



www.guildford.gov.uk

Contact Officer:

John Armstrong,
Democratic Services and Elections Manager
Tel: 01483 444102

22 July 2020

Dear Councillor

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** to be held via Microsoft Teams on **THURSDAY 30 JULY 2020 at 7.00 pm.**

Yours faithfully

James Whiteman
Managing Director

MEMBERS OF THE COMMITTEE

Chairman: Councillor Nigel Manning
Vice-Chairman: Councillor Deborah Seabrook

Councillor Liz Hogger	+Maria Angel MBE
Councillor Ramsey Nagaty	+Murray Litvak
Councillor George Potter	^Julia Osborn
Councillor John Redpath	^Ian Symes
Councillor James Walsh	^Tim Wolfenden

*Independent member

^ Parish member

Authorised Substitute Members:

Councillor Jon Askew	Councillor Tom Hunt
Councillor Richard Billington	Councillor Masuk Miah
Councillor Ruth Brothwell	Councillor Susan Parker
Councillor Colin Cross	Councillor Jo Randall
Councillor Graham Eyre	Councillor Tony Rooth
Councillor Angela Gunning	Councillor Catherine Young

WEBCASTING NOTICE

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

QUORUM 3



THE COUNCIL'S STRATEGIC FRAMEWORK

Vision – for the borough

For Guildford to be a town and rural borough that is the most desirable place to live, work and visit in South East England. A centre for education, healthcare, innovative cutting-edge businesses, high quality retail and wellbeing. A county town set in a vibrant rural environment, which balances the needs of urban and rural communities alike. Known for our outstanding urban planning and design, and with infrastructure that will properly cope with our needs.

Three fundamental themes and nine strategic priorities that support our vision:

- | | |
|---------------------|--|
| Place-making | Delivering the Guildford Borough Local Plan and providing the range of housing that people need, particularly affordable homes |
| | Making travel in Guildford and across the borough easier |
| | Regenerating and improving Guildford town centre and other urban areas |
| Community | Supporting older, more vulnerable and less advantaged people in our community |
| | Protecting our environment |
| | Enhancing sporting, cultural, community, and recreational facilities |
| Innovation | Encouraging sustainable and proportionate economic growth to help provide the prosperity and employment that people need |
| | Creating smart places infrastructure across Guildford |
| | Using innovation, technology and new ways of working to improve value for money and efficiency in Council services |

Values for our residents

- We will strive to be the best Council.
- We will deliver quality and value for money services.
- We will help the vulnerable members of our community.
- We will be open and accountable.
- We will deliver improvements and enable change across the borough.

AGENDA

ITEM

1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

2 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

In accordance with the local Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, you must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

3 MINUTES (Pages 5 - 12)

To confirm the minutes of the meeting of the Corporate Governance and Standards Committee held on 18 June 2020.

4 CAPITAL AND INVESTMENT OUTTURN REPORT 2019-20 (Pages 13 - 74)

5 GENERAL FUND REVENUE OUTTURN REPORT 2019-20 (Pages 75 - 94)

6 HOUSING REVENUE ACCOUNT FINAL ACCOUNTS 2019-20 (Pages 95 - 104)

7 FINANCIAL MONITORING 2020-21 (APRIL-MAY 2020) (Pages 105 - 174)

8 REVIEW OF VARIOUS CORPORATE GOVERNANCE RELATED MATTERS (Pages 175 - 236)

9 WORK PROGRAMME (Pages 237 - 244)

1

This page is intentionally left blank

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

18 June 2020

- * Councillor Nigel Manning (Chairman)
- * Councillor Deborah Seabrook (Vice-Chairman)

- * Councillor Liz Hogger
- * Councillor Ramsey Nagaty
- * Councillor George Potter
- * Councillor John Redpath
- * Councillor James Walsh

Independent Members:

- *Mrs Maria Angel MBE
- *Mr Murray Litvak

Parish Members:

- *Ms Julia Osborn
- *Mr Ian Symes
- *Mr Tim Wolfenden

*Present

The Leader of the Council, Councillor Caroline Reeves, the Deputy Leader of the Council, Councillor Joss Bigmore, and the Lead Councillor for Resources, Councillor Tim Anderson were also in attendance.

CGS1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

CGS2 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS3 MINUTES

The Committee confirmed as a correct record the minutes of the meeting held on 15 January 2020. The Chairman would sign the minutes at the earliest opportunity.

CGS4 ANNUAL REVIEW OF THE EQUALITY SCHEME ACTION PLAN

The Committee was reminded that following adoption of the Equality Scheme and associated action plan by the Executive in January 2018, it was agreed that this Committee should monitor annually the implementation of the actions in the action plan.

The Committee therefore considered the second of the annual reviews of the Equality Scheme Action Plan. A revised and updated Action Plan was attached to the Supplementary Information Sheet circulated before the meeting.

During the debate, the following points were raised/clarification made:

- In response to the reference in the action plan to the publication of residents' equality profile on the intranet, it was noted that councillors did not currently have access to the intranet. However, a great deal of relevant information was already on the public website, for example, the gender pay gap, workforce profile, and equality scheme.
- In response to an expression of general concern regarding access to services for residents other than by electronic means and the extent to which the Council is

Agenda item number: 3

communicating with residents via social media, the Committee noted that all service leaders monitor how the public accesses the Council's services.

- It was noted that the Equalities and Diversity Forum, would need to be reconvened. It was likely that it would include representatives of external equalities bodies.
- It was suggested that in order to improve diversity in recruitment, HR could consider the use of anonymised CVs where details of the applicant's gender, age, marital status, or ethnicity are not disclosed to the recruiter.
- It was noted that the Council monitored and analysed equalities data in respect of its workforce, which could also be made available on the intranet or the Councillors' area on the website.
- In response to an enquiry as to whether the Council had conducted an Equalities Impact Assessment (EIA) in respect of the provision and hosting of remote meetings during the COVID-19 pandemic, it was noted that an EIA had not been undertaken, although the government would have had regard to the public sector equality duty when it had introduced the Regulations providing for remote meetings.

Having considered the progress with implementation of the various actions, the Committee

RESOLVED: That the updated equality action plan (linked to the Equality Scheme 2018 - 2021), as set out in Appendix 1 to the report submitted to the Committee, as amended on the Supplementary Information Sheet, be approved.

Reason:

To assist the Council to meet its obligations under the Equality Act 2010 and continue to provide a way to measure and evidence work undertaken in this area.

CGS5 ANNUAL GOVERNANCE STATEMENT 2019-20

The Committee considered a report on the Council's Annual Governance Statement for 2019-20, as required by the Accounts and Audit (England) Regulations 2015. The Statement was underpinned by the Audit and Performance Manager's (as Head of Internal Audit) Annual Opinion Report April 2019 to March 2020, which was appended to the report.

The Statement set out the Council's governance framework and procedures that had operated at the Council during the year, a review of their effectiveness, significant governance issues that had occurred and a statement of assurance.

The Annual Governance Statement, which would be included in the Council's statement of accounts for 2019-20, had concluded that Guildford was a well-run Council with good governance processes in place. However, there had been a number of significant governance issues during the year, full details of which were reported in the Statement.

The 2019-20 Statement had also included details of progress on a number of governance issues that had been reported in the 2018-19 Annual Governance Statement. In addition, there had been a number of follow-up reviews from 2018-19, which were revisited in 2019-20, and progress on these was shown in the Annex to the Statement. The Committee noted a number of updates in respect of these reviews, which were set out in the Supplementary Information Sheet circulated before the meeting.

During the debate, the following points were raised/clarifications made:

- In response to a query as to why the Corporate Management Team (CMT) did not regularly monitor corporate KPIs, officers confirmed that all services produced service plans containing performance indicators, which were monitored at director level and

raised at CMT by exception. CMT would track and monitor key performance indicators on a regular basis moving forwards.

- In paragraph 2.9 of the Head of Internal Audit's Annual Opinion (Appendix 2), point 4. should read:

"a transformation programme Future Guildford which has delivered savings of £1.2m in the first phase".

- The last occasion on which the Citizens' Panel had been consulted was in relation to the new corporate plan priorities; the outcome of consultations with the Citizens' Panel was normally reported to the Executive.
- The main reason why deadlines had not been met in respect of some of the follow-up reviews from 2018-19 affecting finance and resources, had been due to delays in respect of the introduction of the Enterprise Resource Planning platform, which was due in April 2020, but had been delayed due to the COVID-19 crisis.

Having considered the report and the Annual Governance Statement set out in the Appendix thereto, the Committee

RESOLVED: That the Council's Annual Governance Statement for 2019-20 as set out in Appendix 1 to the report submitted to the Committee, be commended to the Executive for adoption at its meeting on 23 June 2020.

Reason:

To comply with the Accounts and Audit Regulations 2015, the Executive must prepare, approve, and publish an Annual Governance Statement.

**CGS6 AUDIT REPORT ON THE CERTIFICATION OF FINANCIAL CLAIMS AND RETURNS
2018-19: HOUSING BENEFIT SUBSIDY AND POOLING HOUSING CAPITAL
RECEIPTS**

The Committee considered an audit report on the certification of financial claims and returns for 2018-19.

The audit covered claims returns relating to expenditure of over £34.8 million, spanning Housing Benefit Subsidy worth £31.5 million and Pooling of Housing Capital Receipts worth £3.3m.

Although it had been necessary to qualify the Subsidy claim, the auditor had found a minimal number of errors with no new error types identified and minimal extrapolation.

The Committee was pleased to note that the Department for Work and Pensions had processed and settled the Council's audited claim without any amendments. Officers had provided assurance that the Council was continuing with its checking regime and looking for ways to reduce errors further.

In relation to the number of years a council had to be error free in order to avoid additional checks in the following year, it was noted that, following a change in process in 2018-19, there had to be no errors identified in the initial sample and in 40+ in respect of each error type found.

Having noted that the Pooling of Housing Capital Receipts audit also had no amendments, the Committee

RESOLVED: That the position regarding the certification of claims and returns for 2018-19 be noted.

Reason:

To formally sign off the claims and returns for 2018-19.

CGS7 EXTERNAL AUDIT PLAN 2019-20 AND FEE LETTER 2020-21

The Committee considered a report on the annual audit plan for 2019-20, which had been prepared by the Council's external auditors, Grant Thornton. The plan detailed the programme of work that Grant Thornton intended to carry out during 2019-20, the approach they would adopt and significant risks that they would review as part of the audit. The audit plan also detailed the parts of the audit and the fee that Grant Thornton would charge in respect of the external audit of the Council. The overall fee for the core audit of £44,300 which had been reported to this Committee on 13 June 2019, had not changed from 2018-19.

However, the Financial Reporting Council (FRC) had set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC had recently assumed responsibility for the inspection of local government audit, the regulator required that all audits must achieve a 2A (few improvements needed) rating. This had led to additional work being planned that had not been included in the fee letter presented to the Committee in June 2019. The Council had received a revised fee letter in February 2020 which was set out in Appendix 2 to the report. Appendix 2 also detailed the fees that would be incurred for the additional work in 2019-20 and a comparison with the final audit fees incurred in 2018-19. The revised fee for 2019-20 would be £54,050 for the core audit. A further fee of £25,000 was estimated for the audit of grant claims.

The Committee noted that Public Sector Audit Appointments (PSAA), had written to the Council to advise that the scale audit fee for 2020-21 would initially be set at £44,300 which was the same as the initial scale fee proposed for 2019-20. However, the letter made it clear that the Council could expect to receive a fee variation request from Grant Thornton to reflect the work required to undertake the audit at the Council based on the audit plan and risk assessment of our circumstances.

Having considered the report and noted that there was budget provision in the 2020-21 estimates for the audit fees and the fees for other services provided by Grant Thornton. the Committee

RESOLVED: That the external audit plan submitted by Grant Thornton, together with the external audit fee for 2020-21 set out on page 14 of Appendix 1 to the report (page 96 of the agenda), be approved.

Reason:

To enable the Committee to consider and comment on the planned audit fee.

CGS8 INTERNAL AUDIT PLAN 2020-21

The Committee considered a report on the Internal Audit Plan for 2020-21.

The Committee noted that, in 2018-19, the Council's internal audit function had been outsourced to KPMG. The Audit and Business Improvement Manager was the client-side officer and a multi skilled team within Audit and Business Improvement, who had both audit and business improvement experience, had been retained. The new structure had produced year-on-year savings of approximately £90,000 for a similar level of audit coverage, but with fewer oncosts.

The Committee noted that, in 2019-20, 29 audits had been completed, which represented 94% of the audit plan. The work carried out so far had shown that there was no indication of any material or significant issues arising.

In introducing the report, the Audit and Business Improvement Manager commented that in developing the Plan for 2020-21, the various high-risk factors associated with change brought about by the challenges of COVID-19, Future Guildford, financial pressures, and new ICT systems had meant that the Plan would need to focus on financial controls, asset controls, productivity, performance and outputs and delivery. The new ways of working introduced to respond to these challenges required a performance framework that provided the necessary assurance.

The internal audit team were continuing to carry out workshops and business re-engineering processes as part of Phase B of Future Guildford. This was an opportunity for the team to provide assurance that any new structure, system and process re-design included the right level of governance and control.

In considering this matter, the following points were raised/clarifications made:

- The reduction in the planned number of audit sessions was likely to reduce the contractor's fee
- It may be necessary to make changes to the Plan dependent on ongoing challenges and circumstances
- The Council had established a recovery group to assist the retail sector in the town as lockdown eased.
- The contract with KPMG had been extended as it was anticipated that the Audit and Business Improvement Manager would be leaving the Council next year and their continued engagement would provide the necessary continuity, flexibility and resilience
- In relation to audits completed in 2019-20, the Audit and Business Improvement Manager confirmed that the audit assurance rating of "No Assurance" had been given in respect of missing ICT assets, which had been identified in the financial reconciliation and found that security of the assets, stock control and records were insufficiently robust. The three findings of "Partial Assurance" related to data protection, housing voids/lettings and business continuity. All of these matters would be looked at again.
- In response to a question regarding the Council's protection against, and any penalties that could be imposed regarding, any major failure on the part of the Council's internal audit contractor, the Audit and Business Improvement Manager confirmed that the contractor was closely supervised and their work carefully checked and monitored and any failure on their part could be addressed through the contract

Having noted that the audit plan for 2020-21 had been structured to reflect the changing needs and priorities of the Council at the current time, the Committee

RESOLVED: That the internal audit plan for 2020-21, as set out in Appendix 1 to the report submitted to the Committee, be approved.

Reason:

To ensure an adequate level of audit coverage.

CGS9 REVIEW OF TASK GROUPS REPORTING TO THE COMMITTEE

The Committee noted that Council Procedure Rule 24 (v) required the appointing body to review annually, the continuation of task groups appointed by them. Although the Councillors' Development Steering Group had been set up originally as an Executive working group, it was agreed in 2015 that the Steering Group would report on its work to this Committee.

Agenda item number: 3

The Corporate Governance Task Group had been established by the Committee in November 2019 to review a number of corporate governance related matters and has met on four occasions.

The Committee considered a report which reviewed the work carried out by the Steering Group over the past twelve months, and the Task Group since it was established and the work they were likely to undertake over the next twelve months. The Committee was asked to agree that the two Groups should continue with their important work and that all five political groups should be represented on them.

Having considered the report, the Committee

RESOLVED:

- (1) That the Councillors' Development Steering Group should continue its work and that the numerical allocation of seats on the Steering Group to each political group be agreed as one member per group (plus a nominated deputy) as follows:

Cllr Richard Billington
Cllr Colin Cross
Cllr Angela Gunning
Cllr Pauline Searle
Cllr Catherine Young

- (2) That the Corporate Governance Task Group should continue its work and that the numerical allocation of seats on the task group to each political group be agreed as one member per group (plus a nominated deputy) as follows:

Cllr Liz Hogger
Cllr Nigel Manning
Cllr Ramsey Nagaty
Cllr Deborah Seabrook
Cllr James Walsh

- (3) That the membership of the Corporate Governance Task Group shall include a co-opted Independent Member, and a Parish Member of this Committee, namely Murray Litvak and Julia Osborn respectively.
- (4) That the terms of reference of the Corporate Governance Task Group be amended to include a review of anomalies within the Constitution.

Reasons:

- To recognise the important work that both groups undertake in respect of councillor training and development and reviewing various corporate governance related matters on behalf of this Committee.
- To comply with the requirement for this Committee to review the continuation of the Councillors' Development Steering Group and the Corporate Governance Task Group, in accordance with Council Procedure Rule 24 (v).

CGS10 WORK PROGRAMME

The Committee considered its updated 12 month rolling work programme and

RESOLVED: That the updated 12 month rolling work programme, as set out in Appendix 1 to the report submitted to the Committee, be approved, subject to

- (i) the deferral of the following items, which were scheduled for consideration at the next meeting on 30 July 2020, to the meeting on 24 September 2020:

- 2019-20 Audit Findings Report: Year ended 31 March 2020
- 2019-20 Audited Statement of Accounts

(ii) the deferral of the Freedom of Information Compliance Update report, which was scheduled for 30 July 2020 to January 2021 when the Annual Report for 2020 is due to be considered.

Reason:

To allow the Committee to maintain and update its work programme.

The meeting finished at 8.45 pm

Signed

Chairman

Date

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Chief Finance Officer

Author: Vicky Worsfold

Tel: 01483 444834

Email: victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 30 July 2020

Capital and Investment outturn report 2019-20

Executive Summary

This annual outturn report includes capital expenditure, non-treasury investments and treasury management performance for 2019-20.

Capital programme

In total, expenditure on the General Fund capital programme was £48.1 million. This was less than the budget by £38.7 million. Details of the revised estimate and actual expenditure in the year for each scheme are given in **Appendix 3**.

The budget for Minimum Revenue Provision (MRP) was £1.02 million and the outturn was £926,639. This was due to slippage in the capital programme in 2018-19.

Non-treasury investments

The Council's investment property portfolio stood at £153 million at the end of the year. Our rental income was £8.4 million, and our income return 6% against the benchmark of 4.7%.

Treasury management

The Council's cash balances have built up over a number of years, and reflect our strong balance sheet, with considerable revenue and capital reserves. Officers carry out the treasury function within the parameters set by the Council each year in the Capital and Investment Strategy. As at 31 March 2020, the Council held £107.6 million in investments, £44 million of short term borrowing so net debt of £129 million.

We borrowed short-term from other local authorities for cash flow purposes and ensure there is no cost of carry on this. We did not take out any additional long-term borrowing during the year. The Council had £236.7 million borrowing at 31 March 2020, of which £44 million was short-term borrowing for cash purposes.

This report (section 8) confirms that the Council complied with its prudential indicators, treasury management policy statement and treasury management practices (TMPs) for

2019-20. The policy statement is included and approved annually as part of the Capital and Investment Strategy, and the TMPs are approved under delegated authority.

The treasury management performance over the last year, compared to estimate, is summarised in the table below. The report highlights the factors affecting this performance throughout the report, and in **Appendix 1**.

	Estimate %	Actual %	Estimate (£000)	Actual (£000)
General fund Capital Financing Requirement (CFR)			365,845	124,357
Housing Revenue Account CFR			197,024	197,024
Total CFR			562,869	321,381
Return on investments	2.3	1.56	1,742	2,172
Interest paid on external debt			5,755	5,767
Total net interest paid			4,013	3,595

There was slippage in the capital programme which resulted in a lower CFR than estimated (more information in **Appendix 1**, section 3).

Interest paid on debt was lower than budget, due to less long-term borrowing taken out on the general fund because of slippage in the capital programme.

The yield returned on investments was lower than estimated, but the interest received was higher due to more cash being available to invest in the year – a direct result of the capital programme slippage. Officers have been reporting higher interest receivable and payable and a lower charge for MRP during the year as part of the budget monitoring when reported to councillors during the year.

Detailed information on the return on investments, and interest paid on external debt can be found in section 7 of this report.

Recommendation to Committee

The Committee is asked to submit any comments it may wish to make to the Executive when it considers this matter on 22 September 2020.

The Executive will be asked to recommend to Council (6 October 2020):

- (1) That the treasury management annual report for 2019-20 be noted.
- (2) That the actual prudential indicators reported for 2019-20, as detailed in **Appendix 1** to this report, be approved.

Reason for Recommendation:

To comply with the Council's treasury management policy statement, the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on treasury management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

1. Purpose of Report

- 1.1 The Local Government Act 2003 states that the Council has a legal obligation to have regard to both the CIPFA code of practice on treasury management and the Ministry of Housing, Communities, and Local Government (MHCLG) investment guidance.
- 1.2 The CIPFA treasury management code of practice, and the MHCLG investment guidance requires public sector authorities to produce an annual capital strategy to incorporate capital expenditure, non-treasury investments and treasury management activity.
- 1.3 This report covers the outturn of the elements of the strategy and the requirement to report on the prudential and treasury indicators for the year. The position of the Council's investment property portfolio is also presented along with progress on the capital programme.
- 1.4 The Council borrows and invests substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risks. The Council holds a substantial amount of investment property and has a large capital programme, all of which have risk.
- 1.5 Treasury management is a highly complex, technical and regulated aspect of local government finance. We have included a glossary of technical terms (**Appendix 10**), to aid the reading of this report.

2. Strategic Priorities

- 2.1 Treasury management and capital expenditure are key functions in enabling the Council to achieve financial excellence and value for money. It underpins the achievement of all the Corporate Plan 2018-2023 themes.
- 2.2 This report details the activities of the treasury management function and the effects of the decisions taken in the year in relation to the best use of its resources. It also presents the outturn position for the year of the capital programme, and the performance on non-treasury investments.

3. Background

- 3.1 Treasury management is defined by CIPFA as:

“the management of the council's investments, borrowing and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

- 3.2 The Council has overall responsibility for treasury management. Treasury management contains a number of risks. The effective identification and management of those risks are integral to the Council's treasury management

objectives, as is ensuring that borrowing activity is prudent, affordable and sustainable.

- 3.3 The Council has a statutory requirement, under the Local Government Act 2003, to adopt the CIPFA Prudential Code and produce prudential indicators.
- 3.4 The objectives of the prudential code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable, and the treasury management decisions are taken in accordance with good professional practice.
- 3.5 The Council has a large capital programme and a large investment property portfolio on its balance sheet. These, together with treasury management, are the management of the Council's cash and assets.
- 3.6 The Council operates its treasury management function in compliance with this Code and the statutory requirements.
- 3.7 This annual report, and the appendices attached to it, set out:
 - a summary of the economic factors affecting the approved strategy and counterparty updated (sections 4 and 5 with details in **Appendix 5**)
 - a summary of the approved strategy for 2019-20 (section 6)
 - a summary of the treasury management activity for 2019-20 (section 7 with detail in **Appendix 1**)
 - compliance with the treasury and prudential indicators (section 8 with detail in **Appendix 1**)
 - non-treasury investments (section 9)
 - capital programme (section 10)
 - risks and performance (section 11)
 - Minimum Revenue Provision (MRP) (section 12)
 - details of external service providers (section 13)
 - details of training (section 14)

4. Economic Environment

- 4.1 This section includes the key points of the economic environment for 2019-20, to show the treasury management activity in context. **Appendix 5** contains more detail.
 - Brexit negotiations ongoing and uncertain
 - December's election created more certainty and provided confidence to the global markets
 - UK CPI inflation fell to below the BoE 2% target
 - Low unemployed and record employment statistics
 - Below trend GDP growth at 1.1%
 - Coronavirus changed everything! Caused global sentiment plummeting and falls to the financial markets not seen since the global financial crisis.
 - Lockdowns enforced, interest rate cuts across the world and stimulus packages introduced

- BoE base rate reduced from 0.75% to 0.25% and then to 0.10% in a matter of weeks
- Trade wars between US and China but phase 1 of trade agreement was signed in January
- FTSE fell over 30% at its worse point with stock markets in other countries following the same trend
- Bank stress tests on the main seven UK banking groups – all passed on both common equity tier 1 (CET1) ratio and a leverage ratio basis. CET1 aggregate levels remained twice the level before the 2008 financial crisis.
- Credit Default Swap (CDS) spreads rose sharply in March due to the potential impact of coronavirus on banks' balance sheets giving cause for concern.
- UK and Non-UK counterparty list recommended duration limits was reduced to 35 days in Mid-March

4.2 The key points relevant to investment property are:

- Industrial sector remained resilient
- Office supply declining in Guildford, there has been a departure of key corporate occupiers, which has not helped the office market
- There has been a shift in the demand for High Street retail premises, leading to declining rents and increased vacancy levels.
- Retail was the weakest category going into lockdown and is anticipated to be the worst affected.

5. Regulatory Changes

5.1 A new accounting standard – IFRS16 – accounting for leases was due to be implemented on 1 April 2020. This means that the Council needs to account for its leases differently, as operating leases are no longer an applicable category for lessees. This will impact on the Council's CFR and asset base as all these assets will need to be included on the Council's balance sheet. The Government decided to delay the implementation until 1 April 2021.

6. Approved strategy and budgets for 2019-20 – a summary

6.1 Council approved the Capital and Investment strategy for 2019-20 in February 2019.

6.2 The strategy showed an underlying need to borrow in 2019-20 for the General Fund (GF) capital programme of £86.7 million.

6.3 The strategy set out how we would manage our cash. It allowed for internally managed investments for managing cash flow and externally managed and longer-term investments for our core cash (cash not required in the short or medium term). See **Appendix 9** for background.

6.4 It highlighted the need to continue to diversify our investment portfolio to reduce credit risk. The approved strategy set the minimum long-term credit rating of A-

(or equivalent) for investments in counterparties to be determined as 'high credit' using the lowest denominator principle for the three main credit rating agencies.

6.5 Investment property risks were examined in the strategy.

7. Treasury management activity in 2019-20

7.1 The treasury position at 31 March 2020, compared to the previous year is:

		31 March 2019 (£'000)	Average Rate	31 March 2020 (£'000)	Average Rate
Fixed Rate Debt	PWLB	147,895	3.22%	147,665	3.22%
	Market	0	0.00%	0	0.00%
Variable Rate Debt	PWLB	45,000	0.92%	45,000	0.96%
	Market	0	0.00%	0	0.00%
Long-term	LAs	0	0.00%	0	0.00%
Temporary borrowing	LAs	20,000	0.66%	44,000	0.83%
Total Debt		212,895	2.45%	236,665	2.43%
Fixed Investments		(54,650)	1.09%	(66,600)	1.40%
Variable Investments		(30,729)	0.90%	(28,023)	0.82%
Externally managed		(11,945)	3.26%	(12,988)	4.17%
Total Investments		(97,325)	1.42%	(107,611)	1.56%
Net Debt / (Investments)		115,570		129,054	

7.2 PWLB is the Public Works Loans Board and is a statutory body operating as an executive of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies.

7.3 The above table shows investments have increased by £10.3 million and loans by £23.8 million. Therefore, net debt has increased by £13.48 million. Short-term borrowing has increased, because we were unsure of the COVID-19 implications so took out some borrowing at the end of the financial year. We have purchased £2.5 million of external fund investments following the sale in 2018-19, but the values in the table above reflect the reduction in values at the end of the financial year due to the market conditions.

7.4 We budgeted a return of 2.3% for the year and achieved 1.56%.

7.5 The Council's budgeted investment income was £1.741 million, and actual interest was £2.12 million (£377,000 higher). We had been projecting higher interest receipts throughout the financial year. This is because we had more cash available to invest than we had budgeted, and we hold some longer higher yielding secure investments.

7.6 Our budgeted debt interest payable was £5.75 million. £5.16 million relates to the HRA. The outturn was £5.76 million (£5.16 million for the HRA).

7.7 All our external funds are distributing funds, and they achieved an overall weighted average return of 4.17%, split as:

Fund	Balance at 31 March £000	Average return	Type of fund
M&G	1,126,577	2.54%	Equity focussed
Schroders	567,847	7.31%	Equity focussed with at least 80% on FTSE all share companies
Funding Circle	533,798	6.35%	Investments in SMEs up to a max of £2,000
UBS	2,017,992	4.71%	Multi asset
RLAM	2,227,920	2.42%	Global bond fund
Fundamentun	1,960,000	0.00%	Supported housing
CCLA	6,514,007	4.41%	Property

7.8 Movements in pooled funds in the year:

- we invested £2.5 million in a new fund - Royal London Asset Management (RLAM) having sold some of our external fund investments in 2018-19
- we also invested £2 million in a REIT (real estate investment fund) with Fundamentum – they invest in supported housing and therefore meets social benefits as well as offering a good financial return for the Council and further diversifying our investment portfolio

7.9 Our external fund portfolio is diverse, and we invest in a range of products and markets. The capital value of the funds can go up as well as down. Across all funds still held at the end of the year, there was a capital loss of £1.48 million due to the coronavirus. This position has been reversed by £206,000 at the end of June.

7.10 The Council also invested more in our subsidiaries and now holds £5.46 million of equity investment in Guildford Borough Council Holdings Ltd and £8.18 million in North Downs Housing Ltd.

7.11 The Council agreed an interest rate of base rate plus 5% (currently 5.1%) on the investment in North Downs Housing Ltd. This is higher than the treasury investments held as it reflects the risk associated with holding such investments. We budgeted a return of £333,000 and earned £317,000, which is due to the increase in the Bank of England base rate in the year.

7.12 The equity investment in Guildford Borough Council Holdings will be subject to a dividend if a profit is achieved.

Capital programme

7.13 The actual underlying need to borrow for the year, and the amount of internal borrowing actually taken, for the GF capital programme was £18.3 million, which is lower than budgeted of £86.7 million because of slippage in the capital programme, and also unbudgeted for capital receipts. We will continue to support service managers with the scheduling of schemes in the capital programme to ensure it is kept up to date when project timescales change.

7.14 The Council must charge a Minimum Revenue Provision (MRP) on its internal borrowing, which is setting aside cash from council tax to repay the internal

borrowing. MRP charged to the revenue account for the year was £926,639, against an original budget of £1.019 million.

- 7.15 Our overall underlying need to borrow, as measured by the Capital Financing Requirement (CFR) was £321.380 million (£124.4 million relates to the GF).

Benchmarking and performance indicators

- 7.16 The Council is a member of the CIPFA treasury management benchmarking club.
- 7.17 Arlingclose also provide benchmarking data across their clients (“client universe”). It highlights the effect of changes in our investment portfolio and compares the basis of size of investment, length of investment and the amount of credit risk taken.
- 7.18 The benchmarking shows a snapshot of our average running yield on all investments, also split between internally managed and externally managed. The latest benchmarking data (at 31 March 2020), shows our average rate of investments for our total portfolio as being 1.61% against the client universe of 1.23%. The table shows that we have outperformed our internally managed investments of the client universe by quite some margin.

Benchmark	Guildford	Client Universe
Internally managed return	1.19%	0.64%
Externally managed (return only)	4.42%	3.73%
Total Portfolio	1.61%	1.23%
% of investments subject to bail in	23%	56%
No. of counterparties/funds	37	14

- 7.19 The difference in our return as part of the benchmarking (1.61%) and our own return (1.56%) is due to a different calculation in the way Arlingclose put the benchmarking return together.
- 7.20 The table above shows how far the Council has come to mitigate bail in risk – closing the year at 23% of investments subject to bail in. This percentage will change during the course of the year depending on the level of cash we have and what we are invested in.
- 7.21 One of our key areas in our treasury strategy has been to increase diversification in the portfolio. The number of counterparties and funds we are investing in are far higher than the client universe and shows that we have achieved our aim. Again, this level of diversification will change at different points in the year.

8. Non-treasury investments

- 8.1 **Appendix 2** sets out the Council investment property fund portfolio report for 2019-20. The key points are summarised below.

8.2 The current portfolio is:

Sector	No. of assets	Sub-category	No. of assets
Office	6		
Industrial	125		
Retail	9	Shops Shopping centres Supermarkets	6 2 1
Leisure	6	Restaurants Nightclubs	5 1
Other Commercial	10	Educational Theatre Barn Petrol station Sui Generis Car Park Water treatment works	3 1 2 1 1 1 1
TOTAL	156		

8.3 Fund statistics are:

Fund Performance (total return) *					
Rental income					
	Industrial	Office	All Retail	Alternatives	All
2015/16	2,679,571	1,831,900	1,750,254	885,636	7,147,361
2016/17	3,057,302	1,858,638	1,447,672	1,062,137	7,425,749
2017/18	3,493,405	3,186,048	1,426,317	1,080,786	9,186,556
2018/19	3,619,808	3,038,548	1,459,048	1,129,361	9,246,765
2019/20	3,369,452	2,135,460	1,459,548	1,139,397	8,103,857
Capital value					
	Industrial	Office	All Retail	Alternatives	All
2015/16	39,077,755	19,227,500	34,270,000	11,233,500	103,808,755
2016/17	42,922,450	25,915,000	25,908,500	15,963,500	110,709,450
2017/18	51,509,000	49,574,000	26,065,000	17,471,500	144,619,500
2018/19	66,970,000	49,159,000	26,097,000	18,843,000	161,069,000
2019/20	72,295,790	35,609,000	26,097,000	18,143,000	152,144,790
Income return					
	Industrial	Office	All Retail	Alternatives	All
2015/16	8.0%	7.5%	5.6%	7.5%	6.8%
2016/17	7.1%	7.2%	5.6%	6.7%	6.7%
2017/18	8.0%	7.4%	5.2%	5.8%	6.6%
2018/19	6.8%	6.6%	5.9%	5.8%	6.3%

2019/20	6.9%	5.3%	5.9%	5.9%	6.0%
Benchmark return					
	Industrial	Office	All Retail	Alternatives	All
2015/16	6.1%	4.7%	5.4%	4.7%	5.2%
2016/17	5.4%	4.1%	5.0%	5.5%	4.8%
2017/18	4.9%	4.1%	5.1%	5.3%	4.8%
2018/19	4.4%	4.0%	5.1%	5.0%	4.6%
2019/20	4.4%	4.0%	5.4%	5.1%	4.7%

* Excludes Finance leases

8.4 The performance shows that our portfolio has performed better than our benchmark.

9. General Fund Capital programme

9.1 **Appendix 3** (to follow) sets out the actual expenditure on capital schemes, compared to the updated estimates, together with reasons for variances. Overall, we spent £38.7 million (45%) less on capital schemes than we originally estimated and £65.7 million (58%) less than the revised estimate, the schemes with more than £1 million variance to budget relate to Guildford Park Car Park, Middleton Industrial Estate, strategic property purchases, crematorium, and Ash road although there are significant variations on other approved schemes under £1 million, as detailed in the appendix.

9.2 The table below summarises our capital expenditure and variances in the year:

	Original estimate (£m)	Revised estimate (£m)	Actual (£m)	Variance to revised (£m)
GF approved programme	61.4	61.9	45.7	(16.2)
GF provisional programme	17.6	2.1	0.0	(2.1)
GF Schemes financed from reserves	6.8	3.9	2.3	(1.6)
Total	85.8	67.9	48.0	(19.9)

9.3 We significantly re-profiled schemes during the year, and under spent by £19.9 million on the revised estimate.

10. Compliance with treasury and prudential indicators

10.1 The CIPFA prudential code and treasury management code of practices require local authorities to set treasury and prudential indicators.

10.2 The objectives of the Prudential Code, and the indicators calculated in accordance with it, provide a framework for local authority capital finance that will ensure

- capital expenditure plans are affordable
 - all external borrowing and other long-term liabilities are within prudent and sustainable limits
 - treasury management decisions are taken in accordance with professional good practice and
 - in taking the above decisions, the council is accountable by providing a clear transparent framework
- 10.3 The prudential code requires the Council to set a number of prudential indicators for the following and two subsequent financial years, and to monitor against the approved indicators during the year. We can revise these indicators during the year but need full Council approval.
- 10.4 Officers can confirm that the Council has complied with its prudential indicators for 2019-20, (see **Appendix 1** for the outturn figures), its treasury management policy statement and its treasury management practices.
- 10.5 Section 6 outlines the approved treasury management strategy. We have adhered to the strategy by:
- financing of capital expenditure from government grants, usable capital resources, revenue contributions and cash flow balances rather than from external borrowing
 - taking a prudent approach in relation to the investment activity in the year, with priority given to security and liquidity over yield
 - maintaining adequate diversification between counterparties
 - forecasting and managing cash flow to preserve the necessary degree of liquidity

11. Risk and performance

- 11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.
- 11.2 The Council has complied with all the relevant statutory and regulatory requirements, which limit the level of risk associated with its treasury management activities. In particular, its adoption and implementation of both the prudential code and treasury management code of practice means our capital expenditure is prudent, affordable and sustainable, and our treasury practices demonstrate a low risk approach.
- 11.3 Short-term interest rates and likely movements in these rates, along with our projected cash balances, determine our anticipated investment return. These returns can be volatile and whilst, loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.
- 11.4 If the Council were to lose any of its investments, the GF will carry the loss, even if the cash lost is HRA cash. Therefore, to compensate the GF for this, we apply a credit risk adjustment to the rate of interest we apply on the HRA balances and

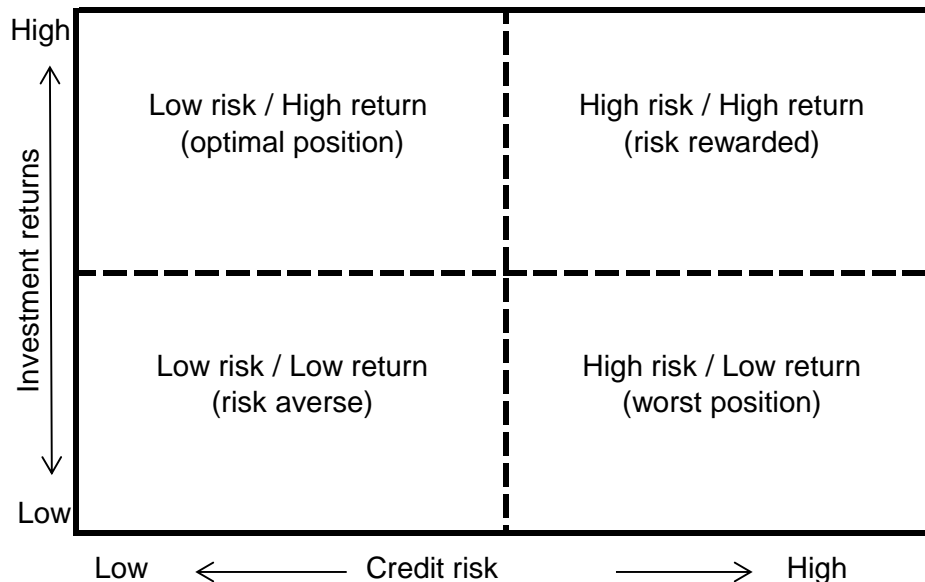
reserves and SPA reserves. Therefore, a lower interest rate is applied than the weighted average investment return for the year.

- 11.5 The Council invests in externally managed funds. These are more volatile than cash investments, but can come with a higher return. Officers continually review our funds to ensure they still have a place in the portfolio. We view most of our funds over a three to five-year time horizon to take account of their potential volatility – they are not designed to be short-term investments, despite being able to get the money from them quickly.

Credit developments and credit risk management during the year

- 11.6 Security of our investments is our key objective when making treasury decisions. We therefore manage credit risk through the limits and parameters we set in our annual treasury management strategy. One quantifiable measure of credit quality we use is to allocate a score to long-term credit ratings. **Appendix 8** explains the scoring in more detail.

- 11.7 This is a graphical representation used in the Arlingclose benchmarking.



- 11.8 Typically, we should aim to be in the top left corner of the chart where we get a higher return for lower risk. In the actual benchmarking, for average rate versus credit risk (value weighted) we were above the average of all clients and were in the top left box towards the middle vertical line. For time weighted we are well within the top left box (see **Appendix 6** for the two charts).
- 11.9 We set our definition of high credit quality as a minimum long-term credit rating of A-, which attracts a score of 7. The lower the score, the higher the credit quality of the investment portfolio.
- 11.10 The table below shows that at each quarter date, the weighted average score of our investment portfolio, on a value weighted and a time weighted basis is well

within our definition of high credit quality, ending the year at 3.95 (AA-) and 2.04 (AA-).

Date	Value Weighted Avg Credit Risk Score	Value Weighted Avg Credit Rating	Time Weighted Avg Credit Risk Score	Time Weighted Avg Credit Rating	Average Life (days)
31-03-19	3.18	AA	2.24	AA+	318
30-06-19	4.02	AA-	3.01	AA	328
30-09-19	4.18	AA-	4.06	AA-	305
31-12-19	4.24	AA-	4.40	AA-	323
31-03-20	3.95	AA-	2.04	AA+	261

11.11 We have maintained security throughout the year within the portfolio. We also have a lower risk score on both elements than the Arlingclose client universe (4.03/AA- and 3.94/AA-). We do, however, have a much longer duration (ours is 261 days compared to the universe of 20 days) and this is due to us having a large portion of investments of covered bonds in the portfolio, which can be sold on the secondary market if required. The longer duration is with AAA rated covered bonds, so this has enhanced the security of the portfolio.

12. Minimum Revenue Provision (MRP)

12.1 The Local Authorities (Capital Financing and Accounting) (England) (Amendment) Regulations 2003 (SI No 3146) place a duty on local authorities to make a prudent provision for debt redemption. Making an MRP reduces the Capital Financing Requirement (CFR) and leaves cash available to replenish reserves used for internal borrowing or making external debt repayments. There are three options for applying MRP available to us:

- asset life method
- depreciation method
- any other prudent method

12.2 Any other prudent method means we can decide on the most appropriate method depending on the capital expenditure.

12.3 The latest MRP policy was approved by Council in February 2019, and stated that:

- the Council will use the asset life method as its main method, but will use annuity for investment property
- in relation to expenditure on development, we may use the annuity method starting in the year after the asset becomes operational
- where we acquire assets ahead of a development scheme, we will charge MRP based on the income flow of the asset or as service benefit is obtained, and will not charge MRP during construction, refurbishment or redevelopment
- We will apply a life of 50 years for the purchase of land and schemes which are on land (for example transport schemes)

- Where loans are made to other bodies for their capital expenditure, no MRP will be charged, where the other body is making principal repayments of that loan as well as interest. However, the capital receipts generated by the loan principal repayments on those loans will be put aside to reduce the CFR
- For investments in shares classed as capital expenditure, we will apply a life related to the underlying asset in which the share capital has been invested

12.4 The unfinanced capital expenditure in 2019-20 of £18.34 million related mainly to strategic property purchases, internal estate road and loan/equity to North Downs Housing.

13. External service providers

13.1 The Council reappointed Arlingclose as our treasury management advisers in March 2015. The contract is for a period of 7 years. The Council is clear what services it expects and what services Arlingclose will provide under the contract.

13.2 The Council is clear that overall responsibility for treasury management remains with the Council.

14. Training

14.1 CIPFA's revised treasury management code of practice suggest that best practice is achieved by all councillors tasked with treasury management responsibilities, including scrutiny of the treasury management function, receiving appropriate training relevant to their needs and that they should fully understand their roles and responsibilities.

14.2 The MHCLG's revised investment guidance also recommends that a process is in place for reviewing and addressing the needs of the Council's treasury management staff for training in investment management.

14.3 Following the revised CIPFA code of practice and the stated requirement that a specified body be responsible for the implementation and regular monitoring of the treasury management policies, we use the Corporate Governance and Standards Committee to scrutinise the treasury management activity of the Council.

14.4 Training on treasury management will be given to new councillors and in particular the group leaders and members of the Corporate Governance and Standards Committee.

14.5 Corporate Governance and Standards Committee normally reviews the annual report in June each year.

14.6 Officer training is undertaken on a regular basis, by attending workshops held by Arlingclose, and seminars or conferences held by other bodies, such as CIPFA. On the job training and knowledge sharing are undertaken when required. Those involved in treasury management are either a fully qualified accountant, or AAT

qualified. The Lead Specialist for Finance, and Deputy s151 officer holds the 'Certificate in International Treasury Management for Public Finance' qualification, which is a joint qualification between the ACT (Association of Corporate Treasurers) and CIPFA.

- 14.7 Certain officers of the Council are deemed professional by the financial industry and therefore demonstrates the level of skill and expertise in the treasury function to ensure the Council retains professional status under the MiFID II regulations.

15. Consultations

- 15.1 Officers have consulted with the Lead Councillor for Finance about the contents of this report.

16. Equality and Diversity Implications

- 16.1 There are no equality and diversity implications

17. Financial Implications

- 17.1 The detailed financial implications are summarised above and in **Appendix 1**.

18. Legal Implications

- 18.1 A variety of professional codes, statutes and guidance regulate the Council's treasury management activities. These are:
- the Local Government Act 2003 ("the Act") provides the powers to borrow and invest. It also imposes controls and limits on these activities
 - the Act permits the Secretary of State to set limits on either the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken. The HRA debt cap is the only restriction that applied in 2017-18
 - statutory instrument 3146 (2003 ("The SI"), as amended, develops the controls and powers within the Act
 - the SI requires the council to undertake any borrowing with regard to the prudential code. The prudential code requires indicators to be set – some of which are limits – for a minimum of three forthcoming years
 - the SI also requires the council to operate the treasury management function with regard to the CIPFA treasury management code of practice
 - under the terms of the Act, the Government issued "investment guidance" to structure and regulate the council's investment activities. The emphasis of the guidance is on the security and liquidity of investments.

19. Human Resource Implications

- 19.1 There are no human resource implications arising from this report other than the training discussed in section 14 above, which is already in place.

20. Summary of Options

- 20.1 We could have invested in lower credit quality investments, but this would have increased our risk exposure.
- 20.2 We could have borrowed longer-term for our capital programme, but would have suffered a cost of carry due to the slippage in the programme.

21 Conclusion

- 21.1 The Council has complied with the objectives of the CIPFA treasury management code of practice by maintaining the security and liquidity of its investment portfolio.
- 21.2 We maintained the security of our investment portfolio, and did not borrow long-term in advance of need.
- 21.3 We have also complied with the requirements of the prudential code by setting, monitoring and staying within the prudential indicators set, except the variable limit on net investments due to higher investment balances than when the indicator was set.

22 Background Papers

- CIPFA Treasury Management in the Public Services – Code of Practice and Cross Sectoral Guidance Notes (2018 edition)
- CIPFA Treasury Management in the Public Services – Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (2018 edition)
- CIPFA the Prudential Code for Capital Finance in Local Authorities (2018 edition)
- CIPFA the Prudential Code for Capital Finance in Local Authorities – Guidance Notes for Practitioners (2018 edition)
- Treasury management annual strategy report 2018-19

23 Appendices

- Appendix 1: Treasury management activity, treasury and prudential indicators 2019-20
- Appendix 2: Investment property fund portfolio report 2019-20
- Appendix 3: capital programme
- Appendix 4: schedule of investments at 31 March 2020
- Appendix 5: economic background – a commentary from Arlingclose
- Appendix 6: benchmarking graphs
- Appendix 7: credit score analysis
- Appendix 8: credit rating equivalents and definitions
- Appendix 9: background to externally managed funds
- Appendix 10: glossary

Treasury Management activity and treasury and prudential indicators 2019-20

1. Introduction

- 1.1 The treasury management service is an important part of the overall financial management of the council. Whilst the prudential indicators consider the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions.
- 1.2 Strict regulations, such as statutory requirements and the CIPFA treasury management code of practice (the TM Code) govern the council's treasury activities, and the Prudential Code and MHCLG Investment Guidance non-treasury investments.
- 1.3 The Council holds a substantial amount of Investment property (non-treasury investment) and has a large capital programme which directly impacts on the treasury management decisions the Council may make.

2. Treasury management activity

- 2.1 The council has an integrated capital and investment strategy and manages its cash as a whole in accordance with its approved strategy. Therefore, overall borrowing may arise because of all the financial transactions of the council (for example, borrowing for cash flow purposes) and not just those arising from capital expenditure reflected in the Capital Financing Requirement (CFR).

Investments

- 2.2 The Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance requires local authorities to focus on security and liquidity rather than yield.
- 2.3 Both the CIPFA Code and government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of investments before seeking the highest rate of return, or yield. The main objective, therefore, when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitable low investment income.
- 2.4 Security of capital remains our main objective when placing investments. We maintained this during the year by following our investment policy, as approved in our treasury management strategy 2018-19, which defined "high credit quality" counterparties as those having a long-term credit rating of A- or higher.
- 2.5 Investments during the year included:
 - investments in AAA rated constant net asset money market funds
 - call accounts and deposits with banks and building societies systemically important to each country's banking system. We do have some investments with overseas banks, but in sterling

Agenda item number: 4
Appendix 1

- other local authorities
- corporate bonds
- non-rated building societies
- covered bonds
- pooled funds without a credit rating, but only those subject to an external assessment

2.6 We divided our investments into three types

- short-term (less than one-year) internally managed cash investments
- long-term internally managed investments
- externally managed funds

2.7 Cash balances consisted of working cash balances, capital receipts, and council reserves.

2.8 The table below shows our investment portfolio, at 31 March 2020, compared to 31 March 2019. **Appendix 2** contains a detail schedule of investments outstanding at the end of the year.

Investment details	Balance at 31-03-19 £m	Weighted Avg Return for Year	Balance at 31-03-20 £m	Weighted Avg Return for Year
Internally Managed Investments				
Fixed Investments < 1 year to cover cash flow	6.00	0.96%	20.00	0.99%
Corporate bonds	0.00	1.06%	1.00	1.26%
Certificates of deposit	0.00	0.68%	18.10	1.06%
Notice Accounts	8.00	0.78%	8.00	0.90%
Call Accounts	0.00	0.37%	0.53	0.40%
Money Market Funds	13.23	0.66%	14.50	0.74%
Revolving credit facility	9.50	2.28%	5.00	1.26%
Long term investments > 1 year	48.65	1.17%	27.50	1.65%
Externally Managed Funds				
Payden & Rygel	0.00	0.64%	0.00	0.00%
Funding circle	0.51	6.22%	0.53	6.35%
CCLA	6.87	4.37%	6.51	4.41%
RLAM	0.00	0.00%	2.23	2.42%
M&G	1.39	3.20%	1.13	2.54%
Schroders	0.86	7.58%	0.57	7.31%
UBS	2.31	3.99%	2.02	4.71%
City Financials	0.00	2.68%	0.00	0.00%
Total Investments	97.32	1.03%	107.61	1.56%

2.9 Our level of investments increased during 2019-20, and we achieved a higher return than last year. Interest rates were higher for the majority of the financial year, with rates lowering in the last quarter as COVID-19 started to spread across the world.

2.10 The Councils also holds £5.460 million equity investments in Guildford Holdings Ltd and £8.183 million in North Downs Housing Ltd.

2.11 We are earning an interest return of base rate plus 5% (currently 5.10%) on the investment in North Downs Housing. This is higher than the return earned on treasury investments, but reflects the additional risks to the Council of holding the investment.

Security of investments

- 2.12 Counterparty credit quality was assessed and monitored with reference to credit ratings; financial institutions analysis of funding structure and susceptibility to bail-in, credit default swap prices; financial statements; information on potential government support and reports in the quality financial press.
- 2.13 We also considered the use of secured investment products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.
- 2.14 The minimum long-term counterparty credit rating for 'high quality counterparties' approved for 2019-20 was A-/A3 across all three main credit rating agencies (Fitch, S&P, and Moody's).
- 2.15 The overall minimum long-term credit rating in the treasury strategy is BBB+. The strategy set different limits for different counterparty credit ratings both in maximum duration and exposure in monetary terms.
- 2.16 We also have the ability to invest in non-rated institutions subject to due diligence.

Liquidity of investments

- 2.17 In keeping with the MHCLG's Guidance on Investments, the council maintained a sufficient level of liquidity using money market funds, call accounts, the maturity profile of fixed investments and short-term borrowing from other local authorities.
- 2.18 We use PSlive as our daily cash flow forecasting software to determine the maximum period for which funds may prudently be committed.

Yield of investments

- 2.19 The council sought to optimise returns commensurate with its objective of security and liquidity. The Bank of England base rate decreased to 0.10% in March 2020. Yields had been slowly increasing but declined rapidly when COVID-19 hit.
- 2.20 We invested in longer-term covered bonds, which increased the return of the portfolio and the duration. Bonds can be sold in the secondary market should we need the liquidity.
- 2.21 The council's budgeted investment income for the year was £1.741 million and actual interest was £2.172 million.

Externally managed funds

- 2.22 We estimate to have substantial cash balances over the medium-term (our "core" cash as identified in the Councils liability benchmark), and as such we have continued investing in pooled (cash-plus, bond, equity, multi-asset and property) funds. These funds, have allowed us to diversify into asset classes other than cash without the need to own and manage the underlying investments. These funds operate on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short term. All of our pooled funds are in the respective funds distributing share class, which pay out

the income generated. They have no defined maturity date, but are available for withdrawal, some with a notice period.

- 2.23 We regularly monitor all our external funds' performance and continued suitability in meeting our investment objectives.

Borrowing and debt management

- 2.24 The council's debt portfolio is detailed in the table below. Our loan portfolio increased by £23.8 million due to more short term loans at the end of the year.

Interest calc	Lender	Loan type	Principal £'000	Initial loan period (yrs)	Period remaining years	Maturity date	Rate
Long-term							
Fixed	PWLB	EIP	230	10	3.0	31/03/2021	3.60%
Variable	PWLB	Maturity	45,000	10	4.0	28/03/2022	0.96%
Fixed	PWLB	Maturity	10,000	12	6.0	28/03/2024	2.70%
Fixed	PWLB	Maturity	10,000	13	7.0	28/03/2025	2.82%
Fixed	PWLB	Maturity	10,000	14	8.0	28/03/2026	2.92%
Fixed	PWLB	Maturity	10,000	15	9.0	28/03/2027	3.01%
Fixed	PWLB	Maturity	25,000	17	11.0	28/03/2029	3.15%
Fixed	PWLB	Maturity	25,000	20	14.0	28/03/2032	3.30%
Fixed	PWLB	Maturity	25,000	25	19.0	28/03/2037	3.44%
Fixed	PWLB	Maturity	15,000	29	23.0	28/03/2041	3.49%
Fixed	PWLB	Maturity	17,435	30	24.0	28/03/2042	3.50%
Short-term							
Fixed	Broxbourne BC	Maturity	2,000	0.75	1.0	01/04/2020	0.80%
Fixed	LB Havering	Maturity	5,000	0.75	1.1	22/04/2020	0.82%
Fixed	Stockport MBC	Maturity	10,000	0.08	1.1	27/04/2020	1.00%
Fixed	LB Ealing	Maturity	2,000	1.00	1.1	19/05/2020	0.95%
Fixed	Cambridge CC	Maturity	3,000	1.00	1.1	19/05/2020	0.95%
Fixed	Rushcliffe BC	Maturity	5,000	1.00	1.1	20/05/2020	0.95%
Fixed	Cambridge & Peterborou	Maturity	8,000	0.92	1.1	20/05/2020	0.80%
Fixed	South Derbyshire	Maturity	3,000	1.00	1.2	01/06/2020	0.93%
Fixed	West Dumbartonshire	Maturity	6,000	1.00	1.4	07/09/2020	0.75%
Total			236,665				

- 2.25 Our primary objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should our long-term plans change being a secondary objective.
- 2.26 The rate on the variable rate loan is the average for the year.
- 2.27 We also have short-term loans outstanding at the end of the year which we took out for cash flow purposes, from other local authorities. Temporary and short-dated loans borrowed during the year from other local authorities remained affordable and attractive.

- 2.28 Affordability and the “cost of carry” remained important influences on our long-term borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would be invested at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained low, and are likely to remain low at least over the forthcoming two years, lower than long-term rates, the council determined it was more cost effective in the short-term to use internal resources and borrow short-term to medium-term instead.
- 2.29 The Councils borrowing position is monitored regularly as to whether it is more beneficial to externalise borrowing now or whether to continue internal borrowing based on predicted future borrowing costs (which are likely to be higher). Arlingclose assist us with this ‘cost of carry’ and break even analysis.
- 2.30 The PWLB raised the cost of the certainty borrowing rate by 1% to 1.8% above UK Gilt yields as HM Treasury were concerned about the overall level of local authority debt. PWLB borrowing remains available, but at a margin of 180bp above gilts appear expensive. Market alternatives are available and new products will be developed but the financial strength of individual authorities will be scrutinised by investors and commercial lenders.
- 2.31 The Chancellor’s March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB’s future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields. The value of this discount is 1% below the rate at which the authority usually borrows from the PWLB), available from 12th March 2020 and £1.15 billion of additional “infrastructure rate” funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.
- 2.32 The consultation titled “Future Lending Terms” represents a frank, open and inclusive invitation, allowing key stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals on allowing authorities that are not involved in “debt for yield” activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield without impeding their ability to pursue their core policy objectives of service delivery, housing, and regeneration. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.
- 2.33 The consultation closes end of July with implementation of the new lending terms expected in the latter part of this calendar year or financial year beginning 2021-22.

3. Treasury and prudential indicators

- 3.1 The Local Government Act 2003 requires local authorities to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury decisions are taken in accordance with good professional practice. To demonstrate the Council has fulfilled these objectives, the Prudential Code sets various indicators that must be set and monitored each year.

- 3.2 The CFO confirms that we have complied with our prudential indicators for 2019-20, which were approved in February 2019 as part of the treasury management strategy statement. The CFO also confirms that we have complied with our treasury management policy statement and treasury management practices during 2019-20.

Balance sheet and treasury position prudential indicator

- 3.3 The capital financing requirement (CFR) measures the council's underlying need to borrow for a capital purpose. Over the medium-term, borrowing must be only for a capital purpose, although in the short-term, we can borrow for cash flow purposes, which does not affect the CFR.
- 3.4 The council's CFR for 2019-20 is shown in the following table

Capital Financing Requirement	2019-20 Approved Estimate £000	2019-20 Revised Estimate £000	2019-20 Actual £000
HRA			
Opening balance (01 Apr 19)	197,024	197,024	197,024
Movement in year: Unfinanced cap exp	0	0	0
Closing balance (31 Mar 20)	197,024	197,024	197,024
General Fund			
Opening balance (01 Apr 19)	119,915	100,552	106,939
Movement in year: Unfinanced cap exp	49,925	43,709	18,345
Movement in year: MRP	(1,019)	(1,019)	(927)
Closing balance (31 Mar 20)	168,821	143,242	124,357
Total			
Opening balance (01 Apr 19)	316,939	297,576	303,963
Movement in year: Unfinanced cap exp	49,925	43,709	18,345
Movement in year: MRP	(1,019)	(1,019)	(927)
Closing balance (31 Mar 20)	365,845	340,266	321,381
Balances and Reserves	(154,409)	(168,628)	(133,189)
Cumulative net borrowing requirement / (investments)	211,436	171,638	188,192

- 3.5 The GF unfinanced capital expenditure mainly relates to property purchases, internal estate road and loan / equity to North Downs housing. This is lower than budgeted because of the slippage in the capital programme – we projected some slippage during the year, which is shown by the revised estimate (as in the strategy report presented to Council in February 2020).
- 3.6 We budgeted an underlying need to borrow of £86.7 million for 2019-20, and our actual underlying need to borrow was £18.3 million because of slippage in the capital programme and also a higher amount of capital receipts than anticipated.

Gross debt and the CFR

- 3.7 We monitor the CFR to gross debt continuously to ensure that, over the medium term, borrowing is only for a capital purpose and does not exceed the CFR. This is a

key indicator of prudence. We will report any deviations to the CFO for investigation and appropriate action. The following table shows the council is in a net internal borrowing position and gross debt does not exceed the CFR over the period.

Gross Debt and the CFR	2019-20 Actual £000
General Fund CFR	124,357
HRA CFR	197,024
Total CFR (at 31 March)	321,381
Gross External Borrowing	(236,665)
Net (external) / internal borrowing position	84,716

3.8 Actual debt levels are monitored against the operational boundary and authorised limit for external debt, detailed in paragraph 3.20 to 3.25.

3.9 We are showing as being internally borrowed up to £124 million in at the end of March 2020.

Capital expenditure prudential indicator

3.10 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on council tax or housing rent levels for the HRA.

3.11 The following table shows capital expenditure in the year, compared to the original estimate approved by the Executive in January 2019.

Projects	Original Estimate (£'000)	Actual (£'000)	Variance (£'000)
<u>Housing Revenue Account</u>			
HRA Capital Programme	8,973	8,887	(86)
Total Housing	8,973	8,887	(86)
<u>General Fund</u>			
Rodboro through road	450	7	0
Spectrum roof & CHP	300	164	(136)
Public Realm	1,425	19	(1,406)
Internal Estate road	6,500	8,278	1,778
A331 hotspots	2,230	121	(2,109)
Town centre approaches	1,033	7	(1,026)
Ash road bridge	4,060	1,260	(2,800)
Town centre gateway regeneration	3,481	7	(3,474)
Guildford Park CP	3,509	706	(2,803)
Midleton redevelopment	3,649	1,641	(2,008)
Strategic property	4,647	7,024	2,377
WUV	6,000	10,414	4,414
Provisional schemes	17,576	0	(17,576)
Other General Fund Projects	30,947	18,421	(12,526)
Total General Fund	85,807	48,069	(37,295)
Total Capital Programme	94,780	56,956	(37,380)

3.12 The table shows that there was a lot of slippage in the capital programme. This was mainly over a few larger schemes including:

- provisional schemes were re-profiled during the year, and include:
 - various transport schemes
 - ash road bridge
 - Guildford park car park
 - Middleton redevelopment

3.13 The following table shows the financing of capital expenditure in the year, compared with the original approved estimate.

CAPITAL EXPENDITURE - SUMMARY	Original Estimate (£'000)	Actual (£'000)
General Fund Capital Expenditure		
- Main programme	78,177	45,041
- Reserve & s106 Capital Schemes	6,805	2,386
- General Fund Housing	825	645
HRA Capital expenditure		
- Main programme	8,973	8,887
Total Capital Expenditure	94,780	56,959
CAPITAL EXPENDITURE - SUMMARY	Original Estimate (£'000)	Actual (£'000)
General Fund Capital Expenditure Financed by:		
- Borrowing/Use of Balances	(53,355)	(18,345)
- Capital Receipts	0	(18,112)
- Capital Grants/Contributions	(18,703)	(8,421)
- Capital Reserves/Revenue	(13,749)	(3,194)
HRA Capital Expenditure Financed by:		
- Capital Receipts	(4,692)	(1,491)
- Capital Reserves/Revenue	(4,281)	(7,396)
Financing - Totals	(94,780)	(56,959)

3.14 GF borrowing was less than budgeted because of slippage in the capital programme, and an increase in the opening of available capital resources which reduced the need for internal borrowing in the year.

Ratio of financing costs to the net revenue stream prudential indicator

3.15 This is an indicator of affordability and highlights the revenue impact of capital expenditure by identifying the proportion of the revenue budget required to meet the financing costs associated with capital spending. Financing costs include interest on borrowing, MRP, premium or discount on loans repaid early, investment income and depreciation where it is a real charge.

3.16 Depreciation is not a real charge to the GF, but has been to the HRA since April 2012.

3.17 The ratio is based on costs net of investment income.

3.18 The net revenue stream for the GF is the total budget requirement and for the HRA is total income. Where the figure is negative, it is because there is a net investment

position (more investments than debt). The total budget requirement for the GF used is the 2019-20 budget.

	2019-20 Original Estimate	2019-20 Actual
General Fund	10.61%	-1.60%
HRA	33.09%	34.18%

- 3.19 The figure for the GF is negative because interest received is higher than financing costs (interest payable, debt management costs and MRP). The budget assumed a large amount of external borrowing for the capital programme which was not required and was reported throughout the year as part of budget monitoring.

The authorised limit prudential indicator

- 3.20 The Local Government Act 2003 requires the council to set an affordable borrowing limit, irrespective of the indebted status. This is a statutory limit, which we cannot breach.
- 3.21 The limit is the maximum amount of external debt we can legally owe at any one time. It is expressed gross of investments and includes capital expenditure plans, the CFR and cash flow expenditure. It also provides headroom over and above for unexpected cash movements.
- 3.22 The limit was set at £591 million for the year and the highest level of debt was £230 million.
- 3.23 We measure the levels of debt on an ongoing basis during the year for compliance. The CFO confirms there were no breaches to the authorised limit in 2019-20.

The operational boundary prudential indicator

- 3.24 The operational boundary, based on the same estimates as the authorised limit, reflects the most likely, prudent but not worst case scenario. It does not allow for additional headroom included in the authorised limit.
- 3.25 The limit was set at £535 million for the year and the highest level of debt was £230 million.

Upper limit for fixed and variable interest rate exposures treasury indicator

- 3.26 This indicator is set to control exposure to interest rate risk. We calculate exposures on a net basis (fixed rate debt net of fixed rate investments). We take fixed rate to be if it was taken out as a fixed rate loan/investment regardless of its duration.

Net Debt / (Investments) on Principal outstanding	2019-20 Actual £000
Limits on fixed interest rates	179,680
Limits on variable interest rates	(17,495)

- 3.27 The above shows the peak in the year. Variable is negative because we had more variable rate investments than debt. We include our external funds as variable rate investments.

Maturity structure of fixed rate borrowing treasury indicator

- 3.28 The aim of this indicator is to control our exposure to refinancing risk (large concentrations of fixed rate debt needing refinancing at once). We calculate this as the amount of fixed rate borrowing maturing in each period as a percentage of fixed rate borrowing.

	Upper Limit	Lower Limit	Actual at 31 March 2020	Value of loans maturing
Under 12 months	15%	0%	1.49%	2,230,000
1-2 years	20%	0%	0.15%	230,000
3 to 5 years	25%	0%	6.67%	10,000,000
6 to 10 years	50%	0%	36.69%	55,000,000
11-15 years	100%	0%	16.68%	25,000,000
16-20 years	100%	0%	16.68%	25,000,000
21-25 years	100%	0%	21.64%	32,435,000

- 3.29 The above table shows the amount of debt maturing in each period and its percentage of total fixed rate loans. The targets were set to give us flexibility for drawing down new loans on a fixed or variable rate basis. If a lower upper limit for fixed rate debt were set, the council would be giving itself a greater exposure to interest rate changes by having more variable rate debt. The upper limit for under 12 months was set to cover any short-term borrowing for cash flow purposes and for allowing for the principal loan repayments falling in that period.
- 3.30 The limit for that maturing within 12 months is higher due to short-term borrowing levels. 45% of our fixed rate debt matures within the next 10 years, with the majority being in years 6-10. This gives the council stability in its interest payments over that time, and time to consider refinancing options. The first fixed rate loan matures in 2024.

Actual external debt treasury indicator

- 3.31 This indicator comes directly from our balance sheet. It is the closing balance for actual gross borrowing (short and long term) plus other deferred liabilities. It is measured in a manner consistent for comparison with the authorised limit and operational boundary.

- 3.32 Actual external debt (as per 3.7) stood at £237 million.

Upper limit for total principal sums invested over 1 year

- 3.33 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.
- 3.34 Our limit was set at £50 million, we ended the year with exposure of £45.6 million.
- 3.35 As mentioned earlier in the report, many of our long-term investments are covered bonds, which can be sold on the secondary market. There could be a price differential if they were sold, but it is unlikely to be material.

GBC INVESTMENT PROPERTY FUND PORTFOLIO ANNUAL REPORT 2019-20

Current Fund Summary – 2019-20

OBJECTIVE OF FUND

The Investment Property Fund aims to provide a high and secure level of income with the prospect of income growth, and to maintain the capital value of the properties held in the Fund. This is achieved by working to keep vacancies and associated costs to a minimum and by generating income growth through rental increases, refurbishments, active asset management and new lettings, as well as investing in a diversified commercial property portfolio.

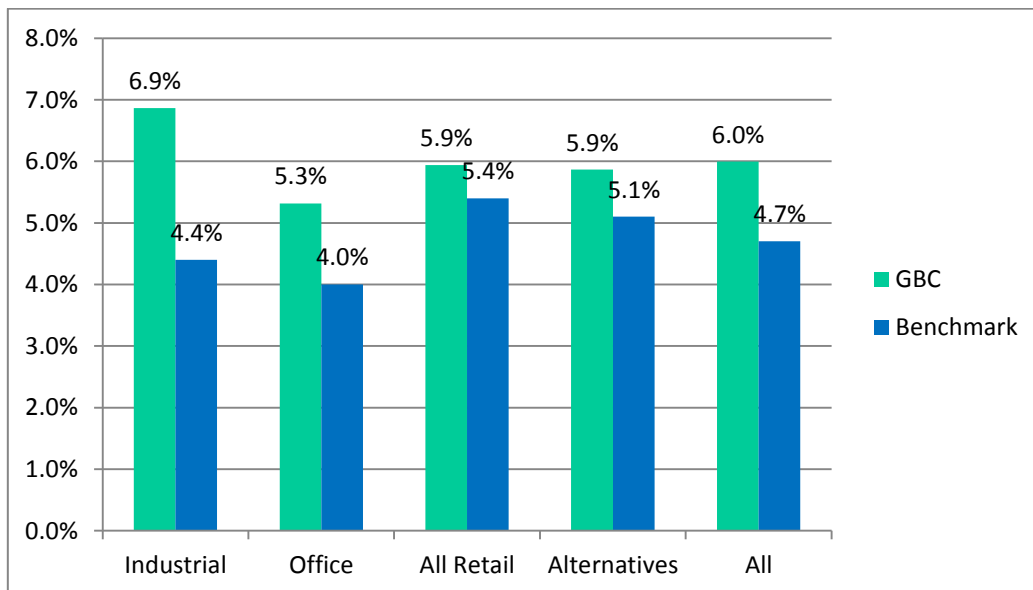
KEY POINTS – 31 MARCH 2020

- Fund size c.£152 million.
- Rental income of over £8.1 million pa.
- 156 properties over 4 main sectors
- High yielding (6% net of costs/voids)
- Low vacancy rate (3.29%)
- Long average unexpired lease terms

TOP SIX SINGLE INVESTMENTS

- Wey House, Farnham Rd
- Friary Centre
- The Billings, Walnut Tree Clse
- 10 Midleton Industrial Estate
- Friary Street, West Side
- Moorfield Point, 41 Moorfield Rd

FUND PERFORMANCE AGAINST UK BENCHMARK 2018-19



KEY ACQUISITIONS AND DISPOSALS 2018-19

Property	Interest	Price paid	Date of completion	Previous rent pa	Estimated rent pa
ACQUISITIONS					
1 & 2 Thornberry Way, Slyfield	Leasehold (to merge Freehold)	£6,550,000	04/12/2018	£51,570	£590,000
DISPOSALS					
Liongate, Ladymead	Freehold	£10,170,000	06/03/2020	£ 980,000	N/A

Property Investment Fund – 2019-20

FUND STRATEGY

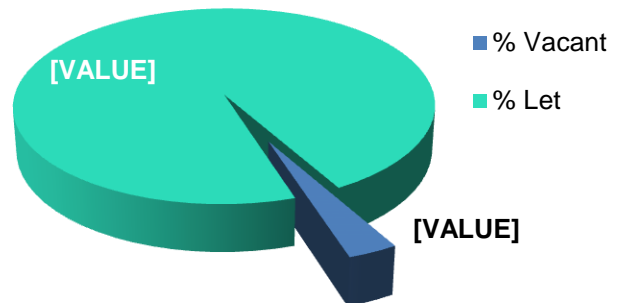
The Fund comprises the principal commercial property sectors: office, retail, industrial and alternatives (hotels, car showrooms, petrol stations, leisure, etc.).

Officers aim to achieve an above average income return by keeping vacancies and associated costs (such as empty rates, service charges, repairs and insurance) to a minimum and by generating income growth through rental increases, refurbishments, active asset management and new lettings. The vacancy rate is currently 3.29% (excluding intentional voids).

VACANCY RATE

Based on days per property

Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
1.39%	2.07%	4.57%	5.11%	3.29%



PERFORMANCE

The fund currently stands at just over £152 million with a total rent roll of over £8.1 million per annum. This represents a total net return of 6.0%. This is down from last year for a number of reasons:

- Disposals and Acquisitions - Liongate House was sold in March 2020 for £10.17m (£980,000pa). This was partially offset by the purchase of Thornberry Way in August 2019 for £6.55m. These transactions helped to reduce the fund's exposure to office stock whilst increasing industrial holdings.
- Revaluation of High Street Assets - whilst a number of industrial assets experienced large increases in value, there was a shift away from High Street retail (pre COVID-19) leading to declining rents and increased vacancy levels. This led to a number of the asset having to be re-valued. However, due to the rent review patterns, rental income for Council owned shops remained unaffected in 2019-20.

- Midleton Redevelopment – As units were vacated ready for demolition rental income was affected (rental loss of c.£210,000pa). Some units were also temporarily de-valued as a result. Officers have tried to mitigate the impact of the redevelopment where possible by keeping tenants in the units until they are required for demotion and temporarily re-letting properties after demolition (for example, the cleared sites at 3 & 4 Midleton have been let for external storage generating £10,500pa).

Fund Performance (total return) *					
<u>Rental income</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	2,679,571	1,831,900	1,750,254	885,636	7,147,361
2016/17	3,057,302	1,858,638	1,447,672	1,062,137	7,425,749
2017/18	3,493,405	3,186,048	1,426,317	1,080,786	9,186,556
2018/19	3,619,808	3,038,548	1,459,048	1,129,361	9,246,765
2019/20	3,369,452	2,135,460	1,459,548	1,139,397	8,103,857
<u>Capital value</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	39,077,755	19,227,500	34,270,000	11,233,500	103,808,755
2016/17	42,922,450	25,915,000	25,908,500	15,963,500	110,709,450
2017/18	51,509,000	49,574,000	26,065,000	17,471,500	144,619,500
2018/19	66,970,000	49,159,000	26,097,000	18,843,000	161,069,000
2019/20	72,295,790	35,609,000	26,097,000	18,143,000	152,144,790
<u>Income return</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	8.0%	7.5%	5.6%	7.5%	6.8%
2016/17	7.1%	7.2%	5.6%	6.7%	6.7%
2017/18	8.0%	7.4%	5.2%	5.8%	6.6%
2018/19	6.8%	6.6%	5.9%	5.8%	6.3%
2019/20	6.9%	5.3%	5.9%	5.9%	6.0%
<u>Benchmark return</u>					
	Industrial	Office	All Retail	Alternatives	All
2015/16	6.1%	4.7%	5.4%	4.7%	5.2%
2016/17	5.4%	4.1%	5.0%	5.5%	4.8%
2017/18	4.9%	4.1%	5.1%	5.3%	4.8%
2018/19	4.4%	4.0%	5.1%	5.0%	4.6%
2019/20	4.4%	4.0%	5.4%	5.1%	4.7%

* Excludes Finance leases

- Other Voids – Tenant liquidations have led to voids including two floors at 2 The Billings, and 1 North Moors (now under offer). Other voids included: 10 Midleton (now under offer); Thornberry Way (the Hub is also under offer); 23 Woodbridge Meadows (agreement for lease in place); and Castle St 40A (moth balled for disposal - awaiting Museum review).
- Reclassification of Assets to the Operational Portfolio – Some assets have been transferred to the Operational portfolio. This represents a total loss in value of £1,220,000 (£96,325pa in rent).

- Weyside Urban Village - the loss of units on Slyfield Industrial Estate to enable site assembly for the Weyside Urban Village. This represents a total loss in value of c.£500,000 (and just under £100,000pa in rent).
- COVID-19 - The Coronavirus epidemic did touch the end of the 2019/20 and delayed a number of lettings but, on the whole, 2019/20 preceded the deepening of the situation and the subsequent declaration of a Global Pandemic.

Whilst the value and income of the/ portfolio has reduced this year as a result of the above, due to mitigating income generation through rent reviews, new lettings and active asset management the fund continues to perform well and significantly above benchmark.

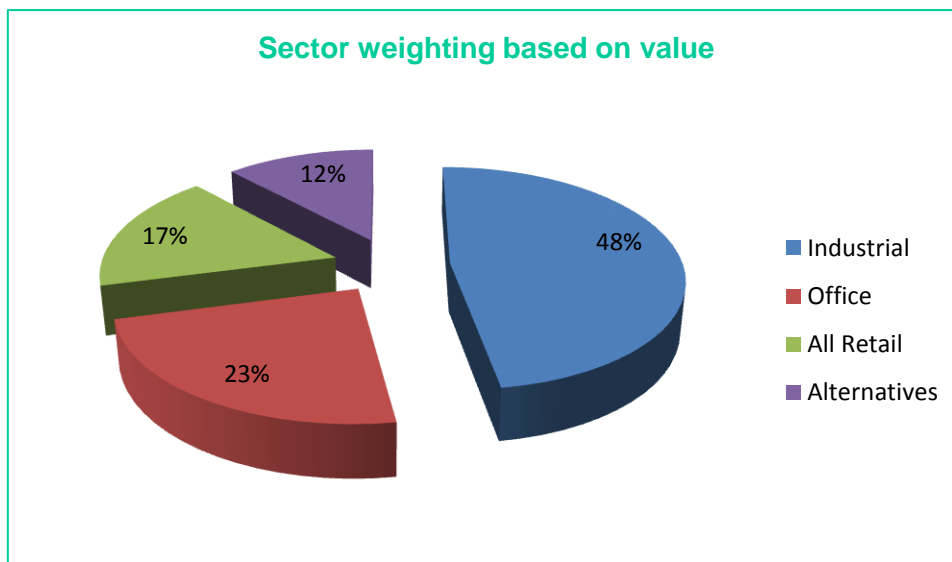
KEY TRANSACTIONS

Property	Transaction	Previous rent pa	New rent pa	Comment
Stonebridge Depot, Shalford	New 10-year lease	£131,450	£222,000	Uplift of 69%
12 Midleton Industrial Estate	Rent review	£80,000	£115,000	Uplift of 44%
3 The Billings, Walnut Tree Close	New 10-year lease		£154,424	After long void period

Currently the investment fund has a high weighting of industrial investments in comparison to and office, retail and alternatives. This is higher than last year due to the acquisition of 1 & 2 Thornberry Way (increasing industrial exposure from 42% to 48%) and disposal of Liongate House (reducing office exposure from 30% to 23%).

Industrial was the strongest sector going into lockdown and the sector expected to hold up best 2020/21. Although, smaller/older units linked to manufacturing or public facing may have slightly decreased value due to increased risks around tenant liquidity, voids and rental values going forwards.

Alternatives performed well in 2019-20 there may be temporary valuation falls to reflect increased risk around these asset types in the light of COVID-19. However, this should not be significant in % terms and should not affect the strategy for the fund.



Overall, the make-up of the portfolio as detailed above is considered to mitigate against significant value and income falls.

The Council's ability to source the right investment stock at the right price continues to be the biggest driver of performance.

KEY ACQUISITIONS AND DISPOSALS 2019-20



Llongate House, Ladymead

Llongate is a 43,000 sq.ft late 1980s office building situated on Ladymead. The tenant actioned a tenant only break clause in September 2019. Whilst in a prominent position alongside the A3 and Ladymead at the Stoke intersection, the location is not very convenient for office-based staff as there is virtually no local amenity and it is not well positioned for public transport, being more than one mile from Guildford mainline station.

The Property is over thirty years old and would require substantial investment to be capable of new occupation. In addition, the Guildford Office market is going through a structural change in terms of relocation and shrinkage of some of the mature corporates. Demand is now for smaller space, good quality Grade A offices, centrally located. To complicate matters, the majority of the site is currently designated Environment Agency Flood Zone 3b.

Given the lack of demand for large offices and the issues around planning it was decided to market the site. The property was sold in March 2020 for £10,170,000.



The Hub, 1 Thornberry Way & The Rock, 2 Thornberry Way

The Council owned the freehold of these modern industrial warehouses. In August 2019, the Council acquired the leasehold for £6,550,000.

This is a key strategic acquisition in terms of location on the Slyfield Industrial Estate. The Council's freehold interest was valued by VOA earlier this year at £1,205,000. The Council's interest after acquisition has been valued by independent valuers, Avison Young, at £8,450,000. This valuation explicitly allowed for a marketing void for each unit, assumed rent free, and capital expenditure for refurbishment.

The Hub is currently being refurbished and is under offer. Works to refurbish the Rock are due to start shortly.

Asset Investment Fund 2020-23

A new Asset Investment Fund of £40 million was approved by the Executive in January 2020 as part of the Capital and Investment Strategy 2020-21 to 2024-2025. However, the Asset Investment Strategy which was due to go to the Executive in March 2020 has been put on hold pending the outcome of COVID-19.

CURRENT PROJECTS

Midleton Industrial Estate Redevelopment

The Council is currently undertaking a phased redevelopment of Midleton Industrial Estate.



Phase 1 - Development of a pair of new semi-detached industrial units (c.5,000 sq.ft. each) with offices, has been progressing in spite of Covid-19. The current projected completion date is now the July 2020; one unit is already under offer.

Phase 2/3 - Development of 15 new units (850-6,000 sq.ft.) following demolition of plots 12 - 15. Demolition works are well underway and construction works have been tendered. It is anticipated that work will follow on immediately from completion of the demolition works. Indicative programmes suggest that the construction work could be complete by summer 2021.



Phase 4 - Design work for 20 small units (650 -800 sq. ft.) and demolition of plots 3-5 (completed) and 9 is well underway and a planning application will be submitted shortly. Work will then commence on detailed design and preparation of documents to issue to tender.

LOCAL PROPERTY MARKET 2019-20 REVIEW

Industrial

The industrial sector remained resilient in the first half of 2019/20 with tenant demand for space continuing to rise steadily.

The Guildford occupational market experienced rental growth characterised by a significant reduction in the availability of existing stock, limited new build and strong levels of take up. This has been fuelled considerably by the growth in internet retailing, online sales and customer fulfilment.

Industrial stock in Guildford Borough is made up of a number of industrial estates. Slyfield Industrial Estate is the main industrial estate (the biggest and arguably best located) within Guildford and comprises a mix of units in terms of size, configuration and uses. In the town centre, pressures on industrial land from higher value uses are adding to the supply constraints, pushing rents upwards and delivering real rental growth.

Office

Whilst available office supply in Guildford has been declining, the departure of key corporate occupiers (Ericsson, Honeywell UOP and Sanofi) from the town has not helped the local office market.

Total availability (which includes new build/refurbishment schemes now on site) was 380,514 sq.ft. at end of Q4 2019 compared to total availability of 432,000 sq.ft. at end Q4 2018.

The market is reliant on the SMEs for take up and demand is generally for smaller space areas of 3,000 -10,000 sq ft. It will take a number of these to fill the vacancy left by the larger corporates.

In 2019, the office market take-up in Guildford totalled 127,000 sq.ft. (the ten-year average annual take-up in Guildford is just over 90,000 sq.ft.). The town centre accounted for 53% of the take up by floor space and 50 % of the floor space by number of deals. Additionally, 80% of take up was of Grade A space.

The computer games sector continues to go from strength to strength. As an example, Wargaming have been experiencing stellar growth with their floor space increasing from circa 3,000 sq. ft. in early 2019 to 25,000 sq. ft. now.

Retail

There has been a shift in the demand for High Street retail premises; this has led to declining rents and increased vacancy levels. In 2018 rents were being agreed at just over £300psf ITZA, this has changed significantly over the last few years and has led to a reduction close to £200psf ITZA in 2019-20 which is set to reduce further in 2020-21.

Retail property was undoubtedly affected by uncertainty over Brexit, however the more significant driver of falling values and transactional volumes was the structural challenges around online and omni-channel retailing. This was the weakest category going into Lockdown and is anticipated to be one of the worst affected, with negative trends exacerbated.

Retail warehousing is arguably the most defensive part of UK retailing against the rise of online retail sales. Despite the negative sentiment surrounding the sector, there continues to be significant occupational activity particularly at the value end of the market (Aldi, Lidl, B&M, The Range, Home Bargains).

LOCAL PROPERTY MARKET – OUTLOOK

The impact of Covid-19 will be the main driver of economic performance in the near term. Despite the monetary economic, and fiscal measures that have been put in place to combat the economic fallout of the virus, it is strongly anticipated that the UK will enter a deep recession in 2020 which will exceed that observed in 2008-09 and indeed may surpass other historical crises. Among economists, there is a wide disparity on the case for the strength and speed of economic rebound¹.

While property markets generally behave in similar ways during recessions (with tenant demand reducing, subletting rising, vacancy rates rising and ultimately rents falling), it is felt that consumer behaviour will shape the angle of the recovery and understanding how and where the economy will recover first, whether it be through a rise in precautionary saving or paying down debts (as non-essential spending has meant disposable incomes), a surge in spending on treats or in driving structural change².

The other major moving part in the UK's recovery is Brexit. The already tight timeline set out for trade negotiations will be stretched further and there remains a high level of uncertainty surrounding UK's future relationship with EU.

Rents across the industrial sector meanwhile are expected to prove more resilient³ with prime rents still expected to rise marginally according to the Q1 results in full.

In the office market there's a lot of debate over whether societies way of working has now changed forever. This will depend on whether workers and employers are more worried about presenteeism and job security in a time of rising unemployment rather than social distancing and downsizing.

Investors are certainly applying a “wait-and-see” approach.

¹ Avison Young: Economic and Property Market Review

² Savills: Looking ahead to the shape of the UK's recovery post-Covid-19

³ RICS Q1 2020: UK Commercial Property Market Survey

This page is intentionally left blank

G. F. CAPITAL PROGRAMME - EXPENDITURE

2019-20

	Service Unit / Scheme	Original Estimate £	Outturn Estimate £	Actual £ p	Variance (o/s = overspend) £
	1. APPROVED CAPITAL PROGRAMME SCHEMES				
	COMMUNITY DIRECTORATE				
	- Mandatory DFG	605,000	779,720	439,971.29	(339,748.44)
	- Better Care Fund	-	0	235,958.77	235,958.77
	- Home Improvement Grants (w.e.f. 2003)	-	0	83,644.42	83,644.42
	- BCF TESH project	-	0	5,652.83	5,652.83
	BCF Prevention grant		0	13,897.62	13,897.62
	- SHIP: Equity Loans Scheme Imps	-	0	594.80	594.80
	- General	100,000	0	0.00	-
	- General	120,000	0	0.00	-
	- Bright Hill CP	0	24,773	24,772.50	-
	- Garage Sites - General	0	1,106	1,106.00	-
	- Japonica Court/Shawfield Day Centrw	0	2,150	2,150.00	-
	SITE B10b Feasibility	0	0	1,503.00	1,503.00
	Redevelopment bid 13	0	0	109,126.70	109,126.70
ED3/15	Disabled Access (DDA) Improvements: ph.2 & 3 (COMPLETE)	0	300	300.00	-
ED14(e)	Void investment property refurbishment works	10,000	0	0.00	-
ED14	5 High Street void works	55,000	85,999	85,998.98	-
ED14	Unit 3 The Billings void works COMPLETE	0	1,000	985.04	(14.96)
ED16	10 Midleton void works		7,350	7,350.24	-
ED19	Asbestos surveys and removal in non-residential council premises COMPLETE	32,000	24,701	24,701.11	-
ED21	Methane gas monitoring system	45,000	0	0.00	-
ED22	Energy efficiency compliance - Council owned properties	0	23,473	23,472.50	-
ED26	Bridges -Inspections and remedial works	0	1,280	1,280.00	-
ED26	Bridges - Millmead Lattice		8,470	8,470.00	-
ED35	Electric Theatre - new boilers	120,000	0	0.00	-
ED41	The Billings roof	0	0	0.00	-
ED42	Guildford house damproofing- removal of decayed timber panelling and math	0	813	812.80	-
ED44	Broadwater cottage	172,000	24,884	24,884.49	-
ED45	Gunpowder mills - scheduled ancient monument	145,000	4,380	4,380.11	-
ED46	New House - short term works following acquisition (COMPLETE)	0	1,365	1,365.00	-
ED52	Public Realm Scheme (Chapel Street/Castle Street/Tunsgate)	1,425,000	19,221	19,220.81	-
ED47	Cladding of Ash Vale units (rREMOVE)	135,000	(7,728)	(7,728.28)	-
ED55	48 Quarry Street, Museum - structural works	232,000	295,573	295,573.00	-
ED53	Tyting Farm Land-removal of barns and concrete hardstanding	200,000	7,659	7,659.18	-
ED56	Foxenden Tunnels safety works	110,000	22,209	22,208.90	-

Page 14

Agenda item number: 4
Appendix 3

ED57	Holy Trinity Church boundary wall	63,000	8,317	8,317.03	-
	Millmead - IT Cooling System COMPLETE	0	132,166	132,316.86	150.86
	COMMUNITY DIRECTORATE - Totals	3,569,000	1,469,180	1,579,945.70	110,765.60
	ENVIRONMENT DIRECTORATE				
OP1	Flood resilience measures (use in conjunction with grant funded schemes)	21,000	0	0	-
OP5	Mill Lane (Pirbright) Flood Protection Scheme	16,000	0	0.00	-
OP6	Vehicles, Plant & Equipment Replacement Programme	579,000	348,613	348,613.14	-
	- Mary Road Flood (EA grant) COMPLETE	29,000	0	0.00	-
OP20	Flood resilience measures (use in conjunction with grant funded schemes)	100,000	0	0.00	-
OP23	Flats recycling - new bins COMPLETE	0	9	0.00	(9.00)
OP25	WRD roads and footpaths	40,000	54,257	54,256.81	-
OP26	Merrow lane grille & headwall construction	57,000	0	0.00	-
OP27	Merrow & Burpham surface water study	15,000	0	0.00	-
OP28	Crown court CCTV	10,000	0	0.00	-
OP17	New vehicle washing system	0	65,818	65,763.11	(54.89)
PL11	Spectrum Roof replacement	300,000	164,391	145,153.15	(19,238.20)
	- Spectrum roof - steelwork ph3	0	0	19,238.20	19,238.20
PL15(a)	Infrastructure works: Guildford Commons: Merrow	0	2,185	2,185.16	-
PL15(b)	Infrastructure works: Guildford Commons: Shalford	0	18,602	18,602.00	-
PL20(b)	Westnye Gardens play area	0	4,151	4,151.21	-
PL34	Stoke cemetry re-tarmac	47,000	0	0.00	-
PL35	Woodbridge rd sportsground replace fencing	0	66,719	66,719.24	-
PL36	Stoke Park Composting facility NO LONGER REQD	105,000	0	0.00	-
PL39	Aldershot rd allotment expansion & improvement	0	7,000	6,922.00	(78.00)
PL42	Pre-sang costs	61,000	26,672	26,671.83	-
PL43	Stoke Cemetry Chapel - phase 2(COMplete)	0	898	898.06	-
PL47	Wall repairs for parks, cemeteries & recreation facilities(COMplete)	0	30,079	30,078.52	-
ED18	Museum and castle development	180,000	0	0.00	-
PL57	Parks and Countryside - repairs and renewal of paths,roads and car parks	0	26,695	26,695.15	-
PL24	Kings college astro turf	0	417,491	417,490.82	-
PL58	Shalford Common - regularising car parking/reduction of encroachments	60,000	22,128	22,128.00	-
PL60	Traveller encampments - Bellfields Green	72,000	61,842	61,841.54	-
	ENVIRONMENT DIRECTORATE - Totals	1,692,000	1,317,550	1,317,407.94	(141.89)
	FINANCE DIRECTORATE				
FS1	Capital contingency fund	5,000,000	0	0.00	-
	FINANCE DIRECTORATE- Totals	5,000,000	0	0.00	0.00
	DEVELOPMENT - INCOME GENERATING ETC				

ED25	Guildford Park - new MSCP and infrastructure works	3,509,000	705,919	380,985.74	(324,933.61)
	- Guildford Park - Housing for private sale	0	0	324,933.61	324,933.61
	- Investment in North Downs Housing (60%)	3,600,000	3,564,600	3,564,600.00	-
	- Equity shares in Guildford Holdings Ltd (40%)	2,400,000	2,376,400	2,376,400.00	-
ED49	Middleton Ind Est Redevelopment	3,649,000	1,640,904	1,640,903.53	-
P12	Strategic property acquisitions	4,647,000	7,024,244	7,024,243.88	-
P5	Walnut Bridge replacement	1,301,000	299,637	299,637.22	-
PL9	Rebuild Crematorium	7,372,000	5,908,627	5,908,627.47	-
PL25	Spectrum Combined Heat and Power (GF contr) COMPLETE	0	14,767	14,766.75	-
PL29	Woodbridge Rd sportsground COMPLETE	0	102,143	102,142.90	-
ED32	Internal Estate Road - CLLR Phase 1	6,500,000	8,278,227	8,278,227.19	-
ED6	Slyfield Area Regeneration Project (SARP)	6,000,000	10,407,000	1,988,514.48	(8,418,485.52)
ED6	WUV - Allotment relocation			150,735.01	150,735.01
ED6	WUV - Int roads, Site clearance			552.00	552.00
ED6	WUV - New GBC Depot			204.57	204.57
ED6	WUV - Thames Water relocation			8,266,847.94	8,266,847.94
ED27	North Street Development / Guild Town Centre regeneration	0	120,535	120,534.90	-
P9c	Town Centre Gateway Regeneration	3,481,000	6,795	6,795.07	-
P10	SMC(West) Phase 1	1,383,000	942,767	942,766.91	-
P16	A331 hotspots	2,230,000	121,469	121,469.27	-
P14	Town Centre Approaches	1,033,000	6,925	6,925.26	-
P12	Ash Bridge Land acquisition	0	101,979	101,979.00	-
P21	Ash Road Bridge	4,060,000	1,157,550	1,157,549.95	-
	DEVELOPMENT INCOME GENERATING ETC - Totals	51,165,000	42,780,489	42,780,342.65	(146)
	Approved programme total	61,426,000	45,567,219	45,677,696.29	110,478
	COMMUNITY DIRECTORATE				
CM1(p)	Old Manor House - replacement windows	193,000	0		-
ED14(P)	Void investment property refurbishment works	170,000	0		-
ED21(P)	Methane gas monitoring system	150,000	0		-
ED26(P)	Bridges	370,000	0		-
ED53(p)	Tyting Farm Land-removal of barns and concrete hardstanding	50,000	0		-
ED54	Rodboro Buildings - electric theatre through road and parking	450,000	6,785	6,785.13	-
ED56(p)	Land to the rear of 39-42 Castle Street	10,000	0		-
PL54(p)	Shawfield DC - fire alarm system and LED lighting upgrade(NO LONGER RE	83,000	0		-
	COMMUNITY DIRECTORATE - Totals	1,476,000	6,785	6,785.13	0.00
	ENVIRONMENT DIRECTORATE				
OP5(P)	Mill Lane (Pirbright) Flood Protection Scheme	200,000	0		-

OP21(P)	Surface water management plan	200,000	0		-
OP22	Town Centre CCTV upgrade	250,000	0		-
PL16(P)	New burial grounds - acquisition & development	100,000	0		-
PL56(p)	Stoke Park Masterplan enabling costs	100,000	0		-
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads and car parks	400,000	0		-
PL58(p)	Sports pavillions - replace water heaters	0	0		-
PL59(p)	Millmead fish pass	60,000	0		-
PL60(p)	Traveller encampments	60,000	0		-
ENVIRONMENT DIRECTORATE - Totals		1,370,000	0	0	0
DEVELOPMENT - INCOME GENERATING ETC					
ED25(P)	Guildford Park new MSCP and infrastructure works	4,380,000	0	0.00	-
HC4(p)	Bright Hill Development	180,000	0	0.00	-
P11(p)	Guildford West (PB) station	650,000	0	0.00	-
P15(p)	Guildford bike share	530,000	0	0.00	-
P17(p)	Bus station relocation	300,000	0	0.00	-
P19(p)	Access for all Ash Station funding	250,000	0	0.00	-
P21(p)	Ash Road Bridge	8,440,000	0		-
DEVELOPMENT - INCOME GENERATION - Totals		14,730,000	0	0	0
Provisional total		17,576,000	6,785	6785.13	0
3. PROJECTS FUNDED FROM RESERVES etc.					
<u>- ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>		0	0		-
R-EN10	LED Lighting replacement	193,000	8,884		(8,884.00)
- SALIX - BEDFOED RD MSCP LIGHTING UPGRADE		0	19,322	19,322.06	
SALIX - TARRAGON CT				8,884.00	8,884.00
R-EN11	WRD energy reduction	70,000	0		-
- GBC 'Invest to Save' energy projects (to be repaid in line with savings)		0	0		-
Park Barn Day Centre - air source heat pump COMPLETE		0	10,000	9,955.71	(44.29)
R-EN14	SMP - air source heat pump	0	680	680.01	-
ENERGY RESERVES - Totals		263,000	38,886	38,841.78	(44.29)
BUDGET PRESSURES RESERVE					
0	Future Guildford implementation team	1,000,000	0		-
BUDGET PRESSURES RESERVE TOTAL		1,000,000	0	0	0

	FINANCE DIRECTORATE				-
	IT Renewals				
R-IT1	Hardware / software budget	527,000	474,091		(474,091.44)
R-IT2	Hardware	0	0	255,580.85	255,580.85
	- Software	0	0	7,296.78	7,296.78
	PAD Software			45,713.81	
	Printers			165,500.00	
	- ICT infrastructure improvements	0	349,754		(349,754.14)
	- Hardware	275,000	0	62,370.07	62,370.07
	- Software	6,000	0	287,384.07	287,384.07
	- Future Guildford ICT	1,200,000	656,000	655,514.41	(485.59)
	BUSINESS SYSTEMS - IT Renewals Reserve - Totals	2,008,000	1,479,846	1,479,359.99	(211,699.40)
	ENVIRONMENT DIRECTORATE				
	LEISURE SERVICES- SPECTRUM RESERVE				
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	450,000	0		-
	Spectrum Renewals/Replacement Reserve-Totals	450,000	0	0.00	0.00
	CAR PARKS RESERVE				
R-CP1R-C	Car parks - install/replace pay-on-foot equipment	860,000	0		-
R-CP8	- Castle car park (PR000299) deck surfacing	175,000	107,000	107,121.13	121.13
R-CP18	- Deck Millbrook car park	1,000,000	0		-
R-CP14	Lift replacement (PR000293)	187,000	98,000	98,186.34	186.34
R-CP19	Structural works to MSCP	233,000	50,000	50,000.00	-
R-CP20	MSCP- Deck surface replacement & barriers	593,000	526,481	526,480.81	-
	Car Park Reserves- Totals	3,048,000	781,481	781,788.28	307.47
	Reserves total	6,769,000	2,300,212	2,299,990.05	(211,436)
	4. PROJECTS FUNDED FROM S106				
	ENVIRONMENT DIRECTORATE				
	New WC Ash Cemetry	0	35,146	35,145.67	
S-PL8	Baird Drive/Briars Playground Refurb COMPLETE	0	82	81.71	-
S-PL36	Gunpowder mills - signage, access and woodland imp	0	2,980	2,980.00	-
S-PL38	Chantry Wood Campsite	36,000	0		-
S-PL47	Fir Tree Garden	0	3,765	3,765.00	-
S-PL54	Shalford Swift Tower (Art)	0	6,384	6,384.03	-

S-PL55	Provision Play Area Tongham Recreation ground	0	35,715	35,714.38	(0.62)
S-PL56	SMP outdoor gym equipment COMPLETE	0	2,000	2,200.69	200.69
	ENVIRONMENT DIRECTORATE - Totals	36,000	84,071	86,271	200
	S106 total	36,000	84,071	86,271	200

G. F. CAPITAL PROGRAMME SCHEMES - EXPENDITURE

2019-20

SERVICE UNIT - SUMMARY		Original Estimate £	Updated Estimate £	Actual £ p	Variance (o/s = overspend) £
	GRAND TOTALS (INCL PROVISIONAL)				
	COMMUNITY	5,045,000	1,475,965	1,586,730.83	110,766
	ENVIRONMENT	3,098,000	1,401,621	1,403,679.42	2,058.18
	FINANCE	5,000,000	-	0.00	-
	DEVELOPMENT INCOME GENERATING ETC	65,895,000	42,780,489	42,780,342.65	(146.00)
	ENERGY RESERVES	263,000	38,886	38,841.78	(44.29)
	IT Reserve	2,008,000	1,479,846	1,479,359.99	(485.59)
	Spectrum Renewal reserve	450,000	-	0.00	-
	Car Parks Reserve	3,048,000	781,481	781,788.28	307.47
	SPA Reserves	-	-	0.00	-
	Capital Reserve	1,000,000	-	0.00	-
	TOTAL	85,807,000	47,958,288	48,070,742.95	112,455.37

Schedule of investments at 31 March 2020

Counterparty	Principal £	Rate	Start	End
Fixed investments				
LA - Broxtowe BC	2,000,000	1.0000%	17-May-19	15-May-20
Metropolitan Housing Trust	2,000,000	1.4800%	28-May-19	28-May-20
LA - Thurrock Council	6,000,000	0.9500%	09-Mar-20	09-Sep-20
LA - Thurrock Council	4,000,000	1.1500%	18-Mar-20	20-Apr-20
LA - Calderdale	1,000,000	1.4000%	20-Mar-20	20-Apr-20
LA - Blackpool Council	5,000,000	1.9000%	31-Mar-20	30-Mar-21
	20,000,000			
Long-term Covered bonds				
Bank of Montreal	600,000	1.1349%	20-Jul-17	20-Jul-20
Bank of Montreal	1,400,000	1.1349%	20-Jul-17	20-Jul-20
National Australia Bank	2,000,000	1.1036%	10-Nov-16	10-Nov-21
Commonwealth Bank of Austr	2,000,000	1.1959%	18-Jan-17	22-Dec-21
CIBC	2,000,000	1.1670%	17-Jul-17	30-Jun-22
Santander UK plc	1,000,000	1.1178%	16-Nov-17	16-Nov-22
Barclays Bank UK PLC	1,000,000	1.1542%	23-Oct-18	09-Jan-23
Nationwide	850,000	1.0889%	12-Apr-18	12-Apr-23
United Overseas Bank	1,000,000	1.1336%	01-Feb-19	28-Feb-23
Santander UK plc	1,000,000	1.4419%	12-Feb-19	12-Feb-24
Nationwide	1,500,000	1.2950%	10-Jan-20	10-Jan-25
Leeds BS	750,000	1.2516%	15-Jan-20	15-Jan-25
Coventry BS	500,000	1.2326%	15-Jan-20	15-Jan-25
Lloyds	1,500,000	1.0874%	03-Feb-20	03-Feb-23
National Australia Bank	1,000,000	1.2095%	04-Feb-20	04-Feb-25
	18,100,000			
Long-term investments				
AXA SA bond	1,000,000	1.2555%	27-Jun-19	15-Dec-20
Fife Council	5,000,000	1.7700%	07-Apr-15	07-Apr-20
Highland Council	5,000,000	1.7500%	15-Apr-19	14-Apr-20
Rugby Borough Council	2,000,000	1.8000%	16-Apr-19	15-Apr-20
Rugby BC	3,000,000	1.8000%	05-May-15	05-May-20
Croydon	5,000,000	1.0500%	02-May-18	05-May-20
Staffordshire Moorlands	1,500,000	1.7800%	20-May-15	20-May-20
Southern Housing Group Ltd	6,000,000	1.6000%	06-Feb-20	03-Aug-20
	28,500,000			

Agenda item number: 4
Appendix 4

Counterparty	Principal £	Rate	Start	End
Notice Accounts				
Barclays	3,000,000			
Goldman Sachs 95 day	5,000,000			
	8,000,000			
Call Account				
HSBC	528,000			
	528,000			
Revolving Credit Facility				
One housing group	5,000,000			
	5,000,000			
Money market funds				
Aberdeen	7,653,000			
CCLA	2,313,000			
Federated	4,529,000			
	14,495,000			
Total internally managed	94,623,000			
Externally managed				
CCLA	6,514,007			
Royal London	2,227,920			
M&G	1,126,577			
Schroders	567,847			
Fundamentum (REIT)	1,960,000			
UBS	2,017,992			
Funding Circle	533,426			
Total Externally managed	14,947,769			
Total investments	109,570,769			

Economic background – a commentary from Arlingclose

Economic background:

The UK's exit from the European Union and future trading arrangements, had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation fell to 1.7% y/y in February, below the Bank of England's target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived 'safe' assets.

In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The US economy grew at an annualised rate of 2.1% in Q4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a \$2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

Financial markets:

Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March sterling touch its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March. The 10-year benchmark yield fell from 1% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period. 1-month, 3-month and 12-month bid rates averaged 0.61%, 0.72% and 0.88% respectively over the period.

Since the start of the calendar 2020, the yield on 2-year US treasuries had fallen from 1.573% to 0.20% and from 1.877% to 0.61% for 10-year treasuries. German bund yields remain negative.

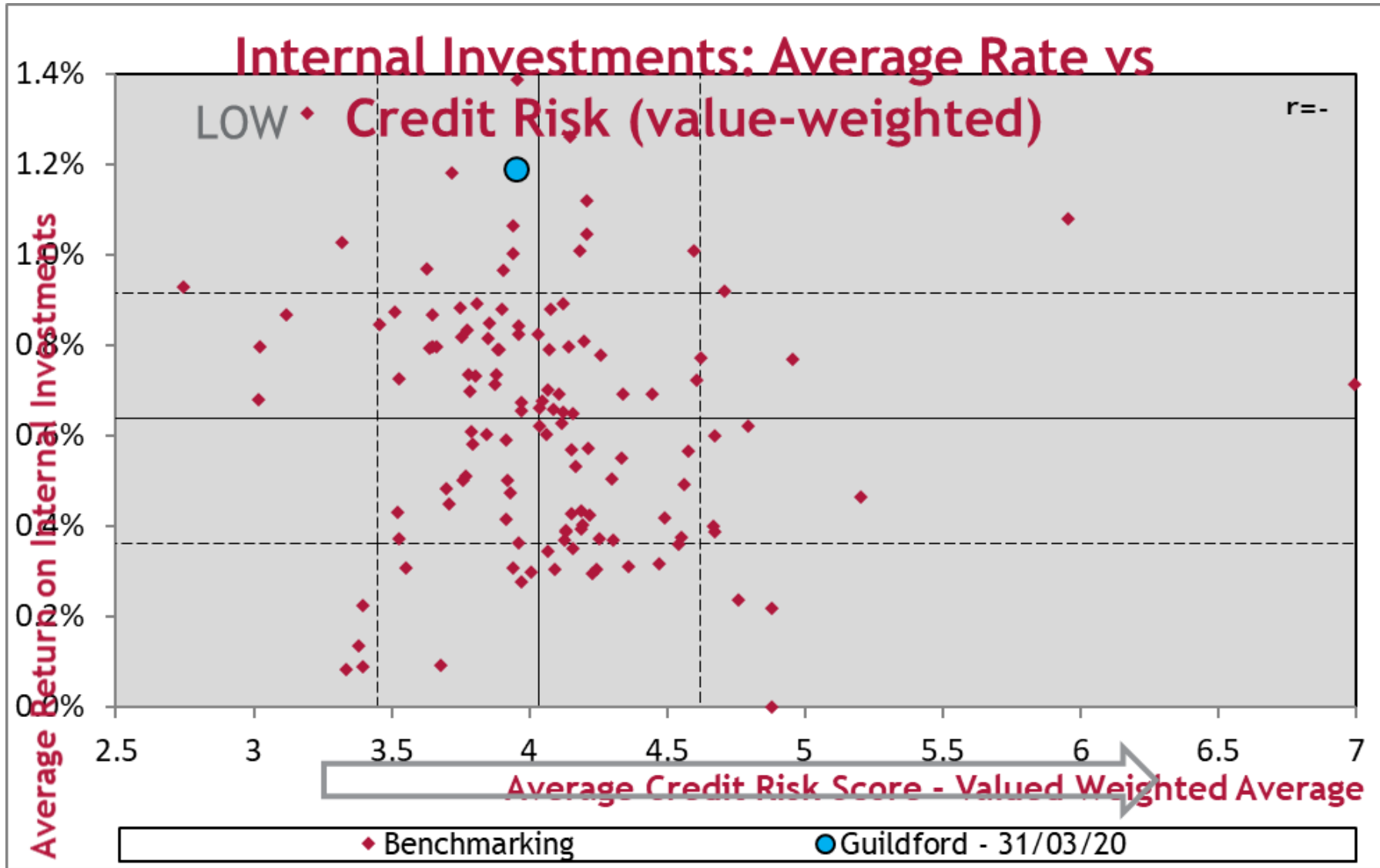
Credit background:

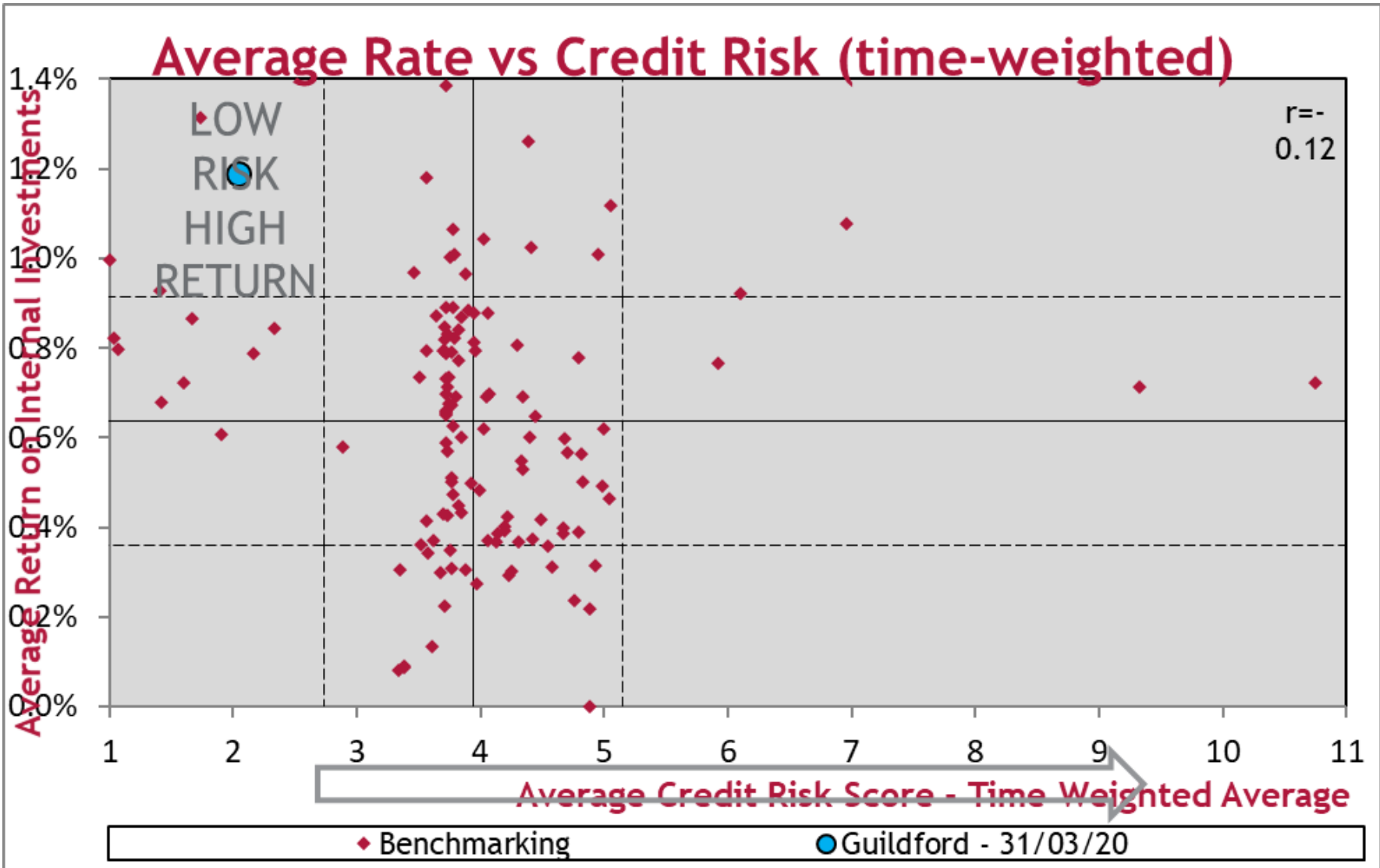
In Q4 2019 Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor's also affirmed the UK sovereign AA rating and revised the outlook to stable from negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

After remaining flat in January and February and between a range of 30-55bps, Credit Default Swap spreads rose sharply in March as the potential impact of the coronavirus on bank balance sheets gave cause for concern. Spreads declined in late March and through to mid-April but remain above their initial 2020 levels. NatWest Markets Plc (non-ringfenced) remains the highest at 128bps and National Westminster Bank Plc (ringfenced) still the lowest at 56bps. The other main UK banks are between 65bps and 123bps, with the latter being the thinly traded and volatile Santander UK CDS.

While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days in mid-March.

Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and Non-UK banks. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-. Having revised their outlooks to negative, Fitch upgraded the long-term ratings on Canadian and German banks but downgraded the long-term ratings for Australian banks. HSBC Bank and HSBC UK Bank, however, had their long-term ratings increased by Fitch to AA-.





Credit score analysis

Scoring:

Long-Term Credit Rating	Score
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10

The value-weighted average reflects the credit quality of investments according to the size of the deposit. The time-weighted average reflects the credit quality of investments according to the maturity of the deposit

The Authority aimed to achieve a score of 7 or lower, to reflect the council’s overriding priority of security of monies invested and the minimum credit rating of threshold of A- for investment counterparties.

This page is intentionally left blank

Credit Rating Equivalents and Definitions

	Fitch	Moody's	Standard & Poor's
Long Term Investment Grade	AAA	Aaa	AAA
	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
	A+	A1	A+
	A	A2	A
	A-	A3	A-
	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
Sub Investment Grade	BB+	Ba1	BB+
	BB	Ba2	BB
	BB-	Ba3	BB-
	B+	B1	B+
	B	B2	B
	B-	B3	B-
	CCC+	Caa1	CCC+
	CCC	Caa2	CCC
	CCC-	Caa3	CCC-
	CC+	Ca1	CC+
	CC	Ca2	CC
	CC-	Ca3	CC-
	C+	C1	C+
	C	C2	C
	C-	C3	C-
	D		D or SD

Fitch	Moody's	Standard & Poor's
<p>AAA</p> <p>Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in the case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.</p>	<p>Aaa</p> <p>Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.</p>	<p>AAA</p> <p>An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Pooers.</p>
<p>AA</p> <p>Very high credit quality. 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.</p>	<p>Aa</p> <p>Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.</p>	<p>AA</p> <p>An obligator rated 'AA' has very strong capacity to meets its financial commitments. It differs from the highest rated obligators only to a small degree.</p>
<p>A</p> <p>High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.</p>	<p>A</p> <p>Obligations rated A are considered upper-medium grade and are subject to low credit risk.</p>	<p>A</p> <p>An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.</p>
<p>BBB</p> <p>Good credit quality. 'BBB' ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category.</p>	<p>Baa</p> <p>Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.</p>	<p>BBB</p> <p>An obligator rated 'BBB' has adequate capacity to meets its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligator to meet its financial commitments.</p>

This page is intentionally left blank

Background to externally managed funds

CCLA – The Local Authorities Property Fund

The fund's objective is to generate long-term growth in capital and a high and rising income over time.

The aim is to have high quality, well-diversified commercial and industrial property portfolio, in the UK, focussing on delivering attractive income and is actively managed to add value.

The fund will maintain a suitable spread between different types of property and geographical location. Importance will be attached to location, standard of construction and quality of covenant with lease terms preferably embodying upwards only rent reviews at intervals of not more than five years.

M&G Global Dividend Fund

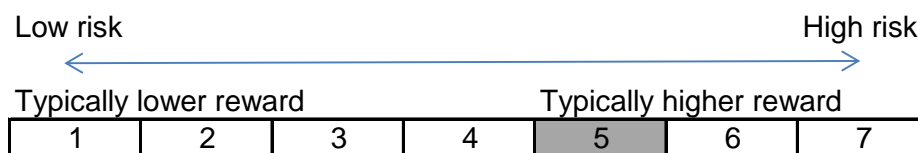
The fund aims to deliver a dividend yield above the market average, by investing mainly in a range of global equities. It aims to grow distributions over the long-term whilst maximising total return (a combination of income and growth of capital).

Exposure to global equities may be gained by using derivatives. The fund may invest across a wide range of geographies, sectors and market capitalisations. It may also invest in other assets including collective investment schemes, other transferrable securities, cash and near cash, deposits, warrants, money market instruments and derivatives.

The fund employs a bottom-up stockpicking approach, driven by the fundamental analysis of individual companies. The fund seeks to invest in companies that understand capital discipline, have the potential to increase dividends over the long-term and are undervalued by the stock market. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a diversified portfolio with exposure to a broad range of countries and sectors designed to perform well in a variety of market conditions. It usually holds around 50 stocks with a long-term investment view and a typical holding period of 3-5 years.

Risk and reward profile



The fund's risk factor based on historical data and may not be the same moving forward. It is rated a 5 because of the investments the fund makes:

- Value of investments, and income from them, will fluctuate and will cause the fund price to rise or fall
- Currency exchange rate fluctuations will impact the value of the investment
- There is a risk that a counterparty may default on its obligations or become insolvent, which may have a negative impact on the fund

- Investments in Emerging markets tend to have larger price fluctuations than more developed countries.
- There is a risk that one or more countries will exit the Euro and re-establish their own currencies. There is an increased risk of asset prices fluctuating or losing value. It may also be difficult to buy and sell securities and issuers may be unable to repay the debt. In addition, there is a risk that disruption in Eurozone markets could give rise to difficulties in valuing the assets of the fund.

Schroder Income Maximiser Fund

The funds objective is to provide income with potential capital growth primarily through investment in equity and equity related securities of UK companies. The fund will also use derivative instruments to generate income.

The manager may selectively sell short dated call options over securities or portfolios of securities held by the fund or indicies, in order to generate additional income by setting target 'strike' prices at which those securities may be sold in the future. The manger may also, for the purpose of efficient management, use derivative instruments which replicate the performance of a basket of short dated call options or a combination of equity securities and short dated call options. Investment will be in directly held transferable securities. The fund may also invest in collective investment schemes, derivatives, cash, deposits, warrants and money market transactions.

The fund aims to deliver a target yield of 7% per year, although this is an estimate and is not guaranteed. There are four quarterly distributions in a year, each calculated by dividing the quarterly distribution amount by the unit price at the start of that quarter.

UBS Multi-Asset Income Fund

The fund seeks to provide income, through a diversified portfolio of investments. Capital growth will not be a primary consideration, although opportunities for growth may occur if market conditions are favourable.

The fund will invest in a mix of transferrable securities including domestic and international equities and bonds, units in collective investment schemes, warrants, money market instruments, deposits, and cash or near cash, as the Investment Manager deems appropriate. There are no geographical restrictions on the countries of investment.

The Fund may use a range of derivative instruments which include foreign exchange, forward and futures contracts, swaps and options and other derivatives for investment purposes and / or to manage interest rate and currency exposures.

Index futures and other derivatives are used to manage market exposure inherent in an invested portfolio. Increasing or reducing market and currency exposure will entail the use of long or net short positions in some derivative instruments.

Risk profile

The main risks arising from the funds instruments are market price risk and foreign currency risk. Market price risk is the uncertainty about future price movements of the financial instruments the fund is invested in. Foreign currency risk is the risk that the value in the funds investments will fluctuate as a result in foreign exchange rates. Where the fund invests in overseas securities, the balance sheet can be affected by these funds due to movements in foreign exchange rates.

Investments in less developed markets may be more volatile than investments in more established markets. Less developed markets may have additional risks due to less

established market practices. Poor liquidity may result in a holding being sold at a less favourable price, or another holding having to be sold instead.

Bonds carry varying levels of underlying risk, including default risk, dependent upon their type. These range from gilts, which carry limited levels, to speculative/non-investment grade corporate bonds, that carry higher levels of risk but with the potential for greater capital growth.

Over 35% of the fund may be invested in securities issued by any one body.

The fund will use derivatives as part of its investment capabilities. This allows it to take 'short positions' in some investments and it can sell a holding they do not own, on the anticipation that its value will fall. These instruments carry a material level of risk and the fund could potentially experience higher levels of volatility should the market move against them.

In order to trade in derivative instruments they enter into an agreement with various counterparties. Whilst they assess the credit worthiness of each counterparty, the fund is at risk that it may not fulfil its obligations under the agreement.

In aiming to reduce the volatility of the fund they utilise a risk management process to monitor the level of risk taken in managing the portfolio, however there is no guarantee that this process will work in all instances.

This page is intentionally left blank

Glossary

Affordable Housing Grants – grants given to Registered Providers to facilitate the provision of affordable housing.

Arlingclose – the Council's treasury management advisors

Asset Quality Review (AQR) – a review conducted by the ECB and national competent authorities examine whether assets were properly valued on a banks' balance sheet at 31 December 2013. It made banks comparable across national borders, by applying common definitions for previously diverging concepts and a uniform methodology when assessing balance sheets. The review provides the ECB with substantial information on the banks that will fall under its direct supervision and will help its efforts in creating a level playing field for supervision in future.

Authorised Limit – the maximum amount of external debt at any one time in the financial year

Bail in risk – following the financial crisis of 2008 when governments in various jurisdictions injected billions of dollars into banks as part of bail-out packages, it was recognised that bondholders, who largely remained untouched through this period, should share the burden in future by making them forfeit part of their investment to "bail-in" a bank before taxpayers are called upon.

A bail in takes place before a bankruptcy and under current proposals, regulators would have the power to impose losses on bondholders while leaving untouched other creditors of similar stature, such as derivatives counterparties. A corollary to this is that bondholders will require more interest if they are to risk losing money to a bail-in.

Balances and Reserves – accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure

Bank of England – the central bank for the UK. It has a wide range of responsibilities, including act as the Government's bank and the lender of last resort, it issues currency and, most importantly, oversees monetary policy.

Bank Rate – the Bank of England base rate

Bank Recovery and Resolution Directive (BRRD) – this directive ensures that EU member states have a harmonised toolkit to deal with the failure of banks and investment firms. It will make the EU financial system less vulnerable to shocks and contagion

Banks – Secured – covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the banks assets, which limits the potential losses in the unlikely event of insolvency and means they are exempt from bail in.

Banks – Unsecured – accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. Subject to the risk of credit loss via a bail in should the regular determine that the bank is failing or likely to fail.

Bonds – bonds are debt instruments issued by government, multinational companies, banks and multilateral development banks. Interest is paid by the issuer to the bond holder at regular pre-agreed periods. The repayment date of the principal is also set at the outset.

Capital expenditure – expenditure on the acquisition, creation or enhancement of capital assets

Capital Financing Requirement (CFR) – the Council's underlying need to borrow for a capital purpose, representing the cumulative capital expenditure of the Council that has not been financed

CCLA – the local authority property investment fund

Certainty rate – the government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.

Certificates of deposit – Certificates of deposit (CDs) are negotiable time deposits issued by banks and building societies and can pay either fixed or floating rates of interest. They can be traded on the secondary market, enabling the holder to sell the CD to a third party to release cash before the maturity date.

CIPFA - the Chartered Institute of Public Finance and Accountancy. The institute is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government. CIPFA's members work, in public service bodies, in the national audit agencies and major accountancy firms.

CLG – department of Communities and Local Government

Consumer Price Index (CPI) – measures changes in the price level of a market basket of consumer goods and services purchased by households.

Corporates – loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

Corporate bonds – corporate bonds are those issued by companies. Generally, however, the term is used to cover all bonds other than those issued by governments. The key difference between corporate bonds and government bonds is the risk of default.

Cost of Carry - costs incurred as a result of an investment position, for example the additional cost incurred when borrowing in advance of need, if investment returns don't match the interest payable on the debt.

Counterparty – the organisation the Council is investing with

Covered bonds – a bond backed by assets such as mortgage loans (covered mortgage bond). Covered bonds are backed by pools of mortgages that remain on the issuer's

balance sheet, as opposed to mortgage-backed securities such as collateralised mortgage obligations (CMOs), where the assets are taken off the balance sheet.

Credit default swaps (CDS) – similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. The buyer effectively pays a premium against the risk of default.

Credit Rating – an assessment of the credit worthiness of an institution

Creditworthiness – a measure of the ability to meet debt obligations

Deposit Guarantee Scheme Directive (DGSD) – directive which requires EU member states to introduce at least one deposit guarantee scheme in their jurisdiction to provide protection for depositors and to reduce the risk of bank runs.

Derivative investments – derivatives are securities whose value is derived from the some other time-varying quantity. Usually that other quantity is the price of some other asset such as bonds, stocks, currencies, or commodities.

Derivatives – financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded ‘over the counter’.

Diversification / diversified exposure – the spreading of investments among different types of assets or between markets in order to reduce risk.

DMADF – Debt Management Account Deposit Facility operated by the DMO where users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of the sovereign credit rating.

DMO – debt management office. An Executive Agency of Her Majesty’s Treasury (HMT) with responsibilities including debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds.

EIP Loans – Equal Instalments of Principal. A repayment method whereby a fixed amount of principal is repaid with interest being calculated on the principal outstanding

European Central Bank (ECB) – the central bank responsible for the monetary system of the European Union (EU) and the euro currency. Their responsibilities include to formulate monetary policy, conduct foreign exchange, hold currency reserves and authorise the issuance of bank notes.

European Investment Bank (EIB) – the European Investment Bank is the European Union’s non-profit long-term lending institution established in 1958 under the Treaty of Rome. It is a “policy driven bank” whose shareholders are the member states of the EU. The EIB uses its financing operations to support projects that bring about European integration and social cohesion.

Federal Reserve Bank (Fed) – the central bank of the US and the most powerful institution of the world.

Finance Lease - a finance lease is a lease that is primarily a method of raising finance to pay for assets, rather than a genuine rental. The latter is an operating lease. The key

difference between a finance lease and an operating lease is whether the lessor (the legal owner who rents out the assets) or lessee (who uses the asset) takes on the risks of ownership of the leased assets. The classification of a lease (as an operating or finance lease) also affects how it is reported in the accounts.

Floating rate notes – floating rate notes (FRNs) are debt securities with payments that are reset periodically against a benchmark rate, such as the three month London inter-bank offer rate (LIBOR). FRNs can be used to balance risks incurred through other interest rate instruments in an investment portfolio.

FTSE – a company that specialises in index calculation. Co-owners are the London Stock Exchange and the Financial Times. The FTSE 100 is an index of blue chip stocks on the London Stock Exchange.

Gilts – long term fixed income debt security (bond) issued by the UK Government and traded on the London Stock Exchange

Government – loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail in, and there is an insignificant risk of insolvency.

Gross Domestic Product – the monetary value of all finished goods and services produced within a country's borders in a specific time period, although it is usually calculated on an annual basis.

Housing Grants – see Affordable Housing Grants

Illiquid – cannot be easily converted into cash

Interest rate risk – the risk that unexpected movements in interest rates have an adverse impact on revenue due to higher interest paid or lower interest received.

Liability benchmark – the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero)

LIBID – London Interbank BID Rate – the interest rate at which London banks are willing to borrow from one another

LIBOR - London Interbank Offer Rate – the interest rate at which London banks offer one another. Fixed every day by the British Bankers Association to five decimal places.

Liquidity risk – the risk stemming from the inability to trade an investment (usually an asset) quickly enough to prevent or minimise a loss.

M&G – M&G Global Dividend fund. The fund invests mainly in global equities.

Market risk – the risk that the value of an investment will decrease due to movements in the market.

Mark to market accounting – values the asset at the price that could be obtained if the assets were sold (market price)

Maturity loans – a repayment method whereby interest is repaid throughout the period of the loan and the principal is repaid at the end of the loan period.

Minimum Revenue Provision (MRP) - the minimum amount which must be charged to an authority's revenue account each year and set aside towards repaying borrowing

Moody's - a credit rating agency. They provide international financial research on bonds issued by commercial and government entities. They rank the creditworthiness of borrowers using a standardised ratings scale which measures expected investor loss in the event of default. They rate debt securities in several markets related to public and commercial securities in the bond market.

Money Market - the market in which institutions borrow and lend

Money market funds – an open-end mutual fund which invests only in money markets. These funds invest in short-term debt obligations such as short-dated government debt, certificates of deposit and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends. The fund's net asset value remains constant (e.g. £1 per unit) but the interest rates does fluctuate. These are liquid investments, and therefore, are often used by financial institutions to store money that is not currently invested. Risk is extremely low due to the high rating of the MMFs; many have achieved AAA credit status from the rating agencies:

- Constant net asset value (CNAV) refers to funds which use amortised cost accounting to value all of their assets. They aim to maintain a net asset value (NAV), or value of a share of the fund, at £1 and calculate their price to two decimal places known as "penny rounding". Most CNAV funds distribute income to investors on a regular basis (distributing share class), though some may choose to accumulate the income, or add it on to the NAV (accumulating share class). The NAV of accumulating CNAV funds will vary by the income received.
- Variable net asset value (VNAV) refers to funds which use mark-to-market accounting to value some of their assets. The NAV of these funds will vary by a slight amount, due to the changing value of the assets and, in the case of an accumulating fund, by the amount of income received.

This means that a fund with an unchanging NAV is, by definition, CNAV, but a fund with a NAV that varies may be accumulating CNAV or distributing or accumulating VNAV.

Money Market Rates – interest rates on money market investments

Monetary Policy Committee – the regulatory committee of the Central Bank that determine the size and rate of growth of the money supply, which in turn, affects interest rates.

Multilateral Investment banks – International financial institutions that provide financial and technical assistance for economic development

Municipal Bonds Agency – an independent body owned by the local government sector that seeks to raise money on the capital markets at regular interval to on-lend to participating local authorities.

Non Specified Investments - all types of investment not meeting the criteria for specified investments.

Operational Boundary – the most likely, prudent but not worst case scenario of external debt at any one time

Pooled Funds – investments are made with an organisation who pool together investments from other organisations and apply the same investment strategy to the portfolio. Pooled fund investments benefit from economies of scale, which allows for lower trading costs per pound, diversification and professional money management.

Project rate – the government has reduced by 40 basis points (0.40%) the interest rates on loans via the Public Works Loans Board (PWLB) for lending in respect of an infrastructure project nominated by a Local Enterprise Partnership (LEP).

Prudential Code – a governance procedure for the setting and revising of prudential indicators. Its aim is to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good practice.

Prudential Indicators – indicators set out in the Prudential Code that calculates the financial impact and sets limits for treasury management activities and capital investment

Prudential Regulation Authority (PRA) – is responsible for the prudential regulation and supervision of around 1,700 banks, building societies, credit unions, insurers, and major investment firms. It sets standards and supervises financial institutions at the level of the individual firm.

PWLB (Public Works Loans Board) - a central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow to finance capital spending from this source.

Quantitative easing (QE) – a type of monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective. It is implemented by buying specified amounts of financial assets from commercial banks and other private institutions, raising the prices of those financial assets and lowering their yield, while simultaneously increasing the monetary base.

Registered Providers (RPs) – also referred to as Housing Associations.

Repo - a repo is an agreement to make an investment and purchase a security (usually bonds, gilts, treasuries or other government or tradeable securities) tied to an agreement to sell it back later at a pre-determined date and price. Repos are secured investments and sit outside the bail-in regime.

Reserve Schemes – category of schemes within the General Fund capital programme that are funded from earmarked reserves, for example the Car Parks Maintenance reserve or Spectrum reserves.

SME (Small and Midsize Enterprises) – a business that maintains revenue or a number of employees below a certain standard.

Sovereign – the countries the Council are able to invest in

Specified Investments - Specified investments are defined as:

- a. denominated in pound sterling;
- b. due to be repaid within 12 months of arrangement;
- c. not defined as capital expenditure; and

- d. invested with one of:
 - i. the UK government;
 - ii. a UK local authority, parish council or community council, or
 - iii. a body or institution scheme of high credit quality

Stable Net Asset Value money market funds – the principle invested remains at its invested value and achieves a return on investment

Standard & Poors (S&P) – a credit rating agency who issues credit ratings for the debt of public and private companies, and other public borrowers. They issue both long and short term ratings.

Subsidy Capital Financing Requirement – the housing capital financing requirement set by the Government for Housing Subsidy purposes

SWAP Bid – a benchmark interest rate used by institutions

SWIP – SWIP Absolute Return Bond fund. They invest in fixed income securities, index linked securities, money market transactions, cash, near-cash and deposits.

Temporary borrowing – borrowing to cover peaks and troughs of cash flow, not to fund spending

Treasury Management – the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities and the pursuit of optimum performance with those risks.

Treasurynet – the Council's cash management system

Treasury Management Practices – schedule of treasury management functions and how those functions will be carried out

Treasury Management Strategy Statement – also referred to as the TMSS.

Voluntary Revenue Provision (VRP) – a voluntary amount charged to an authority's revenue account and set aside towards repaying borrowing.

Working capital – timing differences between income and expenditure (debtors and creditors)

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Chief Finance Officer

Author: Claire Morris

Tel: 01483 444827

Email: claire.morris@guildford.gov.uk

Lead Councillor responsible: Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 30 July 2020

General Fund Revenue Outturn Report 2019-20

Executive Summary

General Fund (GF) Revenue Account

Overall, the outturn on the General Fund was £331,208 less than we originally budgeted, which reflects our continued sound financial management. The report sets out the major reasons for the variance.

Our net income from interest receipts is £1.194 million more than estimated and the minimum revenue provision (MRP) for debt repayment is £39,640 lower than estimated.

The general fund summary is set out at **Appendix 1** and reasons for the major variances by service are set out in **Appendix 2** (which excludes depreciation and capital charges).

The Chief Finance Officer, in consultation with the Leader of the Council and the Lead Councillor for Resources have used their delegated authority to transfer the underspend to the Invest to Save Reserve to support the transformation agenda.

Earmarked reserves

The closing balance on each of the Council reserves are set out in **Appendix 3** together with the ongoing policy for each.

Collection Fund

The Business Rates balance on the Collection Fund is particularly susceptible to movements in the number and value of appeals that businesses have made against their rateable values. We have no control over these appeals, and have limited information from the Valuation Office to help us assess the potential impact.

The Collection Fund revenue account for the year is set out in **Appendix 4** (to follow). There is an overall deficit on the Collection fund of £4.9 million.

The outturn position will be included in the Statement of Accounts signed by the Chief Financial Officer on or before 31 August 2020 which will be subsequently audited by Grant Thornton. The Committee will review the audited accounts on 19 November 2020.

Recommendation to Committee

The Committee is asked to submit any comments it may wish to make to the Executive when it considers this matter on 22 September 2020.

The Executive will be asked to agree the following recommendation:

“That the Executive notes the Council’s final outturn position and endorses the decisions, taken under delegated authority to transfer the amounts set out in Section 5 of the report to the relevant reserves”.

Reasons for Recommendation:

- To note the final outturn position and delegated decisions taken by the Chief Finance Officer which will be included within the statutory accounts the Chief Finance Officer will sign at the end of August.
- To facilitate the on-going financial management of the Council.

1. Purpose of Report

- 1.1 This report gives the final position on the General Fund and the Collection Fund revenue accounts for the 2019-20 financial year. It explains the major variances from the General Fund revised estimate and reports how the available balance has been used.
- 1.2 The outturn position on the General Fund Capital Programme and the Housing Revenue Account has been included in separate reports within the agenda papers.

2. Strategic Priorities

- 2.1 Good financial management underpins the achievement of the council’s strategic framework.

3. Background

- 3.1 The Secretary of State’s announced on 16th March 2020 his intention to extend the statutory audit deadlines for 2019-20, after taking into consideration the increasing impact of COVID-19.
- 3.2 In accordance with that decision and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 it has been decided that:
 - the publication date for final, audited, accounts will move from 31 July to 30 November 2020 for all local authority bodies.
 - no later than 31 August the Chief Finance Officer (CFO) must sign and date the statement of accounts and certify that it presents a true and fair view
 - the audit will take place after 31 August and conclude before the final accounts are presented to councillors for approval
 - to give local authorities more flexibility, local authorities must commence the public inspection period on or before the first working day of September 2020. Therefore, before completion of the audit, the accounts will be open for scrutiny

by the public for 30 working days from 1 September 2020 and we will publish the dates on our website

- the CFO must re-certify the statement of accounts prior to its approval by the Council or a committee
- no later than 30 November, the Council or a committee must consider and approve the statement of accounts, which are then signed by the person presiding at the meeting. The Corporate Governance and Standards Committee will be asked to consider and approve the audited accounts at its meeting on 19 November 2020.
- we must publish the audited accounts by 30 November 2020.

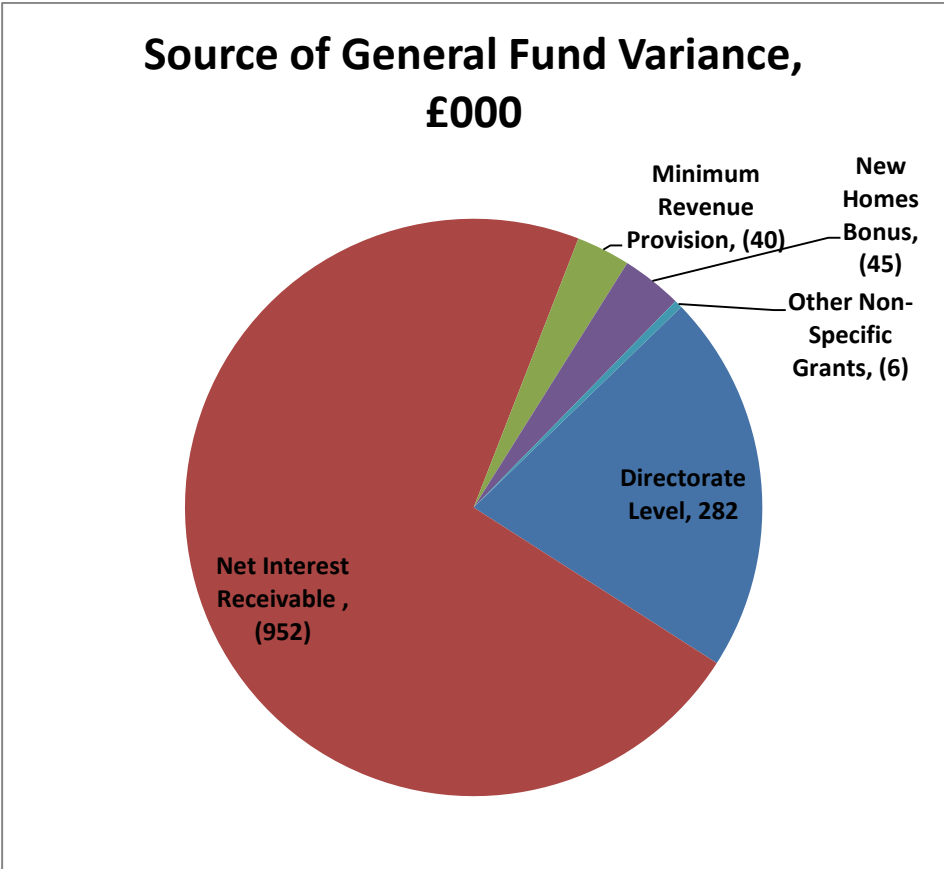
3.3 This report sets out the final position on two revenue accounts – General Fund and Collection Fund.

3.4 Officers have included the impact of the final position in the statutory statement of accounts, which the Chief Finance Officer will sign on or before 31 August 2020. Grant Thornton will conclude the external audit before November.

4. General Fund Revenue Account

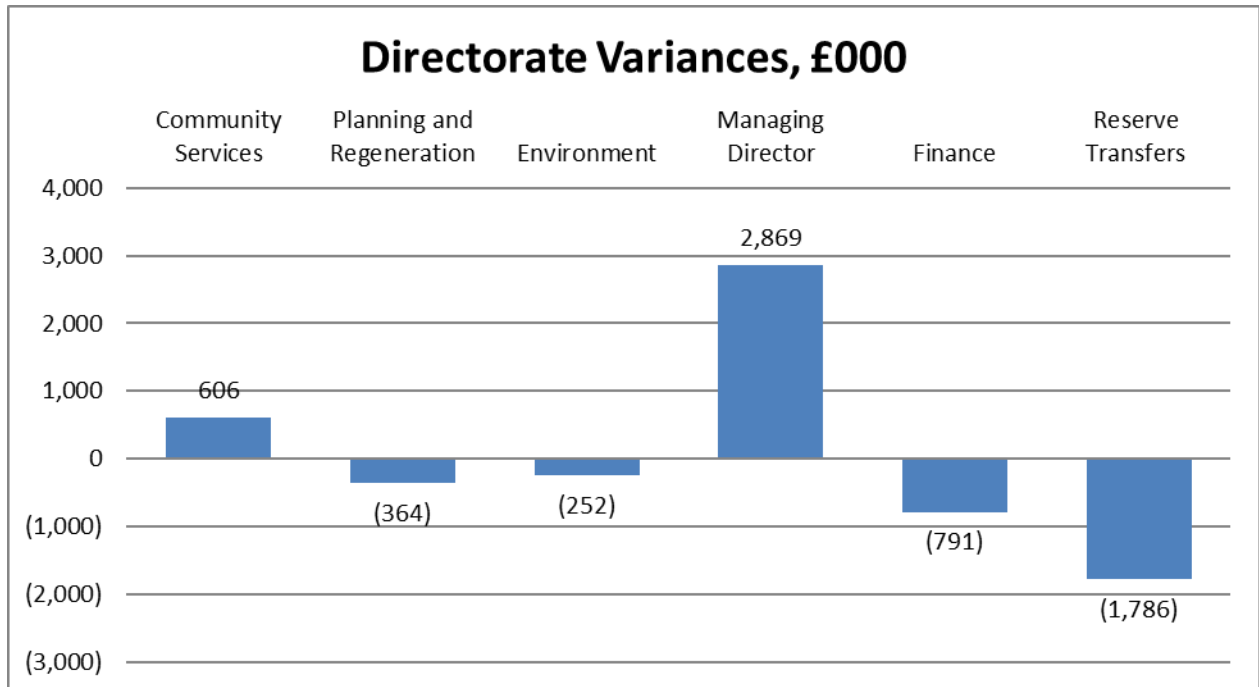
Summary of Outturn Position

4.1 The overall variance on the General Fund is net expenditure £331,208 less than budget. This arises from four areas; the Directorates, external interest received, the Minimum Revenue Provision cost and non-specific government grants. This is set out in the chart below:



Directorates

4.2 The directorates, before reserve transfers, are approximately £2.06 million over budget overall. However, there are differences in the position of each directorate, as shown in the chart below.



4.3 The reason for the large variance in the managing director directorate and the reserve transfers is the cost of the future Guildford transformation programme – this was not included in the budget on the expenditure side (£3 million), or the reserve transfer side.

4.4 **Appendix 2** provides explanations of any service variances above £20,000 within each directorate.

Interest receivable

4.5 The weighted average interest rate achieved on our investment portfolio was 1.42% against budget, which was 1.61%. We had higher balances than we estimated when we set the budget and therefore net interest received (after paying interest on external loans) was £952,093 more than revised estimate. The higher balances come from having more cash than estimated at the start of the year and slippage in the 2018-19 capital programme.

4.6 The General Fund pays interest to the Housing Revenue Account (HRA) on its balances. The 2019-20 interest to the HRA was £242,233 lower than budgeted because the Council incurred interest charge from the Government for not spending enough HRA capital spend on new build under the 141 replacement homes agreement. This was charged to the HRA.

4.7 Overall, net interest received by the General Fund was £1.194 million more than estimated.

- Minimum Revenue Provision (MRP)
- 4.8 Minimum Revenue Provision is a charge to the revenue account for unfinanced capital expenditure. The 2019-20 budget was based on the estimated capital-financing requirement (CFR) at the end of the previous year (31 March 2018) and was £966,280 based on an estimated CFR of £93.8 million. The actual General Fund CFR at 31 March 2019 was £119.91 million, which generated a minimum revenue provision of £926,640 (£39,640 lower than the revised budget).

- Transfers to reserves
- 4.9 The majority of transfers to and from reserves are opposite accounting entries to either Revenue Contributions to Capital Outlay (RCCO) or items within the service accounts (and therefore do not affect the overall position). The transfers that are not service related and affect the total net expenditure that were included in the 2019-20 budget are:

- New Homes Bonus (NHB) reserve; in accordance with the Council's policy to transfer some of the new homes bonus grant received in the year to reserve, £38,646 was transferred to the reserve. The Council has also used £75,550 of the NHB reserve in year to pay for schemes detailed in paragraph 6.10.
- 4.10 We also contributed around £270,530 to the carry forward reserve for projects that were on going at the end of the financial year.
- 4.11 Appendix 3 gives a full list of the balances on earmarked reserves and the purpose for which they were established.

- Covid - 19
- 4.12 COVID19 is a world-wide pandemic which has resulted in severe measures to contain the virus both in the UK and nearly 200 other countries. The Council has a vitally important role in responding locally to COVID19, to save lives, protect the NHS, and ensure our residents are protected wherever possible. We also have a duty to ensure that crucial council services continue to operate in these unprecedented times.

- 4.13 The Council has begun to incur expenditure that was not foreseen when the budget was set in February 2019. Costs incurred in the 2019-20 financial year total £250,769 with much more expenditure in 2020-21 anticipated. The expenditure incurred is detailed in the table below.

Description	£
Emergency Accommodation	295,199
Equipment and Tools	5,249
Consumables	1,899
Gross Expenditure	302,346
Government Grant	(51,577)
Net Expenditure	250,769

- 4.14 Significantly more expenditure is expected to continue to be incurred during the 2020-21 financial year. The Council, at its meeting on 5 May 2020 approved a revenue supplementary estimate of £13.8 million to be funded from general fund reserves and that such funding would be drawn down only if further government support is not forthcoming or is insufficient to cover the financial impact of COVID19 on the Council.

S31 grant relating to Council Tax

- 4.15 The government has introduced a council tax discount for certain types of annexe and compensates us for the loss in income under s31 of the Local Government Act 2003. The amount of grant received in 2019-20 was £24,170 (£21,976 in 2018-19).

Overall Position

- 4.16 The overall position on the General Fund was £331,208 million lower net expenditure than originally budgeted.
- 4.17 The table below summarises the overall position on the General Fund. The figures exclude various accounting adjustment items such as capital charges, International Accounting Standard 19 (IAS 19) adjustments relating to Pension Funds, and other items that do not have any effect on the Council's net budget. The service unit figures include budgeted and actual contributions to service related earmarked reserves where appropriate.

	Revised Estimate	Actual	Variance to rev est
	2019-20	2019-20	2019-20
	£000	£000	£000
Directorate Level Expenditure (excluding depreciation & capital charges. Major variances by directorate are explained in Appendix 2)	15,412	17,480	2,068
Transfers to reserves (included in Directorate expenditure)	(100)	(2,810)	(2,710)
Directorate Level Expenditure (excluding depreciation, capital charges and reserve transfers)	15,312	14,670	(642)
Net interest receivable (paragraph 4.6 to 4.8)	(279)	(1,473)	(1,194)
Minimum Revenue Provision (paragraph 4.9)	966	927	(40)
Business rates retention scheme - net position after transfer to business rates equalisation reserve (paragraph 4.13 to 4.18)	(5,236)	(3,640)	1,596
New Homes Bonus (net of transfer to reserve, paragraph 4.10)	(1,031)	(1,076)	(45)
Transition grant and s31 council tax grant (paragraph 4.19)	(44)	(50)	(6)
Collection Fund Council Tax (surplus) / Deficit	86	86	0
TOTAL net budget (excl parish precepts)	9,774	9,443	(331)

5. Treatment of available balance

- 5.1 The CFO, under delegated authority in consultation with the Leader of the Council and the Lead Councillor for Resources has utilised the balance available for the year of £331,208 million by making a transfer to the Invest to Save Reserve to support the delivery of the Future Guildford Transformation Programme.

6. Major earmarked reserves

- 6.1 The Code of Practice on Local Authority Accounting that controls the production of the Council's statutory accounts does not require us to include a complete list of the

Council's Reserves and Balances in the Statement of Accounts. A complete list of earmarked reserves is detailed in **Appendix 3**.

- 6.2 All of these reserves have been set up for a specific purpose and the appendix shows the current policy related to each.
- 6.3 The reserves are cash backed and the accounts include the interest earned on the balances in the revenue account.
- 6.4 The following table and paragraphs summarise movements on the major reserves (those with an opening or closing balance of more than £1 million). All the balances quoted are before the transfers suggested in section five above.

	Balance at 31 March 2019 £000	Transfers In 2019-20 £000	Transfers Out 2019-20 £000	Balance at 31 March 2020 £000
General fund:				
Budget Pressures	1,929	-	174	1,755
Business Rates Equalisation	8,050	77	2,699	5,428
Capital Schemes	893	-	893	-
Car Parks Maintenance	4,705	637	1,107	4,235
Invest to Save	4,415	1,124	2,806	2,733
IT Renewals	1,204	941	1,479	666
New Homes Bonus	3,527	1,039	1,076	3,490
Park and Ride	1,650	-	-	1,650
Special Protection Area (SPA) Sites	6,194	3,578	5	9,767
Spectrum	1,638	185	-	1,823
Other earmarked reserves	10,064	1,663	2,326	9,401
Total	44,269	9,244	12,565	40,948

- 6.5 Budget pressures reserve
This reserve was set up as part of closing the 2014-15 accounts to help manage unforeseen expenditure pressure during the year. £174,269 was financed from this reserve in the year.

- 6.6 Business Rates Equalisation reserve
This reserve was set up in 2013-14 to help accommodate the potential volatility of the Business Rate Retention Scheme and to mitigate the effects on our business rates income of any town centre redevelopment.

- 6.7 Carried forward items (within other earmarked reserves)
This reserve is shown as part of 'other reserves' and allows the budget for items that we have not completed in the year to be carried forward so they can be finalised in later years without affecting that year's budget. In 2019-20, the Council used £477,000 of the reserve relating to items carried forward at the end of 2018-19 and made a contribution of £270,000 to the reserve in respect of items unspent in 2019-20. The balance on the reserve as at 31 March 2020 is £1.654 million.

- 6.8 Car Parks Maintenance and Improvement
This reserve funds repairs, maintenance and improvements in the Council's off-street car parks. The Council approves its use annually as part of the Car Parks Business Plan.

- Invest to Save Reserve
- 6.9 This reserve funds investment opportunities (that will allow us to achieve ongoing savings) and short term increases in revenue costs during periods of transition. We made a budgeted contribution of £250,000 and transferred £256,000 into this reserve from the carry forward reserve. We financed revenue expenditure of £2.589 million from the reserve, mainly relating to redundancy and pension fund strain costs resulting from the Future Guildford transformation programme. £217,000 was transferred to the Salix reserve to match fund the Salix extra contribution. The CFO, in consultation with the Leader of the Council and the Lead Councillor for Resources have used their delegated authority to transfer the 2019-20 underspend in full to the Invest to Save Reserve to support the transformation agenda.

- New Homes Bonus
- 6.10 New Homes Bonus (NHB) is a general grant that we receive from the government. It is not ring fenced for any specific purpose and is financed nationally mainly by reductions in revenue support grant. We made a £38,000 budgeted contribution to reserve in 2019-20, and financed expenditure of £75,550 Spectrum 2 feasibility, Watts Gallery grant and Ripley Village Hall forward funding in line with the Council's NHB policy. The closing balance is £3.49 million of which £1.90 million is committed to infrastructure and regeneration projects. The Council's policy is to transfer any increase in NHB to reserve to fund specific short to medium term projects or capital projects as identified in the approved capital programme. The Council approved the New Homes Bonus Policy in February 2016, which informs the allocation of this grant during the budget setting process to specific projects each year.

- Park and Ride
- 6.11 This reserve was established in 2008-09 in lieu of a s106 contribution from the Queen Elizabeth Park development, which was used to fund park and ride site expenditure at Merrow and Artington. This reserve is used to support Park and Ride services.

- SPA reserves – Effingham, Riverside, Chantry Woods, Lakeside & Parsonage Meadows
- 6.12 The Council is obliged to hold SPA endowment funds in reserve to pay for the revenue costs of SPA sites over an 80-year period. The reserves also receive interest on balances during the course of the year.

- Spectrum
- 6.13 This reserve is available to finance structural repairs and improvements.

7. Collection Fund

- 7.1 Appendix 3 shows the final figures for the Collection Fund. Because of the introduction of the BRRS, we now show the transactions for Council Tax and National Non-Domestic Rates (NNDR) separately.

- National Non-Domestic Rates (NNDR) or Business Rates
- 7.2 With the introduction of the BRRS, we have a balance on the fund that we will have to take account of when setting future year's budgets, in the same way that we do for Council Tax.

- 7.3 The collection rate for the 2019-20 financial year was 97.84% at 31 March 2019 (99.38% for 2018-19).

Council Tax

- 7.4 The Local Council Tax Support Scheme (LCTSS), introduced by the government in 2013-14, continues to make it difficult to estimate our Council Tax income. Some people who had previously received housing benefit now receive a reduction in their Council Tax instead and some now pay at least some Council Tax where they did not under the Housing Benefit system. These reliefs can change throughout the year as people move in and out of employment.
- 7.5 The final figure for Council Tax receivable was lower than the original estimate due to increased discounts and exemptions, resulting in a £465,000 reduction in the collection fund position to leave a closing deficit balance of £1,178,000.
- 7.6 The collection rate for the 2019-20 financial year was 98.60% at 31 March 2020 (98.90% for 2018-19).

Balance on Collection Fund

- 7.7 The overall balance carried forward on the Collection Fund Revenue Account, is a deficit of £4.91 million. This is made up of a deficit balance of £3.74 million in relation to Business Rates and a deficit of £1.17 in relation to Council Tax. The deficit is shared between the relevant major preceptors and Central Government (Business Rates only) as part of setting the 2020-21 budget.

8. Consultations

- 8.1 Officers have consulted the Lead Councillor for Resources about the recommendations in this report.

9. Equality and Diversity implications

- 9.1 There are no direct equality and diversity implications because of this report.

10. Financial implications

- 10.1 We have included the financial implications within the various sections of this report.

11. Legal implications

- 11.1 The Accounts and Audit (England) Regulations 2015 state that the Council must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year, which must include such of the following accounting statements as are relevant to the functions of the relevant body:

- Housing Revenue Account
- Collection Fund
- any other statements relating to each and every other fund in relation to which the body is required by any statutory provision to keep a separate account

- 11.2 The proper practice referred to above is the Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice (the Code).

- 11.3 The Code is based on International Financial Reporting Standards (IFRSs) and has been developed by the CIPFA/Local Authority Scotland Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board (FRAB). It constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.
- 11.4 The CFO will sign the Statement of Accounts on or before 31 August. Our external auditors, Grant Thornton will then audit the accounts before they are presented to the Committee for consideration and approval on 19 November 2019. Specifically the role of the committee is to “ review the annual statement of accounts with specific emphasis on whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council”.
- 11.5 The Accounts and Audit (England) Regulations 2015 require the CFO to re-certify the accounts before approval and for the person presiding at the meeting (i.e. the chairman of Corporate Governance and Standards Committee) to sign and date them after approval. We must then publish the Statement of Accounts, together with any certificate, opinion or report issued by the external auditor.

12. Human Resource Implications

- 12.1 There are no human resources implications.

13. Summary of Options

- 13.1 As the treatment of the year-end balance has been decided under delegated authority, there are no options to consider.

14. Conclusion

- 14.1 2019-20 has continued to be a year of continuing change for the Council and it is pleasing that we have maintained our strong record of financial management throughout.

15. Background Papers

Budget Book 2019-20
Accounts and Audit (England) Regulations 2015
Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

16. Appendices

Appendix 1: General Fund Summary
Appendix 2: General Fund Variances by Service
Appendix 3: List of earmarked reserve balances
Appendix 4: Collection Fund Revenue Account (to follow)

Appendix 1 Latest

Actual 2018-19 £	GENERAL FUND SUMMARY	Estimate 2019-20 £	Estimate 2019-20 £	Draft Actual 2019-20 £
(13,789,834)	Community Services	(795,580)	(1,649,872)	3,800,681
10,426,129	Planning and Regeneration	3,247,260	4,841,750	17,662,072
13,240,650	Environment	11,125,160	12,810,638	12,491,911
891,014	Management Directorate	801,740	815,007	3,679,838
7,666,720	Finance	6,611,420	6,605,337	6,447,046
18,434,679	Total Directorate Level	20,990,000	23,422,860	44,081,548
(2,842,029)	Capital charges (contra to Service Unit Budgets)	(8,011,160)	(8,011,160)	(26,601,575)
15,592,649	Directorate Level excluding depreciation	12,978,840	15,411,700	17,479,973
(1,815,098)	External interest receivable (net)	(877,355)	(877,355)	(1,829,448)
465,206	Interest charge to HRA	598,260	598,260	356,027
795,190	Minimum Revenue Provision	966,280	966,280	926,640
(27,056)	Revenue income from sale of assets	0	0	(30,417)
	Revenue Contributions to Capital Outlay (RCCO)			
1,641,467	Met from: Capital Schemes reserve	0	0	893,630
2,479,854	Other reserves	2,992,000	2,992,000	2,299,990
95,750	General Fund	0	0	0
19,227,962	Total before transfers to and from reserves	16,658,025	19,090,885	20,096,394
	Transfers to and from reserves			
	<u>Capital Schemes reserve</u>			
(1,641,467)	Funding of Revenue Contribution to Capital Outlay Contribution in year	0	0	(893,630)
(129,227)	Budget Pressures reserve	(200,000)	(200,000)	(174,269)
2,490,052	Business Rates Equalisation reserve	(2,345,206)	(2,569,842)	(973,833)
87,376	Car Park Maintenance reserve	(1,003,790)	(1,138,190)	(469,494)
62,500	Election Costs reserve	62,500	62,500	(124,268)
0	Housing Revenue Account	0	0	0
11,278	Insurance reserve	(530)	(530)	(15,177)
(896,802)	IT Renewals reserve	(534,290)	(534,290)	(538,252)
3,240	Invest to Save reserve	814,079	714,079	(1,721,421)
(351,438)	New Homes Bonus reserve	8,646	8,646	(36,904)
(68,644)	Energy Management reserve	0	0	31,563
(169,709)	On Street Parking reserve	(239,780)	(239,780)	109,467
(4,522,771)	Pensions reserve (Statutory)	0	0	(5,241,332)
(300,000)	Recycling reserve	0	0	(150,000)
13,340	Spectrum reserve	185,140	185,140	185,140
398,488	Carry Forward Items	0	(1,884,997)	(206,110)
1,148,318	Other reserves	17,510	(55,835)	3,234,252
15,362,495	Total after transfers to and from reserves	13,422,304	13,437,786	13,112,128
	Business Rates Retention Scheme payments			
22,269,018	Business Rates tariff payment	31,332,993	31,332,993	31,332,993
0	Business Rates levy payment to MHCLG	1,274,000	1,274,000	1,274,000
(475,774)	Business Rates tariff payment from MHCLG	0	0	0
(973,269)	Business Rates pilot gain from Surrey Pilot Pool	0	0	0
	Non specific government grants			
(1,184,857)	s31 grant re BRR scheme	(1,825,148)	(1,825,148)	(1,825,148)
(21,976)	s31 grant re council tax	0	0	(24,170)
(23,862)	New Burdens grant	0	0	(25,587)
0	Other government grant	(44,208)	(44,208)	0
(1,200,586)	New Homes Bonus grant	(1,039,201)	(1,039,201)	(1,039,201)
33,751,189	GUILDFORD BOROUGH COUNCIL NET BUDGET	43,120,740	43,136,222	42,805,015
1,631,985	Parish Council Precepts	1,740,697	1,740,697	1,740,697
35,383,174	TOTAL NET BUDGET	44,861,437	44,876,919	44,545,712
(26,159,016)	Business Rates - retained income	(34,941,330)	(34,941,330)	(34,941,330)
52,958	Collection Fund Deficit - Business Rates	1,493,170	1,493,170	1,493,170
38,032	Collection Fund Surplus - Council Tax	85,997	85,997	85,997
9,315,148	COUNCIL TAX REQUIREMENT	11,499,274	11,514,756	11,183,549
	Projected (under)/over spend			(331,208)

This page is intentionally left blank

CC Level 4	CC Level 5	CC Level 6	CC Level 6 Description	2019-20 Original	2019-20 Revised	2019-20 Actual to Revised		2019-20 Actual to Revised Budget Variance	Comments
				Budget (£)	Budget (£)	2019-20 Actual (£)	Budget Variance (£)		
COMDIR	COMDMN	CARSIT	GYPSY AND TRAVELLER SITES	-101,970	-76,970	-101,910	-24,940	Traveller site study delayed until 2020-21, carry forward request.	
COMDIR	COMDMN	SAFGUI	COMMUNITY WELLBEING	330,350	331,350	329,094	-2,256	N/A	
COMDIR	COPSMN	CORPRO	CORPORATE PROPERTY SERVICES	1,704,860	362,927	235,986	-126,941	£11k salary savings, £55k R&M savings, net £60K difference on support service recharge costs and income.	
COMDIR	COPSMN	INDEST	INDUSTRIAL ESTATES	-2,903,490	-2,840,678	-2,698,142	142,536	Cost of voids primarily 10 Midleton & 1&2 Thornberry Way £206k, traveller incursion costs £27k and additional support recharges mainly outsourced legal work £24k reduced by properties let on improved terms £105k.	
COMDIR	COPSMN	INVPRO	INVESTMENT PROPERTY	-4,866,690	-4,827,220	-4,705,349	121,871	£130k Liongate void costs prior to sale, additional legal and consultants, recharges related to property leases, mitigated by rental income £20k higher than budget.	
COMDIR	COPSMN	OTHPRO	OTHER PROPERTY	-671,440	-531,000	-608,008	-77,008	Savings in the provision made for Odeon Maintenance £113k, not used as worked delayed pending negotiations. Increased asset development and legal recharges due to maintenance work and contract negotiations £81k. A small increase in property rental income £42k.	
COMDIR	HADVMN	FAMSUP	SURREY FAMILY SUPPORT PROG	90,470	91,770	117,159	25,389	Salary savings of £81k due vacancies, Supplies and services amount to £63k (not budgeted as funded from income/reserve) income £40k lower than budget.	
COMDIR	HADVMN	HOMLES	HOMELESSNESS	874,350	874,350	720,722	-153,628	Grant income is not budgeted so £362k higher than budget and associated expenditure therefore £209k higher.	
COMDIR	HADVMN	HOUADV	HOUSING ADVICE	302,580	302,580	327,290	24,710	50% cost of Housing advice transferred from the HRA higher than budget	
COMDIR	HADVMN	HOUASS	AFFORDABLE HOUSING DEVELOPMENT	116,500	116,500	131,274	14,774	N/A	
COMDIR	HECOMN	CITADV	CITIZENS ADVICE BUREAU	284,710	284,710	284,769	59	N/A	
COMDIR	HECOMN	CIVEMS	CIVIL EMERGENCIES	63,640	63,640	61,298	-2,342	N/A	
COMDIR	HECOMN	COMSER	COMMUNITY SERVICES	0	0	0	0	N/A	
COMDIR	HECOMN	DAYSER	DAY SERVICES	547,320	553,060	598,134	45,074	Additional costs of running the centres primarily building maintenance and heating costs.	
COMDIR	HECOMN	EMECOM	CARELINE SERVICE	-69,610	-69,610	-67,687	1,923	N/A	
COMDIR	HECOMN	EMISER	EMI SERVICES	229,300	230,260	172,532	-57,728	Staff vacancy savings £44k and higher than budgeted income £15k	
COMDIR	HECOMN	ENVHEA	ENVIRONMENTAL CONTROL	449,090	464,230	502,386	38,156	Increase in staffing costs	
COMDIR	HECOMN	FOODSF	FOOD AND SAFETY SERVICES	370,740	372,740	321,702	-51,038	Reductions in staffing costs.	
COMDIR	HECOMN	G2525	CORPORATE HEALTH & SAFETY	9,230	9,230	1,972	-7,258	N/A	
COMDIR	HECOMN	GRANTH	GRANTS TO VOLUNTARY ORGS: H&C	504,860	504,860	337,326	-167,534	Significant reduction in level of grants paid to voluntary organisations	
COMDIR	HECOMN	LICENS	LICENSING SERVICES	181,200	183,400	192,436	9,036	N/A	
COMDIR	HECOMN	MOWTPT	COMMUNITY MEALS & TPT	713,020	715,170	642,424	-72,746	Saving in salary costs due to vacancies £83k, Transport hire charges £13k, offset by reduction in income of £19k.	
COMDIR	HECOMN	PESCON	PEST CONTROL	880	880	268	-612	N/A	
COMDIR	HECOMN	PRIHOU	PRIVATE SECTOR HOUSING	474,880	475,880	331,338	-144,542	Lower staff costs coupled with an increase in income.	
COMDIR	HECOMN	PUBHEA	PUBLIC HEALTH	79,900	90,310	83,973	-6,337	N/A	
COMDIR	HECOMN	TAXLIC	TAXI LICENSING	53,470	77,154	79,339	2,185	N/A	
COMDIR	HOHRMN	OSHRA	HOUSING OUTSIDE THE HRA	-1,530	-1,530	-81,040	-79,510	Increase in NDH activity has led to additional costs (primarily building maintenance) of £112k and SLA income of £192k.	
COMDIR	HOMFMN	HOMFAR	HOME FARM, EFFINGHAM	6,360	108,775	-11,728	-120,503	Carry forward for site maintenance not used. Applying for further carry forward.	
COMDIR	OFFSMN	OFFSVC	OFFICE SERVICES TEAM	-483,340	-436,310	-630,873	-194,563	Business rates were £144,260 under budget as tenants bear their own costs. Office moves were under budget by £18,470 and the biomass budget of £23,500 wasn't spent. There was no budget for Invest to Save (Energy) which came to £20,336. Central copier usage was down by £11,640 and GBC own furniture costs under budget by £28,000. The transport pool hire recharge was under budget by £18,500. There was no budget for £31,630 payment to contractors for refurbishment. Rental income was over budget by £31,400 but the internal recharge down by £77,100.	
COMDIR	PROASP	PROASP	PROJECT ASPIRE	0	0	25,198	25,198	Expenditure not budgeted, funded from reserve.	
COMDIR	PROPMN	BUIMAI	BUILDING MAINTENANCE	-5,050	-4,550	-4,143	407	N/A	
COMDIR	PROPMN	G6525	HOUSING SURVEYING SERVICES	13,270	15,270	15,738	468	N/A	
COMDIR	PROPMN	WRDSTO	DEPOT STORES	-640	-640	-5,011	-4,371	N/A	
ENVDIR	BUSOMN	WRD	WOKING ROAD DEPOT	26,680	36,970	27,021	-9,949	N/A	
ENVDIR	BUSOMN	WSOH	OPERATIONAL SERV OVERHEAD AC	0	10,890	-8,614	-19,504	N/A	
ENVDIR	ELECMN	ELECTR	ELECTRIC THEATRE	3,340	0	0	0	N/A	

CC Level 4	CC Level 5	CC Level 6	CC Level 6 Description	2019-20 Original Budget (£)	2019-20 Revised Budget (£)	2019-20 Actual (£)	2019-20 Actual to Revised Budget Variance (£)	2019-20 Actual to Revised Budget Variance Comments
COMDIR	COMDMN	CARSIT	GYPSY AND TRAVELLER SITES	-101,970	-76,970	-101,910	-24,940	Traveller site study delayed until 2020-21, carry forward request.
ENVDIR	ENTNMN	CCTV	TOWN CENTRE CCTV SYSTEM	97,770	97,770	85,639	-12,131	N/A
ENVDIR	ENTNMN	G5538	ENGINEERING AND TRANS SERVICES	0	3,000	37,910	34,910	There are salary savings due to vacancies and the recharge to internal services is lower than budgeted
ENVDIR	ENTNMN	LANDRA	LAND DRAINAGE	304,970	304,970	168,973	-135,997	Payments to contractors were £50,890 less than budgeted and the recharge from engineers was £67,450 less than budgeted.
ENVDIR	ENTNMN	OSMAP	ORDNANCE SURVEY & MAPPING SER	8,070	8,070	9,340	1,270	N/A
ENVDIR	ENTNMN	PARRID	PARK & RIDE SERVICES	673,600	674,670	631,597	-43,073	There are security savings now that GBC staff man the Park and Ride sites
ENVDIR	ENTNMN	RIVCON	RIVER CONTROL	34,740	34,740	19,508	-15,232	N/A
ENVDIR	ENTNMN	ROAFOO	ROADS & FOOTPATHS MAINTENANCE	109,510	109,510	107,812	-1,698	N/A
ENVDIR	ENTNMN	SNOICE	SNOW & ICE PLAN	-1,570	-1,570	-4	1,566	N/A
ENVDIR	ENTNMN	STRFUR	STREET FURNITURE	101,790	101,790	84,106	-17,684	N/A
ENVDIR	ENTNMN	TRANSP	TRANSPORTATION	20,000	20,000	16,688	-3,312	N/A
ENVDIR	FLWAMN	ABACAR	ABANDONED CARS	41,620	41,620	39,125	-2,495	N/A
ENVDIR	FLWAMN	ARMDAY	ARMED FORCES DAY	0	0	0	0	N/A
ENVDIR	FLWAMN	CLINWA	CLINICAL WASTE	2,750	2,750	4,369	1,619	N/A
ENVDIR	FLWAMN	DOGCON	DOG CONTROL	0	0	0	0	N/A
ENVDIR	FLWAMN	FLEMAN	FLEET MANAGEMENT	-1,484,830	-1,484,830	-1,421,466	63,364	Increased vehicle repair costs are off set in part by savings in insurance premiums. The TPH recharge is less than budgeted as depreciation costs come in under the estimate.
ENVDIR	FLWAMN	MOTBAY	MOT BAY	-11,030	-11,030	21,462	32,492	Income from MOTs is less than budgeted
ENVDIR	FLWAMN	PUBCON	PUBLIC CONVENIENCES	236,420	408,880	430,106	21,226	Mechanical and electrical maintenance is over budget by £16,150
ENVDIR	FLWAMN	REFYCL	REFUSE AND RECYCLING	3,329,470	3,329,470	3,723,798	394,328	Employee related expenditure is over budget by £230,800 due mainly to agency costs. Transport related expenditure is £278,800 over budget because of increased repairs, fuel costs and transport pool hire costs. Supplies and services are under budget by £209,000 (£59,045 once the reserve funded portion of recycling gate fees is taken out) due to savings in the purchase of sacks, publicity and and budgeted recycling gate fees. Income is £105,600 less than anticipated as garden waste bin sales and trade refuse removal charges fail to attain budget. However a variable recycling payment of £60,000 for 2018-19 was received in this financial year.
ENVDIR	FLWAMN	STRCLE	STREET CLEANSING	2,359,980	2,382,882	2,134,592	-248,290	Despite increased agency costs there are employee related savings of £154,000. Payment to contractors is under budget by £25,700. Recharges to other services are £28,600 over budget due mostly to staff working at the Park and Ride sites.
ENVDIR	FLWAMN	VEHMAI	VEHICLE MAINTENANCE	-40	-40	134	174	n/a
ENVDIR	HERTMN	GUIHOU	GUILDFORD HOUSE	371,830	383,010	343,031	-39,979	There are salary savings due to vacancies.
ENVDIR	HERTMN	GUILDH	GUILDHALL	137,520	164,780	120,848	-43,932	There are salary savings due to vacancies of £13,300 and savings in the Asset Development recharge of £22,900.
ENVDIR	HERTMN	MUSEUM	MUSEUM	463,660	1,122,010	1,235,985	113,975	There are unbudgeted agency costs of £78,000 and consultants costs were unbudgeted too.
ENVDIR	INFOMN	INFOFORO	INFORMATION RIGHTS OFFICER	900	900	8,783	7,883	N/A
ENVDIR	LEDVMN	LEIART	LEISURE ART DEVELOPMENT	116,820	126,820	107,032	-19,788	N/A
ENVDIR	LEDVMN	LEICOM	LEISURE COMMUNITY CENTRES	66,840	154,080	142,459	-11,621	N/A
ENVDIR	LEDVMN	LEIGL	LEISURE G LIVE	401,410	406,660	250,285	-156,375	Increase in income
ENVDIR	LEDVMN	LEIGRA	LEISURE GRANTS	396,280	396,280	396,516	236	N/A
ENVDIR	LEDVMN	LEIMAN	LEISURE MANAGEMENT CONTRACT	-723,250	-618,370	-570,785	47,585	Reduction in income offset by reduced premises and staffing costs.
ENVDIR	LEDVMN	LEIPLA	LEISURE PLAY DEVELOPMENT	212,530	213,530	188,082	-25,448	
ENVDIR	LEDVMN	LEIRAN	LEISURE RANGERS	240,940	241,940	210,354	-31,586	
ENVDIR	LEDVMN	LEISPO	LEISURE SPORT DEVELOPMENT	97,210	98,210	86,140	-12,070	N/A
ENVDIR	LEGLMN	G4525	LEGAL SERVICES	32,340	31,490	-49,697	-81,187	Staff cost savings amount to £33k, offset by £40k compromise costs. External legal costs are £242k higher than budget, although these are recharged out to services.S106 income is £35k higher than budget and support recharges are £57k lower than budget.
ENVDIR	LOECMN	BUSFOR	BUSINESS FORUM	38,080	73,080	81,237	8,157	N/A
ENVDIR	LOECMN	TIC	TOURIST INFORMATION CENTRE	240,620	242,930	259,686	16,756	N/A
ENVDIR	LOECMN	TOUDEV	BUSINESS & TOURISM	441,560	447,910	440,489	-7,421	N/A
ENVDIR	LOECMN	TOWMAN	TOWN CENTRE MANAGEMENT	-153,670	-153,670	47,092	200,762	

CC Level 4	CC Level 5	CC Level 6	CC Level 6 Description	2019-20 Original Budget (£)	2019-20 Revised Budget (£)	2019-20 Actual (£)	2019-20 Actual to Revised Budget Variance (£)	2019-20 Actual to Revised Budget Variance Comments
COMDIR	COMDMN	CARSIT	GYPSY AND TRAVELLER SITES	-101,970	-76,970	-101,910	-24,940	Traveller site study delayed until 2020-21, carry forward request.
ENVDIR	PALAMN	CEMETE	CEMETERIES	214,980	302,560	219,874	-82,686	Boundary repairs at St Marys of £35,250 were not budgeted. The original budget for memorial inspections of £25,000 was not spent and the Asset Development recharge was £24,900 under budget. Income was more than budgeted by £34,600 (internment fees and granting of exclusive burial rites).
ENVDIR	PALAMN	CREMAT	CREMATORIUM	-185,920	-127,160	-652,852	-525,692	There are salary savings due to vacancies of £40,500. The budget for irrecoverable VAT of £159,600 wasn't needed in 2019-20 but there was no budget for mercury abatement burden sharing of £39,820. Income is £364,340 more than budgeted due to increased cremation fee income.
ENVDIR	PALAMN	PARKS	PARKS & COUNTRYSIDE	3,238,500	3,525,896	3,168,447	-357,449	There are employment related savings due to vacancies of £186,800. Transport related expenditure is under budget by
ENVDIR	PALAMN	SPASIT	SPA SITES	0	0	-3,533,411	-3,533,411	Income for future development and maintenance has exceeded budget as more sites reached the trigger dates for SPA contributions
ENVDIR	PARKMN	MARKET	MARKETS	-97,340	-97,340	-89,132	8,208	n/a
ENVDIR	PARKMN	OFFSTR	OFF STREET PARKING	-6,706,000	-6,620,410	-4,970,556	1,649,854	Supplies and services are £38,600 over budget mainly due to Pay & Display funded from the Car Parks Maintenance Reserve (although there were savings in the original budget). Support services are £14,200 under budget (Engineers and Asset Development recharges). Meter and season ticket income is under budget but contract car parking and penalty fees are more than budgeted. However overall income is £1.060 million under the estimate. There are abortive construction costs of £599,780 on the Guildford Park car park cost centre.
ENVDIR	PARKMN	ONSTR	ON STREET PARKING	-433,820	-432,520	-315,201	117,319	There are savings of £64,872 in supplies and services (mainly in signs and adjudication) but income is £179,230 under budget as meter income and suspension fees fail to reach estimates.
ENVDIR	PROCMN	PROCUR	PROCUREMENT	0	0	114,229	114,229	Additional cost of agency temporary staff (net of time recharged to capital projects) offset by saving in permanent staff.
ENVDIR	VILLMN	VILLGE	THE VILLAGE	0	0	0	0	N/A
FINDIR	BRSYMN	BUSRAT	BUSINESS RATES	-16,220	-15,200	235,255	250,455	Additional salary costs £5k, missing income last posted by MC £246k
FINDIR	BUSYMN	BUSSVC	ICT BUSINESS SERVICES TEAM	0	0	0	0	N/A
FINDIR	CORSMN	CORSER	CORP SERVICES	1,131,750	1,007,174	1,015,485	8,311	N/A
FINDIR	CTAXMN	CTAX	COUNCIL TAX	551,110	551,710	418,123	-133,587	Salary savings due to vacancies £38k, reduced debt collection expenses £11k, balance on hardship relief allow £27k. Collection expenses recovered £53k higher than budget.
FINDIR	DEMOMN	ACCGUI	ACCESS GROUP (GUILDFORD)	4,870	4,870	5,084	214	N/A
FINDIR	DEMOMN	CIVEXP	CIVIC EXPENSES	233,170	244,323	219,009	-25,314	Cancelled Borough promotional events and Mayor's event costs in March 2020.
FINDIR	DEMOMN	COMSUP	COUNCIL & COMMITTEE SUPPORT	428,270	428,270	417,368	-10,902	N/A
FINDIR	DEMOMN	CSADMN	COMMITTEE SERVICES	2,080	2,080	-23,339	-25,419	Salary savings due to vacancies
FINDIR	DEMOMN	DEMREP	DEMOCRATIC REPRESENTATION	787,550	789,150	791,351	2,201	N/A
FINDIR	DEMOMN	PARISH	PARISH & LOCAL LIAISON	195,460	195,460	208,518	13,058	N/A
FINDIR	DEMOMN	YOUCOU	GUILDFORD YOUTH COUNCIL	0	0	8	8	N/A
FINDIR	ELTLMN	ELECTI	ELECTIONS	93,480	93,480	282,665	189,185	£186k Borough Election Expenses to be funded from reserves.
FINDIR	ELTLMN	ELECTO	ELECTORAL REGISTRATION	275,540	281,520	216,393	-65,127	Savings in Electoral registration fees £44k, postage and print costs £20k.
FINDIR	FINAMN	ACCOUN	ACCOUNTANCY	-100,790	-98,830	-127,472	-28,642	Reduction in staffing costs and supplies and services expenditure.
FINDIR	FINAMN	CORFIN	CORPORATE FINANCIAL	303,890	303,890	313,103	9,213	Reduction in income and increased supplies and services costs.
FINDIR	FINAMN	FEASTU	FEASIBILITY STUDIES	40,470	40,470	62,631	22,161	Increased supplies and services costs.
FINDIR	FINAMN	G3555	DEBTORS	620	620	-13,809	-14,429	N/A
FINDIR	FINAMN	MISEXE	MISCELLANEOUS	895,030	864,030	648,942	-215,088	
FINDIR	FINAMN	PAYPUR	PAYMENTS AND PURCHASING	-68,140	-68,920	-95,521	-26,601	
FINDIR	FINAMN	UNALLO	NON DISTRIBUTED COSTS	2,100,300	2,100,300	-108,702	-2,209,002	
FINDIR	HSBNMN	HOUBEN	HOUSING BENEFITS	394,210	399,090	60,594	-338,496	Lower level of bad debt provision
FINDIR	ICTMN	CUSTEC	ICT CUSTOMER TECHNICAL SUPPORT	0	0	0	0	N/A
FINDIR	ICTMN	INFSYS	INFORMATION SYSTEMS TEAM	0	0	0	0	N/A
FINDIR	ICTMN	ITREV	ICT INVESTMENT & RENEWAL FUND	-892,710	-892,710	-841,103	51,607	Balance on IT renewals fund.
FINDIR	ICTMN	MANPOL	MANAGEMENT POLICY STRATEGY	5,600	-2,750	41,206	43,956	£27k Compromise costs
FINDIR	ICTMN	OPTecs	OPERATIONS TECHNICAL SERVICES	0	95,750	381,725	285,975	Salary savings amount to £94k , IT renewals £366k higher than budget, £20k saving in software licences, £57k additional costs due to storage costs on the cloud.

CC Level 4	CC Level 5	CC Level 6	CC Level 6 Description	2019-20 Original	2019-20 Revised	2019-20 Actual to Revised		2019-20 Actual to Revised Budget Variance	Comments
				Budget (£)	Budget (£)	2019-20 Actual (£)	Budget Variance (£)		
COMDIR	COMDMN	CARSIT	GYPSY AND TRAVELLER SITES	-101,970	-76,970	-101,910	-24,940	Traveller site study delayed until 2020-21, carry forward request.	
FINDIR	ICTMN	PORMAN	PORTFOLIO MANAGEMENT	40,080	40,080	50,150	10,070	N/A	
FINDIR	PYINMN	INSREV	INSURANCE REVENUE A/C	-267,470	-267,470	-15,177	252,293		
FINDIR	WEBPMN	WEB	WEBSITE	246,730	282,410	279,362	-3,048	N/A	
MANDIR	AUDTMN	CUSSVC	CUSTOMER SERVICE CENTRE	-71,550	-72,650	-54,335	18,315	N/A	
MANDIR	AUDTMN	G3525	INTERNAL AUDIT	-25,370	-25,370	-64,625	-39,255		
MANDIR	AUDTMN	G3530	BUSINESS IMPROVEMENT	25,370	25,370	18,278	-7,092	N/A	
MANDIR	AUDTMN	G3531	FUTURE GUILDFORD	0	0	3,297,020	3,297,020	costs of tranformation programme	
MANDIR	HRBSMN	HRSERV	HR SERVICES	0	-1,000	36,922	37,922	Increased supplies and services expenditure.	
MANDIR	HRBSMN	OTHEMP	OTHER EMPLOYEE COSTS	106,420	104,170	-391	-104,561	Reduction in staffing costs.	
MANDIR	HRBSMN	PAYINS	PAYROLL AND INSURANCE	0	500	50,415	49,915	Increases in supplies and services expenditure and an increase in staffing costs.	
MANDIR	PLPAMN	COMDEV	COMMUNITY DEVELOPMENT	309,730	355,357	285,977	-69,380	Vacancies ahead of FG result in salary savings of £57K, increased grant income of £7k, a grant paid to Watts Gallery of £40k will be funded by NHB reserve is virtually offset by reductions in the Safer Guildford Partnership subject to carryforward request.	
MANDIR	PRMKMN	PUBREL	PUBLIC RELATIONS	448,870	420,360	397,656	-22,704	Planned reduction in publicity activity, cost reduction initiatives.	
PLNDIR	BCONMN	BUICON	BUILDING CONTROL SUMMARY	382,190	412,394	631,803	219,409	Agency and consultants costs have offset savings in salaries. There is a redundancy cost here which will be funded from Invest to Save. Income is £39,300 less than budgeted.	
PLNDIR	BCONMN	LANCHA	LAND CHARGES	-19,950	-19,300	-2,518	16,782	N/A	
PLNDIR	DEVCMN	DEVCON	DEVELOPMENT CONTROL	916,110	1,170,156	1,402,183	232,027	Employee related expenditure of £104,500 was unbudgeted as were £32,680 of consultants costs. Planning appeal expenses are £119,400 overbudget but will be funded from reserves. The scanning budget was underspent though by £95,900. There was £62,400 of unbudgeted external legal costs. Income was under budget by £39,800 as planning fees failed to reach the target set. There is a small reduncacy cost contribution in this service.	
PLNDIR	EYSYMN	CLIMAT	CLIMATE CHANGE	-51,060	-41,770	-69,946	-28,176	Supplies and services were underspent and income from GBC Invest to Save was unbudgeted	
PLNDIR	INFRMN	MAJPRO	MAJOR PROJECTS	605,150	1,709,286	619,934	-1,089,352		
PLNDIR	INFRMN	SAAP	SLYFIELD AREA REGENERATION	74,910	74,910	38,178	-36,732		
PLNDIR	PLPLMN	POLICY	POLICY	1,330,660	1,526,824	1,184,570	-342,254	There are salary savings of £190,800 due to vacancies. Although judicial review costs were £116,000, £25,000 of these costs were recovered. There were savings in inspectors fees (£50,000) and only £26,800 of the miscellaneous budget of £73,600 was spent. Printing costs were under budget by £23,825.	

		Opening balance, £000	Receipts in Year	Transfers out in Year	Closing balance, £000	Purpose of the Reserve / Policy on use
		01/04/2019	£000	£000	31/03/2020	
General Fund						
Election Costs	U01008	(218,708.26)	(62,500.00)	186,768.00	(94,440.26)	Contributions are made in non election years to offset the additional costs in the year that borough elections are held.
Interest Rate Movements	U01012	(667,000.00)	0.00	0.00	(667,000.00)	To allow for changes in predicted interest rates after the budget for the year has been set.
Concurrent Functions Grant Aid	U01021	(101,604.01)	(21,595.54)	34,425.00	(88,774.55)	Set up from Concurrent Function grant aid not required by Parish Councils, to allow urgent requests to be considered during the year.
HLS projects	U01023	(120,040.55)	(56,781.48)	5,288.64	(171,533.39)	To receive grants from Natural England prior to financing approved schemes in parks and countryside.
New Homes Bonus	U01026	(3,526,991.09)	(1,039,201.00)	1,076,105.00	(3,490,087.09)	To receive balance of new homes bonus grant received and not used in the year. Should be used in line with NHB Policy approved Council Feb 2016.
Capital Schemes	U01030	(893,630.00)	0.00	893,630.00	0.00	Financing of General Fund capital schemes within approved programmes.
Carried Forward Items	U01031	(1,884,996.55)	(502,312.50)	733,089.61	(1,654,219.44)	To finance expenditure in future years that was budgeted for but not able to be progressed in the year and which is still required.
Collection Fund Balance	U01033	(150,000.00)	0.00	0.00	(150,000.00)	Use as appropriate to smooth out the effects on the General Fund of a surplus or deficit on the Collection Fund.
Insurance	U01040	(960,816.48)	(15,176.53)	0.00	(975,993.01)	Maintain at level recommended by professional advisors. Receives or pays out the balance on the revenue account in the year and finances un-insured claims and excesses.
Invest to Save	U01041	(4,414,990.89)	(1,124,528.86)	2,806,499.65	(2,733,020.10)	To be used to fund investment opportunities in services that will allow ongoing savings to be achieved and accommodate short term increases in revenue costs during periods of transition.
Salix	U01042	(85,617.09)	(300,265.95)	28,206.06	(357,676.98)	Match funding for Salix (Carbon Trust) grant. Consists of two separate reserves in order to comply with the requirements of the Carbon Trust.
IT Renewals	U01043	(1,204,899.87)	(941,108.00)	1,479,359.99	(666,647.88)	Receives repayments from services to fund expenditure as set out in the ICT Strategy.
LABGI	U01044	(214,521.67)	0.00	0.00	(214,521.67)	Set up with income received from Local Authority Business Growth Incentive grant. This money will be used to support schemes that will also benefit the businesses in the Borough.
Spectrum	U01050	(1,637,877.49)	(185,140.00)	0.00	(1,823,017.49)	Maintained in order to provide funds for structural repairs and improvements. Under the Leisure Management contract responsibility for the fabric of the buildings remains with the Council.
Car Parks Maintenance	U01054	(4,705,458.46)	(637,210.00)	1,106,704.45	(4,235,964.01)	Financing of repairs, maintenance and improvements in off street car parks.
Land Charges	U01056	46,898.25	(19,658.25)	0.00	27,240.00	Balance on the land charges account for the year. Legislation requires that the Land Charges service breaks even over a three year period.
Park & Ride	U01057	(1,650,000.00)	0.00	0.00	(1,650,000.00)	Created in 2008/09 in lieu of a s106 contribution from the Queen Elizabeth Park development used to fund park and ride expenditure at Merrow and Artington.
Slyfield Area Regeneration Project (SARP)	U01059	(0.00)	0.00	0.00	(0.00)	Receives contributions from partners involved in the SARP and finances partnership expenditure.
Ash Manor AWP	U01062	(15,000.00)	0.00	15,000.00	0.00	To provide for replacement of Ash Manor All Weather Pitch, as required by agreement with the Football Foundation.
Ash Manor Renewals	U01063	(2,520.04)	0.00	0.00	(2,520.04)	To receive one third of any operational surplus on Ash Manor sports centre, as part of the tri-partite agreement in place.
Ash Manor Facilities Development	U01064	(2,520.04)	0.00	0.00	(2,520.04)	To receive one third of any operational surplus on Ash Manor sports centre, as part of the tri-partite agreement in place.
Pension Reserve (GBC)	U01066	(975,000.00)	0.00	0.00	(975,000.00)	Set up as part of closing the 2010-11 accounts in order to provide for a potential backfunding liability for staff transferred under TUPE to the Leisure Management contractor.
G Live sinking fund	U01067	(90,000.00)	(10,000.00)	0.00	(100,000.00)	Required by the G Live operator agreement.
Leisure Management Contract	U01068	(45,686.00)	0.00	0.00	(45,686.00)	Receives a minimum of 50 per cent of any surplus on the Leisure Management contract (excluding Ash manor) as required by the contract.
Legal actions	U01071	(963,358.00)	(25,000.00)	176,135.00	(812,223.00)	Available to finance legal costs and awards made because of actions taken against the Council, including judicial review.
Liongate rent top-up	U01073	(628,602.82)	0.00	628,602.82	0.00	To allow for the accounting treatment of an investment property where the purchase price was reduced by an amount for rental income compensation.
Family support programme	U01074	(166,027.22)	(15,840.00)	0.00	(181,867.22)	To hold the balance of funds supplied by Surrey County Council for the Family Support programme, prior to expenditure being incurred.
Local Plan	U01075	(234,083.00)	0.00	0.00	(234,083.00)	Available to finance costs associated with the Development Management Policies element of the Local Plan, along with the production of supplementary planning documents relating to both the Sites and Strategy and Development Management Policies element of the Local Plan.
Salix admin	U01076	(33,795.63)	0.00	0.00	(33,795.63)	
Energy Management Schemes	U01077	(100,064.93)	(42,199.15)	10,635.72	(131,628.36)	Funding for energy management schemes similar to Salix schemes but for which match funding is not available.
Preventing Homelessness	U01078	(401,316.09)	0.00	100,046.00	(301,270.09)	Received grant from Department of Communities and Local Government (DCLG) for use in partnership work across Surrey to prevent homelessness in future years.
Preventing Repossession	U01079	(358,563.39)	(262,783.00)	0.00	(621,346.39)	Received grant from DCLG to fund preventing repossession work in future years.
Civil Parking Enforcement - GBC/GLC shared control	U01080	73,914.96	(282,745.94)	208,830.98	(0.00)	To receive net funds due to Guildford and finance expenditure as allowed under the Civil Parking Enforcement agreement with Surrey County Council. Controlled jointly be the council and the Guildford Local Committee.
Business Rates equalisation	U01081	(8,050,515.29)	(76,797.00)	2,698,785.50	(5,428,526.79)	To be used as appropriate to smooth out the effects of the Business Rates Retention Scheme, including those related to regeneration projects.
Job Evaluation	U01082	(300,000.00)	0.00	0.00	(300,000.00)	To accommodate the medium term effects of salary changes should the Council choose to implement Job Evaluation following completion of the Pay and Grading exercise in 2014-15.
Masterplan	U01084	(194,487.52)	0.00	0.00	(194,487.52)	To finance the preparation of a Master plan for the borough.
SPA - Effingham	U01085	(1,417,330.02)	(606,528.45)	0.00	(2,023,858.47)	Receives s106 contributions for the Effingham SPA, prior financing expenditure on approved schemes.
SPA - Riverside	U01086	(629,199.93)	(294,370.22)	0.00	(923,570.15)	Receives s106 contributions for the Riverside Park SPA, prior financing expenditure on approved schemes.
SPA - Chantry Wood	U01087	(2,440,274.06)	(1,915,606.67)	0.00	(4,355,880.73)	Receives s106 contributions for the Chantry Wood SPA, prior financing expenditure on approved schemes.
SPA - Lakeside	U01088	(562,234.73)	(2,799.95)	4,487.70	(560,546.98)	Receives s106 contributions for the Lakeside SPA, prior financing expenditure on approved schemes.

Agenda item number: 5
Appendix 3

		Opening balance, £000	Receipts in Year	Transfers out in Year	Closing balance, £000	Purpose of the Reserve / Policy on use
		01/04/2019	£000	£000	31/03/2020	
SPA - Parsonage Water	U01089	(1,145,949.13)	(758,401.79)	0.00	(1,904,350.92)	Receives s106 contributions for the Parsonage Water SPA, prior financing expenditure on approved schemes.
Community Centres	U01090	(114,507.22)	0.00	0.00	(114,507.22)	To finance works on Community Centres
SCC Prevention partnership fund	U01091	0.00	0.00	0.00	0.00	To hold grants given by Surrey County Council prior to expenditure being incurred.
Capital movements reserve	U01092	(333,000.00)	0.00	0.00	(333,000.00)	To protect the revenue account against sale of investments at a capital loss.
Investment Property rent	U01093	(77,200.00)	0.00	0.00	(77,200.00)	To offset any shortfall in investment property rental income in the year.
Recycling	U01094	(150,000.00)	0.00	150,000.00	0.00	To protect the revenue account against adverse movement in the income generated from recyclable materials
Budget Pressures	U01095	(1,928,683.71)	0.00	174,269.03	(1,754,414.68)	To facilitate the management of pressure on the General Fund revenue budget.
Civil Parking - GBC control	U01096	(286,537.98)	(35,552.14)	0.00	(322,090.12)	To receive income from on-street parking, as agreed under the Civil Parking Enforcement agreement with Surrey County Council and finance any approved expenditure.
Taxi Licensing	U01097	0.00	0.00	0.00	0.00	Previously included with the carry forward reserve. To receive or fund any balance on the Taxi Licensing services (except irrecoverable costs). Legislation requires that the service is budgeted to break even over three years.
Project Aspire	U01098	(119,706.39)	0.00	25,198.30	(94,508.09)	To finance the costs of Project Aspire.
Refugee Support	U01100	(51,804.68)	(10,581.55)	0.00	(62,386.23)	Reserve holds unspent specific grant monies awarded by government to the Council to spend on supporting families that the Council has housed through the national refugee programme
Community Housing Fund	U01102	(60,962.00)	0.00	0.00	(60,962.00)	Reserve holds unspent specific grant monies received by the Council from Government for expenditure on supporting community housing projects
Planning Policy		(73,495.00)	0.00	23,760.00	(49,735.00)	
TOTAL		(44,268,764.02)	(9,244,683.97)	12,565,827.45	(40,947,620.54)	
GENERAL FUND 2019-20 (PER APPENDIX 1)					(331,000.00)	
					(41,278,620.54)	

This Appendix was not available at the time the agenda for this meeting was published.
It will be circulated before the meeting

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Report of Director of Resources

Author: Claire Morris

Tel: 01483 444827

Email: claire.morris@guildford.gov.uk

Lead Councillor responsible: Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 30 July 2020

Housing Revenue Account Final Accounts 2019-20

Executive Summary

The Housing Revenue Account (HRA) records all the income and expenditure associated with the provision and management of Council owned residential dwellings in the Borough. The requirement to maintain a Housing Revenue Account is set out in the Local Government and Housing Act 1989 and the requirements to publish final accounts is set out in the Accounts and Audit Regulations 2003.

This report sets out the actual level of revenue spending on day-to-day services provided to tenants recorded in the HRA in 2019-20.

The actual net cost of revenue services in 2019-20 was £432,916 higher than the budget of £15,809,270 (paragraph 5.1). This variation represents 2.73% of the total turnover of £32.37 million. The final outturn (subject to audit) shows a surplus for the year of £10.3 million compared to a budgeted surplus of £10.93 million. The HRA working balance at year-end remains £2.5 million.

The Chief Finance Officer, in consultation with the Leader of the Council and Lead Councillor for Resources have used their delegated authority to transfer £2.5 million to the reserve for future capital programmes, with the balance of £7.8 million transferred to the new build reserve. This continues the policy adopted in previous years, whereby the year-end surplus is applied to each of the above two reserves.

Recommendation to Committee

The Committee is asked to submit any comments it wishes to make on the HRA Final Accounts for 2019-20 to the Executive.

Subject to any such comments, the Executive, at its meeting on 22 September 2020, will be asked to note the final outturn position and endorse the decision, taken under delegated authority to transfer £2.5 million to the reserve for future capital, and £7.8 million to the new build reserve from the revenue surplus of £10.3 million in 2019-20.

Reason for Recommendation:

To allow the Statutory Statement of Accounts to be finalised and subject to external audit prior to approval by the Council.

1 Purpose of Report

- 1.1 This report sets out the final position on the Housing Revenue Account for the 2019-20 financial year. It explains the major variances and reports how the available balance has been used.

2 Strategic Priorities

- 2.1 The Council is the largest social housing landlord in the borough, our activities contribute to each of the Council's strategic priorities. The Council's Fundamental Theme of 'Place-making' contained in the Corporate Plan 2018-2023 includes a key priority to provide the range of housing that people need, particularly affordable homes. This report helps to achieve this priority.

3 Revised timelines for Certification and Audit of the Accounts – COVID19

- 3.1 The Secretary of State announced on 16 March 2020 his intention to extend the statutory audit deadlines for 2019-20, after taking into consideration the increasing impact of COVID-19.

- 3.2 In accordance with that decision and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 it has been decided that:

- the publication date for final, audited, accounts will move from 31 July to 30 November 2020 for all local authority bodies.
- no later than 31 August the Chief Finance Officer (CFO) must sign and date the statement of accounts and certify that it presents a true and fair view
- the audit will take place after 31 August and conclude before the final accounts are presented to councillors for approval
- to give local authorities more flexibility, the public inspection period must commence on or before the first working day of September 2020. Therefore, before completion of the audit, the accounts will be open for scrutiny by the public for 30 working days from 1 September 2020 and we will publish the dates on our website
- the CFO must re-certify the statement of accounts prior to its approval by the Council or a committee
- no later than 30 November, the Council or a committee must consider and approve the statement of accounts, which are then signed by the person presiding at the meeting. The Corporate Governance and Standards Committee will be asked to consider and approve the audited accounts at its meeting on 19 November 2020.
- we must publish the audited accounts by 30 November 2020.

- 3.3 This report sets out the final position on the Housing Revenue Account.

- 3.4 Officers have included the impact of the final position in the statutory statement of accounts, which the CFO will sign on or before 31 August 2020. Grant Thornton will conclude the external audit before November.

3.5 The HRA is an integral part of the Statement of Accounts.

4 Background

4.1 The Local Government and Housing Act require the Council to keep a HRA that records all revenue expenditure and income relating to the provision of council residential dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account.

4.2 Since April 2012, the HRA has operated independently of the previous national income redistributive system. The Council made a one-off payment to the Government of £192.3 million as part of the settlement, this was funded through a portfolio of loans from the Public Works Loan Board.

4.3 The HRA Business Plan seeks to maximise the advantages of the new financial environment and the associated flexibility it offers.

4.4 The business plan objectives are set out below.

- operate a sound, viable housing business in a professional and cost-effective manner
- provide good quality homes in settled communities for as long as needed by tenants, consistent with our Tenancy Strategy
- increase the supply of affordable homes, including by direct provision where it is appropriate and viable to do so
- continue to strengthen communities by making our estates places people value and want to live
- value and promote tenant involvement in decision making
- widen the range of housing options open to tenants, ensuring they can make informed choices.

The 2019-20 budget reflected these objectives and priorities.

5 Summary

5.1 The table below summarises the net cost of revenue services in 2019-20.

Heading	Estimate 2019-20	Actual 2019-20	Variance 2019-20
Net Cost of Services (per income & expenditure account, Appendix A)	(15,809,270)	(8,932,528)	6,876,742
Amortisation and revaluation gains & losses – reverse impact on services	0	(5,634,866)	(5,634,866)
IAS 19 Pension charge - reverse impact on services	0	(697,543)	(697,543)
Decrease in depreciation charge – reverse impact on services	0	(111,417)	(111,417)
Net cost of revenue services	(15,809,270)	(15,376,354)	432,916

Agenda item number: 6

5.2 The operating surplus for the HRA account in 2019-20 is approximately £10.3 million.

5.3 The table below shows the main variances between the budgeted and actual operating surplus for 2019-20 under the key headings.

	£000
Budgeted HRA outturn (surplus) / deficit 2019-20	
<i>Represented by the <u>budgeted</u> contribution to the Reserve for Future Capital and the New Build reserve [£2.500m + £8.433m]</i>	(10,933)
Variance from budgeted position (major variances)	
Employee related [incl. write out of added years and pension strain costs]	(413)
Investment Income and Interest charge payable	225
Capital adjustments (depreciation, revaluation, REFCUS)	111
Premises (Repairs & maintenance, utilities, cleaning etc)	839
Allowance for Bad Debt impairment	(233)
Rental income	70
Other	34
Total	633
Operating (surplus)/deficit available to transfer to reserve in 2019-20	
<i>Represented by the proposed contribution to the Reserve for Future Capital and the New Build reserve (£2.500m + £7.800m)</i>	(10,300)

5.4 Officers propose to transfer £2.5 million to the reserve for future capital, with the balance of £7.8 million transferred to the new build reserve.

6 Outturn position and major variances

Revenue

6.1 Gross expenditure on services was 102.1% of the budgeted level, whilst income receivable totalled 99.78% of the budgeted level. The reasons for this are set out in paragraphs 6.4 to 6.10 below and summarised in **Appendix A**.

6.2 The operating surplus for the HRA account in 2019-20 is approximately £10.3 million, which is significantly better than would have been the case under the previous redistributive regime. This surplus, however, makes no provision for the repayment of debt principal; in line with the approach set out in the HRA business plan approved by the Executive.

6.3 The HRA would still have an operating surplus if we had made provision to repay the debt over the 30-year plan period. To repay the debt over the 30-year plan period a sum in the region of £6.4 million would need to be set aside from the operating surplus each year, reducing the level of available capital to invest to a

- figure in the region of £3.9 million. This is an overly simplistic representation designed to highlight the underlying surplus. It ignores the impact of any premium and discounts arising on the early redemption of debt, and more significantly the impact inflation would have on the debt, which is fixed in cash terms and would erode in real terms as the result of inflation.
- 6.4 Rental income from dwellings was £165,000 (0.55%) below the estimate (Appendix A). The service has seen rent loss due to voids but rent collection levels on occupied property remains good.
 - 6.5 Employee related expenditure was £413,000 lower than estimated and includes the in-year benefit of writing out accrued added years and pension strain costs.
 - 6.6 Each year the Ministry of Housing, Communities and Local Government (MHCLG) sets a formula rent for each Council to apply to its housing stock along with a guideline rent increase/decrease. When our rents are higher than the prescribed “limit rent” then rent rebate subsidy limitation (RRSL) applies. RRSL is a mechanism that ensures that councils do not simply increase rents above the guideline level in the knowledge that the cost of doing so would fall on the Department for Work and Pensions (DWP) in higher housing benefit costs. The actual average rent for 2019-20 was below the prescribed limit rent; consequently, no RRSL charge has been applied to the HRA.
 - 6.7 Interest charges arising from the return to unused one-for-one capital receipts to central government mean that investment income is £242,233 lower than budgeted.
 - 6.8 Expenditure on repairs and maintenance exceeded the budget by £799,000 or 14.9%. The budget provides for both planned and responsive repairs, so an element of demand driven cost is inherent in the expenditure. The service has seen expenditure on void properties increase in 2019-20. Void units typically incur additional repair and improvement expenditure in order to prepare them for reletting and these costs are often significant.
 - 6.9 Total investment in the stock, including both revenue and capital funded maintenance and improvement works was £11.28 million.
 - 6.10 Rent arrears remain at consistent levels, in contrast to the overall housing sector, which is experiencing an increase in the level of arrears. Although a number of welfare reform changes have now taken effect, migration delay in the roll out of universal credit has deferred any potential impact on arrears levels. As a result, a contribution of £66,700 has been made to the provision for bad debt in 2019-20. The budgeted contribution for 2019-20 was £300,000. This approach equates to a provision coverage ratio of 75%.
 - 6.11 The table below sets out the outturn for the headline categories across the HRA.

Account	Budget £	Draft Actual £	Variance £
Employee related	2,996,040	2,582,489	(413,551)
Premises related	5,556,120	6,395,717	839,597
Supplies and services	1,401,120	1,249,818	(151,302)
Support services	1,392,960	1,463,363	70,403
Transport related	106,500	102,935	(3,565)
Expenditure	11,452,740	11,794,322	341,582
Income (including recharges)	(32,445,280)	(32,375,168)	70,112
Net Expenditure/(Income)	(20,992,540)	(20,580,846)	411,694

Account (continued from above)	Budget £	Draft actual £	Variance £
Comparison to net cost of services in Appendix A			
Depreciation	5,528,730	5,640,147	111,417
Recharge to general fund for Housing Advice service	(345,460)	(325,130)	20,330
IAS 19 pension adjustment	0	697,543	697,543
Revaluation and other capital items	0	5,634,866	5,634,866
Other	0	892	892
Sub Total	(15,809,270)	(8,932,528)	6,876,742
Comparison to budgeted reserve contribution variance			
Corporate & democratic core charge	256,800	268,900	12,100
Investment income	(598,260)	(356,027)	242,233
Interest payable	5,142,230	5,159,424	17,194
Transfer from reserve: Revaluation	0	(5,534,369)	(5,534,369)
Transfer from reserve: REFCUS	0	(67,919)	(67,919)
Transfer from reserve: Pension contribution	0	(793,715)	(793,715)
Transfer from reserve: Intangible assets	0	(31,750)	(31,750)
Transfer from reserve: Income from sale of assets	0	(12,000)	(12,000)
Revenue funded from capital (REFCUS – specific item)	75,000	0	(75,000)
Total	(10,933,500)	(10,299,983)	633,517

Appendix A sets out the position across the main service areas in detail.

- 6.12 **Right to Buy (RTB) sales and one-for-one receipts:** Under the Government's one-for-one homes replacement scheme, the Council is able to retain an element of the RTB capital receipt to invest in the provision of new dwellings (the amount retained in 2019-20 is shown in the table in paragraph 6.16).

- 6.13 A maximum of 30% of the overall cost of new home provision can be funded from the one-for-one receipts reserve. If the Council is unable to deliver new homes within the timeframe set by Government, the receipt must be returned with interest. As a result, the first source of funding for new homes provision will be the one-for-one receipt reserve, with the balance (70%) funded from the new build reserve or the reserve for future capital.
- 6.14 Nineteen properties were sold under RTB in 2019-20. In relation to the number of properties held by the HRA, this is not a material number. However, a continuation or acceleration in RTB sales, without the addition of new stock replacing RTB losses is cause for concern. Over a sustained period, net stock losses will increase the fixed overhead costs attributable to each unit of stock. This would reduce our ability to generate operating surpluses to support our development programme.
- 6.15 **Reserves:** The HRA holds a number of reserves each for a specific purpose. They allow the Council to fund peaks in future years projected expenditure and will be a key funding source for the Council's development programme.
- 6.16 The table below shows the balance on each reserve at the start of 2019-20, along with the expenditure financed in year and the proposed transfers arising from the appropriation of the revenue surplus in 2019-20.

	Balance 01 April 2019	Transfer into reserve 2019-20	Used in 2019-20	Balance 31 March 2020	Proposed transfer into reserve from revenue surplus 2019-20	Closing balance 31 March 2020
	£000	£000	£000	£000	£000	£000
Reserve for future capital works	33,328	0	0	33,328	2,500	35,828
New build reserve	50,686	0	(2,373)	48,313	7,800	56,113
Major Repairs Reserve (MRR)	9,234	5,641	(5,023)	9,852	0	9,852
Total Earmarked Reserves	93,248	5,641	(7,396)	91,493	10,300	101,793
Usable capital receipts (HRA Debt)	3,952	264	0	4,216	0	4,216
Usable capital receipts (1-4-1 receipts)	6,968	144	(3,848)	3,264	0	3,264
Usable capital receipts (housing and regeneration) – Pre 2013-14	9,559	0	(5,941)	3,618	0	3,618
Usable capital receipts (housing and regeneration statutory) – Post 2013-14	0	3,667	(3,667)	0	0	0
Total Capital Receipts Reserves	20,479	4,075	(13,456)	11,098	0	11,098
Total of all housing reserves	113,727	9,716	(20,852)	102,591	10,300	112,891

Agenda item number: 6

- 6.17 **Use of operating surplus:** An operating balance of £2.5 million will be retained. This is a prudent approach and provides a degree of in-year flexibility.
- 6.18 The Council has clearly stated its ambition to increase the number of affordable homes in the borough and work is underway to bring forward a number of development opportunities. A combination of usable one-for-one receipts and capital receipts have been used to finance capital expenditure on the new build programme which in 2019-20 included the Fire Station site at Ladymead and the Appletree Pub site at Park Barn.
- 6.19 With this in mind, officers are proposing that £7.8 million is transferred to the new build reserve.
- 6.20 It is critical that we properly maintain our asset base to secure future income streams. A depreciation charge based on the value of the housing assets employed is made in the HRA. The 2019-20 depreciation charge was £5.64 million and the cost of maintaining the stock £5.03 million. We would normally expect to fully utilise this depreciation charge in the year with an additional contribution from the reserve for future capital to fund the difference, but in 2019-20, we used £0.61 million less than the calculated charge, leaving a balance of £9.85 million in the major repairs reserve, as shown in the table in paragraph 6.16. The major repairs reserve (MRR) is ring fenced for improvements to existing stock.
- 6.21 The outcome of recent stock condition surveys indicates, in the short term, the level of depreciation charge will significantly exceed the level of investment required in the existing stock. This will result in an increased balance on the MRR, which could be used to repay debt. Any recommendation to repay debt would be considered in the context of an updated HRA business plan, as well as by treasury management considerations at that time.

7 Financial implications

- 7.1 The report covers the financial implications.

8 Legal implications

- 8.1 The Accounts and Audit (England) Regulations 2015 state that the Council must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year, which must include such of the following accounting statements as are relevant to the functions of the relevant body:
- Housing Revenue Account
 - Collection Fund
 - any other statements relating to each and every other fund in relation to which the body is required by any statutory provision to keep a separate account
- 8.2 The proper practice referred to above is the Code of Practice on Local Authority Accounting in the United Kingdom: a Statement of Recommended Practice (the Code).
- 8.3 The Code is based on International Financial Reporting Standards (IFRSs) and has been developed by the CIPFA/Local Authority Scotland Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting

Advisory Board (FRAB). It constitutes a proper accounting practice under the terms of section 21(2) of the Local Government Act 2003.

8.4 The CFO will sign the Statement of Accounts on or before 31 August. Our external auditors, Grant Thornton will then audit the accounts before they are presented to the Committee for consideration and approval on 19 November 2020. Specifically the role of the committee is to “ review the annual statement of accounts with specific emphasis on whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council”.

8.5 The Accounts and Audit (England) Regulations 2015 require the CFO to re-certify the accounts before approval and for the person presiding at the meeting (i.e. the chairman of Corporate Governance and Standards Committee) to sign and date them after approval. We must then publish the Statement of Accounts, together with any certificate, opinion or report issued by the external auditor.

9 Human Resource Implications

9.1 There are no human resource implications.

10 Summary of Options

10.1 As the treatment of the year-end balance has been decided under delegated authority, there are no options to consider.

11 Conclusion

11.1 The HRA delivered an operating surplus of £10.3 million. No provision for the repayment of debt principal is included in this figure.

11.2 The HRA is better placed under the new financial regime than it was under the old national redistributive system.

11.3 The outturn is broadly in line with the assumptions set out in the approved 2015-45 HRA Business Plan. The HRA can support the initial development programme outlined in the development strategy and has the capacity to support material contributions to both the new build reserve and the reserve for future capital programmes.

12 Background Papers

HRA Budget Report 2019-20 and 2015-2045 HRA Business Plan
Accounts and Audit (England) Regulations 2015
Code of Practice on Local Authority Accounting
Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

13 Appendices

Appendix A: HRA Summary statement: draft actual 2019-20

Housing Revenue Account Summary - Draft Actual 2019-20 [subject to audit]

2017-18 Actual	2018-19 Actual	Analysis	2019-20 Estimate	2019-20 Draft Actual
£	£		£	£
		Borough Housing Services		
613,565	738,104	Income Collection	682,940	793,019
948,978	1,036,217	Tenants Services	927,670	1,164,320
64,128	81,030	Tenant Participation	148,770	122,998
68,808	69,865	Garage Management	101,340	107,717
64,083	59,064	Elderly Persons Dwellings	66,740	41,744
524,075	584,036	Flats Communal Services	447,530	575,851
432,181	423,867	Environmental Works to Estates	482,000	414,254
5,523,575	5,676,678	Responsive & Planned Maintenance	5,357,670	6,265,983
120,028	121,665	SOCH & Equity Share Administration	141,950	137,128
8,359,422	8,790,527		8,356,610	9,623,015
		Strategic Housing Services		
360,623	419,543	Advice, Registers & Tenant Selection	370,960	485,497
210,368	217,026	Void Property Management & Lettings	210,010	201,203
9,142	9,700	Homelessness Hostels	5,120	5,120
142,418	155,194	Supported Housing Management	163,210	175,717
392,915	426,311	Strategic Support to the HRA	380,990	527,717
1,115,468	1,227,774		1,130,290	1,395,255
		Community Services		
911,190	938,878	Sheltered Housing	827,400	883,927
		Other Items		
5,528,728	5,638,889	Depreciation	5,528,730	5,640,147
582,986	(45,515)	Revaluation and other Capital items	0	5,634,866
165,468	163,276	Debt Management	160,590	194,949
280,328	343,578	Other Items	632,390	70,481
16,943,590	17,057,407	Total Expenditure	16,636,010	23,442,640
(32,247,174)	(31,991,396)	Income	(32,445,280)	(32,375,168)
(15,303,585)	(14,933,989)	Net Cost of Services(per inc & exp a/c)	(15,809,270)	(8,932,528)
264,207	258,720	HRA share of CDC	256,800	268,900
(15,039,378)	(14,675,269)	Net Cost of HRA Services	(15,552,470)	(8,663,628)
(384,996)	(456,206)	Investment Income	(598,260)	(356,027)
5,004,072	5,159,240	Interest Payable	5,142,230	5,159,424
(10,420,302)	(9,972,235)	(Surplus)/Deficit for Year on HRA Services	(11,008,500)	(3,860,231)
0	0	REFCUS - Revenue funded from capital	75,000	0
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000
7,563,162	7,849,699	Contrib to/(Use of) New Build Reserve	8,433,500	7,799,983
309,017	(421,229)	Tfr (fr) to Pensions Reserve	0	(793,715)
640,110	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0
71,504	76,058	Tfr (from)/to CAA re: Revaluation	0	(5,534,369)
(627,309)	0	Tfr (from)/to CAA re: REFCUS	0	(67,919)
(27,181)	(30,543)	Tfr (from)/to CAA re: Intangible assets	0	(31,750)
(9,000)	(1,750)	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	(12,000)
0	0	HRA Balance	0	0
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)
(2,500,000)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)

2017-18 Actual	2018-19 Actual	Analysis	2019-20 Estimate	2019-20 Draft Actual
£	£		£	£
		Borough Housing Services		
(29,579,133)	(29,236,342)	Rent Income - Dwellings	(29,736,110)	(29,570,473)
(207,228)	(208,349)	Rent Income - Rosebery Hsg Assoc	(209,980)	(208,349)
(199,874)	(206,530)	Rents - Shops, Buildings etc	(194,300)	(227,862)
(699,962)	(718,083)	Rents - Garages	(739,770)	(753,058)
(30,686,197)	(30,369,304)	Total Rent Income	(30,880,160)	(30,759,742)
(316,404)	(140,122)	Supporting People Grant	(105,000)	(113,577)
(937,611)	(1,023,033)	Service Charges	(1,016,110)	(1,098,353)
(21,432)	(9,144)	Legal Fees Recovered	(28,840)	(15,339)
(44,698)	(51,614)	Service Charges Recovered	(40,000)	(53,277)
(240,832)	(398,179)	Miscellaneous Income	(375,170)	(334,880)
(32,247,174)	(31,991,396)	Total Income	(32,445,280)	(32,375,168)

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

Author: Vicky Worsfold

Tel: 01483 444834

Email: Victoria.worsfold@guildford.gov.uk

Lead Councillor responsible: Councillor Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 30 July 2020

Financial Monitoring 2020-21 (April-May 2020)

Executive Summary

The report summarises the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April to May 2020.

Officers are projecting an increase in net expenditure on the general fund revenue account of £9,158,977 in the majority of cases this is a result of the impact of Covid-19.

Covid-19 has impacted on the Council in several ways including the inability to maintain income levels at those budgeted for in February 2020. The direct expenditure incurred by the Council in the current financial year stands at £514,913 (2019-20 £250,769) with support from the Government of £1,954,748. The Government support received is to cover both the direct and indirect costs of the Covid-19 pandemic.

The indirect costs of Covid-19 are reflected in the services forecasting. As the pandemic continues estimates for losses in income and increased costs have been made with the best information available, these are subject to change as the year progresses.

The Council, at its meeting on 5 May 2020, approved an emergency budget to deal with the impact of Covid-19 should government support fall short of the final costs of the pandemic. Government have since announced further support for local authorities and figures will be updated to reflect this support once the detail has been received.

A reduction (£351,107) in the statutory Minimum Revenue Provision (MRP) charge to the general fund to make provision for the repayment of past capital debt reflecting a re-profiling of capital schemes.

A surplus on the Housing Revenue Account will enable a projected transfer of £8.53 million to the new build reserve and £2.5 million to the reserve for future capital at year-end. The transfer is projected to be £97,384 higher than budgeted assumption and reflects modest variations in repair and maintenance expenditure and staffing costs.

Progress against significant capital projects on the approved programme as outlined in section 7 are underway. The Council expects to spend £138.151 million on its capital schemes by the end of the financial year. The expenditure is higher than it has been for many years and demonstrates progress in delivering the Council's capital programme.

The Council's underlying need to borrow to finance the capital programme is expected to be £118.463 million by 31 March 2021, against an estimated position of £125.956 million. The lower underlying need to borrow is a result of slippage on both the approved and provisional capital programme as detailed in paragraph 7.3 to 7.6 of the report.

The Council held £118.8 million of investments and £205.9 million of external borrowing at 31 May 2020, which includes £238.9 million of HRA loans. Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2020 as part of the Council's Capital Strategy.

Recommendation to Committee

That the Committee notes the results of the Council's financial monitoring for the period April to May 2020 and makes any comments it feels appropriate.

Reason for Recommendation:

To allow the committee to undertake its role in relation to scrutinising the Council's finances.

1. Purpose of Report

- 1.1 The Corporate Governance and Standards Committee supports the overview and scrutiny function through ongoing scrutiny of financial matters, including its expanded remit on the treasury management function and budget monitoring.
- 1.2 This Committee started its enhanced review of our financial management at its meeting on 24 September 2015. This report covers the period April to May 2020.

2. Strategic Priorities

- 2.1 Councillors have reviewed and adopted a corporate plan for the period 2018-2023. The plan includes many significant projects and aspirations that will challenge us financially. Monitoring of our financial position during the financial year is a critical part of the management of resources that will ultimately support delivery of the corporate plan.

3 Background

- 3.1 The Council undertakes regular financial monitoring in the following ways:
 - (a) reporting the General Fund and Housing Revenue Account position on a bimonthly basis [periods 2, 4, 6, 8 and 10]. This report covers the period to May 2020 [period 2] and covers all Council services
 - (b) quarterly monitoring of the capital programme

(c) monthly and quarterly monitoring of its treasury management activity

3.2 The Council's Corporate Management Team (CMT), Chief Finance Officer and deputy, and officer capital programme monitoring group review monitoring reports. Financial monitoring for all services is reported to this Committee on a regular basis.

3.3 This report sets out the financial monitoring and covers:

- (a) general fund revenue monitoring (section 4)
- (b) housing revenue account monitoring (section 5)
- (c) treasury management (section 6)
- (d) capital programmes (section 7)

4 General Fund Revenue Account monitoring

4.1 Officers are projecting an increase in net expenditure on the general fund revenue account of £9,158,977, in most cases this is a result of the impact of Covid-19.

4.2 The direct costs associated with the Covid-19 pandemic in the current financial are £514,913 offset by Government grant of £1,954,748 (net expenditure of £250,769 was incurred in 2019/20) and these are included in the forecast for the Finance Directorate. The breakdown of the direct costs to date are shown in the table below.

Description	£
Emergency Accommodation	78,944
Food Purchases	68,971
Leisure costs	264,220
Staffing costs	42,680
Consumables	36,198
Computer Software	23,900
Gross Expenditure	514,913
Government Grant	(1,954,748)
Net Expenditure	(1,439,834)

4.3 Estimates have been made for increased costs and lower than expected income within services with the best information available, these estimates will be monitored closely as the year progresses, and further information becomes available.

4.4 **Appendix 1** shows the summary monitoring report for the general fund revenue account. Officers have prepared the projected outturn on two months' actual and accrued data.

4.5 **Appendix 2** shows detailed information for each service split between direct expenditure and income and indirect costs. We monitor the projected outturn

against the revised (or latest) budget as this takes into account any virement or supplementary estimates approved since the original budget was set in February 2020.

- 4.6 At total service after adjustment for movements to and from reserve, the projected outturn is £8,807,870 higher than the latest estimate.
- 4.7 Net external interest is currently projected to be consistent with our original estimate.
- 4.8 The Minimum Revenue Provision (MRP), based on the Capital Financing Requirement (CFR) at 31 March 2020 for the purposes of this report is shown as £1.288 million. This is £351,107 lower than originally estimated. The reduction is due to slippage in the capital programme experienced during 2019-20.
- 4.9 The overall projected position for net expenditure is £66,594 higher than estimate.
- 4.10 The table shows the supplementary estimates and virements approved to date.

Supplementary Estimates 2020-21

Service/Description	Approval Date	Committee	Value £
Nil			
TOTAL			NIL

Virement Record 2020-21

Service/Description	Nature of Virement	Approved by	Date of Approval	Value £
Nil				
TOTAL				NIL

- 4.11 **Appendix 2** provides detailed information on variances at service level. The table below summarises the main components of the higher than budgeted service level expenditure referred to in paragraph 4.1.

Service/Budget heading	Variance to revised estimate £000	Explanation
Leisure Management	1,139	Income budgets have been seriously affected by the Covid-19 pandemic with less income expected in almost all income budgets.
Off street Parking	3,977	The projected income shortfall is significant with no restrictions in off street parking for the first three months of the financial year. Occupancy going forward is expected to be at much lower levels ranging from 50% to 95% by the end of the year.

Service/Budget heading	Variance to revised estimate £000	Explanation
Building Maintenance	242	Due to Covid-19 only emergency repairs have been possible, resulting in lower income from Services and external works.
Day Services	180	Day centre income and expected savings delayed as a result of Covid-19
EMI Services	76	Expected savings delayed by Covid-19
Homelessness and emergency Accommodation	(480)	Flexible Homelessness Support Grant £150,235 and Homelessness Prevention Grant £336,252 will be used to support additional expenditure. Any balance of funding will be transferred to reserve to support homelessness prevention in subsequent years.
Community Meals and TPT	161	Expected savings delayed by Covid-19 partially offset by vacancy savings.
Development Control	242	It is assumed that income will be under budget by £189,000 and planning appeals expenses are projected to be £40,000 higher.
Policy	(244)	Employment related savings
Crematorium	99	Loss of abatement scheme income.
Engineering and Transport Services	(92)	Vacancy savings
Procurement	(82)	Vacancy savings
Miscellaneous Items	907	Impact of Covid-19 both actual costs and forecasted costs to year end.
Refuse and Recycling	453	Additional costs agency staff costs. Vehicle hire costs are expected to be over budget. Trade refuse disposal charges and refuse sack sales are less than budget along with corresponding income.
Street Cleansing	(263)	There are salary savings due to vacancies and other smaller savings in supplies and services.
Town Centre Management	173	Sponsorship and advertising income targets will face a severe challenge this year, due to current conditions. Farmers Market income is also forecast to be lower due to Covid-19.
Public Relations and Marketing	(125)	Salary savings are forecast through vacancies and the implementation of Future Guildford. Savings will be achieved through the electronic About Guildford newsletter and reduction in special promotional expenditure.
Council Tax	84	Vacancies which are in part being covered by temporary staff. Due to Covid-19 recovery action is being deferred; it is expected that income from recovery of costs will reduce.
Housing Benefit	(103)	Additional grant funding received from central government and savings on consultancy and printing costs.

Service/Budget heading	Variance to revised estimate £000	Explanation
Operations	(147)	Future Guildford salary savings
Non-Distributed costs	(1,544)	Includes an amount set aside for back funding of superannuation and added years benefit costs yet to be allocated.

Use of Reserves

- 4.12 As part of the budget setting process for 2020-21 we assumed that £256,000 would be transferred from earmarked reserves during the year. There are no major movements anticipated at this point in the year.

5 Housing Revenue Account

- 5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April 2020 to May 2020. The report shows that HRA gross service expenditure, projected outturn is 102.86% of the budgeted level, whilst income is projected to be 99.98% of the budgeted level. The projected outturn would enable a transfer of around £11.03 million to the new build reserve and the reserve for future capital.

- The rental income estimate for 2020-21 included a prudent allowance for Right to Buy (RTB) sales and the re-commissioning of units. Rental income is currently projected to be £17,008 (0.06%) lower than budgeted.
- Current projections indicate that salary related expenditure; net of temporary staffing and redundancy costs, will be slightly lower than budget.
- Emphasis continues to be on planned rather than responsive maintenance, supported by the benefits accruing from past levels of expenditure on planned capital and revenue maintenance works. Looking at last year's outturn we are forecasting a modest increase in budget but slightly below last year expenditure on repairs.
- The projected cost increases in communal cost includes insurance provision and other costs incurred last year that were not specifically provided for in the budget.
- With the exception of receipts from RTB sales, the estimates for the year do not provide for any repayment of HRA debt principal or for setting aside any amounts towards the repayment of debt. This is consistent with the HRA Business Plan, which prioritised the provision of additional housing. This approach will be subject to regular review and an updated business plan will be submitted reflecting constraints placed on the HRA by the prevailing legislation.

- 5.2 Tenancy arrears remain stable and are consistent with the assumptions contained in the business plan. Particular attention is paid to introductory tenancies (tenants of less than 12 months), as they often have no previous experience of managing a household budget or of renting a property.

6 Treasury Management

- 6.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management ("the Code") recommends that Councillors are informed of treasury management activities at least twice a year. This report therefore ensures the Council is embracing best practice in accordance with CIPFA's recommendations by reporting quarterly to Councillors.

Debt management

- 6.2 We have a substantial long-term PWLB debt portfolio for the HRA totalling £193 million. Currently, the general fund is only borrowing short-term for cash flow purposes. There is no cost of carry on our short-term borrowing.
- 6.3 The following table summarises the current borrowing position of the Council and the activity to month 2.

Loan type		Balance 31 Mar 20 £000	New loans £000	Loans repaid £000	Balance 31 May 20 £000	Weighted average rate of interest
PWLB						3.20%
Variable		45,000	0	0	45,000	
Fixed	Maturity	147,435	0	0	147,435	
	EIP	575	0	(115)	460	
Total long-term Loans		193,010	0	(115)	192,895	
Temporary Loans		20,000	66,000	(40,000)	46,000	0.82%
Total Loans		213,010	66,000	(40,115)	238,895	

Investment activity

- 6.4 During the period, we have continued with the diversification of our in-house investment portfolio into secure instruments such as bonds and secure bank deposits (not subject to bail-in) in line with our Treasury Management Strategy.
- 6.5 The Council's budgeted and projected investment income for 2020-21 is £1.68 million. The gross cash balances representing the Council's reserves and working balances at 31 May 2020 available for investment were £118.8 million and net of short-term borrowing £72.8 million.
- 6.6 The Council's budgeted, and projection of external interest cost, which relates to short and long-term borrowing, for the year is £0.6 million.
- 6.7 The original net interest receivable budget was £641,385. As at the 31 May, we are projecting that the outturn will be in line with the budget.

6.8 The Council's annualised weighted return on investments for the period to May 2020 was 1.04% against an estimate of 2.17%. This is because interest rates have fallen significantly because of COVID-19 and are projected to stay very low for a long time.

6.9 The table below summarises the Council's investment activity for April to May 2020.

Investment	Principal invested £000	Balance 31 Mar 20 £000	Movement in investment £000	Change in capital value £000	Balance 31 May 20 £000	Weighted average rate of interest
Investment Funds						
CCLA	5,000	6,514	(99)	330	6,844	0.94%
M&G	1,008	1,127	1,091	1,757	2,884	1.23%
Royal London	2,500	2,228	40	114	2,342	0.00%
Schroders	1,000	568	(5)	18	586	4.52%
Funding Circle	490	534	(22)	(19)	515	1.85%
UBS	2,500	2,018	30	118	2,136	1.04%
In- House Investments:						
Call Accounts		528	4,998		5,526	0.40%
Money Market Funds		14,495	(131)		14,364	0.36%
Notice Accounts		8,000	0		8,000	0.67%
Temporary Fixed Deposits		20,000	12,000		32,000	1.15%
Unsecured bonds		0	0		0	0.00%
Covered Bonds		19,100	0		19,100	0.77%
Long Term Fixed Deposits		27,500	(8,000)		19,500	1.65%
Revolving Credit Facility		5,000	0		5,000	1.71%
Total Investments		107,611	9,902	2,318	118,796	

6.10 Some of our externally managed funds have seen a fall in their capital values since inception. The falls are indicative of wider financial market movements over the same period. The Council's external investments are held for long-term purposes and are invested to generate an income for the Council over the longer term. Any loss in investment value will not be realised unless the investment is sold. The Council has an earmarked reserve available to utilise in the event of a loss, thus minimising the impact on the general fund.

Prudential Indicators

6.11 Officers confirm that the Council has complied with its Prudential indicators in the period, which were set in February 2020 as part of the Council's Treasury Management Strategy Statement.

Authorised limit and Operational Boundary for External Debt

6.12 The Local Government Act 2003 requires the Council to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit, which we should not breach.

6.13 The Council's authorised borrowing limit was set at £531 million for 2020-21.

- 6.14 The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst-case scenario without the additional headroom included in the Authorised Limit.
- 6.15 The operational boundary was set at £477 million for 2020-21.
- 6.16 The Chief Finance Officer confirms that there have been no breaches to the authorised limit and operational boundary during the year. Borrowing, at its peak, was £230 million. The Council did, however, breach the amount invested with its operational bank, HSBC, due to cashflow uncertainties as a result of COVID. Whilst this was not an investment as such, because we use the call account for cashflow fluctuations, for transparency purposes we wanted to inform Councillors.

7 Capital Programmes

- 7.1 **Appendices 4 to 9** of this report set out the following for each scheme on the Council’s capital programme
 - the gross estimate for the scheme approved by the Executive
 - the cumulative expenditure to 31 March 2020 for each scheme
 - the estimate for 2020-21 as approved by Council in February 2019/20
 - the 2020-21 revised estimate which takes into account the approved estimate, any project under spends up to 31 March 2020, and any virement or supplementary estimates
 - 2020-21 current expenditure
 - 2020-21 projected expenditure estimated by the project officer
- 7.2 The table below summarises the current position on the various strands of the Council’s capital programme. Detailed explanation is provided in paragraph 7.3 to 7.11

CAPITAL EXPENDITURE SUMMARY	2020-21 Approved £000	2020-21 Revised £000	2020-21 Outturn £000	2020-21 Variance £000
General Fund Capital Expenditure - Main Programme	45,012	64,598	57,696	(6,902)

- Provisional schemes	122,532	108,039	74,035	(34,004)
- Schemes funded by reserves	3,984	8,402	6,331	(2,071)
- S106 Projects	0	89	89	0
- Affordable Housing (General Fund)	0	0	0	0
Total Expenditure	171,528	181,128	138,151	(42,977)
Housing Revenue Account Capital Expenditure				
Approved programme	11,468	13,716	13,716	(1)
Provisional programme	12,457	13,245	13,245	0
Total Expenditure	23,925	26,961	26,961	(1)

Approved (main) programme (Appendix 4)

7.3 Expenditure is expected to be £57.696 million representing a £6.902 million variance to the revised estimate of £64.598 million. If a project is on the approved programme, it is an indicator that the project has started or is near to starting following the approval of a final business case by Executive. Whilst actual expenditure for the period of £2.674 million may seem low, a number of significant projects are in progress. These include:

- OP6 – Vehicles, Plant & Equipment Replacement (£4.566m) – to include the replacement of refuse vehicles £3m and minibuses £820k.
- P5 – Walnut Bridge replacement (£3.414m) – works progressing timeframe for completion 12-18 months.
- P14 – Town Centre Approaches (£1m) – work is progressing.
- P21 – Ash Road Bridge (£2.257m) – work is progressing on this scheme with majority of budget still on provisional programme.
- ED25 – Guildford Park infrastructure works (£3.056m) - this scheme is awaiting decision regarding progression of works and new planning approval. A significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval.
- ED6 – Slyfield area Regeneration Project (WUV) (£6.483m) - work is progressing on the detailed design, pre-planning and site investigation work for this scheme to inform the final business case. Pre-agreement invoices (Thames Water) have been signed off with post- agreement in pipeline.
- P12 – Strategic Property Acquisitions (£1.496m) - £550k potential new burial ground, £946k Thornberry Way.
- North Downs Housing (£5.315m) and Guildford Holding Ltd (£3.543m) – target to purchase 25 properties this financial year, bringing total to 72.
- ED49 – Midleton Industrial Estate redevelopment (£7.455m) – work on design and planning is progressing with work on site to commence Jan 21 for phase 2/3.
- ED18 - Musuem (£1.464m), ED52 Public Realm Scheme (£1.616m) and P16 A331 Hotspots (£3.661m) – decision is pending as to the future of these projects.

7.4 In addition to the schemes outlined above, the re-profiling of the following significant amounts that were due to be spent on schemes or projects in 2020-21 will now be carried forward into 2021-22 or vice versa.:

- Town Centre Gateway Regeneration (£3.473m) – spend now expected in 2021-22, report for this project to Executive on 21 July 2020.
- SMC (£1.658m) – spend of £1m expected in 2021-21 with the majority of spend now expected in 2021-22.

Provisional programme (Appendix 5)

7.5 Expenditure on the provisional programme is expected to be £74.035 million, against the revised estimate of £108.039 million, representing a variance of £34.004 million. These projects are still at feasibility stage and will be subject to Executive approval of a business case before they are transferred to the approved capital programme. It is only once the business case is approved that the capital works can start. Monitoring progress of these projects is key to identifying project timescales. The significant projects are:

- ED25(p) – Guildford Park new MSCP and infrastructure works (£4.38 million)
- ED49(p) – Midleton Industrial Estate (£5.557m)
- ED6(p) – Slyfield area Regeneration Project (WUV) (£12.178m)
- DF1(p) – Investment Property acquisitions (£20m)
- ED18(p) – Museum (£16.810m)

The re-profiling of schemes has resulted in a lower level of expenditure than planned in 2020-21.

7.6 A number of projects, that were also anticipated to start in 2020-21 have been re-profiled into future years including:

- PL21(p) – Ash Road Bridge (£23.240m)
- ED48(p) – Westfield/Moorfield Road resurfacing
- P11(p) – Guildford West (PB) Station
- P14(p) – Guildford Gyratory and Approaches

S106 (Appendix 6)

7.7 Capital schemes funded from s106 developer contributions are expected to total £89,000.

Reserves (Appendix 7)

7.8 Capital schemes funded from the Council's specific reserves. The outturn is anticipated to be £6.331 million. The main projects are:

- expenditure on car parks £1.414 million
- ICT renewals and infrastructure improvements £1.376 million

- Future Guildford Implementation Team £2.6 million

Capital resources (Appendix 8)

- 7.9 When the Council approved the budget, the estimated underlying need to borrow for 2020-21 was £125.596 million. The current estimated underlying need to borrow is £118.43 million. The reduction is due to slippage in the programme where schemes are re-profiled into future years.

Housing Investment Programme Approval Capital (Appendix 9)

- 7.10 The HRA approved capital programme is expected to outturn at £13.716 million against a revised estimate of £13.716 million. A number of projects are in progress. These include:
- Guildford Park - initial works are progressing, a significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval.
 - Various small site projects – works are progressing.
 - Acquisitions of Land and Buildings for development – dependant on availability of suitable sites.

Housing Investment Programme Provisional Capital (Appendix 10)

- 7.11 The provisional programme revised estimate is £13.245 million with expenditure anticipated this financial year of £13.245 million.

8 Consultations

- 8.1 The accountants prepare the budget monitor in consultation with the relevant service managers.

9 Equality and Diversity Implications

- 9.1 There are no direct equality and diversity implications as a result of this report. Each service manager will consider these issues when providing their services and monitoring their budgets.

10 Financial Implications

- 10.1 The financial implications are contained throughout the report.

11 Legal Implications

- 11.1 The Local Government Act 1972, Section 151 states that each local authority has a statutory duty to make arrangements for the proper administration of their financial affairs. In addition, the Accounts and Audit Regulations 2015 impose an explicit duty on the Council to ensure that financial management is adequate and effective and that they have a sound system of internal control, including arrangements for the management of risk.

11.2 Proper administration is not statutorily defined; however, there is guidance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the responsibilities of the Chief Finance Officer (CFO). This states that local authorities have a corporate responsibility to operate within available resources and the CFO should support the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework. Regular monitoring of the Council's actual expenditure to budget and forecasting of the expenditure for the full year is part of the proper administration and governance of the Council.

11.3 There are no further direct legal implications because of this report.

12 Human Resource Implications

12.1 There are no human resource implications arising from this report.

13 Summary of Options

13.1 This report outlines the anticipated outturn position for the 2020-21 financial year based on two months actual data. There are no specific recommendations and therefore no options to consider.

14 Conclusion

13.1 The report summarises the financial monitoring position for the period April to May 2020 for the 2020-21 financial year.

13.2 Officers are currently projecting an increase in expenditure of £9,158,977 on the general fund revenue account.

13.3 The Chief Finance Officer in consultation with the Lead Councillor for Resources will determine the treatment of any balance as part of closing the 2020-21 accounts.

13.4 The surplus on the Housing Revenue Account will enable a transfer of £8.53 million to the new build reserve and £2.5 million to the reserve for future capital at year-end.

13.5 Actual expenditure incurred on our general fund capital programme for the period has been comparatively low against the programme envisaged at 1 April 2020. Officers are making progress against significant capital projects on the approved programme as outlined in section 7. The Council expects to spend £138.151 million on its capital schemes by the end of the financial year.

13.6 It is anticipated that the Council's underlying need to borrow to finance the capital programme will be £118.463 million by 31 March 2021. The Council has complied with Prudential Indicators during the period with the exception of the upper limit on variable interest rates.

Agenda item number: 7

13.7 At the end of May 2020, the Council had £106 million of investment balances, and £206 million borrowing.

14 Background Papers

14.1 None

15 Appendices

Appendix 1 - General fund revenue account summary

Appendix 2 - General fund services - revenue detail

Appendix 3 - Housing Revenue Account summary

Appendix 4 - Approved capital programme

Appendix 5 - Provisional capital programme

Appendix 6 - Schemes funded from S106

Appendix 7 - Capital reserves

Appendix 8 - Capital resources

Appendix 9 - Housing Revenue Account approved capital programme

Appendix 10- Housing Revenue Account provisional capital programme

Agenda item number: 7

Appendix 1

Draft Actual 2019-20	GENERAL FUND SUMMARY	Estimate 2020-21	Latest Estimate 2020-21	Projected Outturn 2020-21
£		£	£	£
3,800,681	Community Services	(314,990)	(789,990)	(353,627)
17,662,072	Planning and Regeneration	3,142,170	3,328,170	4,926,378
12,491,911	Environment	11,556,920	11,687,925	17,584,441
3,679,838	Management Directorate	783,410	(566,020)	237,837
6,447,046	Finance	11,820,880	11,820,880	12,244,913
44,081,548	Total Directorate Level	26,988,390	25,480,965	34,639,942
	Growth to be allocated to services	964,000	0	0
	Savings to be allocated to services	(2,471,425)	0	0
(26,601,575)	Depreciation (contra to Service Unit Budgets)	(8,813,830)	(8,813,830)	(8,813,830)
17,479,973	Directorate Level excluding depreciation	16,667,135	16,667,135	25,826,112
(1,829,448)	External interest receivable (net)	(641,385)	(641,385)	(641,385)
356,027	Housing Revenue Account	598,260	598,260	598,260
926,640	Minimum Revenue Provision	1,639,171	1,639,171	1,288,064
(30,417)	Revenue income from sale of assets	0	0	0
	Revenue Contributions to Capital Outlay (RCCO)			
893,630	Met from: Capital Schemes reserve	0	0	0
2,299,990	Other reserves	537,000	537,000	537,000
0	General Fund	0	0	0
20,096,394	Total before transfers to and from reserves	18,800,181	18,800,181	27,608,051
	Transfers to and from reserves			
	Capital Schemes reserve			
(893,630)	Funding of Revenue Contribution to Capital Outlay <i>Contribution in year</i>			0
(174,269)	Budget Pressures reserve	0	0	0
(973,833)	Business Rates Equalisation reserve	(946,455)	(946,453)	(946,453)
(469,494)	Car Park Maintenance reserve	272,950	272,950	272,950
(124,268)	Election Costs reserve	62,500	62,500	62,500
(15,177)	Insurance reserve	0	0	0
(538,252)	IT Renewals reserve	542,710	542,710	542,710
(1,721,421)	Invest to Save reserve	(10,000)	(10,000)	(10,000)
(36,904)	New Homes Bonus reserve	351,019	351,019	351,019
31,563	Energy Management reserve	0	0	0
109,467	On Street Parking reserve	(260,070)	(260,070)	(260,070)
(5,241,332)	Pensions reserve (Statutory)	0	0	0
(150,000)	Recycling reserve	0	0	0
185,140	Spectrum reserve	188,843	188,843	188,843
(206,110)	Carry Forward Items	0	1,654,219	1,654,219
3,234,252	Other reserves	(477,090)	(477,090)	(477,090)
13,112,127	Total after transfers to and from reserves	18,524,589	20,178,810	28,986,680
	Business Rates Retention Scheme payments			
31,332,993	Business Rates tariff payment	33,119,290	33,119,290	33,119,290
1,274,000	Business Rates levy payment to MHCLG	810,933	810,933	810,933
0	Business Rates tariff payment from MHCLG	0	0	0
0	Business Rates pilot gain from Surrey Pilot Pool	0	0	0
	Non specific government grants			
(1,825,148)	s31 grant re BRR scheme	(1,959,000)	(1,959,000)	(1,959,000)
(24,170)	s31 grant re council tax	0	0	0
(25,587)	New Burdens grant	0	0	0
0	Other government grant	0	0	0
(1,039,201)	New Homes Bonus grant	(851,019)	(851,019)	(851,019)
42,805,014	GUILDFORD BOROUGH COUNCIL NET BUDGET	49,644,793	51,299,014	60,106,884
1,740,697	Parish Council Precepts	1,876,544	1,876,544	1,876,544
44,545,711	TOTAL NET BUDGET	51,521,337	53,175,558	61,983,428
(34,941,330)	Business Rates - retained income	(34,713,245)	(34,713,245)	(34,713,245)
1,493,170	Collection Fund Deficit - Business Rates	(4,140,430)	(4,140,430)	(4,140,430)
85,997	Collection Fund Surplus - Council Tax	0	0	0
11,183,548	COUNCIL TAX REQUIREMENT	12,667,662	14,321,883	23,129,753
	Projected (under)/over spend			8,807,870
	Movement in MRP and External Interest			(351,107)
	Underlying (under) / overspend on services			9,158,977

(from)
to

This page is intentionally left blank

Service	Actual	Revised Budget	Projected Outturn	Variance	Notes
Community Directorate - Service Summary					
Direct Expenditure	1,900,096	15,997,740	16,155,267	157,527	
Income	(2,769,031)	(19,845,170)	(19,340,339)	504,831	
Total Directly Controllable (Income)/Expenditure	(868,935)	(3,847,430)	(3,185,072)	662,358	
Indirect Expenditure	514,211	3,057,440	2,831,445	(225,995)	
Net (Income)/Expenditure	(354,724)	(789,990)	(353,627)	436,363	
BUILDING MAINTENANCE					
Direct Expenditure	403,158	4,026,960	3,519,919	(507,041)	
Income	85,092	(4,058,890)	(3,309,498)	749,392	
Total Directly Controllable (Income)/Expenditure	488,250	(31,930)	210,421	242,351	
Indirect Expenditure	13,346	80,050	80,062	12	
Net (Income)/Expenditure	501,596	48,120	290,483	242,363	Due to Covid-19 only emergency repairs have been possible, resulting in lower income from Services and external works. It is anticipated income will gradually build towards more normal levels but the overall impact on 2020-21 is forecast at £749,000. Employee costs are in the main fixed, with staff seconded to Covid-19 work still charged to the department, hence savings amount to £19,000, less additional leasing costs of £6,000. Materials and contactor costs are forecast to be £495,000 lower than budget as a result of the reduced activity.
GYPSY AND TRAVELLER SITES					
Direct Expenditure	(1,001)	103,190	134,920	31,730	
Income	8,200	(210,090)	(215,301)	(5,211)	
Total Directly Controllable (Income)/Expenditure	7,199	(106,900)	(80,381)	26,519	
Indirect Expenditure	658	3,890	3,896	6	
Net (Income)/Expenditure	7,857	(103,010)	(76,485)	26,525	Surreywide Traveller site study funded from reserves £25,000 has not yet been added to the budget.
CITIZENS ADVICE BUREAU					
Direct Expenditure	69,504	283,420	283,422	2	
Total Directly Controllable (Income)/Expenditure	69,504	283,420	283,422	2	
Indirect Expenditure	216	1,290	1,292	2	
Net (Income)/Expenditure	69,720	284,710	284,714	4	

CIVIL EMERGENCIES

Direct Expenditure	5,642	58,380	58,782	402
Total Directly Controllable (Income)/Expenditure	5,642	58,380	58,782	402
Indirect Expenditure	518	3,090	3,096	6
Net (Income)/Expenditure	6,160	61,470	61,878	408

CORPORATE PROPERTY SERVICES

Direct Expenditure	159,601	2,356,660	2,330,796	(25,864)
Income	(158,944)	(1,176,060)	(887,221)	288,839
Total Directly Controllable (Income)/Expenditure	657	1,180,600	1,443,575	262,975
Indirect Expenditure	35,916	474,680	215,486	(259,194)
Net (Income)/Expenditure	36,573	1,655,280	1,659,061	3,781

Indirect expenditure and costs recharged to services are both overstated in the budget process by in the region of £260,000. Planned and reactive repairs and maintenance is budgeted and forecast centrally but will be spent in the services. It is currently forecast to be on budget and it likely to be fully spent +/- 5% .

DAY SERVICES

Direct Expenditure	80,817	539,500	671,294	131,794
Income	180	(160,610)	(109,795)	50,815
Total Directly Controllable (Income)/Expenditure	80,997	378,890	561,499	182,609
Indirect Expenditure	28,798	185,430	183,336	(2,094)
Net (Income)/Expenditure	109,795	564,320	744,835	180,515

The Day Centres have been impacted by Covid-19 resulting in estimated loss of income of £51,000. We estimate savings in food and activity costs of £23,000. However the £125,000 budgeted salary savings has not been reflected in the forecast as restructuring of the service planned by the previous Service Leader has been delayed and the outcome of Future Guildford is awaited. We have several vacant posts that will not be filled meaning the permanent establishment is a net £76,000 over the reduced budget but we have £80,000 of temporary staff enabling us to operate from the centre 7 days a week during the current crisis.

EMERGENCY COMMUNICATIONS SYSTEM

Direct Expenditure	38,819	259,310	251,436	(7,874)
Income	(62,984)	(451,430)	(434,196)	17,234
Total Directly Controllable (Income)/Expenditure	(24,165)	(192,120)	(182,760)	9,360
Indirect Expenditure	11,412	68,470	68,480	10
Net (Income)/Expenditure	(12,753)	(123,650)	(114,280)	9,370

EMI SERVICES

Direct Expenditure	38,873	193,690	251,746	58,056
Income	(600)	(129,340)	(111,340)	18,000
Total Directly Controllable (Income)/Expenditure	38,273	64,350	140,406	76,056
Indirect Expenditure	7,848	47,050	47,060	10
Net (Income)/Expenditure	46,121	111,400	187,466	76,066

£100,000 budgeted salary savings has not been reflected in the forecast as the restructuring of the service planned by the previous Service Leader has been delayed and the outcome of Future Guildford is awaited, although this is mitigated by £42,000 of vacancy savings. It is forecast that £18,000 of fees will be lost due to the covid-19 loss of services.

ENVIRONMENTAL CONTROL

Direct Expenditure	60,338	411,510	402,585	(8,925)
Income	(30,000)	(22,020)	(49,896)	(27,876)
Total Directly Controllable (Income)/Expenditure	30,338	389,490	352,689	(36,801)
Indirect Expenditure	10,958	65,670	65,698	28
Net (Income)/Expenditure	41,296	455,160	418,387	(36,773)

Receipt in advance for the Air Quality Grant

SURREY FAMILY SUPPORT PROGRAMME

Direct Expenditure	77,588	437,110	495,000	57,890
Income	(315)	(421,900)	(646,515)	(224,615)
Total Directly Controllable (Income)/Expenditure	77,273	15,210	(151,515)	(166,725)
Indirect Expenditure	15,210	91,260	91,264	4
Net (Income)/Expenditure	92,483	106,470	(60,251)	(166,721)

Family Support staff costs are £28,000 higher than budget due to staff tupted from Waverley, with the forecast based on the assumption that vacancies are not filled until after Future Guildford has been completed. These costs are partially offset by a £7,000 saving in transport costs. The grant we will receive from Surrey County Council will increase by £224,000 reflecting the wider service provision.
The £38,000 refugee programme expenditure is not included in the budget as it is funded from grant income held in reserve.

FOOD AND SAFETY SERVICES

Direct Expenditure	39,466	320,270	316,050	(4,220)
Income	(182)	(1,580)	(1,500)	80
Total Directly Controllable (Income)/Expenditure	39,284	318,690	314,550	(4,140)
Indirect Expenditure	9,640	57,820	57,824	4
Net (Income)/Expenditure	48,924	376,510	372,374	(4,136)

HEALTH AND SAFETY

Direct Expenditure	27,654	150,380	153,494	3,114
Income	(25,888)	(156,330)	(156,174)	156
Total Directly Controllable (Income)/Expenditure	1,766	(5,950)	(2,680)	3,270
Indirect Expenditure	3,020	18,090	18,096	6
Net (Income)/Expenditure	4,786	12,140	15,416	3,276

HOUSING SURVEYING SERVICES

Direct Expenditure	104,450	678,810	661,062	(17,748)
Income	(110,417)	(781,550)	(761,761)	19,789
Total Directly Controllable (Income)/Expenditure	(5,967)	(102,740)	(100,699)	2,041
Indirect Expenditure	17,126	102,740	102,754	14
Net (Income)/Expenditure	11,159	0	2,055	2,055

GRANTS TO VOLUNTARY ORGANISATIONS - HOUSING AND COMMUNITY

Direct Expenditure	76,123	475,850	466,495	(9,355)
Total Directly Controllable (Income)/Expenditure	76,123	475,850	466,495	(9,355)
Indirect Expenditure	854	7,700	7,278	(422)
Net (Income)/Expenditure	76,977	483,550	473,773	(9,777)

HOME FARM ESTATE, EFFINGHAM

Direct Expenditure	0	3,260	105,165	101,905
Income	(1,783)	(11,710)	(8,100)	3,610
Total Directly Controllable (Income)/Expenditure	(1,783)	(8,450)	97,065	105,515
Indirect Expenditure	2,204	23,450	22,792	(658)
Net (Income)/Expenditure	421	15,000	119,857	104,857

£102,415 allowed for carried forward request not yet added to budget. The funds will be used to regularise the Home Farm area, specifically where enforcement is required to maintain the boundary and prevent illegal tree felling.

HOMELESSNESS AND EMERGENCY ACCOMMODATION

Direct Expenditure	157,389	797,450	794,814	(2,636)
Income	(488,197)	(35,000)	(512,363)	(477,363)
Total Directly Controllable (Income)/Expenditure	(330,808)	762,450	282,451	(479,999)
Indirect Expenditure	16,956	101,730	101,738	8
Net (Income)/Expenditure	(313,852)	864,180	384,189	(479,991)

Income received from DCLG in respect of Flexible Homelessness Support Grant £150,235 and Homelessness Prevention Grant £336,252 will be used to support additional expenditure. The balance of funding will be transferred to reserve at year-end to support homelessness prevention in subsequent years.

HOUSING ADVICE

Direct Expenditure	16	352,640	335,092	(17,548)
Total Directly Controllable (Income)/Expenditure	16	352,640	335,092	(17,548)
Net (Income)/Expenditure	16	352,640	335,092	(17,548)

AFFORDABLE HOUSING DEVELOPMENT

Direct Expenditure	18,155	90,410	100,151	9,741
Total Directly Controllable (Income)/Expenditure	18,155	90,410	100,151	9,741
Indirect Expenditure	3,972	23,810	23,814	4
Net (Income)/Expenditure	22,127	114,220	123,965	9,745

INDUSTRIAL ESTATES

Direct Expenditure	46,204	400,510	663,248	262,738
Income	(376,258)	(3,148,420)	(3,103,931)	44,489
Total Directly Controllable (Income)/Expenditure	(330,054)	(2,747,910)	(2,440,683)	307,227
Indirect Expenditure	26,366	160,330	159,990	(340)
Net (Income)/Expenditure	(303,688)	(2,587,580)	(2,280,693)	306,887

Business rates for void units in Middleton Industrial Estate, Woodbridge Meadows and Thornberry Way in excess of those included in the estimates amount to £178,000. Traveller incursion costs were incurred £26,000 and a carry forward from 2019-20 for consultancy related to the Slyfied growth strategy, which has not been added to the budget is £35,000. Repairs and maintenance costs budgeted centrally and mobile phone costs allocated by IT Services account for the remaining expenditure variance. Overall rents and service charges are forecast to be £44,000 lower than budget.

INVESTMENT PROPERTY

Direct Expenditure	14,076	185,960	204,148	18,188
Income	(798,569)	(4,655,790)	(4,617,492)	38,298
Total Directly Controllable (Income)/Expenditure	(784,493)	(4,469,830)	(4,413,344)	56,486
Indirect Expenditure	36,315	161,590	171,488	9,898
Net (Income)/Expenditure	(748,178)	(4,308,240)	(4,241,856)	66,384

Expenditure is a net £18,000 over budget with void property business rates offset by savings in recharged salaries and insurance costs. Rental income is down £38,000 compared with budget and work undertaken by Asset Development and recharged to Investment Properties amounts to an additional £10,000.

LICENSING SERVICES

Direct Expenditure	45,173	267,440	265,279	(2,161)
Income	(11,165)	(193,990)	(142,058)	51,932
Total Directly Controllable (Income)/Expenditure	34,008	73,450	123,221	49,771
Indirect Expenditure	15,272	91,510	91,562	52
Net (Income)/Expenditure	49,280	164,960	214,783	49,823

COMMUNITY MEALS AND TPT

Direct Expenditure	115,550	639,770	806,799	167,029
Income	(38,725)	(241,900)	(247,580)	(5,680)
Total Directly Controllable (Income)/Expenditure	76,825	397,870	559,219	161,349
Indirect Expenditure	17,366	104,160	104,172	12
Net (Income)/Expenditure	94,191	502,030	663,391	161,361

£250,000 budgeted salary savings has not been reflected in the forecast as the restructuring of the service planned by the previous Service Leader has been delayed and the outcome of Future Guildford is awaited, although this is mitigated by £99,000 of vacancy savings. Transport costs are forecast to save £5,000 but food costs are anticipated to be £20,000 higher due to the increased number of meals supplied. Community Transport income is forecast to be down by £35,000 due to Covid-19 although this has increased the demand for Meals on Wheels which improve by £41,000.

OFFICE SERVICES TEAM

Direct Expenditure	107,634	1,437,510	1,239,002	(198,508)
Income	(308,646)	(2,229,600)	(2,222,334)	7,266
Total Directly Controllable (Income)/Expenditure	(201,012)	(792,090)	(983,332)	(191,242)
Indirect Expenditure	113,378	565,310	567,796	2,486
Net (Income)/Expenditure	(87,634)	(226,780)	(415,536)	(188,756)

Although there are salary savings of £98,250 showing under the old structure only the Facilities Specialist post remains vacant. There are savings of £23,500 due to non usage of the biomass boiler. Printing costs will be under budget by an estimated £30,000 and there other smaller savings anticipated in premises and supplies and services.

HOUSING OUTSIDE THE HRA

Direct Expenditure	256	2,120	174,972	172,852
Income	189,835	(7,100)	(203,898)	(196,798)
Total Directly Controllable (Income)/Expenditure	190,091	(4,980)	(28,926)	(23,946)
Indirect Expenditure	8,314	64,610	62,160	(2,450)
Net (Income)/Expenditure	198,405	59,630	33,234	(26,396)

A £99,000 grant was deferred from 2019-20 and shows as unbudgeted income and expenditure in 2020-21. In addition we are forecasting £60,000 of Housing Company premises related expenditure and £100,000 associated income. Unbudgeted council tax for Old Manor House East Horsley amounts to £12,000.

OTHER PROPERTY

Direct Expenditure	3,481	179,580	173,414	(6,166)
Income	(367,298)	(1,067,080)	(1,040,347)	26,733
Total Directly Controllable (Income)/Expenditure	(363,817)	(887,500)	(866,933)	20,567
Indirect Expenditure	75,518	295,850	322,353	26,503
Net (Income)/Expenditure	(288,299)	(591,650)	(544,580)	47,070

Other Commercial Property has held up well, with income projected to be just £27,000 below budget. Indirect costs are forecast to be £27,000 higher than plan due to a higher depreciation charge.

PEST CONTROL

Direct Expenditure	7,024	50,000	48,664	(1,336)
Income	(7,734)	(55,000)	(55,002)	(2)
Total Directly Controllable (Income)/Expenditure	(710)	(5,000)	(6,338)	(1,338)
Indirect Expenditure	1,006	6,000	6,006	6
Net (Income)/Expenditure	296	1,000	(332)	(1,332)

PRIVATE SECTOR HOUSING

Direct Expenditure	100,379	703,930	698,767	(5,163)
Income	(242,811)	(411,130)	(381,219)	29,911
Total Directly Controllable (Income)/Expenditure	(142,432)	292,800	317,548	24,748
Indirect Expenditure	19,328	115,910	115,938	28
Net (Income)/Expenditure	(123,104)	408,710	433,486	24,776

PROJECT ASPIRE

Direct Expenditure	5,000	0	5,000	5,000
Income	(1,800)	0	(1,800)	(1,800)
Total Directly Controllable (Income)/Expenditure	3,200	0	3,200	3,200
Net (Income)/Expenditure	3,200	0	3,200	3,200

PUBLIC HEALTH

Direct Expenditure	9,116	77,820	74,604	(3,216)
Total Directly Controllable (Income)/Expenditure	9,116	77,820	74,604	(3,216)
Indirect Expenditure	1,120	6,680	6,690	10
Net (Income)/Expenditure	10,236	84,500	81,294	(3,206)

COMMUNITY WELLBEING

Direct Expenditure	47,349	282,130	273,285	(8,845)
Total Directly Controllable (Income)/Expenditure	47,349	282,130	273,285	(8,845)
Indirect Expenditure	8,324	49,930	49,936	6
Net (Income)/Expenditure	55,673	332,060	323,221	(8,839)

TAXI LICENSING AND PRIVATE HIRE VEHICLES

Direct Expenditure	23,147	149,680	144,159	(5,521)
Income	(12,465)	(124,200)	(58,108)	66,092
Total Directly Controllable (Income)/Expenditure	10,682	25,480	86,051	60,571
Indirect Expenditure	11,254	67,420	67,456	36
Net (Income)/Expenditure	21,936	92,900	153,507	60,607

Income is expected to be down as a result of Covid-19 with reduced income expected from vehicle applications and renewals

WOKING ROAD DEPOT STORES

Direct Expenditure	19,115	82,490	51,703	(30,787)
Income	(7,557)	(94,450)	(62,910)	31,540
Total Directly Controllable (Income)/Expenditure	11,558	(11,960)	(11,207)	753
Indirect Expenditure	1,998	11,920	11,932	12
Net (Income)/Expenditure	13,556	(40)	725	765

Staff costs are lower due to vacancy savings; consequently the income from recharges to services are lower.

Planning and Regeneration - Service Summary	Actual	Revised Budget	Projected Outturn	Variance	Notes
Direct Expenditure	606,967	4,976,920	6,162,314	1,185,394	
Income	(240,171)	(2,774,200)	(2,363,490)	410,710	
Total Directly Controllable (Income)/Expenditure	366,796	2,202,720	3,798,824	1,596,104	
Indirect Expenditure	189,578	1,125,450	1,127,554	2,104	
Net (Income)/Expenditure	556,374	3,328,170	4,926,378	1,598,208	
BUILDING CONTROL SUMMARY					
Direct Expenditure	130,004	774,660	741,364	(33,296)	
Income	(34,991)	(503,500)	(402,918)	100,582	
Total Directly Controllable (Income)/Expenditure	95,013	271,160	338,446	67,286	
Indirect Expenditure	20,046	120,270	120,280	10	
Net (Income)/Expenditure	115,059	391,430	458,726	67,296	There are employment related savings of £59,800 due to vacancies and temporary staff are assumed to have left the organisation by the end of December. Consultants costs will be £25,000 over budget. At present Building Control fees are expected to be under budget by £100,000.
CLIMATE CHANGE					
Direct Expenditure	14,505	288,840	234,516	(54,324)	
Income	(918)	(190,500)	(182,558)	7,942	
Total Directly Controllable (Income)/Expenditure	13,587	98,340	51,958	(46,382)	
Indirect Expenditure	8,178	49,260	49,236	(24)	
Net (Income)/Expenditure	21,765	147,600	101,194	(46,406)	There are salary savings showing in this service although these relate to a post that is no longer on the establishment as per Future Guildford phase A.

DEVELOPMENT CONTROL

Direct Expenditure	299,189	1,978,840	2,030,517	51,677
Income	(191,870)	(1,753,380)	(1,564,404)	188,976
Total Directly Controllable (Income)/Expenditure	107,319	225,460	466,113	240,653
Indirect Expenditure	97,572	575,150	576,904	1,754
Net (Income)/Expenditure	204,891	800,610	1,043,017	242,407

Employee related expenditure is over budget by £15,350 but there is a carry forward of £35,200 which hasn't yet been loaded to cover some of the shortfall. It is assumed that all temporary staff will have left the organisation by the end of November when Future Guldorf Phase B is finalised. Planning appeal expenses are projected to be over budget by £40,000. At this very early stage in the year it is assumed that income will be under budget by £189,000 although included in that figure is additional Planning Performance Agreement income of £120,000.

LOCAL LAND CHARGES

Direct Expenditure	34,606	219,700	191,415	(28,285)
Income	(12,310)	(266,060)	(187,890)	78,170
Total Directly Controllable (Income)/Expenditure	22,296	(46,360)	3,525	49,885
Indirect Expenditure	5,258	32,730	32,538	(192)
Net (Income)/Expenditure	27,554	(13,630)	36,063	49,693

We are projecting at the moment a shortfall in income of around £50,000.

MAJOR PROJECTS

Direct Expenditure	35,861	465,170	2,000,555	1,535,385
Total Directly Controllable (Income)/Expenditure	35,861	465,170	2,000,555	1,535,385
Indirect Expenditure	24,240	145,360	145,386	26
Net (Income)/Expenditure	60,101	610,530	2,145,941	1,535,411

Employee related costs are expected to be £23,364 under the revenue budget which takes into account a capital allocation of £79,480. The allocation between revenue and capital will be revised at each monitoring period as the individual projects move from revenue to capital. There are unbudgeted agency costs of £119,452. Consultants costs of £1,436,696 will be funded from reserves.

POLICY				
Direct Expenditure	90,431	1,196,930	917,604	(279,326)
Income	(82)	(60,760)	(25,720)	35,040
Total Directly Controllable (Income)/Expenditure	90,349	1,136,170	891,884	(244,286)
Indirect Expenditure	30,636	180,800	181,322	522
Net (Income)/Expenditure	120,985	1,316,970	1,073,206	(243,764)

There are employment related expenditure savings of £294,000. The Future Guildford phase A budget is not loaded into the system though and there are in fact two vacant posts in design and conservation that will be recruited to in the new calendar year resulting in an actual saving of £73,530. Agency staff to the end of November is estimated at £37,000. The CIL budget of £53,969 is a carry forward not yet loaded on to the system as is an Infrastructure Delivery Plan carry forward of £60,000. Local Plan consultancy is expected to be £50,000 in 2020-21 but there will be consultants costs for neighbourhood plans of £30,000. Although neighbourhood plan referendums are delayed we will received £25,000 for Burpham (re-designation) and Lovelace. Inspectors fees will not be needed (a saving of £50,000) and there are printing savings of £30,000 (part of the service challenge saving).

SLYFIELD AREA REGENERATION PROJECT (SARP)

Direct Expenditure	2,371	52,780	46,343	(6,437)
Total Directly Controllable (Income)/Expenditure	2,371	52,780	46,343	(6,437)
Indirect Expenditure	3,648	21,880	21,888	8
Net (Income)/Expenditure	6,019	74,660	68,231	(6,429)

Environment Directorate - Service Summary	Actual	Revised Budget	Projected Outturn	Variance	Notes
Direct Expenditure	2,427,446	29,081,610	28,004,422	(1,077,188)	
Income	(1,810,517)	(27,802,680)	(20,686,488)	7,116,192	
Total Directly Controllable (Income)/Expenditure	616,929	1,278,930	7,317,934	6,039,004	
Indirect Expenditure	1,598,526	10,408,990	10,266,502	(142,488)	
Net (Income)/Expenditure	2,215,455	11,687,920	17,584,436	5,896,516	

ABANDONED VEHICLES

Direct Expenditure	5,498	37,920	37,051	(869)
Income	0	(240)	(200)	40
Total Directly Controllable (Income)/Expenditure	5,498	37,680	36,851	(829)
Indirect Expenditure	710	4,240	4,246	6
Net (Income)/Expenditure	6,208	41,920	41,097	(823)

BUSINESS FORUM

Direct Expenditure	5,521	25,280	64,949	39,669
Income	0	(30)	0	30
Total Directly Controllable (Income)/Expenditure	5,521	25,250	64,949	39,699
Indirect Expenditure	266	1,570	1,574	4
Net (Income)/Expenditure	5,787	26,820	66,523	39,703

A carry forward request relating to a grant and associated loan to a local business amounting to £40,000 has been included in the forecast but is currently not included in the budget.

CCTV SYSTEMS

Direct Expenditure	42,833	80,370	73,733	(6,637)
Total Directly Controllable (Income)/Expenditure	42,833	80,370	73,733	(6,637)
Indirect Expenditure	2,658	20,330	19,602	(728)
Net (Income)/Expenditure	45,491	100,700	93,335	(7,365)

CEMETERIES AND CLOSED CHURCHYARDS

Direct Expenditure	25,299	219,710	237,918	18,208
Income	(5,123)	(78,230)	(72,527)	5,703
Total Directly Controllable (Income)/Expenditure	20,176	141,480	165,391	23,911
Indirect Expenditure	5,107	71,760	64,911	(6,849)
Net (Income)/Expenditure	25,283	213,240	230,302	17,062

There will additional expenditure on memorial safety of £30,000 which corresponds to a carryforward in the same amount not yet loaded on to the ledger.

CLINICAL WASTE

Direct Expenditure	364	2,480	2,430	(50)
Total Directly Controllable (Income)/Expenditure	364	2,480	2,430	(50)
Indirect Expenditure	52	290	292	2
Net (Income)/Expenditure	416	2,770	2,722	(48)

CREMATORIUM

Direct Expenditure	63,389	786,810	850,744	63,934
Income	(169,751)	(1,697,210)	(1,660,097)	37,113
Total Directly Controllable (Income)/Expenditure	(106,362)	(910,400)	(809,353)	101,047
Indirect Expenditure	65,632	81,340	79,646	(1,694)
Net (Income)/Expenditure	(40,730)	(829,060)	(729,707)	99,353

There will be three additional temporary staff employed at the Crematorium at a cost of £36,000. A carry forward of £14,000 for fixed plant machinery has yet to be loaded into the ledger. Abatement scheme income will not be generated in 2020-21.

FLEET MANAGEMENT SERVICE

Direct Expenditure	121,711	926,500	922,854	(3,646)
Income	(432,280)	(2,580,460)	(2,580,356)	104
Total Directly Controllable (Income)/Expenditure	(310,569)	(1,653,960)	(1,657,502)	(3,542)
Indirect Expenditure	247,982	1,669,090	1,672,186	3,096
Net (Income)/Expenditure	(62,587)	15,130	14,684	(446)

LEGAL SERVICES

Direct Expenditure	104,780	1,117,930	1,009,673	(108,257)
Income	(216,473)	(1,404,720)	(1,276,520)	128,200
Total Directly Controllable (Income)/Expenditure	(111,693)	(286,790)	(266,847)	19,943
Indirect Expenditure	28,192	226,420	169,152	(57,268)
Net (Income)/Expenditure	(83,501)	(60,370)	(97,695)	(37,325)

Expenditure reductions are salary savings as a result of Future Guildford restructuring and vacancies amounting to £119,000 although car leasing costs exceed budget by £11,000. Legal fees has been forecast at the budgeted level for the Service of £55,000.

The shortfall in income is due to the effect of a likely pause on developments resulting from Covid-19 on s106 income £40,000 and lower recharge of legal fees £86,000. Indirect expenditure is lower due to a budget error; legal costs are not recharged to Legal department.

ENGINEERING AND TRANSPORT SERVICES

Direct Expenditure	32,881	359,010	242,169	(116,841)
Income	(41,587)	(398,170)	(373,421)	24,749
Total Directly Controllable (Income)/Expenditure	(8,706)	(39,160)	(131,252)	(92,092)
Indirect Expenditure	7,516	45,060	45,070	10
Net (Income)/Expenditure	(1,190)	5,900	(86,182)	(92,082)

There are salary savings due to vacancies. Recharge income is as a consequence less than budgeted.

GUILDFORD HOUSE

Direct Expenditure	34,107	365,270	257,070	(108,200)
Income	(18)	(83,330)	(37,033)	46,297
Total Directly Controllable (Income)/Expenditure	34,089	281,940	220,037	(61,903)
Indirect Expenditure	19,914	118,100	118,340	240
Net (Income)/Expenditure	54,003	400,040	338,377	(61,663)

There are salary savings due to vacancies. Projection in both supplies and services and income assume that Guildford House will remain closed until early September.

GUILDHALL

Direct Expenditure	14,693	120,350	93,587	(26,763)
Income	(2,604)	(39,060)	(21,124)	17,936
Total Directly Controllable (Income)/Expenditure	12,089	81,290	72,463	(8,827)
Indirect Expenditure	5,554	65,270	59,946	(5,324)
Net (Income)/Expenditure	17,643	146,560	132,409	(14,151)

There are salary savings due to vacancies.

INFORMATION RIGHTS OFFICER

Direct Expenditure	10,864	69,390	75,452	6,062
Income	(12,102)	(72,610)	(72,616)	(6)
Total Directly Controllable (Income)/Expenditure	(1,238)	(3,220)	2,836	6,056
Indirect Expenditure	1,268	7,590	7,594	4
Net (Income)/Expenditure	30	4,370	10,430	6,060

LAND DRAINAGE

Direct Expenditure	4,211	131,270	126,088	(5,182)
Total Directly Controllable (Income)/Expenditure	4,211	131,270	126,088	(5,182)
Indirect Expenditure	5,999	163,700	142,427	(21,273)
Net (Income)/Expenditure	10,210	294,970	268,515	(26,455)

The engineers recharge is expected to be less than budgeted.

LEISURE ART DEVELOPMENT

Direct Expenditure	6,616	95,330	94,619	(711)
Total Directly Controllable (Income)/Expenditure	6,616	95,330	94,619	(711)
Indirect Expenditure	3,786	22,700	22,706	6
Net (Income)/Expenditure	10,402	118,030	117,325	(705)

LEISURE COMMUNITY CENTRES

Direct Expenditure	4,104	33,640	29,266	(4,374)
Income	(166)	(11,370)	(8,808)	2,562
Total Directly Controllable (Income)/Expenditure	3,938	22,270	20,458	(1,812)
Indirect Expenditure	11,058	94,200	89,566	(4,634)
Net (Income)/Expenditure	14,996	116,470	110,024	(6,446)

LEISURE G LIVE

Direct Expenditure	8,116	414,820	347,444	(67,376)
Income	0	(49,380)	0	49,380
Total Directly Controllable (Income)/Expenditure	8,116	365,440	347,444	(17,996)

Indirect Expenditure	191,530	1,357,130	1,322,568	(34,562)
----------------------	---------	-----------	-----------	----------

Net (Income)/Expenditure	199,646	1,722,570	1,670,012	(52,558)
---------------------------------	----------------	------------------	------------------	-----------------

Income is expected to be lower across the leisure budgets as a result of Covid-19 offset by a reduction in management fee costs.

LEISURE GRANTS

Direct Expenditure	100,466	393,060	393,131	71
Total Directly Controllable (Income)/Expenditure	100,466	393,060	393,131	71

Indirect Expenditure	486	0	486	486
----------------------	-----	---	-----	-----

Net (Income)/Expenditure	100,952	393,060	393,617	557
---------------------------------	----------------	----------------	----------------	------------

LEISURE MANAGEMENT CONTRACT

Direct Expenditure	25,264	1,394,250	1,122,557	(271,693)
Income	251,218	(2,071,140)	(649,634)	1,421,506
Total Directly Controllable (Income)/Expenditure	276,482	(676,890)	472,923	1,149,813

Indirect Expenditure	318,288	1,976,100	1,965,176	(10,924)
----------------------	---------	-----------	-----------	----------

Net (Income)/Expenditure	594,770	1,299,210	2,438,099	1,138,889
---------------------------------	----------------	------------------	------------------	------------------

Income budgets have been seriously affected by the Covid-19 pandemic with less income expected in almost all income budgets.

LEISURE PLAY DEVELOPMENT

Direct Expenditure	19,789	224,730	140,982	(83,748)
Income	(3,260)	(38,500)	(3,260)	35,240
Total Directly Controllable (Income)/Expenditure	16,529	186,230	137,722	(48,508)

Indirect Expenditure	4,958	29,680	29,702	22
----------------------	-------	--------	--------	----

Net (Income)/Expenditure	21,487	215,910	167,424	(48,486)
---------------------------------	---------------	----------------	----------------	-----------------

As a result of Covid-19 casual staffing levels are expected to be lower along with costs relating to the hire of premises.

LEISURE RANGERS

Direct Expenditure	28,035	220,330	210,752	(9,578)
Total Directly Controllable (Income)/Expenditure	28,035	220,330	210,752	(9,578)
Indirect Expenditure	1,824	10,930	10,936	6
Net (Income)/Expenditure	29,859	231,260	221,688	(9,572)

LEISURE SPORT DEVELOPMENT

Direct Expenditure	12,100	89,280	84,358	(4,922)
Income	(4,650)	(1,500)	(4,650)	(3,150)
Total Directly Controllable (Income)/Expenditure	7,450	87,780	79,708	(8,072)
Indirect Expenditure	2,326	13,940	13,942	2
Net (Income)/Expenditure	9,776	101,720	93,650	(8,070)

MARKETS

Direct Expenditure	1,626	46,980	42,204	(4,776)
Income	(8,092)	(160,410)	(112,418)	47,992
Total Directly Controllable (Income)/Expenditure	(6,466)	(113,430)	(70,214)	43,216
Indirect Expenditure	906	5,430	5,434	4
Net (Income)/Expenditure	(5,560)	(108,000)	(64,780)	43,220

Markets were free of charge for the first three months of the financial year hence the shortfall in income.

MOT BAY

Direct Expenditure	23,632	124,620	123,168	(1,452)
Income	(3,828)	(154,070)	(128,200)	25,870
Total Directly Controllable (Income)/Expenditure	19,804	(29,450)	(5,032)	24,418
Indirect Expenditure	5,280	31,670	31,678	8
Net (Income)/Expenditure	25,084	2,220	26,646	24,426

Income is projected under budget.

GUILDFORD MUSEUM

Direct Expenditure	61,715	430,220	488,517	58,297
Income	0	(64,490)	(27,946)	36,544
Total Directly Controllable (Income)/Expenditure	61,715	365,730	460,571	94,841

Indirect Expenditure	24,058	149,960	151,988	2,028
----------------------	--------	---------	---------	-------

Net (Income)/Expenditure	85,773	515,690	612,559	96,869
---------------------------------	---------------	----------------	----------------	---------------

Although there are salary savings due to vacancies and a lower casual staffing requirement there is a carry forward for £70,000 not yet loaded on to the ledger for additional support. Another carryforward for £13,000 is included in the projections for accreditation and again this has not yet been loaded into the budget. Income at the castle, Victorian schoolroom and museum is expected to be under budget as facilities remain closed for at least another 2 months.

OFF STREET PARKING

Direct Expenditure	98,517	4,063,720	4,004,900	(58,820)
Income	252,620	(10,379,740)	(6,336,970)	4,042,770
Total Directly Controllable (Income)/Expenditure	351,137	(6,316,020)	(2,332,070)	3,983,950

Indirect Expenditure	242,391	1,633,940	1,627,031	(6,909)
----------------------	---------	-----------	-----------	---------

Net (Income)/Expenditure	593,528	(4,682,080)	(705,039)	3,977,041
---------------------------------	----------------	--------------------	------------------	------------------

There are salary savings due to vacancies. General maintenance will be below budget this year. Works funded from the Car Parks Maintenance Reserve will be £300,700 (the budget as loaded was £190,000). There will be savings in Pay and Display maintenance, cash collection and ticket purchases. The projected income shortfall is significant with no restrictions in offstreet parking for the first three months of the financial year. Occupancy going forward is expected to be at much lower levels ranging from 50% to 95% by the very end of the year.

ON STREET PARKING

Direct Expenditure	(49,914)	1,342,520	1,136,335	(206,185)
Income	(8,746)	(1,826,680)	(1,295,943)	530,737
Total Directly Controllable (Income)/Expenditure	(58,660)	(484,160)	(159,608)	324,552

Indirect Expenditure	24,796	148,710	148,736	26
----------------------	--------	---------	---------	----

Net (Income)/Expenditure	(33,864)	(335,450)	(10,872)	324,578
---------------------------------	-----------------	------------------	-----------------	----------------

There are salary savings due to vacancies. The payments to SCC under the agency agreement are greatly reduced as income falls away due to pandemic lockdown regulations. There is a contribution of £23,810 for the design and installation of electric charging points which will be funded from reserve; this hasn't been included in the SCC agency calculation.

ORDNANCE SURVEY AND MAPPING SERVICES

Direct Expenditure	0	3,540	5,490	1,950
Total Directly Controllable (Income)/Expenditure	0	3,540	5,490	1,950
Indirect Expenditure	12	4,530	3,786	(744)
Net (Income)/Expenditure	12	8,070	9,276	1,206

PARKS AND COUNTRYSIDE

Direct Expenditure	507,059	4,149,120	4,203,861	54,741
Income	(93,596)	(1,242,570)	(1,073,601)	168,969
Total Directly Controllable (Income)/Expenditure	413,463	2,906,550	3,130,260	223,710
Indirect Expenditure	141,998	898,320	896,170	(2,150)
Net (Income)/Expenditure	555,461	3,804,870	4,026,430	221,560

There are salary savings due to vacancies. Utilities are more than budgeted and a carry forward for £45,000 for grounds works has been requested which has yet to be loaded to the ledger. There two further carry forwards in supplies and services totalling £89,600 which have also not been loaded (machinery/ plant purchas and playground equipment). There will be no contributions to festivals this financial year resulting in a saving of £20,000. It is anticipated that £80,000 will be spent on the Stoke Park masterplan, funnded from reserve. Income projections are £169,000 less than budgeted notably in rents, fee income, roundabout advertising and hire of parks for events.

PARK AND RIDE SERVICES

Direct Expenditure	(250,295)	616,940	617,579	639
Income	32,393	(37,500)	(27,327)	10,173
Total Directly Controllable (Income)/Expenditure	(217,902)	579,440	590,252	10,812
Indirect Expenditure	18,214	264,180	261,154	(3,026)
Net (Income)/Expenditure	(199,688)	843,620	851,406	7,786

PROCUREMENT

Direct Expenditure	27,001	248,640	166,928	(81,712)
Income	(20,418)	(122,510)	(122,518)	(8)
Total Directly Controllable (Income)/Expenditure	6,583	126,130	44,410	(81,720)

Indirect Expenditure	4,284	25,700	25,702	2
----------------------	-------	--------	--------	---

Net (Income)/Expenditure	10,867	151,830	70,112	(81,718)
---------------------------------	---------------	----------------	---------------	-----------------

Agency staff costs of £97,000 are being saved due to an interim staff member being replaced by a fixed term appointment. The vacant post held in the old structure means this does not show as a variance on pay costs although the Senior Specialist Procurement was increased to 1 FTE.

PUBLIC CONVENIENCES

Direct Expenditure	23,867	266,770	258,808	(7,962)
Income	(2,008)	(12,050)	(12,050)	0
Total Directly Controllable (Income)/Expenditure	21,859	254,720	246,758	(7,962)

Indirect Expenditure	12,823	96,510	93,257	(3,253)
----------------------	--------	--------	--------	---------

Net (Income)/Expenditure	34,682	351,230	340,015	(11,215)
---------------------------------	---------------	----------------	----------------	-----------------

REFUSE AND RECYCLING

Direct Expenditure	649,137	6,013,970	6,154,055	140,085
Income	(1,082,376)	(3,171,790)	(2,858,400)	313,390
Total Directly Controllable (Income)/Expenditure	(433,239)	2,842,180	3,295,655	453,475

Indirect Expenditure	83,622	503,060	502,878	(182)
----------------------	--------	---------	---------	-------

Net (Income)/Expenditure	(349,617)	3,345,240	3,798,533	453,293
---------------------------------	------------------	------------------	------------------	----------------

There are additional costs associated with agency staff. Vehicle hire costs are will be over budget by £22,500 as the existing fleet has yet to be replaced. Trade refuse disposal charges and refuse sack sales are less than budget but so is the corresponding income. Educational promotion and publicity budgets will not be spent. Garden waste income will exceed budget by £100,000 and unbudgeted special collections are £20,000. Cardboard recycling income will not achieve budget.

RIVER CONTROL

Direct Expenditure	8,661	22,300	22,640	340
Total Directly Controllable (Income)/Expenditure	8,661	22,300	22,640	340

Indirect Expenditure	15,708	4,940	19,824	14,884
----------------------	--------	-------	--------	--------

Net (Income)/Expenditure	24,369	27,240	42,464	15,224
---------------------------------	---------------	---------------	---------------	---------------

ROADS AND FOOTPATHS MAINTENANCE

Direct Expenditure	444	37,580	37,094	(486)
Total Directly Controllable (Income)/Expenditure	444	37,580	37,094	(486)
Indirect Expenditure	12,063	72,110	72,159	49
Net (Income)/Expenditure	12,507	109,690	109,253	(437)

SNOW AND ICE PLAN HOLDING ACCOUNT

Direct Expenditure	6,536	32,790	34,176	1,386
Income	0	(55,140)	(55,140)	0
Total Directly Controllable (Income)/Expenditure	6,536	(22,350)	(20,964)	1,386
Indirect Expenditure	40	1,230	1,066	(164)
Net (Income)/Expenditure	6,576	(21,120)	(19,898)	1,222

SPA SITES

Direct Expenditure	990	50,000	100,024	50,024
Income	(34,621)	(50,000)	(76,291)	(26,291)
Total Directly Controllable (Income)/Expenditure	(33,631)	0	23,733	23,733
Net (Income)/Expenditure	(33,631)	0	23,733	23,733

There will be additional expenditure at Parsonage and Riverside (boardwalk repairs)

STREET CLEANSING

Direct Expenditure	336,934	2,283,460	2,015,668	(267,792)
Income	(25,548)	(182,670)	(177,786)	4,884
Total Directly Controllable (Income)/Expenditure	311,386	2,100,790	1,837,882	(262,908)
Indirect Expenditure	29,002	174,000	174,010	10
Net (Income)/Expenditure	340,388	2,274,790	2,011,892	(262,898)

There are salary savings due to vacancies and other smaller savings in supplies and services.

STREET FURNITURE

Direct Expenditure	10,979	83,310	78,347	(4,963)
Total Directly Controllable (Income)/Expenditure	10,979	83,310	78,347	(4,963)
Indirect Expenditure	3,097	30,280	28,333	(1,947)
Net (Income)/Expenditure	14,076	113,590	106,680	(6,910)

TOURIST INFORMATION CENTRE

Direct Expenditure	43,047	264,110	256,045	(8,065)
Income	10,377	(58,630)	(23,483)	35,147
Total Directly Controllable (Income)/Expenditure	53,424	205,480	232,562	27,082
Indirect Expenditure	8,450	50,690	50,696	6
Net (Income)/Expenditure	61,874	256,170	283,258	27,088

There are projected income shortfalls as the TIC remains closed.

BUSINESS AND TOURISM

Direct Expenditure	42,936	478,680	365,999	(112,681)
Income	0	(135,680)	(58,484)	77,196
Total Directly Controllable (Income)/Expenditure	42,936	343,000	307,515	(35,485)
Indirect Expenditure	17,723	106,070	106,133	63
Net (Income)/Expenditure	60,659	449,070	413,648	(35,422)

Salary savings from Future Guildford amount to £49,000 excluding those directly charged to individual events. The cancellation of Guildford Summer Festival saves £10,000 expenditure but loses £10,000 of income. It has been assumed that Innovate Guildford will not be held, which will save £21,000 expenditure but would normally deliver £21,000 income and Tourism will lose £43,000 of income due to event and publication cancellations but aims to save £30,000 of expenditure.

TOWN CENTRE MANAGEMENT

Direct Expenditure	15,130	95,920	95,248	(672)
Income	(400)	(225,130)	(51,500)	173,630
Total Directly Controllable (Income)/Expenditure	14,730	(129,210)	43,748	172,958
Indirect Expenditure	2,804	16,790	16,808	18
Net (Income)/Expenditure	17,534	(112,420)	60,556	172,976

Sponsorship and advertising income targets will face a severe challenge this year, due to the economic conditions and the removal of dedicated resource to identify and coordinate initiatives with leaders in other services. We are therefore projecting an adverse variance of £158k in this income. Farmers Market income is forecast to be £15k lower due to Covid-19 closures, with associated expenditure savings being offset by unbudgeted vehicle lease charges.

TRANSPORTATION

Direct Expenditure	30	12,740	12,730	(10)
Total Directly Controllable (Income)/Expenditure	30	12,740	12,730	(10)
Indirect Expenditure	523	7,960	7,159	(801)
Net (Income)/Expenditure	553	20,700	19,889	(811)

VEHICLE MAINTENANCE WORKSHOP

Direct Expenditure	160,980	730,700	839,678	108,978
Income	(94,584)	(774,430)	(858,681)	(84,251)
Total Directly Controllable (Income)/Expenditure	66,396	(43,730)	(19,003)	24,727
Indirect Expenditure	8,188	49,120	49,126	6
Net (Income)/Expenditure	74,584	5,390	30,123	24,733

Additional staffing costs, parts and external repairs will be recovered through the recharge to relevant services. There is a redundancy cost in this service which represent the outstanding balance.

WOKING ROAD DEPOT

Direct Expenditure	22,894	486,590	439,776	(46,814)
Income	(80,248)	(535,360)	(541,618)	(6,258)
Total Directly Controllable (Income)/Expenditure	(57,354)	(48,770)	(101,842)	(53,072)
Indirect Expenditure	15,656	143,660	142,614	(1,046)
Net (Income)/Expenditure	(41,698)	94,890	40,772	(54,118)

There are salary savings due to vacancies.

RECYCLING, CLEANSING AND PARKING SERVICES OVERHEAD ACCOUNT

Direct Expenditure	14,899	88,660	88,325	(335)
Income	(14,646)	(87,880)	(87,886)	(6)
Total Directly Controllable (Income)/Expenditure	253	780	439	(341)
Indirect Expenditure	1,782	10,690	10,692	2
Net (Income)/Expenditure	2,035	11,470	11,131	(339)

Management Directorate - Service Summary	Actual	Revised Budget	Projected Outturn	Variance	Notes
Direct Expenditure	1,061,887	900,240	1,698,306	798,066	
Income	(295,983)	(1,795,240)	(1,790,881)	4,359	
Total Directly Controllable (Income)/Expenditure	765,904	(895,000)	(92,575)	802,425	
Indirect Expenditure	56,218	328,980	330,412	1,432	
Net (Income)/Expenditure	822,122	(566,020)	237,837	803,857	

COMMUNITY DEVELOPMENT

Direct Expenditure	39,862	293,930	261,308	(32,622)
Income	(523)	(18,000)	(18,023)	(23)
Total Directly Controllable (Income)/Expenditure	39,339	275,930	243,285	(32,645)
Indirect Expenditure	7,204	38,500	39,290	790
Net (Income)/Expenditure	46,543	314,430	282,575	(31,855)

Overall the Community Development service is achieving expenditure savings of £32,000 compared with budget. This is vacancies and redundant posts as a result of Future Guildford £48,000, less car leasing costs £4,000 and forecast spend on the Safer Guildford Partnership carried forward from 2019-20, not yet reflected in the budget. Of the £37,727 carry forward we anticipate spending £13,430 in 2020-21.

CUSTOMER SERVICE CENTRE

Direct Expenditure	52,428	306,160	306,619	459
Income	(75,596)	(453,570)	(453,602)	(32)
Total Directly Controllable (Income)/Expenditure	(23,168)	(147,410)	(146,983)	427
Indirect Expenditure	13,316	79,890	79,896	6
Net (Income)/Expenditure	(9,852)	(67,520)	(67,087)	433

INTERNAL AUDIT

Direct Expenditure	3,017	117,380	117,537	157
Income	(24,936)	(149,610)	(149,620)	(10)
Total Directly Controllable (Income)/Expenditure	(21,919)	(32,230)	(32,083)	147
Indirect Expenditure	1,192	7,150	7,156	6
Net (Income)/Expenditure	(20,727)	(25,080)	(24,927)	153

BUSINESS IMPROVEMENT

Direct Expenditure	40,639	247,990	247,463	(527)
Income	(41,520)	(249,120)	(249,136)	(16)
Total Directly Controllable (Income)/Expenditure	(881)	(1,130)	(1,673)	(543)
Indirect Expenditure	5,156	30,910	30,922	12
Net (Income)/Expenditure	4,275	29,780	29,249	(531)

FUTURE GUILDFORD

Direct Expenditure	696,857	(1,349,430)	(427,757)	921,673
Total Directly Controllable (Income)/Expenditure	696,857	(1,349,430)	(427,757)	921,673
Indirect Expenditure	570	0	570	570
Net (Income)/Expenditure	697,427	(1,349,430)	(427,187)	922,243

Additional costs funded from reserve, and savings yet to be reallocated.

HR SERVICES

Direct Expenditure	133,307	464,310	518,535	54,225
Income	(94,124)	(564,740)	(564,778)	(38)
Total Directly Controllable (Income)/Expenditure	39,183	(100,430)	(46,243)	54,187
Indirect Expenditure	12,724	76,340	76,348	8
Net (Income)/Expenditure	51,907	(24,090)	30,105	54,195

Increases, due in the main to salary costs and medical fees.

OTHER EMPLOYEE COSTS

Direct Expenditure	38,141	301,720	289,467	(12,253)
Income	(36,372)	(218,230)	(218,244)	(14)
Total Directly Controllable (Income)/Expenditure	1,769	83,490	71,223	(12,267)
Indirect Expenditure	2,748	16,460	16,466	6
Net (Income)/Expenditure	4,517	99,950	87,689	(12,261)

PAYROLL AND INSURANCE

Direct Expenditure	18,698	117,220	114,172	(3,048)
Income	(22,912)	(137,470)	(137,478)	(8)
Total Directly Controllable (Income)/Expenditure	(4,214)	(20,250)	(23,306)	(3,056)
Indirect Expenditure	3,650	21,830	21,846	16
Net (Income)/Expenditure	(564)	1,580	(1,460)	(3,040)

PUBLIC RELATIONS AND MARKETING

Direct Expenditure	38,938	400,960	270,962	(129,998)
Income	0	(4,500)	0	4,500
Total Directly Controllable (Income)/Expenditure	38,938	396,460	270,962	(125,498)
Indirect Expenditure	9,658	57,900	57,918	18
Net (Income)/Expenditure	48,596	454,360	328,880	(125,480)

£81,000 of salary savings are forecast through vacancies and the implementation of the Future Guildford structure. £44,000 of savings will be achieved through the electronic About Guildford newsletter and ceasing special promotional expenditure. There will however be a small loss of associated advertising income.

Finance Directorate - Service Summary	Actual	Revised Budget	Projected Outturn	Variance	Notes
Direct Expenditure	5,139,757	43,494,950	44,691,360	1,196,410	
Income	(1,913,978)	(34,723,730)	(35,481,685)	(757,955)	
Total Directly Controllable (Income)/Expenditure	3,225,779	8,771,220	9,209,675	438,455	
Indirect Expenditure	393,662	3,049,660	3,035,238	(14,422)	
Net (Income)/Expenditure	3,619,441	11,820,880	12,244,913	424,033	

ACCESS GROUP FOR GUILDFORD

Direct Expenditure	253	2,880	2,227	(653)
Total Directly Controllable (Income)/Expenditure	253	2,880	2,227	(653)
Indirect Expenditure	408	2,430	2,430	0
Net (Income)/Expenditure	661	5,310	4,657	(653)

ACCOUNTANCY

Direct Expenditure	91,773	747,120	733,764	(13,356)
Income	(160,152)	(960,910)	(960,974)	(64)
Total Directly Controllable (Income)/Expenditure	(68,379)	(213,790)	(227,210)	(13,420)
Indirect Expenditure	17,926	107,520	107,538	18
Net (Income)/Expenditure	(50,453)	(106,270)	(119,672)	(13,402)

BUSINESS RATES

Direct Expenditure	40,685	205,810	206,375	565
Income	0	(258,910)	(241,049)	17,861
Total Directly Controllable (Income)/Expenditure	40,685	(53,100)	(34,674)	18,426
Indirect Expenditure	6,654	39,850	39,862	12
Net (Income)/Expenditure	47,339	(13,250)	5,188	18,438

CIVIC EXPENSES

Direct Expenditure	18,304	226,030	190,791	(35,239)
Total Directly Controllable (Income)/Expenditure	18,304	226,030	190,791	(35,239)
Indirect Expenditure	5,062	30,330	30,340	10
Net (Income)/Expenditure	23,366	256,360	221,131	(35,229)

£11,000 of salary savings and £20,000 of borough promotional cost savings due to event cancellations as a consequence of Covid-19.

COUNCIL AND COMMITTEE SUPPORT

Direct Expenditure	19,088	215,630	149,129	(66,501)
Income	0	(39,000)	(29,900)	9,100
Total Directly Controllable (Income)/Expenditure	19,088	176,630	119,229	(57,401)
Indirect Expenditure	42,574	255,270	255,326	56
Net (Income)/Expenditure	61,662	431,900	374,555	(57,345)

The decision to hold paperless meetings, together with remotely held meetings are estimated to deliver combined savings of £55,000. Salary savings amount to £11,000. The forecast recharge to the HRA is reduced by £9,000 as a result of these savings.

CORPORATE FINANCIAL

Direct Expenditure	54,635	177,730	174,477	(3,253)
Income	0	(150,000)	(150,000)	0
Total Directly Controllable (Income)/Expenditure	54,635	27,730	24,477	(3,253)
Indirect Expenditure	41,616	249,660	249,690	30
Net (Income)/Expenditure	96,251	277,390	274,167	(3,223)

CORPORATE SERVICES

Direct Expenditure	58,545	731,090	659,277	(71,813)
Income	0	(115,000)	(115,000)	0
Total Directly Controllable (Income)/Expenditure	58,545	616,090	544,277	(71,813)

Indirect Expenditure	68,818	412,860	412,896	36
----------------------	--------	---------	---------	----

Net (Income)/Expenditure	127,363	1,028,950	957,173	(71,777)
---------------------------------	----------------	------------------	----------------	-----------------

Employee costs benefit from a reduction in the estimates for Interns £82,000 and Apprentices £41,000 less a provision for recruitment costs of £23,000. Consultancy costs relating to project and programme governance amount to £36,000, whilst bank charges are forecast to be £8,000 lower than the estimate.

COMMITTEE SERVICES

Direct Expenditure	36,749	189,880	185,904	(3,976)
Income	(36,890)	(221,340)	(221,354)	(14)
Total Directly Controllable (Income)/Expenditure	(141)	(31,460)	(35,450)	(3,990)

Indirect Expenditure	6,286	37,690	37,700	10
----------------------	-------	--------	--------	----

Net (Income)/Expenditure	6,145	6,230	2,250	(3,980)
---------------------------------	--------------	--------------	--------------	----------------

COUNCIL TAX

Direct Expenditure	134,056	714,040	653,460	(60,580)
Income	0	(290,000)	(145,000)	145,000
Total Directly Controllable (Income)/Expenditure	134,056	424,040	508,460	84,420

Indirect Expenditure	22,616	135,680	135,694	14
----------------------	--------	---------	---------	----

Net (Income)/Expenditure	156,672	559,720	644,154	84,434
---------------------------------	----------------	----------------	----------------	---------------

There are a large number of vacancies in the Council Tax collection team which are in part being covered by temporary staff. The overall effect on staffing costs is a saving of £56,000. Due to Covid-19 recovery action is being deferred; it is expected that income from recovery of costs will reduce by £145,000.

DEMOCRATIC REPRESENTATION AND MANAGEMENT

Direct Expenditure	126,454	720,490	706,630	(13,860)
Income	0	(107,800)	(107,800)	0
Total Directly Controllable (Income)/Expenditure	126,454	612,690	598,830	(13,860)

Indirect Expenditure	35,076	210,370	210,396	26
----------------------	--------	---------	---------	----

Net (Income)/Expenditure	161,530	823,060	809,226	(13,834)
---------------------------------	----------------	----------------	----------------	-----------------

ELECTIONS

Direct Expenditure	13,177	73,930	70,567	(3,363)
Income	(9,413)	0	(9,413)	(9,413)
Total Directly Controllable (Income)/Expenditure	3,764	73,930	61,154	(12,776)
Indirect Expenditure	3,624	21,700	21,708	8
Net (Income)/Expenditure	7,388	95,630	82,862	(12,768)

ELECTORAL REGISTRATION

Direct Expenditure	29,393	268,920	205,973	(62,947)
Income	(130)	(26,610)	(22,900)	3,710
Total Directly Controllable (Income)/Expenditure	29,263	242,310	183,073	(59,237)
Indirect Expenditure	5,692	34,120	34,128	8
Net (Income)/Expenditure	34,955	276,430	217,201	(59,229)

Forecast savings in individual electoral registration fees.

FEASIBILITY STUDIES

Direct Expenditure	(2,650)	40,000	40,000	0
Total Directly Controllable (Income)/Expenditure	(2,650)	40,000	40,000	0
Indirect Expenditure	78	470	470	0
Net (Income)/Expenditure	(2,572)	40,470	40,470	0

DEBTORS

Direct Expenditure	27,480	166,330	155,256	(11,074)
Income	(34,966)	(212,310)	(209,814)	2,496
Total Directly Controllable (Income)/Expenditure	(7,486)	(45,980)	(54,558)	(8,578)
Indirect Expenditure	7,440	44,620	44,628	8
Net (Income)/Expenditure	(46)	(1,360)	(9,930)	(8,570)

HOUSING BENEFITS

Direct Expenditure	2,430,232	28,614,900	27,438,899	(1,176,001)
Income	802,550	(28,374,100)	(27,301,205)	1,072,895
Total Directly Controllable (Income)/Expenditure	3,232,782	240,800	137,694	(103,106)

Indirect Expenditure	34,360	206,140	206,158	18
----------------------	--------	---------	---------	----

Net (Income)/Expenditure	3,267,142	446,940	343,852	(103,088)
---------------------------------	------------------	----------------	----------------	------------------

The £100,000 improvement against budget is comprised of an additional £80,000 of grant funding received from central government in excess of estimates and savings on consultancy and printing costs £20,000.

INSURANCE REVENUE ACCOUNT

Direct Expenditure	832,499	826,490	862,501	36,011
Income	(50)	(832,710)	(829,760)	2,950
Total Directly Controllable (Income)/Expenditure	832,449	(6,220)	847,451	38,961

Indirect Expenditure	1,038	6,220	6,220	0
----------------------	-------	-------	-------	---

Net (Income)/Expenditure	833,487	0	853,671	38,961
---------------------------------	----------------	----------	----------------	---------------

Increase in insurance premiums paid.

IT RENEWALS REVENUE ACCOUNT

Income	(148,876)	(893,250)	(945,654)	(52,404)
Total Directly Controllable (Income)/Expenditure	(148,876)	(893,250)	(945,654)	(52,404)

Indirect Expenditure	37,646	914,440	899,700	(14,740)
----------------------	--------	---------	---------	----------

Net (Income)/Expenditure	(111,230)	21,190	(45,954)	(67,144)
---------------------------------	------------------	---------------	-----------------	-----------------

Depreciation is currently forecast to outturn £15,000 lower than budgeted and the transfer to services £52,000 higher.

MANAGEMENT POLICY STRATEGY

Direct Expenditure	141,881	280,620	284,409	3,789
Income	(50,634)	(303,800)	(303,820)	(20)
Total Directly Controllable (Income)/Expenditure	91,247	(23,180)	(19,411)	3,769

Indirect Expenditure	3,954	23,690	23,698	8
----------------------	-------	--------	--------	---

Net (Income)/Expenditure	95,201	510	4,287	3,777
---------------------------------	---------------	------------	--------------	--------------

MISCELLANEOUS ITEMS

Direct Expenditure	617,975	912,680	3,772,583	2,859,903
Income	(1,955,872)	(15,240)	(1,967,240)	(1,952,000)

Includes government support for Covid-19 which will be distributed across affected services and forecasted additional expenditure.

Total Directly Controllable (Income)/Expenditure	(1,337,897)	897,440	1,805,343	907,903
---	--------------------	----------------	------------------	----------------

Indirect Expenditure	76	450	450	0
----------------------	----	-----	-----	---

Net (Income)/Expenditure	(1,337,821)	897,890	1,805,793	907,903
---------------------------------	--------------------	----------------	------------------	----------------

Includes the Government Grant support for Covid-19 and will be balanced by services impacted.

OPERATIONS TECHNICAL SERVICES

Direct Expenditure	196,616	1,238,240	1,089,442	(148,798)
Income	(211,597)	(1,271,610)	(1,270,194)	1,416

Total Directly Controllable (Income)/Expenditure	(14,981)	(33,370)	(180,752)	(147,382)
---	-----------------	-----------------	------------------	------------------

Indirect Expenditure	21,314	127,810	127,834	24
----------------------	--------	---------	---------	----

Net (Income)/Expenditure	6,333	94,440	(52,918)	(147,358)
---------------------------------	--------------	---------------	-----------------	------------------

Salary Savings from Future Guildford and vacancies amount to £221,000 although there has been some requirement for agency staff totalling £45,000.

PARISH AND LOCAL LIAISON

Direct Expenditure	(3,211)	187,530	187,469	(61)
Total Directly Controllable (Income)/Expenditure	(3,211)	187,530	187,469	(61)

Indirect Expenditure	1,340	8,010	8,018	8
----------------------	-------	-------	-------	---

Net (Income)/Expenditure	(1,871)	195,540	195,487	(53)
---------------------------------	----------------	----------------	----------------	-------------

PAYMENTS AND PURCHASING

Direct Expenditure	52,178	267,910	242,532	(25,378)
Income	(71,670)	(433,470)	(432,924)	546

Total Directly Controllable (Income)/Expenditure	(19,492)	(165,560)	(190,392)	(24,832)
---	-----------------	------------------	------------------	-----------------

Indirect Expenditure	16,644	99,850	99,864	14
----------------------	--------	--------	--------	----

Net (Income)/Expenditure	(2,848)	(65,710)	(90,528)	(24,818)
---------------------------------	----------------	-----------------	-----------------	-----------------

PORTFOLIO MANAGEMENT

Direct Expenditure	35,230	262,860	212,765	(50,095)
Income	(36,278)	(217,670)	(217,684)	(14)
Total Directly Controllable (Income)/Expenditure	(1,048)	45,190	(4,919)	(50,109)
Indirect Expenditure	4,636	27,800	27,804	4
Net (Income)/Expenditure	3,588	72,990	22,885	(50,105)

Salary savings resulting from Future Guildford amount to £49,000.

NON DISTRIBUTED COSTS

Direct Expenditure	110,121	6,212,150	6,212,150	0
Total Directly Controllable (Income)/Expenditure	110,121	6,212,150	6,212,150	0
Indirect Expenditure	4,252	25,510	25,512	2
Net (Income)/Expenditure	114,373	6,237,660	6,237,662	2

WEBSITE

Direct Expenditure	78,294	211,680	254,780	43,100
Total Directly Controllable (Income)/Expenditure	78,294	211,680	254,780	43,100
Indirect Expenditure	4,532	27,170	27,174	4
Net (Income)/Expenditure	82,826	238,850	281,954	43,104

A salary budget has been excluded in error.

GUILDFORD YOUTH COUNCIL

Direct Expenditure	0	10	0	(10)
Total Directly Controllable (Income)/Expenditure	0	10	0	(10)
Net (Income)/Expenditure	0	10	0	(10)

This page is intentionally left blank

HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2020- MAY 2020)

2018-19 Actual £	2019-20 Actual £	Analysis	2019-20 Estimate £
		Borough Housing Services	
738,104	3,230	Income Collection	3,230
1,036,217	210	Tenants Services	210
81,030	500	Tenant Participation	500
69,865	120	Garage Management	120
59,064	0	Elderly Persons Dwellings	0
584,036	610	Flats Communal Services	610
423,867	0	Environmental Works to Estates	0
5,676,678	6,220	Responsive & Planned Maintenance	6,218
121,665	360	SOCH & Equity Share Administration	360
8,790,527	11,250		11,248
		Strategic Housing Services	
419,543	90	Advice, Registers & Tenant Selection	90
217,026	880	Void Property Management & Lettings	880
9,700	0	Homelessness Hostels	0
155,194	540	Supported Housing Management	540
426,311	370	Strategic Support to the HRA	370
1,227,774	1,880		1,880
		Community Services	
938,878	888	Sheltered Housing	0
		Other Items	
5,638,889	829	Depreciation	0
(45,515)	67,919	Revaluation and other Capital items	0
163,276	0	Debt Management	30
343,578	6,048,106	Other Items	5,831,100
17,057,407	6,130,872	Total Expenditure	5,844,258
(31,991,396)	(31,984,700)	Income	(32,409,542)
(14,933,989)	(25,853,828)	Net Cost of Services(per inc & exp a/c)	(26,565,284)
258,720	251,530	HRA share of CDC	256,800
(14,675,269)	(25,602,298)	Net Cost of HRA Services	(26,308,484)
(456,206)	(598,260)	Investment Income	(598,260)
5,159,240	5,131,995	Interest Payable	5,142,230
(9,972,235)	(21,068,563)	Deficit for Year on HRA Services	(21,764,514)
0	3,560	REFCUS - Revenue funded from capital	75,000
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000
7,849,699	8,530,888	Contrib to/(Use of) New Build Reserve	8,433,504
(421,229)	0	Tfr (fr) to Pensions Reserve	0
0	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0
76,058	0	Tfr (from)/to CAA re: Revaluation	0
0	0	Tfr (from)/to CAA re: REFCUS	0
(30,543)	0	Tfr (from)/to CAA re: Intangible assets	0
(1,750)	0	Tfr (from)/to CAA re: rev. inc. from sale of asset	0
0	(10,034,115)	HRA Balance	(10,756,010)
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)
(2,500,000)	(12,534,115)	Balance Carried Forward	(13,256,010)

Agenda item number: 7
Appendix 3

2018-19 Actual £	2019-20 Projection £	Analysis	2019-20 Estimate £
		Borough Housing Services	
(29,236,342)	0	Rent Income - Dwellings	7
(208,349)	2019-20	Rent Income - Rosebery Hsg Assoc	Estimate
(206,530)	(29,570,473)	Rents - Shops, Buildings etc	(29,977,450)
(718,083)	(208,349)	Rents - Garages	(208,354)
(30,369,304)	(29,778,822)	Total Rent Income	(30,185,797)
(140,122)	(225,551)	Supporting People Grant	(224,650)
(1,023,033)	(753,058)	Service Charges	(759,750)
(9,144)	(113,577)	Legal Fees Recovered	(107,870)
(51,614)	(1,098,353)	Service Charges Recovered	(1,102,640)
(398,179)	(15,339)	Miscellaneous Income	(28,835)
(31,991,396)	(31,984,700)	Total Income	(32,409,542)

APPENDIX 3

2019-20 Projection £
3,230
210
500
120
0
610
0
6,220
360
11,250
90
880
0
540
370
1,880
0
0
0
0
5,686,850
5,699,980
(32,471,020)
(26,771,040)
251,530
(26,519,510)
(598,260)
5,142,230
(21,975,540)
75,000
2,500,000
8,530,888
0
0
0
0
0
0
(10,869,652)
(2,500,000)
(13,369,652)

2019-20 Projection £
0
Projection (29,979,995) (286,024)
(30,266,019)
(224,660) (759,740) (107,870) (1,112,730) 0
(32,471,020)

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Directorate/Service and Capital Scheme name	Approved (a) £000	Cumulative (b) £000	2020-21			Projected (f) £000	2021-22 Est (ii) £000	2022-23 Est (iii) £000	2023-24 (iv) £000	2024-25 (v) £000	2025-26 (v) £000	Future (g) £000	Projected (b)+(g)=(h) £000	Grants / (i) £000	Funded	Net cost (h)-(i)=(j) £000
				Estimate (c) £000	Revised (d) £000	Expenditure (e) £000											
APPROVED SCHEMES																	
COMMUNITY DIRECTORATE																	
General Fund Housing																	
	Disabled Facilities Grants		annual	605	605	15	605	605	605	605	605	-	2,420	3,025	-	-	3,025
	Better Care Fund		annual	-	-	11	-	-	-	-	-	-	-	-	-	-	-
	Home Improvement Assistance		annual	-	-	9	-	-	-	-	-	-	-	-	-	-	-
	Solar Energy Loans		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	BCF TESH Project		annual	-	-	5	-	-	-	-	-	-	-	-	-	-	-
	BCF Prevention grant		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SHIP		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	General Grants to HAs		annual	100	100	-	100	100	100	100	100	-	400	500	-	-	500
	General feasibility, site preparation costs for affordable housing		annual	120	120	-	120	120	120	120	120	-	480	600	-	-	600
	Bright Hill Car Park Site			43	-	14	-	-	-	-	-	-	-	-	-	-	-
	Garage Sites-General			161	-	-	-	-	-	-	-	-	-	-	-	-	-
	Site B10b feasibility			2	-	0	-	-	-	-	-	-	-	-	-	-	-
	Redevelopment bid 13			109	-	5	-	-	-	-	-	-	-	-	-	-	-
	Corporate Property			-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED14(e)	Void investment property refurbishment works	400	324	-	37	-	37	-	-	-	-	-	-	400	-	-	400
	Unit 2 The Billings void works			-	20	0	20	-	-	-	-	-	-	-	-	-	-
ED14	5 High Street void works			-	19	0	19	-	-	-	-	-	-	-	-	-	-
ED14	10 Middleton void works	230	7	-	223	-	223	-	-	-	-	-	-	230	(100)	-	130
ED21	Methane gas monitoring system	100	45	-	51	-	51	-	-	-	-	-	-	100	-	-	100
ED21a	Methane gas monitoring Depots			-	4	-	4	-	-	-	-	-	-	-	-	-	-
ED22	Energy efficiency compliance - Council owned properties	245	82	137	163	0	163	-	-	-	-	-	-	245	-	-	245
ED26	Bridges -Inspections and remedial works	317	174	-	120	-	120	-	-	-	-	-	-	317	-	-	317
ED26	Bridges - Millmead Footbridge		4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26	Bridges - Shalford Common		1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26	Bridges - Millmead Lattice		18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED26	Bridges - Shalford Rd/Millmead Island		0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED35	Electric Theatre - new boilers	120	-	-	120	-	-	120	-	-	-	-	120	120	-	-	120
ED41	The Billings roof	200	27	175	173	2	3	170	-	-	-	-	170	200	-	-	200
ED44	Broadwater cottage	319	93	-	226	5	226	-	-	-	-	-	-	319	-	-	319
ED45	Gunpowder mills - scheduled ancient monument	222	9	52	212	2	212	-	-	-	-	-	-	222	-	-	222
ED51(p)	Guildford House Exhibition lighting	50	-	50	50	-	50	-	-	-	-	-	-	50	-	-	50
ED47	Cladding of Ash Vale units (NO LONGER REQD)	145	5	92	140	-	-	-	-	-	-	-	-	5	-	-	5
ED53	Tyting Farm Land-removal of barns and concrete hardstanding	200	8	-	192	2	192	-	-	-	-	-	-	200	-	-	200
ED56	Foxenden Tunnels safety works	110	22	-	88	2	88	-	-	-	-	-	-	110	-	-	110
ED57	Holy Trinity Church boundary wall	63	8	-	55	2	35	2	-	-	-	-	2	45	-	-	45
CP1	SMP Ph1 Calorifer replacement	28	-	28	28	-	28	-	-	-	-	-	-	28	-	-	28
CP2	SMP Main pavilion amenity club	50	-	50	50	-	50	-	-	-	-	-	-	50	-	-	50
CP3	SMP cricket pavilion	120	-	120	120	2	120	-	-	-	-	-	-	120	-	-	120
Office Services																	
BS4	Hydro private wire - Tollhouse to Millmead	4	3	-	1	-	1	-	-	-	-	-	-	4	-	-	4
COMMUNITY DIRECTORATE TOTAL		2,922	1,146	1,529	2,916	74	2,466	1,117	825	825	825	0	3,592	6,889	(100)		6,789
ENVIRONMENT DIRECTORATE																	
Operational Services																	
OP1/OP	Flood resilience measures (use in conjunction with grant)	445	324	21	121	-	121	-	-	-	-	-	-	445	-	-	445
OP5	Mill Lane (Pirbright) Flood Protection Scheme	71	55	-	16	-	16	-	-	-	-	-	-	71	(19)	-	52
OP6	Vehicles, Plant & Equipment Replacement Programme	10,665	6,099	4,220	4,566	-	4,566	-	-	-	-	-	-	10,665	(26)	-	10,639
OP22	Litter bins replacement	265	112	153	153	-	-	153	-	-	-	-	153	265	-	-	265
OP26	Morrow lane grille & headwall construction	60	3	57	57	-	57	-	-	-	-	-	-	60	-	-	60
OP27	Morrow & Burpham surface water study	15	-	-	15	-	15	-	-	-	-	-	-	15	-	-	15
OP28	Crown court CCTV	10	-	-	10	-	10	-	-	-	-	-	-	10	-	-	10
OP22	Town Centre CCTV upgrade	250	-	-	250	-	250	-	-	-	-	-	-	250	-	-	250
Parks and Leisure																	
PL11	Spectrum Roof replacement	4,000	1,680	-	271	1	120	151	-	-	-	-	151	3,100	-	-	3,100
	Spectrum roof - steelwork ph2		409	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Spectrum roof - steelwork ph3		740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PL15	Infrastructure works: Guildford Commons	150	3	-	3	-	3	-	-	-	-	-	-	6	-	-	6
PL15(a)	Infrastructure works: Guildford Commons: Morrow		15	-	-	-	-	-	-	-	-	-	-	15	-	-	15
PL15(b)	Infrastructure works: Guildford Commons: Shalford		129	-	-	-	-	-	-	-	-	-	-	129	-	-	129
PL20(b)	Westnye Gardens play area	125	122	-	3	-	3	-	-	-	-	-	-	125	(3)	-	122
PL20(c)	Redevelopment of Westborough and Park barn play area	320	-	295	320	-	20	300	-	-	-	-	300	320	-	-	320
PL34	Stoke cemetery re-tarmac	47	-	47	47	-	-	47	-	-	-	-	47	47	-	-	47
PL35	Woodbridge rd sportsground replace fencing	280	262	-	19	-	19	-	-	-	-	-	-	280	-	-	280
PL42	Pre-sang costs	100	51	-	49	0	49	-	-	-	-	-	-	100	-	-	100
PL57	Parks and Countryside - repairs and renewal of paths,roads	165	121	-	44	(2)	44	-	-	-	-	-	-	165	-	-	165
PL24	Kings college astro turf	547	494	-	53	-	53	-	-	-	-	-	-	547	(401)	-	146
PL58	Shalford Common - regularising car parking/reduction of	121	22	99	99	-	-	99	-	-	-	-	99	121	-	-	121
	Allen House Pavillion - Roof Works	30	-	-	30	-	30	-	-	-	-	-	-	30	-	-	30
PL60	Traveller encampments - Bellfields Green	76	62	4	14	4	14	-	-	-	-	-	-	76	-	-	76
PL60	Traveller encampments - Shalford Common	48	-	-	48	-	-	48	-	-	-	-	48	48	-	-	48

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Directorate/Service and Capital Scheme name	Approved (a) £000	Cumulative (b) £000	2020-21		Expenditure (e) £000	Projected (f) £000	2021-22 Est (ii) £000	2022-23 Est (iii) £000	2023-24 (iv) £000	2024-25 (v) £000	2025-26 (v) £000	Future (g) £000	Projected (b)+(g) = (h) £000	Grants / (i) £000	Funded	Net cost (h)-(i) = (j) £000
				Estimate (c) £000	Revised (d) £000												
PL60	Traveller encampments - Christchurch Spectrum	5		5	5	-	5	-	-	-	-	-	-	5	-		5
ENVIRONMENT TOTAL DIRECTORATE		17,795	10,702	4,901	6,193	4	5,395	798	-	-	-	-	798	16,895	(448)		16,447
FINANCE DIRECTORATE																	
FS1	Financial Services Capital contingency fund	annual	-	5,000	5,000	-	5,000	5,000	5,000	5,000	5,000	-	20,000	25,000	-		25,000
RESOURCES DIRECTORATE TOTAL		0	0	5,000	5,000	0	5,000	5,000	5,000	5,000	5,000	0	20,000	25,000	0		25,000
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																	
Development / Infrastructure																	
ED54	Rodboro Buildings - electric theatre through road and parking	450	17	280	433	2	433	-	-	-	-	-	-	450	-		450
ED18	Museum and castle development	1,652	188	1,020	1,464	11	1,464	-	-	-	-	-	-	1,652	-		1,652
ED52	Public Realm Scheme (Chapel Street/Castle Street/Tungsgate)	2,627	1,011	-	1,616	3	1,616	-	-	-	-	-	-	2,627	-	(1,615)	1,012
P5	Walnut Bridge replacement	5,098	1,667	1,593	3,414	26	3,414	17	-	-	-	-	17	5,097	(4,144)		954
ED32	Internal Estate Road - CLLR Phase 1	11,139	10,571	-	568	60	568	-	-	-	-	-	-	11,139	(5,107)		6,032
P9c	Town Centre Gateway Regeneration	3,523	50	3,480	3,473	-	-	3,473	-	-	-	-	3,473	3,523	-		3,523
	SMC(West) Phase 1	3,850	1,192	2,975	2,658	(65)	1,000	1,658	-	-	-	-	1,658	3,850	(2,775)		1,075
P16	A331 hotspots	3,930	269	3,146	3,661	2	3,661	-	-	-	-	-	-	3,930	(1,965)		1,965
P14	Town Centre Approaches	1,033	7	816	1,026	1	1,003	23	-	-	-	-	23	1,033	(700)		333
P22	Ash Bridge Land acquisition	120	104	-	16	-	16	-	-	-	-	-	-	120	-		120
P21	Ash Road Bridge	4,060	1,803	2,214	2,257	29	2,257	-	-	-	-	-	-	4,060	(4,060)		-
P11	Guildford West (PB) station	500	-	-	500	-	-	500	-	-	-	-	500	500	-		500
Development Financial																	
	Investment in North Downs Housing (60%)	15,180	8,183	4,500	5,315	96	5,315	1,682	-	-	-	-	1,682	15,180	-		15,180
	Equity shares in Guildford Holdings Ltd (40%)	10,120	5,460	3,000	3,543	64	3,543	1,117	-	-	-	-	1,117	10,120	-		10,120
ED25	Guildford Park - new MSCP and infrastructure works	6,500	2,184	3,462	3,056	3	3,056	-	-	-	-	-	-	6,500	-		6,500
	Guildford Park - Housing for private sale	-	1,260	-	-	50	-	-	-	-	-	-	-	-	-		-
ED49	Middleton Ind Est Redevelopment	9,350	1,895	5,500	7,455	201	7,455	-	-	-	-	-	-	9,350	-		9,350
P12	Strategic property acquisitions	8,520	7,024	-	1,496	-	1,496	-	-	-	-	-	-	8,520	-		8,520
PL9	Rebuild Crematorium	11,822	10,381	-	1,441	51	1,441	-	-	-	-	-	-	11,822	-		11,822
ED27	North Street Development / Guild Town Centre regeneration	1,477	861	736	616	-	616	-	-	-	-	-	-	1,477	(50)		1,427
ED6	Slyfield Area Regeneration Project (SARP)	21,006	5,202	700	6,483	1,008	6,483	1,096	-	-	-	-	1,096	21,206	(1,528)		19,678
ED6	WUV - Allotment relocation	200	158	160	-	(41)	-	-	-	-	-	-	-	-	-		-
ED6	WUV - Int roads, Site clearance	-	1	-	-	-	-	-	-	-	-	-	-	-	-		-
ED6	WUV - New GBC Depot	-	0	-	-	6	-	-	-	-	-	-	-	-	-		-
ED6	WUV - Thames Water relocation	-	8,267	-	-	-	-	-	-	-	-	-	-	-	-		-
ED6	WUV - Land Purchase	-	-	-	-	1,091	-	-	-	-	-	-	-	-	-		-
DEVELOPMENT/INCOME GENERATING/COST REDUCTION		122,157	67,755	33,582	50,489	2,597	44,835	9,566	0	0	0	0	9,566	122,157	(20,328)	(1,615)	100,213
APPROVED SCHEMES TOTAL		142,874	79,603	45,012	64,598	2,674	57,696	16,481	5,825	5,825	5,825	0	33,956	170,941	(20,877)	(1,615)	148,449
non-development projects total		20,717	11,848	11,430	14,109	78	12,861	6,915	5,825	5,825	5,825	0	24,390	48,784	(548)	0	48,236
development/infrastructure - non-financial benefit		37,982	16,879	15,524	21,086	68	15,432	5,671	0	0	0	0	5,671	37,982	(18,750)	(1,615)	17,616
development- financial benefit		83,975	42,451	17,898	29,403	1,472	29,403	3,895	0	0	0	0	3,895	84,175	(1,578)	0	82,597
TOTAL		142,674	71,178	44,852	64,598	1,618	57,696	16,481	5,825	5,825	5,825	0	33,956	170,941	(20,877)	(1,615)	148,449

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Directorate / Service Units Capital Schemes	Gross (a) £000	Cumulative (b) £000	2020-21			Projected (g) £000	2021-22 Est (i) £000	2022-23 Est (ii) £000	2023-24 Est (iii) £000	2024-25 (iv) £000	2025-26 (v) £000	Future years (h) £000	Projected (b) to (g)=(i) £000	Grants or (j) £000	Net total (i) - (j) = £000
				Estimate (c) £000	Revised (e) £000	Expenditure (f) £000										
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																
COMMUNITY DIRECTORATE																
General Fund Housing																
CM1(p)	Old Manor House - replacement windows	193	-	193	193	-	193	-	-	-	-	-	-	193	-	193
Corporate Property																
ED14(P)	Void investment property refurbishment works	170	-	170	170	-	170	-	-	-	-	-	-	170	-	170
ED21(P)	Methane gas monitoring system	150	-	150	150	-	150	-	-	-	-	-	-	150	-	150
ED22(P)	Energy efficiency compliance - Council owned properties	950	-	950	950	-	950	-	-	-	-	-	-	950	-	950
ED26(P)	Bridges	370	-	370	370	-	370	-	-	-	-	-	-	370	-	370
ED48(p)	Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	-	-	3,152	-	-	3,152	3,152	3,152	-	3,152
ED53(p)	Tyting Farm Land-removal of barns and concrete	50	-	50	50	-	50	-	-	-	-	-	-	50	-	50
ED56(p)	Land to the rear of 39-42 Castle Street	10	-	10	10	-	10	-	-	-	-	-	-	10	-	10
CP4	New House works	416	-	416	416	-	416	-	-	-	-	-	-	416	-	416
CP5	Energy & CO2 reduction in Council non HRA properties	2,268	-	268	268	-	268	500	500	500	500	-	2,000	2,268	-	2,268
Office Services																
CD3(P)	Renewables	65	-	65	65	-	65	-	-	-	-	-	-	65	-	65
BS3(p)	Millmead House - M&E plant renewal	33	-	33	33	-	33	-	-	-	-	-	33	33	-	33
BS4(p)	Hydro private wire - Tollhouse to Millmead	82	-	82	82	-	82	-	-	-	-	-	-	82	-	82
COMMUNITY DIRECTORATE TOTAL																
		7,909	-	5,669	5,876	-	2,724	533	500	3,652	500	-	5,185	7,909	-	7,909
ENVIRONMENT DIRECTORATE																
Operational Services																
OP5(P)	Mill Lane (Pirbright) Flood Protection Scheme	200	-	-	200	-	200	-	-	-	-	-	-	200	(20)	180
OP6(P)	Vehicles, Plant & Equipment Replacement Programme	780	-	780	780	-	780	-	-	-	-	-	780	780	-	780
OP21(P)	Surface water management plan	200	-	200	200	-	200	-	-	-	-	-	-	200	-	200
Parks and Leisure																
PL16(P)	New burial grounds - acquisition & development	7,834	38	-	50	-	20	30	-	-	-	-	30	88	-	88
PL18(P)	Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	-	-	-	-	-	150	-	-	-	150	150	-	150
PL41(P)	Stoke pk office accommodation & storage buildings	665	-	665	665	-	665	665	-	-	-	-	665	665	-	665
PL45(p)	Stoke Pk gardens water feature refurb	81	-	81	81	-	51	30	-	-	-	-	30	81	(59)	22
PL55(p)	Sutherland Memorial Park - electrical works	39	-	39	39	-	39	-	-	-	-	-	-	39	-	39
PL56(p)	Stoke Park Masterplan enabling costs	500	-	100	100	-	50	200	100	150	-	450	500	500	-	500
PL57(p)	Parks and Countryside - repairs and renewal of paths,roads	1,572	-	400	772	-	50	1,122	400	-	-	1,522	1,572	1,572	-	1,572
PL58(p)	Sports pavilions - replace water heaters	154	-	28	28	-	28	42	42	42	-	126	154	154	-	154
PL59(p)	Millmead fish pass	60	-	60	60	-	60	-	-	-	-	60	60	60	-	60
PL60(p)	Traveller encampments	121	-	121	121	-	46	75	-	-	-	75	121	121	-	121
ENVIRONMENT DIRECTORATE TOTAL																
		12,356	38	2,094	3,096	-	684	3,004	542	342	-	-	3,888	4,610	(79)	4,531
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																
Development / Infrastructure																
ED18(P)	Guildford Museum	16,810	-	16,810	16,810	-	16,810	-	-	-	-	-	-	16,810	(11,800)	5,010
	Investment in North Downs Housing	30,100	-	-	-	-	-	5,518	12,539	-	-	-	18,057	18,057	-	18,057
	Equity shares in Guildford Holdings Ltd	-	-	-	-	-	-	3,683	8,360	-	-	-	12,043	12,043	-	12,043
P10(p)	Sustainable Movement Corridor	6,045	-	-	-	-	-	-	6,045	-	-	-	6,045	6,045	-	6,045
P11(p)	Guildford West (PB) station	4,700	-	1,700	1,700	-	-	4,700	-	-	-	-	4,700	4,700	(3,750)	950
P14(p)	Guildford Gyrotray & approaches	10,967	-	3,500	3,500	-	-	-	3,500	3,500	3,967	-	10,967	10,967	(5,000)	5,967
P15(p)	Guildford bike share	530	-	530	530	-	530	-	-	-	-	-	530	530	-	530
P17(p)	Bus station relocation	500	-	500	500	-	500	-	-	-	-	-	500	500	-	500
P21(p)	Ash Road Bridge	18,440	-	18,440	18,440	-	18,440	-	-	-	-	-	18,440	18,440	(18,440)	-
P21(p)	Ash Road Footbridge	4,800	-	4,800	4,800	-	4,800	-	-	-	-	-	4,800	4,800	(4,800)	-
Development Financial																
ED25(P)	Guildford Park new MSCP and infrastructure works	23,125	-	4,380	4,380	-	4,380	11,625	7,120	-	-	-	18,745	23,125	-	23,125
ED49(p)	Redevelop Mitleton industrial estate	5,557	-	5,557	5,557	-	5,557	-	-	-	-	-	5,557	5,557	-	5,557
PL51(p)	Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	4,000	-	-	-	4,000	4,000	-	4,000
ED16(P)	Slyfield Area Regeneration Project (SARP) (GBC share)	327,359	-	-	12,178	-	12,178	41,119	73,340	42,772	37,547	34,881	315,181	327,359	(53,715)	273,644
ED38(P)	North Street development	1,500	-	29,090	500	-	500	1,000	-	-	-	-	1,000	1,500	-	1,500
HC4(p)	Bright Hill Development	13,500	-	5,000	680	-	680	5,000	7,000	820	-	-	12,820	13,500	-	13,500
P12(p)	Strategic property acquisitions	23,292	-	9,492	9,492	-	9,492	13,800	-	-	-	-	13,800	23,292	-	23,292
DF1	Investment property acquisition	40,000	-	20,000	20,000	-	20,000	10,000	10,000	-	-	-	20,000	40,000	-	40,000
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL																
		531,225	-	114,769	99,067	-	70,627	119,685	127,904	51,092	41,514	34,881	460,598	531,225	(97,505)	433,720
PROVISIONAL SCHEMES - GRAND TOTALS																
		551,489	38	122,532	108,039	-	74,035	123,222	128,946	55,086	42,014	34,881	469,671	543,744	(97,584)	446,160
non development projects		20,265	38	7,763	8,972	-	3,408	3,537	1,042	3,994	500	-	9,073	12,519	(79)	12,440
development/infrastructure - non-financial benefit		92,892	0	45,750	46,280	0	17,840	37,141	30,444	3,500	3,967	0	75,052	92,892	(43,790)	49,102
development- financial benefit		398,333	0	49,019	32,787	0	32,787	72,544	87,460	47,592	37,547	34,881	365,546	398,333	(53,715)	384,618
TOTAL		511,489	38	102,532	88,039	0	54,035	113,222	118,946	55,086	42,014	34,881	449,671	503,744	(97,584)	446,160

This page is intentionally left blank

GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2020-21 to 2024-25

Ref	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-20	2020-21		Expenditure at end P2	Projected exp est by project officer	2021-22 Est for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	Future years est exp	Projected expenditure total	Grants / Contributions towards cost of scheme	Net cost of scheme
				Estimate approved by Council in February	Revised estimate											
		(a) £000	(b) £000	(c) £000	(d)	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000	(i) £000	(h)-(i) = (j) £000
APPROVED SCHEMES (fully funded from S106 contributions)																
ENVIRONMENT DIRECTORATE																
Operational Services																
Parks and Leisure																
S-PL36	Gunpowder mills - signage, access and woodland imps	36	20	-	16	-	16	-	-	-	-	-	-	36	(36)	-
S-PL38	Chantry Wood Campsite	36		-	36	-	36	-	-	-	-	-	-	36	(36)	-
S-PL47	Fir Tree Garden	28	4	-	24	-	24	-	-	-	-	-	-	28	(28)	-
	Boardwalk Heathfield Nature Reserve	13			13		13							13	(13)	
	ENVIRONMENT DIRECTORATE TOTAL	113	24	-	89	-	89	-	-	-	-	-	-	113	(113)	-
	APPROVED S106 SCHEMES TOTAL	113	24	-	89	-	89	-	-	-	-	-	-	113	(113)	-

SUMMARY	
APPROVED S106 SCHEMES - TOTAL	24
GRAND TOTAL	24

24	-	89	-	89	-	-	-	-	-	-	-	-	113	(113)	-
24	-	89	-	89	-	-	-	-	-	-	-	-	113	(113)	-

This page is intentionally left blank

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE

Item	Projects & Sources of Funding	Approved (a) £000	Cumulative (b) £000	2020-21				2021-22 (i) £000	2022-23 (ii) £000	2023-24 (iii) £000	2024-25 (iv) £000	2025-26 (v) £000	Future (g) £000	Projected (b)+(g) = (h) £000
				Estimate (c) £000	Revised £000	Expenditure (e) £000	Projected (f) £000							
COMMUNITY DIRECTORATE														
<u>ENERGY PROJECTS per SALIX RESERVE:(PR220)</u>														
R-EN10	LED Lighting replacement	80	61	-	19	-	19	-	-	-	-	-	-	80
R-EN11	WRD energy reduction	70	-	-	70	-	70	-	-	-	-	-	-	70
R-EN12	LED lighting	44	-	44	44	-	44	-	-	-	-	-	-	44
R-EN13	ASHP CAB	28	-	-	-	-	-	28	-	-	-	-	28	28
<u>ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)</u>														
R-EN12	PV/energy efficiency projects	100	2	-	98	-	98	-	-	-	-	-	-	100
R-EN14	SMP - air source heat pump	28	1	28	27	-	27	-	-	-	-	-	-	28
ENERGY RESERVES TOTAL		350	64	72	258	-	258	28	-	-	-	-	28	350
BUDGET PRESSURES RESERVE														
	Future Guildford implementation team	2,600	-	1,600	2,600	-	2,600	-	-	-	-	-	-	2,600
BUDGET PRESSURES RESERVE TOTAL		2,600	-	1,600	2,600	-	2,600	-	-	-	-	-	-	2,600
FINANCE DIRECTORATE														
<u>INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually</u>														
	Hardware / software budget			500	500	-	500	500	500	500	-	-	1,500	2,000
R-CP1	Hardware	annual	annual	-	-	220	-	-	-	-	-	-	-	-
R-CP2	Software	annual	annual	-	-	-	-	-	-	-	-	-	-	-
R-CP3	ICT infrastructure improvements	1,485	1,695	-	-	10	-	-	-	-	-	-	-	1,695
R-CP4	IDOX Acolaid to Uniform	275	-	-	275	-	275	-	-	-	-	-	-	275
R-IT4	LCTS alternative	56	-	50	56	-	56	-	-	-	-	-	-	56
R-IT5	Future Guildford ICT	1,200	656	-	544	(25)	544	-	-	-	-	-	-	1,200
IT RENEWALS RESERVE TOTAL		3,016	2,350	550	1,376	205	1,376	500	500	500	-	-	1,500	5,226
ENVIRONMENT DIRECTORATE														
SPECTRUM RESERVE														
R-S14	Spectrum schemes (to be agreed with Freedom Leisure)	700	168	-	532	-	532	-	-	-	-	-	-	700
SPECTRUM RESERVE TOTAL		700	168	-	532	-	532	-	-	-	-	-	-	700
CAR PARKS RESERVE														
R-CP1	Car parks - install/replace pay-on-foot equipment	1,170	240	-	930	-	100	830	-	-	-	-	830	1,170
<u>Car Parks - Lighting & Electrical improvements:</u>														
R-CP8	- Castle car park (PR000299) deck surfacing	325	251	-	6	-	6	-	-	-	-	-	-	257
R-CP18	- Deck Millbrook car park	2,000	-	1,000	1,000	-	-	2,000	-	-	-	-	2,000	2,000
R-CP14	Lift replacement (PR000293)	841	307	187	534	0	534	-	-	-	-	-	-	841
R-CP17	Leapale rd MSCP drainage (PR000433)	90	26	-	64	-	16	-	-	-	-	-	-	42
R-CP19	Structural works to MSCP	300	50	-	250	-	100	-	-	-	-	-	-	150
R-CP20	MSCP- Deck surface replacement & barriers	652	526	-	126	-	83	-	-	-	-	-	-	609
R-CP21	Additional barriers Farnham Rd	15	-	15	15	-	15	-	-	-	-	-	-	15
R-CP22	Deck surface replacement (stair cores)Farnham Rd	70	-	70	70	-	70	-	-	-	-	-	-	70
R-CP23	Deck surface replacement Leapale Rd	400	-	400	400	-	400	-	-	-	-	-	-	400
R-CP24	Signage replacement Leapale Rd	30	-	30	30	-	30	-	-	-	-	-	-	30
R-CP25	Structural repairs roof turret timbers Castle St	60	-	60	60	-	60	-	-	-	-	-	-	60
CAR PARKS RESERVE TOTAL		5,953	1,401	1,762	3,485	0	1,414	2,830	-	-	-	-	2,830	5,645

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE

Item	Projects & Sources of Funding	Approved (a) £000	Cumulative (b) £000	2020-21			Projected (f) £000	2021-22 (i) £000	2022-23 (ii) £000	2023-24 (iii) £000	2024-25 (iv) £000	2025-26 (v) £000	Future (g) £000	Projected (b)+(g) = (h) £000
				Estimate (c) £000	Revised £000	Expenditure (e) £000								
	SPA RESERVE :													
	SPA schemes (various)	100	annual	-	151	-	151	-	-	-	-	-	-	151
R-SPA1	Chantry Woods					-	-						-	
R-SPA2	Effingham					-	-						-	
R-SPA3	Lakeside					-	-						-	
R-SPA4	Riverside					-	-						-	
R-SPA5	Parsonage					-	-						-	
	SPA RESERVE TOTAL	100	-	-	151	-	151	-	-	-	-	-	-	151
	GRAND TOTALS	12,719	3,983	3,984	8,402	205	6,331	3,358	500	500	-	-	4,358	14,672

Appendix 7
Agenda item number: 7

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

1.0 AVAILABILITY OF RESOURCES - NOTES :

1.1 The following balances have been calculated taking account of estimated expenditure on the approved capital schemes

1.2 The actuals for 2019-20 have not been audited.

1.3 Funding assumptions:

1. All capital expenditure will be funded in the first instance from available capital receipts and the General Fund capital programme reserve.
2. Once the above resources have been exhausted in any given year, the balance of expenditure will be financed from borrowing, both internally and externally, depending upon the Council's financial situation at the time.

1.4 These projections are based on estimated project costs, some of which will be 'firmed up' in due course. Any variations to the estimates and the phasing of expenditure will affect year on year funding projections.

2.0 Capital receipts - Balances (T01001)

Page 17

Balance after funding capital expenditure as at 31 March

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April	40	0	95	95	0	0	0	21,641
Add estimated usable receipts in year	12,087	0	1,250	0	0	0	21,641	22,117
Less applied re funding of capital schemes	(12,032)	0	(1,250)	(95)	0	0	0	0
	95	0	95	0	0	0	21,641	43,758

Agenda item number: 7
Appendix 8

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

during year = outturn (col v, actual = col u)

3.0 Capital expenditure and funding - summary

Estimated capital expenditure

Main programme - approved
Main programme - provisional
s106
Reserves
GF Housing

Total estimated capital expenditure

To be funded by:

Capital receipts (*per 2.above*)
Contributions
R.C.C.O. :
Other reserves

Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing

Total funding required

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Main programme - approved	45,685	45,012	57,696	16,481	5,825	5,825	5,825	0
Main programme - provisional s106	0	122,532	74,035	123,222	128,946	55,086	42,014	34,881
Reserves	86	0	89	0	0	0	0	0
GF Housing	2,300	3,984	6,331	3,358	500	500	0	0
	0	0	0	0	0	0	0	0
Total estimated capital expenditure	48,071	171,528	138,151	143,061	135,271	61,411	47,839	34,881
To be funded by:								
Capital receipts (<i>per 2.above</i>)	(18,111)	0	(1,250)	(95)	0	0	0	0
Contributions	(8,421)	(41,368)	(8,421)	(14,563)	(7,350)	(600)	0	0
R.C.C.O. :								
Other reserves	(2,300)	(4,204)	(10,018)	(3,578)	(720)	(720)	0	0
	0	0	0	0	0	0	0	0
	(28,832)	(45,572)	(19,688)	(18,236)	(8,070)	(1,320)	0	0
Balance of funding to be met from (i) the Capital Reserve, and (ii) borrowing	(19,239)	(125,956)	(118,463)	(124,825)	(127,201)	(60,091)	(47,839)	(34,881)
Total funding required	(48,071)	(171,528)	(138,151)	(143,061)	(135,271)	(61,411)	(47,839)	(34,881)

Page 168

4.0 General Fund Capital Schemes Reserve (U01030)

Balance as at 1 April

Add: General Fund Revenue Budget variations
Contribution from revenue

Less: Applied re funding of capital programme

Balance after funding capital expenditure etc.as at 31 March

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April	894	0	0	0	0	0	0	0
Add: General Fund Revenue Budget variations	0	0	0	0	0	0	0	0
Contribution from revenue	0	0	0	0	0	0	0	0
	894	0	0	0	0	0	0	0
Less: Applied re funding of capital programme	(894)	0	0	0	0	0	0	0
Balance after funding capital expenditure etc.as at 31 March	0	0	0	0	0	0	0	0

Estimated shortfall at year-end to be funded from borrowing

	18,346	125,956	118,463	124,825	127,201	60,091	47,839	34,881
--	---------------	----------------	----------------	----------------	----------------	---------------	---------------	---------------

Agenda item number: 7
Appendix 8

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

5.0 Housing capital receipts (pre 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects - GBC policy

Balance as at 1 April (T01008)	9,559	6,760	3,618	(0)	0	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0	0
Less: Applied re Housing company	(5,941)	(6,760)	(3,618)	0	0	0	0	0
	3,618	0	(0)	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
Housing receipts - estimated balance in hand at year end	3,618	0	(0)	0	0	0	0	0

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April (T01008)	9,559	6,760	3,618	(0)	0	0	0	0
Add: Estimated receipts in year	0	0	0	0	0	0	0	0
Less: Applied re Housing (General Fund) capital programme	0	0	0	0	0	0	0	0
Less: Applied re Housing company	(5,941)	(6,760)	(3,618)	0	0	0	0	0
	3,618	0	(0)	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
Housing receipts - estimated balance in hand at year end	3,618	0	(0)	0	0	0	0	0

5.1 Housing capital receipts (post 2013-14) - estimated availability/usage for Housing, Affordable Housing and Regeneration projects only (statutory (impact CFR))

Balance as at 1 April (T01012)	0	0	0	0	0	0	0	0
Add: Estimated receipts in year	520	289	520	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(139)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(381)	(69)	(300)	(69)	(72)	(75)	(78)	(81)
	0	0	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
Housing receipts - estimated balance in hand	0	0	0	0	0	0	0	0

	2019-20 Actuals £000	2020-21 Budget £000	2020-21 Est Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Balance as at 1 April (T01012)	0	0	0	0	0	0	0	0
Add: Estimated receipts in year	520	289	520	289	292	295	298	301
Less: Applied re Housing (General Fund) capital programme	(139)	(220)	(220)	(220)	(220)	(220)	(220)	(220)
Less: Applied re Housing Improvement programme	(381)	(69)	(300)	(69)	(72)	(75)	(78)	(81)
	0	0	0	0	0	0	0	0
Less: Applied on regeneration schemes	0	0	0	0	0	0	0	0
Housing receipts - estimated balance in hand	0	0	0	0	0	0	0	0

Total £'000s

6.1 Estimated annual borrowing requirement

Bids for funding (net)	18,346	125,956	118,463	124,825	127,201	60,091	47,839	34,881	513,300
Total estimated borrowing requirement if all bids on Appendix 1 approved		125,956	118,463	124,825	127,201	60,091	47,839	34,881	513,300

Appendix 8
Appendix item number: 7

This page is intentionally left blank

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2020-21 to 2025-26: HRA APPROVED PROGRAMME

	Project Budget £000	2019-20 Actual £000	Project Spend at 31-03-20 £000	2020-21 Estimate £000	Carry Forward	Expenditure as at P2 £000	2020-21 Projected Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	10,700	1,218	2,138	1,800	1,362	(3)	3,162	1,800	1,800	1,800	0	0	10,700
New Build													
Guildford Park	75	0	75	0	0	50	0	0	0	0	0	0	75
Appletree pub site	3,200	719	3,483	0	(283)	2	(283)	0	0	0	0	0	3,200
Slyfield Green (Corporation Club)	2,448	61	2,437	0	11	0	11	0	0	0	0	0	2,448
Willow Way	1,000	2	954	0	46	0	46	0	0	0	0	0	1,000
Garage sites-	2,500		0	0	110			0	0	0	0	0	0
Pond Meadow		9	571	0	0	0	110						681
Rowan Close		9	558	0	0	0	0						558
Great Goodwin Drive		57	1,002	0	0	0	0						1,002
The Homestead	500	4	760	0	0	0	0	0	0	0	0	0	760
Fire Station/Ladymead	2,000	1,257	1,900	25	75	4	100	0	0	0	0	0	2,000
Bright Hill	500	0	0	500	0	0	500	0	0	0	0	0	500
Various small sites & feasibility/Site preparation	1,000		0	0	0	0	0	0	0	0	1,000	1,000	2,000
Pipeline projects	9,425	55	55	2,250	95	8	2,345	3,325	1,825	1,875	0	0	9,425
Redevelopment bid 13	533			533	0	0	533						533
Redevelopment bid 14	300			250	50	1	300						300
Schemes to promote Home-Ownership													
Equity Share Re-purchases	annual	155..397	annual	400	0	0	400	400	400	400	400	400	annual
Major Repairs & Improvements													
Retentions & minor carry forwards	annual	0	annual	40		0	40						annual
Modern Homes - Kitchens, Bathrooms & Void refurb	annual	1,649	annual	1,900		137	1,900						annual
Doors and Windows	annual	76	annual	300	370	10	670						annual
Structural/Roof	annual	260	annual	525	295	8	820						annual
Energy efficiency: Central heating/Lighting	annual	1,146	annual	1,000		30	1,000						annual
General	annual	1,891	annual	1,870	116	76	1,986						annual
Grants													
Cash Incentive Scheme	annual	0	annual	75	0	0	75						annual
TOTAL APPROVED SCHEMES	34,181	8,414	13,931	11,468	2,248	323	13,716	5,525	4,025	4,075	1,400	1,400	35,181

This page is intentionally left blank

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2023-24: HRA PROVISIONAL PROGRAMME

	Project Budget £000	2019-20 Actual £000	Project Spend at 31-03-19 £000	2020-21 Estimate £000	Carry Forward	2020-21 Projected Outturn £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000	Total Project Exp £000
Acquisition of Land & Buildings	10,000	0	0	0		0	3,000	3,000	4,000	0	0	10,000
New Build												
Guildford Park	16,000	318	1,225	6,760	788	7,548	7,201	26	0	0	0	16,000
Bright Hill	3,000	0	0	1,500	0	1,500	1,500	0	0	0	0	3,000
Slyfield (25/26 £5m; 26/27 £44m)	1,000	0	0	0	0	0	0	1,000	0	0	0	1,000
Redevelopment bid 13	10,124			3,197		3,197	5,861	1,066	0	0	0	10,124
Redevelopment bid 14	3,000			1,000		1,000	1,500	500	0	0	0	3,000
Major Repairs & Improvements												
Major Repairs & Improvements	annual		annual	0		0	5,500	5,500	5,500	5,500	5,500	annual
Retentions & minor carry forwards	annual		annual									annual
Modern Homes: Kitchens and bathrooms	annual		annual									annual
Doors and Windows	annual		annual									annual
Structural	annual		annual									annual
Energy efficiency: Central heating	annual		annual									annual
General	annual		annual									annual
Grants												
Cash Incentive Scheme	annual		annual	0		0	75	75	75	75	75	annual
Total Expenditure to be financed	43,124	318	1,225	12,457	788	13,245	24,637	11,167	9,575	5,575	5,575	43,124

This page is intentionally left blank

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Resources

Author: John Armstrong, Democratic Services and Elections Manager

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 30 July 2020

Review of various Corporate Governance and Standards related matters:

- **Councillors' Code of Conduct**
- **Social Media Guidance for Councillors**
- **Best Practice Recommendations of the Committee on Standards in Public Life**

Executive Summary

Arising from a number of concerns raised by councillors since the 2019 elections in relation to ethical standards, communications, and transparency, the Committee at its meeting in November 2019 established a cross-party task group, including a co-opted parish representative and an independent member of this Committee, with a wide remit to consider, review and make recommendations in respect of these matters.

The terms of reference of the Task Group, which were reviewed by the Committee at its last meeting, are as follows:

To examine, review, and report back initially to this Committee on the following matters:

- (a) the Councillors' Code of Conduct, including the policy on acceptance of gifts and hospitality by councillors;
- (b) the 15 best practice recommendations of the Committee on Standards in Public Life contained within its Report on *Local Government Ethical Standards*
- (c) the Council's guidance on the use of social media by councillors;
- (d) the revised draft Protocol on Councillor/ Officer Relations
- (e) the effectiveness of internal communications between officers and councillors; and
- (f) proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol.
- (g) review of anomalies in the Constitution

The Task Group currently comprises:

- Councillor Deborah Seabrook (chairman)
- Councillor Liz Hogger
- Councillor Ramsey Nagaty
- Councillor Nigel Manning
- Councillor James Walsh
- Mr Murray Litvak (co-opted independent member of this Committee)
- Julia Osborn (co-opted parish representative)

The Task Group has met on six occasions since it was established and has considered and reviewed (a) to (d) above, although at the time of writing this report, the Task Group had not finalised its review of the Protocol on Councillor/Officer Relations.

This report therefore addresses and makes recommendations on the review of:

- the Councillors' Code of Conduct,
- the Social Media Guidance for Councillors, and
- the 'Best Practice Recommendations' of the Committee on Standards in Public Life

Some of the recommendations can only be agreed by full Council or the Executive, whilst others can be agreed by this Committee. The recommendations are listed below.

Recommendation to Council (6 October 2020)

- (1) That the draft revised Councillors' Code of Conduct, as set out in **Appendix 3** to this report, be adopted and implemented with immediate effect (this incorporates CSPL Best Practice Recommendations 1 and 2).
- (2) That parish councils in the borough be invited to consider adopting at the earliest opportunity the revised Code of Conduct set out in **Appendix 3**, with such modifications as they deem necessary.
- (3) That the Monitoring Officer be authorised to prepare, maintain and make available for inspection at the Council's offices and online a revised register of councillors' interests to comply with the requirements of the Localism Act 2011 and of the Council's revised code of conduct.
- (4) That the Council agrees that the code of conduct should normally be reviewed every four years during the year following the Borough Council Elections, with any such review involving formal consultation with parish councils within the borough (CSPL Best Practice Recommendation 3 refers).
- (5) That the Council's Arrangements for Dealing with Allegations of Misconduct by Councillors ("the Arrangements") be amended as follows:
 - (a) paragraph 7.3 (g) iii) to read: "Whether the complaint appears to be *trivial*, malicious, vexatious, politically motivated or 'tit-for-tat'"
 - (b) paragraph 7.4 (6) to read: "The complaint appears to be *trivial*, malicious, vexatious, politically motivated or 'tit-for-tat'"

- (c) paragraph 7.10 to read: “The decision of the Monitoring Officer, or Assessment Sub-Committee (as the case may be) shall be recorded in writing, and a decision notice will be sent to the Complainant and the Subject Member within 10 working days of the decision. *The Independent Person shall be given the option to review and comment on allegations which the Monitoring Officer (or Assessment Sub-Committee) is minded to dismiss as being without merit, vexatious, or trivial.* The decision notice will summarise the allegation, give the decision of the Monitoring Officer or Assessment Sub-Committee, and the reasons for their decision. There is no right of appeal against the decision of the Monitoring Officer or Assessment Sub-Committee.”
- (d) Substitute the following in place of paragraph 31 of Appendix 3 to the Arrangements (Procedure and Powers of the Corporate Governance and Standards Committee and Hearings Sub-Committee): “*The Monitoring Officer will also arrange for a decision notice to be published as soon as possible on the Council’s website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied..*”

(CSPL Best Practice Recommendations 2, 8, and 9 refer).

- (6) That no change be made to the Arrangements in respect of CSPL Best Practice Recommendation 6: that councils should publish a clear and straightforward public interest test against which allegations are filtered.
- (7) That the Council notes that the role of the Monitoring Officer includes providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority, and agrees that the Monitoring Officer should be provided with adequate training, corporate support and resources to undertake this work (CSPL Best Practice Recommendation 12 refers).

Recommendation to Executive (22 September 2020)

- (1) That the draft revised Social Media Guidance for Councillors, as set out in **Appendix 4** to this report, be adopted.
- (2) That the Council should report on separate bodies it sets up or which it owns (e.g. Guildford Borough Council Holdings Limited and North Downs Housing Limited) as part of the annual governance statement, and that such bodies should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place (CSPL Best Practice Recommendation 14 refers).

Recommendation to Committee

- (1) That the Council’s code of conduct be readily accessible to both councillors and the public in a more prominent position on the Council’s website and available for inspection at the Council offices (CSPL Best Practice Recommendation 4 refers).
- (2) That, notwithstanding the duty of all councillors to ensure that their register of interests (including gifts and hospitality) is kept up to date, the Democratic Services and Elections Manager be requested to prompt councillors to review their register of

interests on a quarterly basis (CSPL Best Practice Recommendation 5 refers).

- (3) That the Committee notes that, by having a shared pool of seven Independent Persons jointly appointed by Guildford and six other Surrey councils for the four-year period 2019-23, the Council complies fully with CSPL Best Practice Recommendation 7: Local authorities should have access to at least two Independent Persons.
- (4) That the Monitoring Officer be requested to provide an indicative estimate of timescales for investigations and outcomes within the guidance on the Council's website in respect of making a complaint under the Councillors' Code of Conduct (CSPL Best Practice Recommendation 10 refers).
- (5) That the Committee agrees that CSPL Best Practice Recommendation 11: "Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances" is a matter for individual parish councils, but that there should be no impediment for a clerk to make a formal complaint about the conduct of a parish councillor.
- (6) That the Councillor Development Steering Group be requested to look at extending training opportunities to parish councils wherever possible and encouraging parish councillors' attendance at any such opportunities in the future (CSPL Best Practice Recommendation 12 refers).
- (7) That the Committee notes that by having procedures already in place in the Council's Arrangements to address any conflicts of interest that might arise when undertaking a standards investigation, the Council complies fully with CSPL Best Practice Recommendation 13.
- (8) That the Committee notes that by having frequent meetings with political group leaders where the Managing Director is able to discuss various matters including, where necessary, ethical standards issues, the Council complies fully with CSPL Best Practice Recommendation 15.

Reasons for Recommendation:

- To address various corporate governance and ethical standards related concerns raised by councillors.
- To address the 15 Best Practice Recommendations of the Committee on Standards in public Life in their report *Local Government Ethical Standards (January 2019)*

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

1.1 To report to the Committee on the outcome of the consideration by the Corporate Governance Task Group of the review of:

- the Councillors' Code of Conduct (see paragraph 4 below),

- the Social Media Guidance for Councillors (see paragraph 5 below), and
- the 15 Best Practice Recommendations of the Committee on Standards in Public Life (see paragraph 6 below),

2. Strategic Priorities

- 2.1 The work undertaken by the Task Group will assist the Council in achieving its value of being open and accountable to our residents.

3. Background

- 3.1 At its meeting on 28 March 2019, this Committee received the Monitoring Officer's Annual Report on allegations of misconduct against borough and parish councillors for 2018. Part of that report included reference to recommendations contained in a report published by the Committee on Standards in Public Life (CSPL) on *Local Government Ethical Standards*¹. Although some of the recommendations required primary legislation to implement the changes sought, the CSPL also put forward a number of best practice recommendations for local authorities to consider which did not require changes in the law. The Committee noted that the Council already complied, or partially complied, with some of the best practice recommendations and authorised the Monitoring Officer to take the necessary steps to ensure compliance with them and submit reports as appropriate to this Committee in due course.
- 3.2 Following the Borough Council elections in May 2019, the Council at its meeting on 8 October 2019, adopted a motion which, amongst other matters, requested the establishment of a task group to examine the effectiveness of internal communications and promote transparency. The Committee, at its meeting in November 2019, set up its own task group to review the Best Practice Recommendations, review the work undertaken by a previous task group which conducted a separate review of the Protocol on Councillor/Officer Relations, and also to undertake the work agreed by the Council.
- 3.3 The cross party task group comprising a representative from each political group on the Council plus a co-opted independent member and a co-opted parish representative on the Committee has met on six occasions since it was established and has considered and completed its review of the Councillors' Code of Conduct, the Social Media Guidance for Councillors, and the Best Practice Recommendations.

4. Review of the Councillors' Code of Conduct

- 4.1 Local authorities, including parish councils, have a duty, under s.27 Localism Act 2011, to promote and maintain high standards of conduct by their members and co-opted members. In discharging this duty, a council must adopt a code dealing with the conduct that is expected of its members and co-opted members when they are acting in that capacity.

¹ <https://www.gov.uk/government/publications/local-government-ethical-standards-report>

4.2 Under s28(1) of the 2011 Act, the code is required, when viewed as a whole, to be consistent with the following principles:

- (a) selflessness;
- (b) integrity;
- (c) objectivity;
- (d) accountability;
- (e) openness;
- (f) honesty;
- (g) leadership.

4.3 Furthermore, the 2011 Act requires a council to secure that its code of conduct includes the provision the authority considers appropriate in respect of the registration and disclosure of:

- (a) pecuniary interests, and
- (b) interests other than pecuniary interests.

4.4 Prior to the 2011 Act, all councils were required to adopt a Model Code of Conduct. This Council adopted its current code of conduct in July 2012, and subsequently made some minor amendments in 2014. It has not been reviewed since then. One of the Best Practice Recommendations contained in the CSPL's report referred to above, was that councils should frequently review their codes of conduct. The review of Guildford's code of conduct is, therefore, long overdue.

Parish Councils

4.5 Currently, there is no statutory requirement for parish councils to adopt the same, or substantially the same, code of conduct as the principal authority (the Borough Council). When the Council adopted the current code in 2012, all parish councils within the borough were invited to, and most did, adopt the GBC Code of Conduct, with appropriate amendments. Having a uniform code of conduct across all parish councils ensures a consistent approach with clearly defined expectations of conduct and greatly assists the Monitoring Officer when dealing with allegations of misconduct by parish councillors.

4.6 One of the CSPL's recommendations to Government referred to in their report was to amend Section 27(3) of the Localism Act 2011 to state that parish councils must adopt the code of conduct of their principal authority, with the necessary amendments, or the new model code².

Task Group's consideration of the proposed revised Code of Conduct

² CSPL has also recommended that the LGA updates a national Model Code of Conduct that councils could consider adopting.

- 4.7 In reviewing the Code, the Task Group considered those Best Practice Recommendations suggested by the CSPL (nos.1 to 5), which were directly relevant to codes of conduct, notably Recommendation 1:
- “Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition”.*
- 4.8 In addition, following research by officers, the Task Group reviewed examples of other councils’ codes of conduct particularly in respect of matters covered by other codes which were not currently included in Guildford’s.
- 4.9 In considering the revised Code, the Task Group has tried to avoid being overly prescriptive. The CSPL in its report acknowledges that codes of conduct “cannot be written to cover every eventuality, and attempts to do so may actually make codes less effective. They should therefore not be ‘legalistic’ in tone, or overly technical in style³.” However, the Task Group were also keen to encourage robust challenge from councillors provided always that, in so doing, they conduct themselves in a respectful manner.
- 4.10 Following consideration of proposed revisions to the Code of Conduct which now include:
- a definition of “bullying” and “harassment” and examples of behaviour covered by such definitions,
 - a new requirement for councillors to register and declare non-pecuniary interests, and
 - revisions to the section of the Code dealing with Gifts and Hospitality

the Task Group agreed to consult all borough councillors and all parish councils on the proposed revisions. The consultation took place from 5 March to 31 May 2020. Summaries of the responses received from councillors and parish councils are attached respectively as **Appendices 1 and 2**.

- 4.11 The Task Group met on 24 June 2020 to consider the responses and made further revisions to the Code. A copy of the revised draft Code of Conduct, as now proposed by the task group, is set out in **Appendix 3**.

5. Review of the Social Media Guidance for Councillors

- 5.1 The increasing prevalence of social media in our personal and professional lives, whilst hugely beneficial on the one hand by enabling instant engagement and communication (and re-communication) of information and opinion, can also, if used improperly by councillors, lead to Code of Conduct complaints.

³ Chapter 2: Codes of Conduct and Interests (p.42)

5.2 As the Council first introduced guidance on the use of social media by councillors in 2014, the opportunity has been taken to review the guidance in light of changing social media trends and increasing usage.

5.3 The Task Group has reviewed the guidance and the revised version is set out as **Appendix 3** to this report.

6. Review of the Best Practice Recommendations of the Committee on Standards in Public Life

6.1 The Task Group considered each of the 15 Best Practice Recommendations proposed by the CSPL. This included an assessment of the extent to which the Council currently complied with the recommendations and commentary on actions the Council could take to ensure future compliance. As some of the Best Practice Recommendations were directly relevant to parish councils, the Task Group agreed to consult all parish councils in that regard as part of its consultation on the proposed revisions to the Code of Conduct.

6.2 The table in **Appendix 4** to this report shows each of the 15 best practice recommendations of the CSPL, together with the Task Group's initial commentary regarding the Council's current practices and an assessment of the extent to which they were compliant with best practice, the input from a number of parish councils who responded to the consultation, and the task group's comments in response to parish councils' comments. to the Committee.

6.3 The recommendations at the beginning of this report include the Task Group's recommendations in response to each of the 15 Best Practice Recommendations. Some of these require minor amendments to the Council's adopted Arrangements for dealing with allegations of misconduct by councillors.

7. Consultations

7.1 As indicated above, separate consultations have taken place with councillors and with parish councils in respect of the review of the Code of Conduct.

8. Key Risks

8.1 Failure to review and update our code of conduct and social media guidance would not only amount to a lost opportunity to ensure that these documents reflect current circumstances, but may also be interpreted as a failure to comply with our duty under s.27 Localism Act 2011 to promote and maintain high standards of conduct.

9. Financial Implications

9.1 There are no financial implications arising from the recommendations in this report.

10. Legal Implications

- 10.1 These are referred to in Section 4 of this report in the context of the review of the Code of Conduct and the Council's duty to promote and maintain high standards of conduct.
- 10.2 In addition, the Council must also, by virtue of s28(6) Localism Act 2011, have in place arrangements for dealing with allegations of misconduct by councillors, which are referred to in paragraph 6.3 above and in Appendix 5.
- 10.3 There is no statutory requirement for a council to adopt social media guidance for councillors.

11. Human Resource Implications

- 11.1 There are no HR implications arising from the recommendations in this report.

12. Equality and Diversity Implications

- 12.1 Public authorities are required to have due regard to the aims of the Public Sector Equality Duty (Equality Act 2010) when making decisions and setting policies. The Council has a statutory duty under section 149 of the Equality Act 2010 which provides that a public authority must, in exercise of its functions, have due regard to the need to

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the 2010 Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 12.2 This duty has been considered in the context of the recommendations in this report and it has been concluded that the proposed revisions to the Councillors' Code of Conduct (Appendix 3) will assist the Council in ensuring, and encourage local parish councils to ensure, the highest standards of conduct by councillors, which have due regard to (a), (b), and (c) above.
- 12.3 There are no other equality and diversity implications arising directly from the recommendations in this report.

13. Climate Change/Sustainability Implications

- 13.1 There are no climate change/sustainability implications arising from the recommendations in this report.

14. Summary of Options

- 14.1 The range of options in this report are as follows:

- (1) To adopt the revised Councillors' Code of Conduct set out in Appendix 3.
 - (2) To retain the existing Code of Conduct set out in Part 5 of the Council's Constitution.
 - (3) To adopt the revised Social Media Guidance for Councillors set out in Appendix 4.
 - (4) To retain the existing Social Media Guidance for Councillors
 - (5) To adopt all the Task Group's recommendations in response to the 15 Best Practice Recommendations of the Committee on Standards in Public Life
 - (6) To not adopt or amend the recommendation referred to in (5) above
- 14.2 The Corporate Governance Task Group recommends Options (1), (3), and (5) above.

15. Conclusion

- 15.1 This is the first report to this Committee on the outcome of the Corporate Governance Task Group's consideration of a range of matters under its purview. It proposes a number of recommendations to Council, the Executive and to this Committee that, taken together, will bring up to date the Councillors' Code of Conduct and social media guidance for councillors, and address the 15 Best Practice Recommendations of the Committee on Standards in Public Life.

16. Background Papers

- Guidance on Councillors' use of Social Media and Mobile Devices (December 2014)
- Council Constitution Part 5: Codes and Protocols

17. Appendices

- Appendix 1: Summary of responses from borough councillors to the consultation on the review of the Code of Conduct for Councillors
- Appendix 2: Summary of responses from parish councils to the consultation on the review of the Code of Conduct for Councillors
- Appendix 3: Draft Revised Code of Conduct for Councillors as recommended by the Corporate Governance Task Group
- Appendix 4: Draft Revised Social Media Guidance for Councillors
- Appendix 5: Table showing CSPL Best Practice Recommendations with Task Group comments, Parish Councils' comments, and officer response

Please ensure the following service areas have signed off your report. Please complete this box and do not delete.

Service	Sign off date
<i>Finance / S.151 Officer</i>	
<i>Legal / Governance</i>	
<i>HR</i>	
<i>Equalities</i>	
<i>Lead Councillor</i>	
<i>CMT</i>	
<i>Committee Services</i>	

This page is intentionally left blank

**Review of Councillors' Code of Conduct
Consultation with Councillors**

Councillor	Comment	Officer Response
Cllr Paul Spooner 7 March	Have all the tracked changes been checked and supported by Lawyers who specialise in public service, HR and/or Human rights?	The changes proposed to the Code of Conduct have been seen and approved by the Monitoring Officer
Cllr Fiona White 10 March	I have no problem with any the contents of the proposed Code of Conduct. However, I am not sure what sanctions are open to the council if any councillors breach the Code. I am particularly concerned about the protection given to officers who may be subject to bullying or harassment of any kind. Is there anything the council can do under those circumstances?	The process of reviewing the Code of Conduct will not include a review of sanctions. This has, however, been addressed by the Committee on Standards in Public Life (CSPL) in its report on Local Government Ethical Standards published last year. CSPL has asked the government to look at changing the law to give the standards process “more teeth”, for example by giving power to standards committees to suspend a councillor and withdraw their allowances for up to six months.
Cllr Deborah Seabrook 20 April	<p>2 (2) (b) (i) should read ‘.....distress, the spreading of malicious rumours’ Or ‘.....distress, spreading malicious rumours’</p> <p>2 (2) (b) (ii) Think this should also include damage to someone’s business or reputation. Also, I’m concerned that it might be difficult to prove intention so perhaps you need to amend to ‘may in the mind of a reasonable observer have the potential effect of inciting harassment or ridicule or having detrimental impact on a person’s business or reputation.’</p> <p>2 2 (b) (viii) Perhaps there needs to be a caveat....’ other than for grounds of demonstrable lack of competence’</p> <p>24 (4) and (5) Seem to slightly conflict. Under (4) we are prohibited</p>	<p>2 2 b (i): Delete “the”</p> <p>2 2 b (ii) MO to comment</p> <p>2 2 b (viii): Recommend no change. There is a separate process for complaining about the actions of officers. If councillors feel that an officer lacks competence the matter should be taken up with their line manager. The code of conduct seeks to prevent undermining by constant criticism.</p>

Councillor	Comment	Officer Response
	<p>from accepting gifts / hospitality valued at £50 or more. And (5) says if we do accept we should tell the monitoring officer. Surely (5) won't arise if we follow (4)?? Or perhaps the value in (5) should be £25 so that you can accept up to £50 but have to declare if between £25 and £50.</p> <p>25 (d) is difficult to read with all the amendments but I think it should say 'Individual gifts with a value of less than £50 and that are not part of a series of gifts from the same donor (or their associates) with a combined value of £50 or more'</p> <p>26 At the end it should say 'charity <u>or</u> raffle'</p>	<p>Fair comment.</p> <p>Fair comment.</p> <p>Agreed</p>
<p>Cllr Tony Rooth 21 May</p>	<p>25b -incidental instead of accidental ?!</p>	
<p>Cllr Catherine Young 21 May</p>	<p>I have already responded to this consultation as part of West Horsley Parish Council.</p>	
<p>Cllr John Redpath 22 May</p>	<p>I have now read the document and it appears very sound and the alterations good.</p> <p>This is only minor, but there is one small contradiction in terms at 24(4) where it states we should 'never accept' gifts of £50 or more. The following paragraphs then mention what to do with gifts of £50 or more?</p> <p>Could I suggest that there is a proviso under 24 that we should never accept gifts of £50 or more other than under conditions mentioned/stated in paras 25 to 28.</p> <p>Or replace the words 'never accept' with something a little less stringent in 24(4)</p>	<p>This section needs to be re-worded (see Cllr Seabrook's comments above)</p>

Councillor	Comment	Officer Response
<p>CLlr David Bilbe 22 May</p>	<p>I have had another look at this and it all seems fine. That said I cannot remember if there is some wording which places responsibility to exercise sensible discretion as the responsibility of any individual councillor. Generally if people think it feels wrong then it probably is. A bottle of wine worth £49.99 would be a very generous gift and it would be wholly incorrect for a councillor to accept it. A family ticket to the County Show may be more debatable but for me personally I have always refused such. I was offered 4 tickets to the pantomime at YA a couple of years ago and that was dealt with by suggesting that they be given to a deserving family which may not be able to go for financial reasons and that was done via an appropriate charity. A win all round and no-one was offended.</p> <p>I have similar issues in my profession and it is covered by a good ethical code issued by the Bar Council. I am happy to send you a copy if you are short of light reading!! It places the responsibility on me to exercise proper judgment with the backdrop that gifts are not appropriate.</p>	<p>MO to comment</p>
<p>CLlr Joss Bigmore 22 May</p>	<p>I agree with CLlr Bilbe, we have a responsibility to act sensibly and any acceptance of gifts should pass the 'Front Page Test' of Public Opinion, whether we need an arbitrary value cap I'm not so sure.</p> <p>That being said (and I'm well out of my comfort zone here so I may be wrong) following the Financial Crisis there was a new Bribery Act brought in (2010) which alongside making acceptance of bribes a Criminal Act, also made it a Corporate Offence if a company was seen to have failed to prevent Bribery. I'm not sure if this could apply to GBC, if so we may need to detail this in the Code to define this concept of 'sensible acceptance'.</p>	<p>MO to comment</p>

Councillor	Comment	Officer Response
<p>Cllr David Bilbe 22 May</p>	<p>Joss I will spare you the legal opinion which would not really add much!! You are generally quite correct. There are all sorts of interactive components of legislation which prevent anything other than honest objectivity in corporate, public and personal life. The interaction of civil and criminal law occupies pages of text. As it happens I am attending an on line seminar on that subject at Middle Temple in June.</p> <p>You comment about the sniff test and public perception is the best guide along with clearly stated policies – which we have.</p>	<p>MO to comment</p>
<p>Cllr Caroline Reeves 22 May</p>	<p>I don't have anything to add and I have seen the comments made by other councillors. This is certainly much stronger than the version we have been using and clearly covers the bullying and harassment issues.</p>	
<p>Cllr Paul Spooner 22 May</p>	<p>I also agree and thought needs to be applied to a 'number' and context of 'gift'. How do you apply a monetary value (or even classification of 'gift' if you are accepting a breakfast reception, or alternatively a lunch reception, at RHS Chelsea, because you are accompanying the MD (CEO) of the Council along with other LA Leaders and Officers from across the country, for presentations on partnership between an organisation Headquartered in our Borough and LAs. Those presentations are on the RHS Chelsea grounds (albeit clearly not this year) and include access to the showgrounds. The 'perceived' value of that is considerable, is that a 'gift' or a necessary part of leadership of a Council as an Officer or a politician?</p> <p>This requires a common sense approach. It is easy to attack from outside a Council, but not so easy when you are running a Council</p>	

Councillor	Comment	Officer Response
	<p>within a national context and 'grey' areas are everywhere. The 'sniff test' for me is key IMO – a Lead Member accepting a gold watch or pen from a developer is clearly unacceptable IMO, but an invitation to join 25 other Council Leaders, MPs, Lords etc at a meeting that coincides with hospitality – less clear IMO – could be a 'gift' or representing a Council and lobbying for funding?</p> <p>Within reason, representing the Council is part of a Councillors role, but should certainly not be a way of receiving gifts of any value or form without an acceptable reason that is tied to promotion or activity of the Council for the benefit of the community.</p>	
<p>Cllr Angela Gunning 22 May</p>	<p>David Bilbe's comments about tickets to YA panto caught my eye. The offer of 6 tickets to the panto had always – until recently – always been worded to make it clear that they were for the Cllr to give away to a family/ies in their ward. And this I have always done, in cooperation with a local school.</p> <p>However recent letters from YA re panto tickets have not made it clear that these were for distribution. And probably new/fairly new cllrs will not be aware of this practice.</p> <p>Whether a 'gift' is worth more than £50 I suppose depends on perception. one can hardly ask 'how much did you pay for this?'. .</p> <p>Disclosable Pecuniary interests I think are more important than bottles allegedly worth more than £50,</p> <p>Private Eye is regularly full of revelations on conflicts of interest.</p>	
<p>Cllr Susan Parker 22 May</p>	<p>What about training – is that a benefit, if GBC has sent us on a training day? What about representing the Council at a conference</p>	

Councillor	Comment	Officer Response
	<p>– is that a benefit or work? What about lunch at such an event – is that a benefit in kind?</p> <p>This document appears to be backdated to 2012 – surely rules can only ever apply from the date they are agreed – you can’t make rules retrospectively (anything else must be a breach of our human rights, surely – we can’t have breached a rule last year that wasn’t yet written!??). So the date at the beginning has to be the date the new rules are agreed, and the existing rules must apply until then.</p> <p>In any case, there are an awful lot of changes here- it’s almost doubled in length –and it’s not just about benefits in kind. We need to look at this whole document carefully. I am very uncomfortable with some of the phrasing re non-pecuniary interests. If we need to disclose those in future fine – but we can’t be in breach if we didn’t disclose membership of eg WWF or a local football club last year when we didn’t know we needed to do so...</p> <p>There is a lot of muddled drafting here. Quite a lot of clauses contradict each other and there are a number of words defined twice with definitions which don’t say the same thing and so contradict each other.</p> <p>I think this document’s just not ready to be agreed- it should go back to the Task Force for some re-writing. It can be agreed later when the problems have been resolved. I suggest we flag comments of things we’ve noticed but postpone ratifying this - it’s really not ready. We have an existing code of conduct now which works for now.</p>	<p>Reference in para 1 (1) of the code to 2012 has been deleted</p>
<p>Cllr David Bilbe 23 May 12.14</p>	<p>We need to be clear about non-pecuniary interests. They normally relate to family, friends or other connections such as membership of</p>	

Councillor	Comment	Officer Response
	<p>clubs or societies which can lead to bias because of that connection. Bias and pre-determination are inextricable linked. However just because a person knows who another one is does not lead to a declaration of non-pecuniary interest. All Councillors accept by virtue of their election and office to abide by the good practice of objectivity and open-mindedness – the Localism Act. I have no intention for example of declaring that I know who someone is on every application for planning in my ward in case on non-pecuniary interest. That would be absurd and alert a point of potential conflict when none exists at all. It is about exercising judgment. Out of 2300 voters I probably recognise 500 or more in my village. That is irrelevant to the issue of declaring a non-pecuniary interest. It really is whether your knowledge of a person or anything else would lead to a Councillor being biased in decision-making. If there is a concern – ask the monitoring officer – then exercise judgment. Fact is it will only ever be a real problem if a person has valid grounds for complaint because something can be shown to have been dealt with inappropriately.</p>	
<p>Cllr Nigel Manning 23 May</p>	<p>Knowing someone is one thing, as you say. However, socializing with someone in a personal capacity would in my opinion create a non-pecuniary interest to be declared. Being a member of the same club would not necessarily require a declaration. It is a common sense issue!! What would the man on the Clapham Omnibus think?</p>	
<p>Cllr Ramsey Nagaty 25 May 10.23</p>	<p>I have read through the document which has very many new additions some of which duplicate themselves but with different wording and very different meaning in some cases as well as many inconsistencies.</p> <p>A lot of the new clauses seem to restrict Councillors from any challenge or query about Officers or Councillors behaviour as that</p>	

Councillor	Comment	Officer Response
	<p>is classed as bullying yet the clause before states all Councillors should show leadership and challenge poor behaviour. The general weight of the document appears skewed in restricting Councillors.</p> <p>The Localism Act 2011 is the Act, in my view we should not be adding to it. There maybe a case for putting clarifications and examples within the Guide to being a Councillor but not necessarily within the Code of Practice.</p> <p>The clause covering legal proceedings attempts to distance GBC but could leave a Councillor open to personal legal challenge over some minor lapse or error and opens up a way to control and limit Councillors.</p> <p>Examples of inconsistencies:</p> <p>There are at least two different definitions of bullying within the same document.</p> <p>There are two b(ii) clauses.</p> <p>The number of inconsistencies show this draft has been quickly put together and needs scrutiny.</p> <p>Those appointed to represent GBC on outside bodies or other Committees usually accept as they have an interest in that topic or subject / activity. It would seem wrong to restrict them from then being involved in discussions and voting on any matter relating thereto. This would scew the elected proportionality of the Council. This jars with the clause which confirms those associated with campaigning groups can still participate and vote on related matters to that campaign.</p>	<p>There is one definition which is followed by examples</p> <p>This has been amended</p> <p>The wording in the draft Code does not restrict councillors with a non pecuniary interest from participation or voting in a meeting: “21. You can participate in any discussion and (where applicable) vote on any matter in which you have a non-pecuniary interest unless you consider, having taken advice from the Monitoring Officer, that the interest is one that would affect your objectivity in relation to that matter, in</p>

Councillor	Comment	Officer Response
	<p>The document clearly should be dated currently, not as at present with 5th July 2012 !!!, as the date it is voted on and approved by the ? Full Council? Exec? Corp Gov and stds committee?</p> <p>I strongly feel once initial comments received from Councillors a line by line word by word forensic analysis needs to be undertaken by the current Corp Gov & Stds Task force sub committee.</p> <p>The reasons for desired change have not been discussed or debated. It has been stated in current responses that some do not feel the old code is strong enough. Who are they and what is it precisely they want to change and what is the real motive? Even if that is all correct , why the rush to implement a new code without going through the normal procedures.</p>	<p>which case you should withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting. “</p> <p>Reference in para 1 (1) of the code to 2012 has been deleted.</p>
Cllr John Rigg 25 May	<p>A great note Ramsey. Exactly my concerns. So if a councillor queries history, failures, poor practice, waste etc it is bullying. Exactly the things the voters might think we are elected to do.</p>	
Cllr David Bilbe 25 May	<p>It is a good note. However comprehensive the rule book and the eventualities it contemplates, it does not deal with the most important matter and that is individual responsibility to ensure that standards of appropriate behaviour should prevail. That is something which I take full personal responsibility for. If it feels wrong it probably is. The rule book and code of conduct either governs how people should act before they do or how they will be dealt with if they do not. Or both.</p>	

Councillor	Comment	Officer Response
Cllr Ann McShee 26 May	No comments	
Cllr Bob McShee 26 May	No comments	
Cllr James Walsh 29 May	<p>The Task Group will need to look at all the comments received during the consultation and decide what to recommend to the CGSC. I think other councillors have picked up on the definition and examples of bullying and harassment.</p> <p>As far as registration of non-pecuniary interests is concerned, yes I would expect all councillors who are members of a political party to include that on their register of interests, and declare that interest whenever it is appropriate – along the lines you have indicated.</p> <p>In relation to tickets, it is always best to err on the side of caution. I think that the guidance could be clearer and reference to council sponsored events should read “events organised by, or on behalf of, the Council”.</p>	Agreed
Cllr Fiona White 3 June	<p>I have had a look through the various comments on the code of conduct and it looks as though the concerns fall into two categories. The first seems to be about Declarations of Interest and gifts. I think the Declarations bit was fairly clear. When it comes to gifts, I tend to use the duck test ie if it looks like a duck, walks like a duck and sounds like a duck, it’s a duck. Or to be a bit clearer, if a councillor attends on behalf of the council, that seems to me to be normal working practice and therefore is not treating or bribing. If someone offers you a free holiday in Monaco.....</p> <p>Some of the comments relate to the references to “bullying”. I find them a bit more difficult to understand. I can’t see anything that</p>	

Councillor	Comment	Officer Response
	<p>says we cannot question officers, challenge them or even criticise them just means that we have to do it while still respecting them in their workplace. For comparison, I had a look at the council's local bullying and harassment procedure and it is far more strongly worded than anything in the councillors' code. Surely none of us, as councillors or as people, want to treat people in such a way that we demoralise them or make their working lives miserable. We are expected to deal with each other with respect as councillors, despite our very strong differences of opinion. I have heard some very sharp intakes of breath when a councillor is perceived to have overstepped that line. Surely we owe the same to our professional officers.</p> <p>If we have not been able to resolve issues by the usual processes of discussion, questioning and challenge (and by the way, that doesn't always mean that councillors are right), it is not for us to performance manage officers. Ultimately that is the role of James Whiteman as Head of Paid Service.</p> <p>Personally, I am happy for the Code of Conduct to be adopted as drafted. I can't see any reason for that to stop me from questioning things I disagree with or challenging where I think officers have got things wrong. I just have to remember how to treat people with respect while I'm doing it.</p>	
Cllr John Redpath 3 June	<p>Really good point with regard to bullying. Respect is the key and officers shouldn't mix up a challenging councillor with a bullying one. If any of us (councillors or officers) make decisions then we should accept the fact that others may have a different view or opinion otherwise what is decision making for?</p> <p>It is the democratic way to have debates and occasionally arguments but we must make sure these remain respectful.</p>	

Councillor	Comment	Officer Response

**Review of Councillors' Code of Conduct
Consultation with Parish Councils**

Parish Council	Comment	Officer comment
West Horsley 24 March	The Parish Council were supportive of the proposed amendments to the Code of Conduct and of the Task Group's recommendations.	
Ripley 25 March	RPC agrees with all the recommendations and adaptations to the Code of Conduct.	
Worplesdon 8 April	<p>(1) For convenience, it would be helpful if the document contained page numbers.</p> <p>(2) Page 1 – Para 2 – First sentence –Insert the word “Nolan” before principles i.e. “the following Nolan principles” as this ties in with Government advice https://www.gov.uk/government/publications/the-7-principles-of-public-life regarding the ethical standards to which Councillors should adhere.</p> <p>(3) Our Councillors are taught that it is illegal for any one Councillor to act alone (unless prior approval is granted by the Corporate Body, and then the Councillor is expected to copy the Clerk – as the Proper Officer – into all correspondence). In addition, we don't have any Lead Members – so paragraph 22 is going to be confusing, as it stands, if the Parish Councils have to adopt exactly the same Code of Conduct as the Borough Council.</p>	<p>(1) The final version of the Code will be paginated</p> <p>(2) The wording in the draft Code reflects the wording of S.28 Localism Act 2011, which does not specify “Nolan” principles.</p> <p>(3) Currently, parish councils are <i>encouraged</i> to adopt a code of conduct that reflects the layout and content of GBC's code. In doing this, we would not expect parish councils to include in their code references to arrangements that do not directly apply to them (e.g. Lead Members). The CSPL is recommending a change in the law to require parish councils to adopt the code of conduct of their principal authority, “but with the necessary amendments” (i.e. an ability to modify the principal authority's code, whilst maintaining the key generic obligations)</p>
Effingham 9 April	Effingham Parish Council (EPC) recognises the work of the Task Group and thanks them for producing the new version of the Code. EPC uses the GBC Code of Conduct as its Code of Conduct and Standards policy for councillors. All complaints against councillors,	(1) Do parish councils indemnify parish councillors engaged in the discharge of parish council functions? If they do, the point in para 1(6) is that any indemnity insurance is not likely to cover action by a parish councillor which

Parish Council	Comment	Officer comment
	<p>which come via the Clerk or Chairman, are referred to the GBC Monitoring Officer.</p> <p>EPC’s comments on the revised Code of Conduct document are:</p> <p>(1) As the Code of Conduct is used by EPC there are some areas where the distinction between GBC councillor and parish councillor may need to be clearer. Para 1 (6) – does the indemnity automatically apply to parish councillors? Para 9 (i) is very GBC orientated, perhaps it could also, in the case of parish councils, refer to parish councillor/clerk relations, and documents relevant to parish councils such as ‘Being a Good Employer’ published by NALC. Part 2 paras 19, 21, 23, and Acceptance of Gifts:24 (5), and 26, 27, 28, and Dispensations: 29, 30, should these say, rather than just Monitoring Officer, “the Parish Clerk in the case of Parish Councils”.</p> <p>(2) Para 2 (2) (b) on bullying and harassment whilst very important now has half a page devoted to it which tends, visually, to reduce the significance of the other important obligations: respect, equality, intimidation and compromising impartiality. The reason is that the new items in blue are unnecessarily long, the points in red summarise the position succinctly and do not over-power the other obligations referred to above. We would therefore recommend the points in blue be deleted</p>	<p>amounts to misconduct, and which affects a third party. If parishes do not provide indemnity, this need not be included in their respective codes.</p> <p>References to Protocol on Councillor/Officer Relations, the Guidance on the Use of Social Media and Mobile Devices, and the Probity In Planning – Councillors’ Handbook, which don’t apply to parish councils, could be substituted with references to relevant documents that <i>do</i> apply to a particular parish council (e.g. parish councillor/clerk relations).</p> <p>In Part 2: Paras 19, 21, 23, 24 and 26-30, we would expect parish councils to amend their code to suit local circumstances.</p> <p>In practice parish councillors complete their registers of interest forms and pass them to the parish clerk, who uploads them to the parish website and sends the original form to GBC Monitoring Officer (Para 19).</p> <p>We would expect parish councillors to consult initially with the clerk about whether a non-pecuniary interest would prevent them from participating in a debate. The clerk may consult with the MO if necessary (Para 21).</p> <p>Para 23 relates to Para 22 which would not be relevant to parish councils.</p> <p>In Para 24(5), again, we would expect parish councillors to notify initially the clerk of the acceptance of any gift or hospitality, which would require a change to their</p>

Parish Council	Comment	Officer comment
		<p>register of interests. The parish clerk would upload the change to the parish website and notify the MO.</p> <p>We agree that parish councils could substitute “parish clerk” in place of “Monitoring Officer” in paras 26-28.</p> <p>Parish clerks have no lawful authority to grant dispensations (paras 29 and 30). This responsibility rests with the MO.</p> <p>(2) The wording in Para 2 (2) (b) on bullying and harassment as currently proposed is appropriate.</p>
East Horsley 15 April	No comments	
Shere 14 May	No comments	
Send 21 May	Send PC supports GBC’s review of Best Practice Recommendations and changes to the Code of Conduct to include stronger prohibitions on bullying and harassment.	
Ockham 27 May	No comments	

This page is intentionally left blank

GUILDFORD BOROUGH COUNCIL

CODE OF CONDUCT FOR COUNCILLORS AND CO-OPTED MEMBERS

PART 1

GENERAL PROVISIONS

Introduction and Interpretation

1. (1) This [version of the](#) Code came into effect on ~~5 July 2012~~ and applies to you only when acting in your capacity either as a councillor or co-opted (voting) member of the Council or its committees and sub-committees.
- (2) It is your responsibility to comply with the provisions of this Code which will assist the Council in meeting its statutory obligation to promote and maintain high standards of conduct by its councillors and co-opted members in accordance with the following principles:
 - **Selflessness.** Holders of public office should act solely in terms of the public interest.
 - **Integrity.** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.
 - **Objectivity.** Holders of public office must act and take decisions impartially fairly and on merit using the best evidence and without discrimination or bias.
 - **Accountability;** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 - **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - **Honesty.** Holders of public office should be truthful.
 - **Leadership** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

[Definition of terms](#)

- (3) In this Code:

“bully” means to persistently display offensive, intimidating, malicious or insulting behaviour, which may involve an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient.

“harass” means the undertaking of an act or series of acts which are intended to cause alarm or distress (for example the making of malicious or false assertions, whether publicly or privately) and in the context of a relevant protected characteristic defined in the Equality Act 2010 to display unwanted conduct which has the purpose or effect of violating an individual’s dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual.

A “disclosable pecuniary interest” is an interest within the prescribed descriptions set out below that you have personally, or is an interest of your spouse or civil partner, a person with whom you are living as husband and wife, or a person with whom you are living as if you were civil partners, and you are aware that that other person has the interest:

<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M’s knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.

Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
------------	---

These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31 (7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

“meeting” means any meeting of:

- (a) the Council;
- (b) the Executive of the Council;

- (c) any of the Council's or its Executive's committees, sub-committees, joint committees, joint sub-committees or area committees, including any site visit authorised by the Council, the Executive or any of the aforementioned committees.

A "non-pecuniary interest" is an interest which is not a disclosable pecuniary interest (as defined above) but is nonetheless an interest that may in the mind of a reasonable observer affect your objectivity or judgement of the public interest. Examples of non-pecuniary interests include but are not limited to:

(a) membership of organisations to which you have been appointed or nominated by the Council and in which you hold a position of general control or management, or

(b) membership or holding a position of general control or management of any body that:

- exercises functions of a public nature
- is directed to charitable purposes
- one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

- (4) This Code does not cover matters in respect of which the Localism Act 2011 specifically provides that criminal sanctions will apply.
- (5) A failure of a councillor or co-opted member to comply with this Code is not to be dealt with otherwise than in accordance with arrangements approved by the Council under which allegations of such failure can be investigated and decisions on such allegations can be made. In particular, a decision is not invalidated just because something that occurred in the process of making the decision involved a failure by a councillor or co-opted member to comply with the Code.
- (6) Councillors may in their individual and personal capacity be subject to legal proceedings from third parties aggrieved by an action which also amounts to a breach of this Code. Councillors should be aware that the legal indemnity provided by the Council to Councillors engaged in the discharge of Council functions is unlikely to cover actions which constitute breaches of this Code.

General Obligations

2. (1) You must treat others with respect.
- (2) You must not:
- (a) do anything which may cause the Council to breach any of the equality enactments;
- (b) bully or harass any person. Examples of bullying/harassing behaviour include but are not limited to:
- (i) malicious falsehood, actions (whether by speech, written communication (including by email, text message, etc), or via social media which are intended to cause alarm or distress, spreading malicious rumours, or insulting someone by word or behaviour

(ii) the broadcast of confidential or private correspondence (whether by forwarding, copying, or reproducing that correspondence in a wider or public forum) where you know or ought to know that it would have the effect of inciting harassment or ridicule or having a detrimental impact on a person's reputation or business

(iii) exclusion or victimisation

(iv) unfair treatment

(v) overbearing supervision or other misuse of power or position

(vi) unwelcome sexual advances – touching, standing too close, the display of offensive materials, asking for sexual favours, making decisions on the basis of sexual advances being accepted or rejected

(vii) making threats or comments about job security without foundation

(viii) deliberately undermining by constant negative criticism rather than to complain to the appropriate manager or supervisor

(ix) preventing individuals progressing by intentionally blocking promotion or training opportunities.

(c) intimidate or attempt to intimidate any person who is or is likely to be:-

(i) a complainant,

(ii) a witness, or

(iii) involved in the administration of any investigation or proceedings,

in relation to an allegation that a councillor or co-opted member (including yourself) has failed to comply with this code of conduct; or

(d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council.

3. You must not:

(a) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:

(i) you have the consent of a person authorised to give it;

(ii) you are required by law to do so;

(iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or

(iv) the disclosure is:

(aa) reasonable and in the public interest; and

- (bb) made in good faith and in compliance with the reasonable requirements of the Council¹; or
- (b) prevent another person from gaining access to information to which that person is entitled by law.
4. You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or the Council into disrepute, or in a manner which is contrary to the Council's duty to promote and maintain high standards of conduct by councillors and co-opted members.
5. You:
- (a) must not use or attempt to use your position as a councillor or co-opted member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and
- (b) must, when using or authorising the use by others of the Council's resources:
- (i) act in accordance with the Council's reasonable requirements;
- (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and
- (c) must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
6. (1) When reaching decisions on any matter you must have regard to any relevant advice provided to you by the Council's Chief Finance Officer or Monitoring Officer where that officer is acting pursuant to their statutory duties.
- (2) You must give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the Council.
7. If you are the subject of a complaint, you have a duty to cooperate with any investigation and to respond promptly and comply with any reasonable requests from the Investigating Officer for such things as interviews, comments on draft meeting/ interview notes or the provision of information necessary for the conduct of an investigation.
8. You must not make trivial, politically motivated, or malicious allegations of misconduct against other councillors.
9. In addition to compliance with this Code of Conduct, you are also expected to comply with:
- (i) the relevant requirements of the Protocol on Councillor/Officer Relations, the Guidance on the Use of Social Media and Mobile Devices, and the Probity In Planning – Councillors' Handbook, and
- (ii) any reasonable request by the Council that you complete a related party transaction disclosure

PART 2

¹ Means the councillor should always consult the Monitoring Officer before taking a decision on whether or not to disclose confidential information

INTERESTS

Predetermination

10. (1) Where you have been involved in campaigning in your political role on an issue which does not impact on your personal and/or professional life you should not be prohibited from participating in a decision in your political role as a councillor.

(2) However, you should not place yourself under any financial or other obligation to outside organisations that might seek to influence you in the performance of your official duties.

(3) When making decisions you must consider the matter with an open mind and on the facts before the meeting at which the decision is to be made.

(4) If a councillor considers that they could be biased or they have predetermined their position to a decision, he or she should disclose this and should not take part in the decision-making process whenever it becomes apparent that the matter is being considered.

Registration of Disclosable Pecuniary Interests

11. As a councillor or co-opted member of the Council you must avoid participating in any decision where you could reasonably be seen as having an interest which compromised your honesty or objectivity. Equally you should avoid any action which might reasonably lead others to conclude that you were not acting selflessly or with integrity. In order to assist with this and to promote openness and accountability, the Monitoring Officer must, by law, establish and maintain a register of interests, open for inspection by the public at the Council's offices and publicly accessible on our website:

<http://www.guildford.gov.uk/councillorsearch>

12. You must, before the end of 28 days beginning with the day on which you became a councillor or co-opted member of the Council, notify the Monitoring Officer of any disclosable pecuniary interests which you have at the time when the notification is given. You should be aware that these interests include those of your spouse or civil partner, a person with whom you are living as husband or wife or a person with whom you are living as if they were a civil partner so far as you are aware of the interests of that person. These interests will then be entered on the register of interests.
13. Where you become a councillor or co-opted member of the Council as a result of re-election or re-appointment, paragraph 12 applies only as regards disclosable pecuniary interests not entered in the register when the notification is given.

Disclosure of Disclosable Pecuniary Interests and participation in decision making

14. Subject to paragraphs 29 to 32 (*dispensations*), if you are present at any meeting and you are aware that you have, or any other person referred to in paragraph 12 above has, a disclosable pecuniary interest in any matter that will be, or is being, considered at that meeting, you must, irrespective of whether that interest has been registered:

 - (a) disclose the nature of the interest to the meeting (or, if it is a sensitive interest as described in paragraph 33 below, disclose merely the fact that it is a disclosable pecuniary interest);
 - (b) not participate in any discussion or vote regarding that matter; and

- (c) withdraw immediately from the room or chamber (including the public gallery) where the meeting considering that matter is being held.

Where you have not previously notified the Monitoring Officer of that disclosable pecuniary interest you must do so within 28 days of the date of the meeting at which it became apparent.

- 15. Subject to paragraphs 29 to 32 (*dispensations*), if you are aware that you have, or any other person referred to in paragraph 12 above has, a disclosable pecuniary interest in any matter on which either:

- (a) you are authorised to make decisions, or
- (b) you are consulted by an officer discharging powers delegated to them,

you must not, in relation to (a) above, take any decision on that matter or, in relation to (b) above, participate in any consultation with such officer in respect of that matter

Where you have not previously notified the Monitoring Officer of that disclosable pecuniary interest you must do so within 28 days of the date on which it became apparent.

- 16. You may participate in any business of the Council where that business relates to the Council's functions in respect of:

- (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
- (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full-time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
- (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
- (iv) an allowance, payment or indemnity given to councillors or co-opted members;
- (v) any ceremonial honour given to councillors; and
- (vi) setting Council Tax or a precept under the Local Government Finance Act 1992.

- 17. You should be aware that it is a criminal offence if, without reasonable excuse, you

- (a) fail to disclose a disclosable pecuniary interest as set out above;
- (b) participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest
- (c) take any steps as a single member discharging a function of the Council, when you have a disclosable pecuniary interest in a matter you are dealing with
- (d) provide information in relation to your disclosable pecuniary interests that is false or misleading and you know that the information is false or misleading, or are reckless as to whether the information is true and not misleading.

Non-Pecuniary Interests

18. In addition to the disclosable pecuniary interests referred to above, you will have a non-pecuniary interest in any organisation, operating in the borough of which you are in a position of general control or management, even if you were appointed or nominated to that organisation by the Council. This includes public and voluntary sector organisations, such as other councils, schools, charities and some companies. It also includes political parties and campaigning groups.
19. You must, within 28 days of taking office as a councillor or co-opted member notify the Council's Monitoring Officer of your non-pecuniary interests. Any interests you declare will be included in the Council's Register of Interests. You must also notify the Monitoring Officer of any changes in your interests arising after you have completed your initial notification.
20. In accordance with this Council's requirement that you are as open as possible about your decisions and actions, where you have a non-pecuniary interest in any matter to be considered or being considered at a meeting of the Council, the Executive (or any of its committees or sub-committees), a committee, board, sub-committee or joint committee of the Council and you speak at that meeting, you must disclose to that meeting the existence and nature of that interest.
21. You can participate in any discussion and (where applicable) vote on any matter in which you have a non-pecuniary interest unless you consider, having taken advice from the Monitoring Officer, that the interest is one that would affect your objectivity in relation to that matter, in which case you should withdraw from the room or chamber when it becomes apparent that the matter is being considered at that meeting.
22. If you are discharging a function of the Council as a member acting alone (e.g. as a Lead Councillor) or if you are being consulted by an officer discharging powers delegated to them, you will need to consider whether you have a non-pecuniary interest in any matter you are dealing with in the course of discharging that function, or in any matter on which you are being consulted. If you do have such an interest, you must ensure that a record of the existence and nature of the interest is recorded in the decision notice.
23. If, having taken advice from the Monitoring Officer, you consider that the interest is one that would affect your objectivity in relation to the matter, and therefore inappropriate for you to continue to take any steps in relation to the matter, you should not do so (except for the purpose of enabling the matter to be dealt with by someone else).

Acceptance of Gifts and Hospitality

24. As a councillor or co-opted member of the Council you must avoid accepting any gift, hospitality or other favour which could give the impression of compromising your integrity, honesty or objectivity. You should never accept any gift or hospitality as an inducement or reward for anything, if acceptance might be open to misinterpretation or which puts you under an improper obligation. In particular, whenever acting in your capacity as a councillor or co-opted member, you
 - (1) should avoid any behaviour which might reasonably be seen as motivated by personal gain;

(2) should exercise caution in accepting any gifts or hospitality regardless of value which are (or which you might reasonably believe to be) offered to you because you are a councillor or co-opted member;

(3) should never solicit a gift or hospitality; and

(4) should never accept significant gifts or hospitality (i.e. anything with a value of £50 or more) from any third party, suppliers or contractors seeking to acquire or develop business with the Council; and

~~(5) must, within 28 days of receipt or acceptance, notify the Monitoring Officer of any gift you receive or hospitality you accept (of a value of £25 or more) for inclusion in the register of interests.~~

Any declined offer of a gift or hospitality need not be registered.

25. For the avoidance of doubt, the following gifts and types of hospitality do not need to be disclosed/registered:

(a) civic hospitality provided by the Council or another public authority;

(b) modest refreshment in connection with any meeting or on the occasion of any social meeting;

(c) tickets for sporting, cultural and entertainment events which are sponsored by, or organised by or behalf of the Council;

(d) individual gifts with a value of up to £50, or more than one gift from one donor with a combined value of up to £50

26. Where it is impracticable to return any unsolicited gift of a value of £50 or more, or the return would cause offence, you must as soon as practicable within 28 days after the receipt of the gift, notify the Monitoring Officer in writing, and pass the gift to the Mayor's Office for donation to a charity or raffle as appropriate.

27. You must immediately report to the Monitoring Officer any circumstances where a gift or hospitality has been offered to you or to another councillor in order to gain inappropriate favour.

28. Your participation in any item of business that affects a donor from whom you have received any gift or hospitality that is registered, or ought to be registered as set out above, will need to be considered by you on a case by case basis. You will only be expected to exclude yourself from speaking or voting in exceptional circumstances, for example where there is a real danger of bias, or where you consider, having taken advice from the Monitoring Officer, that acceptance of a gift or hospitality would affect your objectivity in relation to the consideration of that business.

Dispensations

29. A councillor or co-opted member with a disclosable pecuniary interest in a matter may submit a written request to the Monitoring Officer for the grant of a dispensation allowing that councillor or co-opted member to participate in any discussion and/or vote on that matter at a meeting.

30. The Monitoring officer may, after having had regard to all relevant circumstances, grant a dispensation to the councillor or co-opted member only if, he considers that without the dispensation:
- (a) the number of persons prohibited from participating in any particular business in relation to the matter would be so great a proportion of the body transacting the business as to impede the transaction of that business, or
 - (b) considers that without the dispensation each member of the Executive would be prohibited from participating in any particular business to be transacted by the Executive in relation to the matter.
31. The Corporate Governance and Standards Committee may, after having had regard to all relevant circumstances, grant a dispensation to the councillor or co-opted member only if, the Committee considers that:
- (a) without the dispensation the representation of different political groups on the body transacting the particular business would be so upset as to alter the likely outcome of any vote relating to that business, or
 - (b) granting the dispensation is in the interests of persons living in the borough, or
 - (c) it is otherwise appropriate to grant the dispensation.
32. Any dispensation granted must specify the period for which it has effect, and the period specified may not exceed four years.

Sensitive Information

33. (1) Sub-paragraphs (2) and (3) apply where:
- (a) a councillor or co-opted member of the Council has an interest (whether or not a disclosable pecuniary interest), and
 - (b) the nature of the interest is such that the councillor or co-opted member, and the Monitoring Officer, consider that disclosure of the details of the interest could lead to the councillor or co-opted member, or a person connected with that councillor or co-opted member, being subject to violence or intimidation.
- (2) If the interest is entered in the register of interests, copies of the register that are made available for inspection, and any version of the register published on the Council's website, must not include details of the interest (but may state that the councillor or co-opted member has an interest the details of which are withheld under this provision of the Code).
- (3) Where a disclosable pecuniary interest is not entered on the register of interests and would otherwise require disclosure at a meeting, the councillor or co-opted member shall be entitled to merely disclose at the meeting the fact that they have such an interest in the matter concerned.

Removal of entries in the register

34. An entry in the register of interests will be removed once the person concerned:

- (a) no longer has the interest, or
- (b) is (otherwise than transitorily on re-election or re-appointment) neither a councillor nor a co-opted member of the Council.

Review of the Councillors' Code of Conduct

35. This code of conduct shall normally be reviewed every four years during the year following the Borough Council Elections, and any such review shall involve formal consultation with parish councils within the borough.



Social Media Guidance for Councillors

Table of Contents

Guidance on the use of social media and mobile devices.....	2
Who does this guidance apply to?.....	2
Key points.....	2
Constant Risks.....	3
What is the purpose of this guidance?.....	4
Guidance on the use of social media and mobile devices in meetings.....	4
Responsibilities of Councillors and Co-opted Members.....	5
Conduct.....	6
Good practice on the use of social media and mobile devices.....	7
Inappropriate Use of Social Media by Others.....	8
Online safety, personal security and digital citizenship.....	8
Principles for Using Social Media.....	9
Responsibilities of councillors on social media.....	10
Guidance on Capturing Social Media Posts.....	11
Examples of the Use of Social Media.....	11
Managing and moderating your own pages.....	13

Guidance on the use of social media and mobile devices

1. Social media is the term used for online tools, websites and interactive media that enable users to interact with each other by sharing information, opinions, knowledge and interests. This policy and guidelines cover social media issues over the internet and by email, smart phones, social networking sites, blogging, tweeting or through desktop computers, laptops, smart TVs and mobile devices such as smartphones and tablets.
2. For the purposes of this policy, the term 'social media' covers sites and applications including but not restricted to Facebook, Twitter, MySpace, Flickr, YouTube, LinkedIn, blogs, discussion forums, wikis and any sites which may emerge after the creation of this policy where Guildford Borough Council could be represented via online participation.
3. Councillors are increasingly using social media to engage with their electorate. The Council has made available laptop devices to all councillors to assist them in accessing and annotating agendas, reports and other meeting papers electronically.
4. The Openness of Local Government Bodies Regulations 2014 (that came into force on 6 August 2014) expressly permit any person who attends a meeting to use any communication method, including the internet, to publish post or otherwise share the results of that person's reporting activities during that meeting. "Reporting" includes photographing or making a video or audio recording of proceedings at a meeting and providing written commentary on proceedings using social media.
5. All Council, Executive, Planning, Licensing, Corporate Governance and Standards, Executive Advisory Board, Guildford Joint Committee and Overview and Scrutiny meetings are now webcast live on the Council's website and available to view from the webcast library for up to six months after the meeting. Anyone reading tweets or live blogs during the meeting may just as easily view the meeting itself via www.guildford.gov.uk/webcasting.
6. Inappropriate use of social media and mobile devices could be used as grounds to challenge a contentious decision or result in complaints of breaching the Councillors' Code of Conduct. The guidance does not intend to prohibit councillors from using social media and mobile devices for professional and personal purposes. However, it highlights some of the important considerations for councillors who choose to use social media platforms.

Who does this guidance apply to?

This guidance applies to Councillors attending Council meetings. It is also general good practice for professional conduct.

Key points

1. Social media is always on, so consider setting personal limits and establishing your own routine

2. Councillors are subject to the council's code of conduct when using social media
3. Social media has become an every-day communications tool for councillors and the people they represent, and the potential for councillors using social media is huge. Social media allows you to be innovative and responsive as well as providing links to useful sources of information or sign posting to other organisations.
4. Users must ensure that they use social media sensibly and responsibly, in line with corporate policy. They must ensure that their use will not adversely affect the Council or its business, nor be damaging to the Council's reputation and credibility or otherwise violate any Council policies.

Constant Risks

This policy applies to councillors and co-opted members. It gives guidelines on how to use social media, sets out how we can effectively manage social media usage and indicates how any risks or pitfalls can be minimised or mitigated. The following risks have been identified with social media use (this is not an exhaustive list):

1. Virus or other malware (malicious software) infection from infected sites.
2. Disclosure of confidential information.
3. Damage to the Council's reputation.
4. Social engineering attacks (also known as 'phishing').
5. Bullying or "trolling". An internet "troll" is a person who starts arguments or upsets people, by posting inflammatory or off-topic messages online with the deliberate intent of provoking readers into an emotional response or of otherwise disrupting normal discussion, often for their own amusement.
6. Civil or criminal action relating to breaches of legislation.
7. Breach of safeguarding through the use of images or personal details leading to the exploitation of vulnerable individuals.
8. Breach of the code of conduct for members through inappropriate use.
9. In light of these risks, the use of social media sites should be regulated to ensure that such use does not damage the Council, its employees, councillors, partners and the people it serves. As such this policy aims to ensure:
 - a) A consistent and corporate approach is adopted and maintained in the use of social media.
 - b) Council information remains secure and is not compromised through the use of social media.
 - c) Users operate within existing policies, guidelines and relevant legislation.
 - d) The Council's reputation is not damaged or adversely affected.

10. This guidance encapsulates a number of the Council's existing codes and policies and seeks to clarify what is acceptable use of social media and mobile devices. It may not always be apparent to members of the public when councillors are using social media in their personal capacity, or in their capacity as councillors.
11. The guidance sets out considerations and recommendations for councillors to ensure they use social media and mobile devices appropriately. These include guidelines on privacy settings, publishing information appropriately, and exercising care when communicating with others.
12. This guidance does not cover the appropriate use of mobile devices in terms of software and technology (e.g. what applications are appropriate to download). This is covered by the Council's Acceptable Use of ICT Equipment and Systems Policy.

What is the purpose of this guidance?

1. The purpose of this guidance is to provide parameters for Councillors' appropriate use of social media and mobile devices, in particular, during Council meetings.
2. Improper use of social media and mobile devices could be used as grounds for challenging a contentious decision, or result in complaints of breaching the Councillors Code of Conduct, for a failure to show respect for others or bringing the Council or the office of councillor into disrepute.
3. Councillors are asked to follow these guidelines to ensure that they comply with the Councillors Code of Conduct.

Guidance on the use of social media and mobile devices in meetings

1. Frequent use of mobile devices during meetings may give the public the impression that councillors are not fully considering the points made during the debate of an item in order to contribute to the decision that is to be made.
2. Even though the frequent use of such devices during meetings may be in a councillor capacity, this guidance seeks to assist councillors understand what is considered acceptable use as well as provide examples of uses that should be avoided.
3. Use mobile devices sparingly, discreetly and with common sense at meetings, considering the impression they are giving to others. Councillors should remember that most meetings are now webcast.
4. There may be occasions when texting or emailing between Councillors during meetings on matters relevant to the debate at hand may be valuable (on the same basis as circulating paper notes to other Councillors). Mobile devices also enable Councillors to manage their busy lives when time is at a premium. However, frequent use of these devices during meetings may give the public the impression that the councillor is not paying full attention to an item that is being discussed in a debate on a decision that is to be made.

Examples of acceptable use:

- (a) reading and annotating meeting papers and background information relevant to that meeting;
- (b) communicating with others at the meeting on matters relevant to the debate at hand; and
- (c) sending and receiving communications to/from home relating to domestic circumstances (e.g. childcare arrangements), within reason and with common sense.

Avoid the following:

- (a) using social media during quasi-judicial meetings or during the consideration of confidential or exempt items of business at meetings; and
- (b) frequently checking emails and messages that are not related to the meeting;
- (c) taking and sending electronic images of proceedings; and
- (d) extended periods of use that suggests that insufficient attention is being paid to the meeting.

Responsibilities of Councillors and Co-opted Members

1. You are personally responsible for the content you publish on any form of social media. Publishing or allowing to be published (in the form of a comment) an untrue statement about a person which is damaging to their reputation may incur a libel action for which you will be personally liable.
2. Social media must not be used in a way that might lead to a complaint that you have breached the Council's Code of Conduct for Councillors and Co-opted Members.
3. Social media sites are in the public domain and it is important to ensure you are confident of the nature of the information you publish. Once published, content is almost impossible to control and may be manipulated without your consent, used in different contexts, or further distributed.
4. It is recommended that you have separate social media profiles for your role as a Councillor or Co-opted Member and for your private life.
5. Make use of stringent privacy settings if you don't want your social media to be accessed by the press or public. Read the terms of service of any social media site accessed and make sure you understand their confidentiality/privacy settings.
6. You are personally responsible for the content you publish on any form of social media. Publishing or allowing to be published (in the form of a comment) an untrue statement about a person which is damaging to their reputation may incur a libel action for which you will be personally liable; no indemnity from the Council will be available.

7. Do not disclose personal details such as home addresses and telephone numbers. Ensure that you handle any personal or sensitive information in line with the Council's Data protection policy.
8. Do not use the Council's logo, or any other Council related material on a personal account or website.
9. Safeguarding issues are paramount because social media sites are often misused by offenders. Safeguarding is everyone's business – if you have any concerns about other site users, you have a responsibility to report these.
10. Do not publish or report on meetings which are private or internal (where no members of the public are present or it is of a confidential nature) or exempt reports (which contain confidential information or matters which are exempt under the provision of the Local Government (Access to Information) Act 1985).
11. Make use of stringent privacy settings if you don't want your social media to be accessed by the press or public. Read the terms of service of any social media site accessed and make sure you understand their confidentiality/privacy settings.
12. Copyright laws still apply online. Placing images or text from a copyrighted source (e.g. extracts from publications or photos) without permission is likely to breach copyright. Avoid publishing anything you are unsure about or seek permission from the copyright holder in advance.
13. Don't send or post inappropriate, abusive, bullying, racist or defamatory messages to members of the public, other councillors or officers either in or outside the work environment.
14. The Council will not promote councillors' social media accounts during the pre-election period.
15. In any biography, the account should state the views are those of the councillor in question and may not represent the views of the Council.
16. Be aware of your own safety when placing information on the internet and do not publish information which could leave you vulnerable.
17. Anyone receiving threats, abuse or harassment via their use of social media should report it to their political group leader, the Monitoring Officer and/or the police.

Conduct

1. Councillors are reminded that in respect of social media, they are governed by the Code of conduct for members and relevant law. You are acting in your "official capacity" and any conduct may fall within the Code whenever you:
 - a) Conduct the business of the Authority; or

- b) Act, claim to act or give the impression you are acting as a representative of the Authority; or
 - c) Act as a representative of the Authority.
2. Breaches of this policy may amount to a breach of the Council's code of conduct for members.
 3. Other violations of this policy, such as breaching the Data Protection Act, could lead to fines being issued and possible criminal or civil action being taken against the Council or the individual(s) involved.
 4. The Council reserves the right to request the removal of any content that is deemed to be in breach of the code of conduct for members.

Good practice on the use of social media and mobile devices

1. Councillors may use these and other platforms in their official capacity but should remember that the public may still perceive them as acting in that capacity even when that is not their intention.
2. Councillors should:
 - a) consider whether they need to set appropriate privacy settings for any blog or networking site – especially if it is a private, non-political blog;
 - b) keep an eye out for defamatory, untrue or obscene posts from others and remove them as soon as possible to avoid the perception that they condone such views;
 - c) be careful about any connection with service users who are vulnerable adults or children, as this could be regarded as a safeguarding issue;
 - d) ensure they use Council facilities appropriately and comply with the Acceptable Use of ICT Equipment and Systems Policy ;
 - e) be aware that by publishing information that they could not have accessed without their position as a councillor, they will be seen as acting in their official capacity;
 - f) be careful about being too specific or personal if referring to individuals; and
 - g) be aware that the libel laws cover blogs, social media and other forms of digital content publication.
3. Councillors should not:
 - a) place images or text on their site from a copyrighted source (for example extracts from publications or photos) without permission
 - b) post comments that they would not be prepared to make face to face;
 - c) refer in a blog to any information identified by the Council as confidential or exempt;
 - d) disclose information given to them in confidence by anyone or information acquired by them which they believe or are aware is of a confidential nature;
 - e) publish personal data of individuals except with express written permission to do so;

- f) give the impression that they are expressing the views of the Council where it is not appropriate to do so; and
- g) if they are involved in determining planning or licensing applications or other quasi-judicial decisions, publish anything on their blog that might suggest they do not have an open mind about a matter they are involved in determining.

Inappropriate Use of Social Media by Others

1. Anyone receiving threats, abuse or harassment via their use of social media should report it to the police.
2. Other inappropriate content can be reported to the social media site directly to ask for it to be removed.
3. You may wish to save a screenshot in the circumstances.

Online safety, personal security and digital citizenship

1. Digital Citizenship, which has begun to be taught in schools, is about engaging in appropriate and responsible behaviour when using technology and encouraging others to do so as well. It encompasses digital literacy, ethics, etiquette, online safety, norms, rights, culture and more.
2. In any personal online biography, it is advisable to make clear that the views are those of the councillor in question and may not represent the views of the council. If space allows, you may also want to set out a 'response' policy, such as "I welcome questions via email" and an 'engagement' policy, such as "abusive content will be removed".
3. It is easy to put personal information online, such as your birthday, routines, places you frequent, future visits, holiday destinations, relationships, and opinions, etc, which are then available for anyone in the public domain to access. For personal safety, as well as identity security, you may want to consider whether you share personal information, images of friends and/or family and details of any routines.
4. Social media posts now include location-based information, particularly from mobile phones, which tells people exactly where you are or where you have been. Again, with personal security in mind, you may want to turn off these notifications.
5. You can 'search for yourself' to check what information you can find out about yourself, your family or your business on-line. Checking this regularly means you can check what is in the public domain and edit it if necessary.
6. With respect to personal security, it is advisable not to include on social media details such as your personal phone numbers, home address, details of family members or vehicle details.
7. A picture paints a thousand words, and a photo can relay personal information you may not want shared on social media. As such, it is advisable to only publish photos of family, friends and colleagues with your consent and theirs, to ensure photos don't reveal your home or places frequented with family members such as schools or care homes, and to disable automatic photo and location tagging so that you have to approve another user

identifying you in a photo or being at a specific location. You may also want to make your family and friends aware that you will be following these precautions.

8. Some people say things via social media that they probably would not say in person, and they can post false information, insults or messages that you would not want to be associated with you. These can multiply and be shared quite rapidly. Councillors, and in particular female councillors, are unfortunately increasingly the subject of online abuse, bullying and harassment on social media. See our section on handling abuse on social media on how to manage this.
9. Having a social media presence means that people can contact you at any time. This is great in terms of accessibility but means that they may expect you to reply immediately, which can create a sense of pressure. It is useful to set your own rules and limits for how you manage your social media presence.
10. You can be sent phishing requests and malicious software on social media the same as you can on email, so maintain the same level of vigilance.
11. Be aware that some individuals post socially unacceptable, defamatory, inciting or even intimidatory remarks to generate online activity on the back of advertising or promotion of ideologies, brands or events. Similarly, the term “internet troll” is used to refer to a person or group of people who deliberately start arguments or upset people by posting inflammatory or off-topic messages online with the deliberate intent of provoking readers into an emotional response or of otherwise disrupting normal discussion, often for their own amusement.
12. Be aware of safeguarding because social media sites are often misused by offenders. Safeguarding is everyone’s business – if you have any concerns about other site users, you have a responsibility to report these.
13. The usual protocols regarding confidential information, copyright, data protection, purdah, exempt reports, etc, apply to social media. Avoid publishing anything where there is doubt or seek permission in advance. Your council may also have a protocol regarding the use of social media in the run up to, during and after both internal and public meetings.
14. To be an effective councillor you won't stop meeting people and posting leaflets simply because you are posting online. You will know your residents best - consider which channel works best for them to connect with you, online and offline.
15. To provide support councillors in their use of social media, it is recommended that councils have their own policies, protocols and training, as well as a point of contact within the council to give support and to report to if things go wrong. The Local Government Association will be working with members to develop more detailed advice for councils in a future guide.

Principles for Using Social Media

You should follow these five guiding principles for any social media activities:

1. Be respectful – set the tone for online conversations by being polite, open and respectful. Use familiar language, be cordial, honest and professional at all times. Make sure that you respect people’s confidentiality – do not disclose non-public information or the personal information of others.

2. Be credible and consistent – be accurate, fair, thorough and transparent. Encourage constructive criticism and deliberation. Make sure that what you say online is consistent with your other communications.
3. Be honest about who you are – it's important that any accounts or profiles that you set up are clearly and easily identifiable. Be clear about your own personal role.
4. Be responsive – make an effort to share what you know. Offer insights where appropriate and put people in touch with someone who can help if you can't. Respond to questions and comments in a timely manner.
5. Be confident – don't be scared of participating. Follow these rules and seek further guidance if you need it. If you're about to publish something that makes you even the slightest bit uncomfortable, pause to think about it. Feel confident in what you say before you say it – and say it as clearly as you can.

Think twice – Think carefully about all your social media posts. Once published it will be too late to change your mind. Follow these rules and seek further guidance if you need it.

Responsibilities of councillors on social media

1. Councillors are personally responsible for the content they publish on any form of social media. Publishing or allowing to be published (in the form of a comment) an untrue statement about a person which is damaging to their reputation may incur a defamation action for which you will be personally liable. The same applies if you pass on any similar untrue statements you receive.
2. Social media sites are in the public domain and it is important to ensure you are confident of the nature of the information you publish. Once published, content is almost impossible to control and may be manipulated without your consent, used in different contexts, or further distributed.
3. You can make use of stringent privacy settings if you do not want your social media to be accessed by the press or public. It is advisable to read the terms of service of any social media site accessed and make sure you understand their confidentiality / privacy settings.
4. Some councillors choose to have separate social media profiles for personal and council use. It is important to keep in mind, however, that even the strictest privacy settings is no guarantee for posts or actions to remain private. As a rule of thumb, never post anything online you would not be comfortable saying or sharing in a public meeting.
5. The code of conduct for members and relevant legislation continues to apply online and in social media. If you are referring online in any way to your role as a councillor, you are deemed to be acting in your "official capacity" and any conduct may fall within the code.

Guidance on Capturing Social Media Posts

1. Posts made using third party sites such as Facebook or Twitter are not held or within the control of the Council - posts can be deleted by site administrators without the knowledge or consent of the Council.
2. In exceptional circumstances, copies of posts maybe made and retained by the Council, in line with relevant Council procedures. These copies will be held for a period dependent on the type of investigation they are subject to.
3. Where inappropriate use is suspected, it is suggested that you should pro-actively attempt to capture any inappropriate posts before they might be deleted. Copies should be made and reported to the Monitoring Officer within the Council, as well as following the social media sites own reporting procedures where appropriate.

Relationship with Other Council Policies

This social media policy should be read in conjunction with:

1. The protocol for the use of recording devices during any meeting held under the auspices of Guildford Borough Council.
2. The Code of conduct for members which regulates the standards of conduct of elected members of Guildford Borough Council. It also outlines the arrangements for investigating and deciding upon complaints against members.
3. The Data protection policy which outlines the Council's adherence to the Data Protection Act 2018 with regard to the collection, storage and use of personal data.

Examples of the Use of Social Media

1. *Can I comment/respond to questions posted on my social media page regarding general local issues?*

Yes. The Social Media Policy is not intended to restrict the use of social media, it is a guidance tool to make Councillors aware of the risks and pitfalls. Social media is an excellent method for Councillors to interact with members of the public and should be encouraged.

2. *Can I comment/respond to questions posted on my social media page regarding upcoming Council matters such as licensing or planning applications?*

Councillors can take a view and express opinions or concerns, however, they must not show bias or pre-determination. Councillors are reminded to remain impartial and open minded and listen to all the facts before coming to a decision. Evidence of any kind of bias or pre-determination could leave the decision open to challenge.

3. *I find comments on my social media page posted by a third party insulting and/or confrontational. How should I respond?*

If at all possible, don't respond at all. Internet "trolls" are people who often try to "wind-up" public figures on purpose to get a reaction. It is best to not "feed the trolls" by ignoring the post. If it is clear that the person is a serious, concerned member of the public then a suitably non-confrontational reply may be appropriate. Remember that you remain a representative of the Council online and should not do or say anything that you wouldn't do face-to-face or in a letter. If the post is potentially defamatory or illegal then it should be reported to the site administrators and/or the police.

4. *I discover information that is incidental to my role as a Councillor (for example, information relating to a planning application). Can I disclose this information via social media?*

Yes, however, you should take great care in doing so. Posting information obtained as Councillor will be seen as acting in your official capacity of a Councillor even if this is on your personal account. You should also remember that publishing anything regarding forthcoming or on-going decisions could be seen as pre-determination or bias. If the information is confidential then releasing the information may be a breach of the Code of Conduct.

5. *Someone has posted a racially aggravated comment on my personal blog, what can I do? Can I be held liable?*

As soon as you become aware of the comment you should inform the site administrator. If you are exclusively in charge of the site you should consider reporting the comment to the Police. You should keep evidence of the post and then ensure it is taken down. Providing a Councillor takes reasonable care and reports the potential offence quickly they are unlikely to be held liable for someone else's breaches.

6. *I publish a post on my personal page regarding a matter that I will be making a decision on (such as a planning or licensing application). As this is my personal blog do the rules for pre-determination and bias still apply?*

Yes, they do. The Social Media Policy also extends to personal blog where the content/comment relates to Council matters. Councillors should take care when publishing information regarding a Council matter as this may leave the decision open to challenge.

7. *Do any special rules apply to social media posts and blogs during a local election period?*

During an election period Councillors should take particular care as legislation relating to electoral matters will apply to the online publication of electoral material or statements relating to the election. For example, if you publish a statement on your personal blog regarding another candidate the Representation of the People Act 1983 may apply. Under this legislation it is a criminal offence to make or publish a false statement of fact about the personal character or conduct of an election candidate.

8. *What happens if I breach the Social Media Policy?*

It depends upon the nature of the breach. However, punishment for a serious breach of the Policy may lead to a code of conduct complaint or even personal liability or criminal charges.

Managing and moderating your own pages

1. You may wish to set up your own councillor or community page on Facebook. These are valuable platforms to promote local information, news, events or council developments or seek people's views on community or council proposals.
2. Members of the community and others can contribute and comment in an interactive manner and whilst most is constructive and uses acceptable language, some individuals may use bad language or 'cross the line' into abuse or harassment.
3. If you are a Group or Page administrator, Facebook provides you with a range of tools to manage and moderate other people's content or contributions to your Group or Page for more serious breaches of standards.

You can:

- a) block certain words or apply a 'profanity filter' in the settings, this will stop such postings appearing in your page
- b) hide or delete comments, photos or tags
- c) ban or remove someone from your pages
- d) find useful guidance and instructions on the 'Banning and Moderation' section of Facebook
- e) share the responsibility of administering a large Group with other councillors, friends or trusted community members
- f) find guidance on making other people administrators on Facebook.

This page is intentionally left blank

**GUILDFORD BOROUGH COUNCIL
CORPORATE GOVERNANCE & STANDARDS TASK GROUP**

Committee on Standards in Public Life – Best Practice Recommendations

CSPL BEST PRACTICE RECOMMENDATION	Task Group’s Initial Comment	Parish Councils’ Comments	Task Group’s comments in response to Parish Councils’ comments
<p>1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.</p>	<p>The Task Group agreed that the Code of Conduct should include a prohibition on harassment with reference to the statutory definition of “harassment”, define “bullying” using the ACAS definition, and include a list of examples of the behaviour covered by such definitions.</p>	<p>Effingham Parish Council: Section 2(b) on bullying and harassment whilst very important now has a half page devoted to it which tends, to reduce the significance of the other important ‘obligations: respect, equality, intimidation and compromising impartiality. EPC feels that the text in red covers everything necessary including examples and suggests the new items in blue are deleted.</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>The task group reviewed the parish council’s comments in considering the draft revised code of conduct on 24 June, but felt that the wording on the definitions of bullying and harassment was appropriate, subject to minor amendments</p>
<p>2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors</p>	<p>The Task Group noted the requirement to comply with formal standards investigations was contained in paragraph 15 of the adopted Arrangements for dealing with allegations of misconduct rather than in the Code of Conduct. It was agreed that the wording in paragraph 15 should</p>	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

**CSPL BEST PRACTICE
RECOMMENDATION**

Task Group’s Initial Comment

Parish Councils’ Comments

**Task Group’s comments in
response to Parish Councils’
comments**

be repeated in the Code of Conduct:

“The Subject Member has a duty to cooperate with any investigation and to respond promptly and to comply with any reasonable requests from the Investigating Officer for such things as interviews, comments on draft meeting/ interview notes or the provision of information necessary for the conduct of an investigation.”

The adopted Arrangements also referred, in the context of determining whether a complaint should be investigated, to whether the complaint appeared (to the Monitoring Officer) to be *“malicious, vexatious, politically motivated or ‘tit-for-tat’”*. It was suggested that allegations that the Monitoring Officer deems “trivial” should be added to this list, and reference be made in the Code of Conduct.

3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

The Task Group agreed that the code of conduct should normally be reviewed every four years during the year following the Borough Council Elections. Any review would involve formal consultation with parish councils, most of which had adopted GBC’s code

Effingham Parish Council:
Ripley Parish Council:
Seale & Sands Parish Council:
Send Parish Council:
West Horsley Parish Council:
Agree with the Task Group

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.</p>	<p>of conduct as the model for their own code.</p> <p>The Task Group agreed that the Code needed to be in a more prominent position on the Borough Council's website.</p>	<p>Effingham Parish Council: Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p> <p>Seale & Sands Parish Council: Agreed, but note if Council premises is at a person's home there may be delay in availability.</p>	<p>Noted</p>
<p>5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.</p>	<p>The Task Group agreed that the responsibility for keeping the register of interests (including gifts and hospitality) rests with individual councillors. However, Democratic Services would prompt councillors to review the register on a quarterly basis.</p>	<p>Effingham Parish Council: At EPC the Parish Clerk maintains the register of interests and register of gifts and hospitality, and he prompts councillors to review the register.</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>Noted</p>
<p>6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.</p>	<p>This is not explicitly stated in the Arrangements, but the Task Group agreed that there was no need to make any changes to the Arrangements in this regard.</p>	<p>Effingham Parish Council: Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
		<p>Seale & Sands Parish Council: We would need advice on this point</p>	<p>This is a GBC responsibility and does not affect parish councils as any public interest test would be undertaken by the monitoring officer.</p>
<p>7: Local authorities should have access to at least two Independent Persons.</p>	<p>The Task Group noted that there is currently a shared pool of seven Independent Persons jointly appointed by Guildford and six other Surrey councils for the four-year period 2019-23.</p>	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	
<p>8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.</p>	<p>The Task Group noted that although this was included in the Council's Arrangements, the views of the Independent Person were not, however, included in the decision in writing under para 7.10 of the Arrangements. The Task Group agreed that the Arrangements should be amended accordingly.</p>	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	
<p>9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the</p>	<p>Our Arrangements provide for the Monitoring Officer to:</p> <ul style="list-style-type: none"> • issue a written decision within 10 working days of the hearing to the subject member, complainant, any witness and 	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.</p>	<p>parish clerk (if relevant); and</p> <ul style="list-style-type: none"> publish a summary of the decision and reasons on the website <p>The Task Group agreed that the summary of the decision should include the view of the Independent Person, and that the Arrangements should be amended to reflect this.</p>		
<p>10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.</p>	<p>The Task Group noted that guidance on how to make a complaint, including a complaint form, and the process for handling complaints is available for viewing on the Council's website: https://www.guildford.gov.uk/councillor-conduct</p> <p>Reference is made in the Arrangements to timescales at various stages of the complaints process. Although it is very difficult to estimate timescales for investigations and outcomes, as the nature and complexity of complaints varies, the Task Group recommended the Council provides an indicative estimate of timeframes alongside the</p>	<p>Effingham Parish Council: Sometimes at parish council level complaints against a parish councillor may be directed, in the first instance, to the Clerk or Chairman. These would then be directed to the Monitoring Officer</p> <p>Seale & Sands Parish Council: Agreed, subject to timescales being quantified</p> <p>Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>Noted</p> <p>As stated in the Task Group's comments, it is recommended that indicative timescales be included.</p>

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.</p>	<p>guidance on the website.</p> <p>The Task Group considered that this recommendation proposed an unusual reporting process as the clerk is an employee of the parish council and therefore subject to employment law. The Task Group felt that this was a matter for individual parish councils, but that there should be no impediment for a clerk to make a formal complaint about the conduct of a parish councillor.</p> <p>It was also suggested that, should there be the need for assistance to a parish council in dealing with a conduct issue on the part of the clerk, the Monitoring Officer could assist in that regard.</p>	<p>Effingham Parish Council: Agree with both the Task Group's statements.</p> <p>Seale & Sands Parish Council: We would want the full Parish Council to be party to such a process</p> <p>Ripley Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>Noted. This would be subject to the preference of each parish council, although as the Task Group has stated, the parish clerk should not be precluded from making their own complaint.</p>
<p>12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the</p>	<p>The Task Group noted that previous Ethical Standards training sessions for parish members Ethical standards training had been poorly attended. However, the Task Group felt that the Councillor Development Steering</p>	<p>Effingham Parish Council: Agree with the Task Group. However, EPC do not agree that all past standards training sessions have been poorly attended – perhaps the last ones were (in</p>	<p>Noted. The post-election ethical standards training for parish councillors in 2019 was organised, and parish clerks notified, well in advance of each of the sessions. However, the Task Group has</p>

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.</p>	<p>Group should seek to extend training opportunities to parish councils wherever possible</p>	<p>2019) but were these events fully advertised to parish councils? Everts sponsored by GBC on the Localism Act for parish councils a few years ago were well attended.</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	<p>revised its earlier comment by deleting the negative reference to the poorly attended ethical standards training and adding that it would wish to recommend to the Councillor Development Steering Group that it should also encourage parish councillors' attendance at future sessions.</p>
<p>3: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.</p>	<p>Our Arrangements currently comply in full and provide that:</p> <ul style="list-style-type: none"> No Member of the Council will participate in any stage of the arrangements if he or she has, or may have, any conflict of interest in the matter. (Paragraph 1.6) The Monitoring Officer may, at his absolute discretion, refer a complaint to the Assessment Sub-Committee for assessment, in cases, for example, where there is an allegation where there is a perceived or actual conflict of interest e.g. the Monitoring 	<p>Effingham Parish Council: Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

CSPL BEST PRACTICE RECOMMENDATION	Task Group's Initial Comment	Parish Councils' Comments	Task Group's comments in response to Parish Councils' comments
<p>14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p> <p>15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.</p>	<p>Officer has previously advised the Subject Member on the matter (paragraph 7.6).</p> <ul style="list-style-type: none"> When appointing an investigating officer, the Monitoring Officer may, at his sole discretion, make an external appointment to the role of Investigating Officer where for example, a conflict has, or may be perceived to have, arisen (App 2 paragraph 3 (d)). <p>The Task Group agreed that the Executive Shareholder and Trustee Committee should have involvement in the overview of the existing and future companies set up by the Council. Meetings of the Executive Shareholder and Trustee Committee were open to the public with public agendas but that commercial sensitivities must be respected.</p> <p>The Task Group noted that the Managing Director met on a monthly basis with Group Leaders, or more frequently if required, to discuss various matters including, where necessary, standards issues.</p>	<p>Effingham Parish Council: Noted</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p> <p>Ripley Parish Council: Seale & Sands Parish Council: Send Parish Council: West Horsley Parish Council: Agree with the Task Group</p>	

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Strategy Director

Author: John Armstrong

Tel: 01483 444102

Email: john.armstrong@guildford.gov.uk

Date: 30 July 2020

Corporate Governance and Standards Committee – 12 month rolling Work Programme

Recommendation

That the Committee considers and approves its updated 12 month rolling work programme, as detailed in Appendix 1 to this report.

Reason for recommendation:

To allow the Committee to maintain and update its work programme.

Is the report (or part of it) exempt from publication? No

1. Purpose of report

1.1 The draft work programme attached as Appendix 1 sets out the items scheduled to be considered by this Committee at its meetings over the next 12 months.

2. Draft work programme

2.1 The draft work programme for the Corporate Governance and Standards Committee is set out in Appendix 1 to this report. The timing of the reports contained in the work programme is subject to change, in consultation with the chairman. The items to be considered include decisions to be made by the Executive and/or full Council, with consideration of any comments or recommendations made by this Committee.

3. Financial Implications

3.1 There are no financial implications arising directly from this report.

4. Legal Implications

4.1 There are no legal implications arising directly from this report.

5. Human Resource Implications

5.1 There are no human resources implications arising directly from this report.

6. Background Papers

- Guildford Borough Council Forward Plan
- Corporate Management Team Forward Plan

7. Appendices

Appendix 1: Corporate Governance and Standards Committee 12 month rolling work programme

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

24 September 2020

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2020-21 Period 4 (April to July 2020)	To note the results of the Council's financial monitoring for the period April to July 2020	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Councillor Training and Development Update	To consider a report from the Councillors' Development Steering Group relating to councillor training and development	Corporate Governance and Standards Committee	Sophie Butcher 01483 444056
Data Protection and Information Security Update Report	To consider a six monthly update on compliance with statutory requirements	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: <ul style="list-style-type: none"> • Protocol on Councillor/Officer Relations 	Corporate Governance and Standards Committee Council (6 October 2020)	John Armstrong 01483 444102 Diane Owens 01483 444027

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

19 November 2020

Agenda item number: 9
Appendix 1

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2019-20: Period 6 (April to October 2020)	To note the results of the Council's financial monitoring for the period April to October 2020	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of internal audit reports (April to September 2020)	To consider the summary of internal audit reports and progress on the internal audit plan for April to September 2020, including update on complaints to the Local Government Ombudsman for that period.	Corporate Governance and Standards Committee	Joan Poole 01483 444854
The Council's Constitution:	To review and update Procurement Procedure Rules and Financial Procedure Rules	Corporate Governance and Standards Committee Council: 8 December 2020	Faye Gould 01483 444120 Claire Morris 01483 444827
2019-20 Audit Findings Report: Year ended 31 March 2020	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
2019-20 Audited Statement of Accounts	To approve the 2019-20 Statement of Accounts	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Reviews of various corporate governance related matters.	To consider proposals from the task group in respect of reviews of various corporate governance related matters including: <ul style="list-style-type: none"> the effectiveness of internal communications, between officers and councillors; proposals to promote transparency, and effective communications and reporting, including the Council's Communications Protocol; and anomalies in the Constitution 	Corporate Governance and Standards Committee Executive (24 November 2020) Council (8 December 2020)	John Armstrong 01483 444102 Diane Owens 01483 444027
Planning Appeals	To monitor the Council's performance at appeals against refusal of planning permission by the Planning Committee (both in respect of officer recommendations for refusal and Committee overturns) including, where appeals are upheld, details of costs awarded against the Council and other associated legal/external adviser costs.	Corporate Governance and Standards Committee	Tim Dawes 01483 444650

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

14 January 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Audit Letter 2019-20	To review the letter and make any comments to the Executive as appropriate.	Corporate Governance and Standards Committee Executive: 26 January 2021	Claire Morris 01483 444827
Capital and investment strategy (2021-22 to 2024-25)	To comment on various recommendations to the Executive and Council	Corporate Governance and Standards Committee Executive: 26 January 2021 Council: 10 February 2021	Victoria Worsfold 01483 444834
Financial Monitoring 2020-21 Period 8 (April to November 2020)	To note the results of the Council's financial monitoring for the period April to November 2020	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Annual report of the Monitoring Officer regarding misconduct allegations	(1) To note the cases dealt with; and (2) To advise the Monitoring Officer of any areas of concern upon which they would like further information and/or further work carried out.	Corporate Governance and Standards Committee	Sarah White 01483 444069
Equalities Scheme Action Plan	Annual monitoring report on the implementation of the actions in the Equalities Scheme action plan approved in January 2018	Corporate Governance and Standards Committee	Francesca Smith 01483 444014
Gender Pay Gap Report 2021-22	To note the Council's gender pay gap report	Corporate Governance and Standards Committee	Francesca Smith 01483 444014
Freedom of Information Compliance - Annual Report 2020	To consider the annual report for 2020 on the Council's performance in dealing with Freedom of Information requests.	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

25 March 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Discussions with those charged with governance	To agree the Committee's response to the external auditor's audit plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Annual Governance Statement 2020-21	To adopt the Council's Annual Governance Statement 2020-21	Executive: 20 April 2021	John Armstrong 01483 444102
Audit Report on the Certification of Financial Claims and Returns 2019-20: Housing Benefit Subsidy and Pooling Housing Capital Receipts	To note the position regarding the certification of financial claims and returns for 2019-20	Corporate Governance and Standards Committee	Belinda Hayden 01483 444867
External Audit Plan and Audit Update 2020-21	To approve the external audit plan for 2020-21, and to note the content of the External Auditor's update report and make any appropriate comments.	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Data Protection and Information Security Update Report	To consider a six monthly update on compliance with statutory requirements	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072
Financial Monitoring 2020-21 Period 10 (April 2020 to January 2021)	To note the results of the Council's financial monitoring for the period April 2020 to January 2021	Corporate Governance and Standards Committee	Claire Morris 01483 444827

Agenda item number: 9
Appendix 1

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

June 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Capital and Investment outturn report 2020-21	To submit any comments to the Executive when it considers this matter in June 2021.	Executive: June 2021 Council: July 2021	Victoria Worsfold 01483 444834
Revenue Outturn Report 2020-21	To note the Draft Statement of Accounts 2019-20, and to make any comments to officers in advance of the audit.	Executive: June 2021	Claire Morris 01483 444827
Housing Revenue Account Final Accounts 2020-21	To submit any comments to the Executive when it considers this matter in June 2021.	Executive: June 2021	Peter O'Connell 01483 444800
External Audit 2021-22 Fee Letter	To consider the planned audit fee	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Internal Audit Plan 2021-22	To consider the internal audit plan for 2021-22	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Review of Task Groups reporting to the Committee	To review the work carried out by the task groups over the past 12 months and work to be carried put in the next 12 months and appoint councillors to the groups	Corporate Governance and Standards Committee	John Armstrong 01483 444102

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

July 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
2020-21 Audit Findings Report: Year ended 31 March 2021	To note the external auditor's findings and management's response in the Action Plan	Corporate Governance and Standards Committee	Claire Morris 01483 444827
2020-21 Audited Statement of Accounts	To approve the 2020-21 Statement of Accounts	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Financial Monitoring 2021-22 Period 2 (April/May 2021)	To note the results of the Council's financial monitoring for the period April/May 2021	Corporate Governance and Standards Committee	Claire Morris 01483 444827
Summary of Internal Audit Reports October 2020 – March 2021	To consider the summary of internal audit reports for the period October 2020 to March 2021, including an update on complaints to the Local Government Ombudsman for that period	Corporate Governance and Standards Committee	Joan Poole 01483 444854
Freedom of Information Compliance update	To consider the update report on the Council's performance in dealing with Freedom of Information requests (January to June 2021)	Corporate Governance and Standards Committee	Ciaran Ward 01483 444072