



GUILDFORD
BOROUGH

www.guildford.gov.uk

Tom Horwood
Joint Chief Executive
Guildford & Waverley
Borough Councils

Contact Officer:

Carrie Anderson, Senior Democratic
Services Officer

27 September 2023

Dear Councillor,

Your attendance is requested at a meeting of the **EXECUTIVE** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **THURSDAY, 5 OCTOBER 2023** at 6.00 pm.

Yours faithfully

Tom Horwood
Joint Chief Executive
Guildford & Waverley
Borough Councils

MEMBERS OF THE EXECUTIVE

Chairman:

Councillor Julia McShane (Leader of the Council & Lead Councillor for
Housing)

Vice-Chairman:

Councillor Tom Hunt (Deputy Leader of the Council & Lead Councillor for
Regeneration)

Councillor Angela Goodwin, Lead Councillor for Engagement and Customer
Services

Councillor Catherine Houston, Lead Councillor for Commercial Services

Councillor Richard Lucas, Lead Councillor for Finance and Property

Councillor Carla Morson, Lead Councillor for Community and Organisational
Development

Councillor George Potter, Lead Councillor for Planning, Environment and
Climate Change

Councillor Merel Rehorst-Smith, Lead Councillor for Regulatory and
Democratic Services



WEBCASTING NOTICE

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

QUORUM 3

THE COUNCIL'S STRATEGIC FRAMEWORK (2021- 2025)

Our Vision:

A green, thriving town and villages where people have the homes they need, access to quality employment, with strong and safe communities that come together to support those needing help.

Our Mission:

A trusted, efficient, innovative, and transparent Council that listens and responds quickly to the needs of our community.

Our Values:

- We will put the interests of our community first.
- We will listen to the views of residents and be open and accountable in our decision-making.
- We will deliver excellent customer service.
- We will spend money carefully and deliver good value for money services.
- We will put the environment at the heart of our actions and decisions to deliver on our commitment to the climate change emergency.
- We will support the most vulnerable members of our community as we believe that every person matters.
- We will support our local economy.
- We will work constructively with other councils, partners, businesses, and communities to achieve the best outcomes for all.
- We will ensure that our councillors and staff uphold the highest standards of conduct.

Our strategic priorities:

Homes and Jobs

- Revive Guildford town centre to unlock its full potential
- Provide and facilitate housing that people can afford
- Create employment opportunities through regeneration
- Support high quality development of strategic sites
- Support our business community and attract new inward investment
- Maximise opportunities for digital infrastructure improvements and smart places technology

Environment

- Provide leadership in our own operations by reducing carbon emissions, energy consumption and waste

- Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel, and energy choices
- Work with partners to make travel more sustainable and reduce congestion
- Make every effort to protect and enhance our biodiversity and natural environment.

Community

- Tackling inequality in our communities
- Work with communities to support those in need
- Support the unemployed back into the workplace and facilitate opportunities for residents to enhance their skills
- Prevent homelessness and rough-sleeping in the borough

Agenda

Item No.

1 Apologies For Absence

2 Local Code Of Conduct - Disclosable Pecuniary Interest

In accordance with the local Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

3 Minutes (Pages 7 - 12)

To confirm the minutes of the meeting of the Executive held on 24 August 2023.

4 Leader's Announcements

5 Financial Recovery Plan - October Update Report (Pages 13 - 34)*

Key Decisions:

Any item on this agenda that is marked with an asterisk is a key decision. The Council's Constitution defines a key decision as an executive decision which is likely to result in expenditure or savings of at least £200,000 or which is likely to have a significant impact on two or more wards within the Borough.

Under Regulation 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012,

whenever the Executive intends to take a key decision, a document setting out prescribed information about the key decision including:

- the date on which it is to be made,
- details of the decision makers,
- a list of the documents to be submitted to the Executive in relation to the matter,
- how copies of such documents may be obtained

must be available for inspection by the public at the Council offices and on the Council's website at least 28 clear days before the key decision is to be made. The relevant notice in respect of the key decisions to be taken at this meeting was published as part of the Forward Plan on 21 September 2023. Access to Information Procedure Rule 15 has been undertaken in regard to recommendation 2.2 under Item 5.

Executive

* Councillor Julia McShane (Chairperson)

* Councillor Tom Hunt (Vice-Chair)

* Councillor Angela Goodwin

Councillor Carla Morson

* Councillor Catherine Houston

* Councillor George Potter

* Councillor Richard Lucas

* Councillor Merel Rehorst-Smith

*Present

EX16 Apologies for Absence

Apologies for absence were received from Councillor Carla Morson.

EX17 Local Code of Conduct - Disclosable Pecuniary Interest

There were no declarations of interest.

EX18 Minutes

The minutes of the meeting held on 20 July 2023 were confirmed as a correct record. The Chairman signed the minutes.

EX19 Leader's Announcements

The Leader announced that the annual Heritage Open Days would take place between Friday 8 and Sunday 10 September which would allow free access to heritage assets that would, in some cases, usually be closed to the public.

EX20 Vehicle Replacement Programme for 2024/25

The Executive considered a report setting out the anticipated vehicle replacements for 2024/25.

It was proposed that in consideration of the Council's financial position only the waste vehicle fleet should be replaced at this point in time, which was 11 vehicles in total including the entire garden waste fleet. The existing waste vehicles were of an age and use where they were presenting increasing reliability issues which

in turn would affect service quality and cost and were in need of replacement at the earliest opportunity in 2024.

The new vehicles would be a 'like for like' replacement. Electric Vehicle (EV) dustcarts had been considered but were still an emerging technology which suggested service and cost risks. Additionally, the Council did not currently have the infrastructure to support an EV fleet without significant investment in the depot which was planned to be closed within a year of the vehicles arriving. Finally, the capital cost of EV vehicles was approximately twice that of standard vehicles, approximately £160,000 per vehicle more expensive on an 8 year life than the equivalent diesel vehicle, after taking into account potential operating savings. Given the fluctuations in interest rates currently, it was argued that borrowing to fund the extra expenditure required to provide an EV fleet would not be prudent. It was hoped that in the future when economic and financial matters were stable, the council would look again at running an EV fleet. Hydrogen fuel cell technology was being increasingly used within buses but was further behind EV for other uses such as dustcarts and might also be an option to consider in the future.

The Executive noted that waste household waste disposal was a statutory obligation for the council and there was a duty to maintain a serviceable fleet at best value to residents. Consequently, the Executive,

RESOLVED:

1. That the programme of replacement vehicles for 2024-25 be approved, and that the sum of £2.15m be moved from the provisional capital programme to the approved capital programme.
2. That authority be delegated to the Executive Head of Environmental Services to carry out a compliant procurement process, award the contracts to the successful tenderers, and, in consultation with the Executive Head of Legal & Democratic Services and the Lead Councillor, enter into the relevant contracts.

Reason:

To allow for the replacement of the waste and garden waste vehicles in 2024.

EX21 Review of Guildford Borough Council's Covert Investigative Powers Policy and alignment with the Policy of Waverley Borough Council

Historically, Guildford and Waverley had separate policies in relation to covert surveillance. Both policies were somewhat out of date in respect of Communications Data terminology and procedure as implemented by the Investigatory Powers Act 2016.

The Executive considered a report that presented a new draft policy at combining the best parts of both councils' documents into a coherent policy, covering practice, procedure, examples and social media guidance.

Waverley Borough Council would consider the same policy. Provided the same policy was adopted by Waverley Borough Council, there would be clarity and consistency of both councils having an identical policy for employees and others employed jointly by the two councils or working collaboratively on joint or shared services or projects. The two councils having an identical policy would put them in a strong position to support any future decisions to progress and extend the current collaborative working.

The Executive agreed that it was essential to have robust, up to date guidance and procedures in regard to the council's duties concerning any covert surveillance undertaking, and that the policies should be in-line with Waverley Borough Council given the increasing collaborative relationship between the two authorities. Therefore, the Executive,

RESOLVED:

That the draft Covert Investigative Powers Policy, as set out in Appendix 1 to the report submitted to the Executive be adopted, subject to the same policy being adopted by Waverley Borough Council.

Reasons:

1. To align the policies of Guildford and Waverley and to improve consistency in reporting, monitoring and approval of covert surveillance and acquisition of communications data.
2. To ensure the integrity of the processes in place for the use of directed surveillance, covert human intelligence sources (CHIS) and acquiring communications data.
3. To maintain compliance with the Legislation and Codes of Practice that govern Investigatory powers and Human Rights
4. To ensure collaborative engagement with the IPCO and their inspectors

5. To ensure staff are fully trained and aware of their powers, duties and the authorisation process.

EX22 Executive Working Groups 2023

The Executive or individual lead councillors could convene working groups to undertake more detailed and extensive business than the Executive by itself would have time to undertake. Such working groups were non-decision making and would report back to the Executive as appropriate. The Council's Constitution stated that the Executive should annually consider the continuation of such working groups. Where there was a preference for certain working groups to continue, the Executive was asked to agree in respect of each group, the chairman, the terms of reference, and to appoint councillors to them.

The Executive considered the annual report that set out all of the existing working groups with a recommendation if they should continue or be disbanded.

This year, the Executive was asked to continue with all working groups except for one. The Community Board was recommended for deletion as it had never met and consequently had not made any contribution. The Executive was asked to agree to one new working group, which was referred to in the Budget Update report to Council on 25 July. This was the Financial Recovery Executive Working Group, and its draft terms of reference were set out in Appendix 9.

It was noted that although the membership of Executive working groups was at the discretion of the Executive, the Executive as a body and lead councillors strove to appoint membership of the groups across the political parties so as include the skills and experience available across the council membership. The Executive was minded that political inclusion to best serve those working groups would be expected by residents. The Leader of the Council encouraged elected councillors regardless of political persuasion to come forward should they wish to be involved. Thereafter, the Executive,

RESOLVED:

1. That the working groups recommended to continue as specified in Appendix 1 and listed in paragraph 2.1 of the report submitted to the Executive, be retained and that those working groups continue to operate under the terms of reference and membership as set out in Appendices 2 to 9.
2. That, where membership of those working groups listed to continue do not have full membership, the appropriate lead councillor shall liaise with group leaders to fill those vacancies.

- 3. That the Community Board be disbanded.
- 4. That the draft terms of reference for the new Financial Recovery Executive Working Group, as set out in Appendix 9, be approved.

Reasons:

- 1. To assist the Executive to select or set up appropriate, properly resourced groups to provide support or undertake work on its behalf.
- 2. To comply with the requirement on the part of the Executive to periodically review the continuation of the various Working Groups in accordance with Council Procedure Rule 24 (k).
- 3. The Community Board, this group has not met since being created and has made no contribution.
- 4. To comply with the recommendations of the Council meeting on 25 July 2023.

The meeting finished at 6.20 pm

Signed

Date

Chairman

This page is intentionally left blank

Guildford Borough Council

Report to: Executive

Date: 5 October 2023

Ward(s) affected: All

Report of Director: Chief Financial Officer (s151)

Author: Richard Bates, Executive Head of Finance

Tel: 01483 444026

Email: Richard.bates@guildford.gov.uk

Lead Councillor responsible: Richard Lucas (Finance and Property), Julia McShane (Leader)

Email: Richard.lucas@guildford.gov.uk

Report Status: Open

Financial Recovery Plan – October Update Report

1. Executive Summary

- 1.1. GBC agreed the 2023-24 budget in February 2023 with a £3.3m shortfall requiring further work to remove this gap, with the fallback position being the deployment of usable reserves.
- 1.2. The delayed audit of the 2020-21 accounts identified errors relating to accounting for COVID grants and the Collection Fund, which took place in 2021. These were both sums which were due to be repaid to the Government in 2021-22 rather than sums which were available for use by the Council.
- 1.3. The impact of this was that the level of usable reserves was around £20m less than had been thought when the 2023-24 budget was set in February 2023.

- 1.4. The budget outturn position for 2022-23 was an overspend of £6.4m on the General Fund and this has therefore further reduced the sums available to the Council.
- 1.5. An updated MTFP position was presented to the Council in July 2023 which set out the key issues and the position in which the Council was now left. In summary this was a remaining in-year deficit of £1.7m and a budget gap of £18.3m over the MTFP period to 2026-27.
- 1.6. The report therefore concluded the Council is facing a potential s114 report if actions are not agreed to bring this situation back in to balance. The deadline set for this was October 2023 and the progress to date is addressed within this report.
- 1.7. The s151 officer has concluded that sufficient progress has been made to avoid the need for a s114 report to be issued at this point but that significant work is still required to produce a balanced budget for 2024-25 and beyond.

2. Recommendation to Executive

That the Executive:

- 2.1 approves the second issue of the Financial Recovery Plan and recommends that it is endorsed by Council.
- 2.2 Approves the discontinuation of the Parish Councils Concurrent Functions Grants scheme from 1 April 2024.
- 2.3 Notes that the s151 officer has advised that sufficient progress has been made in the current financial year to avoid a s114 report being issued at this stage.

3. Reason for Recommendation:

- 3.1 To enable the Council to protect the current level of reserves and to set a balanced budget and a robust Medium-Term Financial Plan.

4. Exemption from publication

- 4.1. None

5. Purpose of Report

- 5.1. This report sets out second issue of the Council's Financial Recovery Plan for endorsement by the Executive.
- 5.2. Key areas of the report deal with progress achieved to date in addressing the in-year position and the MTFP budget gap, and progress in establishment of the budget and finance workstreams.

6. Strategic Priorities

- 6.1. The budget underpins the Council's strategic framework and delivery of the Corporate Plan

7. Background

- 7.1. The Council agreed the MTFP in February 2023 but with further work required at that stage to remove the need for reserves and balances to be used to close the in-year budget gap.
- 7.2. A number of issues were identified during the audit of the 2020-21 statement of accounts which led to the usable reserves of the Council being restated at a level of around £20 million less than previously reported.
- 7.3. Significant due-diligence work was undertaken to establish the baseline position and an updated General Fund budget was presented to Council in July 2023. This set out the gravity of the current financial position and raised the possibility of the Council issuing a s114 report if insufficient action was taken.
- 7.4. A first issue of the Financial Recovery Plan was agreed by Council in September and a lot of work has been done since that point on both the immediate actions agreed and the workstreams to deal with the budget gap and finance service improvements.

- 7.5. The details of the work to date are set out in the second issue of the Financial Recovery Plan which is attached at Appendix 1. Potential savings areas in both the current and future years are set out in Appendix A of the Plan.

8. Parish Grants Scheme

- 8.1 One of the potential savings areas considered by the Financial Recovery Executive Working Group (FREWG) was whether to continue to offer grants to parish councils.
- 8.2 This issue had been considered in the past and the budget gradually reduced from £114k in 2015-16 to £90k at present.
- 8.3 Most councils who offered these grants in the past have ceased them due to financial pressures and the fact that parish councils have no cap on their own precept and can therefore raise funds in their locality for local schemes.
- 8.4 The recommended action from FREWG was to honour existing grant agreements, which can cover 2 financial years, but that no new grants would be provided.
- 8.5 Communications have gone out to parish councils and councillors to inform them that new parish grants will cease subject to the agreement of the recommendation within this report.

9. Consultations

- 9.1. The Financial Recovery Executive Working Group has been updated and consulted during the development of the original and updated plan.

10. Key Risks

- 10.1. With depleted reserves, the key risk for the Council in the current financial year is that insufficient action is agreed to address the projected overspend which would have to be met from the remaining

reserves and would further worsen the financial resilience of the Council, making a s114 position more likely.

- 10.2. The projected budget gap over the MTFP period is £18.3m and plans need to be developed to address this so that a balanced and robust budget can be agreed in February 2024.

11. Financial Implications

- 11.1 The recommended actions within the Financial Recovery Plan will help to reduce the in-year projected overspend and the MTFP budget gap.

12. Legal Implications

- 12.1 Section 151 Local Government Act 1972 requires the Council to make arrangements for the proper administration of their financial affairs and to secure that one officer has the responsibility for those affairs (the s151 officer).
- 12.2 The Council's legal duty to set a balanced budget is set out in section 31 Local Government Finance Act 1992, which provides that the Council must balance its expenditure with its revenue.
- 12.3 Section 114(3) Local Government Finance Act 1988 requires that: "The chief finance officer of a relevant authority shall make a report under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure."
- 12.4 The Council must continue to act lawfully in making decisions on service delivery, regardless of any s114 report. There continues to be a requirement to conduct needs assessments, undertake consultation where appropriate, assess and have regard to equalities implications, and take into account all other relevant considerations to inform their decisions about service delivery.

13. Human Resource Implications

- 13.1 The Council is required to reduce operational and service delivery costs immediately. The immediate measures set out in the September Financial Recovery Plan halted most recruitment, and this will be kept under review. This is therefore impacting workforce matters, including the recruitment of directly employed staff, as well as contingency workers, i.e., agency staff, interims, and consultants, although the risks of doing so will have to be considered before individual decisions are taken.
- 13.2 Arrangements are in place for the consideration of exceptional cases, for example where there are significant Health and Safety risks or the risk of statutory requirements not being met.
- 13.3 The Council will ensure careful and consistent communications to staff and unions and has drafted a communications plan to deliver this.

14. Equality and Diversity Implications

- 14.1 None at this point but will be considered as options are appraised in due course.

15. Climate Change/Sustainability Implications

- 15.1 None at this point but will be considered as options are appraised in due course.

16. Summary of Options

- 16.1 Options will be developed through the workstreams set out within the Financial Recovery Plan and brought forward to councillors for decision as appropriate.

17. Conclusion

- 17.1 The second issue of the Financial Recovery plan sets out:

- Progress on the immediate actions agreed in the first issue of the Plan in helping to constrain expenditure in the current financial year;
- The progress to date has allowed the s151 officer to gain sufficient assurance to remove the need for a Section 114 report at this stage;
- An update on the progress in meeting the delivering a balanced budget for 2024-25 and the establishment of the budget workstreams;
- An update on the Finance function workstream.

18.Background Papers

General Fund Budget Update – Council 25 July 2023

19.Appendices

Appendix 1: Issue 2 – Financial Recovery Plan 26 September 2023

This page is intentionally left blank

Guildford Borough Council

Financial Recovery Plan

2nd Edition – 26 September 2023

October update

1. Background

- 1.1. GBC agreed the 2023-24 budget in February 2023 with a £3.3m shortfall requiring further work to remove this gap, with the fallback position being the deployment of usable reserves.
- 1.2. There is a national backlog in the audit of statements of accounts and GBC were in a position where the last set to be signed off were for 2019-20. Two sets of accounts had therefore not been audited.
- 1.3. Audit of the 2020-21 accounts identified errors relating to accounting for COVID grants and the Collection Fund, which took place in 2021. These were both sums which were due to be repaid to the Government in 2021-22 rather than sums which were available for use by the Council. To be clear, these funds were correctly used by the Council and the balance repaid correctly, but an incorrect sum was attributed to unearmarked reserves. It is therefore not correct to say that GBC “lost” any amount or that it is still to be found to satisfy the conditions of the grants.
- 1.4. The impact of this was that the level of usable reserves was around £20m less than had been thought when the 2023-24 budget was set in February 2023.
- 1.5. The budget outturn position for 2022-23 was an overspend of £6.4m on the General Fund and this has therefore further reduced the sums available to the Council.
- 1.6. An updated MTFP position was presented to the Council in July 2023 which set out the key issues and the position in which the Council was now left. In summary this was a remaining in-year deficit of £1.7m and a budget gap of £18m over the MTFP period to 2026-27.
- 1.7. The report therefore concluded the Council is facing a potential s114 report if actions were not agreed to bring this situation back in to balance. The first Financial Recovery Plan was endorsed by Full Council in September and this report updates upon the position detailed at that time.

1.8. Further significant work is still required to avoid the other potential s114 trigger-point which is the statutory requirement to set a balanced budget in February 2024.

2. Current Position

- 2.1 Previous work feeding into both the July and September reports identified that the current year overspend risk was around £2.6m, with a number of remaining uncertainties.
- 2.2 The work undertaken to date has already identified around £3m of potential savings and additional income in the current year. Work will still continue to increase this sum due to on-going cost pressures and the need to achieve an underspend, if possible, to help increase the Council's reserves position.
- 2.3 A first draft of this year's budget monitoring report has now been produced and this is being reviewed to ensure that it is both accurate and that the potential savings identified are deliverable against the reported position.
- 2.4 Additional controls have been developed to control the staffing establishment against the agreed budget but further work is still required on reviewing agency and contractor spend and ensuring all budgets are accurate.
- 2.5 Alternative contract options are being examined to help reduce the current pressure on utility costs. A sum of £500k has also been bid for from Sports England towards the utility costs at the leisure centres.
- 2.6 No significant additional issues have been identified at this point and the work done to date has reduced the potential overspend risk around staffing and contractors' costs.

3. Progress on September's Report Actions

Establishment Control

- 3.1 The system proposed in September is now in place and working well, with exceptions being considered by the Financial Control Panel as

appropriate. This will continue whilst the due diligence on the budget monitoring position is carried out and will be kept under review.

- 3.2 The impact of holding vacancies on the remaining staff will continue to be monitored closely by the Executive Heads of Service and Directors.

Agency / Interims / Consultancy

- 3.3 The full list of agency and interim staff and consultancy support has now been produced and will be reviewed over the next few weeks.

Non- Essential / Discretionary Expenditure

- 3.4 Meetings have now been held between finance staff and 8 of the Executive Heads of Service to review budgets on a line by line basis. The remaining 4 meetings will be held over the next fortnight.
- 3.5 These meetings have produced a number of potential savings areas in both the current year and future years. Some of these savings are one-off or of a short term nature and others are potentially on-going savings. A number of the on-going savings will require approval by the Council particularly where they have significant service / reputational implications.
- 3.6 A Financial Control Panel (FCP) has now been established which is reviewing discretionary expenditure requests and exceptions from the vacancy freeze. The membership and Terms of Reference for the Panel are set out in Appendix 2.
- 3.7 A cross-party Financial Recovery Executive Working Group has also been established to consider progress of the Financial Recovery Plan, sensitive issues and to help review and develop options for further savings areas. The membership and Terms of Reference for the Executive Working Group are set out in Appendix 3.

4. Actions underway to deliver the 2024-25 Budget and MTFP

- 4.1 The Council is having to focus its time and resources on the delivery of the Financial Recovery Plan over the next 6 months, culminating in agreeing a legally compliant MTFP in February 2024.

- 4.2 A number of workstreams have now been established which will help in balancing the budget for 2024-25 and reducing the MTFP budget gap.
- 4.3 Alongside this, work is also being done to identify any additional budgetary pressures which would need to be factored in.

Review of Capital Programme

- 4.4 The existing capital programme is being reviewed in terms of the agreed projects, updates to cost projections and their timing.
- 4.5 Reductions in the programme would reduce future borrowing costs. Delays in projects will delay the cost of borrowing.

Asset disposals

- 4.6 A review is underway of all of the Council's assets with a view to determine which if any of them may be suitable for disposal. A number of initial RAG ratings has been developed in relation to property condition, service usage, finance and valuation to help reduce the overall asset list to one which can be properly considered. Work is still required to refine this list and provide disposal valuations to supplement the current accounting valuations.
- 4.7 Capital receipts from asset disposals will either contribute towards repaying existing borrowing or reducing the need for future borrowing.
- 4.8 A further consideration will be the opportunity for any capital receipts to be set aside to fund future transformation work, for example in relation to the collaboration with Waverley Borough Council. This would be possible under the current "Capital Receipts Flexibilities" allowed by the government for transformation spend. This would reduce the need to use reserves to meet these costs but would then not be available for reducing borrowing costs. This will need to be considered in relation to the overall budget position once a disposal list has been agreed.

Housing Revenue Account

- 4.9 The HRA is separate to the General Fund but there are both recharges to the HRA and also interest payable to the HRA from the General Fund. There is a legal requirement not to subsidise the General Fund from the HRA but the current arrangements are being reviewed to ensure that the cross-charging are both fair and appropriate in relation to the regulations.

Treasury Management

- 4.10 Need to revise the treasury management strategy in line with the updated capital programme, HRA review and interest rate projections.
- 4.11 Also need to develop a long-term plan to deal with the future borrowing needs associated with Weyside Urban Village.
- 4.12 Aim to reduce the Council's interest and MRP commitments (whilst remaining prudent) and also provide a degree of certainty / risk management.

Insurance

- 4.13 Looking at the potential to join a local authority collaborative scheme which could be for 2025-26.
- 4.14 This would potentially provide savings compared to current policy costs and release the £500k insurance reserve.
- 4.15 In the short term, we are reviewing our insurance cover and excess levels which may help to reduce policy costs.
- 4.16 It is however important to note that with higher excesses, the sums under the excess would be borne by the Council and good risk management would be vital to secure overall savings.

Service reviews / delivery options

- 4.17 Options for future collaboration with Waverley BC will be developed once the Council is on a sound financial footing.

- 4.18 Other options for service delivery need to be considered for example establishing a Teckal company or outsourcing contract delivery in some areas where savings are deliverable.
- 4.19 These options would help reduce costs but they also may have long lead times and could require initial investment

Policy change options

- 4.20 We are looking at policies which we have scope to amend such as the LCTS scheme, MRP etc.

Income generation

- 4.21 A review of car parking charges is already underway.
- 4.22 A national announcement has been received that Planning fees will increase from 2024/25. The impact of this needs to be calculated.
- 4.23 For other fees and charges, some are fixed nationally but everything else can. be reviewed / benchmarked and there is the potential in many cases to increase to full cost recovery.
- 4.24 This has the potential to provide additional service income but the potential loss of custom will also need to be considered.

Partnership working

- 4.25 The support to parish councils, the 3rd sector and other bodies (e.g. LEP/ SCC / LGA etc.) need to be reviewed.
- 4.26 This could lead to cost reductions but may also provide a better service through definition of services to be provides through SLAs.

Contracts / procurement

- 4.27 Work has been commenced to understand and target large contracts and the highest supplier spend.
- 4.28 Work is also planned to map the contract renewals pipeline to the MTFP period so as to enable alternatives / options to be properly considered.

- 4.29 The procurement team is currently looking at the energy contract with a view to alternative procurement options. From early market engagement, it would appear that the current overspend risk could be removed.
- 4.30 We will be aiming to negotiate cheaper contracts, manage our suppliers and through forward planning, allow for competitive procurement rather than rushed procurement processes.

Additional Support to deliver the Recovery Plan

- 4.31 A budget of £800k was agreed in July to help deliver the Financial Recovery Plan.
- 4.32 Commitments have already been made against this to fund additional senior officer support within the Finance function and also for a number of external reviews / due-diligence reports.
- 4.33 The workstreams set out above will also require support which is currently being evaluated in detail. This will cover a number of disciplines including HR, legal, finance, valuation and project management. These will be included in future updates.

5. Financial Services Workstream

- 5.1 Alongside the budget savings workstreams, an additional workstream has been established across the Council's Finance function.
- 5.2 Work is now well underway to: -
- Establish rigorous establishment control processes.
 - Ensure reporting is available in a timely, accurate and consistent manner and appropriate for each audience (e.g. Budget holders, Managers, JMT, CMB, s151, Councillors)
 - Ensure the Council reports "one version of the truth" with everything in the finance system which is used for all financial reporting.
- 5.3 Further work is still required to: -

- Engender budget ownership, with clear and accurate information provided so that budget holders can understand their budgets and be held responsible for them.
- Produce a budget book to enhance transparency of Council spending.
- Establish a process of regular in-year reconciliations to avoid surprises and speed up closedown.
- Remove the industry of internal recharging except where necessary (e.g., HRA, capital)
- Actively manage the Council's debts.
- Review Financial and Contract Procedure Rules

6. Potential Savings Identified to date

2023-24

- 6.1 The initial work undertaken to date on vacancy management and service budget reviews has identified a significant number of savings which are set out in Appendix 1.
- 6.2 Some of these savings are secured and should be sufficient to cover the budget shortfall in the current year, allowing for known risks. The risk of a s114 report in October 2023 has therefore been removed.
- 6.3 There are also further savings opportunities identified which need further investigation to ensure they are acceptable to the Council and deliverable. Work will continue on these.

2024-25 and Beyond

- 6.4 Some potential savings have also been identified which will help to close the budget gap for 2024-25 and beyond. These are also shown in Appendix 1.
- 6.5 The output from the established workstreams will contribute further to this work.
- 6.6 Further work is still likely to be required to remove the £18m budget gap projected for the end of the MTFP period.

- 6.7 There are also still additional pressures beyond the MTFP period associated with the borrowing costs of the Weyside scheme. Options for dealing with this will also be considered in due course.

Appendix 1 – Potential Savings Opportunities

Financial Recovery Plan - Savings Tracker	2023-24	2024-25	2025-26	2026-27	
	£'000	£'000	£'000	£'000	Notes
Budget gap	1,614				23/24 budget gap
Salary adjustments for in year vacancies	(391)	0	0	0	one-off
Council Tax deficit	140	0	0	0	on-going but will change each year
Economic Development - posts held vacant (23/24)	(100)	0	0	0	one-off
Regen / planning policy	(90)	0	0	0	one-off
Spectrum income	(66)	(90)	(90)	(90)	on-going
PCNs - increase after cessation of on-street	(40)	(80)	(80)	(80)	on-going extra income net of system cost in 23-24
Car Parks – c£490k had been taken out of budget due to N Street dev	(490)	0	0	0	potentially ongoing pending north st development
Car parks - income above budget	(460)	(460)	(460)	(460)	on-going
Park and Ride allocation for re-opening Onslow	(139)	0	0	0	one-off. SCC paid minimal costs
Feasibility Studies	(53)	0	0	0	one-off but review if any can continue
Climate change uncommitted sum	(131)	0	0	0	one-off but review if any can continue
MRP reduction from slippage on scheme completion	(168)	(168)	(168)	(168)	on going - delayed scheme completion
Treasury Management - HRA interest not required on HRA capital receipts and capitalisation of re-gen interest	(600)	(600)	(600)	(600)	on-going
Garden Waste Excess Income	(125)	(125)	(125)	(125)	on-going
Parks/ Rangers	(41)	0	0	0	One-off
Risks					
Unbudgeted costs for planning appeals	100	0	0	0	one off but future risk
Increased cost of External Audit	140	140	140	140	ongoing
Unincreased Utility costs	900	0	0	0	future costs to be reviewed
Savings taken to balance in year budget	(1,614)	(1,383)	(1,383)	(1,383)	
Potential additional savings					
Unit 4 support	(30)	(100)	0	0	
Irrecoverable VAT	(8)	(8)	(8)	(8)	on-going
Waste Service - Fuel	(70)	0	0	0	one-off, depending on price movements
Parks/ Rangers	(122)	0	0	0	One-off
Street Cleaning	(30)	0	0	0	One-off
Reduced exp following review of 22/23 actual v 23/24 budget	(623)	0	0	0	Future years impact needs further analysis
R&M reduction	(233)	0	0	0	one-off but review if any can continue
Parish grants - £90k saving from 24/25	0	(90)	(90)	(90)	on-going
Car Park Charge review	0	(800)	(800)	(800)	on-going
Waste services changes / charges	0	(150)	(150)	(150)	on-going but further review needed
G-Live retender from Sept 24	0	(137)	(275)	(275)	on-going.
Hanging baskets / green flag	0	(95)	(95)	0	2 year pause
Parks - pre-ordering bulbs	0	(12)	(12)	(12)	on-going
Parish council LCTS	0	0	(100)	(100)	on-going but further review needed
LEP will be SCC function	0	(25)	(25)	(25)	on-going
	(2,730)	(2,800)	(2,938)	(2,843)	
Savings still to be fully reviewed					
Asset disposal - reduced borrowing (£50m?)					Further review needed
Income reviews - full cost recovery					Further review needed
Planning fee national increases					Further review needed
Vacancy Freeze					Further review needed
Capital Programme Review					Further review needed
Insurance review					Further review needed
Service Delivery options e.g. outsource					Further review needed
Collaboration opportunities					Further review needed
Contract management - supplier spend review / targeted reprocurement					Further review needed
	(2,730)	(2,800)	(2,938)	(2,843)	

Appendix 2 – Financial Control Panel

Membership

Section 151 Officer

Interim Finance Analyst

Joint Strategic Director (Transformation and Governance)

Joint Executive Head of Organisational Development

Executive Head of Commercial Services

Administrative support

Terms of Reference

- To consider requests for exemptions from the vacancy freeze
- To instigate a line-by-line review of service budgets with EHOs.
- To consider and prioritise requests to move to the next stage of capital projects and their financial implications.
- To receive regular updates on the progress of actions outlined within the Financial Recovery Plan.
- To co-ordinate the communications plan with the Comms team.
- To report key issues to the Executive Working Group as appropriate.

Appendix 3 – Financial Recovery Executive Working Group

Membership

Finance Portfolio Holder

Leader

Deputy Leader

Group Leaders of political groups and/or their nominees

Section 151 Officer and Deputy

Chief Executive

Strategic Director for Transformation & Governance

Terms of Reference

- To receive and comment on regular updates on the council's preparations for the Medium-Term Financial Plan restatement in October and its implementation.
- To provide a sounding board for the Executive and officers on the options that are coming forward to close our projected financial gap.
- To guide wider communication with councillors and beyond.

This page is intentionally left blank