 18 January 2024

Matters for Consideration

- 1) Medium Term Financial Strategy (MTFS) Update
- 2) 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
- 6) Financial Monitoring Report – Budget Monitoring and Forecast 2023-24 – Quarter 3

Executive – 21 March 2024

Matters for Consideration

- 1) Climate Change Strategy
- 2) Woking Environment Action (WEAct) – Recommendations and Responses
- 3) Regulation of Investigatory Powers Act 2000 – Annual Monitoring Report
- 4) Write off of Irrecoverable Debt
- 5) Performance and Financial Monitoring Information

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.

Economic Development Working Group	
Remit:	<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>
Membership:	Councillors Barker, Davis, Javaid, Morley, Mukherjee, Oades, Roberts.
Resources:	Officer and Councillor time.
Date Established:	11.03.09

Finance Working Group	
Remit:	<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>
Membership:	Councillors Akberali, Aziz, Davis, Kirby, Oades, Rice, Roberts.
Resources:	Officer and Councillor time.
Date Established:	25.05.06

HIF Working Group	
Remit:	<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>
Membership:	Councillors Akberali, Boote, Cosnahan, Dorsett, Johnson, Lyons, Sullivan.
Resources:	Officer and Councillor time.
Date Established:	23.05.22

Housing Working Group	
Remit:	<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>
Membership:	Councillors Aziz, Boote, Cosnahan, Dorsett, Johnson, Lyons, Sullivan.
Resources:	Officer and Councillor time.
Date Established:	25.05.06

OVERVIEW AND SCRUTINY COMMITTEE – 20 NOVEMBER 2023

FINANCE WORKING GROUP UPDATE

Executive Summary

Since the last meeting of the Overview and Scrutiny Committee on 16 October 2023, two meetings of the Finance Working Group have been held.

In addition, a workshop took place on 26 September 2023 at which it was agreed that fortnightly meetings of the Working Group be held until budget setting in February 2024 and identified the services provided by the Council whereby it would be beneficial for Members to receive further financial information at these meetings.

Meeting held on 19 October 2023

The main item of business was to receive the business case of options for Pool in the Park. Steve May, Leisure Services Manager, attended the meeting for this item.

The expected outturn for the Pool in the Park in 2023/24 shows a reduced subsidy of £760,000 including £314,000 of costs in loan repayments for historic improvements mostly related to energy, due to better utility rates, increased usage and some operational changes such as health suite closure and pool temperature reduction.

Since the public consultation, work undertaken to establish the costs of closure has identified significant demolition costs, alongside the repayment of the aforementioned loan. In addition, a 'desktop' dilapidation survey has been carried out by Building Services which sets out circa £2.6m of replacement and refurbishment costs over the next five years, which requires further investigation. Some of the electrical works highlighted by the dilapidation survey could be significant and required as essential health and safety work.

The report contained a summary of options table which set out income, expenditure and subsidy for the next five years:

- (1) complete closure (which would require a Council subsidy over the five years of £6.087m including repayment of a 16-year loan of £2.32m);
- (2) increase fees and charges significantly (subsidy over five years of £3,119m);
- (3) phased closure (subsidy over five years of £6.687m including repayment of the then 11-year loan of £1.485m); and
- (4) stay open with fees and charges increasing by inflation only (subsidy over five years of £4.619m).

It was requested that consideration be given by officers to an 'option 5' for Freedom Leisure to review the Council's entire leisure portfolio with the aim of minimising its annual subsidy. The portfolio included the Pool in the Park, Leisure Centre, Eastwood Centre, Sportsbox and 13 sports pavilions / associated pitches. It was noted that it was unlikely that the review would result in sufficient income being generated to cover the long-term dilapidation of the Pool in the Park building in the future. However, the option could enable the Pool in the Park to avoid closure and therefore enable residents to continue using the facility, although it would likely include the cessation of discounted bookings and priority bookings for the 16 local groups supporting disabled or vulnerable users.

Steve May had held a community meeting the previous day with some user groups which received discounts and, following an explanation of the current situation, they had been supportive of price increases.

It was agreed that following discussion, and the consultation which had taken place with discounted user groups, an update on 'option 5' of asking Freedom Leisure to review the leisure portfolio as a whole should be explored. Option 5 is expected to be received at the Finance Working Group meeting on 14 November 2023 and the Overview and Scrutiny Committee will receive an update at its next meeting.

The next item on the agenda was to receive a Savings versus Social Impact diagram for each of the Council's services under review, with the items being focused on for potential further work by the Group were rated as 'high' under both categories: Closure of Public Toilets (estimated saving of £203,000), Leisure Services (£900,000), Removal of Grants (£686,000), Business Liaison (£313,000), Neighbourhood Services (£1,000,000), Customer Services (£291,000) and Self-Funded Community Centres (£353,000).

The Working Group also discussed the development of a more simplified version of the Council's revenue account and a draft budget timetable.

Meeting held on 31 October 2023

The Working Group received a draft Executive report which provided a summary of the Companies' Governance Framework and the two business cases submitted for DLUHC in respect of Victoria Square Woking Limited (VSWL) and the ThamesWey group of companies.

The Companies' Governance Framework includes a comprehensive set of requirements for all companies in which the Council has an interest, based on the UK Corporate Governance Code. It states how the Council will interact with the companies as client and shareholder, for example the process for developing and agreeing business plans alongside a reporting framework.

The business cases for both VSWL and the ThamesWey group set out the reasoning why it would be in the broader interests of the public purse for DLUHC to lend further funds to the Council so that these companies can avoid further impairment of assets owned.

Michael Hainge and Ian Edward attended the meeting from Ethical Commercial, which had been engaged by the Council to improve the company governance arrangements and develop business cases for several of the Council's companies.

The Working Group expressed concern over officers being appointed to the subsidiary Boards and it was noted that the Council's Head of Transformation, Digital and Customer Service continued to sit on the boards of ThamesWey companies for now to ensure they remained quorate. The Director of Corporate Services remained on the Boards of several smaller companies.

It was noted that the subsidiary companies existed as separate entities from the Council and the shareholder's interests should not be expressed by representation on the Boards. To ensure that the company was pursuing the interests for the Council, approval of the company's business plans was reserved to the Council. Additionally, it is important that the Council regularly reviewed not only the composition of each company's Board with the relevant Chair but also their strategic objectives in line with the Council's corporate objectives. Being a company's lender would not confer any special power over the company. The Boards themselves are responsible for ensuring that the business plan was being delivered, which required them to be composed of individuals with a broad range of skills and experiences.

The process by which the business cases had been developed included seeking legal advice as necessary and had been overseen by Ethical Commercial and the Council's statutory officers. The

Business Cases would be presented by the Commissioners to DLUHC which would liaise with the Treasury.

In both business cases the non-provision of further investment would lead to further devaluation of the assets. Disposing parts of the commercial estate would reduce the Council's income and there was a balance to strike between the size of the estate and revenue generation.

Regarding the VSWL Business Case, it was requested that an addendum be added to the Executive report stating that disposing of the asset would not be sufficient to repay the money borrowed for the construction. The interest payments paid by the company had been deferred by the Council due to the company being unable to pay them and therefore avoid the administration process. Concern was expressed over the sale of the asset to the private sector meeting the best value case that local authorities were required to meet.

Regarding the ThamesWey Business Case, It was noted that the Red, Copper and Yellow phases of the Sheerwater Regeneration had been built at loss as the scheme had been designed to deliver social and affordable housing first, with subsequent phases providing returns to fund the earlier phases. The sale of any of the company's assets should aim to achieve best value for the Council.

At the meeting the Working Group also received an update on the development of the Council's Debt Reduction Plan.

Future Meetings – Work Programme

The items to be considered at the next few meetings are as follows:

14 November 2023

- Fees and Charges report (at Executive in November)
- Treasury Management Mid-Year review (at Overview & Scrutiny Committee in November)
- Debt reduction plan

28 November 2023

- Pool in the Park update on option 5
- Further service area analysis/business cases
 - Community Grants
 - Community Centres
- Debt reduction plan

Items to be allocated to meetings on 14 December / 4 January

- Debt reduction plan/disposals
- Cost and income of Commercial estate
 - operational analysis and also to inform
 - disposal strategy for debt reduction
- Further service area analysis
 - Neighbourhood services (likely 4 January)
 - Other areas TBA

Recommendations

The Committee is requested to:

RESOLVE That the report be noted.

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

Background Papers: None.

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