Guildford Borough Council

Report to: Council

Date: 25 July 2023

Ward(s) affected: All

Report of Chief Finance Officer and Chief Executive

Author: Peter Vickers, CFO

Tel: 01483 444027

Email: peter.vickers@guildford.gov.uk

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

Email: Richard.lucas@guildford.gov.uk

Email: julia.mcshane@guildford.gov.uk

Report Status: Open

General Fund Budget Update

1. Executive Summary

1.1 All district and borough councils face severe financial challenges in the next few years because of increasing demand for services, the state of the UK economy over the last year (with high inflation and rising interest rates), and a succession of government funding reductions over many years. As previously reported to councillors, Guildford Borough Council's challenge is greater and more urgent than most councils due to these factors and a legacy of ambitious decisions to support infrastructure and regeneration that have increased our requirement to finance the Council's overall debt (c. £300 million), which is expected to rise further. For context, CIPFA reports that Surrey councils' debts in 2021-22 ranged from £0 in Reigate & Banstead to £1.9bn in Woking. The total debt of all Surrey's eleven district and borough councils and Surrey County Council was £5.5bn. Following a detailed review commissioned by

the new Joint Management Team (JMT), the Council is imposing financial controls and seeking further external support and advice. While a Section 114(3) notice – a formal statement by the Chief Finance Officer that expenditure cannot be met by resources – is not required for the financial year 2023-24, we are gravely concerned about the Council's financial position in the medium term (2-4 years). We will reconsider the issue of such a notice in time for the 10 October full Council meeting, which will consider a revised Medium Term Financial Plan, in the light of the progress that has been made to set the Council on a more sustainable footing.

1.2 At its budget meeting on 8 February 2023, full Council approved the 2023-24 budget and Medium-Term Financial Plan (MTFP) including an **£18.3m** projected deficit to be resolved, underwritten by an estimated **£32m** cash backed usable reserves and **£3.75m** General Fund working balance reserve. At that point in time, the reasonable worst-case scenario was that the Council's expenditure could be met by the resources currently available to it in the immediate term.

1.3 Full Council approved a recommendation for the JMT to undertake a comprehensive financial review to identify a set of measures to address this deficit and present a revised budget and MTFP to Full Council in July 2023. That work has progressed, and this report sets out the findings and actions to be taken, including a 2023-24 General Fund budget revision for Full Council approval.

1.4 This budget was set in the context of uncertainty, resulting from a delay in the external audit of the accounts since the last sign off in 2019-20. Notable change has happened in the Council since then and the 2020-21 accounts were audited in March/April 2023. This identified several historical accounting errors requiring restatement of the accounts that negatively impacted the projected £32million usable reserve balance.

1.5 Due to several events detailed in this report, projected cash-backed reserves at **31 March 2024** are now projected to **be £8.5m assuming there is no deficit in 2023-24 and no added cost pressures** (compared to the reported £32m in February 2023) and less than the projected February MTFP deficit of £18.3m. While the Budget for

2023-24 can be covered, the Council therefore faces a serious financial situation in the next few years.

1.6 The Council's Chief Finance Officer (Section 151 Officer) has a statutory duty to consider issuing a Section 114(3) Notice, where in his view, the current or future expenditure of the authority incurred (including expenditure it proposes to incur) in a budget year is likely to exceed resources (including sums borrowed) available to it to meet that expenditure.

1.7 A S114(3) Notice is extremely serious and has far-reaching implications for the Council. It requires the Council to cease all non-essential expenditure and reduce operational and service delivery costs immediately. That said, the Council cannot go into Administration or Liquidation as it is backed by government and taxation. This means all contracts in flight and creditors are secure, staff will continue to be paid and deliver statutory services, particularly to the vulnerable and homeless.

1.8 As proposed in this report, the Council can balance the 2023-24 General Fund budget, with the use of cash-backed reserves if necessary, avoiding the issuing of a S114(3) in this financial year. However, the ability to resolve the MTFP deficit is also a S114(3) consideration in respect of the wider financial sustainability and reserves position, and this is much more challenging to assess in respect of several significant and specific financial issues. This report provides an opportunity for councillors to support the robust steps initiated by the Corporate Management Board[1] now to avoid at best and delay at worst the requirement to issue a S114(3) Notice. Since the new JMT was created in 2022, we have been reviewing the Council's financial position and reporting to the Executive and the

[1] The Corporate Management Board is the senior group of officers who advise the Executive and Council on policy and strategy. Since the collaboration with Waverley Borough Council commenced in October 2022, it has comprised the following shared officers: Chief Executive, three Strategic Directors, and the other two statutory officers of S151 Officer and Monitoring Officer.

Corporate Governance & Standards Committee, the latter acting as the Council's statutory audit committee. We will continue to be open with councillors and the public about the situation facing the Council and resolute in applying remedies to put the Council on an even keel.

1.9 This report sets out the circumstances contributing to the serious financial situation along with an immediate action plan until there is more clarity on longer-term issues and a detailed longer term action plan. If these action plans are not adhered to or do not achieve the required outcomes a S114(3) Notice will need to be issued.

1.10 These action plans will need to be jointly owned by officers and councillors and be the primary focus of the Council moving forward to drive the change and transformation required to support recovery. The Council still has the responsibility to provide statutory services to its residents and this must remain the focus of the management team and the whole organisation, with a taskforce set up to deliver the action plans.

1.11 This report contains the following Appendices:

Appendix 1: General Fund Summary
Appendix 2: Detailed budget adjustments
Appendix 3: Summary of non-staff expenditure supporting Appendix 1

1.12 This report will also be considered by the Corporate Governance & Standards Committee at its special meeting on 18 July, and by the Executive at its meeting on 20 July. Their comments and recommendations will be included on the Order Paper for the Council meeting.

2. Recommendation

That the Council resolves:

2.1. To approve the restated 2023-24 General Fund Revenue budget.

2.2. To approve the repurposing of earmarked reserves as detailed in this report.

2.3. To endorse the findings in this report.

2.4. To note the response by the Chief Finance (Section 151) Officer to the S114(3) duty and his recommended immediate actions including a range of expenditure controls, which will be managed through a Financial Control Panel consisting of Senior Officers and chaired by the Section 151 Officer.

2.5. To note that a financial recovery plan is being developed by the Chief Finance Officer in liaison with the Joint Management Team, together with milestones and delivery targets, to be reported to October Full Council for approval.

2.6. To endorse the management action of establishing a task force to deliver the financial recovery plan at pace, to provide the capacity, skills, and capability to support recovery.

2.7. To note that an informal cross-party councillor reference group has been set up for the following purposes:

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

2.8. To note that expenditure controls as a feature of how the Council conducts its business will remain in place until such time that the MTFP is balanced, and that such controls shall be determined by the Chief Finance Officer and the Chief Executive, in consultation with the Lead Councillor for Finance and Property.

2.9. To authorise the Chief Finance Officer and Chief Executive to draw down earmarked funding to provide capacity to address and deliver the financial recovery plan and note that the Chief Finance Officer will continue to engage with expert external assistance and advice.

2.10. To endorse the proposal to develop an asset disposal strategy to optimise the revenue impact from the divestment (via sale or

otherwise) of the Council's assets and address the need to pay off debt, utilising external advice and support to ensure that best value returns are achieved.

2.11. To agree that a revised Medium-Term Financial Plan be brought to the Executive and Council in October 2023 and then reported quarterly to the Corporate Governance and Standards Committee.

3. Reason for Recommendation:

3.1. To enable the Council to set a balanced budget, which is a statutory requirement and a robust Medium-Term Financial Plan.

4. Exemption from publication

4.1. None.

5. Purpose of Report

5.1. This report sets out the Council's serious financial situation and action plans to resolve this as soon as possible.

6. Strategic Priorities

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

7. Introduction and Background

7.1. At its budget meeting on 8 February 2023, full Council approved the 2023-24 budget and Medium-Term Financial Plan (MTFP) including an £18.3m projected deficit to be resolved, underwritten by an estimated £32m cash-backed usable reserves and £3.75m General Fund working balance reserve. As reported to the Council at that time, the integrity of the budget was a substantial risk, and a commitment was given to complete a financial review and report back to full Council in July 2023 with the findings, and a plan to resolve the budget gap. This report fulfils that commitment.

7.2. The Joint Management Team (JMT) had been in role for three months prior to the budget report being produced. An interim Section 151 Officer was employed to cover a vacancy in that role from July to October 2022; the current post-holder commenced on 1 October 2022 and is due to leave in early September 2023. Publication of the 2021-22 accounts was delayed past the statutory deadline (July) and not ready for publication. The 2020-21 accounts had not been audited and 2022-23 budget monitoring indicated a significant overspend by period 4.

7.3. The interim Section 151 Officer began undertaking due diligence on the projected overspend and identified a £1.9m payroll error in the 2022-23 budget, which was reported to the Corporate Governance and Standards Committee, acting as the Council's statutory audit committee. With the support and oversight of the new Corporate Management Board, this due diligence work was carried on by the new Executive Head of Finance (Section 151 Officer) and an internal audit was commissioned on the cause of the payroll error and the significant projected budget overspends, specifically looking at the financial control environment. The payroll audit by KPMG as the Council's then internal auditors reported with the lowest-possible assurance level. In hindsight, it is the view of the S151 Officer that subsequent research has found deeper malaise in GBC's financial accounting and reporting than the assurance suggested.

7.4. The financial review included a detailed review overseen by the Corporate Management Board of every budget. A strategic review of how services are being delivered is currently near completion. External assistance has been commissioned from LG Futures Ltd. to review collection fund (business rates) accounting and CIPFA (Chartered Institute of Public Finance & Accountancy) has reviewed the major capital projects and capital strategy. As a result of these reviews, it has been established that the financial position of the Council is significantly worse than the position set out in February 2023 for the reasons set out below.

Key issues resulting from the financial review

7.5. The drivers of the MTFP deficit go back several years. The key issues that have become known from the financial review are as follows:

7.6. The Council underwent a restructure programme from 2018 to 2021 ("Future Guildford") aimed at achieving revenue savings from headcount reduction of circa £10m to meet an expected revenue gap. This entailed a complete service redesign in how the Council operates, effectively moving to a model where all staff are assigned to either specialist teams or generic case management teams to cover administrative work (i.e., staff can cover non-technical work across several services to achieve economies of scale and utilise IT (Information Technology) systems to improve self-service and efficiency). This model has proven to be problematic for some functions where teams are small and the demarcation between specialist/technical and administrative is not clear cut, resulting in significant workarounds, silo management and disruption to productivity which has driven up costs.

7.7. Future Guildford implementation required investment in a case management system, "workflow", accounting ledgers and HR/payroll systems as its core IT systems to support the new operating model. It is now apparent that the case management and workflow system chosen in 2019 was less than required to deliver the assumed economies of scale and replace staff posts. The cost of the system, designed for larger organisations is high for a council with circa 150,000 residents and 59,000 dwellings.

7.8. The implementation of the new systems was not fully mature by the end of the project in 2021 and, as acknowledged to the Overview and Scrutiny Committee on 18 January 2022, the changes in business processes were not fully "embedded" (paras 6.1 and 8.2 of that report2), including the cultural changes necessary for the new model to operate. The internal ability/capacity to support and administer these new systems was not built into the operating model, resulting in

[2] https://democracy.guildford.gov.uk/documents/s23067/Item%2007%20-%20Future%20Guildford%20OSC%20Jan%202022.pdf

a costly reliance on third party and interim (via agency) staff support that was not reflected in the base budget. Whilst budgets were cut, staff reductions were not fully implemented as planned and system workarounds were developed within the services affected, causing significant expenditure above budget. Overall, the Council's financial returns to Government suggest that GBC's total service expenditure (including staffing, IT, and other costs) in 2021-22 was £17.5m, which was lower than 2017-18's £19.8m,3 a reduction of £2.3m.

7.9. In addition, Finance team capacity was depleted (some moved into the generic case team and other vacant roles deleted) in favour of services using IT systems via self-service, including financial management and outturn forecasting. Budgets were rolled forward based upon the new operating model costed by the project team without reference to the Finance team. Core technical financial controls such as bank and income-related reconciliations are being performed by non-accountants without specialist finance oversight in the new model.

7.10. The Future Guildford IT system refresh programme was developed to replace software, hardware and networks across the Council funded from an IT renewals reserve topped up from the revenue account each year. This resulted in a lack of strategic management oversight and transparency on the level of expenditure and activity. This has resulted in an average annual IT spend of more than £2m per year and a legacy of an expensive hardware replacement cycle that will need to be interrogated as part of the cost-reduction programme.

7.11. The finance review, commenced by the Section 151 Officer and the Corporate Management Board in January 2023, involved detailed and strategic reviews of all council General Fund services, involving all new Executive Heads and many other managers. These reviews will be completed by mid-July and the outcome assimilated into schedules of requested growth and savings. Councillors will be involved in

---

[3] https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2021-to-2022-budget-individual-local-authority-data

reviewing both schedules as part of the financial recovery plans being put forward. There will inevitably be some growth to be accepted into the MTFP service cost to achieve a more sustainable position.

7.12. The Council's capital programme has been ambitious to date resulting in a significant need to borrow and driving up the requirement to provide for debt repayment (Minimum Revenue Provision - MRP) from £1.38m in 2021-22 to £2.73m by 2026-27 using an updated profile of expenditure to be reflected in the revised MTFP. This is reflected in the MTFP presented to the Council on 8 February 2023. This investment has not resulted in a commensurate uplift in income to the Council, resulting in a legacy cost pressure that is substantial for a district council. The Council's debt must be reduced to achieve a sustainable position and the Corporate Management Board is intent on doing so at pace. The table below is illustrative of the increase in the capital programme from 2016 and does not show pre-2016 debt or short-term borrowing, all of which contribute to the total debt for the Council, which is £300m as of July 2023.

	Pre 2016	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Property	30,773	9,682	28,008	3,036	20,404	4,126		5,994	2,278	1,972	**106,273**
NDH			2,400	2,101	3,201	5,941	4,154	4,296	2,429		**24,522**
Walnut Bridge			177						1,075		**1,251**
	30,773	9,682	30,585	5,137	23,605	10,067	4,154	10,290	5,782	1,972	**132,046**
ARB								3,638	1,453	24,573	**9,822**
WUV		86	149	1,035	1,962	8,278	8,899	10,728	16,620	43,849	**79,870**
Major projects	0	86	149	1,035	1,962	8,278	8,899	14,366	18,073	68,422	**89,692**
Total debt funded	**30,773**	**9,768**	**30,733**	**6,172**	**25,566**	**18,345**	**13,053**	**24,656**	**23,854**	**70,394**	**221,738**

7.13. The current treasury management strategy (approved 2023) has not been adjusted to reflect the changing external financial market conditions and rapid and significant changes in the Council's cash requirements exclusively driven by the ambitious capital investment programme. Whilst there has been an in-depth quarterly review of treasury performance by the Corporate Governance and Standards Committee, supported by external treasury advisors, the focus of the Committee appears to have been on the detail of the investments,

rather than the strategic oversight of the future cash needs resulting from the planned capital investment programme.

7.14. The Council has a stable service base cost (with circa £4million overspending in each of the last two years, 2020-22), its operating cash flow should be positive and earning a significant interest income for the Council of circa £2million per year. However, the treasury strategy has tied up funds in long term investments and financed a significant element of the capital programme (as an alternative to external long-term borrowing), resorting to borrowing short term funds for cashflow purposes. This strategy was appropriate whilst the base rate was significantly below the Public Works Loan Board (PWLB) long-term borrowing rate and stable. This has increasingly become a high-risk strategy that has not adjusted to current and projected interest rates and capital investment resulting in the net interest earned on treasury management becoming a significant net short-term borrowing cost as can be seen in the MTFP presented to February Council – "interest earned from treasury management". The Council will have to externally borrow long term to finance internally financed capital investment (represented by the Capital Financing Requirement - CFR) or sell assets to generate capital receipts to replace the cash.

7.15. The current level of internal borrowing is £76m. The Council has no financial capacity to borrow at the current market rates as this will increase the charge to the revenue account as assumed in the MTFP presented to February Council – "interest paid on capital programme financing".

7.16. The treasury management issue represents an underlying insufficient focus and transparency in risk management, reporting and mitigation. More of this is covered in the Governance section in paragraphs 7.32 to 7.35 below.

7.17. There has been an absence of active balance sheet management within the finance team since before 2020-21 resulting in debt balances increasing without actions to resolve, reserve movements not reconciled and reported, high value Covid grants accounting has not been adequately managed and reviewed, cash control account

reconciliations relating to treasury investments, council tax and housing benefit administration have not been adequately performed since 2019. Collectively this has exposed the Council to monetary loss through write-down of balances/differences that cannot be resolved due to poor record keeping and time limits. Full detail of these movements is given in the Deficit section in paragraphs 7.36 to 7.42 below. The absence of an External Audit of the financial statements since 2019-20 has played a part in this degradation of controls and oversight. Internal Audit has reported control issues to the Corporate Governance and Standards Committee.

7.18. The Council operates a wholly owned housing company called North Downs Housing Ltd (NDH), established by the Executive on 23 February 2016. The investment in NDH is a mix of equity share holding and loans funded by the Council from internal borrowing (i.e., the Council's cash flow) and PWLB borrowing. The Council receives approximately £1.25million annually in interest on the loans and payment for services to manage the company. This is factored into the Council's baseline budget and must be reviewed for recoverability. The NDH Ltd Board has commissioned a review of its financial position, a move which the Council welcomes. The loans made to NDH are due to be refinanced in January 2025 and the interest payments are overdue and being accrued on the balance sheet. Within the next 6 months, the Council will have to decide on how it will proceed with this company. The Council will have to protect the public purse and satisfy the statutory best value duty. A write down in value of debt/equity - yet to be fully explored - would result in an unaffordable one-off impact on the General Fund cash-backed reserves.

7.19. Weyside Urban Village (WUV): this scheme was approved by the Executive in stages since April 2006 and especially in March 2015, September 2016 (as "Slyfield Area Regeneration Project") and February 2020. There is a significant borrowing requirement to fund this project, the projected deficit is c.£50m at 5.5% borrowing rate, the timing and values of land sale receipts is uncertain, and this impact is not currently factored into the MTFP due to the current capitalisation of financing costs until land sales begin in a possible 6

years from now. At best, such a deficit will impact the General Fund budget by £3.75m per year if it is permissible to finance and amortise over 50 years from the point the ability to capitalise borrowing costs ceases. Technical advice is being sought on this matter.

7.20. Ash Road Bridge is due for completion next budget year. The scheme was included in the Local Plan in April 2019, and approved in December 2019 and April 2021, following Council proposals and consultations from 2016 to 2018, and the finances were reviewed by the Full Council on 16 March 2023, which voted to support the project's continuation. The costs of construction have increased to £44.5m and circa £790,000 per year has been factored into the MTFP, the full cost will be ascertained in the MTFP refresh.

7.21. The Council is required by statute to provide for repayment of debt principal, known as Minimum Revenue Provision or MRP. The assumptions used to calculate this charge to revenue and MTFP projections are currently being reviewed against the revised capital investment programme. Historically, the schedules and assumptions in line with the annually adopted MRP policy were not shared with the Corporate Management Board or the Corporate Governance & Standards Committee. Clarity is being sought on how investment in NDH has been treated, including MRP provision, to ensure it is legal and within the rules.

Key Challenges

7.22. Change/transformation: a significant risk to balancing the budget is the ability to deliver the identified savings included in the revised 2023-24 budget and to address the £18.3m MTFP deficit over a three-year period. This equates to 145% of the Council's net budget. This will fundamentally change the services the Council delivers and will require political will and a step change in activity to reconfigure services accordingly. The Council is currently developing further projects to support its collaboration with Waverley, which has already saved over £800,000 per year across the partnership in the costs of senior management. A GBC-focused programme of transformation aimed at cost reduction and balancing the MTFP must be coordinated with the partnership transformation and

collaboration programme if it is to deliver optimal mutual benefit for both councils.

7.23. A balanced budget can be achieved in 2023-24 and potentially in 2024-25 using reserve balances to bridge the budget shortfall, including a significant reduction in the cost of capital financing from the sale of assets. There is only a possible two-year window to work on the implementation of strategic recovery plans. However, in the added context of historical and continuing funding reductions from Government, time is not a luxury the Council has.

7.24. The immediate priority of the Council must be the financial and commercial considerations to deliver financial recovery which places a strain on service delivery. The focus of the councillor and officer leadership team is on managing the Council's services on behalf of its communities in a sustainable and affordable way. The budget situation will require a meaningful change programme to be rolled out. It is imperative commitment and priority is given to setting and achieving net cost reductions at pace. This is to give the Council a fighting chance to remain solvent in the coming years.

7.25. A balance must be struck between organisational and service redesign and the urgent need to deliver cashable savings that would lead to a sustainable budget. Consistently applying the programme management approach adopted by the new JMT to delivering change in accordance with best practice will ensure this is delivered at pace and within acceptable financial parameters. Close alignment of the work of the programme management and the finance functions are key. The PMO (Programme Management Office) team will need to act as an internal consultancy to support the benefits realisation and changes that must be delivered. The role of the new Section 151 Officer and the Executive Head of Organisational Development will be critical to this, and the programme will be overseen by the Strategic Director for Transformation and Governance.

7.26. The current modest finance team have limited experience, knowledge, and capacity to deliver the type of financial information that is required and there is a lack of management accountancy experience. Interim staff have been brought in and have made a

positive difference to the skills required within the Council. Despite this, there is not enough capacity to manage the considerable number of financial issues the Council is facing.

7.27. The finance team within the Council is small with the shared Section 151 officer having responsibility for the Finance, the Revenues and Benefits Service, Procurement, Insurance, and the Internal Audit service. The finance function has no management accountancy or commercial finance expertise. With the reduction in government funding since 2009 and the additional freedoms in the Localism Act 2011, the Council was among those that embraced the move to commercialism with significant investments. The team was not geared up to deal with the scale of the investments made by the Council, nor was the function strengthened to effectively manage those investments.

7.28. The Council's investment and borrowing decisions leave a legacy for the Council and pose the biggest threat to its future financial resilience. There has been a long-term regeneration focus, which has the potential to deliver significant community and economic benefit to the borough. However, it is the view of the S151 Officer and the Corporate Management Board that the Council has given insufficient attention to its short-term financial viability and the associated risks of the scale of these investments on the Council's own budget in an uncertain national economic environment. Not enough attention has been given to consider the Council's financial resilience and its risk profile. As we have seen with other notable examples across the country, this Council has pursued a debt-backed commercial investment strategy to generate income more than its borrowing costs and made loans to NDH Ltd without enough consideration of the full longer term debt risks. The Council is financially overstretched, and the full extent of the legacy is still being assessed. The current Corporate Management Board is determined to resolve this situation and bring the finances of the Council under control and appears to have the understanding and encouragement of councillors to do so.

7.29. There is a requirement for further support for major projects in the form of additional skills and capacity to continue to find a resolvable solution and for the council to take greater control of its major projects. Investments over many years have been made with insufficient provision or consideration of Council capacity and capability to manage these programmes effectively and efficiently. In-house capacity and skills were not sufficiently strengthened to deal with investments of this magnitude. The Council lacked the project grip and commercial skills in-house to manage these developments. Both Weyside Urban Village and Ash Road Bridge projects experienced significant scope creep and cost pressures over years resulting in the debt requirement being considerably higher than first envisaged in the initial reports.

7.30. Cost of capital financing is significant in 2024-25 at 74% of the reported projected £8.7m deficit and 83% of the £5.9m 2025-26 projected deficit. Borrowing interest and MRP are still being worked through to ensure they are accurately reflecting proper accounting practice and prudence (including legality and any restatement) and future capital commitments that must be factored into the MTFP (capital programme). The ability to divest assets and reduce the cost of capital is being evaluated.

7.31. In July 2021, Guildford Borough Council and Waverley Borough Council agreed to collaborate, firstly on sharing a management team, which was in place in October 2022. This initiative has already reduced the costs of senior management for GBC by over £420,000 per year. This initiative of sharing services and staffing with a partner that provides the same services in a neighbouring borough should still be part of GBC's solutions financially and will require investment to achieve the councils' stated aims.

Governance

7.32. Internal Audit are tasked with providing an independent review of the financial and governance controls to ensure they are fit for purpose and operating effectively. In March this year, two audits were finalised with the following outcomes:

- an audit was completed on the key financial controls, providing a rating of “Significant assurance with minor improvement opportunities” and the following description of the control weakness: “Through testing a sample of monthly reconciliations we found not all reconciliations between the ledger and key subledger, accounts and systems had been consistently performed. We also note that there is no segregation of duties ensuring that reconciliations are performed and reviewed and approved by separate individuals.”
- the payroll budget discrepancy was reviewed against the expected control environment and provided “partial assurance with improvements required” Future Guildford was outsourced to a third-party contractor. Based on our review of the information flow between the project team and Finance, it is recommended that the Council formalises Finance oversight of corporate programmes to ensure that Finance has appropriate oversight of financial implications to the Council.

7.33. External audit is provided by Grant Thornton. The last set of accounts to be audited was 2019-20. Delays in external audit reports is an increasing concern across the local government sector in recent years and this has been acknowledged recently by the Department for Levelling Up, Housing and Communities. The Council has been through significant transformation since that time, change in several senior finance officers and statutory officers and reduction in capacity. The absence of external oversight on financial controls, and the assurances and working papers to support balance sheet positions means the Council’s financial position is at further risk.

7.34. During this period the Council has not had a sufficiently robust risk management framework in operation, given the scale of the Council, its operations, and commitments. Risk registers have been completed and, the 2022-23 budget papers included a detailed risk register. However, it is only ever going to be as effective as the management oversight applied to the review and management of risks. Since the creation of the JMT in 2022, oversight for risk and governance are being strengthened, with development of a risk management

framework and policy, which must now be embedded further within the Council.

7.35. It is the role of Corporate Governance and Standards Committee to review and have oversight of financial governance documents. Improvements are needed to ensure these documents meet the needs of decision makers through suitable transparency, clarity and due diligence as the Council moves through the recovery process. The new Corporate Management Board, shared with Waverley Borough Council, has embarked on a systematic and whole systems approach to establish and address the Council's financial challenges and to fundamentally redesign governance. The support of councillor leadership is required to carry this forward and to put in place a more sustainable financial footing for the Council.

The Deficit

7.36. It should be noted the figures quoted in the following paragraphs will change as the ongoing work of the Financial Review continues in the period ahead. However, the matters defined so far do not allow any doubt as to the scale and breadth of the financial challenge described in this report.

7.37. The MTFP approved in February is presented below. This will be updated and reported to the October Full Council including progress on the long-term recovery plan.

Medium Term Financial Plan 2023/24 – 2026/27						
	Approved	Approved	Forecast Estimates:			
Anticipated Budget variations:	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Total**
	2022/23 Base	Changes from 2022/23 base	Changes from 2023/24 base	Changes from 2024/25 base	Changes from 2025/26 base	
	£'000	£'000	£'000	£'000	£'000	**£'000**
Base budget:	11,105	11,024	11,393	11,851	12,207	
Changes at Directorate level:						
Inflation and contractual increases		820	851	443	452	2,565
Payroll error		1,849	-	-	-	1,849
Utilities		2,000	232	243	153	2,628
Pay Award		3,267	278	800	822	5,167
Net changes in service provision		(225)	-	-	-	(225)
Total: Changes at Directorate level	**0**	**7,711**	**1,361**	**1,486**	**1,427**	**11,984**
Corporate financing:						
Interest earned from treasury management	(1,002)	(2,489)	1,721	555	(644)	(856)
HRA share of interest earned	54	1,539	350	(153)	(352)	1,385
Interest paid on capital programme financing	450	245	4,204	2,004	404	6,856
Minimum Revenue Provision (Loan principal repayment)	1,545	236	230	2,149	79	2,694
Revenue funding of capital schemes	1,008	(508)	-	-	-	(508)
Transfers to and from reserves:	1,891	(2,631)	63	63	63	(2,443)
Central Government funding:						
Retained Business rates	(2,929)	(223)	(59)	118	-	(164)
Services grant	(199)	85	-	-	-	85
Lower tier services grant	0	134	-	-	-	134
Revenue Settlement Grant	(134)	(114)	-	-	-	(114)
New Homes Bonus grant	(766)	(516)	1,283	-	-	766
Total: Anticipated Budget variations:	**(81)**	**3,469**	**9,152**	**6,221**	**976**	7,835
Total budget requirement:	11,024	14,493	20,545	18,072	13,184	
Less council tax	(11,024)	(11,393)	(11,851)	(12,207)	(12,575)	
Deficit/(Surplus) in year	**0**	**3,100**	**8,694**	**5,865**	**609**	
Cumulative Deficit/(Surplus)		**3,100**	**11,794**	**17,659**	**18,268**	

7.38. The service provision cost pressures (and potential savings) are being worked through in detail via strategic service reviews and must be factored into the MTFP. The service provision cost pressure in the MTFP 2024-25 is 16% of the projected £8.7m deficit and 25% of the £5.9m projected 2025-26 deficit, excluding the outcome of the strategic service challenges. This is contrasted against a gross service cost of £63m excluding HB subsidy, depreciation, and capital financing costs, as proposed in the July 2023 budget restatement. There is scope to reduce spending and it will require tough decisions to be taken. A fully revised MTFP will be reported to the October Full Council.

7.39. Additional work is underway to assess the accuracy of the assumptions and costings in the MTFP including external review of the accounting practices and calculation for debt interest and MRP.

7.40. The February 2023 budget was approved with a £3.1m budget gap to close. Work has been completed on this through the finance review.

The table below shows the changes in the budget resulting in a £1.64m budget gap to be resolved. The proposed resolution is provided at the foot of the table. These mitigation measures are priority budgets to be closely managed, the spend controls will deliver more than these indicated amounts this year. The revised General Fund Summary is presented in Appendix 1 and a detailed list of budget adjustments summary in the table below are on Appendix 2.

GBC General Fund Budget- July Restatement	£
2023/24 Deficit to be resolved as at February	**3,100,776**
Specific budget items - alignment:	
Recharges: accounting errors	1,057,471
Planning & Development establishment increase	700,000
Feb payroll was more than Feb payroll budget	267,000
Collection fund - council tax deficit not included in Feb budget	140,061
Depreciation not fully contra'd - error	17,034
Corporate expenditure - net adjustment	(109,212)
Asset Management - recharge to capital	(140,621)
HRA debt interest adjustment	(217,220)
Utilities - budget adjustment based upon pricing reduction	(1,044,676)
HRA recharge: basis adjustment	(1,140,207)
Directorates controllable budgets - net adjustments	
Assets and Property	(334,379)
Commercial Services	111,024
Communication & Customer Services	92,033
Community Services	141,015
Environmental Services	(151,774)
Finance	(68,708)
Housing Services	(819,503)
Legal & Democratic Services	91,765

	GBC General Fund Budget- July Restatement	£
	Organisational Development	93,435
	Planning & Development	186,633
	Regeneration & Planning Policy	(52,715)
	Regulatory Services	(304,269)
	July budget deficit to be resolved	**1,614,963**
	Potential Budget Mitigation (to be agreed):	
	Climate - uncommitted budget	131,000
	Feasibility Studies - no commitments	54,000
	Identified Non-Staff expenditure savings	588,000
	Property repairs and maintenance target reduction from £2m budget	500,000
	Non-Staff expenditure savings target based upon £10m budget	500,000
	Total Mitigation to close the budget	**1,773,000**

7.41. The 2022-23 General Fund outturn summary shows an overall overspend (deficit) of £6,998,793 against approved budget. The General Fund working balance is at its minimum of £3.75million and therefore the overspend had been funded by repurposing of earmarked reserves where there is currently no contractually committed expenditure supported by the reserve.

General Fund: 2022/23 outturn Summary	Approved budget	2022/23 outturn	Variance
Directorates - Net Expenditure	9,126,700	12,464,547	3,337,846
Balance Sheet corrections and additional provisions	0	4,717,334	4,717,334
Net external interest (receivable)/payable	(497,160)	(1,225,650)	(728,490)
Minimum Revenue Provision	1,545,213	1,550,271	5,058
Revenue Contributions to Capital Outlay (RCCO)	1,008,000	2,408,915	1,400,915
Transfers to and from reserves:	1,890,913	(5,107,880)	(6,998,793)

Government grants	(1,099,405)	(946,803)	152,602
Parish Council Precepts	2,029,250	2,029,250	0
Retained Business Rates	(950,493)	(2,836,966)	(1,886,473)
Collection Fund (surplus): Council Tax	(125,455)	(125,455)	0
TOTAL NET BUDGET	**12,927,563**	**12,927,563**	**0**
Funded by Council Tax Precept	**12,927,563**	**12,927,564**	**0**
Borough Council demand	10,898,314	10,898,314	0
Parish Council Precepts	2,029,250	2,029,250	0
Total council tax Precept	**12,927,564**	**12,927,564**	**0**

7.42. The net write down of unsupported debt and balances resulting from a detailed balance sheet review is the single most significant contributing item to the deficit. A fully detailed 2022-23 outturn report will be taken to the Corporate Governance and Standards Committee, including details of the balance sheet review. The 2023-24 restated budget has been informed by detail in the 2022-23 outturn.

Earmarked Reserves

7.43. There is £15.2million cash backed reserves at 31 March 2023 (compared to the reported £32m in February 2023) and less than the projected MTFP deficit of £18.3m. The table below summarises the movements in earmarked reserves during 2022-23 from the £32million reported at February budget. A considerable number of reserves have been earmarked historically for a variety of reasons, operational issues and ringfencing of budgets, and not reviewed and written back to the General Fund balance when not drawn down. Due to the significant financial pressures, it is necessary to repurpose these reserves to fund the 2022-23 deficit and support the financial recovery plan and have therefore been transferred to a new MTFP reserve.

	Earmarked Reserves		
	Usable	**Ringfenced**	**Total:**
8 February reported estimated reserves as at 31/3/2023:	**(28,866,543)**	**(3,321,251)**	**(32,187,794)**
Opening balance sheet reserves 1 April 2022	**(14,748,704)**	**(27,442,311)**	**(42,191,015)**
s31 grant incorrectly credited to reserves repaid to DHLUC		10,215,308	**10,215,308**
2022-23 year-end movements			
Business Rates Equalisation		9,619,229	**9,619,229**
General Fund deficit:	6,281,675	840,291	**7,121,966**
Net reserves at 31/3/2023:	**(8,467,029)**	**(6,767,483)**	**(15,234,512)**
General Fund Working Balance	**(3,750,000)**		

7.44. A £10.2million accounting error was discovered in the treatment of a Covid related grant due to be repaid to government resulting in an overstatement of the 1 April 2022 reserves balance. The grant was incorrectly included in earmarked reserves and should have been a creditor balance. There was also a £9.6million Covid-related accounting adjustment not considered in the reported reserve balance and the 2022-23 outturn deficit £7million funded from reserves, resulting in a net £16million reduction from the reported £32million available to support the MTFP deficit. This has reduced the Council's capacity to respond to the financial pressures.

7.45. Details of reserves, as at 31 March 2023, are provided in the table below.

Ringfenced Reserve:	**£**	**Purpose:**
Business Rates Equalisation	(2,930,539)	LG Futures - Projected deficit on 2024/25 Business Rates collection fund
Carried Forward Items	(870,238)	Cover cost of Interim Finance and due diligence
Spectrum	(773,352)	Unplanned maintenance and repairs
Insurance	(500,000)	Insurance excess reserve, can be released if insurance is transferred to LB Sutton
Refugee Support	(393,316)	Carry forward of Government Ukrainian Refugee support funding
Business Rates - Covid grant schemes administration	(330,462)	Debt recovery capacity funding
Salix Reserve	(314,796)	Match Funding for Salix (Carbon Trust) match funding grants
Election Costs Reserve	(265,897)	Provide for Borough elections 4-year cycle and by- elections
HLS	(231,696)	Natural England grants towards parks and countryside schemes
G Live Sinking Fund	(130,000)	Required by G live operating agreement
Safer Guildford Partnership	(27,186)	
	(6,767,482)	
Usable reserves:		
MTFP Reserve	(6,086,670)	Amalgamation of smaller reserves
Car Parks Maintenance	(1,975,540)	To be managed through spend control process
IT Renewals	(404,820)	To be managed through spend control process
	(8,467,029)	

Financial Controls

7.46. A series of Financial Controls will be imposed until the Council has had the opportunity to meet and consider a report in October from the Executive Head of Finance (Section 151 Officer) on how the Council should proceed. Many of these Financial Controls will need

to remain after the Council has met. This is because the Council will lack the resources to maintain spending in all areas moving forward.

7.47. The Financial Controls will be exercised by a Financial Control Panel (FCP) and apply from the date of this report. The FCP will comprise a small team of senior officers selected and chaired by the Section 151 Officer. The controls – which would be a statutory requirement if a Section 114 Report is issued – are as follows and have been endorsed by the Corporate Management Board:

A. No new agreement or commitment for expenditure shall be entered into without the explicit agreement of the Section 151 Officer until further notice.

B. Temporary Measures are in force from the date of this report such that all non-essential expenditure will stop with immediate effect without the written confirmation of the Section 151 Officer. For the avoidance of doubt non-compliance with this requirement will be considered a disciplinary matter by the Council.

C. No recruitment to vacancies or temporary staffing recruitment, or renewal of contracts may happen without the explicit approval of Corporate Management Board.

D. These controls do not apply to the HRA function and NDH Ltd unless they are in the case or customer service team.

E. There will be an immediate suspension of the Council's General Fund Investment Programme unless Executive Heads of Service can evidence the Council is in contract with suppliers for the delivery of construction works or professional services essential to the continuation of works for which the Council is in contract. That judgement will be exercised by the Section 151 Officer in consultation with the Monitoring Officer.

F. The Financial Controls described apply to all Council services, including statutory services except HRA function and NDH Ltd. The control framework will be set in place to ensure this happens

while ensuring key services to vulnerable people and those who are homeless are not affected by these controls.

G. Spending controls will need to remain in place for the near future i.e., at least for 2023-24 and a progress report on the wider Recovery Plan including progress with the Financial Recovery Plan will be made to Full Council on a quarterly basis moving forward.

7.48. If the Financial Controls are not adhered to or do not achieve the required outcomes a Section 114(3) report will need to be considered.

Financial Recovery Plan

7.49. The work required to deliver the Financial Recovery Plan includes:

a. Seeking external advice to support and develop a property sales strategy and a property income optimisation strategy to deliver the best returns for the "public purse".

b. Developing an Organisational Development and Change plan to support the Council and its managers reconfigure services so they can be managed within the financial resources available to the Council.

c. Establishment of a process to undertake gateway reviews of every service and every budget in the Council to establish Minimum Viable service levels and options for savings and income growth in the General Fund budget.

7.50. A task force is to be set up led by the Joint Strategic Director (Transformation and Governance) with the objective to set out and implement a programme to identify savings to bridge the £18.3m budget gap. This must complement the internal governance around the joint Transformation and Collaboration programme with Waverley Borough Council.

7.51. Councillors should expect to receive proposals to manage the budget shortfall that:

(a) Recognise the Council will no longer be able to afford to deliver the current range of services or maintain some services at existing levels and significant rationalisation of the current service offer will be required to live within a reduced financial envelope.

(b) Prioritise services that deliver statutory obligations as a borough council to protect the most vulnerable residents.

(c) Transform remaining services to ensure they are as efficient and cost effective as possible, continuously benchmarking cost against peers, and recognising the importance and opportunities of collaboration with Waverley Borough Council and other public service organisations.

(d) Maximise and leverage resources within the community and partners including the private and third sector.

7.52. The output from this programme will be reported in the Medium-Term Financial Strategy report to the October 2023 meeting of Council.

7.53. To provide the capacity required, the Corporate Management Board will work with the JMT to implement a task force to deliver this programme, including where necessary external specialists. This work can be funded initially from an earmarked reserve (based upon a deliverable and costed plan to recover the expenditure and replenish the reserve) to enable the Council to support 'invest to save' transformation work without placing an additional burden on the revenue budget. This work will need to complement our wider programme of transformation and collaboration with Waverley Borough Council and others.

7.54. Proposals for additional interim staffing capacity required have been developed. The overall funding is estimated to cost £2m (funded from earmarked reserves and replenished) over a two-year period. This must be seen in the context of the need to reduce the debt burden and potential S114(3) position. This 'invest to save' funding is

required to enable the Council to realise the targets for balancing the budget over the three-year period.

7.55. The principal elements of the Financial Recovery Plan comprise:

A. Definition of the Minimum Revenue Position, Asset Impairment, and other input variables to enable the overall MTFP deficit to be adopted for financial accounting and planning purposes.

B. Re-modelling and adjustment of prior year financial statements (Prior Period Adjustments) as part of a review of accounting policies and procedures.

C. The revision of a regular timetable for financial reporting and budget setting and review.

D. A review of treasury operations.

E. A review of capital planning methodology.

F. Maintenance and improvement of suitable expenditure controls into the medium term.

G. Management of the Council's balance sheet.

H. Improvements in the quality of working papers, documents, and reconciliations through establishment of new standards for these materials.

I. Development of financial skills within the Council.

J. Design and consultation on the structure of the finance service at a suitable juncture.

K. A review of the Council's management of insurance.

Section 114

7.56. Section 114 (3) of the 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.".

7.57. The purpose of issuing a S114 Notice would be to make it clear to members of the Council that following events that have played out over time as described in this report, the Council faces a financial situation of an extremely serious nature. In summary, the council faces a projected financial shortfall that may not be funded from resources available to the Council.

7.58. It may be argued that many councils will be in a comparable situation in the coming years; however, it is the view of the S151 Officer and the Corporate Management Board that Guildford Borough Council's position is at a higher and more urgent level of risk than most councils of a comparable size and scale.

7.59. The council can balance the 2023-24 General Fund budget, with the use of cash backed reserves if necessary. However, this is not the only S114 consideration. The MTFP approved on 8 February 2023 projected a £18.3m deficit in the period to 31 March 2027. This position is more challenging to assess in respect of a S114 timing and this report provides an opportunity for the Council to take radical steps to avoid at best and delay at worst the requirement to issue a S114(3) Notice.

7.60. The process for issuing a S114 report and the effect of it are set out in various sections under the 1988 Act. Subsection 3(A) requires the Chief Finance Officer to consult, as far as reasonably practicable, the Head of Paid Service and the Monitoring Officer. Both statutory officers have been fully briefed and consulted in the preparation of this report. Further, the Corporate Management Board has been fully briefed on the content of this report, have similarly been consulted, and endorse it.

7.61. The issuing of a S114 report is a serious matter and would impact on how the Council operates. Local authorities however cannot go into

Administration or Liquidation as they are backed by taxation and Government. This means all creditors are secured, contracts in flight are secure and the Council will continue to pay staff and deliver its statutory services, particularly services to the vulnerable and homeless.

7.62. If a S114 Notice is served, the Council is required under legislation to hold a meeting of Full Council scheduled for the purpose of considering the S114 report and the Chief Executive's Response to this report so the Council can decide on any action to be taken as a result.

7.63. The Chief Finance Officer will monitor in line with the responsibilities of his office the Council's financial situation on an ongoing basis to ensure sufficient action is taken at pace to address the issues identified. If he is not able to see satisfactory progress, he would consider the issuing of a S114 report.

8. Consultations

8.1. Consultation between the Council's Statutory Officers has taken place in producing this report. The Directors and Statutory Officers endorse the findings of this report. The Council's Executive has been kept appraised as this review has developed, before and since the May 2023 elections. The Chief Executive has invited political group leaders to either attend or nominate a councillor as a member of an internal councillor reference group to be updated on progress and to inform internal and external communications. Appropriate conversations are taking place with the Council's Internal and External Audit functions.

8.2. With consent of the portfolio holder and Leader, officers are briefing the Executive of Waverley Borough Council, as Guildford BC's favoured partner.

9. Key Risks

9.1. Due to the format of the current monitoring reports, it is important the changes to financial and performance reporting are implemented

as soon as possible to improve detailed and accurate scrutiny. These reports are required to effectively understand and monitor financial and operational performance as well as the delivery of the savings required.

9.2. The biggest risks to the revenue budget position are the performance of the commercial investment estate and the parking income, both have been rebased in the July budget restatement. It is important the Council guards against optimism bias and continues to monitor the revenue position closely.

9.3. The ability to deliver savings included in the 2023-24 Budget and to deliver the target of £18.3m over the three-year period. This will change what the Council can deliver and will require political will and a step change in activity to identify savings and reconfigure services.

9.4. External Audit work on 2020-21 Accounts has not been signed off, and the 2021-22 and shortly 2022-23 Accounts will then need to be completed. This results in three sets of annual accounts being open, which is a risk to the Council's awareness of its financial baseline.

10. Financial Implications

10.1. The Section 151 Officer has set down his advice in the report and has no further matters to report currently.

11. Legal Implications

11.1. 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).

11.2. 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.

11.3. 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.".

11.4. The Council appears to be able to balance the 2023-24 General Fund budget, with the use of cash backed reserves if necessary, and therefore the chief finance officer is not making a report under s114 at the current time. However, the MTFP projects an £18.3m deficit in the period to 31 March 2027. This position of the MTFP is more challenging to assess whether the chief finance officer's statutory obligation will become relevant and whether there will be a requirement to report in accordance with s114 in due course.

11.5. The process for the issuing of a s114 report is set out in the Local Government Finance Act 1988. Section 115 provides that the chief finance officer must consult in preparing such a report with the Council's head of paid service and the monitoring officer. The chief finance officer must provide a copy of their s114 report to the Council's auditors as well as to every elected member of the Council. The Act provides that the Council must meet within 21 days and decide whether it agrees or disagrees with the views contained in the report and what action it proposes to take, including financial controls. There is a prohibition of incurring any expenditure under any new agreement, other than in respect of funding statutory services, between the date of the report and the Council meeting without the authority of the chief finance officer.

11.6. 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.

12. Human Resource Implications

12.1. As this report notes, the Council is required reduce operational and service delivery costs immediately. These measures may impact on 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. It is important to confirm that staff will continue to be paid.

12.2. The current arrangements in place for recruitment to vacant posts through the Employee Change Form will need to remain and requested through the Financial Control Panel.

12.3. Further consequences arising from this report, and consequent actions, may impact upon the existing workforce, as the Council consults on implementing measures to reduce cost overheads. The Council will need to ensure careful and consistent communications to staff and unions.

12.4. The Council has a change management policy which will need to be applied to changes arising from actions taken because of this report.

13. Equality and Diversity Implications

13.1. This report sets out several actions that will lead to changes to the services and provisions the Council provides for residents across Guildford. These proposals are subject to further work and decisions in relation to the budget are reserved for Council.

13.2. As a public body, the Council is required to comply with the Public Sector Equality Duty (PSED), as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

13.3. The Council must, therefore, ensure that it has considered any equality implications prior to decisions taken on proposals that will arise from these actions.

14. Climate Change/Sustainability Implications

14.1 This report sets out several actions that will lead to changes to the services and provisions the Council provides for residents across Guildford. These proposals are subject to further work and decisions in relation to the budget are reserved for Council.

14.2 As a public body, the Council is required to comply with the Public Sector Equality Duty (PSED), as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

14.3 The Council must, therefore, ensure that it has considered any equality implications prior to decisions taken on proposals that will arise from these actions.

15. Summary of Options

15.1 Set out within this report.

16. Conclusion

16.1 Having a robust, sustainable budget is essential to deliver all aspects of the Corporate Plan and the MTFP set out in this report is at the heart of its delivery.

17. Background Papers

None.

18. Appendices

Appendix 1: General Fund Summary

Appendix 2: Detailed Budget Adjustments

Appendix 3: Summary of non-staff expenditure supporting Appendix 1