

MINUTES
OF A MEETING OF THE
BOROUGH COUNCIL OF WOKING

held on 20 June 2023

Present:

Cllr M I Raja (Mayor)
Cllr L Morales (Deputy Mayor)

Cllr H Akberali	Cllr I Johnson
Cllr T Aziz	Cllr D Jordan
Cllr A-M Barker	Cllr R Leach
Cllr J Brown	Cllr L Lyons
Cllr A Caulfield	Cllr C Martin
Cllr G Cosnahan	Cllr J Morley
Cllr K Davis	Cllr S Mukherjee
Cllr S Dorsett	Cllr E Nicholson
Cllr W Forster	Cllr S Oades
Cllr P Graves	Cllr L Rice
Cllr S Greentree	Cllr D Roberts
Cllr S Hussain	Cllr T Spenser
Cllr A Javaid	Cllr M Sullivan

Also Present: Brendan Arnold, Section 151 Officer and Interim Director of Finance, Julie Fisher, Chief Executive, and Claire Storey, Independent Co-Opted Member.

Absent: Councillors A Boote and A Kirby

1. APOLOGIES FOR ABSENCE.

Apologies for absence had been received from Councillor Amanda Boote and Councillor Adam Kirby.

2. DECLARATIONS OF INTEREST.

In accordance with the Officer Employment Procedure Rules, the Chief Executive, Julie Fisher, declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which she was a Council-appointed director. The companies were listed in an attached schedule. The interests were such that Mrs Fisher could advise on those items.

In accordance with the Officer Employment Procedure Rules, the Strategic Director - Corporate Resources, Kevin Foster declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he was a Council-appointed director. The companies were listed in an attached schedule. The interests were such that Mr Foster could advise on those items.

In accordance with the Officer Employment Procedure Rules, the Strategic Director - Communities, Louise Strongitharm, declared a disclosable personal interest (non-

pecuniary) in any items concerning the companies of which she was a Council-appointed director. The companies were listed in an attached schedule. The interests were such that Mrs Strongtharm could advise on those items.

In accordance with the Officer Employment Procedure Rules, the Head of Transformation and Digital, Adam Walther, declared a disclosable personal interest (non-pecuniary) in any items concerning the companies of which he was a Council-appointed director. The companies were listed in an attached schedule. The interests were such that Mr Walther could advise on those items.

3. SECTION 114 REPORT AND CHIEF EXECUTIVE'S RESPONSE WBC23-027.

The Mayor referred the Council to the report before it on the Section 114(3) Notice and the Chief Executive's response, and briefly outlined the procedure to be adopted for the evening. In line with Standing Order 31.2, the Mayor proposed that Standing Orders should be suspended for the sole purpose of enabling the Section 151 Officer and Interim Director of Finance and the Chief Executive to directly address the Council.

RESOLVED

That Standing Orders be suspended for the sole purpose of enabling the Section 151 Officer and Interim Director of Finance and the Chief Executive to directly address the Council.

The Section 151 Officer and Interim Director of Finance, Brendan Arnold, was invited to introduce the report. The Section 114(3) Notice had been issued on 7 June 2023 as, in the view of the Section 151 Officer, the expenditure of the Council incurred (including expenditure it proposes to incur) in 2023/24 was likely to exceed resources (including sums borrowed) available to it to meet that expenditure. It was noted that the Council faced a financial situation of an extremely serious nature, with an unprecedented shortfall and no prospect that the Council would balance its budgets in subsequent years without external financial support on a large scale.

The Council faced a deficit of £1.2 billion against the core funding of £16m available in the current financial year, a position which was expected to worsen initially. The Council had not set aside sufficient funds to pay off the interest on the debt, and the investments had been impaired. A suite of financial controls had been introduced which would continue going forward. The situation would require both immediate and ongoing action over a number of years in order to return the Council to a path of financial and operational sustainability and recovery. Weaknesses in the management of financial affairs had been identified and were being addressed.

The Local Government Finance Act (1988) provided that the Council had to consider the report of the Section 151 Officer at a meeting to decide whether it agreed or disagreed with the report and what, if any, action it proposed to take. The Council had been required to meet within 21 days of the date on which the Section 114 Notice had been issued and accordingly the Extraordinary Meeting of Council had been convened to fulfil the requirement.

The Chief Executive, Julie Fisher, was invited to present her response to the Section 114(3) Notice, details of which were set out in the report before Council. The response summarised the work undertaken over the past six months and outlined a series of recommendations to take the Council forward. A Commissioning Team had been

appointed through the Department for Levelling Up, Housing and Communities and was working closely with the Council on the development of an Improvement and Recovery Plan. The key lines of enquiry being used to develop the details of the Plan had been included in the report before Council.

Above all, the reports before the Council highlighted the need for Members to take some difficult decisions going forward in order to enable the Council to operate with a substantially reduced revenue budget. The significant impact on the Council's staff and services for residents in the future was highlighted. In addition, the Council would require significant financial support from the Government, and it was recommended that the Council should approach the Government to explore the prospect of financial support.

As well as taking forward the recovery work, the Council had commissioned a Value for Money review through auditors Grant Thornton, relating to the decisions made by the Council with respect to its investment strategy.

Following the introduction of the report and the recommendations contained therein, the Mayor advised that the discussion would move to the debate and invited the Leader of the Council and the Group Leaders to speak first, before inviting other Members of the Council to speak.

The Councillors welcomed the recommendations set out in the report and noted the extensive work undertaken by Officers. However, many questions were raised on how the Council now found itself in such an extreme position and the impact of the measures going forward on the services of the Council, residents and the Authority's staff. The Council would seek, however, to ensure that vulnerable residents would be provided with the support they needed going forward.

The importance of the Housing Revenue Account was raised and hope was expressed that the development of the remaining Sheerwater Regeneration phases would be continued. Above all, the Councillors recognised the anger and disappointment of residents and emphasised the importance of the Value For Money review in understanding how the situation had reached the scale it had.

At the conclusion debate, the Mayor invited the Leader of the Council to respond to the points raised and summarise the key elements of the debate. It was clear that the decisions and circumstances that had led to the current position had to be understood for lessons to be learnt and the Leader highlighted the importance of the Value For Money review to be undertaken by Grant Thornton. The Section 151 Officer and Interim Director of Finance responded to the points raised during the debate, again highlighting the work of Grant Thornton which would look at, amongst other matters, the failure to ensure an adequate Minimum Revenue Provision (MRP) for the level of debt.

Finally, the Chief Executive summarised the key considerations for the Council before referring the Members to the recommendations set out in the report. The Members welcomed the proposals and agreed the recommendations in full.

RESOLVED

- That (i) the Findings stated in the Section 114(3) report issued by the Interim Director of Finance and in particular the points arising in paragraphs 25, 26, 27 and 28 of the Section 114 (3) be endorsed;

- (ii) the Intervention by the Secretary of State, the Directions issued by the Secretary of State under section 15(5) and (6) of the Local Government Act 1999 and the appointment of the Commissioning Team be noted; and
- (iii) the response by the Chief Executive to the Section 114(3) report be noted and the recommended actions in her response at Appendix 2 to this report be agreed as follows;
 - (a) actions be established that will bridge the Council's budget gap of £9m in 2024/25 that will be presented as planning assumptions in the Medium Term Financial Strategy report to the 13th July 2023 meeting of the Executive;
 - (b) it be noted that expenditure controls will remain in place beyond the Section 114 Notice and will remain a feature of how the Council conducts its business for some years;
 - (c) a revised Budget may need to be prepared and received by Council in the late summer to receive budget proposals to take savings early to assist with balancing the Budget in 2023/24 and 2024/25;
 - (d) it be noted that a Financial Recovery Plan is being developed by the Section 151 Officer in liaison with the Corporate Leadership Team and the Commissioning Team;
 - (e) the Medium Term Financial Strategy and Plan be reported quarterly to the Executive and Council moving forward;
 - (f) actions be established to bring the Housing Revenue Account (HRA) back into balance and to create a 30 year business plan;
 - (g) an assets disposals strategy, alongside a Commercial Strategy, be developed to optimise the returns from the disposal of the Council's and Companies' assets for the benefit of the "public purse" in the context of the need to pay off debt; and
 - (h) Government be approached to explore the prospect of financial support.

The meeting commenced at 7.00 pm
and ended at 9.01 pm

Chairman: _____

Date: _____