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Tom Horwood
Joint Chief Executive
Guildford & Waverley
Borough Councils

EXECUTIVE

THURSDAY, 25TH JANUARY, 2024

Supplementary Information Sheet

Agenda No Item

10. **Supplementary Information Sheet (Pages 1 - 12)**

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Executive

25 January 2024

Supplementary Information

Procedure for the discharge of business at this meeting

The Leader of the Council welcomes the attendance of members of the public and non-Executive councillors at this meeting.

The procedure for dealing with each item of business shall be as follows:

1. Lead Councillor to introduce report on the matter.
2. Non-Executive councillors invited to ask a question or comment, for which they will have a maximum of **five** minutes each.
3. Lead councillor to respond to any questions/comments.
4. Executive debates the matter
5. Lead councillor to respond to any questions/comments.
6. Executive to make decision on the matter.

Agenda Item 5 Review of the Guildford Borough Local Plan: Strategy and Sites (2015-2034) (Pages 11 - 94)

Lead Councillor: Councillor Fiona White, Lead Councillor for Planning

Lead Officer: Stuart Harrison, Planning Policy Lead

Agenda Item 6 Capital and Investment Strategy 2024/25 - 2028/29 (Pages 95 - 192)

Lead Councillor: Councillor Richard Lucas, Lead Councillor for Finance and Property

Lead Officer: Jo Knight, Interim Finance Executive

Details of the comments and recommendations made by the Corporate Governance & Standards Committee in respect of this matter at its meeting on 18 January 2024 are set out in **Appendix 1**.

Agenda Item 7 Housing Revenue Account Budget 2024-25 (pages 193 - 218)

Lead Councillor: Councillor Julia McShane, Leader of the Council and Lead Councillor for Housing & Councillor Richard Lucas, Lead Councillor for Finance and Property

Lead Officer: Jo Knight, Interim Finance Executive

It is incorrectly stated in the published report that there were no further comments to note in regard to the HRA report arising from the meeting of the Budget Joint EAB held 11 January 2024. Those comments were in actual fact delayed and are as follows:

Housing Revenue Account (HRA) Budget 2024-25 – Extract For Executive

The Joint Executive Advisory Board (JEAB) was invited to consider a report outlining the HRA budget for 2024-25 at its meeting held on 11 January 2024. The report was introduced and presented by the Lead Specialist for Finance.

The Leader of the Council and Lead Councillor for Housing sought to reassure the JEAB that the recommended rent increase of 7.7% (CPI +1%) for 2024/2025 was in line with the rent standard for social housing set by the Regulator of Social Housing. 92% of the Council's tenants paid a social rent, with approximately 60% of those being in receipt of Housing Benefit or Universal Credit. The level of rent arrears was low, indicating that for most families, their rent remained affordable.

The following points arose from the related discussion, comments and questions for forwarding to the Executive:

1. With regard to the proposed rent increase, it was noted that the Council's costs associated with the operation of the Housing service were also increasing and that a minimal rent increase would have an ongoing impact upon the delivery of the HRA Business Plan. The Council was confident that it was in a position to support people on low incomes and those in need of extra support as a priority via the Community Services team.
2. Although expanding the shared ownership stock was not currently a priority for the Business Plan, this would be revisited when the opportunity arose to develop larger sites. The Council had purchased some shared ownership properties during the past year; however, these represented a small proportion of the housing portfolio. The inclusion of some further context in report to explain the priorities in this area would add clarity.
3. Approximately 2% of the housing stock was currently in a void position owing to the need for repairs and refurbishment. Some of these properties were suffering from structural issues, such as subsidence, and thought was being given to formulating a plan to maximise the opportunities for regenerating some of them to create new homes. A portfolio of smaller development sites was also being progressed. It was unknown whether asylum seekers were eligible to join the Council's Housing Register.
4. Issues associated with damp and mould were raised as several Council tenants had experienced this problem recently, including one housed in a Housing Association (HA) property, although they paid their rent to the Council. As there was thought to be some confusion around the differences between HRA

and HA rentals and the responsibilities of HAs housing Council tenants, some wider communication in this regard would be beneficial. The Council's Private Housing Team was able to assist private sector and HA tenants experiencing damp and mould issues with their homes and the Council had appointed a Damp and Mould Surveyor to whom such issues relating to HRA homes could be referred for attention. It was suggested that the budget should be expanded to include an entry in respect of damp and mould to raise its profile and show that the Council was taking related action.

The Joint EAB agreed that its comments be forwarded to the Executive.

Agenda Item 8 General Fund Revenue Budget 2024-25 and Medium-Term Financial Plan 2024-25 to 2026-27 (pages 219 - 310)

Lead Councillor: Councillor Richard Lucas, Lead Councillor for Finance and Property

Lead Officer: Richard Bates, Joint Executive Head of Finance and S.151 Officer

Agenda Item 9 Guildford Borough Council Whistleblowing Policy (pages 311 - 338)

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

Lead Officer: Susan Sale, Joint Executive Head of Legal & Democratic Services & Monitoring Officer

Details of the comments and recommendations made by the Corporate Governance & Standards Committee in respect of this matter at its meeting on 18 January 2024 are set out in **Appendix 2**.

APPENDIX 1

CORPORATE GOVERNANCE & STANDARDS COMMITTEE

18 JANUARY 2024

CAPITAL AND INVESTMENT STRATEGY 2024-25 TO 2028-29

The Committee considered a report on the Council's capital and investment strategy, which gave a high-level overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability.

Decisions made now, and during the period of the strategy on capital and treasury management would have financial consequences for the Council for many years into the future. The report therefore included details of the capital programme, any new bids/mandates submitted for approval plus the requirements of the Prudential Code and the investment strategy covering treasury management investments, service investments, and commercial investments. The report had also covered the requirements of the Treasury Management Code and the prevailing DLUHC Statutory Guidance.

The Committee noted that in order to achieve the ambitious targets within the Corporate Plan, the Council needed to invest in its assets, via capital expenditure, which was split into the General Fund (GF) and Housing Revenue Account (HRA).

All projects, regardless of the fund, would be funded by capital receipts, grants and contributions, reserves, and finally borrowing. When preparing the budget reports, it was not known how each scheme would be funded and, in the case of regeneration projects, what the delivery model would be. The report showed a high-level position. The business case for each individual project would set out the detailed funding arrangements for the project.

The Committee noted that some capital receipts or revenue income streams might arise as a result of regeneration schemes, but in most cases the position was currently uncertain, and it was too early at this stage to make assumptions. It was likely that there would be cash-flow implications of the development schemes, where income would come in after the five-year time horizon of the report and the expenditure incurred earlier in the programme.

The Committee also noted that Prudential Indicators were set to ensure that the Council could demonstrate that its capital expenditure plans were affordable, sustainable, and prudent.

The Council had an underlying need to borrow for the General Fund capital programme of £202 million between 2023-24 and 2028-29. Officers had put

forward bids, with a net cost over the same period of £9.8 million, increasing this underlying need to borrow to £211.8 million should these proposals be approved for inclusion in the programme.

The capital programme included several significant regeneration schemes, which it was assumed would be financed from GF resources. Detailed funding proposals for each scheme would be considered when their Outline Business Case was presented to the Executive for approval.

The main areas of expenditure (shown gross), as set out in the report, were:

- £258 million Weyside Urban Village (WUV)
- £35 million Ash Road bridge and footbridge (Total gross cost £44 million, external funding, £36 million, net cost to GBC £8 million)

The report contained a summary of the new bids submitted and the position and profiling of the current programme (2023-24 to 2028-29).

The HRA capital programme was split between expenditure on existing stock and either development of or purchase of new dwellings to add to the stock. A lot of work had been done on stock condition surveys and the results were being analysed with a view to having a robust stock condition assessment which would provide 100% stock data over a rolling 5-year programme and allow for effective assessment against Regulatory and legislative standards.

Improved building safety standards across social housing had resulted in a national drive to improve standards and safety, Guildford had started to respond to this and had spent a significant sum on its properties. The budget for 2024-25 and ongoing would see budgets return to more modest levels seen in the past. The capital programme would be funded from HRA capital receipts and reserves. The programme also included £121 million between 2023-24 and 2028-29 for development projects to build or acquire new housing (including WUV). Officers had recommended removing the Bright Hill scheme from the HRA programme, as previously reported to Councillors, due to the change in the scope of the scheme being delivered.

The main areas of major repairs and improvement expenditure were:

- refurbishment, replacement & renewal programme of existing stock, £1.3 million, which included kitchen & bathroom upgrades, void property refurbishment and roof works
- works to existing stock to comply with changes to standards and legislation, £3.4 million, including replacement fire doors, electrical testing and fire protection works

- mechanical and electrical works £400,000, including central heating systems
- other works of £1.2 million including disabled adaptations

The main HRA development projects were:

- Guildford Park Car Park: £39 million
- WUV: £49 million
- Foxburrows: £11 million

The Committee was informed that officers carried out the treasury management function within the parameters set by the Council each year and in accordance with the approved treasury management practices.

The budget for investment income for 2024-25 was £3 million, based on an average investment portfolio of £86 million, at a weighted average rate of 5%. The budget for debt interest paid was £14.8 million, of which £5.4 million related to the HRA and £7.9 million was being capitalised and added to the cost of schemes in the capital programme, which was a net cost to the General Fund of £1.5 million for the year.

The Committee noted that councils could invest to support public services by lending to or buying shares in other organisations (service investments) or to earn investment income (commercial investments, where earning a return was the primary purpose).

Investment property had been valued at £178 million, as per the 2022-23 unaudited Statement of Accounts, with rent receipts of £9.2 million, and a yield of 5.7%. In line with the Government's guidelines, the Council was not making any future purchases solely for yield.

The Council had also invested £25.3 million in its housing company North Downs Housing Ltd (NDH), via 40% equity to Guildford Borough Council Holdings Ltd (£10.1 million) who, in turn, passed the equity to NDH, and 60% repayment loan direct to NDH (£15.3 million) at a rate of 5%.

The report had also included the Council's Minimum Revenue Provision (MRP) policy, the Prudential Indicators and the updated flexible use of capital receipts policy. This policy, if approved at Council, would permit the use of any capital receipts received in year to be used to fund any service transformation costs incurred in the same year.

The Committee noted the comments and recommendations of the Joint Executive Advisory Board which had also considered this report at its meeting held on 11 January 2024, particularly with regard to the proposed new capital bids.

The Lead Councillor for Finance and Property commented that a significant part of the £18 million gap in the medium-term financial plan at the start of this financial year, had been due to debt servicing costs. Overall debt at that time was around £300 million and was projected to rise over to over £600 million by the end of the decade. This revised Capital and Investment Strategy represented a reduction in capital expenditure of approximately £100 million. The significant reduction in debt servicing costs over the medium-term financial plan period was a critical part of the Council's Financial Recovery Plan

During the debate, the Committee made the following comments:

- In response to a question as to whether there was a clear definition of what was permitted in terms of local authorities earning investment income, the Lead Specialist (Finance) explained that the Section 151 Officer was required to sign off investment income of any kind. Any borrowing from the Public Works Loan Board now required a great deal more information to be provided in terms of the purpose for which any loan was required.
- Inadequate scrutiny of the, particularly in view of the previous mistakes made. In response, the Lead Councillor for Finance & Property indicated that many of the more detailed aspects of the budget had been discussed at the Financial Recovery Executive Working Group. It was also noted that the current arrangements for consideration of draft budget papers had not changed over the past five years.
- Proposals to reduce the Council's overall borrowing by approximately £100 million over the next few years was welcomed. Noting the Arlingclose interest rate forecast of a reduction to around 3% by early to mid-2026, officers were asked to comment on the impact of such a reduction on the Council's finances in the medium-term. The Lead Specialist (Finance) indicated that prudent assumptions had been made in respect of interest rates on borrowing in the medium-term so that in 2025-26, it was anticipated that interest rates would reduce from 4% to 3.5%
- The level of detail in the mandate proposals in respect of each of the growth bids was welcomed.
- There were errors in the tables in paragraph 8.20 of the report and paragraph 4.16 of Appendix 1 to the report (Capital Expenditure Summary) in relation to HRA Capital Expenditure for 2023-24, which would be corrected by officers.

Having considered the report, the Committee,

RESOLVED: That the recommendations to the Executive and Council in respect of the Capital and Investment Strategy, as set out in the report submitted to the Committee, together with the comments referred to in the debate and summarised in the bullet points above, be endorsed.

Reason:

To enable the Council at its budget meeting on 7 February 2024, to approve

- the capital and investment strategy for 2024-25 to 2028-29; and
- the funding required for the new capital investment proposals.

WHISTLEBLOWING POLICY

The Committee considered a report on the proposed revision of the Council's Whistleblowing Policy, which had been reviewed previously in 2017 and was therefore long overdue a review and update. The Committee noted that the aim of the Whistleblowing Policy was to:

- Encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns would be taken seriously and investigated as appropriate, and that their confidentiality would be respected as far as possible;
- Encourage and enable staff to raise concerns within the Council rather than ignoring a problem or blowing the whistle externally without exhausting internal procedures;
- Provide staff with guidance as to how to raise those concerns;
- Reassure staff that they should be able to raise genuine concerns without fear of reprisals, victimisation, subsequent discrimination, disadvantage, or dismissal, even if they turned out to be mistaken, provided the disclosure was made in the public interest.

The Council was committed to conducting business with honesty and integrity and expected all staff to maintain high standards of conduct. Staff were often the first to realise that there might be something seriously wrong within an organisation. Whistleblowing was viewed by the Council as a positive act that could make a valuable contribution to the Council's efficiency and long-term success.

The Committee acknowledged that the Whistleblowing Policy should be regularly reviewed, at least biennially, or more frequently where there were changes to legislation or statutory guidance, or learning from its operation that should be taken into account. The Committee was informed that it was proposed that Guildford Borough Council and Waverley Borough Council attempt to align their respective Whistleblowing Policies as far as it was appropriate to do so, whilst accepting there might be local differences. Proposals similar to those contained in the report were due to be considered at Waverley Borough Council shortly.

During the debate, the following points were raised:

- The importance of ensuring that:
 - (a) whistleblowing was embedded in the culture of the organisation,
 - (b) statistics on instances of whistleblowing were collated and reported, and
 - (c) external bodies with whom the Council contracts its services also have robust whistleblowing policies.

- It was noted that the terms of reference for this Committee included consideration of a report, at least annually, on whistleblowing, although the Monitoring Officer was minded to bring reports to the Committee on the outcome of whistleblowing investigations as and when necessary.
- In response to a request to identify the key differences between the current 2017 Whistleblowing Policy and the proposed policy, the Monitoring Officer reported that although there had been no change to the legislation that underpinned whistleblowing, the revised policy had been strengthened significantly, for example, by widening the group of people who were encouraged to be able to whistleblow under the policy, and encouraging people to use the internal process first, rather than going direct to the media or an external organisation.
- It was suggested that authority be delegated to the Monitoring Officer to make minor or consequential administrative amendments to the policy to reflect, for example, any future change in external auditors or legislation regarding whistleblowing.

Having considered the report, the Committee

RESOLVED: That the following feedback be provided to the Executive when it considers this matter at its meeting on 25 January 2024:

- (1) That this Committee commends the adoption of the revised Whistleblowing Policy, as set out in Appendix 1 to the report submitted to the Committee, subject to the following amendments:
 - (a) in the third paragraph of Section 1.0 (Purpose), substitute “Public Interest Disclosure Act 1998” in place of “Public Disclosure Act 1998”; and
 - (b) the omission of the final paragraph of Section 16 (External Disclosures) as it is factually inaccurate.
- (2) That authority be delegated to the Monitoring Officer to make such minor amendments to the Whistleblowing Policy as they deem appropriate for the purpose of keeping it up to date.

Reasons:

- It is right and proper to uphold the principles of transparency to encourage individuals to make any disclosures and raise any concerns where they suspect wrongdoing.
- It is important that the Council has a Policy in place to govern such disclosures and that such Policy is kept under regular review.
- Whilst the adoption of the Policy is within the remit of the Executive, as this Committee has a role in monitoring the operation of the Policy, there was

merit in the Committee having the opportunity to consider any proposed revisions to the Policy and being able to provide feedback by way of consultation to the Executive.

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