

GENERAL FUND BUDGET 2024-25 AND PROPOSED SAVINGS

Executive Summary

This report brings forward the decisions required to maximise the savings that can be made by the Council in 2024/25, year one of its five-year Medium-Term Financial Strategy (MTFS). The Council had identified a potential £8.5m of savings in the September 2023 MTFS report. At that stage the savings were still broad proposals and further work has been undertaken through the autumn on the detailed options and deliverability of these proposals, linked to public consultation and equality impact assessments. This has resulted in a revised savings figure of broadly the same figure i.e. £8.4m, but this is now a more robust and deliverable plan.

Despite these savings, the Council still has a deficit on its business-as-usual services, even before the debt issue is taken into account. The deficit in 2024/25 is £12.4m, although most of this can be attributed to interest on debt and the deficit on the commercial estate: both issues are a legacy of historic investments. Further savings will have to be identified for the rest of the five-year MTFS period.

Significant work has also been undertaken with Government on how the Council can set a legal budget given the scale of its debt problem. Without that support the Council's budget deficit next year could be up to £785million. Much of this is a one-off, including restating the debt repayment provision (Minimum Revenue Provision) that should have previously been made. A summary of the point reached with this work is included in this report at Section 3, but the size and complexity of dealing with the debt means that the timescale to finalise the approach requires the Council to push back its final decisions on setting the budget and Council Tax to an Extraordinary meeting of Council on 4 March 2024. This report will include a five-year Medium Term Financial Strategy, including the ongoing costs of debt repayment.

The savings decisions are included in this report for approval and implementation, before the debt arrangement is confirmed, to ensure that full year savings can be delivered. This paper therefore includes updates on the processes for Equality Impact Assessments (EIAs) and public consultation on proposed changes to Council services, which are part of the decision-making process on the savings recommended in this report.

Discussions with Government on the level of Council Tax increase have led to a proposal for a 10% increase, in line with that of other Council's in intervention that require Government support packages. Woking household Council Tax bills will only increase by 1% because of the 10% increase. This is because most of the tax income (around 90%) relates to services provided by Surrey County Council.

Recommendations

The Executive is requested to:

RECOMMEND TO COUNCIL That

- (i) the £8.4m of savings set out in Appendix 3b to the report be agreed;
- (ii) the Equality Impact Assessment and public consultation processes on the savings proposals that are summarised in Appendix 5 to the report, with detailed reports on each resident facing saving proposal, be noted as part of the decision-making process; and
- (iii) it be noted a further report to Full Council on 4 March 2024 will receive a final report from the Director of Finance to finalise the treatment of the Council's debt and Council Tax in 2024/25.

Reasons for Decision

Reason: The contents of the report is to ensure open and transparent governance in the financial affairs of the Council in balancing the 2024/25 Budget.

The item(s) above will need to be dealt with by way of a recommendation to Council.

Background Papers:	Public consultation report Equality impact assessments (EIAs) supporting the Medium-Term Financial Strategy (MTFS)
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1.0 Introduction

- 1.1 This report on the 2024/25 budget incorporates reviews and updates to the proposals previously reported in the September Medium Term Financial Strategy. The approach to the budget has been to deal separately, insofar as possible, with the historic debt issue and the Council's core (or business as usual) budget for services to residents.
- 1.2 This report focuses on the latter core service part of the process, with a further report to an Extraordinary meeting of Council on 4 March 2024 to finalise the debt position and set the level of Council Tax. That report will also include a five-year, medium-term view of the budget.
- 1.3 This report does however include a summary of the likely support package from Government on the Council's debt position for information, which is essential to allow the Council to set a legal budget in March. However, further work is needed on this before the meeting of Council in March, and therefore this report is not seeking for that approach at this stage.
- 1.4 The report then sets out:
 - the draft Vision within which the Council is working on its budget;
 - the approach taken to the budget, including the identification of savings options; and
 - the further detailed work undertaken on those savings options, in terms of financial analysis, public consultation and equality impact assessments.
- 1.5 The key purpose of the report is therefore to recommend the savings for approval by Full Council on 8 February 2024 so that implementation can commence, ensuring that full year savings can be delivered.

2.0 Government Intervention

- 2.1 On 25 May 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the outcome of its non-statutory external assurance review into Woking Borough Council's (WBC) finances, investments and related governance. The Secretary of State considered the Council was failing to comply with its best value duty under the Local Government Act 1999. In particular, it highlighted the scale of financial and commercial risk due to the Council's legacy of disproportionate levels of debt at over £2billion. The government's intervention will be in place for five years.

3.0 The Council's Debt Position

- 3.1 On 7 June 2023, the then Section 151 Officer issued the Council with a Section 114 Notice. The notice was required because the Council's expenditure was likely to exceed the financial resources available, and therefore it could no longer balance its budget for the remainder of the financial year and subsequent years. The Council faces this extremely serious financial shortfall because of its historic investment strategy that has resulted in unaffordable borrowing, inadequate steps to repay that borrowing, and high values of irrecoverable loans. The notice stated that against available core funding of £16m in the 2023/24 financial year, WBC faced a deficit of £1.2bn, which includes two key elements: the cost of impaired loans (£614m) which is a balance sheet adjustment and the need to make backdated provision for the repayment of debt and write-off of some loans. The latter part of the s114 is now assessed as the £785m, as outlined later in this report.
- 3.2 Clearly, the size and scale of the historic debt prevents a legal budget being set for 2024/25 without some form of support from Government. Detailed discussions on a solution to this for 2024/25 have been ongoing via the Commissioners and s151 Officer. However, to access any support, the Council needs to show that it is 'living within its means' and taking steps to meet

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a significant part of the deficit from its own resources. This includes both making savings on its service budgets and developing a disposal strategy for the Council's property portfolio, in a way that delivers the best returns for the public purse, allowing key services to be maintained and reducing the cost of debt servicing.

- 3.3 Work with Commissioners has focussed on separating, as far as possible, how the historic debt is dealt with from the challenge of setting a "business as usual" budget for the Council's services to its residents. This approach continues with this report, which sets out the recommended service savings of £8.4m for 2024/25 to Council on 8 February 2024. The report to the Extraordinary meeting of Council on 4 March 2024 will finalise the treatment of the debt in 2024/25 and the level of Council Tax.

Capital Financing costs including corrected Minimum Revenue Provision (MRP)

- 3.4 Given the significance of the costs of the debt, the Improvement and Recovery Plan work has included a detailed cashflow forecast and full reconciliation of the capital financing budget in accordance with proper accounting practice. As part of the budget setting process and in line with discussions with government the following have been addressed:

- The approach to Minimum Revenue Provision (MRP) i.e. the proper provision for the repayment of debt not previously followed by the Council.
- The treatment of principal and interest repayments no longer fully recoverable from the companies following the suspension of the Revolving Credit Facility.
- An updated forecast for interest costs on borrowing, taking into account the additional borrowing agreed, the requirements to support the Capital Strategy and required refinancing during the year.

- 3.5 These issues also form part of the ongoing discussions with Government, because correctly accounting for the Council's debt would require a budget of around £170m to cover the interest and debt repayment (Minimum Revenue Provision or MRP) next year. Backdated debt repayment provision and the write off of loans would in total form a major part of the budget deficit of up to £785million next year. A legal budget could not be set with this level of costs. Hence, the Government will provide interim support to allow the Council to set a legal budget for next year.

- 3.6 This support involves two mechanisms. The first is to provide a Capitalisation Directive that allows costs in the budget to be capitalised and spread over several years, until funds from the debt reduction plan are available to meet them. This approach is the standard one at all Councils in intervention with financial difficulties. The Minister for Local Government wrote to the Leader and Chief Executive on 18 December 2023 asking for confirmation of the amount of capitalisation support required with a response date of week commencing 8 January 2024. The response is set out below.

- 3.7 The Minister's letter also recognised the unprecedented scale of the Council's challenge and the number of years it will take to resolve:

"You will also recognise that due to the scale and unprecedented nature of the Council's financial liabilities, Woking will need ongoing support from Government for several years to come. This will of course include support to set a balanced budget for 2024/25. Work overseen by Commissioners has confirmed that the Council cannot reasonably meet the cost of its Minimum Revenue Provision (MRP) and that this is a contributing factor to the Council's ongoing deficit position"

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- 3.8 The Leader wrote back to the Minister on 12 January 2024 requesting a Capitalisation Directive of £331m. The detail of the approach will be set out in the report to Council on 4 March 2024 but the main elements of the budget to be capitalised are:
- the interest previously recharged to companies under the Revolving Credit Facilities that cannot now be covered (£44m in 2023/24 and £46m in 2024/25).
 - loans of £155m previously provided to the companies for revenue purposes that should have been charged to the revenue budget.
 - the interest costs of the business cases agreed with Government to finish the Victoria Square and Sheerwater schemes (£2m in 2023/24 and £5m in 2024/25).
 - cumulative reserves deficit including budget overspends in 2022/23 and 2023/24 (approx. £29m including the re-instatement of £10m ringfenced reserves).
 - a deficit in 2024/25 (assessed at the time the submission was made) after savings of £11.6m, plus backdated HRA recharge adjustments of up to £5m.
 - in order to create more resilience to risk, provision asset maintenance of £20m; for grant clawback and project risks of £7m and the re-creation of a General Fund reserve of £5m.
 - the capitalisation also ensures that earmarked reserves (e.g. HS2 monies for Brookwood Park and the PFI reserve are maintained).
- 3.9 The above figures will continue to be reviewed in the run up to 4 March Council, but the request, if approved will provide capitalisation of up to £331m. The 4 March report will include further analysis of the one off and ongoing debt costs.
- 3.10 In addition, as the Minister's letter noted, the Council cannot afford to make proper provision for debt repayment (MRP) due to the level of its debt compared to its budget. The additional provision required relates to the loans made to companies that the Council made through Revolving Credit Facilities and on which no debt repayment was provided for. The amount that would be required for next year's budget is an additional of £97m provision for debt repayment relating to 2024/25, in addition to the existing £8m provision. The need for a backdated MRP provision of £356m creates a total additional requirement of £454m that is not affordable.
- 3.11 It is worth noting that the level of MRP required in 2024/25, even without the backdated element, at £97m on top of the existing £8m, plus the interest cost on loans of approx. £70m, means that debt servicing costs for the Council should total over £170m next year. This sum is nearly ten times the size of Woking's net revenue budget in 2024/25 of £19m, which demonstrates the scale of the problem.
- 3.12 The Government recently finalised its approach to tightening up guidance on the provision of MRP – it originally consulted in 2021-22 on strengthening the duty to make provision for the repayment of debt. The final proposed amendments to statutory guidance were recently published with a deadline for response of 16 February 2024:
- <https://consult.leveellingup.gov.uk/local-government-finance/consultation-on-changes-to-statutory-guidance-and>
- 3.13 The guidance makes it clear that the Council's previous approach was not compliant with the duty to provide for MRP and seeks to prevent that approach in future. Despite this tightening of the rules, the Government has also provided for the guidance to be set aside in cases of serious financial failure intervention:

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“In very exceptional cases, where the government has made arrangements to intervene in a local authority and has, or is in the process of, put in place financial support arrangements for that authority, it may be appropriate to reflect the nature of any such financial support in the determination of a prudent amount. Where this is the case the local authority must seek agreement from the government on how any assumptions with respect to support are reflected in the determination of MRP.” (para 46 of the draft statutory guidance)”

- 3.14 The exceptional circumstances are intended to apply to Woking Borough Council. Backdated MRP amounts to £356m and will have to be charged to the 2023/24 (or prior year). This creates a deficit that would have to be carried forward to the 2024/25 budget. Added to this is MRP in 2024/25 of £97m, which would create a deficit of £454m if it were charged in full. The guidance will allow the Council not to charge this full amount, with Government permission. The debt repayments that would be carried forward to be dealt with by the longer-term debt reduction plan.
- 3.15 This exceptional support (£454m) and the capitalisation (£331m) would amount to a total budget deficit next year of up to £785m without that support. The approach taken by Government therefore allows the Council to set a legal budget for and continue to provide services in 2024/25. The report to Full Council will set this out in more detail along with financial and legal advice on the reliance to be placed on these mechanisms.

4.0 Debt Reduction Plan

- 4.1 On 7th December 2023 the Woking Commissioners provided the Secretary of State with their second report relating to the Council’s Improvement and Recovery Plan, which was passed by the Council on 30th November 2023.
- 4.2 A key part of the Improvement and Recovery Plan is the asset rationalisation and debt reduction work. The work is in the context of the strategic aim ‘to release the Council from unaffordable commitments whilst protecting the public purse and optimising the value of from existing assets.’ This is the longer-term work that the interim support from Government to set a legal budget (capitalisation and MRP) explained above, will facilitate.
- 4.3 The development of the Council’s overall commercial strategy is being led by the Strategic Director - Corporate Resources with the s151 Officer. They are supported by expert advisors who have provided advice to councils with similar financial and commercial challenges. The strategy will focus on bringing together all council commercial activities under one clear plan.
- 4.4 This objective is based on having:
- A full understanding of the activities of all council owned companies and joint ventures, and a plan for the council to exit these arrangements.
 - A full understanding of all council owned property interests, whether freehold ownership, leasehold or leased.
 - To have a clear plan for the rationalisation of property that matches the future needs of the council.
 - A review of procurement and contract management arrangements of suppliers, goods and services to ensure best value is maintained throughout the life of contracted out services which includes services provided by council owned companies.
- 4.5 The Woking Commissioners recognised progress in the asset rationalisation work and the plan over the next 4 months to produce a prioritised plan which will need to balance the need to reduce the levels of debt with achieving value for money from the assets sold. This will take the form of an asset disposal strategy covering the Council’s assets and those Council owned

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companies that have significant asset holding, primarily the ThamesWey Group and Victoria Square Woking Limited. The strategy is planned to cover a 3-to-5-year period.

- 4.6 Within the asset disposals strategy all assets are under review irrespective of which portfolio they sit within although it is accepted that there are considerations such as the continuing provision of services, social needs and contribution to revenue that will need to be considered for both Council services and the companies.
- 4.7 The next quarters performance management report will incorporate both progress on adopting an assets disposal strategy and a profile of capital receipts that this will be targeted to deliver.
- 4.8 Council Vision

Vision Statement:

A financially and environmentally sustainable Council, delivering services that residents value in every part of the borough.

Mission Statement:

A trusted and transparent Council that:

- *Lives within its means*
- *Is focused on services that make a difference to people in the Borough*
- *Works in partnership with the community to deliver positive outcomes*
- *Continually engages with residents to design more efficient and effective services*
- *Invests in talent to deliver for Woking's future*

- 4.9 The Woking for All Strategy, published in 2022, sets out a number of priorities for the Council. However, the context the Council is operating in has now changed, with the announcement of Government intervention in May 2023 and the issuing of a Section 114 Notice in June 2023. This clearly impacts what and how the Council is able to deliver. Therefore, the Council needs to set out how it will operate in the future and the priorities of the Woking for All Strategy need to be reviewed.
- 4.10 The development of a new Council vision is the start of this work. The vision will provide staff, residents, and partners with a clear understanding of the Council's direction of travel. The Council will then work to develop a 'golden thread', where the vision and updated Woking for All Strategy drive service planning and staff Performance Development Reviews. The Council will also develop tools to support the delivery of the vision by staff, for example, through a new Organisation Development Strategy.
- 4.11 A draft vision (the aspiration for the Council) and mission (how the Council will achieve the vision) have been developed to sit alongside the budget. The vision was developed through a series of workshops with the Executive, wider Members, Corporate Leadership Team, Commissioners, and staff.
- 4.12 The vision and mission, alongside the Council budget, will now help inform a review of the Council's objectives, set out in the Woking for All Strategy. This work will take place in Spring/Summer 2024, with a revised Woking for All Strategy coming to Council in early Autumn.

5.0 Benchmarking

- 5.1 As part of the budget setting process, it is important to understand how WBC's service offer compares to other councils. To aid this work, Local Partnerships were commissioned to carry out a benchmarking exercise between statistical nearest neighbours. The information includes

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comparative revenue outturn data, census, and planning data from national sources. Initial research has drawn some conclusions that support known issues. Specifically, in the majority of areas reviewed, the Council has historically spent more than its statistical neighbours. Also, in some service areas there has been increased spend even though the population and household figures have not increased significantly.

- 5.2 The data analysis is being led by officers working with the Executive Member for Finance and will be discussed with the Member Finance Working Group. As part of this, the Executive Member has agreed further work being commissioned to 'deep dive' into several statutory services – this will allow direct comparisons to be made with similar sized authorities and identify where opportunities for service improvements might exist. This will likely inform future decisions on service provision and savings opportunities in the further years of the MTFS.

6.0 General Fund 2024/25 Budget – Approach Taken

- 6.1 Earlier reports have highlighted the issues with data quality and the lack of accessible and meaningful financial information. As part of the Finance Recovery Plan a programme of work is underway and improvements have been made, including the improvement of the budget monitoring information and the information provided to Members on key savings, through the development of business cases and option analysis, for example on Pool in the Park. A considerable amount of work has been carried out since the last detailed report in September to review all savings, budget pressures and fees and charges, alongside the implementation of a new staffing structure and the Improvement and Recovery Plan work.
- 6.2 The September MTFS report identified £8.5m of potential budget savings. This target is a significant challenge, given that the Council's income from Council Tax and Business Rates (its "net budget") is projected to be only £19million next year. However, gross service spending is higher at £41m (excluding housing benefits and financing costs) due to some services being funded by fees and charges, which is why an increase in these charges for discretionary services, that might otherwise have to be cut, has been a key part of developing a more sustainable budget.
- 6.3 The September MTFS report indicated that even this level of savings was insufficient to meet the pressures on the Council's services (inflation, demand etc) which were estimated in September as £19million. The revised budget deficit is now estimated at £12.4m after £8.4m of savings i.e. total pressures were £20.8m
- 6.4 The additional costs over the target largely related to the Council's historic investments i.e. the large Commercial Estate and the cost of debt, not its day-to-day services. Given the size of the Council revenue budget, it will be difficult to find savings above the target £8.5m in one year. Therefore, the focus of financial planning for 2024/25 since September has been to:
- a) Delivering the maximum possible savings against service budgets from the £8.5m potential identified. This will demonstrate the Council's commitment to meeting as much of the deficit as possible.
 - b) Review the options for savings from asset management and debt reduction options i.e. to target the historic arrangements that are the source of the pressures. This approach is part of the Commercial Strategy and asset rationalisation strategy being developed within the Council's Improvement and Recovery Plan (IRP).
- 6.5 As the work has progressed from initial options to more detailed proposals, risks have been identified in the delivery and costing of the savings proposed in September, but this has led to more robust proposals, now totalling £8.4m. Options have also been reviewed in the light of public consultation.

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- 6.6 The review of savings options has included working with the Member Finance Working Group on key areas of concern for Members and the public in the budget, reviewing key savings proposals such as Pool in the Park and Community Centres in more depth and testing options, and feeding this work back into Overview and Scrutiny Committee and all Member briefings.
- 6.7 Work on a debt reduction plan linked to an asset rationalisation strategy has commenced and will develop proposals that provide a basis for Commissioners to discuss options with Government that deliver both a longer-term strategy and a short-term solution to setting a budget for next year. The debt issues are so complex and significant that they cannot be resolved in one year, so the interim solution to setting a legal budget explained above is needed for next year.

7.0 Service Savings Narrative

Savings Identification

- 7.1 The MTFS report in June 2023, alongside the s114 notice established a comprehensive “gateway” process across all services to identify potential savings.
- 7.2 The MTFS reports and the gateway savings process also identified costs and proposals over a 5-year MTFS period as well as for the 2024/25 budget. Year one will not be the only year in which the Council has to deliver savings to be able to contain its spending within the resources available. The programme of identified savings will need to be an ongoing exercise.
- 7.3 The savings targeted “business as usual” service budgets so that the Council can focus its available resources on core services. The significant debt legacy and large commercial estate need to be looked at alongside this as part of the Improvement and Recovery Plan work on a commercial strategy, asset rationalisation and a debt reduction plan.
- 7.4 Work through the autumn to now has focussed on ensuring that the identified savings are robust: that the options are viable, deliverable; have identified equality impact assessments and been through open and inclusive public consultation.
- 7.5 A significant proportion of the savings are in areas of discretionary spending where the Council has generally provided a wider range of services and to higher standards than similar councils. The Council’s approach to investment and its commercial estate led to an approach that gave a false sense of what was affordable for a small district Council. Benchmarking, undertaken by Local Partnerships with the support of the Local Government Association, is being used to ensure that the areas targeted for savings focus the Council on spending in line with comparable authorities.
- 7.6 Savings being proposed for 2024/25 are therefore the kind of savings other councils have already made e.g.
- Closing public toilets and seeking to enlist business or other partners in alternative provision.
 - Transferring sports pavilions and community centres to community ownership.
 - Increasing fees and charges for discretionary services in line with those made by other councils and to more fully recover costs.
 - Reductions to the cycle for street cleaning and ground maintenance services.
- 7.7 In other areas, the savings are on services that are not normally provided, or to the same extent, by other district councils, for example:

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- A wide range of community services, such as social prescribing and involved service provision that overlapped with or could be provided by the County or other partners.
- Significant spending on arts and cultural facilities.
- A business liaison team that overlaps with the County's economic role.

7.8 The savings also included significant increases (10 to 20%) in many fees and charges to improve cost recovery as a way of maintaining discretionary services, rather than ceasing them. The policy for setting fees and charges in future years will be built on the Commercial Strategy developed as part of the Improvement and Recovery Plan. It will also need to be based on a continued improvement in the financial information on the costs of services.

7.9 In addition, Members have been considering the likely level of Council Tax increase in the context of the Government intervention over its level of debt and the extent to which central government support and local contributions to re-balancing the Council's finances are needed.

Capacity to Deliver

7.10 The savings programme is a significant one: because:

- it involved a staff restructure programme and job reductions of up to 20% across all services (except finance and legal teams).
- at a potential £8.5m the savings represented a reduction of around half the total net spending of the Council of £15m in 2023/24 (£19m in 2024/25).
- delivering savings that are half the net budget is not something many councils would be able to deliver in one year, but the Council is also a small district Council with limited corporate capacity and a legacy of poor financial and management information. Whilst the Improvement and Recovery Plan devised with Commissioners has brought in new resources, the basic lack of capacity and good information continues to limit delivery capacity.
- whilst many of the savings being considered have been done elsewhere, other councils have had several years to implement some of the changes, particularly complex ones involving community asset transfers. the Council is having to deliver a large programme at a faster pace, increasing risks.

Delivering the Savings

7.11 Given the scale and risks of the savings programme, it is important that this risk is mitigated with robust assessment of savings delivery options and improved financial and management information.

7.12 During the autumn a business case format was developed firstly for the Pool in the Park proposal and then extended to other key savings such as Community Centres and the Lightbox to ensure a consistent and robust approach to savings delivery. The key elements of the business cases are:

- full costs, including life cycle maintenance, clarifying variable and fixed costs
- options analysis, based on benchmarking and user group consultation
- service usage and demand
- public consultation and equality impact assessment

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- risk assessments

- 7.13 The business cases have ensured that a much more robust approach to savings delivery has been developed. For example, on Pool in the Park the original proposal for a phased closure had limited information on fixed costs and the costs of closure versus repair and maintenance. Benchmarking showed that charges for use of the facility were some of the lowest in Surrey and that information, combined with close work with user groups allowed an option of keeping the pool fully open with increased charges. Having developed this approach, the Council will be able to use the same approach to keep an ongoing review e.g. if demand drops off from increased fees or maintenance costs escalate, the Council will be able to consider an exit strategy based on sound information.
- 7.14 The business case approach also involved working with the Member Finance Working Group on the key areas of Member concern in the budget savings.
- 7.15 The Council will also be able to use the information to develop a robust process to monitor savings implementation. There will be a RAG rating on delivery that can be linked to both the improved monthly budget monitoring now in place and the new quarterly Performance Framework.

8.0 Updated Revenue Budget Position and Savings Target

- 8.1 Officers have worked on an update of estimates, reviewing both service costs and savings (e.g. Pool in the Park) and “corporate” items such as the provision made for inflation or wider commercial issues. This leads to an updated position summary revenue budget position (gross and net spending figures behind this are shown in Appendix 1) The deficit on the revenue accounts, after savings and pressures is £12.4million, which would normally be a draw on reserves. However, in the Council’s exceptional circumstances this deficit is covered by the Capitalisation Directive (along with the 2022/23 and 2023/24 deficits).
- 8.2 The 2023/24 MTFs was set with a deficit, using a planned one off £8.3m use of reserves that would need to be met by additional savings in 2024/25. Whilst the 2024/25 MTFs has identified further savings of £8.4m, further pressures and budget reconciliations mean that the deficit on the revenue accounts has significantly increased and even allowing for the further savings the deficit has increased by a further £4m from £8.3m to £12.4m.
- 8.3 What this means is that WBC is still spending above its resources, despite the significant level of savings in the budget for next year. The increase in the deficit is analysed below and links to the chart shown in Appendix 2. Much of the issue remains firstly, increased interest costs of circa £5m on the debt and secondly, the cost of the Commercial Estate and increased costs of maintaining the commercial estate and income generated from the estate when compared to the budgeted assumptions. The latter is a mixture of over optimistic budgeting and challenging economic climate that retail and office estates are operating in with increased voids and reduced yields from commercial lease agreements.
- 8.4 The summary revenue for the Council is shown below. It shows the business-as-usual costs for the Council, ignoring the debt adjustments detailed earlier in the report. The report to 4 March Council will have further analysis showing the debt adjustments and their impact on the Council’s revenue account.

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TABLE ONE: SUMMARY REVENUE ACCOUNT	2023/24	2024/25
	£million	£million
Communities	9.7	6.7
Place	7.4	7.1
Resources/Corporate	-12.2	-5.6
Total Service Directorates	4.9	8.2
Lease Surrender	0	-1.9
Pay Provision	0	0.1
Hardship Scheme	0	0.1
HRA recharge adjustment	0	0.3
PFI scheme charge	0.2	0.2
Other	0.6	0
Net cost of Services	5.7	7.0
Minimum Revenue Provision	7.5	8.1
Interest Payable	54.5	64.0
Interest Receivable*	-43.3	-47.7
Net Financing Costs	18.8	24.4
Amount to be met from Taxation, Grant and Reserves	24.5	31.4
Business Rates	-2.2	-4.4
Business Rates Pool	-1.1	-0.3
Collection Fund Surplus (-)/Deficit	-0.2	-0.5
Revenue Support Grant/New Homes Bonus/Other Grants	-1.4	-1.6
Total External Finance	-4.9	-6.8
Council Tax Income	-11.2	-12.2
DEFICIT	8.3	12.4

* Note that most of the interest receivable (£46m of the £47m) is due from ThamesWey and Victoria Square companies and the interest is currently suspended. The cost of this suspension is included in the Capitalisation Directive.

8.5 The above table shows the net spend in each Directorate and net revenue expenditure. Net expenditure for Councils is usually defined as spending financed by Grants and Council Tax i.e. £19m in 2024/25, but there is a £12m deficit, making a total of £31m. Gross spending and income is shown at an overall Council level in Appendix 1 and by service in Appendix 4.

8.6 The key changes to the September position are explained below, broken down into:

- a) changes to the service savings following detailed work on options and costs and public consultation (shown in Appendix 3);
- b) changes to cost pressures e.g. inflation or demand for services (Table 2 below and Appendix 2); and
- c) additional measures and review of corporate items (outlined below).

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- 8.7 The Service savings reported in September have been updated and summarised in the attached Appendix 3. Appendix 3a shows the changes from September and Appendix 3b shows a short narrative for each saving. The revised total of savings recommended for approval is £8.4million. The further work since September means that this total is much more robust and capable of delivering the estimated level of savings.

Base Budget – Staff Savings

- 8.8 Work to map and implement an organisational restructure is being implemented following an extensive review of Council services and delivery models. The restructure reflects the Council's objective of moving towards a smaller organisation which is focused on delivering core services. This approach was intended to deliver significant budget savings (target £2.4m) on staffing budget in 2024/25. There has been both an extensive public consultation exercise and an internal staff consultation process on the impacts of these savings.
- 8.9 The final position is that the restructure will deliver over £3m of savings, of which £2.2m can be taken as a saving compared to the 2023/24 base budget and £0.8m is cost avoidance. No provision has been made for a staff pay award in 2024/25, except for the maintenance of the Real Living Wage at the bottom of the pay scales at £82k.
- 8.10 The maximum cost of redundancies is £1.1m, but this will be mitigated down because in the restructure process vacancies were held. The final costs are covered by a capital receipt that DLUHC could be used to cover revenue transformation costs. The costs are half of the annual saving, which is a good payback period (up to 2 years is a normal benchmark).

Base Budget – Service Savings

- 8.11 The remainder of the proposals were non-staffing savings, the impact of which on services to residents is also significant. To assist Members with the information required to make the difficult decisions, there have been fortnightly meetings of the Finance Working Group (FWG), which includes Members of Overview and Scrutiny Committee meeting with senior officers.
- 8.12 Options appraisals have been undertaken for review by officers for review by FWG on the key proposed changes to discretionary services that might deliver significant savings but have the potential to have a high impact on residents and stakeholders. The initial savings proposals have been reviewed and updated in line with the more detailed budget verification work. This included whether alternative options for delivering the savings were possible and needed, taking into account financial performance and usage of facilities, identified opportunities and constraints, emerging information from the budget consultation process, the Equality Impact Assessments and benchmarking data.
- 8.13 **Leisure Services (Pool in the Park):** The proposal to review this facility was the most commented on issue in the public consultation exercise. Based on this and discussions with user groups there is a clear preference for the Council to explore increasing fees and charges, including concessionary rates, as an alternative to closure.
- 8.14 Other than price increases (the impact of which would need to be monitored) this option will not have a significant impact in relation to the EQIA as specialist groups, sports clubs, local schools, and over one hundred staff would not be displaced or made redundant.
- 8.15 Council officers worked with Members on a detailed options analysis for Pool in the Park, that compares the full and partial closure options to a model that includes a significant change in charges to move towards nil subsidy and make the budget saving for next year this way whilst longer-term options are kept under review. There has been an extensive exercise to investigate the costs and issues that would arise if there were a full or phased closure, including lifecycle maintenance versus costs of closure. Benchmarking has shown that the Council's current

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charges are low in comparison to neighbouring councils and work with user groups demonstrated that fee increases were preferred to closure.

- 8.16 The options analysis has shown that the most viable option over both 5 years and for the 2024/25 budget is to increase charges to keep it open. The revised saving in 2024/25 is £445k on running costs and £388k on the energy service charge. Clearly if the income drops because of this, the Council will have to consider closure at a later date, but this would also allow time for an exit strategy to be considered including possible community ownership. Investment will be made in life cycle costs (the Capital Programme report to 1 February Executive includes essential maintenance costs) and there will be more certainty of income streams after the increase in charges, so there should be a much stronger basis of assessing viable options.
- 8.17 Work will continue with user groups on possible community ownership as well as Woking BC considering the other options for the facility. The decision put forward in this report therefore provides a basis for keeping the facility open in 2024/25 and time and a firmer foundation for considering the longer-term future of the facility.
- 8.18 **Community Centres:** Work has been undertaken to develop an Options Appraisal for each of the Council owned Community Centres – St Mary's, The Vyne, and Parkview. Note that Moorcroft is out of scope as this centre is already cost neutral. The preferred option for each centre is to retain ownership but transfer the asset to a third party (community group, charity, or other organisation) on a long-lease basis. Any transfer would include all associated capital replacement costs, thereby removing all Council subsidy. This approach will have the dual benefit of ensuring the Centres remain in the heart of the community, whilst moving to an operating model is self-financing and sustainable in the long-term. Community Asset Transfers can take time to implement but discussions with a number of potential providers are progressing and transfers are expected to complete in 2024/25.
- 8.19 **The Lightbox:** Officers have been working closely with the Lightbox to explore options that enable the Lightbox to move to a community-based business model that does not rely on Council funding. External funding has been secured for 2024/25 which will enable the Lightbox to review its operating model with the objective of moving towards a self-funding arrangement from 2025/26 onwards.
- 8.20 **Pavilions:** Following a successful public consultation, several community groups and organisations have highlighted interest in taking control of the pavilions (and associated running/capital costs) as part of an asset transfer scheme. A Community Asset Transfer Policy has been developed and work to implement the process is underway. Asset transfers are complex and can take time, however external funding has been secured for 2024/25 which will offset the majority of Council subsidy.
- 8.21 **Public Toilets:** The closure of public toilets (excluding toilet provision within Victoria Place including Wolsey Place shopping centre) has been identified as a potential saving given that this is a discretionary service the Council is not legally obligated to provide. The implications of closing the public WC facilities have been explored, and a robust public consultation exercise and an Equalities Impact Assessment has been undertaken. Work is underway to explore mitigation measures that can be put in place if public toilets are closed; potential alternative facilities within reasonable proximity of all WCs proposed for closure have been identified (although no consultations with business / other service providers of these facilities has yet taken place). A key focus is around developing mitigation measures for the facilities with the highest percentages of total use (as per public consultation) which are confirmed as Woking Park and Goldsworth Park Recreation Ground.
- 8.22 **Neighbourhood Services (cleansing contract):** Serco have supported the Council by developing a cost reduction proposal for the remaining year of the contract. This proposal reduces the current service standards to statutory levels and will be considered by Council. If approved, Officers will work with Serco to implement the changes. The current contract runs

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until March 2025, and work to re-tender the contract to a new specification is underway, based on achieving statutory service standards.

- 8.23 The Council has made significant in-year savings from the current Serco Grounds Maintenance Contract. The curtailing of certain functions and service levels will result in reductions in street cleaning and grounds maintenance; however, the revised offer will bring the contract more in line with other comparable District and Boroughs. The current contract runs until March 2025, and work to re-tender the contract to a new specification is underway.
- 8.24 **Community Grants:** As part of the removal of Community Grants, Officers have been working with community organisations, supporting them to find alternative funding streams and transition away from WBC funding. Positive discussions have been held with Citizens Advice Woking (CAW), and external funding has been identified to support the service in 2024/25 which will allow CAW to transform their business operations to a more sustainable model moving forward. In addition, a new, fixed term 'debt coordinator' post will be established in the Council, which will be externally funded, and will work with CAW and other voluntary groups to help develop capacity.
- 8.25 **Community Transport:** discussions are continuing with Woking Community Transport on options for next year after their grant has ended.
- 8.26 **Business Liaison:** The removal of the Business Liaison function from the Council will be mitigated through closer working with Surrey County Council (SCC) which is a key driver of economic development across Surrey. The recent County Deal has given SCC additional functions and funding to support local businesses, and has recently developed a new careers skills hub, covering the whole of the county. Officers are working closely with colleagues at County to enable a smooth transition. The Council has also allocated £50K funding from the Shared Prosperity Fund to support economic growth across Woking to bring together businesses to work collaboratively as a "Place Board". This funding would facilitate that collaboration, driving a programme of work that supports growth, attracts new business, promotes our strong cultural offer and seeks to retain business as well as talent and skills.
- 8.27 **Car parking:** is subject to a strategic review of the significant level of and demand for space. This budget report does not therefore include proposals for car park fees, which will be the subject of a separate future report.

Base Budget – Changes in Cost Pressures

- 8.28 The draft budget in the September report included the following that have reviewed and updated:
- an allowance for pay and price inflation
 - Council Tax, business rates and New Homes Bonus income
 - budget pressures including car parking income, commercial rents and capital financing costs
- 8.29 Inflation and pressure assumptions have been scrutinised and a summary of the key changes on the budget are shown in the chart in Appendix 2 and summarised below.

General Fund Budget 2024-25 and Proposed Savings

TABLE TWO: Summary of Budget Movements

Item	£m
2023/24 Budget DEFICIT per TABLE ONE 1	8.3
Staff savings	-2.3
Other savings (£8.4m in total including staffing)	-6.1
Inflation (£2m):	
• Business rates	0.8
• Energy	0.5
• Waste contract	0.2
• Other	0.5
Budget pressures (£8.9m):	
• Commercial estate	5.3
• Procurement savings not achieved	0.5
• Bed and breakfast/homeless costs	0.5
• Womens Support Centre budget Adjustment	0.3
• Local Plan budget	0.5
• Other	1.8
Other (net £4.4m):	
Increase in MRP (base budget: amount properly provided for)	0.6
Increased interest payable	9.4
Increased interest receivable	-4.4
Fees and charges – price increase	-1.4
Fees and charges – volume change	1.0
	4.4
External Finance (Business Rates/Grants)	-1.8
Council Tax	-1.0
Deficit (Use of Reserves) PER TABLE ONE	12.4

8.30 No provision has been made for a staff pay award in 2024/25, except £82k for the maintenance of the Real Living Wage at the bottom of the pay scales.

8.31 A review of recharges to the Housing Revenue Account has been undertaken back to 2019/20 (the last year of accounts that are not yet fully audited). This was not included in the September MTFS report but has now been built into the budget for next year at an additional cost of £344k to the General Fund. The overall adjustment of £2.1m will be built into the relevant years (and are covered by the capitalisation):

Year	£'000
2019/20	292
2020/21	283
2021/22	286
2022/23	518
2023/24	380
2024/25	344
TOTAL	2,102

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- 8.32 A potential cost pressure of £1.4m arising from the arrangements for the Victoria Square car parks ownership has been reviewed as part of the wider work on Victoria Square assets and debt. This cost is being picked up as part of the overall asset process for VS and does not now have to be included in the 2024/25 budget. Work is being undertaken on the management agreement under which the Council will operate the car park and the aim will be to contain this cost within existing budgets along with any changes to car park tariffs in year.
- 8.33 The September report included a £1.9m saving from a potential lease surrender by the tenant of one of the Council's office buildings (Victoria Gate). This surrender has now been agreed and the tenant is moving to another Council owned office. In addition, the sale of the property to Surrey County Council has been agreed at Executive on 18 January 2024, making a significant start on the asset rationalisation and debt reduction process of the Commercial Estate.

Government Grant Settlement, Council Tax and Business Rate Income

- 8.34 The table below sets out Woking Borough Council's 2024/25 provisional settlement in comparison to 2023/24 final settlement:

	2023/24 Settlement - Final	2024/25 Settlement - Provisional	Variance	
	£'000	£'000	£'000	%
Core Spending Power	15.200	16.000	0.800	5.26
Grants				
- Revenue Support Grant	0.093	0.099	0.006	6.45
- New Homes Bonus Grant	1.221	0.025	(1.196)	(97.95)
- Services Grant	0.086	0.014	(0.072)	83.72
- Minimum Funding Guarantee Grant	0	1.466	1.466	100.00
Total Grants	1.400	1.604	0.204	14.57

- 8.35 The Core Spending Power ("CSP") is government's measure of resources available to Woking Council to fund general fund revenue service delivery. It sets out the money that has been made available through the local government finance settlement. The CSP does not reflect the total actual resources the Council receive as the CSP includes government's estimates [i.e. notional amounts] for Council Tax, and business rates, but it does include actual settlement grants [i.e. revenue support grant, new homes bonus, service grants and minimum funding guarantee].
- 8.36 In effect the CSP is a mechanism for Government to ensure local authorities receive at least 3% increase compared to the previous year's CSP. The mechanism for ensuring the 3% threshold is met is through the minimum funding guarantee grant. In the Council's case for 2024/25 a minimum funding guarantee grant of £1.466 million is to be paid.
- 8.37 Budget figures for council tax and business rates have been updated in line with a review of the collection performance and delegated decisions on declaring the Collection Fund surplus and setting the council tax base in time for Council Tax setting at Full Council on 4 March.

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However, further work is needed to verify some details before the final council tax setting on 4 March.

9.0 Summary of Service Budgets

9.1 Appendix 4a to 4c to this report includes gross and net control totals for each area of service that take into account all budget changes including changes in fees and charges, to the staffing structure and the savings to be delivered. Prior year (2023/24) figures are shown for comparison. This is important for a transparent budget setting process and to support effective budget management during the year. This information has been lacking in previous years.

9.2 [this Appendix is subject to further work and will follow]

10.0 Prior Year Costs and Impact on Budget Setting

10.1 Additional challenges arise from the overspends in current year budget 2023/24 of £3.3m as at Quarter 3 (plus £8m of reserves used to set the budget) and also the previous year's 2022/23 outturn £9m above budget, as reported to November Executive.

10.2 Normally prior year overspends have to be added to the following year's budget if they cannot be covered by reserves. However, due to the lack of reserves these deficits have been added to the Capitalisation Directive, along with the £12.4m deficit on the 2024/25 budget.

10.3 A full analysis of the level of Reserves will be included in the 4 March report, once the Capitalisation Directive has been confirmed.

11.0 Reserves and Section 25 Report

11.1 In making decisions in relation to the revenue budget and council tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the council tax requirement and the setting of the overall budget and council tax. The amount of the council tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.

11.2 In exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike a fair balance between the interests of Council taxpayers and ratepayers, current and future, on the one hand and the community's interests in adequate and efficient services on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties. Officers have addressed the duty to strike a fair balance between the different elements of the community and the interests of council tax and business rate payers in developing the proposals which are set out in the Directorate reports.

11.3 Section 25 of the Local Government Act 2003 requires that when a local authority is making its budget calculations, the Chief Finance Officer ('CFO') of the authority must report to the Council on:

- the robustness of the estimates made for the purposes of the calculations;
- the adequacy of the proposed financial reserves; and
- the Council has a statutory duty to have regard to the CFO's report when making decisions about the calculations.

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- 11.4 As part of the MTFs report to 4 March 2024 Council a full Section 25 Statement will be provided by the s151 Officer and agreed with Commissioners. As required by statute this will set out in full the risks to the budget position, following the format of the new CIPFA guidance and drafted in a way that is relevant to the circumstances the Council are in. It remains of vital importance that the Council plays its part in the delivery of the required budget savings set out in this report, whilst the government support addresses the significant issues arising from the historic debt and commercial activities.
- 11.5 A key part of the s25 judgment will therefore be the reliance to be placed on the support offered by Government in setting a legal budget i.e. the capitalisation directive and the approach taken to Minimum Revenue Provision (MRP). The measures being used by Government to support the Council's budget are explained earlier in this report. The scale and complexity of them requires significant additional work by the s151 officer and Finance Commissioner with Government leading up to the final budget setting Council on 4 March. The report to that meeting will include a detailed analysis and advice on finalising the budget and council tax.
- 11.6 In previous years the Council has sometimes used significant contributions from Reserves to support service delivery. Recent work has clarified that reserves were used up in 2022/23, prior to the s114 notice. However, the Capitalisation Directive request submitted to Government on 12 January made a case to reinstate key reserves:
- a General Fund Balance of £5m
 - Earmarked Reserves of £10m
 - A risk reserve for grant clawback and abortive project costs of £7m
- 11.7 These reserves would provide a basis for managing financial risks during the year and thereby improving financial stability. Further detail on the reserves position will be included in the 4 March report once the capitalisation has been confirmed with Government.

12.0 Council Tax

- 12.1 The Council Tax referendum limit will remain unchanged from 2023/24 and is 3% for local authorities without social care responsibilities. This will generate £330k which had already been built into the base budget position. For upper tier authorities there is a further 2% precept for social care. Council tax increases above that level are normally subject to public consultation process but are also usually part of the Government's position via an intervention. In other Councils subject to intervention, tax increases above the cap have been implemented as part of dealing with budget gaps. Thurrock and Slough Councils increased their tax by 10% and Croydon increased theirs by 15%.
- 12.2 The Minister for Local Government's letter of 18 December made it clear that the severity of the Council's financial position makes a Council Tax increase of 10% "appropriate and proportionate" The Government has therefore made bespoke provision for the Council to be exempted from the normal referendum limit of 3%. In the context of the Government's support for the legacy debt problem, the final recommendation to Council on 4 March on the level of the tax will have to take cognisance of this view from the Minister.
- 12.3 Finance Working Group had previously discussed a potential inflationary increase but the recent downward trend in the CPI Index meant that this would not meet Government expectations. The Leader met the Minister on 11 January to discuss Council Tax and put forward a case for an 8% increase that would benchmark with other Surrey districts. However, it was clear from the meeting the Government's view is that a 10% increase is "appropriate and proportionate". Therefore, in the Leader's response to the Minister's letter on 12 January to request capitalisation support of £331million, the Leader accepted that a recommendation

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of a 10% Council Tax would be made, raising a further 770k, raising £1.1m of income to support services in total.

- 12.4 The Minister also asked the Council to consider mitigation measures for any hardship created by the tax increase and a proposal is being developed. However, because the majority of every household's Council Tax bill goes to Surrey County Council, an increase of 10% for Woking BC will only increase bills by 1%. The mitigation proposal, costing up to £100k will therefore consider wider hardship issues and links with debt advice partners in the Borough. A full proposal and Equality Impact Assessment will be proposed as part of the 4 March report.

13.0 Capital Programme and Treasury Management Strategy

- 13.1 A separate report is being drafted for approval at the 8 February Council on the Capital Programme, which will be a curtailed programme from previous years given the debt position. The Council has previously funded a number of capital investment programmes (such as Sheerwater and Victoria Square) through the setting up of group companies, financed through loans provided by the Council - drawn from the Public Works Loan Board. This practice has now been deemed both unsustainable and not compliant with financial regulations and a new Company Governance process has been put in place as agreed by Executive on 16 November 2023.

- 13.2 For next year and in future, the Council's capital programme will be developed in line with the principles set out in the July 2023 report and reported as part of the budget process. The following *Capital Planning Principles* were adopted by Council in July 2023 to form the Capital Programme which will be presented to Council in February. Proposals that do not fall within these 'Capital Principles' will not be included within the Draft Capital Programme.

- Items of programming that relate to essential health and safety works and deliver compliance to the regulations within in the Council's property estate.
- Essential investment in Information & Communications Technology to ensure that the Council has fit for purpose and secure tools and infrastructure to support operations generally where there is a suitable business case to support such investment.
- Items where - following support from Government and from Commissioners - specific resources are provided to the Council by Government to complete or partially complete certain specified schemes that were already in delivery by the various companies owned by the Council when the Section 114 Notice was issued. (this is the basis of the business cases reported elsewhere on this agenda)
- Any schemes that can be shown to be wholly funded from external resources without implying additional cost burdens for the Council.
- Where proposals are estimated to return a measurable revenue saving; for example, leasing of the Council's commercial property portfolio which may require modest upfront capital investment and which then return a beneficial income stream to the revenue budget.
- In addition, the programme will include schemes which can be sustainably funded via the Housing Revenue Account

- 13.3 The Treasury Management Strategy to be included in the 4 March report will set out the Council's borrowing requirements and strategy, the annual investment strategy, the Treasury and Prudential Indicators and the Council's revised Minimum Revenue Provision (MRP) Policy. The report will follow the CIPFA requirements and be closely aligned to the discussions with government on the nature of the support package likely to be available.

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14.0 Public and Staff Consultation

- 14.1 A six-week public consultation on the proposed service reduction ran from October to November which gave residents and community stakeholders the opportunity to have their say on the proposed changes to services. In total, 5,792 responses were received.
- 14.2 The consultation included three proposals: the closure of public toilets; transferring the management and maintenance of sports pavilions (excluding pitches) to alternative organisations; and the phased closure of Pool in the Park. Residents also had the chance to comment on the Medium-Term Financial Strategy.
- 14.3 A stakeholder consultation concentrated on learning what impact the proposed removal of funding would have on affected organisations and their users. It also posed the question of if any group was willing and able to take on the full running costs for a service.
- 14.4 The consultation was publicised through media releases and corporate e-newsletters. In addition, 206 organisations or affected groups were directly contacted. Day care users were interviewed directly.
- 14.5 The full consultation report can be found on the website [Service Reduction Consultation Results | Woking Community Forum](#). Key headlines from the consultation include:-
- Pool in the Park consultation: Residents preferred the option of increasing prices rather than closure of Pool complex (57%).
 - Pavilion consultation: Goldworth Park Pavilion, Woking Park Pavilion, Brookwood Country Park and West Byfleet pavilions were the most frequently used pavilions.
 - A number of community groups (12) expressed interest in the management of pavilions (based on a Community Asset Transfer Scheme) subject to conditioning surveys of the pavilions.
 - Closure of public toilets consultation: 33% of respondents don't use public toilets.
 - Respondents indicated that closure would impact vulnerable groups as well as those who participate in activities.
 - MTFS consultation: 63% of respondents had concerns about The Lightbox closing due to potential loss of funding from the Council.
- 14.6 The consultation results and analysis have been fed into the Equality Impact Assessments (EIA) for each proposed change and informed possible mitigations. The analysis has also been incorporated into the business cases and in some cases the proposal has changed. The Council is engaging groups who have come forward for potential transferring of an asset.
- 14.7 As a result of the proposed changes to the service offer, consultation with affected staff and UNISON was launched in November 2023. The consultation closed in January 2024 and during this time staff had the opportunity to comment on, question and suggest alternatives to the proposed structure, Job Descriptions and the selection and assessment process.
- 14.8 Staff are supported through training opportunities, one to ones, and regular briefings, alongside Trade Union support for those who are members. The staffing structures have been designed to align to the proposed service changes; therefore, no final decision will be made until the budget has been approved in February.

15.0 Implications

Finance and Risk

- 15.1 A robust MTFs is a key document in the Council's financial planning cycle. This document sets out the strategic approach that the Council needs to take to deliver the Improvement and Recovery Plan (IRP) and respond to the Section 114 Notice, whilst continuing to meet its statutory duties. The MTFs is designed to acknowledge and structure approaches that mitigate financial risk.

Equalities and Human Resources

- 15.2 In considering the budget, the Council must also consider its ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate discrimination and advance equality of opportunity between all irrespective of whether they fall into a protected category such as race, sex, religion, etc. Having due regard to these duties does not mean that the Council has an absolute obligation to eliminate discrimination but that it must consider how its decisions will contribute towards meeting the duties in the light of all other relevant circumstances such as economic and practical considerations.
- 15.3 The Council has sought to understand the equalities impacts of proposed service changes and any potential mitigations which can be offered. Given the scale and complexity of the proposed change required to balance its budget, the Council's efficiency proposals for 2024/25 have been analysed to understand positive and negative impacts on both residents and staff with protected characteristics, particularly where they may be impacted by multiple efficiency proposals.
- 15.4 The EqlAs have been developed with the support of an organisation called Local Partnerships, as part of our sector support offer from the Local Government Association. Local Partnerships have provided external steer and challenge to ensure these important documents are as robust as possible. In total 17 EqlAs have been produced with a cover report which will consider the cumulative impact of the changes on people with protected characteristics and analyse the potential impacts in totality. As part of the EqlA process, the Council also takes impacts on non-statutory issues (such as socio-economic status) into consideration, to ensure we take a more comprehensive approach to equality.
- 15.5 In early January 2024, the Council held an EqlA review meeting where a small panel of Members reviewed the draft EqlAs and fed into their development. A cover report is included in Appendix 5 and the detailed equality impact assessments are published on the [Council's website](#). The information within the detailed EqlA report for each resident facing saving proposal is intended to ensure that Members can pay due regard to the equality implications of the proposed budget for 2024/25.

Legal

- 15.6 The Council is still obliged to meet its statutory duties and continue to make decisions in accordance with public law principles. The setting of a balanced budget in March 2024 is a legal requirement.

REPORT ENDS

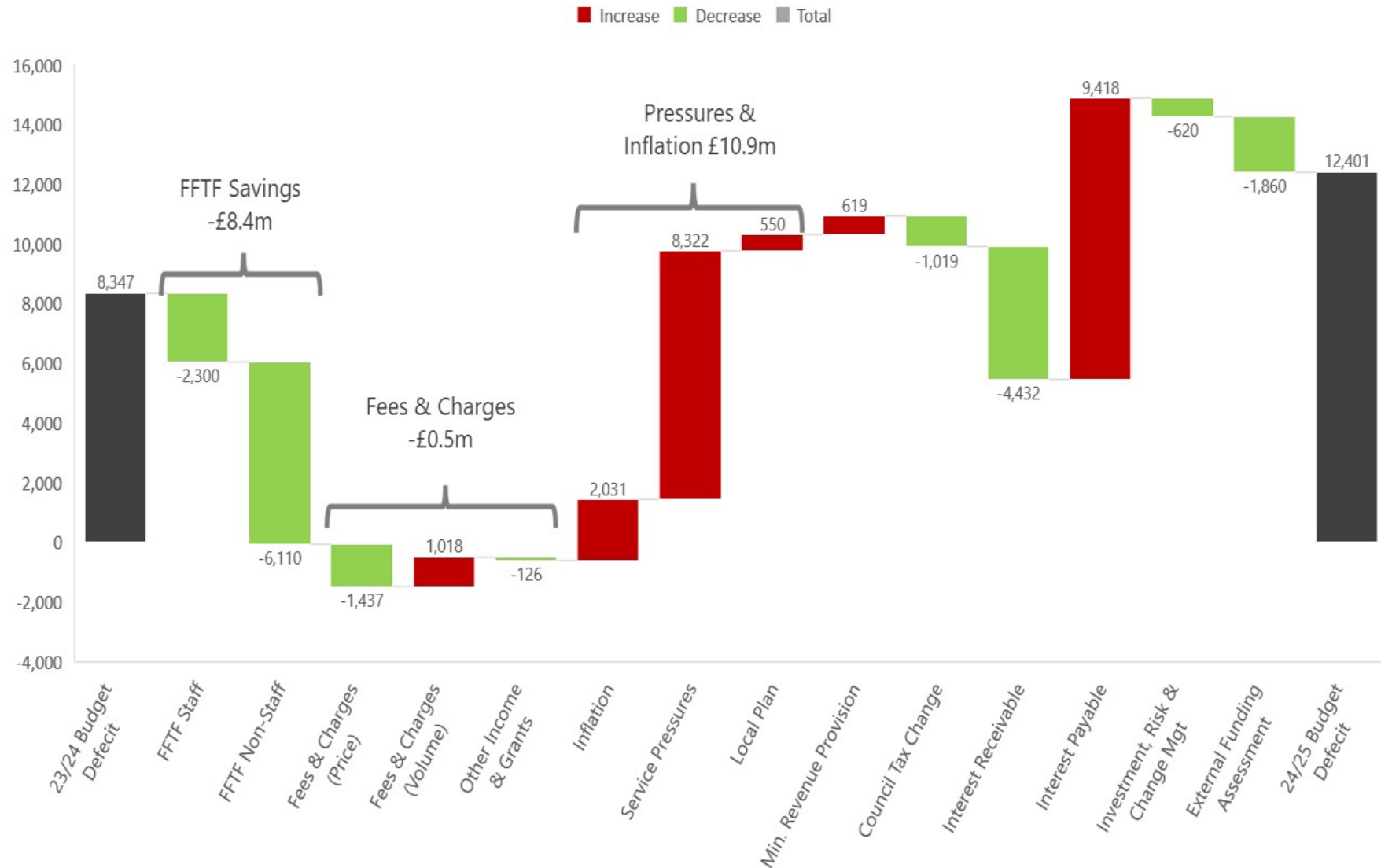
2024/25 Budget 'v' 2023/24 Budget - Gross Expenditure and Gross Income

	2023/24 Budget	2024/25 Budget	Budget Change
	£'000	£'000	£'000
Gross Expenditure			
Employee Costs	20.914	18.614	(2.300)
Benefits payments	20.743	20.945	0.202
Other Non-Employee Costs	21.505	22.069	0.564
Gross Service Spend*	63.162	61.627	(1.535)
Management of Change	0.250	0.000	(0.250)
Risk Contingency	0.250	0.000	(0.250)
Pay Provision	0.000	0.082	0.082
Mid-point Vacancies	0.000	(0.100)	(0.100)
HRA Recharge Adjustment	0.000	0.344	0.344
PFI Unitary Charge Equalisation	0.175	0.175	0.000
Investment Programme items funded from revenue	0.120	0.000	(0.120)
Minimum Revenue Provision	7.503	8.122	0.619
Interest payable	54.533	62.977	8.444
Total Gross Expenditure	125.993	133.227	7.234
Gross Income			
Fees and Charges	(12.092)	(12.337)	(0.245)
Commercial Rents	(19.977)	(15.482)	4.495
Service Specific Grants	(21.125)	(21.182)	(0.057)
Other Income	(5.043)	(5.108)	(0.065)
Interest and investment income	(43.281)	(47.713)	(4.432)
Business Rates	(2.215)	(4.377)	(2.162)
Business Rates Surrey Pool	(1.065)	(0.300)	0.765
Business Rates (Surplus)/Deficit	0.000	(0.258)	(0.258)
Council Tax	(11.212)	(12.230)	(1.018)
Council Tax (Surplus)/Deficit	(0.236)	(0.236)	0.000
Revenue Support Grant	(0.093)	(0.099)	(0.006)
New Homes Bonus Grant	(1.221)	(0.025)	1.196
Services Grant	(0.086)	(0.014)	0.072
Minimum Funding Guarantee Grant	0.000	(1.466)	(1.466)
Total Gross Income	(117.646)	(120.826)	(3.180)
(Surplus)/Deficit	8.347	12.401	4.054

* Note gross spend excluding housing benefits payments funded 100% by Government grant is £41m in 2024/25

Appendix 2: 2024/25 Budget 'v' 2023/24 Budget – Summary of Changes
Budget Movements (£k)
23/24 to 24/25

Appendix 2



**SUMMARY OF 2024/25 SAVINGS -
VARIANCE TO SEPT MTFS**

APPENDIX 3a

	Sept	Current	Variance	Explanation of variance
3A MTFS FTF Savings	£'000	£000	£000	
STAFF & RUNNING COSTS				
	2,948,000			
Staff	2,404,000	2,200,000	- 204,000	Council wide staffing structure has broadly delivered the expected saving against 2023/24 base budget. Total saving is £3m - of which £800k is cost avoidance
Vacancies	0	100,000	100,000	Likely savings from not appointing vacant post at the top of potential grade
Running Costs:				
COMMUNITIES			-	
Community Centres	92,000	75,934	- 16,066	Budgets removed/reduced to just leave essential running costs.
Family Service	31,000	11,090	- 19,910	All Budgets Removed - TUPE 31.03.24
Sports, Arts & Culture (excludes Leisure Centres and Pool in the Park)	251,000	207,000	- 44,000	This saving represents the withdrawal from funding of The Lightbox and voluntary contributions to Woking Arts and Sports Councils. The September figure was based on an estimate. This figure has now been verified.
PLACE				
Gateway savings from Green Infrastructure	24,000	54,376	30,376	Additional saving identified from cease of external partnership for Basingstoke Canal.
Business Liaison	146,000	132,550	- 13,450	Service has been removed based on actual costs.
Property (covered elsewhere, now FTF 3B)	650,000	0	- 650,000	Now included in phase 3 B below
Removal of Grants to External Bodies	686,000	691,243	5,243	
NNDR Discretionary Discounts	30,000	30,000	-	
Savings in Debt Management Expenses	250,000	0		Saving not achievable in year one: now part of wider capitalisation and longer-term debt plan
Totals	3,914,000	3,502,193	- 411,807	

General Fund Budget 2024-25 and Proposed Savings

MTFS FFTF Savings 3B	Sept £'000	Current £'000	Variance £'000	Explanation of variance
Leisure Contract Savings	900,000	444,600	- 455,400	Saving is now based on the " Pool in the Park" Business Case. Option 2 was recommended: Keep pool open, remove concessions and increase fees/charges in line with pool prices elsewhere.
Leisure Contract Savings -		388,000	388,000	Part of Energy Service Charge not being charged from 1.4.24
Forensic Review of Council Budgets (General)	750,000	831,676	81,676	Further savings identified
Environmental Health Out Of Hours		8,750	8,750	Further savings identified
Social Prescribing		2,150	2,150	Further savings identified
TOTAL		842,576		
Property Services Savings: CCTV Contract Review	72,000	82,000	10,000	
Property Services Savings: CCTV Infrastructure Review	40,000	39,350	- 650	
Property Services Savings: FM Efficiencies	100,000	200,000	100,000	
Property Services Savings: Removal of Public Conveniences	203,000	204,231	1,231	
Property Services Savings: Removal of Vacant Posts	174,000		- 174,000	Included in salary savings figure in 3A
Property Services Savings: Civic Offices Savings	250,000	72,829	- 177,171	Estimated savings reduced due to ongoing review of Civic Office space occupied and modification requirements and the relation to maintenance service costs.
Serco Grounds Maintenance Contract - Retender	-		-	
Totals	2,489,000	2,273,586	- 215,414	

MTFS FFTF Savings 3C	Sept £'000	Current £'000	Variance £'000	Explanation of variance
Serco Grounds Maintenance Contract - In-Year	TBC	734,240		Contract renegotiated: figure is net of redundancies £40k and HRA adjustment
Micro slice budgets	35,000		- 35,000	Included in forensic review
Procurement (tail spend) and contract savings via Orbis	200,000		- 200,000	Savings part of service spend in forensic saving

General Fund Budget 2024-25 and Proposed Savings

Asset/commercial rationalisation exercise	TBC			Part of wider debt reduction plan
Lease surrender receipts	1,900,000	1,900,000	-	Management agreement does not need purchase/lease payment to Victoria Square. Cost/income from mgt agreement needs further work linked to car park strategy
Increase in commercial rents	TBC		0	Saving to be part of work on commercial estate and asset rationalisation
Totals	2,135,000	2,634,240	499,240	

Source	Estimated Amount 2024/25 £	Saving Included In 2024/25 Budget £	Variation £
MTFS FFTF Savings 3A	3,914,000	3,502,193	- 411,807
MTFS FFTF Savings 3B	2,489,000	2,273,586	- 215,414
MTFS FFTF Savings 3C	2,135,000	2,634,240	499,240
Totals	8,538,000	8,410,019	- 127,981

**SUMMARY OF SAVINGS
2024/25**

APPENDIX 3b

Saving (brief narrative explanation)	£	Narrative
3A MTFS FTFF Savings		
STAFF & RUNNING COSTS		
Staff	2,200,000	Staff budget savings delivered following a service redesign and organisational restructure focused on delivering core services.
Vacancies	100,000	New appointments at mid-point
Running Costs:		
COMMUNITIES		
Community Centres	75,934	The preferred option for each centre is to retain ownership but transfer the asset to a third party (community group, charity, or other organisation) on a long-lease basis. Any transfer would include all associated capital replacement costs, thereby removing all Council subsidy.
Family Service	11,090	Discussions are underway to seek to TUPE the Family Service to a different provider. The objective is to ensure that users of the service will not be impacted whilst removing all Council subsidy.
Sports, Arts & Culture (excludes Leisure Centres and Pool in the Park)	207,000	This saving represents the withdrawal of funding of The Lightbox and voluntary contributions to Woking Arts and Sports Councils. Officers have been working closely with the Lightbox to explore options that support the continuation of the service whilst removing Council subsidy.
PLACE		
Green Infrastructure	54,376	This saving results from a detailed review of budgets and a streamlining of functions within Green Infrastructure.
Business Liaison	132,550	The removal of the Business Liaison function from the Council will be mitigated through closer working with SCC which is a key driver of economic development across Surrey.
Other		
Removal of Grants to External Bodies	691,243	This saving arises from the removal of Community Grants. Officers have been working with community organisations, supporting them to find alternative funding streams and transition away from WBC funding.
NNDR Discretionary Discounts	30,000	Potential savings from revised policy on Discretionary reliefs
Savings in Debt Management Expenses	0	This saving will not now be 2024/25 - part of longer-term debt reduction plan

General Fund Budget 2024-25 and Proposed Savings

Totals	3,502,193	
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MTFS FFTF Savings 3B	Current £'000	
Leisure Contract Savings - incl. Pool in the Park	444,600	Savings delivered through the removal of concessions and increasing fees/charges in line with pool prices elsewhere
Leisure Contract - Reduction in annual energy service charge	388,000	Following discussion with ThamesWey, it has been agreed that the interest and annuity element of the energy service charge allocated to Woking Park should now be removed.
Forensic Review of Council Budgets	831,676	Savings resulting from a methodical review all Council budgets (supplies and services) to reduce spend. This work was informed by service option assessments as part of the Gateway Review Process.
Environmental Health Out Of Hours	8,750	Saving arising from the removal of the Out of Hours Contract.
Social Prescribing	2,150	The Social Prescribing function has been transferred to Spelthorne Borough Council. Users of the service will therefore not be impacted but Council subsidy has been removed.
TOTAL	842,576	
Property Services Savings: CCTV Contract Review	82,000	The current CCTV maintenance contract runs until March 2024. Negotiations have been undertaken to extend this contract and achieve savings.
Property Services Savings: CCTV Infrastructure Review	39,350	
Property Services Savings: FM Efficiencies	200,000	The current Facilities Management contract runs until March 2024. This contract is not being renewed; instead the services will be in-sourced which will deliver savings.
Property Services Savings: Removal of Public Conveniences	204,231	The closure of public toilets (excluding toilet provision within Victoria Place including Wolsey Place shopping centre) has been identified as a potential saving given that this is a discretionary service the Council is not legally obligated to provide.
Property Services Savings: Removal of Vacant Posts		- Vacant posts in drainage, contaminated land, and highway maintenance, have been removed following a service redesign process: figures included in overall staff saving
Property Services Savings: Civic Offices Savings	72,829	Savings have been made through the rationalisation of budgets and reduction of facilities management services.
Serco Grounds Maintenance Contract - Retender		- The current Grounds Maintenance contract runs until March 2025, and work to re-tender the contract to a new specification, which will deliver savings, is underway.
Totals	2,273,586	

General Fund Budget 2024-25 and Proposed Savings

MTFS FFTF Savings 3C	Current £'000	
Serco Grounds Maintenance Contract - In-Year	734,240	A proposal to make savings during the final year of the contract in 2024/25 will be considered by Council. The proposal reduces current service standards to statutory levels.
Micro slice budgets		Saving absorbed in forensic saving
Procurement (tail spend) and contract savings via Orbis		Savings part of service spend in forensic saving
Asset/commercial rationalisation exercise		Savings will now be part of debt reduction plan
Lease surrender receipts	1,900,000	Sale of Victoria Gate now agreed
Increase in commercial rents		
Increase in fees and charges beyond 10/20%		Included in service budgets
Totals	2,634,240	

Source	Saving Actually Included In 2024/25 Budget £	
MTFS FFTF Savings 3A	3,502,193	
MTFS FFTF Savings 3B	2,273,586	
MTFS FFTF Savings 3C	2,634,240	
Totals	8,410,019	

Appendix 4: Service Plans

[TO FOLLOW]