

Headline issues extracted from the Section 25 Report reported to 23rd February 2023 Council and the 2023/24 Medium Term Financial Strategy reported to 30th March 2023 Council.

Section 25 Report at 23rd February 2023

- *It is not evident at this stage, however, how the Council will establish a balanced budget for 2024/25 and the MTFS period. The Council is in the territory of S114 but as of the date of this report a S114 Notice is not required. This report however may lead to the issuing of a S114 Notice in 2023/24 as work on the 2024/25 budget progresses.*
- *The Council does need to make significant improvements in its approach to resource management as a strategy and discipline.*
- *The requirement to make savings has dominated the budget setting process in 2021/22 and 2022/23 and this will be an even more dominant feature for the 2023/24 – 2025/26 MTFS period and the foreseeable future beyond this term. The 2023/24 budget is only balanced with the use of £8.3m reserves and it will take a significant re-think and restructure of the Council, its investments and strategic partnerships in order to deliver an operational reset.*
- *The Council has a significant dependency on the income generated from its commercial estate. All of this income is taken directly to the general fund and the Council will need to develop an approach to smoothing this reliance on income over a longer trading period.*
- *The Council has some exposures which are more significant than other local authorities:*
 - *The level of dependency on combined income from the Council's off-street car parking and commercial estate which is disproportionate to the Council's financial resilience and ability to respond to such an economic downturn.*
 - *The size of borrowing alongside the policy it has adopted on Minimum Revenue Provision is equally disproportionate to the Council's financial size, resilience and ability to respond to risks in the event of needing to impair loans.*
 - *The costs and lost income experienced over the last 2 years, and the financial climate post pandemic, have resulted in the financial position now becoming an immediate problem.*
- *The Council does not have the financial resilience to absorb the impacts of the current economic downturn and changes in consumer behaviours in the short and medium-term and cannot solely rely on its investment approach to protecting services. The Council needs to develop a more far-reaching strategy of service transformation that will enable it to manage within the predicted level of funding available whilst both ensuring it maintains the services it is statutorily required to provide and uses the strategic priorities established within the Woking for All strategy to target funding.*
- *The Council has not undertaken a review of its compliance with this CIPFA Financial Management Code as of the date of this report. The Council will need to programme in a review in 2023/24 as part of its delivery of the MTFS strategy.*

Medium Term Financial Strategy at 30th March 2023

At 30th March 2023, the Section 151 Officer and Interim Director of Finance reported 10 principles to inform balancing the 2024/25:

- To operate a cost control framework and discipline
- To establish further savings over the MTFS period through developing a minimum viable position for all services
- To comprehensively track savings and establish full financial variance monitoring in a timely way
- A Fit for the Future programme that has to balance implementing a strong programme discipline for delivering critical savings plans alongside establishing the future state for the Council
- For reviewing the prudent position on the amounts set aside for debt
- To stabilise reserves
- To review company business plans and investments
- To obtain advice on the impairment of loans
- To consider implementation of the recommendations of reports and scheme recommended by External Stakeholders
- To consider constraining and/or deferring the scope and value for the Capital Programme

The MTFS report to Council on 30th March 2023 identified that the Council faced the prospect of expensing further items (Minimum Revenue Provision - MRP) to its Medium Term Financial Plan. If necessary, these charges would not be able to be accommodated within the forecast funding available to the Council and there was the compelling prospect that a S114 Notice may be needed and that reference will need to be made for financial assistance to Government.