

Overview of Council Strategy

Overview

Woking Borough Council is one of eleven district councils operating in the county of Surrey. It has a population of approximately 100,000 and the Council provides services to around 40,000 homes. The Council has 30 elected members, with three councillors represented against each of the 10 wards within the borough.

Woking is an enterprising, vibrant and sustainable borough which is proactively shaping its future. WBC are determined to drive and shape growth that will benefit all of its communities.

The Council have prioritised investment into the future of Woking and the Councils vision of “towards tomorrow today” focusses on improving what is good today and planning and working for the future.

To help deliver this vision the Council are supported by value aims under three key areas of focus; People, Place and Us. The key objectives against each of these areas are provided below.

➤ **People:** to build a healthy, inclusive and engaged community by:

1. Improving the health and wellbeing of all residents
2. Reducing social inequality
3. Engaging our communities

➤ **Place:** to create an enterprising, vibrant and sustainable borough by;

1. Promoting a strong economy
2. Improving the borough’s biodiversity and green infrastructure
3. Sustainable development

Us: having an innovative, proactive and effective council through;

1. Putting digital first
2. Strengthening partnerships
3. The effective use of resources.

The Council aim to transform Woking into a 21st century global economic hub situated

between London and Heathrow. The Council have adopted an ambitious investment strategy placing significant importance on investing in the future of Woking through placemaking regeneration strategies that maximise resources and partnerships with the commercial sector.

The Councils activities play a key role in supporting the quality of life of its residents, communities and businesses. Against a background of ever diminishing resources and increasing demand, the Council have invested in the local economy to help regenerate the town centre and at the same time have become financially more self-sustaining through the generation of commercial rents from these assets.

The Commercial Income and reserve position of the Council has facilitated continued investment in new community facilities and protected services in a period of austerity beyond the capabilities of many comparable district authorities in England.

Current Context

Overview

The current financial environment has been significantly impacted by the Covid-19 pandemic. The Council had placed a strong reliance on commercial income to help maintain and preserve expenditure against key services, however this income has been significantly reduced by societal restrictions and economic impacts of the pandemic.

The Council have therefore both lost income through irrecoverable commercial rents and reduced occupancy within its car parks, and have also incurred spend in responding to challenges of the pandemic. While government support has been received, it has fallen short of the impact incurred during 2020/21 and 2021/22 and the Council have been reliant on the use of reserves to balance its budget in each of these years.

It remains uncertain how the country and economy will recover from the pandemic, however economic indicators suggest recovery has begun. Nevertheless, there remains significant uncertainty around lasting impacts that the pandemic will have on communities and the implications of these impacts on demand for Council services.

Coupled with this uncertainty on the societal and economic impacts of Covid-19, is uncertainty around the future of local government spending reviews. Currently, sector funding is agreed on an annual basis and there remains uncertainty around future funding that the Council might receive. Furthermore, uncertainty persists around the implications of any proposed reform to the business rate retention scheme that may occur.

The Council have an investment strategy that prioritises long-term value within Woking to help drive transformation of the local area. This investment strategy requires both long-term business cases and long-term financing strategies, which help provide the Council with long-term financial sustainability. This long-term financial strategy often conflicts the short-termism prevalent within the current local government funding environment, which is characteristically uncertain and driven by single-year government funding settlements.

The impact of the Covid-19 pandemic and its associated financial challenges have exasperated this tension for Woking Borough Council, and there is now significant pressure between balancing short-term budgets and planning for medium-term to long-term financial sustainability.

To try and meet these challenges, Woking Borough Council unsuccessfully requested exceptional financial support from the Department for Levelling Up, Housing and Communities within 2021/22, and are therefore reliant on the use of available reserves to help mitigate financial risks within the current financial year and across the MTFs period.

The Council have adopted an approach of utilising reserves to balance the budget over the

MTFS as opposed to immediate cost saving measures, to help support the development of a sustainable approach to delivering service changes over the medium term and enable investment into a Fit for the Future programme of organisational change

Socio-Economic Landscape (1/3)

Population

Woking Borough is situated in the northwest of Surrey, spanning out 63.57 square kilometres. At present, Woking is home for around 100,000 people spread out across 40,000 homes. This average of 2.5 people per household is marginally above the regional and national averages. When compared to other Surrey boroughs, Woking has the second highest percentage of under 16s and the second lowest over 65s – a relatively young population.

84.7% of the working-age population are considered economically active, which is higher than regional and national levels. Woking is the most ethnically diverse borough in the whole of Surrey as well as having equal numbers of males and females.

Woking has a relative high population aged between 0-19, with 25.2% of the population in this age bracket, compared with 24.2% across Surrey and 23.6% across England. The majority of Woking’s population is aged between 40 and 65, with 35.0% of the population in this age bracket compared with 34.2% for the rest of Surrey and 31.8% across the rest of England.

Currently, only 17.7% of the population is aged above 65, however this figure is forecast to rise between now and 2040 to 23.7% of the population. This rise will both have impacts on economic performance within the borough, as well as placing additional demand on Council services.

Area

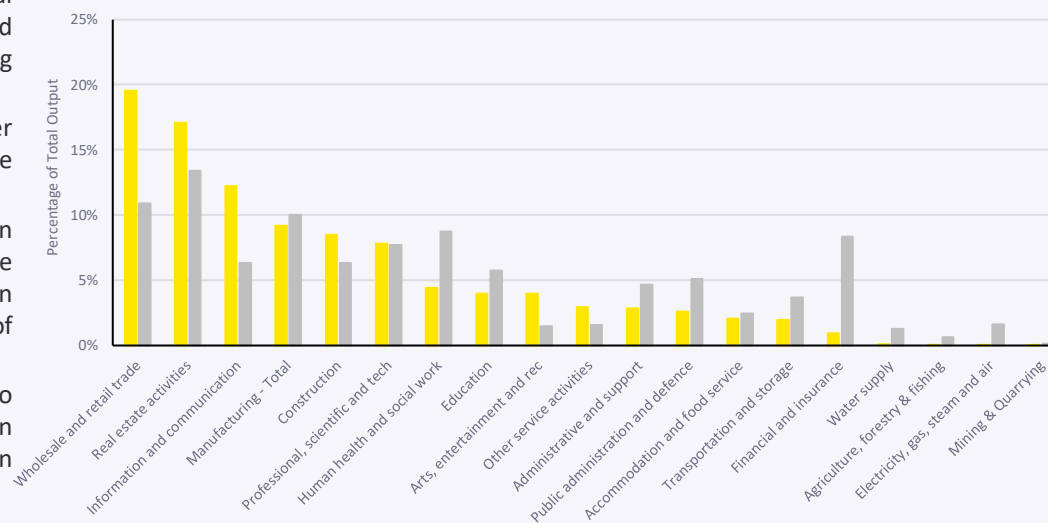
The Council was recently the highest ranking area within Lamber Smith Hampton’s UK vitality index¹, which assesses locations outside of London to identify best places to live, work and do business. The index considers a range of indicators across the economy, business, health outcome and the environment. The area scored particularly highly against;

1. **Economy and Business – 10th** – Inclusive of a top score for wage growth and commercial property investment, and
2. **Health and Environment – 2nd** – Low levels of cardiovascular mortality and high score for life satisfaction and mortality.

Economy

The economy in Woking is concentrated across the Wholesale and Retail Trade Sector and the Real Estate Sector. As demonstrated below, the size of these sectors is significantly above the average across the rest of the United Kingdom, with Wholesale and Retail Trade making up 19.53% of total output in Woking compared to 10.91% across the rest of the UK and Real Estate being 17.08% compared to an average of 13.38% in the rest of the UK.

Figure 1 – Sector Composition – Woking compared with UK – 2021 – GVA (Output)



Another notable sector in Woking is the Information and Communication sector, which is 12.21% of the Woking economy compared to 6.32% in the UK.

Notable from this analysis, is that the Woking economy would appear less diverse by this sector composition analysis than the rest of the UK. For Woking, the top three sectors in terms of size, make up 48.8% of total output, whereas for the rest of the UK the top three sectors make up 33.0% of total output. This indicates the strategic importance of these sectors to economic performance in Woking, with impacts on these sectors likely to have substantial impacts on the rest of the Woking economy.

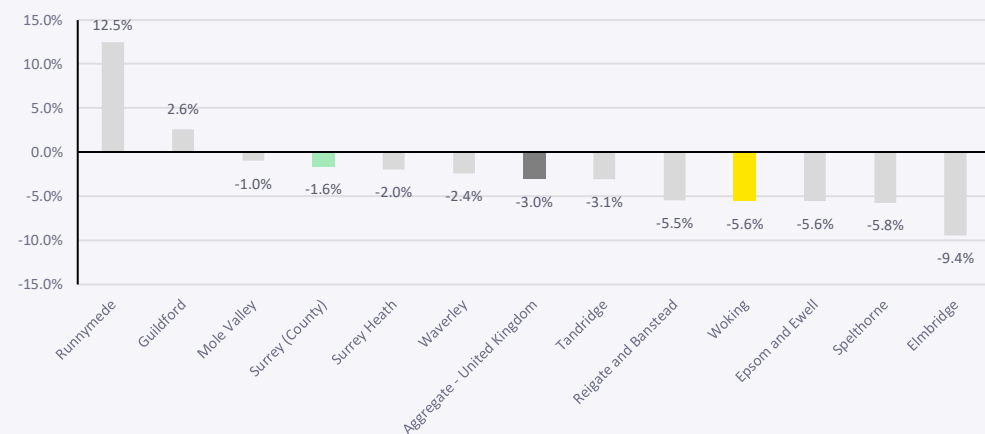
During the pandemic, economic output as measured by Gross Value Added (GVA), fell within the Woking area, with societal restrictions placing businesses under significant pressure.

Socio-Economic Landscape (2/3)

Economy (Continued)

As demonstrated below, total output fell by 5.6% in Woking between 2019 and 2021, a figure which is greater than both the average across the United Kingdom and the rest of Surrey.

Figure 2 – Sector Composition – Woking compared with UK – 2021 – GVA (Output)



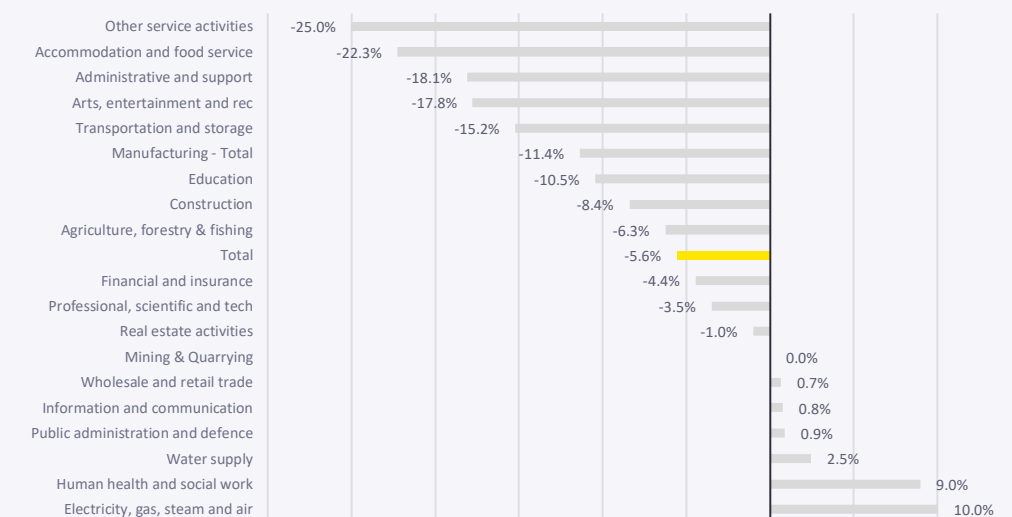
Source: Oxford Economics

Driving this decline was reductions in output for services that rely on face-to-face customer interaction, with Other Service Activities, Accommodation and Food Service and Arts, Entertainment and Recreation all facing significant reductions in output.

Driving the difference between performance in Woking and the rest of the UK appear to be more significant declines across Administrative and Support, Arts, Entertainment and Recreation, Construction and Manufacturing, which are detailed below.

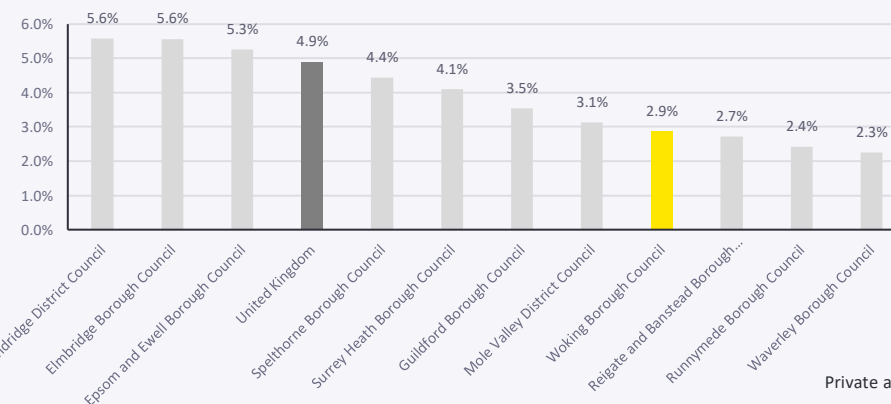
- Administrative Support – Woking -18% vs UK -12%
- Arts, Entertainment and Recreation – Woking -18% vs UK -14%
- Construction – Woking -8% vs UK -5%
- Manufacturing – Woking -11% vs UK -3%.

Figure 3 – Sector Performance – GVA – 2019 to 2021



While the impacts have been felt across output within the borough, employment has remained fairly resilient, with the unemployment rate only rising to 2.9% in 2021, significantly below the UK average, and below the majority of other district areas in Surrey.

Figure 4 – ILO Unemployment Rate - 2021



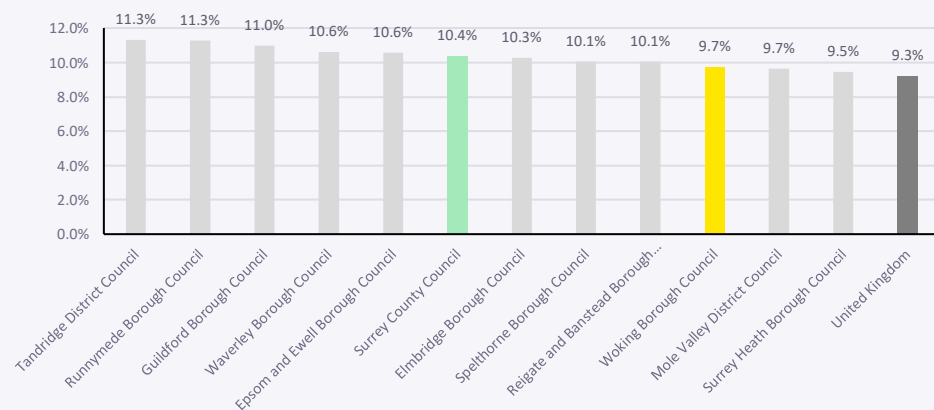
Socio-Economic Landscape (3/3)

Economy (Continued)

Economic recovery is underway, with output levels recovering towards pre-pandemic levels during 2021. Figure 5 demonstrates the Woking economy is forecast to grow by 9.7% between 2022 and 2027, in line with the UK forecast (9.3%). This is however below the average forecast across the rest of Surrey. This position is predominantly driven by slower growth across Financial and Insurance services, Human Health and Social Work and Professional Science and Technology services, the detail of which is demonstrated below.

- Financial and Insurance– Woking 8% vs UK 2%
- Human Health and Social Work– Woking 11% vs UK 9%
- Professional Science and Technology – Woking 11% vs UK 9%.

Figure 5 – Forecast GVA Growth 2022 to 2027



Source: Oxford Economics

For Woking, the highest growth sector is forecast to be Information and Communication, which is forecast to grow by 16.8% between 2022 and 2027 and 68.1% between 2022 and 2040. There are also notable increase in output for Real Estate Services which is forecast to grow by 12.1% between 2022 and 2027 and 43.4% between 2022 and 2040.