

## 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** the six months' progress since the beginning of the Government intervention on 25 May 2023 be approved.

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

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## **The Improvement and Recovery Plan Progress – September to November 2023**

**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'.

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### **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

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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.

### 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”.

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- 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.

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- 4.1 The Financial Control Panel meets twice a week to ensure all spend is robustly challenged. The Panel now includes Procurement (Orbis<sup>1</sup>) 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 8<sup>th</sup> 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.

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<sup>1</sup> 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.



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**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.

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- 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 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

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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

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delivered though channel shift<sup>2</sup> 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

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<sup>2</sup> '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.

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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 EqIA 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 EqIAs 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.

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### 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	<p>The Council's functions are operating in line with the appropriate rules, guidance and good practice.</p> <p>The Council has a compliant Housing Revenue Account.</p>
(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.

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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.

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### Appendix 3 – Risk Register

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