

**THE IMPROVEMENT AND RECOVERY PLAN PROGRESS –
NOVEMBER 2023 TO MARCH 2024**

Executive Summary

Following statutory government intervention and the issuing of a Section 114 Notice, the Council was required to put in place an [Improvement and Recovery Plan](#).

The Improvement and Recovery Plan will deliver the expectations detailed in the [Secretary of State's Directions published on 25 May 2023](#) and will help the Council return to meeting its best value duty. It will also draw upon the recommendations of the [non-statutory external assurance review](#) into the Council's finances, investments and related governance.

The three-to-five-year Improvement and Recovery Plan, which was adopted at Council on 22 August 2023, details the actions that the Council will undertake to deliver against the Government Directions, together with milestones and delivery targets to measure progress.

The Council is required to report to the Commissioners on the delivery of the Improvement and Recovery Plan after three months, six months and thereafter at six-monthly intervals, or at such intervals as the Commissioners may direct. The first three-month progress report was submitted to Commissioners in August, the second in November and this report outlines the next three month's progress.

The Chief Executive's position statement in relation to the Improvement and Recovery Plan is included at Appendix A.

The full progress update is included at Appendix B.

The Executive is asked to consider and recommend to Council that the progress outlined in the report be approved.

Recommendations

The Executive is requested to:

RECOMMEND TO COUNCIL That

the third Improvement and Recovery Plan progress report to Commissioners be approved.

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

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Chief Executive Position Statement

Introduction

1. I am pleased to present the third of Woking Borough Council's (WBC) Improvement and Recovery Plan (IRP) progress reports, providing an update on how the Council has responded to the Government Directions. This report sets out progress since November 2023 to March 2024. In my position statement, I want to recognise the continued progress of the Council, whilst also highlighting the key challenges and risks WBC faces going forward.
2. In December 2023, Jim Taylor stepped down from his role as lead Commissioner for WBC, and I would like to recognise the significant contribution he made to Woking, through both his work on the external assurance review and his support and guidance in our first seven months of intervention. Following Jim's departure, Sir Tony Redmond joined the Council as lead Commissioner in January 2024 and, alongside Commissioners Carol Culley and Mervyn Greer, has already made a strong contribution to driving the continued delivery of the IRP. I am proud that, throughout the intervention, WBC has maintained an open and collaborative relationship with Commissioners and Government, which I believe has significantly strengthened our work together.

Background

3. As with my last update, all progress detailed in this position statement must be set against the scale of the challenge that we face here at WBC. The Council is in an extremely difficult financial position due to its historic investment decisions which has left it £2.1 billion in debt. There are also issues with historic governance and record-keeping which means that, in some areas, we may still not fully understand the complexities of some of our financial arrangements. At the same time, the Council still lacks some of the data, systems, and capacity to enable it to respond quickly to many of the challenges it faces.
4. The IRP outlines what the Council will do over a period of three to five years, to respond to this significant challenge and the Government Directions. The plan is divided into five themes, which I shall report on in turn.

Theme 1: Financial Recovery

5. Across two meetings in February and March 2024, the Council set a legal budget. This included agreeing £8.4m of reductions to its service budgets, a plan for handling its historic debt, and details of a Government financial support package. This is the culmination of a robust budget development process which included public consultation, Equalities Impact Assessments, and the development of detailed options appraisals. It is not possible to deliver such a high level of savings in a one year period without it having some impact on the services to the residents of Woking, and this is why we adopted a strategy that targeted maintaining funding for statutory services to help shape the savings proposals we brought forward. I am, however, proud that, through this work, we have found alternative ways of continuing to provide many important services – whether that is by increasing fees at Pool in the Park or by providing a route for Council-owned assets to be transferred to the community.
6. The budget clearly illustrates to Government and residents that the Council is taking steps to get its own house in order and move towards financial sustainability. However, significant financial challenges remain. The Council has an ongoing annual liability that

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is unaffordable without Government support. We will need to build on the constructive conversations that have been held with the Department for Levelling Up, Housing and Communities (DLUHC) to date, to agree how this liability will be handled in future years.

7. Although the quality of the Council's budget information has improved, there is still work to do to ensure that the processes, systems, and capability within the Finance team enables the regular and reliable production of budget monitoring information. There are also several interim appointments within Finance, which the Council recognises is not sustainable. On 8 February 2024, the Council endorsed the appointment of a permanent Strategic Director for Finance (Section 151 Officer), and a review of the Finance function will be one of his priority tasks, developing the team and ensuring the reliance on interims is reduced. Another key focus will be the development of a debt reduction plan, that delivers value for money for the public purse whilst enabling WBC to focus on delivering essential services for residents.

Theme 2: Commercial

8. Good progress is being made across each of the workstreams within the Commercial Theme of the IRP. An overarching Commercial Strategy is being developed that establishes clear commercial objectives for the Council, which incorporates all of the Council's commercial activity, clearly articulates a deep understanding of the markets the Council has made its investments in, and knows how to approach balancing the need to reduce the Council's debt whilst delivering value for money. Initial work has begun in this area and further development of the strategy will be a priority for the coming months.
9. A key achievement over the last reporting period has been the production of a draft Asset Rationalisation Plan (ARP). This work has progressed quickly following the appointment of a Strategic Assets Consultant. This document sets out the approach to asset rationalisation over the next 36 months, to realise the maximum beneficial capital investment return from the Commercial Investment Portfolios. A significant asset sale has also been agreed, with Victoria Gate having exchanged and completed in February 2024.
10. There has also been significant progress in strengthening governance and assurance in relation to the Council's companies. Proposals to disband the existing Shareholder Advisory Group and create a new Shareholder Executive Committee have been developed and are being considered at the 21 March 2024 meeting of the Executive. This new model will ensure the appropriate distinction between the Council and its companies is in place, alongside greater accountability and transparency.
11. Through the Commercial Workstream of the IRP, we are working with the Council's companies to develop business plans, in line with the Commercial Governance Framework and expected industry norms. The outcome of this work is that each company will have a clear purpose and strategic direction, alongside a set of performance measures which the new Shareholder Executive Committee can utilise to hold the Board and Chief Executive to account.

Theme 3: Governance and Assurance

12. In January 2024, the Centre for Governance and Scrutiny (CfGS) held a workshop with Members, sharing the findings from their review of the Council's scrutiny function and enabling Councillors to feed into an action plan. The feedback from this workshop has also supported a review of the Council meeting structure, with a proposal being developed that aims to improve the efficiency and effectiveness of the governance process at WBC. The proposal has been consulted on with Officers and Members and

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is being reported to the 21 March 2024 meeting of the Executive. If approved the changes will be implemented for the next municipal year.

13. Work is also taking place to strengthen the role of the Standards and Audit Committee, with the recruitment of two new independent Members due to commence shortly. The Local Government Association (LGA) are also undertaking an assurance exercise to strengthen the Committee's effectiveness and there is a proposal to increase the number of meetings from three to four a year.

Theme 4: Organisation and Service Redesign

14. Phase Two of Council's Fit for the Future Staff Restructure is nearing completion, delivering £2.4m of savings. This has been a significant programme of work, delivered at pace, and I would once again like to recognise the professionalism of staff who have maintained essential service delivery to residents throughout a very challenging period.
15. Following consultation with both Members and Officers, the Council's leadership has developed a clear vision for the future organisation. The vision, '*A financially and environmentally sustainable Council, delivering services that residents value in every part of the borough*' also includes a set of mission statements that articulate how the vision will be delivered. The vision will be a key tool for the Council, underpinning the development of future strategies and operating models, such as a new Organisation Development Strategy. The Council is going through a significant transformation, and we need to support staff through this change, providing development opportunities that will motivate our teams and enable the Council to deliver for residents.
16. Another focus in the coming months will be embedding the service changes arising out of the budget. The successful delivery of these changes will enable savings to be realised whilst, wherever possible, looking to minimise the impact for residents. For example, in February 2024, the Council approved a new Community Asset Transfer policy, providing the framework for the community to take responsibility for Council-owned assets that we can no longer afford to run. The Council is utilising UK Shared Prosperity Funding to deliver this work, including the recruitment of a new Community Broker post, who will support interested community groups to take on several of our sports pavilions and community centres, enabling several valuable local services to be maintained.

Theme 5: Housing Recovery and Improvement

17. In December 2023, the Executive approved a new theme to be added to the IRP – Housing Recovery and Improvement. This theme aims to ensure the service is compliant with housing regulatory standards. The workstreams and projects are designed to deliver an efficient, reliable, and modern housing service that meets the Council's statutory requirements and supports strong neighbourhoods and communities for our residents.
18. The initial focus of the theme has been to establish the programme, with a focus on prioritising building safety. The scoping of other workstreams is still being finalised but will include work to improve a number of areas within the service, including resident engagement and consultation, finance, staffing, and culture. I am pleased that this workstream is bringing a renewed focus and investment in Local Authority Housing – something that will make a huge difference to many of our most vulnerable residents.

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Conclusion

19. To conclude, I am proud of the progress that has been made over the past three months, with the Council achieving a significant milestone with the approval of the 2024/2025 budget. However, these achievements must be set against the scale of the challenge that we face at WBC and the focus must now move to continuing to stabilise the Council's financial position whilst delivering the ambitious programme of savings and embedding service changes.
20. At the end of March 2024, I will leave the Council and handover to Richard Carr who will commence his role as Managing Director Commissioner for WBC from the start of April. Richard brings with him extensive experience as a local authority chief executive, and we are working together to ensure a smooth transition. I have thoroughly enjoyed working with the committed and talented staff, Councillors, and Commissioners here at Woking, who all work in the best interests of residents and businesses. I leave the Council confident that it has made significant progress on its recovery journey which will continue in the years ahead.

Progress Report

1.0 Government Intervention

- 1.1 The Council remains in a challenging financial position. As previously reported, this is due to historical commercial and regeneration investments leading to unsustainable levels of borrowing. The Council has not made, nor does it have the financial capacity to make, sufficient provision to repay this debt. Furthermore, the level of service provision historically enjoyed by residents has become dependent on the use of reserves and high target levels from commercial income which are no longer available.
- 1.2 The Council needs to significantly reconfigure services, taking 25% out of its gross revenue budget to live within the resources available, alongside rationalising the assets held to reduce the £2bn debt WBC holds and make sufficient provision for the repayment of that debt. It needs to consider the future of commercial ventures, particularly Victoria Square Woking Ltd. and the ThamesWey group of companies, in a way that best protects the public purse. The Council also needs to ensure that all the steps are in place to deliver sound commercial governance and financial management, and to deliver the scale of organisational change required. The Council continues discussions with the Department for Levelling Up Housing and Communities (DLUHC) to negotiate a substantial package of Government support.
- 1.3 On 25 May 2023, the Secretary of State for Levelling Up, Housing and Communities announced an intervention package and a set of Directions (see Appendix 1) to ensure that the Council was able to comply with its best value duty under Part 1 of the Local Government Act 1999. The basis for the intervention is the following: -
 - *“The scale of the financial and commercial risks facing your Authority, which are compounded by the Authority’s approach to financial and debt management, corporate governance, including scrutiny of strategic financial decision making, commercial projects and property management. This has been made clear by the findings of the External Assurance Review that Minister Rowley commissioned in January.*
 - *The failure of the Authority to provide assurance to Ministers and the Department on the adequacy of the actions that it is taking to address the issues or provide assurance of its capacity to take the necessary action, considering the scale and pace of the response required.”*
- 1.4 The intervention package is formed of actions the Council is directed to take, and powers over council functions to be enacted by Commissioners. The Directions will be in place for five years. This is a longer duration than in other councils’ interventions which reflects the severity of the challenge at Woking, in comparison to other intervention areas.
- 1.5 The Improvement and Recovery Plan (IRP) was developed following the intervention and sets out actions to address the issues outlined above.
- 1.6 The Council is required to report to the Commissioners on the delivery of the IRP after three months, six months and thereafter at six-monthly intervals, or at such intervals as the Commissioners may direct. The first three-month progress report was submitted to Commissioners in August, the second in November and this report outlines the next three month’s progress.
- 1.7 At the March Improvement and Recovery Board, the Board reviewed a maturity assessment of the journey so far. This incorporated the nine Directions and the activity

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underway to deliver the success measures associated with each direction. The document includes all outputs and capabilities that have been delivered in the first 10 months of the intervention and next steps. Each activity was assessed against a 1 to 5 criteria. This is designed to show the overall progress since the start of the intervention in May 2023 and recognise that there is still a way to go. The Journey so Far maturity assessment is found in Appendix 5.

2.0 The Improvement and Recovery Plan

2.1 The IRP approved in August contained four themes. In December 2023 the Executive approved a fifth theme to focus on Housing recovery and improvement. The themes and their strategic aims are:

- (i) **Financial recovery:** Sustainable budget management, making difficult decisions whilst delivering against Council strategic priorities and safeguarding future capacity.
- (ii) **Commercial:** Release the Council from unaffordable commitments, whilst protecting the public purse and optimising the value of existing assets.
- (iii) **Governance and Assurance:** Ensure risk is managed and decisions are made transparently and safely, improving future decision-making.
- (iv) **Organisation and Service Redesign:** Deliver a smaller, data driven organisation, where staff feel empowered and digitally confident, and are delivering on key priorities.
- (v) **Housing Recovery and Improvement:** Ensure the service is compliant with all the housing regulatory standards, delivering an efficient, reliable, and modern service that meets our statutory requirements, and supports strong neighbourhoods and communities for our residents.

2.2 All the Directions from Government are aligned to one or more of the themes, with progress reported to the Secretary of State as part of the governance arrangements. Each Direction has one or more success measure by which the Commissioners will judge if the Council has improved sufficiently. The full success measures are included at Appendix 2.

2.3 Updated IRP Theme Summary Plans are included in Appendix 6 which includes the new theme and also updated actions for the other themes.

3.0 Progress since November 2023

3.1 This section describes the progress that the Council has made since the second progress report which was submitted to the Commissioners in early December. The progress is grouped by theme and is aligned to each of the Directions.

4.0 Financial Recovery Theme

Direction: An action plan to achieve financial sustainability.

Success measure: The Council has a balanced revenue budget and a sustainable MTFS.

4.1 The Financial Control Panel continues to meet twice a week to ensure all spend is robustly challenged. The terms of reference are currently being reviewed to incorporate more challenge on procurement and contract issues. The aim of this work is to have

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better organisational oversight of spend and identify potential improvements to collective procurement for certain areas to improve value for money.

- 4.2 Since the Medium-Term Financial Plan was updated in September 2023, there has been significant work carried out to validate the savings that had been identified. This led to £8.4m revenue savings for the 2024/25 budget which were approved at the first of two 2024/2025 budget setting meetings of Council on 8 February. Prior to this there has been extensive Member engagement on the savings options and on the component parts of the budget. This has enabled Members to make very difficult, but informed decisions based on evidence and supported by high levels of information. This engagement included multiple sessions with the Overview and Scrutiny Committee; several briefings for the Finance Working Group to drill down into the key financial issues; and a series of all-Member briefings. It is important to note that the budget reports for both the Council meetings were prepared jointly by the Section 151 Officer and the Finance Commissioner.
- 4.3 The second budget report (Council meeting 4 March) sets out the full 2024/25 budget position for the Council, taking into account the previously agreed service changes, the final changes in the level of resources available to the Council and the final debt position. It sets out the proposed treatment of the deficit from the Council's debt arising from its historic investments and how the Exceptional Financial Support being offered by Government will be used to set a legally balanced budget. Again, this report was jointly produced by the Section 151 Officer and the Finance Commissioner.
- 4.4 The work that has led to these budget reports has largely been supported by temporary resources through consultancy and contractors. This is not sustainable. A permanent Section 151 Officer has been appointed and will start in April. There is an outline structure for a revised finance function which will be driven by the new Section 151 Officer and put in place over the next period. Further work is needed to ensure processes and systems are robust and supported by the necessary capability and capacity in the finance team.
- 4.5 The Statement of Accounts for 2022/23 was scheduled to be presented to the Standards and Audit Committee in November 2023, however this was not possible and it is now due in June 2024 which will be on an unadjusted basis. Following this, a report on outturn will be considered by the Corporate Leadership Team. Statement of Accounts 2023/24 are due in summer. The Statement of Accounts adjusted/final (subject to audit) versions for 2018/19, 2019/20, 2020/21, 2021/22, and 2022/23 will follow the completion of audit reports by BDO on the unadjusted versions which are now due by Summer 2024 (in accordance with the national "backstop" dates). The Council has struggled to resource the closure of the 2022/23 accounts alongside the priority of the 2024/25 budget, despite employing interim resources. However, PWC are now progressing this work, having successfully assisted in helping finalise the 2024/25 budget.
- 4.6 Grant Thornton is currently looking at the Value for Money (VfM) assessments that are part of the 2023/24 accounts and a major investigative VfM review report of the Council's previous decision making and governance is imminent. Planning for the audit of the 2023/24 final accounts audit by Grant Thornton has also commenced.
- 4.7 An area that required major improvements was financial reporting and budget monitoring. A process is now in place which brings service performance and financial performance reporting together, presented to the leadership team monthly and quarterly to Members. While work has been done to improve this, much is still required. This will be the area of focus for the next period.
- 4.8 Significant work has been undertaken with Government on how the Council can set a legal budget given the scale of its debt problem. Without that support the Council's

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budget deficit next year could be up to £785million. Much of this is a one-off, including restating the debt repayment provision (Minimum Revenue Provision) that should have previously been made, but there is also a significant ongoing annual liability that is unaffordable without Government support.

Direction: Action plan to ensure the capital, investment and treasury management strategies are sustainable and affordable.

Success measure: The Council's capital investment and treasury management strategies are sustainable.

- 4.9 The 2024/25 budget report to 4 March Council was accompanied by the required suite of Capital, Investment and Treasury Management Strategies. These strategies have been comprehensively reviewed and updated to reflect the pivot away from major investments funded by borrowing to asset rationalisation and debt reduction. They will form the basis of quarterly reporting on debt and treasury indicators to Members during the year.
- 4.10 The Treasury Strategy also approved an updated Minimum Revenue Provision (MRP i.e., provision for debt repayment) policy that meets best practice and also a set of Principles to guide a Debt Reduction Plan, linked to the Council's Asset Rationalisation Plan.
- 4.11 The costs of debt financing and cash flow modelling have been thoroughly reviewed and improved modelling developed with the support of external advisers that is now embedded in the internal team.
- 4.12 The £78m investment to complete Victoria Square and Sheerwater regeneration phases met state subsidy requirements and has received Government funding support via the Capitalisation Directive.

Direction: A strict debt reduction plan.

Success factor: The Council's debt position has been improved.

- 4.13 The Council's debt position is confirmed and is based on updated savings plans, the revised MRP and the asset sale plan. The commercial strategy currently in development will support this. The first significant sale was made in January 2024, and it was agreed that all receipts from asset sales will be used to reduce the Council's Capital Financing Requirement (CFR).
- 4.14 The Asset Rationalisation Plan (ARP) is now in draft. This document sets out the approach to asset rationalisation over the next 36 months in order to achieve the core aim of realising, over a relatively short period of time, the maximum beneficial capital investment return from the Commercial Investment Portfolios.
- 4.15 A Debt Reduction Plan is being developed by the Section 151 Officer alongside the ARP. The Treasury Management Strategy approved by Council on 4 March included the principles for repayment of the debt from the proceeds of any sales under the ARP. The key principle is that all sales proceeds will be assumed to be applied to reducing the level of debt, except for housing assets. It is an imperative for the Council to reduce its levels of outstanding debt and the Asset Rationalisation Plan and associated Debt Reduction Plan will need to be completed and approved by the Council and Commissioners within the first quarter of 2024/25.

Direction: Compliance with financial management guidelines (updated Minimum Revenue Provision policy).

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Success Factor: The Council's functions are operating in line with the appropriate rules, guidance and good practice. The Council has a compliant Housing Revenue Account.

- 4.16 Revised Treasury Management Strategy and MRP Policy agreed 4 March.
- 4.17 The work on Housing Revenue Account (HRA) recharges is now complete back to 2019 and adjustments have been made to the relevant years' accounts. Further work is reviewing any need for further backdating. The preparation of the HRA budget monitoring report is now up to date. The HRA budget was approved at Council which included a significant investment of up to £17m in fire safety and decent homes standards. This capital programme is funded within a sustainable budget for 2024/25. The HRA is now more stable but further work is underway to develop the longer term HRA budget and 30 year business plan – this is being developed with the service. The current focus is to procure a HRA Business Plan model to be used internally for this exercise.

Direction: Resourcing Plan to support Recovery – capacity; capability; skills.

Success measure: The structure of the Council is proportionate to that service offer and to the wider corporate plan and is designed in such a way as to deliver the objectives of that plan.

- 4.18 Additional specialist finance resource has been brought in on a temporary basis to support the progression of the Financial Recovery theme key actions. This has been essential to enable a budget to be developed, however is not sustainable and a permanent structure is required. The Council has successfully recruited a permanent Section 151 Officer who will develop and shape the new finance function including the immediate recruitment of a Deputy Section 151 Officer.

5.0 Commercial Theme

Direction: An action plan to strengthen financial and commercial functions (also within the Governance and Assurance Theme).

Success measure: The structure of the Council is proportionate to that service offer and to the wider corporate plan and is designed in such a way as to deliver the objectives of that plan.

Direction: An action plan to secure value for money in dealing with and financing of and strategies for companies.

Success measure: The Council's remaining assets and commercial interests following a programme of exit are appropriate to the Council's size, in line with the corporate plan.

- 5.1 The aim of the Commercial theme is to "Release the Council from unaffordable commitments, whilst protecting the public purse and optimising the value of existing assets".
- 5.2 The Council is developing a Commercial Strategy. The strategy will contain the plans for commercial activities which the Council will execute to achieve its commercial strategic aim as set out above. This will include commercial asset disposals, procurement and contract management, role of companies and fees and charges. The strategy will clearly outline how assets will be reviewed to determine what should happen to them. This includes analysis of the contribution (and potential contribution) of each asset to the Council's strategic aims, including the IRP, and its financial, social, environmental, and local economic impacts. It also includes an analysis of the revenue

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and capital impacts of disposal, development or re-purposing of assets. The outcome of this review will determine whether the Council is to retain the asset.

- 5.3 The appointment of a Strategic Assets Consultant has brought pace to the development of the Asset Rationalisation Plan. This is a critical element of the Commercial Strategy and will inform the debt reduction plan.
- 5.4 The first significant sale of an asset has been Victoria Gate which has now exchanged - all legals are now finalised and contracts exchanged. Completion of the sale was achieved on 29 February. A comprehensive market assessment is underway for 10 key commercial assets.
- 5.5 Progress to improve data quality and records has seen a step towards major improvement in the commissioning of an Asset Management System. A company has been selected following a competitive tender process and the contract is being finalised. An exercise to commence the data cleanse of the asset list itself will be undertaken over the course of the first part of March.
- 5.6 Profit and loss analysis for all commercial property assets is underway. This will be taken to the Property Strategic Oversight Group on 26 March for the 10 key commercial assets alongside the market assessments referred to in 5.4. above.
- 5.7 A Companies Governance Framework has been approved by the Executive. This document provides a clear set of requirements for all companies in which the Council has an interest. The Governance Framework sets out a process for developing and agreeing business plans and a reporting framework that will produce critical information for each company. Governance reviews for ThamesWey group, Victoria Square and Brookwood group of companies have been completed and have been considered by the respective boards who will agree plans for implementation of governance focus areas with Ethical Commercial (commercial experts for the Council).
- 5.8 Proposals to disband the Shareholder Advisory Group (SAG) and create a new Shareholder Executive Committee (SEC) have been developed and are being considered at the 21 March 2024 meeting of the Executive. These arrangements provide greater clarity and transparency to decision making authority and strengthen the demarcation between the Council as an entity and companies as separate entities. The model builds on a similar approach taken by Nottingham City Council.
- 5.9 The process to potentially sell ThamesWey Central Milton Keynes (TCMK) has been somewhat removed from the Council and, as a result of the confidentiality arrangements put in place, the Council had no sight of the details around any potential sale. The process to potentially sell TCMK has been under review prior to the next stage to enter into Best and Final Offer for sale. The review is highlighting that the Council now requires greater visibility of the commercial process and negotiations and therefore arrangements are being put in place to enable this to take place. The Company has been requested by the Council to bring the Council's commercial consultants, Ethical Commercial, into the confidentiality agreement and to share all relevant details and bidder submissions. This will allow the implications mentioned previously to be thoroughly assessed and an informed recommendation brought back to the SEC, in pursuit of the commercial aim set out by the Commissioners, to release WBC from unaffordable commitments and secure the best possible value for the public purse.
- 5.10 Building on the implementation of the Companies Governance Framework (CGF) and a self-assessment of the companies for the compliance against the same, the Council's commercial consultants are assisting the companies and their boards to produce business plans in line with the CGF and expected industry norms. The first drafts of these are now being reviewed and will be ready by the end of March 2024. The outcome

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will be clear statement of purpose and strategic direction for each company group and a set of measures against which the SEC can hold the board and CEO accountable. These Business Plans are being enhanced when compared to plans for previous years to reflect the strengthened commercial and governance requirements that have been established.

- 5.11 The companies have been asked, as part of the business planning process, to set out their approach to the disposal of their assets to support the strategic aim put in place by the Commissioners. The outcome will allow the Council, as shareholder, client and lender, to determine the strategic fit for disposal of assets and for compliance with its wider policy approach to inform the decision as to whether to dispose of the assets, hold the assets or to wait.
- 5.12 Work on the debt standstill has allowed the companies to provide the Council with an appropriate level of assurance - based on protecting liquidity, future asset disposal and repayment of debt – for a debt standstill to be signed off by the Section 151 Officer. The standstill is essential as, without it, the companies would be insolvent. Adopting a debt standstill position avoids this considerable loss. As part of the debt standstill process, the companies are coming forward with independently assured proposals for contributions to debt repayment which will be reviewed and agreed on a quarterly basis during 2024/25.
- 5.13 A comprehensive peer review has been undertaken which looked at 254 areas regarding procurement and contract management. This has identified a number of areas for improvement which will, once implemented, lead to better value for money and additional savings.

6.0 Governance and Assurance Theme

Direction: An action plan to strengthen financial and commercial functions (also within Commercial Theme).

Success Measure: The Council has ensured that there are effective governance, risk management and scrutiny arrangements and functions in place for Council decisions, that Members and Officers demonstrate that they understand and respect their roles in Council business, and that decisions are taken on the basis of appropriate evidence and analysis.

Direction: An action plan to secure continuous improvement.

Success measure: The Council has demonstrated that it is focused on continuously improving in all areas and has robust processes in place to collect and analyse data on its delivery, and to manage its performance effectively, and has developed an organisational culture, at all levels, where staff are enabled and empowered to constructively challenge and improve ways of working.

The Council has considered properly and decided as to whether to move to a four yearly electoral cycle.

- 6.1 The chair and vice-chair of the Overview and Scrutiny Committee received mentoring from an LGA Member in autumn 2023. Following the rapid review of the Overview and Scrutiny function carried out by the Centre for Governance and Scrutiny (CfGS) in autumn 2023, an action plan has been set out by WBC Officers with support from CfGS to make improvements to the function for the 2024/25 municipal year and beyond. A Member workshop led by CfGS and the LGA took place at the end of January to engage Councillors with the review of the committee and wider Overview and Scrutiny function. The thoughts captured at the workshop largely echoed the sentiments of Officers in

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reviewing the function, and the inputs from Members have been worked into the action plan.

- 6.2 A decision was taken following the intervention to release Part II confidential documents dating back to municipal year 2016/17, with appropriate redaction, for increased transparency and in response to an increasing number of Freedom of Information (FOI) requests. Approximately 500 documents were initially identified as part of the review. After removing duplicates and other documents that cannot be released, mostly due to confidentiality clauses, there are approximately 240 documents to release, with the vast majority requiring redacting of personal details and commercially sensitive information. The redacting has been completed and final legal checks of the documents carried out. The website upload method has been decided and approved by the Financial Control Panel, and the webpages have been prepared. The documents will be uploaded in coordination with the Grant Thornton Value for Money report. A communications plan has been agreed to support the release of the documents, including briefing for Members and Officers, a press release and explanatory website text for residents, and a dedicated email address for handling Part II document queries.
- 6.3 Discussions have taken place with the LGA regarding a potential move to all-out elections, as well as with other authorities who have implemented this change. It has been recommended that the best option for doing so would be to implement the change first in 2028, to align with the Police and Crime Commissioner elections to achieve the maximum savings. The next steps will be to carry out informal Member discussions regarding the change early in the next municipal year, and from there make a decision regarding the best option to pursue.
- 6.4 A decision has been taken to increase the number of independent Members on the Standards and Audit Committee from one to two, with one of those Members acting as the Chair. Once approved at Standards and Audit Committee and Council, recruitment of the new Members will begin for introduction in the 2024/25 municipal year. The LGA is also currently carrying out an assurance mapping exercise of our audit function.
- 6.5 The Council's commercial consultants have completed a review of our operating manual for companies, and the Council has sought external legal advice on its business cases to Government on both ThamesWey and Victoria Square. Work on ThamesWey and Victoria Square is being prioritised but work on other companies is ongoing.
- 6.6 The Annual Governance Statement (AGS) for 2022/23 was approved at the November 2023 Standards and Audit Committee. The Statement reflected the Council's assessment of its governance arrangements for the previous year, therefore the impact of the Government intervention and external audit will be addressed in the 2023/24 Statement, to be published later this year. Following the approval of the 2022/23 AGS, quarterly Performance, Finance and Assurance meetings have been set up to better monitor our assurance and governance arrangements and improve the process for preparing the 2023/24 AGS. The first of these took place in January 2024.
- 6.7 Considerations about the future size of our legal and commercial capability are ongoing, but the conclusion will largely depend on the future of Council companies and assets.
- 6.8 A review of the Council meeting structure to improve efficiency and enable robust and effective governance has produced a proposal for the structure of Council committees and committee meetings in 2024/25. The proposal has been well received by Officer and Member stakeholders, with feedback incorporated prior to the proposal going to Council for approval at the end of March 2024. This review is part of a new workstream, 'democratic process review', which also captures improvements to internal and external communications regarding decision making, improved report writing for committees, and updating the Member induction in light of the Government intervention. Initial discovery

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work and project planning has taken place on all these projects, for implementation of proposals in time for the 2024/25 municipal year.

- 6.9 The next phase of the Governance and Assurance theme will prioritise completion of the documentation review workstream with the publication of the Part II documents, aligned with the Grant Thornton report. Also implementing improvements across the Overview and Scrutiny function, Standards and Audit and Democratic Process Review workstreams in time for the start of the 2024/25 municipal year.

7.0 Organisation and Service Redesign Theme

Direction: An action plan to reconfigure services.

Success measure: The Council has a service offer which is shaped by a focus on its residents and customers and responsiveness to their needs and demands and which is affordable.

- 7.1 Since the last progress report there has been a significant amount of work to validate the savings that were previously identified. This has resulted in £8.4m savings for 2024/25 within the revenue budget. This represents around a third of the business as usual budget. These savings have all been approved at the full Council meeting and are moving into delivery.
- 7.2 To ensure that Members were properly informed when taking these difficult decisions, a series of Equality Impact Assessments were carried out on all resident-facing services, to ensure that all potential impacts were identified and that mitigations were proposed where possible. Detailed options appraisals were also developed for some of the major proposed service changes, to aid Member decision making.
- 7.3 A major public consultation was carried out on proposals to reduce or stop certain discretionary services in October and November 2023. During this time senior managers also engaged stakeholders and partners to understand the impact of the savings proposals and discuss potential mitigations. These include transferring some services to another Local Authority which has now been agreed. During the consultation, several partners and community groups contacted the Council to discuss options to transfer an asset to them rather than see it close. The Council has adopted a Community Asset Transfer Policy which provides guidance to support such groups for the transfer to happen. The Council is now progressing a series of community asset transfers which will be delivered throughout 2024/25. This will see a number of community centres and pavilions remaining open.
- 7.4 The second phase of the staff consultation (affecting staff across the Council) has now concluded, resulting in £2.4m savings.
- 7.5 The Council's leadership has developed a clear vision for the future organisation which provides a narrative to support the proposed service changes within the budget and the IRP. The vision '*A financially and environmentally sustainable Council, delivering services that residents value in every part of the borough*' also includes a set of mission statements that build on what this means in practice. The vision will be a key tool for the Council, underpinning the development of future strategies and operating models and the culture needed to support this change.
- 7.6 Initial improvements and efficiencies have been identified for customer-facing services. A joint ICT and customer services team has been formed to make improvements to the website and user journeys. A more comprehensive service redesign programme begins in early 2024, after the staff restructures have been completed. The longer-term goal of

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improving the way services are delivered through channel shift¹ is underway with soft market testing to potential suppliers starting in November 2024.

- 7.7 The next phase of this theme focusses on implementation. This includes ensuring community asset transfers are delivered, and all savings are achieved. Subject to approval of the Resident Services Programme at the meeting of the Executive on 21 March 2024, the next stage of resident services improvements will commence. The Council will commence the development of the organisational development which will support the culture change needed to deliver the vision. There will be further changes to the remaining services to ensure they are as efficient as possible.

8.0 Housing Recovery and Improvement Theme

- 8.1 In December 2023 the Executive approved a new theme to be added to the Improvement and Recovery Programme – Housing Recovery and Improvement. This theme will enable the service to ensure it is compliant with all housing regulatory standards. The workstreams and projects are designed to deliver an efficient, reliable, and modern service that meets our statutory requirements, and supports strong neighbourhoods and communities for our residents.
- 8.2 The initial focus of this theme has been establishing the programme, engaging external support, and project planning. The first programme board was held at the end of February. The two workstreams of most significance for Improvement and Recovery Board oversight are Homes and safety, following referral to the regulator, and Finance, due to the importance of the HRA in whole Council budget setting.
- 8.3 Programme delivery so far has prioritised building safety as part of the 'Homes and safety' workstream. Many projects in this workstream have seen good progress in the first couple of months of the theme:
- 8.3.1 There has been a focus and progress on remedial actions highlighted in the Fire Risk Assessments (FRA); schedules of work have been created and management actions are underway. Engagement with the regulator has focused on ensuring that action is being taken to address the root causes for previous failures, seeking to understand improvements in resourcing, processes and systems.
 - 8.3.2 Work is ongoing to instruct and appoint contractors to deliver the remaining FRA actions; it is hoped and expected that significant progress will be made over the coming financial year.
 - 8.3.3 Procurement of a fit for purpose compliance system continues to be a priority and it is expected that this will be resolved before the new financial year. This is necessary to ensure that delivery of fire safety actions is auditable and assurance data can be provided.
 - 8.3.4 Planning for 2024/25 fire safety works and Decent Homes delivery is underway. Additional external support will be required as this progresses. Pilot removal of UPVC cladding in proximity to escape routes at Lakeview has commenced in

¹ 'channel shift' is the process by which organisations encourage customers to change the way they choose to interact with services, from the customers' current preferred approach to a new one. Channel shift is not about asking people to adopt new technologies or habits or to make it more difficult for them to interact with the council. It is about asking customers who can, to interact with the council in ways that they already do with other businesses and organisations.

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February 2024. If successful, this will be rolled out to the remaining 13 blocks. Design work for a longer term solution is underway.

- 8.3.5 The Brockhill closure was approved by Council in February 2024. Arrangements are in place to continue with Mountjoy as repairs contractor until March 2025 making the re-procurement a lower priority and a reducing risk.
- 8.4 The Finance workstream has set a balanced HRA budget for 2024/25 and has identified a preferred provider to support the development of the 30 year HRA business plan; this is expected to deliver in June 2024. The 2024/25 HRA budget was approved by Council in February 2024, including the capital programme with £17m spend on fire safety and decent homes works. Housing PFI also sits within this workstream – the project is complete but the workstream will provide ongoing financial oversight.
- 8.5 As part of the resident engagement and consultation workstream, a tenant satisfaction survey was distributed at the beginning of February. There are approximately 250 returns to date, with a desired response level of around 600 returns. The priority moving forwards will be complaints handling to ensure regulatory compliance, and a rolling resident engagement plan aligned with delivery of the consumer standards.
- 8.6 The Tenants and Communities workstream has improved voids performance considerably through increased contractor resource and improved processes. Progress is being made to improve performance on rent collection. There have been challenges in staffing and it is hoped that there will be further improvement once a stable team is in place. Arrears have remained stable over this period which is positive. The service is delivering recommendations made by the DLUHC Homelessness Advice Support Team (HAST) around homelessness – there is a continued need to focus on prevention and reduce the cost of providing bed and breakfast and temporary accommodation when a household's homelessness cannot be prevented. A detailed review of service delivery against regulatory standards is planned over the coming months. A review against the rent standard is already underway.
- 8.7 The Data and insight and Ways of working workstreams have to date focused on implementation of the Capita system upgrade. This work has progressed more slowly than desired, partially due to contractual challenges, but there is now a plan in place to improve the pace. The work requires a review of existing data and processes in order to ensure the new system meets current needs. Work has begun on data benchmarking with peers via Housemark – over the coming months there will be an increased focus on performance reporting within the service to support service delivery and meet regulatory standards.
- 8.8 The staffing and culture workstream is newly in delivery, with resourcing and project plans being determined in February. External support is helping drive this work. This will support the delivery across workstreams.

9.0 Programme level progress

- 9.1 The Programme Management Office continues to manage the delivery of the programme on a day-to-day basis, with a dedicated Programme Manager responsible for the delivery of the programme and managing the dependencies between themes. There have been eight Improvement and Recovery Board (IRB) meetings since the start of the intervention and there are established supporting working groups and boards which include both the Corporate Leadership Team and Commissioners.
- 9.2 The IRB, which comprises the Corporate Leadership Team and Commissioners, meets on a monthly basis. Highlight reports for each theme are provided at each board, which cover progress of the actions and milestones within the delivery plan, and management

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of risks and issues. An overall report is also provided, which outlines the dependencies and overall 'health' of the programme in a dashboard format. This suite of documents is shared with the Executive monthly.

- 9.3 The IRP is a live document, continuously updated to take account of progress and relevant changes. These changes will be tracked through programme management mechanisms and may include the addition of new workstreams or objectives, or the amendment of timescales for delivery of actions. The Executive will retain oversight of these changes through the regular reporting process.
- 9.4 A set of Key Performance Indicators (KPIs) have been agreed by the Board. These KPIs will be the means for measuring the improvement journey of the Council. They are: a) Expenditure against the Programme; b) Savings identified; c) Savings delivered; and d) Debt reduction status. Others will be added later in the improvement journey. These performance indicators will be monitored as part of the Corporate Performance monitoring.
- 9.5 Programme costs are tracked monthly. Any new resource requirements are subject to approval at the Financial Control Panel. There continues to be a high level of temporary/interim staff to deliver the Plan, and this comes at a higher cost than in-house resource. The current forecast shows £3.5m allocated over a three-year period. Updated programme costs are outlined in Appendix 4.

10.0 Corporate Strategy

- 10.1 The deliverables set out in this IRP will achieve long-term sustainable improvements in how the Council operates, ensuring it is able to take effective decisions focused on improving outcomes for residents. This impacts on the Council's ability to deliver its Corporate Plan, which will have its objectives and actions revised.

11.0 Implications

Finance and Risk

- 11.1 If the Council fails to take appropriate action to meet the requirements set out in the Government Direction, or if the Commissioners appointed by the Secretary of State do not have sufficient confidence that appropriate actions are being taken to implement and sustain the required improvements, then the Council risks not having appropriate arrangements in place to comply with its best value duty under Part 1 of the Local Government Act 1999. This could lead to further Government intervention, increased costs and damage to reputation.
- 11.2 An IRP Risk Register is maintained which will underpin the Council's Strategic Risk Register. This is reported monthly to the Board and to the Informal Executive. The current key risks are outlined in Appendix 3.

Equalities and Human Resources

- 11.3 The successful delivery of this IRP will require the development and review of many of the Council's services. These will include an Equality Impact Assessment where appropriate prior to decisions being made.
- 11.4 The staffing changes as a result of the Organisation and Service Redesign theme are being carefully managed and a formal consultation has been undertaken. Full Equality Impact Assessments have been carried out as part of this process.

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Legal

- 11.5 The Monitoring Officer reiterates the guidance provided by the Section 151 Officer under the Finance heading of this report as well as highlighting that the Council is still obliged to meet its statutory duties and continue to make decisions in accordance with public law principles. It is anticipated that the IRP outlined in this report will support the Council to rationalise and deliver its statutory obligations.

12.0 Engagement and Consultation

- 12.1 The IRP is published on the Council's website. The progress reports produced to the Commissioners are also published on the Council's website. A communications plan to keep staff, residents, partners, businesses and stakeholders informed is also in development.

Staff and Members

- 12.2 It is vital that the Council effectively engages staff and Members to drive organisational changes. The Council is having an open conversation with staff and Members about the values the Council needs to adopt and embed going forward. The Council has around 350 Members of staff, many of whom work on the frontline, and internal communications will support staff to understand the relevance of the IRP to their day-to-day work, alongside the Council's Corporate Plan and priorities for residents.
- 12.3 The Council is communicating with staff in a variety of ways, including regular video and email messages, staff Q&A sessions and manager briefings. This is a two-way conversation with the intelligence gained from staff throughout the organisation used to inform the IRP.

Residents

- 12.4 The Council is committed to becoming a listening, responsive Council that enables residents to influence the design of services. The Council carried out a resident engagement in the summer, to understand the issues residents care about. A major consultation was carried out with residents in the autumn on proposed changes to services. As the Council transforms, there will be further resident engagement and ongoing communications.

Partners and stakeholders

- 12.5 The Council is reviewing ways of working and partnership arrangements as it continually strives to provide the best possible services. The Council wants to build on its operational relationships with partners that have been strengthened during the pandemic and is keeping them informed of progress against the IRP.

REPORT ENDS

The Secretary of State Directions

The Directions include requirements for the following:

- a. An action plan to achieve financial sustainability and to identify and close any short and long-term budget gaps across the period of its Medium Term Financial Strategy, including a robust multi-year savings plan.
- b. An action plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable.
- c. A strict debt reduction plan, demonstrating how overall capital financing requirement and external borrowing will be reduced over a realistic but expedient timescale, reducing debt servicing costs.
- d. An action plan to ensure the Authority is complying with all relevant rules and guidelines relating to the financial management of the Authority. An updated Minimum Revenue Provision policy in line with all relevant rules and guidelines. Monitoring Officer to be involved in implementing.
- e. An action plan to reconfigure the Authority's services commensurate with the Authority's available financial resources.
- f. A plan to ensure that the Authority has sufficient skills, capabilities and capacity to deliver the Improvement and Recovery Plan, within a robust Officer structure, including appropriate commercial expertise and capacity.
- g. An action plan to strengthen the Authority's financial and commercial functions, and to secure improvements in risk management and governance.
- h. A plan to secure value for money during any exit from the Authority's arrangements with its companies, and the revolving lending arrangements between them, including a plan on how to mitigate associated risks and an appropriate timescale for doing so.
- i. Actions to secure continuous improvement in all services.

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Appendix 2

The Directions and Success Measures

Direction	Success measure
(a) An Action Plan to achieve financial sustainability	The Council has a balanced revenue budget and a sustainable Medium Term Financial Strategy.
(b) An Action Plan to ensure the Authority's capital, investment and treasury management strategies are sustainable and affordable	The Council's capital, investment and treasury management strategies are sustainable.
(c) A strict debt reduction plan	The Council's debt position has been improved.
(d) Compliance with Financial Management guidelines – updated MRP policy	The Council's functions are operating in line with the appropriate rules, guidance and good practice. The Council has a compliant Housing Revenue Account.
(e) An action Plan to reconfigure services	The Council has a service offer which is shaped by a focus on its residents and customers and responsiveness to their needs and demands and which is affordable.
(f) Resourcing Plan to support Recovery – capacity; capability; skills	The structure of the Council is proportionate to that service offer and to the wider corporate plan and is designed in such a way as to deliver the objectives of that plan.
(g) An action plan to strengthen financial and commercial functions	The Council has ensured that there are effective governance, risk management and scrutiny arrangements and functions in place for Council decisions, that Members and Officers demonstrate that they understand and respect their roles in Council business, and that decisions are taken on the basis of appropriate evidence and analysis.
(h) An action plan to secure value for money in dealing with the financing of and strategies for companies	The Council's remaining assets and commercial interests following a programme of exit are appropriate to the Council's size, in line with the corporate plan.
(i) An action plan to secure continuous improvement	<p>The Council has demonstrated that it is focused on continuously improving in all areas and has robust processes in place to collect and analyse data on its delivery, and to manage its performance effectively, and has developed an organisational culture, at all levels, where staff are enabled and empowered to constructively challenge and improve ways of working.</p> <p>All the recommended actions from the External Assurance review and other actions identified as part of the Improvement and Recovery Plan have been progressed, or a concrete plan is in place to action them.</p> <p>The Council has considered properly and decided as to whether to move to a four yearly electoral cycle.</p>

Risk Register

The following risks are extracted from the Risk Register as the top ‘red’ risks to the delivery of the Improvement and Recovery Plan. They are monitored by the Improvement and Recovery Board on a monthly basis.

Risk	Mitigation
1. Resources – major competency and capacity gaps identified but difficulty in filling them leading to continued reliance on temporary resource.	Upskilling staff where possible. Appointment of permanent Section 151 Officer and Deputy Section 151 Officer. Updated finance function to be implemented
2. Pace of change and ability of staff to cope with the pace alongside delivering BAU services.	The pace required and the scale of the change with limited resources continue. Regular senior manager briefings and staff briefings are being held. Additional support in place from HR change team.
3. Insufficient data and poor record keeping leading to delays in delivering the programme actions e.g. asset rationalisation strategy.	This is improving as more attention is given. Still remains a high risk.
4. The level of organisational change and uncertainty has an adverse impact on staff morale leading to higher numbers leaving and a resultant loss of corporate knowledge.	Vision being developed and supporting narrative regarding what the vision means for staff, residents, and partners. Regular staff briefings and additional support is being provided during this phase. Organisational development work is being scoped.

Flexible use of capital receipts update

As part of the budget setting process last year the Council approved the flexible use of capital receipts to fund the transformation programme. Following on from the Government Intervention the Improvement and Recovery Programme was developed and adopted by Council in August. This appendix provides an update on the spend and a forecast for the next two years spend.

Project	Summary	Update	2023/24	2024/25	2025/26
Commercial	Commercial expertise to review companies' governance and performance and provide commercial capability to ensure value for money, security and confidence in decision making. Improve procurement and contract performance and practice to deliver additional savings, control cost and ensure value for money.	Commercial Expertise brought in. Commercial Governance in place. Review of companies and implementation plans.	£445,994	£300,000	
Asset strategy	Development and delivery of Strategic asset management strategy and plan to ensure the Council's estate is fit for purpose, efficient and performing well. Development and delivery of the debt reduction plan.	Strategic Property Consultant brought in. Asset Rationalisation Plan developed. Additional resource brought in to deliver the disposals.	£93,409	£169,000	£46,591
Resident Services	Channel shift - improving service delivery and web offer, freeing up vital resources to assist those who cannot use digital channels or have complex enquiries. Will lead to further efficiencies.	Project manager in place to develop the programme. Quick wins identified and the longer term plan to improve resident facing services has been shaped.	£101,850	£205,000	
Service offer	Vision for organisation, service restructure and implementation of staffing change delivering £2.4m savings in staff budget (Forecast includes exit costs).	Vision developed. Service offer restructured (following consultations with staff and public).	£ 402,612	£750,000	
Savings delivery	Savings (£8.4m) implementation and service redesign and transformation.	Delivery project manager in place. Will include support for the Community Asset Transfers and other transformation required to ensure savings are delivered.	£36,500	£253,000	£36,500
Transformation team	Transformation team (temporary) to manage the change.	Programme Manager and PMO in place to manage the transformation.	£186,055	£135,000	£27,000
	Contingency			£311,490	
	TOTALS		£1,266,420	£2,123,490	£110,091

£3,500,000