

### Medium-Term Financial Strategy 2022/23 – 2025/26: Update on Action Plan.

<p>The fundamental aim of the Council's Medium-Term Financial Strategy is to provide a framework for the effective and efficient use of Council resources whilst taking appropriate action to mitigate financial risk. This will enable the Council to maintain a sound financial position against a backdrop of economic uncertainty, rising demand and a changing regulatory and funding landscape. This will in turn support delivery of the Council's vision to be a community leader, providing high quality services, enhancing the environment and advocating for our community's interests, as set out in the Runnymede Corporate Business Plan.</p>		
<p>The Strategy is built on a number of key principles with supporting actions for each area.</p>		
<p><b>Revenue Budget – The Council recognises that it must optimise its limited resources to provide value for money services in the face of increasing financial pressures.</b></p>		
	<p><b>Action:</b></p>	<p><b>Progress Update:</b></p>
1	<p>A process for the identification of savings and efficiencies will be set up to capture ideas from across the organisation. From this, a set of targets will be defined, with progress on delivery monitored via the Overview and Scrutiny Select Committee. Greater focus will be given to the timely delivery of the savings programme.</p>	<p>Action taken to date, and a draft process for the identification of net savings, are set out in the main report for consideration by Corporate Management Committee, for recommendation to Full Council for approval. <b>See body of report for details.</b></p>
2	<p>A series of service reviews will commence, across specific service areas as directed by the Chief Executive, in consultation with the Leader and Deputy Leader of the Council. The focus of the reviews will be efficient service delivery rather than cost, but due regard to the cost of the service will be included as part of the review. The results of, and recommendations from, the reviews will feed into the Communications and Service Transformation Working Party and onward to Corporate Management Committee for approval where required.</p>	<p>Action taken to date and a draft process are set out for consideration in the main report for consideration by Corporate Management Committee, for recommendation to Full Council for approval. <b>See body of report for details.</b></p>
3	<p>Service resilience and effective delivery will continue to be explored through partnership working with other Councils, for example, in areas such as Building Control and CCTV. Service delivery models will be expected to include robust costing models and an understanding of the requirement for future investment in the service and how that will be met under the business model.</p>	<p>Following the successful implementation of a shared management structure for the Building Control Team, work has commenced on the business case, financial modelling and governance arrangements for a full shared service to commence 1 April 2024, to be presented to Members for consideration in due course.</p>

		Safer Runnymede has been successful in securing new contracts, most recently with Rushmoor Borough Council and Hart District Council, along with a pipeline of potential future contracts. Development of the business model is now required to ensure that the right structure, charging model, equipment and investment is in place to support sustainable expansion, providing a cost effective, efficient service. Safer Runnymede is therefore likely to be one of the priorities for Service Reviews.
4	Early discussion with the Bid Writer and Grants Officer must take place ahead of new revenue (and capital) schemes, in order to explore external funding opportunities and reduce pressure from revenue growth, while ensuring funding conditions do not place an unreasonable burden on the Council.	The Council's Bid Writer and Grants Officer now attends the Procurement Board on a regular basis to share information on proposed Bids at an early stage to ensure Procurement and Legal resources are allocated to support the process in a timely fashion and that Finance colleagues are aware of potential income and match funding requirements.
5	A review of long-term vacant posts will be carried out to understand the reasons behind the vacancy and the cost of any alternative arrangements that have been put in place, e.g., agency staff/consultancy. Budgets will be re-aligned to a refreshed establishment list to ensure services are not carrying posts that are no longer required for delivery of the service.	At data gathering and analysis stage. Next steps are to consult with Corporate Heads of Service/Team leaders to provide challenge.
6	An Asset Management Strategy will be produced, covering the management of all corporate property assets, with individual Asset Management Plans prepared for all investment property, setting out proposals for the future use of each asset. The Strategy will support the optimisation of income from the Council's assets alongside an improved understanding of the costs of management and maintenance. A set of performance indicators will be developed for the Council's property portfolio with regular reporting to, and scrutiny by, Members. Consideration will be given to divestment of low-performing assets or to rebalance the portfolio across sectors.	The Asset Management Strategy was approved by Full Council in March 2023, with individual Asset Management Plans being essential to the on-going management of the Council's portfolio of assets. Following the approval of a growth item in the 2023/24 budget, the Council has been working with an external expert to provide data analysis and benchmarking of the portfolio to support asset management and reporting. Data collection is complete, and the first review meeting took place during May. Next steps are to consider the performance information, and format of data, for inclusion in quarterly reporting to Members.
<b>Reserves - The Council will maintain a reasonable level of usable reserves to enable it to weather the volatility of its income and expenditure streams, and to support its capital spending plans.</b>		
	<b>Action:</b>	<b>Progress Update:</b>
7	The Council will seek to maintain its general fund reserve above an increased minimum threshold, whilst recognising that the level of	The minimum threshold was raised from £3m to £5m as part of the annual budget report approved by Full Council in February

	balances will fluctuate over time as spending plan are adjusted to meet short-term budgetary pressures. The revised threshold should be set at an appropriate level commensurate with the financial risks facing the Council and will be reviewed as part of the budget-setting process.	2023. As this report highlights, corrective action to address the on-going, underlying budget gap in the Council's finances will need to be addressed to be assured of maintaining working balances above this minimum level beyond 2025/26. Further review will take place during the update to the Medium-Term Financial Strategy and alongside the production of the draft budget for 2024/25.
8	Earmarked reserves will be regularly reviewed to ensure they are at, or are building towards, an appropriate level, with funds released to the general fund if no longer required.	Earmarked Reserves are considered both during the budget preparation and again at the year end, to review the appropriate levels to hold in light of current risk factors. Should an underspend against the total General Fund budget occur in any year, it may be appropriate to use this to provide a one-off boost to specific reserves rather than allow the underspend to flow back into the working balance, so long as the minimum threshold for the working balance is being met. <b>A proposal to repurpose a proportion of the anticipated underspend for 2022/23 is included in the main body of this report.</b>
<b>Capital Programme - The Council will only undertake capital investment to support asset maintenance, invest-to-save schemes or strategic intent, such as the delivery of housing or regeneration schemes. Capital spending, however funded, will be affordable, prudent and sustainable.</b>		
	<b>Action:</b>	<b>Progress Update:</b>
9	The Council will explore ways of delivering its major capital spending priorities in ways that reduce the burden on the Council's resources. This may be by phasing delivery of large programmes over a period or looking at new funding models and partnerships with the public and private sector. The Council needs to balance delivery of such schemes for its residents, with the affordability of capital spend and the effect on its revenue income streams. This will be particularly relevant should the Council's access to borrowing be restricted (e.g., under the Levelling Up and Regeneration Bill, once enacted) as it will need to find ways of progressing its strategic priorities without increasing borrowing levels.	Service Areas are working in close collaboration with the Bid Writer and Grants Officer to seek external funding where possible, including the securing of match-funding where available to reduce the burden on Council resources. Recent successes include the Local Authority Housing Fund where £1.3m was secured with match funding from the Council of £1.8m to provide 8 homes for displaced households from Ukraine and Afghanistan. Development of funding models that minimise the Council's need to borrow, or the period over which it looks to borrow, will need to be undertaken alongside business cases for major capital schemes, taking account of any restrictions stemming from future legislation or government guidance.

10	The planned Asset Management Strategy will identify underperforming assets, or those where an opportunity arises, for divestment or re-purposing, following review and decision by the relevant Committee. The future of the Capital Programme is heavily dependent on the production of new capital receipts; again this is increasingly important where future borrowing may be restricted or where there is limited ability for the general fund to support capital spending either directly or through bearing the cost of carrying debt.	As with any commercial portfolio, which must be proactively managed in line with changing economic conditions and market factors, there will be occasions when the best course of action may be to dispose of an asset or repurpose it for an alternative use as the Council cannot afford to hold under-performing assets. Such options will come forward as appropriate for Member consideration.
11	No new capital projects are to be included in the capital programme without the necessary resources to meet the full capital costs, and any associated revenue implications, being in place. Business cases should reflect all financial implications and risks and be reported alongside the request for inclusion in the Programme. If it is too early in the process to provide this level of detail, a provision may be made within the budget but will be subject to reporting of the full business case to the appropriate Committee before proceeding with the project.	The Business Planning Process and Budget Estimate timetable have both been updated for the current cycle to ensure that relevant business cases are produced, when necessary, for Member consideration. Whole-life costing for capital projects is essential to understand the on-going revenue costs attached to any proposals. Risks must be reflected in Service Area Plans, and Service Risk Registers are to be updated to feed into the Corporate Risk Register alongside a refresh of the Risk Management Strategy and processes. The updated Strategy is planned to be considered by the Standards and Audit Committee in October.
<b>Governance and Performance</b>		
12	The Corporate Leadership Team will be supplemented by the addition of a second Assistant Chief Executive post to allow for greater strategic leadership capacity and to support the implementation of the Council's priorities.	Following a successful recruitment process, the new Assistant Chief Executive (Place) is due to commence employment with Runnymede Borough Council on the 17th of July 2023.
13	A process will be set up to monitor and report the delivery of actions in the Council's Corporate Business Plan, building on work already carried out by the Council's Project Management Office (PMO).	A new reporting tool is undergoing proof-of-concept testing over the coming months. The tool replaces cumbersome excel spreadsheets and is maintained, with a full audit trail, within Microsoft Teams. Sessions are being held during June/early July to demonstrate the tool to Corporate Heads of Service and other key users. Dashboards, similar to that already used to report on major projects are being developed. The data can be drawn out using a variety of indicators and it is anticipated that this system could be used to track progress on the over-arching Corporate Business Plan, or on individual Strategies within the plan such as Health and Well-being, or Climate change activity.

14	<p>The following officer working groups will be set up to support strands of the Corporate Business Plan and the work of the Member Working Parties:</p> <ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Health &amp; Wellbeing</li> <li>• Economic Development</li> <li>• Empowering Communities</li> <li>• Organisational Development</li> <li>• Service Review &amp; Transformation</li> </ul> <p>In addition, there will be a refresh of the Council's Commercial income group which will cover the wider work of the Assets and Regeneration team and report directly to the Corporate Leadership Team. As mentioned under action point 6, a suite of performance indicators will be developed and reported as part of the Asset Management Strategy.</p> <p>The Council's project management principles and reporting methodology currently used to report on the performance of major projects and corporate KPIs (Key Performance Indicators) will be used by the working groups to report back to Member Working Parties, further embedding project management principles across the Council.</p>	<p>Officer working groups have been set up except for the Service Review and Transformation group. The Assistant Chief Executive (s151), supported by the Project Management Office, is acting in this capacity initially, in order to carry out the design phase of the programme and report to Members on the process (see main body of report).</p> <p>The refreshed Assets and Regeneration Group meets on a monthly basis and has developed regular reporting on arrears, upcoming lease events, project progress etc.</p> <p>As described under action point 13, the Project Management Office has developed a multi-use action tracker which is currently in the proof-of-concept phase and being trialled with services. This is expected to deliver efficiencies in the process, making it easier for Managers to update actions and should provide a single source of data from which to pull a variety of reporting requirements, both as a management information tool and for formal reporting.</p>
15	<p>The Council is reviewing its approach to risk management and a revised Risk Policy and updated Risk Register will be reported to Standards and Audit Committee in line with recommendations from internal audit, the Council's self-assessment against Cipfa's Financial Management Code, and the Annual Governance Statement (AGS) 2022/23. Progress on all actions arising from the Financial Management Code review and the AGS will be reported to the Standards and Audit Committee.</p>	<p>An update on progress was provided to the Standards and Audit Committee as part of the progress review of the AGS actions for 2022/23 and the setting of key governance improvements for 2023/24. A risk mapping exercise is being undertaken, alongside updates to Service Risk Registers, which will feed into a refreshed Corporate Risk Register. The Risk Management Strategy is due to be considered at Standards and Audit Committee in October 2023.</p>
16	<p>A governance process for the collection, reporting and allocation of Community Infrastructure Levy will be designed to ensure this funding stream has proper oversight. The governance proposal will come forward for Members' approval ensuring that this funding is used to support the delivery of essential infrastructure, meets local need and conforms to regulatory requirements.</p>	<p>The governance process was considered, and approved, by Corporate Management Committee in January 2023.</p>

17	The Council will continue to meet with Government officers to help inform and shape the new measures being proposed under the Levelling Up and Regeneration Bill in respect of financial risk management.	A consultation document and round table discussion process is the likely way any new government step-in arrangements will be progressed, based on financial metrics within the Levelling-Up and Regeneration Bill. The Council has actively engaged in discussions to date and will continue to participate in the process ahead of implementation of any measures. The Statutory Guidance on Minimum Revenue Provision is also anticipated to be out for consultation imminently with any revisions expected to apply from 1 April 2024. Likewise some changes to the current Secretary of State Investment Guidance are expected, particularly around non-treasury investment. The Council will continue its engagement on these matters and will respond to consultations when appropriate to do so.
18	The Council will continue to seek value for money when procuring contracts for works, services and goods. This will include identification of collaborative procurement opportunities with other Boroughs and Districts to increase buying power and savings opportunities.	The Council approved a Procurement Strategy for 2023 - 2026 in March 2023 alongside associated policies on Social Value, and Sustainable Procurement and Carbon Reduction. The Procurement Team are actively involved in the Surrey Procurement Group, including chairing this regular meeting, which affords opportunities for collaboration.