

# Public Document Pack

## PRESENTATION SLIDES

### OVERVIEW AND SCRUTINY COMMITTEE - THURSDAY, 30TH JANUARY, 2025

The following presentation slides were used at the Overview and Scrutiny Committee meeting.

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# Overview & Scrutiny Committee

30<sup>th</sup> January 2025

# Financial Recovery Plan

- Background
- The Financial Recovery Plan
  - Summary of the aims / financial targets in the three core elements
- The Financial Recovery Working Group
  - Makeup
  - Working arrangements
  - Reporting arrangements
- What has been achieved and where are we now?

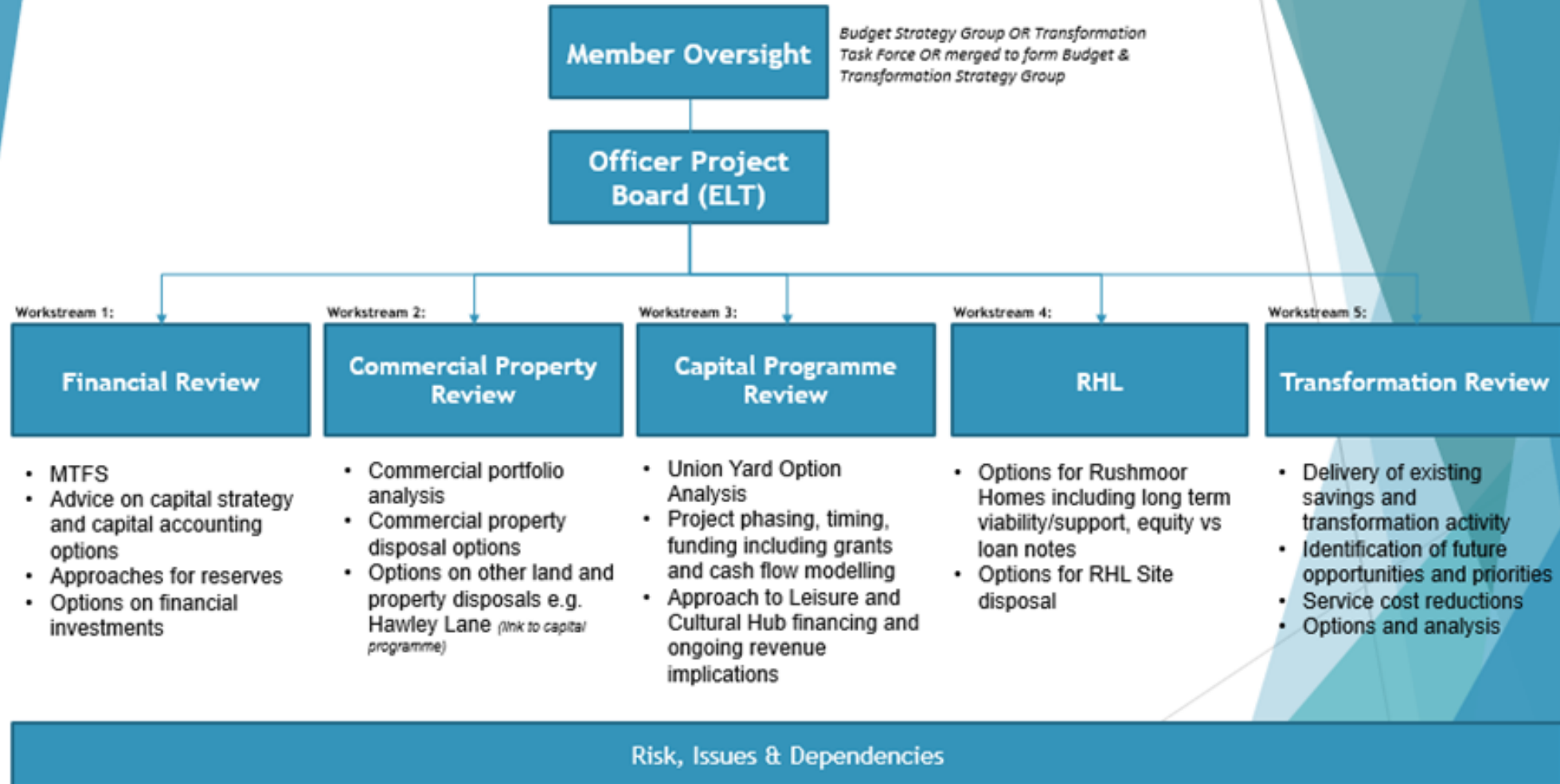
# Background

- 24/25 budget was supported by a Financial Recovery Plan (FRP)
- FRP was supported by independent analysis by CIPFA – key recommendation was that the delivery of the FRP be overseen by a Cabinet appointed working group
- Cabinet report 23/7/24 detailed update on delivery of FRP and endorsed the detailed CIPFA report and established the working group

# Summary of The Financial Recovery Plan

(as attached to Feb 24 budget papers)

## Financial resilience plan - project structure and actions summary



# Working Group Terms of Reference

## **Purpose:**

To oversee the delivery of the Financial Recovery Plan (as set out in report number 24/11 – Cabinet 23/7/2024 & Agenda Item 5, Council 25/7/2024)

## **Functions:**

- (i) To review and monitor progress of the delivery of each of the discrete elements that make up the Council's Financial Recovery Plan
- (ii) To monitor the development and revision of the Council's Medium Term Financial Strategy and progress towards achieving financial sustainability in light of the progress achieved in (i) above
- (iii) To consider the arrangements for wider Member engagement as the work progresses

# Working Group Arrangements

## **Membership – cross party group appointed by Cabinet:**

- Leader of the Council & Finance Portfolio Holder (Chairman)
- Chairman of Corporate Governance, Audit and Standards Committee
- Two additional Labour Group Members
- Two Conservative Group Members
- One Liberal Democrat Group Member

*Other Members may be invited to join meetings for discussion on issues relating to specific projects*

## **Main supporting officers:**

- Ian Harrison, Executive Director & Monitoring Officer
- Peter Vickers, Executive Head of Finance & Section 151 Officer
- Rosie Plaistowe-Melham Finance Manager & Deputy Section 151 Officer
- Other Members of the Council's Senior Leadership Team and Finance Team as required
- Independent Officer Support – Iain Murray from CIPFA



# Working Group Arrangements

- Meetings scheduled:
  - 4<sup>th</sup> September 2024
  - 8<sup>th</sup> October 2024
  - 11<sup>th</sup> November 2024
  - 10<sup>th</sup> December 2024
  - 9<sup>th</sup> January 2025
  - 22<sup>nd</sup> January 2025
  - 24<sup>th</sup> February 2025
  - 31<sup>st</sup> March 2025

# The Plan

- Simplified into three main areas for focus:
  - Lines of enquiry
    - Over 40 separate budget areas to examine potential revenue savings either on a “one off” or “on-going” basis
  - Capital receipts
    - Looking at 10 assets or groups of plots for disposal options to generate capital receipts (primarily with the aim of reducing borrowing and its associated costs)
  - Improving financial capacity
    - Developing and modernising the Council’s finance service to support the Council’s current needs

# Original Financial Targets Set Out In The Plan

	2024-25	2025-26	2026-27	2027-28
February 2024 savings profile	'000	'000	'000	'000
Interest and MRP (£40m assets)	(240)	(1,558)	(2,040)	(2,040)
Cost of services reduction	(500)	(1,000)	(1,500)	(2,000)
<b>Total Savings:</b>	<b>(740)</b>	<b>(2,558)</b>	<b>(3,540)</b>	<b>(4,040)</b>

( ) implies improvement



# Progress to Date – Lines of Enquiry

- Around 40 lines of enquiry identified
- 8 have been closed as will not contribute to savings yet
- 11 of the larger value items have been assessed and built into budget
- 5 have been held over to consider as part of a wider service review
- 17 are smaller value or “good housekeeping” but continue in progress and will contribute to future savings

# Progress To Date

## Lines of enquiry and other budget adjustments- Incremental

	2025-26	2026-27	2027-28	2028-29
Lines of enquiry budget adjustments	£000	£000	£000	£000
LO05 Vacancy margin	(400)	0	0	0
2024-25 Budget alignments	(317)	0	0	0
LO18 Fees and charges	(306)	(771)	(176)	(258)
Union Yard estimate adjustment	(215)	(79)	(64)	0
Elections - fallow year	(150)	150	0	0
LO32 insurance contract	(108)	0	0	0
LO34 Local Plan to be funded from reserves	(98)	0	0	0
LO09 Ctax/Business Rates	(90)	(5)	(5)	0
A331 Air Quality Project exit strategy	(68)	(10)	0	0
2526 Quick Wins Business rates payable	(56)	(64)	0	0
LO10 Utilities	(25)	(7)	0	0
Property Feasibility budget reduction	(25)	(25)	0	0
LO15a - unspent budgets	(25)	4	0	0
LO33 Commercial rent review	215	35	293	145
<b>Total: lines of enquiry budget adjustments</b>	<b>(1,667)</b>	<b>(782)</b>	<b>49</b>	<b>(113)</b>



# Assumptions: Capital Receipts - application

Capital Receipts application:	Capital programme (£M)	Repay borrowing CFR reduction (£M)	Working capital (£M)
<b>2024-25</b>			
Pooled funds CCLA March 2025 (not capital)			3.3
Frimley		3.3	
Vivid	2.2		
Long Leasehold - assume funds asset maint plan	0.5		
<b>2025-26</b>			
Long Leasehold - assume funds asset maint plan	0.8		
Xxxxx Sept 2025		1.5	
XXXX Aug 2025		3.6	
XXXX Sept 2025		1.5	
XXX 2025/26		2	
Union Yard Private Rental Units? c.£15m			
<b>2026-27</b>			
Long Leasehold - assume funds asset maint plan	0.8		
FIL loan repayment		2.1	
<b>2027-28</b>			
Civic Quarter (timing and value?) c.£12m			
<b>2028-29</b>			
FIL loan repayment		4.7	
<b>Total:</b>	<b>4.3</b>	<b>18.7</b>	<b>3.3</b>



# Progress to Date – Increasing Financial Capacity

Action	Progress
1. Definition of the Minimum Revenue Position, to be adopted for financial accounting and planning purposes	Completed, included in MTFS and Treasury Strategy
2. Revision of a regular timetable for financial reporting and budget setting and review	Completed: monthly reporting process in operation
3. Review of treasury operations	Completed
4. Review of capital planning methodology	Completed: business cases required
5. Maintenance and improvement of suitable expenditure controls into the medium term	Project underway: IT system modified, business partnering is being rolled out, procurement and finance regs review
6. Management of the Council's balance sheet	Completed, monthly review process
7. Improvements in the quality of working papers, documents, and reconciliations through establishment of new standards for these materials	Underway: 2023-24 audit report received, Budget management processes being revised
8. Development of financial skills within the Council	Finance team increased skills, Business partner training rolling out.
9. Design and consultation on the structure of the finance service at a suitable juncture	Cabinet November 2024 senior staff, phase 1, Phase 2 rest of the team review underway
10. Review of the Council's management of insurance	Completed: Cabinet November 2024



# Where are we now heading to 25/26 Budget?

- Significant uncertainties in the budget
- Achieved 2024-25 savings
- High level of change in assumptions - 2025-26 budget includes £3m reductions and £2.8m increases
- Pooled funds £1m
- Interest rate v borrowing
- MTFS deficit (pre-savings) £16.152m is similar to last year £16.651m
- Need to continue to work against a revised plan with continued Member oversight in place





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