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Contact Officer:

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

6 January 2021

Dear Councillor

Your attendance is requested at a meeting of the **CORPORATE GOVERNANCE AND STANDARDS COMMITTEE** on **THURSDAY, 14 JANUARY 2021** at **7.00 pm**.

This meeting can be accessed remotely via Microsoft Teams. If councillors or co-opted members lose their wi-fi connectivity to the meeting and are unable to re-join using the link on the Outlook calendar invitation, please re-join using the telephone number 020 3855 4748. You will be prompted to input a conference ID: 502 518 448#

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 Masuk Miah
Councillor Ruth Brothwell	Councillor Marsha Moseley
Councillor Colin Cross	Councillor Susan Parker
Councillor Andrew Gomm	Councillor Jo Randall
Councillor Angela Gunning	Councillor Tony Rooth
Councillor Tom Hunt	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 - 14)

To confirm the minutes of the meeting of the Committee held on 19 November 2020, and the special meeting held on 26 November 2020.

4 GENDER PAY GAP REPORT (Pages 15 - 22)

5 SUMMARY OF INTERNAL AUDIT REPORTS: 1 NOVEMBER TO 31 DECEMBER 2020 (Pages 23 - 42)

6 CAPITAL AND INVESTMENT STRATEGY 2021-22 TO 2025-26 (Pages 43 - 118)

7 FINANCIAL MONITORING 2020-21 PERIOD 8 (APRIL TO NOVEMBER 2020) (Pages 119 - 162)

8 WORK PROGRAMME (Pages 163 - 172)

Please contact us to request this document in an alternative format

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CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

19 November 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

Councillors Tim Anderson, Joss Bigmore, Jan Harwood, Maddy Redpath, John Rigg, Tony Rooth, Paul Spooner, and Catherine Young were also in attendance.

CGS29 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

An apology for absence was received from Tim Wolfenden.

CGS30 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

No disclosable pecuniary interests were declared.

Councillor Deborah Seabrook declared a non-pecuniary interest in relation to agenda item 4 on the basis that she was a patient of the chiropractor firm which currently leased Burchatts Farm Barn. On the basis that the firm was not the subject of the governance report, and in the interests of transparency, Councillor Seabrook confirmed that it would not affect her objectivity in relation to the matter.

CGS31 MINUTES

The minutes of the meeting held on 24 September 2020 were approved as a correct record.

CGS32 SUMMARY OF INTERNAL AUDIT REPORTS - 1 MAY 2020 - 31 OCTOBER 2020

At the request of the Chairman, Councillor Nigel Manning and in the interests of transparency, the Vice-Chairman took the chair for the consideration of this item on the basis that he had been a member of the Property Review Group when the Burchatts Farm Barn matter had been considered previously.

The Vice-Chairman, Councillor Deborah Seabrook declared a non-pecuniary interest in relation to this matter on the basis that she was a patient of the chiropractor firm which currently leased Burchatts Farm Barn. On the basis that the firm was not the subject of the governance report, and in the interests of transparency, Councillor Seabrook confirmed that it would not affect her objectivity in relation to the matter, her ability to chair the committee in respect of this item of business.

Prior to the formal consideration of this item, Mr Gavin Morgan, on behalf of the Guildford Heritage Forum, addressed the Committee in respect of the governance review of Burchatts

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Farm Barn. and a statement written by Honorary Alderman Gordon Bridger in respect of that matter was read out to the Committee.

The Committee considered a report setting out a summary of internal audit reports produced by KPMG for the period 1 May 2020 to 31 October 2020, which related to the review of the operation of Treasury Management controls and the design and operating effectiveness of payroll controls, together with remedial recommendations which had been agreed with management. It was agreed that an update on the implementation of the recommendations would be presented to the Committee at its meeting in January.

The report also contained draft reports on two governance reviews completed by KPMG, on Burchatts Farm Barn and North Downs Housing Ltd, which had been due in March 2020 but had been delayed until after the lockdown in August.

The Committee noted that the Burchatts Farm Barn review had addressed the process by which the Council had let the venue, which had been a contentious issue and the scope of the review was to examine whether due process had been followed and the lessons to be learned for the future.

The draft governance review in respect of North Downs Housing Ltd had identified a number of areas for improvement in terms of reporting structures, clearer terms of reference, and monitoring and action tracking of decisions.

The Committee noted that, as the two KPMG reports were still in draft, it was intended that the reports would be updated following consideration by officers and councillors. In particular it was anticipated that additional information would be included within the Burchatts Farm Barn report which would lead to an additional recommendation(s) being made by the auditors in relation to the need to review the classification of assets.

Although the reports had been included in the agenda in draft for the Committee's discussion at this meeting; it was not appropriate for further comments on the reports to be made by the auditors at this stage.

During the debate on the Burchatts Farm Barn governance review, the following points were made by the Committee:

- Inadequacy of the advertising of the disposal
- No consideration of possible community use of the Barn
- Concerns over the inaccurate financial information made available to councillors – for example the £40-70,000 overstatement of operating costs
- The Council should consider introducing a policy on the transfer/disposal of buildings and assets of community value
- The Council should consider conducting an audit of existing community facilities on a ward-by-ward basis including the condition of such assets
- Management and operation of our community assets need to be urgently reviewed, including information to the public as to availability of such assets for hire and facilities available at each venue
- Accountability of officers making the decision
- Whether KPMG had reviewed relevant emails from councillors, including the former Leader and relevant former lead councillors regarding the disposal, and whether KPMG will interview those councillors and former councillors as part of the investigation
- Error in KPMG's project timeline
- Look at establishing a task group to:
 - review the Council's approach to the disposal of community assets in the future and procedures to be adopted including the involvement of the local community and ward councillors in informing decisions on disposals;
 - review community facilities across the borough with a view to developing a policy on how the Council can provide support to them

- The Committee should consider whether the disposal of community facilities should be determined by the Executive in all cases, rather than by officers under existing delegated authority
- The decision to dispose of the Barn was taken in October 2016 and it was never designated as a community asset
- Officers provided information in good faith, but it is important that we learn from mistakes made
- The importance of having a clear set of rules governing the disposal of community facilities including a decision matrix on matters such as deliverability, rental income, community asset value
- The need to differentiate between community facilities and Assets of Community Value
- Whether the remit of the governance audit should be extended to include other examples of disposals of community facilities around the borough
- As part of a series of wider learning points, there was a need to produce and maintain an index of Council policies to include details of what they covered, the name of the responsible officer, when they were approved, and when they were next due to be reviewed

During the debate on the North Downs Housing Ltd (NDH) governance review, the following points were made by the Committee:

- NDH and the holding company appeared to be operating well despite current operating processes rather than because of them
- KPMG recommendations provide some clarity going forward, particularly in terms of reporting to the Council on NDH's performance, and will help in terms of clarifying NDH's aims and objectives

The Committee's comments would be reviewed by the auditors as part of the process of finalising the reports. The final reports, together with management responses, would be reported to the Committee at its meeting in January for further consideration.

Having considered the matters raised, the Committee

RESOLVED:

- (1) That the Internal Audit Progress Report (November 2020) prepared by KPMG, as set out in Appendix 1 to the report submitted to the Committee be noted.
- (2) That the draft reports prepared by KPMG concerning the Burchatts Farm Barn review and North Downs Housing Ltd be noted and scheduled to be resubmitted in final format to the meeting to be held on 14 January 2021.

Reason:

To ensure an adequate level of audit coverage.

CGS33 PLANNING APPEALS MONITORING REPORT

Councillor Manning resumed the chair.

The Committee considered the first monitoring report providing a factual overview of Planning Committee decisions and appeals data for two calendar years, 2019 and 2020 to date, which had been requested by the Chairman. The data focused on Planning Committee member overturns, which overturns ended up at appeal and whether any costs were sought and awarded. The report also looked at general appeals data for each year and the number and type of appeals received.

The report had also identified costs both for and against the Council and the quantum of costs where they had been settled. It was noted that these may well be from different years as the

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agreement on the final costs settlement could occasionally take a long time to resolve and often involve a costs draughtsman should the expectations of both parties be far apart. The report also highlighted the high success rate the Development Management team has had at appeal in both 2019 and 2020.

The Committee noted that, in 2019, 73 planning applications of varying complexity had been determined by the Planning Committee and, of these, 15 officer recommendations had been overturned by the Committee. These had mostly been from approval to refusal but occasionally vice versa. Eleven applications were appealed, of which seven had subsequently been allowed by the Planning Inspectorate, but no costs had been awarded against the Council in respect of any of them. Overall, the percentage of appeals dismissed in 2019 had been 72%.

The Committee noted that in relation to the plot 23 RSCH Hearing, the cost of the Council's barrister had been £9,200 and the transport engineer's costs were £1,600. The cost of officer time was charged at between £50 and £125 per hour depending on the seniority of the officer involved. It was suggested that information on such costs should be included in future reports.

In 2020, there had been 80 appeal decisions, of which 66 had been dismissed overall (82.5%), with 12 appeals allowed and two mixed decisions. Up to the November Planning Committee meeting there had been twelve member overturns, but it was too early to advise on appeal outcomes and any associated costs.

The Committee noted that, at the Chairman's request, the next report to the Committee would include data from 2018.

During the debate, the following points were raised:

- The report was welcomed and the Council's overall performance commended
- The need for ongoing practical and collaborative training for Planning Committee members and officers was emphasised looking at specific examples of appeal decisions and learning points for the future
- Regular (six monthly) update reports were requested
- Details of officer appeals should be set out separately from member overturns at the Planning Committee in future update reports

Having considered the report, the Committee

RESOLVED:

- (1) That the contents of the report be noted.
- (2) That the next update report to the Committee on 22 April 2021 shall include comparative data for 2018 and set out details of appeals against officer refusals separately from details of appeals deriving from member overturns at the Planning Committee.

Reason:

To enable the Committee to monitor the Council's performance on planning appeals.

CGS34 WORK PROGRAMME

The Committee considered its updated 12 month rolling work programme. In view of the business proposed to be transacted at the January and March 2021 meetings, the chairman and vice-chairman had requested that an additional meeting of the Committee be held in April 2021, in order to see whether the business could be spread more evenly across three meetings for more manageable agendas.

It was suggested that this additional meeting be held on Thursday 22 April 2021.

It was also suggested that, on the basis that much of the business in the Committee’s work programme each year tended to be front-loaded in the first six months of the calendar year, in order to meet key deadlines, an additional meeting be programmed in April each year to help spread the business more manageably. This would be addressed in the report to the next Council meeting on the timetable of meetings.

The further report on Planning Appeals Monitoring that was scheduled in the work programme for June 2021 would now be brought forward to the 22 April meeting.

The Committee

RESOLVED:

- (1) That the updated 12 month rolling work programme, as set out in the Supplementary Information Sheet circulated at the meeting, be approved.
- (2) That an additional formal meeting of the Committee be convened on Thursday 22 April 2021 at 7pm.

Reason:

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

The meeting finished at 9.05 pm

Signed

Chairman

Date

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE

26 November 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

Councillor Tim Anderson was also in attendance.

CGS35 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillor Liz Hogger and Tim Wolfenden.

CGS36 LOCAL CODE OF CONDUCT - DISCLOSURE OF INTERESTS

There were no disclosures of interest.

CGS37 AUDIT FINDINGS REPORT FOR 2019-20

The Committee noted that the audit of the 2019-20 accounts was nearing completion and the Council's external auditors intended to issue an unqualified opinion on the financial statements, which the Chief Finance Officer (CFO) would re-certify in accordance with the Accounts and Audit Regulations 2015 immediately after the Committee meeting. The auditors had issued an Audit Findings report, which was appended to the committee report, together with a management action plan. An update to the Audit Findings Report had been circulated to the Committee on the Supplementary Information Sheet.

The auditors had not yet found any misstatements which affected the primary financial statements or financial position of the Council. The auditors had found some areas that required adjusting and these were highlighted in the audit findings report. There are also some minor changes that were not individually significant enough to warrant separate disclosure in the findings report.

The auditors had proposed to give an unqualified Value for Money conclusion. Their recommendations relating to value for money were also included in the action plan. The key points related to the medium-term financial plan and the general fund capital programme. However, the auditors drew the Committee's attention to an Emphasis of Matter, highlighting material uncertainties, caused by the financial impact of the COVID-19 pandemic, around the valuation of land and buildings, investment properties and the Council's share of pension fund property investments as at 31 March 2020, which had been reflected in the accounts.

The auditors had indicated that, in their opinion, the Council had proper financial arrangements in place to deal with the challenges to financial sustainability caused by the COVID-19 pandemic, but had recommended that the financial position in respect of reserves should continue to be monitored and reported.

The auditors reported at the meeting that it was not now anticipated that the audit would be completed by the 30 November deadline.

The Chairman of this Committee was required to issue a letter of representation on behalf of the Council to the auditors to provide assurance over the management framework operating at the Council and the disclosures in the accounts. A copy of the proposed letter, which had been omitted from the committee report, had been circulated to the Committee on the Supplementary Information Sheet.

The Committee's attention was drawn to the Action Plan in the Audit Findings Report and the management responses, and to the various adjustments made to the accounts since the first draft of the accounts were published in August.

During the debate, the Committee made the following comments:

- In response to a concern over the possibility of identifying any significant issues during the final stages of the audit, the auditor confirmed that the most significant areas where potential issues arise were dealt with in the early stages of the audit process. However, should any significant issues come to light, they would be communicated to the Committee.
- Clarification was sought in respect of whether pension fund net liability would continue to represent a significant audit risk each year. It was confirmed that, given the very large figures involved and the need for expert help and advice and the uncertainties and complexity of underlying assumptions it was likely that it would remain a significant audit risk.

Having considered the report and the update on the Supplementary Information Sheet, the Committee

RESOLVED:

- (1) That Grant Thornton's Audit Findings report attached as Appendix 1 to the Committee report, including the Update on the Supplementary Information Sheet circulated to the Committee prior to the meeting, and the management responses provided in the action plan (as set out in Appendix A to Appendix 1 to that report) be noted.
- (2) That the letter of representation, as set out in Appendix 2 to the Supplementary Information Sheet, be approved, and that the Chairman be authorised to sign the letter on the Council's behalf.

Reason:

To allow the external auditor to issue his opinion on the 2019-20 accounts.

CGS38 AUDITED STATEMENT OF ACCOUNTS 2019-20

The Committee considered the Audited Statement of Accounts for 2019-20. The Audit Findings report had covered the changes made to the accounts between the draft accounts, issued on 31 August 2020 and the audited accounts. The audited accounts appended to the Committee report included the changes.

A copy of the Guildford Borough Council Group Accounts for 2019-20, which had been omitted from the Statement of Accounts included on the agenda, had been circulated to the Committee prior to the meeting.

The Committee noted that the external auditors (Grant Thornton) had indicated that they expected to issue an unqualified opinion on the financial statements.

Comments from the Committee raised the following points:

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- It was suggested that it would be helpful if the table of key performance indicators (on page 16 of the Statement of Accounts) was benchmarked across other comparable councils, with such benchmarked details included in future Statements. The CFO confirmed that it would be possible to circulate details of Surrey district and borough councils' key performance indicators to the Committee.
- In response to an enquiry as to whether the financial settlement in respect of the departure of the Director of Community Services (referred to on page 33 of the Statement of Accounts) had been approved by full Council, it was confirmed that the matter had been approved by the Council at its meeting held on 8 October 2019.

Having considered the Statement of Accounts for 2019-20, the Committee

RESOLVED:

- (1) That, subject to paragraph (2) below, the audited Statement of Accounts 2019-20, as set out in Appendix 1 to the report submitted to the Committee, including the Guildford Group Accounts for 2019-20 circulated to the Committee prior to the meeting, be approved and that the Chief Finance Officer be authorised to make any amendments as a result of changes requested by the auditors after this meeting and before completion of the audit.
- (2) That, in the interests of openness and transparency, the Chief Finance Officer be requested to report back to the next meeting of the Committee on 14 January 2021 to advise of any adjustments made to the Statement of Accounts for 2019-20 at the request of the external auditors, including details of the sum(s) involved and reason for the adjustment(s).
- (3) That the Chairman of the Committee be authorised to sign the official copy of the accounts to state that they are approved.

Reasons:

- To approve the Statement of Accounts for 2019-20.
- To comply with the Accounts and Audit Regulations 2015 the statutory Statement of Accounts requires approval by 31 July. However, 2020 has been an exceptional year and the Accounts and Audit Regulations have been amended for the 2019-20 accounts revising the approval date to 30 November 2020.

CGS39 FINANCIAL MONITORING 2020-21: PERIOD 6 (APRIL TO OCTOBER 2020)

The Committee considered a report which summarised the projected outturn position for the Council's general fund revenue account, based on actual and accrued data for the period April to September 2020.

Officers were projecting an increase in net expenditure on the general fund revenue account of £6,806,000.

Covid-19 continued to impact 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 stood at £948,881, with support received from the Government of £1,954,748. The Government support would contribute to both the direct and indirect costs of the Covid-19 pandemic.

As the pandemic continued, estimates for losses in income and increased costs had been made with the best information available, which would be subject to change as the year progressed. The report considered the expenditure and income forecasted up to 30 September (before the second lockdown occurred) and would therefore potentially move adversely as the second lockdown progressed.

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

There had been 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 would 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 was projected to be £97,384 higher than the budgeted assumption and reflected modest variations in repair and maintenance expenditure and staffing costs.

Progress against significant capital projects on the approved programme, as outlined in section 7 of the report, was being made. The Council expected to spend £97.896 million on its capital schemes by the end of the financial year. The expenditure was higher than it had been for many years and demonstrated progress in delivering the Council's capital programme.

The Council's underlying need to borrow to finance the capital programme was expected to be £74.456 million by 31 March 2021, against an estimated position of £125.956 million. The lower underlying need to borrow was a result of slippage on both the approved and provisional capital programme, as detailed in paragraphs 7.3 to 7.6 of the report.

The Council held £143 million of investments and £276 million of external borrowing as at 30 September 2020, which included £192.5 million of HRA loans. Officers confirmed that the Council had complied with its Prudential indicators in the period, which had been set in February 2020 as part of the Council's Capital Strategy.

During the debate, the following comments were made by the Committee:

- An enquiry as to where Parks and Countryside income derived from
- It was confirmed that monies received during the year towards Special Protection Area sites were transferred to a reserve and that the net effect on the General Fund was nil.
- It was noted that, in relation to the £120,000 set aside in the Capital Programme for new boilers for the Electric Theatre, this had been agreed with the ACM at the time they entered into the lease with the Council in 2017.
- In response to an enquiry as to why the planning appeals budget was currently overbudget given that the budget had been increased, it was confirmed that planning appeals were £40,000 over budget and that the variance related to the loss of income on planning performance agreements.

Having considered the monitoring report, the Committee

RESOLVED: That the results of the Council's financial monitoring for the period April to September 2020, be noted together with the above comments.

Reason:

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

The meeting finished at 8.03 pm

Signed

Date

Chairman

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Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Managing Director (Head of Paid Service)

Author: Francesca Smith, Lead Specialist HR

Tel: 01483 444014

Email: francesca.smith@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 14 January 2021

Gender Pay Gap report 2021

Executive Summary

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 impose obligations on employers with 250 or more employees to publish information annually relating to the gender pay gap in their organisation. In particular, employers are required to publish, amongst other information, the difference between the average hourly rate of pay paid to male and female employees; and the relative proportions of male and female employees in each quartile pay band of the workforce.

This report sets out Guildford's Gender Pay Gap Report for 2021, which will be published on the Council's website and on a publicly accessible Government website and retained for a period of three years.

Recommendation to Corporate Governance and Standards Committee

That the Committee notes the Gender Pay Gap Report for the year 2021, attached at Appendix 1 to this report.

Reason for Recommendation:

To comply with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 In 2017, the Government introduced regulations which require the Council to publish details of our gender pay gap annually on our website and to upload this information to a publicly accessible Government website.

2 Strategic Priorities

- 2.1 We strive to provide equality of opportunity within the Council and aim to ensure that our workforce is diverse and inclusive. Creating a workplace where everyone is valued is part of our organisational values and our commitment to this is set out in our Corporate Plan.

3. Background

- 3.1 The Gender Pay Gap Report (see Appendix 1), sets out our gender pay gap which, with a mean pay gap of -10%, indicates that women are not receiving less average pay than men. This compares to the national figure of 14.6%.
- 3.2 Our Gender Pay Gap was first published in 2018 and shows little change in the gap since this date as follows:

	Mean	Median
2018	-9%	-22%
2019	-9%	-21%
2020	-7%	-13%
2021	-10%	-22%

- 3.3 There has been no significant change in the pay quartile distribution and the reduction has therefore arisen from changes to our organisational structure during the Future Guildford transformation.

4. Equality and Diversity Implications

- 4.1 The Gender Pay Gap analysis enables the Council to review whether we have fairness and equality in the application of pay and remuneration within the Council.
- 4.2 The Council's duty under section 149 of the Equality Act 2010 is to have due regard to the matters set out in relation to equalities when considering and making decisions. This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.

5. Financial Implications

- 5.1 No financial implications apply.

6. Legal Implications

- 6.1 Under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, the Council, as a relevant employer, is required to publish our gender pay gap data on the Government's Equalities website and on our own website by 30 March 2021.

7. Human Resource Implications

- 7.1 The Lead Specialist HR is responsible for publishing the gender pay gap data, there are no further HR implications.

8. Background Papers

None

9. Appendices

Appendix 1: Gender Pay Gap Report 2021

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Gender Pay Gap report 2021

Equality is fundamental to building a fair society and a strong economy as we need to make sure that we benefit from the talents of everyone. Within our Council we strive to deliver equality of opportunity and aim to ensure that our workforce is diverse and inclusive.

One of the ways that we support equality is through fair pay and we're confident that our job evaluation scheme ensures that the men and women that we employ are paid equally for doing the same job.

Government regulations require us to publish an annual gender pay gap report so that we can measure the difference in average earnings between women and men. This enables us to identify any pay gap differences and develop initiatives to improve any gender imbalance that we find. We think we're getting some things right, but we want to build on this and create a Council that people want to work for and feel welcomed and involved.

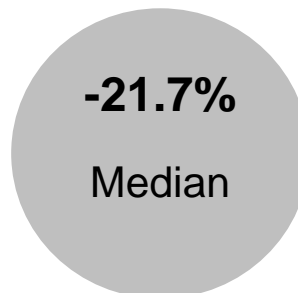
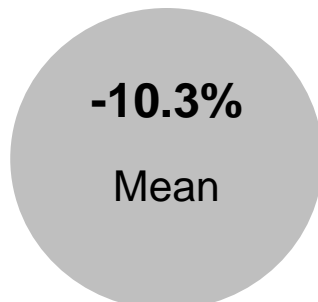
James Whiteman

Managing Director and Head of Paid Service

Our Gender Pay Gap

The gender pay gap is defined as the difference between the mean and median hourly rate of pay that our male and female employees receive.

- The **mean pay gap** is the difference between average hourly earnings of men and women.
- The **median pay gap** is the difference between the mid-point in the range of hourly earnings of men and women, when arranged from lowest to highest.



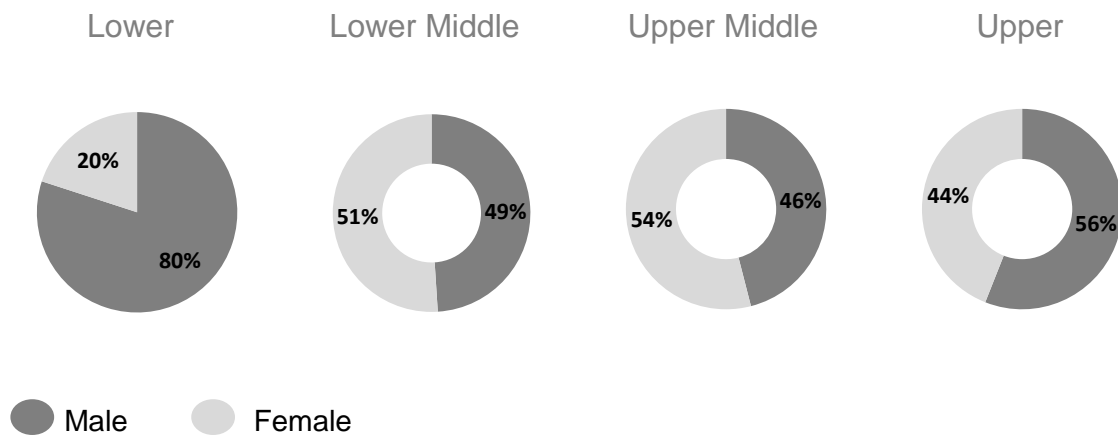
These figures provided are based on hourly rates of pay and show that:

- our female employees have an average hourly rate that is 10.3% higher than our male employees' hourly rate.
- At the mid-point within the range of hourly earnings that we pay our male and our female employees, our female employees have an hourly rate that is 21.7% higher than our male employees' hourly rate.

The main reason for this gender pay gap is an imbalance of male and female colleagues across the services as we have a much higher proportion of men working in our Waste Collection Service and our Parks and Landscape Service. Many of the roles within these services fall within the lower pay bands.

We do not pay any bonuses to our staff and the requirement to report on this is therefore not applicable.

Our Gender Pay Gap by quartile



This chart shows the gender split when we order hourly rate of pay from lowest to highest and then group these into four equal quartiles.

- The lower quartile contains more males than females for the reasons set out above.
- The lower middle quartile is fairly evenly split with more females than males.
- The upper middle quartile is fairly evenly split with more females than males.
- The upper quartile contains marginally more men than women in our very senior roles.

How we compare to others

The vast majority of organisations have a gender pay gap where women are, on average, paid less than men. The requirement to report on gender pay differences is aimed at encouraging organisations to identify any gap and put in place measures to reduce this. In comparing ourselves to others, our negative gender pay gap indicates that women are not receiving less average pay than men.

In comparison, nationally across all sectors the **median gender pay gap is 15.5% and the mean gender pay gap is 14.6%**. More specifically, across local authorities the **mean gender pay gap is 6.1%** (Office for national Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures).

How we are addressing the pay gap

Recruitment

We aim to recruit from the widest possible talent pool and our hiring managers are trained in both equality and diversity, and how to recruit using competency-based interview techniques that aim to avoid unconscious bias. The organisations that work with us to support our recruitment needs are professional recruitment specialists who are committed to attracting diverse candidates.

Flexible working

We offer our employees a wide range of flexible working options to enable them to effectively manage their work/life balance. These options include homeworking, part-time working, condensed working weeks, term time working, job share, agile working and a generous flexi-time scheme. In addition, we offer extra leave purchase through a salary sacrifice scheme.

Development

We are committed to identifying from within our current workforce those employees who have the potential to grow into more senior roles. We will offer support and development opportunities to those employees including coaching and mentoring both within and outside of our organisation.



I, James Whiteman, Managing Director and Head of Paid Service, confirm that the information in this statement is accurate.

Signed

A handwritten signature in black ink that reads "James Whiteman". The signature is written in a cursive style and is positioned to the right of the word "Signed".

Date 31 December 2020

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Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

Author: Claire Morris

Tel: 01483 444827

Email: Claire.morris@guildford.gov.uk

Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 14 January 2021

Summary of Internal Audit Reports 1 November to 31 December 2020

Executive Summary

A summary of internal audit reports by KPMG is presented at Appendix 1.

Recommendation to Committee

The Committee is requested to note the summary of audit reports for the period 1 November 2020 to 31 December 2020 and note the recommendations arising from the governance reports

Reason(s) for Recommendation:

To ensure good governance arrangements and internal control by undertaking an adequate level of audit coverage

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

1.1 To present a summary of audit work for the period 1 November 2020 to 31 December 2020.

2. Strategic Priorities

2.1 The audit of Council services supports the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

3. Background

- 3.1 The Audit Plan for 2020-21 is now being delivered by Neil Hewitson from KPMG who is the Council's internal audit manager for the next 3 years. A copy of their audit report for the period November to December 2020 is attached as Appendix 1. The final audit report in respect of North Downs Housing is presented at Appendix 2. The final report for Burchatts Barn will be presented to the March meeting of this committee with additional information and a specific covering report to add some context and background to support the management responses.

4. Financial Implications

- 4.1 There are no financial implications as a result of this report.

5. Legal Implications

- 5.1 There are no financial implications as a result of this report.

6. Human Resource Implications

- 6.1 There are no financial implications as a result of this report.

7. Conclusion

- 7.1 The summary of internal audit reports is presented at Appendix 1 and North Downs Housing report at Appendix 2.

8. Background Papers

None

9. Appendices

Appendix 1: Summary of Internal Audit Reports
Appendix 2: North Downs Housing Internal Audit Report (Final)



Progress Report

Guildford Borough Council
Internal Audit 2020-21

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14 January 2021

Internal Audit Progress Report - January 2021

Appendix 1

Since the last meeting of the Corporate Governance and Standards Committee on 19 November 2020 we have...

- Finalised our 2019/20 reports on North Downs Housing and Burchatts Farm Barn;
- Issued our draft 2020/21 reports on Income and Accounts Receivable, Expenditure and Accounts Payable and Performance Monitoring;
- Commenced our 2020/21 Local Risk Management review;
- Issued terms of reference for our remaining 2020/21 reviews: Capital Management; Follow-up; and Key Learnings from COVID-19.

Ahead of the next meeting of the Corporate Governance and Standards Committee on 25 March 2021 we will...

- Finalise our 2020/21 reports on Income and Accounts Receivable, Expenditure and Accounts Payable, Performance Monitoring and Local Risk Management;
- Commence our 2020/21 reviews of Capital Management, Follow-up and Key Learnings from COVID-19; and
- Prepare our draft 2020/21 annual report and head of internal audit opinion; and
- Complete our 2021/22 planning process the output of which will be our 2021/22 internal audit plan.

Status of our 2020/21 internal audit programme

#	Review	CGSC	Assurance rating given	Status
2020/21 reviews				
1	Treasury Management	November 2020	Partial assurance with improvements required	Complete
2	Payroll	November 2020	Significant assurance with minor improvement opportunities	Complete
3	Income & Accounts Receivable	January 2021	TBC	Draft report issued
4	Expenditure & accounts payable	January 2021	TBC	Draft report issued
5-7	Performance Monitoring: KPIs 1,2,3	January 2021	TBC	Draft report issued
8	Local Risk Management	March 2021	TBC	Fieldwork ongoing
9	Capital Management	March 2021	TBC	Fieldwork starting January 2021
10	Follow up Reviews	March 2021	TBC	Fieldwork starting January 2021
11	Key Learnings from Covid-19	March 2021	TBC	Fieldwork starting January 2021

Summary of reviews - January 2021 Appendix 1

Summary of completed reviews:

Report	Recommendations				Key Findings
	High	Medium	Low	Total	
North Downs Housing: Governance (2019/20)	1	2	1	4	<p>We reviewed the design and effectiveness of the governance arrangements used by the Council to manage North Downs Housing Ltd. ('NDH') and provided 'Partial assurance with improvements required' (AMBER RED). This is below management's expectations and is driven by the lack of consistent and regular performance management between the Council and the subsidiary as well as there being no formalised and approved terms of references for the NDH Board or the GBC Holdings Board.</p> <p>We reviewed the governance arrangements at NDH and at the Council and how they relate to the management of NDH. Per Management there was a recent request for a presentation for an operational update on NDH to the Council's Overview and Scrutiny Committee. Our review of Committee meeting minutes supported this, showing that the presentation was made and there was subsequent discussion and challenge. This reporting is ad hoc and there is no formal mechanism for NDH to report on performance to the Council. The Council does not have a structure to ensure regular and consistent monitoring. Whilst NDH is a standalone entity, as the parent, the Council should be sighted of the financial, strategic and operational performance of the subsidiary and we recommend that formal reporting structures are established.</p> <p>At NDH there are regular board meetings, key areas of discussion and appropriate attendance from key stakeholders. There are no established terms of references for the NDH Board or the Guildford Borough Council Holdings Ltd ('GBC Holdings') Board to clearly set out the roles and responsibilities of the committees, including the information required to be reported and discussed at these meetings. This needs to be codified, approved and adhered to.</p> <p>The NDH Board meets regularly every two months with agendas and minutes prepared for each meeting. These meetings are attended by appropriate individuals such as NDH Directors, the Landlord Services Manager, Lead Specialist Finance and Legal. We noted robust discussion and challenge around each agenda item, including operational updates on properties. Actions are identified and assigned a responsible individual, however there is no standalone action tracker which is monitored to ensure that actions are being adequately responded to and we recommend that a formal action tracker is implemented including detail on responsible individuals and due dates.</p> <p>There is an overlap in the information provided in the financial monitoring report and the operational update report provided by the Landlord Services Manager. This information includes specific property details such as purchase price and monthly rents. We also found that the operational update pulls this information from the Orchard housing management system whereas the financial monitoring report takes the data from the ledger. Information compiled and presented at the NDH board meetings should be clearly defined to ensure there is no duplication in reporting.</p>

Summary of reviews – January 2021

Appendix 1

Report	Recommendations			Total	Key Findings
	High	Medium	Low		
Burchatts Farm Barn (2019/20)	2	5	2	9	<p>We reviewed the process followed in respect of the disposal of community assets, using Burchatts Farm Barn as a case study, and provide 'Partial assurance with improvements required' (AMBER RED). This rating is lower than management's forecast and is driven by the lack of clear and comprehensive procedures and controls over the disposal of community assets.</p> <p>Through discussions with the Property & Asset Manager, review of relevant documentation and further research, we determined the project timeline for the disposal of Burchatts Farm Barn and considered the lessons which can be learned by the Council going forward.</p> <p>The Council put in place a robust Asset Management Strategy and Framework in 2014 that outlines that community value should be considered alongside financial viability when making decisions about the future of community assets, but the document has not been reviewed or updated since its creation and is not representative of current Council operations. We found there to be inconsistent procedures, policies and governance structures in place for the disposal of community assets. The Council recently introduced a new procedure for assessing less than best consideration disposals where a minimum of market rent has been offered, but in the case study of Burchatts Farm Barn, we found there to be a lack of consistency regarding how the Council was measuring the merit of potential lessees. There is a need to increase the transparency of the tender process to demonstrate robust governance in Council decision-making.</p> <p>In the case of Burchatts Farm Barn, we identified areas to improve the consistency and effectiveness of governance arrangements. The Council was unable to provide sufficient documentation to evidence when key decisions were made and by whom, and there was no clear corporate record to evidence effective decision making. Although the business case was approved, some of the information it included was found to be inaccurate, and there is no evidence that alternatives to commercial leasing were considered until five years after the Council first commissioned a market report for leasing. There was no evidence that the Council monitored, assessed or reported of cost or benefits realised. The Council should formalise stages for considering and presenting alternatives as part of the decision making process and these alternatives should be reported appropriately in the governance structure.</p> <p>The Council discharged its legal responsibility by notifying the community of the proposed disposal in an advert in the local newspaper. This occurred after a tenant had been already been selected. At the lessee's planning application stage 86 written objections were submitted. The Council should consider broadening the range of communication channels it uses to notify and engage with the public regarding proposed community asset disposals.</p>



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North Downs Housing: Governance



Guildford Borough Council

Internal Audit 2019-20

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3 December 2020

Contents

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1. Executive summary 2

2. Recommendations 4

Appendices

1. Design of Governance Arrangements

2. Effectiveness of Governance Arrangements

3. Staff involved and documents reviewed

Status of report

Discussion draft issued	15 October 2020
Management responses received	3 December 2020
Final report issued	3 December 2020
Presented to Corporate Governance and Standards Committee	14 January 2021

Distribution

To (for action):	CC (for information):
— Siobhan Rumble, Landlord Services Manager	— Claire Morris, Resources Director
— Ian Doyle, Service Delivery Director	

This report is provided pursuant to the terms of our engagement letter. Nothing in this report constitutes a valuation. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in our engagement letter. This report is for the sole benefit of Guildford Borough Council (the "Council"). In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Council, even though we may have been aware that others might read this report. This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Council) for any purpose or in any context. Any party other than the Council that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through the Council's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Council. Any disclosure of this report beyond what is permitted under our engagement letter may prejudice substantially our commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If the Council receives a request for disclosure of the product of our work or this report under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions the Council should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.



Section One

Executive Summary

Conclusion

We reviewed the design and effectiveness of the governance arrangements used by the Council to manage North Downs Housing Ltd. ('NDH') and provided "partial assurance with improvements required" (**AMBER RED**). This is below management's expectations and is driven by the lack of consistent and regular performance management between the Council and the subsidiary as well as there being no formalised and approved terms of references for the NDH Board or the GBC Holdings Board .

We reviewed the governance arrangements at NDH and at the Council and how they relate to the management of NDH. Per Management there was a recent request for a presentation for an operational update on NDH to the Council's Overview and Scrutiny Committee. Our review of Committee meeting minutes supported this, showing that the presentation was made and there was subsequent discussion and challenge. This reporting is ad hoc and there is no formal mechanism for NDH to report on performance to the Council. The Council does not have a structure to ensure regular and consistent monitoring. Whilst NDH is a standalone entity, as the parent, the Council should be sighted of the financial, strategic and operational performance of the subsidiary and we recommend that formal reporting structures are established.

At NDH there are regular board meetings, key areas of discussion and appropriate attendance from key stakeholders. There are no established terms of references for the NDH Board or the Guildford Borough Council Holdings Ltd. ('GBC Holdings') Board to clearly set out the roles and responsibilities of the committees, including the information that is required to be reported and discussed at these meetings. This needs to be codified, formally approved and adhered to.

The NDH Board meets regularly every two months with agendas and minutes prepared for each meeting. These meetings are attended by appropriate individuals such as NDH Directors, the Landlord Services Manager, Lead Specialist Finance and Legal. We noted robust discussion and challenge around each agenda item, including operational updates on properties. Actions are identified and assigned a responsible individual, however there is no standalone action tracker which is monitored to ensure that actions are being adequately responded to and we recommend that a formal action tracker is implemented including detail on responsible individuals and due dates. Additionally we found from our review of the reports that go to regular Board meetings that there is an overlap in the information provided in the financial monitoring report and the operational update report provided by the Landlord Services Manager. This information includes specific property details such as purchase price and monthly rents. We also found that the operational update pulls this information from the Orchard housing management system whereas the financial monitoring report takes the data from the ledger. Information compiled and presented at the NDH board meetings should be clearly defined to ensure there is no duplication in reporting.

Objectives

The objectives of our work were:

Objective	Description of work to undertake
Objective One Design of governance arrangements	We reviewed the governance arrangements used by the Council to manage North Downs Housing Ltd and assessed whether they are sufficient to monitor the subsidiary's performance. To do this we reviewed: <ul style="list-style-type: none"> • The structure and responsibilities of committees, including reporting lines into committees; • The methods used to monitor subsidiary performance; • How actions are identified and monitored through to implementation; and • How issues are identified and escalated appropriately.
Objective Two Effectiveness of arrangements	We reviewed committee minutes and other supporting documentation to assess the effectiveness of how governance arrangements are operating. We considered whether information provided is sufficient, timely and appropriate to enable decision making relevant to the subsidiary's operation and performance.

Section One

Executive Summary

Areas of good practice

- ✓ The NDH Board meets regularly every two months with agendas and meeting minutes prepared for each meeting. These meetings are attended by appropriate individuals such as NDH Directors, the Landlord Services Manager, Lead Specialist Finance and Legal.
- ✓ We found that the Landlord Services Manager regularly presents at the NDH board meetings, providing an update on the operational aspects of NDH including a detailed spreadsheet showing properties purchased, with purchase price, % yield and properties in the pipeline.
- ✓ A detailed update was given to the Council's Overview and Scrutiny Committee at the July 2020 meeting; there was a robust discussion and questions from committee members.

Areas for improvement

- There is no formal mechanism for NDH to report on performance to the Council. The Council does not have a structure in place to ensure regular and consistent monitoring of NDH's performance. (**Recommendation One**).
- We found that there are no established terms of references for the NDH Board or the GBC Holdings Board which clearly set out the roles and responsibilities of the committees. (**Recommendation Two**).
- Whilst actions are identified at NDH board meetings, we found that there is no action tracker in place that ensures actions are assigned a due date, risk rating and are appropriately monitored and tracked. (**Recommendation Three**).

We have also raised one low priority rating relating to the duplication of reporting to the NDH Board.

Recommendations

We summarise below the recommendations raised as a result of our review:

	High	Medium	Low	Total
Made	1	2	1	4
Accepted	1	2	1	4

Acknowledgement

We thank the staff involved in this review who helped us complete our work.

Section Two

Recommendations

This section summarises the recommendations that we have identified as a result of this review. We have attached a risk rating to these recommendations as per the following table:

Risk rating for recommendations raised			
<p>1 High priority (one): A significant weakness in the system or process which is putting you at serious risk of not achieving your strategic aims and objectives. In particular: significant adverse impact on reputation; non-compliance with key statutory requirements; or substantially raising the likelihood that any of the Council's strategic risks will occur. Any recommendations in this category would require immediate attention.</p>	<p>2 Medium priority (two): A potentially significant or medium level weakness in the system or process which could put you at risk of not achieving your strategic aims and objectives. In particular, having the potential for adverse impact on the Council's reputation or for raising the likelihood of the Council's strategic risks occurring.</p>	<p>3 Low priority (three): Recommendations which could improve the efficiency and/or effectiveness of the system or process but which are not vital to achieving the Council's strategic aims and objectives. These are generally issues of good practice that the auditors consider would achieve better outcomes.</p>	
#	Risk	Recommendation	Action, owner and deadline
1	1	<p>Terms of reference</p> <p>There are no formalised and approved terms of references for the NDH Board or the GBC Holdings Board which clearly set out the roles and responsibilities of the committees, including the information that is required to be reported and discussed at these meetings.</p> <p>We recommend that formal set of terms of references are established and approved for both the NDH Board and GBC Holdings Board. These documents should clearly state the frequency of meetings, roles and responsibilities for individuals presenting and attending meetings, individuals required for a quorum and the regular agenda items required to be discussed.</p>	<p>Agreed</p> <p>It is agreed that we need a terms of reference and we will work with Legal to produce them.</p> <p>Owner: Landlord Services Manager Deadline: 31 March 2021</p>
2	2	<p>Governance around performance reporting</p> <p>There is no regularised mechanism for NDH to report on performance to the Council. The Council does not have a structure in place to ensure regular and consistent monitoring of NDH's performance. There was reporting on NDH performance at the July 2020 Overview and Scrutiny Committee, however this reporting is ad hoc.</p> <p>Whilst NDH is a standalone entity, as the effective parent in the company structure, the Council should be sighted of the financial, strategic and operational performance of the subsidiary.</p> <p>Formal reporting structures should be established to ensure that the Council is receiving regular updates on NDH performance and that the Committee's role and responsibility in terms of oversight of NDH performance is formalised per its terms of reference.</p>	<p>Agreed</p> <p>Owner: Service delivery Director and Monitoring Officer Deadline: 31 March 2021</p>

Section Two

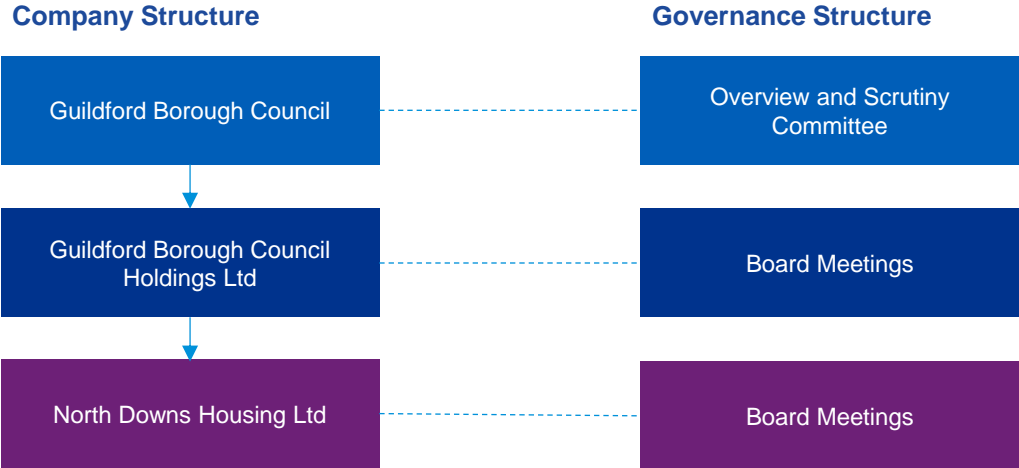
Recommendations

#	Risk	Recommendation	Action, owner and deadline
3	2	<p>Action tracking and reporting</p> <p>From our review of NDH board minutes, we found that actions are identified and assigned to a responsible individual, however there is no action tracker which is monitored to ensure that actions are being adequately responded to.</p> <p>We found from review of chronological meeting minutes that it is not easily identifiable as to whether or not previously agreed actions had been addressed sufficiently at the next meeting. Without assurance that actions are being implemented, there is a risk that these actions remain unresolved.</p> <p>We recommend that a formal action tracker is implemented including detail on responsible individuals and due dates. Additionally, actions should be priority rated to ensure that highest propriety actions are being adequately monitored. The action tracker should be a standing agenda item for discussion at each NDH board meeting.</p>	<p>Agreed</p> <p>Minutes will now take account of the recommendation with immediate effect.</p> <p>Owner: Landlord Services Manager</p> <p>Deadline: Immediate</p>
4	3	<p>Reporting on NDH performance to Board Meetings</p> <p>There is an overlap in the information provided in the financial monitoring report and the operational update report provided by the Landlord Services Manager. This information includes specific property details such as purchase price and monthly rents. The operational update pulls this information from Orchard whereas the financial monitoring report takes the data from the ledger.</p> <p>We recommend that the information compiled and presented at the NDH board meetings by both the finance lead specialist and landlord services manager should be clearly defined to ensure that there is no duplication in reporting.</p>	<p>Agreed</p> <p>Siobhan Rumble and Victoria Worsfold to discuss and put into practice.</p> <p>Owner: Landlord Services Manager</p> <p>Deadline: 31 January 2021</p>

Appendix One

Design of Governance arrangements

We reviewed the governance structures at the Council and North Downs Housing Ltd (NDH). We show this below in a graphic with the company structure for context; NDH is owned by Guildford Borough Council Holdings, which in turn is owned by Guildford Borough Council. We present the governance arrangements relevant to NDH with respect to the organisation they are aligned to.



Governance Feature	KPMG commentary
Overview and Scrutiny Committee	<ul style="list-style-type: none"> Through discussions with management and review of Council committee meeting minutes, we found that there is no regular and formal mechanism within the governance arrangements at the Council to effectively monitor NDH's performance. NDH was discussed at a recent meeting of the Overview and Scrutiny Committee, however this was an ad-hoc request and not a regular reporting slot at this committee. (Recommendation Two).
GBC Holdings Board meetings	<ul style="list-style-type: none"> ✓ The schedule of these meetings mirrors that of the NDH board meetings; they take place following each NDH meeting every two months. ✓ Meetings provide the GBC Holdings Board with an operational update on NDH. This includes the same information reported at the NDH Board meetings.
NDH Board Meetings	<ul style="list-style-type: none"> ✓ These meetings take place every two months with attendance from NDH Directors, Landlord Services Manager, Finance and Legal. ✓ The Landlord Services Manager will present at each meeting. They provide a detailed, live report that shows the operational progress of NDH. This includes, properties purchased, properties let, % yield, properties in the pipeline among many other operational details relating to the day-to-day running of NDH. ✓ The Finance Lead Specialist attends each meeting and presents a financial monitoring report. This includes projections for the year, annual report, budget and other financial information such as pay and transfer of money between GBC, GBC Holdings and NDH. <ul style="list-style-type: none"> Whilst the Landlord Services manager will report against a target rental yield (4.5%), there are no formally monitored KPIs, objectives or goals that are regularly monitored against at these or any other meetings. (Recommendation Two). The Council Solicitor has started to attend these meetings however they do not regularly and formally present information or reports. The governance requirements from their role are therefore unclear and not formally defined. (Recommendation One).

Appendix Two

Effectiveness of Governance Arrangements

We reviewed agendas, minutes, terms of reference, reports and any other relevant information from the meetings highlighted in Appendix One to determine the effectiveness of governance arrangements identified.

Meeting	KPMG commentary
Overview and Scrutiny Committee	<ul style="list-style-type: none"> ✓ We reviewed the report on NDH made to this Committee and understood the nature of this report and presentation through discussions with the Landlord Services manager. The report clearly sets out its purpose alongside background information on NDH including its original business plan, objectives, financial assumptions and progress to date. There is also a presentation summarising this information. ✓ These meeting minutes show a detailed discussion with robust challenge from the Committee with questions around stability during COVID-19, funding mechanism via GBC Holdings and tenant management. <ul style="list-style-type: none"> ▪ The meeting minutes note that the Committee will support the four objectives of NDH, as set out in the 2016 business plan. The reporting to the Committee is not regular and is done on an adhoc basis. There is no formal monitoring against these objectives, embedded within the formal reporting structures between the Council and NDH. (Recommendation Two). ▪ We also note from review of the meeting minutes that the Chair of Directors of NDH offered to provide future updates on the company to the committee but we note that it has not been implemented as a regular item in the next meeting agenda. (Recommendation Two).
GBC Holdings Board Meeting	<ul style="list-style-type: none"> ✓ We have reviewed recent meeting agendas and minutes which show meetings were held subsequent to the NDH meetings as expected. The information reported on following the NDH Board meetings mirrors the information provided at those meetings. ▪ We have not been able to evidence that there is a terms of reference in place for these meetings. Therefore there is a lack of clarity around regular agenda items and the roles and responsibilities of individuals as well as the outcomes from these meetings. (Recommendation One).
NDH Board Meeting <i>(continued overleaf)</i>	<ul style="list-style-type: none"> ✓ We have reviewed meeting minutes for 2019/20 and note that they are held broadly every two months as expected. <ul style="list-style-type: none"> ▪ We have not been able to obtain evidence that there is a formal terms of reference document in place for these meetings. This leads to an uncertainty in terms of the formal requirements of these meetings as well as a lack of clarity around the roles and responsibilities of individuals attending and presenting. (Recommendation One). ✓ Each of the meetings held over this time period had an agenda that contained all of the detail expected from a board meeting agenda: apologies, minutes of the previous meeting, declarations of interest, AOB and discussion of future meeting dates. ✓ Agendas also consistently contained points around areas pertinent to NDH: company accounts, share issues, potential development opportunities, resources, business plan, etc. ✓ We have reviewed a copy of a recent financial monitoring report that the Lead Finance Specialist provides before the meetings. This includes an overview of financial information relating to NDH such as the loan schedule for the borrowings between GBC and NDH, corporate overheads and property valuations. This detail ensures the relevant information is available to all board meetings. <ul style="list-style-type: none"> ▪ We were unable to obtain consistent evidence of discussion of the financial monitoring report in the meeting minutes and it is not clear whether this report is not being consistently presented to meetings and discussed in detail. (Recommendation One).

Appendix Two

Effectiveness of Governance Arrangements

Meeting	KPMG commentary
NDH Board Meeting <i>(continued)</i>	<ul style="list-style-type: none"> ✓ We have reviewed the most recent report on NDH properties prepared by the Landlord Services Manager. This shows purchased properties with detail such as purchase price, monthly rent, % yields and status (let/void). This also includes similar information for properties under offer. The data in this spreadsheet ensures meeting attendees have up to date and detailed information. ✓ Our review of the meeting minutes found that the spreadsheet on properties is regularly discussed at each meeting under the heading 'updates on property acquisitions' with detailed discussion around monthly incomes, rental arrears and the market in general. ▪ From a review and comparison of the operational update provided by the Landlord Services manager and the financial monitoring report from finance, we found that there is an overlap in the information provided here. This information includes specific property details such as purchase price and monthly rents. We also note that the operational update pulls this information from the Orchard housing management system whereas the financial monitoring report takes the data from the ledger. (Recommendation Four). ▪ From review of minutes we have obtained evidence that actions are identified through discussions of the agenda items. However, we found that these are not consistently followed up and do not have due dates and risk ratings attached. We also note that there is no standalone action tracker. (Recommendation Three).

Appendix Three

Staff involvement and documents reviewed

We held discussions with the following staff as part of the review:

Name	Job title
Claire Morris	Resource Director
Ian Doyle	Service Delivery Director
Siobhan Rumble	Landlord Services Manager
Beejal Soni	Contracts, Projects and Procurement Lawyer
Andrea Carr	Democratic Services Officer
Victoria Worsfold	Lead Specialist (Finance)
Jude Aihie	Senior Specialist (Financial Reporting)

During our testing, we reviewed the following documents:

- Overview and Scrutiny Committee Meeting minutes and agendas
- NDH Board meeting minutes and agendas
- GBC Holdings board meeting minutes and agendas
- Financial monitoring reports
- Operational report from Landlord Services Manager
- Report on NDH to Overview and Scrutiny Committee
- NDH business plan



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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: Tim Anderson

Tel: 07710 328560

Email: tim.anderson@guildford.gov.uk

Date: 14 January 2021

Capital and Investment Strategy 2021-22 to 2025-26

Executive Summary

[NB. The figures in this report highlighted in yellow will need to be updated prior to the meeting.]

The Capital and Investment strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future sustainability.

Decisions made now, and during the period of the strategy on capital and treasury management will have financial consequences for the Council for many years into the future. This report therefore includes details of the capital programme new bids plus the requirements of the Prudential Code and the investment strategy covering treasury management investments, commercial investments plus the requirements of the Treasury Management Code and the Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance.

Capital programme

The Council has an ambitious Corporate Plan and in order to achieve the targets within that, we need to invest in our assets, via capital expenditure.

The Council has a current underlying need to borrow for the general fund capital programme of £400 million. We are anticipating one new bid, details of which will be summarised and circulated prior to the meeting.

Some capital receipts or revenue streams may arise as a result of investment schemes, but in most cases are currently uncertain and it is too early to make assumptions. Some information has been included in the capital vision highlighting the potential income. It is likely there are cash-flow implications of the development schemes, where income will come in after the five-year time horizon and the expenditure will be incurred earlier in the programme.

All projects will be funded by general fund capital receipts, grants and contributions, reserves and finally borrowing. We do not currently know how each scheme will be funded and, in the case of development projects, what the delivery model will be – this report, shows a high-level position. To ensure the Council demonstrates that its capital expenditure plans are affordable, sustainable and prudent, we set Prudential Indicators that must be monitored each year (shown in **Appendix 1**).

The capital programme includes several significant regeneration schemes, which we have assumed will be financed from General Fund resources. However, subject to detailed design of the schemes, there may be scope to fund them from HRA resources rather than General Fund resources in due course. Detailed funding proposals for each scheme will be considered when the Outline Business Case for each scheme is presented to the Executive for approval.

Main areas of expenditure in the capital programme are:

- £24 million – Strategic Property Acquisitions
- £32 million – town centre transport schemes
- £25 million – Ash road bridge
- £42 million – North Downs Housing / Guildford Holdings
- £14 million – Midleton redevelopment
- £265 million – Weyside Urban Village

Appendix 2 (to follow) will contain a summary of the new bid submitted, **Appendices 3 to 7** show the position and profiling of the current capital programme (2020-21 to 2024-25) and **Appendix 8** the capital vision schemes.

This report also includes the Council's Minimum Revenue Provision policy and the Prudential Indicators. The details are in section 5 of this report.

Treasury Management

Treasury management is the control and management of the Council's cash, regardless of its source. It covers management of the daily cash position, investments and borrowing.

Officers carry out the treasury management function within the parameters set by the Council each year in **Appendix 1** to this report and in accordance with the approved treasury management practices.

The budget for investment income in 2021-22 is £1.684 million, based on an average investment portfolio of £79.8 million, at an average rate of 2.18%. The budget for debt interest paid is £5.656 million, of which £5.06 million relates to the HRA.

Non-financial investments and investment strategy

Councils can invest to support public services by lending to or buying shares in other organisations (service investments) or to earn investment income (commercial investments where this is the main purpose). Both are termed non-financial investments (i.e. not treasury management investments).

Investment property is valued at £153.4 million as per the 2019-20 Statement of Accounts, with rent receipts of £8.4 million and a current yield of 6.3%.

The Council has invested £14.3 million in our housing company – North Downs Housing (NDH). This is via 40% equity to Guildford Holdings Limited (£5.7 million) (who in turn pass the equity to NDH) and 60% loan direct to NDH (£8.6 million) at a rate of base plus 5% (currently 5.1%). The loan is a repayment loan in line with the NDH business plan.

Due to the specialised nature of treasury management and capital finance, there is a glossary of terms at **Appendix 12**.

Recommendation to Executive

Subject to Council approving the budget on 10 February, the Executive is asked to agree the following:

- (1) That the following schemes be removed from the capital programme because the remit of the schemes, if they were to proceed, would be different to the business case that was originally approved in the programme:
 - Museum £18.26 million
 - Public realm £1.6 million
 - Bike Share £530,000
 - Town centre gateway regeneration £3.473 million
- (2) That should any of the schemes be moved forward in future, a new business case be presented to councillors.
- (3) That the affordability limit for schemes to be funded by borrowing be set as per paragraph 4.32 in **Appendix 1** to this report.

Recommendation to Council

The Executive is also asked to recommend to Council:

- (1) That the General Fund capital estimates, as shown in **Appendices 3 and 4** (current approved and provisional schemes), as amended to include such bids as may be approved by the Executive at its meeting on 26 January 2020, **Appendix 5** (schemes funded from reserves) and **Appendix 6** (s106 schemes), be approved
- (2) That the Minimum Revenue Provision policy, referred to in section 5 of this report be approved.
- (3) That the capital and investment strategy be approved, specifically the Investment Strategy and Prudential Indicators contained within this report and in **Appendix 1**.

Reasons for Recommendation:

- To enable the Council to approve the Capital and Investment strategy for 2021-22 to 2024-25
- To enable the Council, at its budget meeting on 10 February 2021 to approve the funding required for the new capital investment proposals

1. Purpose of Report

- 1.1 The Local Government Act 2003 requires the Council to have regard to the CIPFA Treasury Management Code of Practice (“TM Code”), and specifically the Prudential Code when determining how much it can afford to borrow.
- 1.2 The Capital and Investment Strategy gives an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how risk is managed and the implications for future financial sustainability.
- 1.3 As such, the report also invites the Council to consider the General Fund (GF) Capital Programme, and the new schemes the Council may wish or need to undertake in the next five years.
- 1.4 The Council must put aside resources where the Council finances capital expenditure by debt (internal or external borrowing), to repay that debt in later years. This cost is charged to the revenue account annually, and forms part of the Council Tax cost to taxpayers and is known as Minimum Revenue Provision (MRP). The annual MRP statement for 2020-21 is included in section 5 of this report.
- 1.5 The Council must have an approved investment strategy, and the implications associated with that detailed in the capital and investment strategy. This includes financial and non-financial assets, for example investment property and commercial activity.
- 1.6 The requirement to report in accordance with the CIPFA TM Code, and the MHCLG Investment Guidance is incorporated within this report. CIPFA also recommends the UK Money Markets Code to its members as good practice to which they should adhere.

2. Strategic Priorities

- 2.1 A comprehensive and well-managed capital programme supports all the fundamental themes of the Corporate Plan and the Council’s strategic priorities.
- 2.2 Treasury Management is a key function in enabling the Council to achieve financial excellence and value for money. This report, and the strategies within it, is designed to help the Council achieve the best use of its resources and it therefore underpins the Council’s strategic framework and delivery of the Corporate Plan. We have an ambitious Corporate Plan in the period, and therefore the capital programme, plus aspirations for the longer-term and effective treasury management supports the financial sustainability of that.

3. Background

- 3.1 The Local Government Act 2003 requires the Council to have regard to the CIPFA Treasury Management Code of Practice (“TM Code”), and specifically the Prudential Code when determining how much it can afford to borrow.

- 3.2 The objectives of the Prudential Code are to ensure, within a clear framework, capital expenditure plans are affordable, prudent and sustainable. This then ties treasury management in with the Prudential Code ensuring that treasury management decisions are taken in accordance with good professional practice and that capital investment decisions are taken once the Council has determined how much money it can afford to borrow for capital purposes.
- 3.3 To demonstrate that the Council has fulfilled these objectives, this report details the Prudential Indicators that must be set and monitored each year.
- 3.4 We must put aside resources where the Council finances capital expenditure by borrowing (internal or external), to repay that debt in later years. This code is charged to the revenue account annually and is known as Minimum Revenue Provision (MRP). The annual MRP statement for 2021-22 is included in section 5 of this report. There is not an earmarked reserve for MRP, it is represented in the balance sheet as increased cash.
- 3.5 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of day-to-day activities, for example when income is received in advance of expenditure (treasury management investments)
 - to support local public services by lending to or buying shares in other organisations (service investments)
 - to earn investment income (commercial investments where this is the main purpose)
- 3.6 Under the CIPFA TM Code and the MHCLG Investment guidance, we are required to provide details of each of these purposes in the investment strategy.
- 3.7 The UK Money Markets Code (April 2017, revised in December 2020) is a voluntary code of practice which CIPFA recommends authorities follow as good practice. It is endorsed by the Money Markets Committee (MMC) and has been developed to provide a common set of principles in order to promote the integrity and effective functioning of the UK money markets.
- 3.8 The details of the principles in the Money Markets Code can be found in **Appendix 10**.

4. Capital Expenditure and Financing

- 4.1 Capital expenditure is where the Council spends money on assets, e.g. property or vehicles that will be used for more than one year. In Local Government, this includes expenditure on assets owned by other bodies, and loans or grants to other bodies enabling them to buy assets.
- 4.2 The Council has an ambitious Corporate Plan and medium to long-term aspirations within the Borough. As such, we have an approved capital programme, and ask officers to submit bids for capital funding each year covering at least a five-year period. These bids are linked to the Corporate Plan and the

Council's strategic priorities, ensuring the expenditure meets the key objectives of the Council.

- 4.3 We have adopted good practice guidance as set out in the HM Treasury Green Book for Public Sector business cases in developing bids for funding and eventual business case submission for capital expenditure. This is particularly the case for projects over £1 million.

Current capital programme (appendices 3 to 8)

- 4.4 A copy of the ¹current capital programme is attached at **Appendices 3 to 8**, together with a schedule of the latest resource availability for, and financing, of the programme.
- 4.5 The actual financing² of each financial year's capital programme is determined in the year in question as part of the preparation of the Council's statutory accounts preparation.
- 4.6 If we do not finance the expenditure from existing resources, for example capital receipts or reserves, it will create a borrowing requirement. If we take out physical loans to meet that borrowing requirement (replacing cash we have spent), then external borrowing is in place. If there are no physical loans, then the Council has internal borrowing. This means that we are using cash relating to items in the balance sheet in the interim for capital funding purposes.
- 4.7 All projections are based on the current estimates for schemes and level of resource availability. If costs increase, and/or additional capital resources are received, the methods of financing and the level of borrowing required will vary accordingly.
- 4.8 Officers calculate the interest estimates (both investment and borrowing interest) according to planned capital expenditure. We assume around actual expenditure of 50% of the provisional programme in the financial year. This also feeds into the MRP calculations, and the liability benchmark, to ensure we are not being over prudent in our budgeting.

New capital schemes

- 4.9 Service managers bid annually in September to include projects in the Council's capital programme, to be reviewed against corporate plan priorities and fundamental themes whilst having regard to our underlying need to borrow for the current capital programme and the implications for the revenue account.
- 4.10 Bids are reviewed by CMT, and the JEABBTG from a councillor perspective. Any comments from that group are detailed later in the report.

¹ The revised estimates for 2020-21 is the original estimate approved by Council in February 2018, plus any unspent approved expenditure from 2019-20, now planned for 2020-21, plus any amendments or additions to schemes approved during the financial year.

² Some of the schemes are funded from earmarked reserves (reserves put aside for a specific reason), and grants and contributions, for example ICT and Car Parks maintenance reserve, and s106 contributions

- 4.11 Bids are initially placed on the provisional capital programme. All bids are then subject to a further outline business case and further approval before expenditure can be incurred on the project.
- 4.12 We are expecting one new bid for 2021-22, a summary of which will be circulated prior to the meeting.
- 4.13 The Council has a current underlying need to borrow for the general fund capital programme of £400 million.
- 4.14 For planning purposes, we have currently assumed we will borrow internally for all schemes, but in doing so we are projecting a need to borrow externally.
- 4.15 The most economically advantageous method of financing (use of available capital resources, external borrowing or leasing) will be determined in the year(s) in which we incur the expenditure. This is part of the day-to-day treasury management activity of the Council and depends on the resources available.
- 4.16 It is important to include schemes in the provisional programme so the Council can produce a realistic five-year programme and include the financial implications in the outline budget. It also gives councillors an indication as to what schemes are being developed, and when they may be progressed.

Prudential Indicators

- 4.17 The Local Government Act 2003 requires the Council to have regard to the Prudential Code when determining how much it can afford to borrow. The objectives of the Prudential Code are:
- the expenditure plans of local authorities are affordable, prudent and sustainable
 - treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved
 - how these risks will be managed to levels that are acceptable to the organisation
 - capital investment decisions are taken once the Council has determined how much money it can afford to borrow for a capital purpose
- 4.18 The Prudential Code covers all capital expenditure and investment decisions and should consider all potential long-term liabilities relevant to the authority. This includes the consideration of investments and liabilities of subsidiary companies.
- 4.19 The responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including Prudential Indicators, remains with full Council. However, officers present the bids to the JEABBTG, this report to the Corporate Governance and Standards Committee, the Executive and full Council, enabling a broad range of Councillor scrutiny. Monitoring is undertaken regularly by the Corporate Governance and Standards Committee.

4.20 The Council's capital expenditure plans are a key driver of treasury management activity. The outputs of the capital expenditure plan are reflected in prudential indicators, which are designed to assist councillors when making decisions.

4.21 To demonstrate we have fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of capital expenditure

4.22 This indicator is a summary of the Council's capital programme and financing of the programme, summarised in the table below.

4.23 The HRA is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised by, other local services. HRA expenditure and financing is therefore recorded separately.

4.24 All capital expenditure must be financed either from external sources (e.g. grants and contributions), the Council's own resources (revenue, reserves or capital receipts), or debt (borrowing or leasing). Planned financing is shown in the table below.

CAPITAL EXPENDITURE SUMMARY	2020-21 Approved £000	2020-21 Outturn £000	2020-21 Variance £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
General Fund Capital Expenditure								
- Main Programme	65,188	45,261	(19,927)	41,630	9,260	9,261	12,348	0
- Provisional schemes	102,356	1,188	(101,168)	103,593	108,096	55,853	72,978	34,881
- Schemes funded by reserves	3,984	3,005	(979)	1,975	500	500	0	0
- S106 Projects	0	142	142	0	0	0	0	0
Total Expenditure	171,528	49,596	(121,932)	147,198	117,856	65,614	85,326	34,881
Financed by :								
Capital Receipts	0	(2,086)	(2,086)	(95)	0	0	0	0
Capital Grants/Contributions	(41,368)	(12,257)	29,111	(51,415)	(10,515)	(7,650)	(5,600)	0
Capital Reserves/Revenue	(10,964)	(6,692)	4,272	(2,195)	(720)	(720)	0	0
Borrowing	(119,196)	(28,561)	90,635	(93,493)	(106,621)	(57,244)	(79,726)	(34,881)
Financing - Totals	(171,528)	(49,596)	121,932	(147,198)	(117,856)	(65,614)	(85,326)	(34,881)
Housing Revenue Account Capital Expenditure								
- Main Programme	14,930	13,966	(964)	5,525	4,025	4,075	1,400	400
- Provisional schemes	12,457	250	(12,207)	42,012	22,792	16,695	5,575	5,575
Total Expenditure	27,387	14,216	(13,171)	47,537	26,817	20,770	6,975	5,975
Financed by :								
- Capital Receipts	(6,783)	(2,498)	4,285	(12,869)	(6,653)	(4,839)	(400)	(400)
- Capital Reserves/Revenue	(20,604)	(11,619)	8,985	(24,668)	(10,164)	(5,932)	3,425	4,425
- Borrowing	0	0	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Financing - Totals	(27,387)	(14,117)	13,270	(47,537)	(26,817)	(20,770)	(6,975)	(5,975)

4.25 Initially we will finance capital expenditure from our own resources. If we do not have enough resources to finance all the planned expenditure, there will be an increase in the underlying need to borrow, and therefore the capital financing requirement (CFR).

4.26 The table above shows most of our capital expenditure will be financed from borrowing due to the availability of capital receipts and reserves.

- Estimates of CFR and Gross Debt as shown against the CFR*
- 4.27 The CFR is the cumulative balance of unfinanced capital expenditure (“debt”) less provision made for repayment of the debt, known as Minimum Revenue Provision (MRP).
- 4.28 Debt is only a temporary source of finance (since loans and leases must be repaid), and this is, therefore, replaced over time by other financing, usually from revenue, via MRP. The Council’s MRP statement is in section 5 of this report. We can also make a voluntary revenue provision if we wish.
- 4.29 The Council is required to make reasonable estimates of the total CFR over at least the forthcoming year and the following two years.
- 4.30 Any estimated capital expenditure in para 4.24 which is shown to be funded from borrowing increases the CFR.
- 4.31 The table below shows the Council’s estimated CFR, level of reserves and borrowing to calculate the Council’s overall borrowing requirement.

Guildford BC							
Balance Sheet Summary and Projections in £'000 - last updated 6 Jan 2021							
31st March:	2019	2020	2021	2022	2023	2024	2025
Loans Capital Financing Req.	294,706	312,124	339,398	432,132	536,640	615,962	711,455
Less: External Borrowing	(212,702)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
Internal (Over) Borrowing	82,004	119,459	146,963	284,697	389,205	478,527	584,020
Less: Usable Reserves	(164,974)	(168,628)	(176,489)	(186,701)	(199,100)	(213,116)	(227,031)
Less: Working Capital Surplus	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
(Investments) / New Borrowing	(95,331)	(61,530)	(41,887)	85,635	177,744	253,050	344,504
Net Borrowing Requirement	117,371	131,135	150,548	233,070	325,179	390,485	471,939
Preferred Year-end Position	45,000	45,000	45,000	45,000	45,000	45,000	45,450
Liability Benchmark (year-end)	162,371	176,135	195,548	278,070	370,179	435,485	517,389
Peak to Trough Cash Flow	(7,388)	(7,462)	(7,536)	(7,612)	(7,688)	(7,765)	(7,842)
Liability Benchmark (mid-year)	154,983	168,674	188,011	270,459	362,492	427,721	509,547

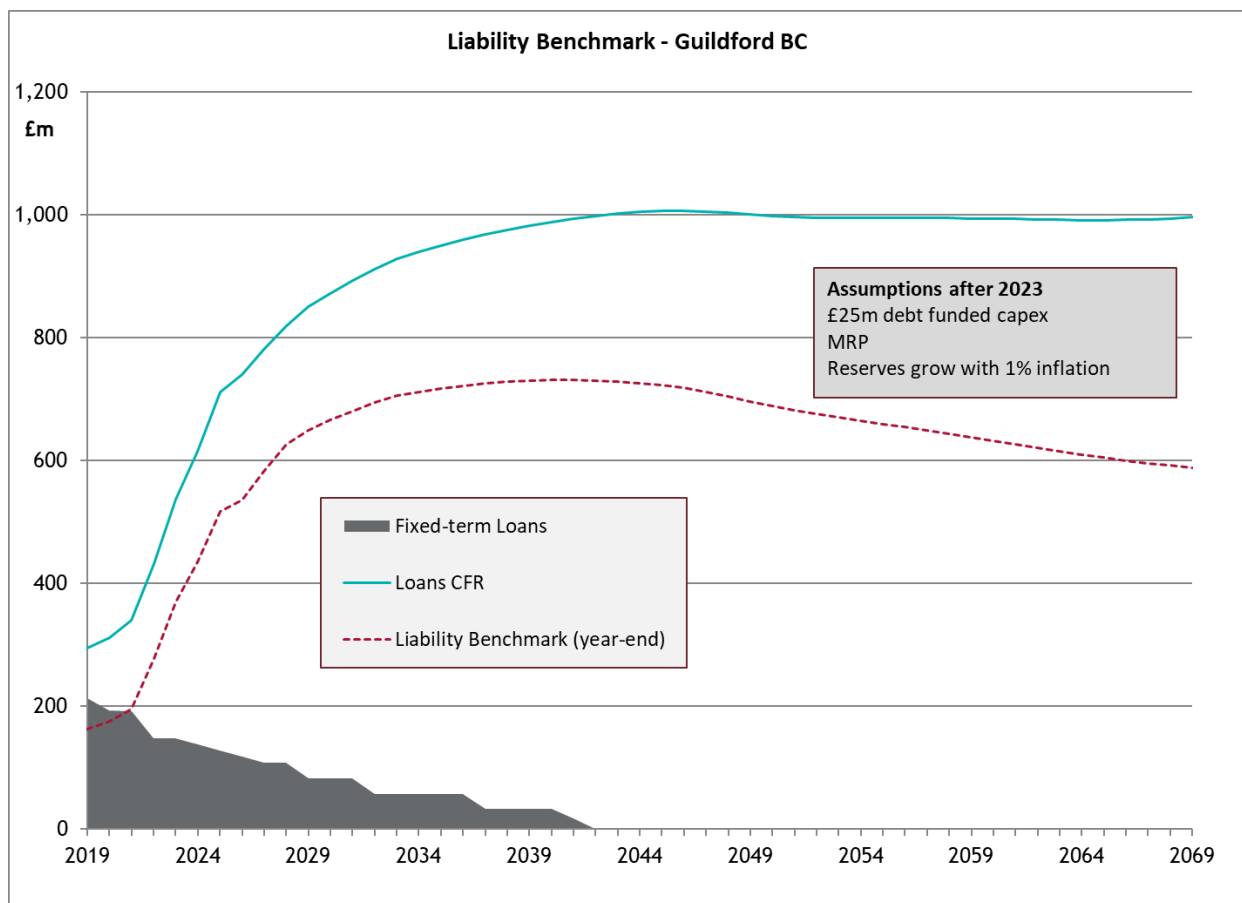
Housing Revenue Account - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
HRA Loans CFR	197,024	207,024	217,024	227,024	237,024	237,024	237,024
HRA Reserves	(116,224)	(119,420)	(127,510)	(137,593)	(151,112)	(165,935)	(179,818)
HRA Working Capital	0	0	0	0	0	0	0
HRA Borrowing	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
HRA Cash Balance	(112,095)	(105,061)	(102,921)	(58,004)	(61,523)	(66,346)	(70,229)

General Fund - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
GF Loans CFR	97,682	105,100	122,374	205,108	299,616	378,938	474,431
GF Reserves	(48,750)	(49,208)	(48,979)	(49,108)	(47,988)	(47,181)	(47,214)
GF Working Capital	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
GF Borrowing	(19,807)	0	0	0	0	0	0
GF Cash Balance	16,764	43,531	61,034	143,639	239,267	319,396	414,733

- 4.32 To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes cash and investment balances are kept to a minimum level at the end of each year. Our minimum level has been set at £45 million.

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- 4.33 The GF CFR is forecast to increase by £369 million over the period (April 2021 to March 2025), as capital expenditure financed by borrowing is greater than resources put aside for debt repayment.
- 4.34 The HRA CFR is also forecast to rise and the Council undertakes its house building programme funded by borrowing.
- 4.35 Gross debt against the CFR is a key indicator of prudence. The aim is to ensure that debt does not, except in the short-term, exceed the total of the CFR in the previous year, plus the estimates of any additional CFR for the current and next two financial years. This is to ensure debt is only for a capital purpose.
- 4.36 The table above shows that debt is expected to remain below the CFR during the period shown.
- 4.37 The liability benchmark is also shown below in a graphical format:



- 4.38 This graph clearly shows that while the CFR is stable, based on future assumptions, the liability benchmark is reducing marginally taking into account assumed capital expenditure in future years and assumed increases in reserves and MRP payments.

Operational boundary and authorised limit for external debt

- 4.39 The Council is legally required to set an annual affordable borrowing limit. This is the maximum the Council can borrow. In line with statutory guidance, a lower operational boundary is also set as a warning level should debt approach that limit.
- 4.40 The operational boundary is the most likely level of borrowing in year, directly linked to capital expenditure plans and the CFR and cash-flow requirements.
- 4.41 We set a separate limit for the HRA, which is now important to monitor due to the removal of the debt cap

Operational Boundary of External Debt	2020-21 Approved £000	2020-21 Revised £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Borrowing - General Fund	234,166	127,376	234,166	303,386	399,686	507,776	605,856
Borrowing - HRA	217,024	217,024	217,024	227,024	237,024	237,024	237,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	477,190	370,400	477,190	556,410	662,710	770,800	868,880

- 4.42 The authorised limit gives headroom for significant cash-flow movements. We are required to set a limit for other long-term liabilities, for example finance leases. We have included £26 million for items that can be classed as a finance lease, particularly with the introduction of IFRS16³ in April 2021.

Authorised Limit for External Debt	2020-21 Approved £000	2020-21 Revised £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000	2025-26 Estimate £000
Borrowing - General Fund	220,326	186,876	288,066	362,086	463,486	578,176	682,956
Borrowing - HRA	217,024	217,024	217,024	227,024	237,024	237,024	237,024
Other Long Term Liabilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Total	463,350	429,900	531,090	615,110	726,510	841,200	945,980

- 4.43 Officers monitor the Council's debt level against the authorised limit on a daily basis against all items on the balance sheet (long and short-term borrowing overdrawn bank balances and long-term liabilities).

Ratio of financing costs to net revenue stream

- 4.44 This is an indicator of affordability and highlights the revenue implications of the capital programme, by identifying the proportion of the revenue budget required to meet financing costs associated with capital spending, net of investment income.
- 4.45 Although capital expenditure is not charged directly to the revenue account, interest payable on loans and MRP are charged, offset by any investment income receivable. The net annual charge is known as financing costs and is compared to the net revenue stream (i.e. the amount funded from Council Tax, Business Rates, and general government grants, and also for the HRA its income).

³ New lease standard which reclassifies all leases, subject to certain minimum criteria, for lessees as a finance lease, and therefore on-balance sheet. Operating leases will no longer exist for lessees.

- 4.46 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Director of Resources therefore needs to be satisfied that the proposed capital programme is prudent, affordable and sustainable. This will be by looking at the overall gearing ratios, local indicators and affordability ratios/indicators.
- 4.47 If there are negative figures, it means the interest receivable is higher than interest payable.
- 4.48 The table shows the financing costs as a % of net revenue stream

	2019-20 Approved	2019-20 Outturn	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
General Fund	6.47%	0.60%	8.07%	24.80%	33.03%	61.78%	67.70%
HRA	30.13%	31.46%	31.03%	31.29%	30.37%	30.35%	31.45%

- 4.49 The GF outturn is lower than estimate because investment income is anticipated to be higher than budgeted due to more cash than expected in the year and interest paid on borrowing lower due to slippage in the capital programme. The 2020-21 estimate is higher than 2019-20 outturn because of the increasing MRP and reducing cash balances. The large increase from 2021-22 relates to an increase in the MRP budget and a large increase in interest payable as external loans are taken out – a direct result of increasing capital expenditure.
- 4.50 The HRA indicator is reducing slightly because of the reducing debt interest costs as one of the Council’s loans is being repaid, and interest on HRA reserves is increasing in line with expected balances in reserves.

5. Minimum Revenue Provision (MRP)

- 5.1 Where the Council finances capital expenditure by borrowing, the CFR will increase and we must put aside resources, from revenue, to repay that debt in later years, known as MRP. MRP only applies to the GF.
- 5.2 The Local Government Act 2003 requires local authorities to have regard to the MHCLG’s Guidance on MRP, most recently revised in 2018.
- 5.3 The Guidance aims to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
- 5.4 The Guidance recommends a maximum useful life of 50 years for all assets, unless the Council has an opinion from an appropriately qualified professional advisor that an asset will deliver service functionality for more than 50 years.
- 5.5 MRP becomes chargeable in the financial year after the expenditure is incurred or if a scheme is not complete when the asset becomes operational.

- 5.6 Based on the Council's estimate of its CFR on 31 March 2021, and unfinanced capital expenditure in 2020-21 of £40 million, the budget for MRP for 2021-22 and future years is:

2021-22	£2.4 million
2022-23	£2.5 million
2023-24	£3.1 million

- 5.7 Profiling of capital expenditure is key in determining the impact of MRP on the revenue account.

MRP Policy

- 5.8 The Council will use the asset life method as its main method of applying MRP but will use the annuity method for investment property.
- 5.9 Where appropriate, for example in relation to capital expenditure on development, we may use an annuity method starting in the year after the asset becomes operational.
- 5.10 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. Therefore, where construction, major refurbishment or redevelopment of an asset occurs, we will not charge MRP during the period of construction, refurbishment or redevelopment. MRP will not be charged from the date a property is vacant (if the development starts within 12 months of the vacation date). MRP will be charged in the financial year after the asset has returned to operational use.
- 5.11 We will apply a life of 50 years for the purchase of land and schemes which are on land (for example transport schemes).
- 5.12 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.
- 5.13 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.
- 5.14 We will apply a prudent approach to determining which schemes are financed from capital resources and which ones will be subject to MRP. For example, we feel it is prudent to apply capital resources to those schemes that have a shorter estimated life. We will determine this annually as part of closing the accounts.
- 5.15 Generally, the asset life for MRP will be matched to the life used for depreciation purposes. Estimated life periods will be determined under delegated powers to the Chief Finance Officer.

6. Treasury Management

- 6.1 Treasury management is concerned with keeping enough but not excessive cash available to meet the Council's spending needs, while managing the risks

involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances of overdrafts in the bank current account.

- 6.2 The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 6.3 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance (s151 officer) and staff, as per the Treasury Management Practices (TMPs), who must act in line with the treasury management strategy approved by Council in February each year. Treasury management activity is presented to the Corporate Governance and Standards Committee as part of the Council's financial monitoring report throughout the year. Corporate Governance and Standards Committee is responsible for scrutinising treasury management decisions.
- 6.4 The Council currently has £193 million long-term borrowing which is all related to the HRA at an average rate of 3.20% and a cost of £5.09 million in interest. Short term borrowing, falling on the general fund, is expected to cost £0.3 million at an average rate of 0.85%. The Council's average investment portfolio is £105 million at an average rate of 1.73%, generating £1.9 million of interest.

Borrowing strategy

- 6.5 The Council's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore needs to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.
- 6.6 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Liability benchmark in paragraphs 4.31 to 4.38 show that we are meeting the statutory guidance.
- 6.7 The detailed borrowing strategy can be found in **Appendix 1** section 5.

Investment strategy

- 6.8 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 6.9 The contribution that treasury management investments make to the objectives of the Council is to support effective treasury management activities. Interest receipts of the council are budgeted to be £1.68 million in 2021-22.
- 6.10 The Council's policy on treasury management is to prioritise security over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks to minimise the risk of loss. Money that will be held for longer-terms is invested more widely,

including bonds, shares and property to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external manager makes decisions on which investments to buy and the Council may request its money back at short notice.

6.11 The detailed investment strategy can be found in **Appendix 1** section 5.

7. Asset management / non-financial investments

Property asset management

7.1 To ensure that capital assets continue to be of use in the long-term, the Council has an asset strategy and asset management framework. These include the following objectives:

- for operational properties to operate at full potential in the delivery of services, assessing them against performance criteria and investing where necessary to ensure they remain fit for purpose and improve service capability
- for investment properties to achieve a maximum return by actively managing and reviewing properties, reduce risk, and enhance income, negotiate leases on the best possible terms, invest where necessary to retain their value and sell high cost or underperforming assets
- for all buildings to be held to a high standard of repair, by undertaking regular condition surveys and linking the output of the condition survey to an identifiable programme of works
- for all works to provide value for money by undertaking cost analysis and options appraisals to determine whether to fund capital improvements and ensure robust procedures are followed when arranging works to encourage competitive and best value pricing
- for all properties to be fully compliant with statutory requirements including health and safety and energy efficiency regulations.

Investments for service purposes

7.2 The Council makes investments to assist local public services, including loans to and buying shares in local service providers, local small businesses to promote economic growth, and the Council's subsidiary companies. Considering the public service objective, the Council is willing to take more risk than with treasury investments; however, it still plans for such investments to at least break even after all costs.

7.3 Opportunities on service investments are initiated by the relevant service leader and any decisions are made by the Director of Resources. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

7.4 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk and ensure that total exposure to service

loans remains proportionate to the size of the Council, we will undertake independent due diligence before entering into a loan or purchasing shares.

- 7.5 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures in the Statement of Accounts will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 7.6 The Council invests and has purchased shares in Guildford Holdings Company (40% equity shares then transferred into North Downs Housing). A small amount has been used to purchase shares in the Guildford Credit Union (BOOM) and the Broadband for Surrey Hills (B4SH). The projected future investment in the Council's companies are detailed in the capital programme. It is not expected to increase exposure to BOOM or B4SH.

Other non-treasury investments

- 7.7 The Council had acquired its investment properties over several years to facilitate the economic development of the borough and generate rental income that helps support the wider financial position of the Council.
- 7.8 Compared with other investment types, property is relatively difficult to sell and convert into cash at short notice and can take a considerable amount of time to sell in certain market conditions. Therefore, the size of the investment property portfolio is compared, on a monthly basis, against the value of the Council's treasury management investments.
- 7.9 Investment property is valued at £153.4 million as per the 2019-20 Statement of Accounts, with rent receipts of £8.4 million.
- 7.10 With financial return being the main objective, the Council accepts higher risk on commercial investment properties than treasury investments. The principal risk exposures include fluctuating capital values, vacancies, tenant defaults and rising financing costs. All these factors can have an impact on the net financial return to the Council. The Council mitigates the risks through the choice of more secure property investments using the criteria described above and keeping a balanced portfolio spread across different property types. Officers prepare detailed cash flow models for each prospective investment acquisition in order to appraise the cash flow risk and the IRR of the investment.
- 7.11 In accordance with government guidance, the Council considers a property Investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. The Council values investment property annually.
- 7.12 If the fair value assessment of the portfolio in the accounts is at or above purchase cost, the underlying asset provides security for the capital investment. Should the valuation be lower than the purchase cost, the Council will report this in the capital and investment annual report, along with the consequences of the loss on security of investments and any revenue consequences arising.

- 7.13 Performance is also reviewed regularly throughout the year and an investment fund portfolio report submitted annually to the Property Review Group.
- 7.14 In accordance with the Council's Constitution, the Director of Service Delivery is authorised to acquire investment property up to £1 million in consultation with the relevant Lead Councillor, where budget provision exists in the approved general fund capital programme. Investment property acquisitions must be in consultation with the Chief Finance Officer in line with the criteria set out in the asset investment strategy. Where there isn't an approved budget in the capital programme, committee approval will be sought in line with the financial regulations.
- 7.15 The property investment strategy provides a robust and viable framework for the acquisition of commercial properties located within the borough. This will direct investment in assets that local businesses occupy as well as those nationally or internationally that contribute to growth in the local economy. There will be continual evaluation of the property investment portfolio to meet the Council's priorities and ensure it is fit for purpose.
- 7.16 We will also consider new opportunities as they arise. For example, the Council recognises that another major industrial site is coming to the end of its physical life where our tenants want to reinvest. The Council will support redevelopment plans by tenants to improve their sites and the estate, which again may instigate capital investment by the Council alongside income generation. We also set aside proceeds from investment property sales that are not performing, to allow us to purchase new property within the Borough.

Liabilities

- 7.17 On the face of the Council's balance sheet, there is £113.6 million of other long-term liabilities which relates to the pension fund liability.
- 7.18 The Council is committed to making future payments to cover its share of the pension fund deficit - valued at £2.9 million as per the 2019-20 statement of accounts.
- 7.19 We have also set aside £2.8 million to cover risks of Business Rates appeals plus other smaller provisions. We have not allowed for any financial guarantees but have identified one relating to the Electric Theatre.
- 7.20 The Council is also at risk of having to pay for levies relating to our liability for asbestos but has not put aside money into a provision because it is not yet certain. Details can be found in the 2019-20 Statement of Accounts.
- 7.21 Decisions on incurring new discretionary liabilities are taken by the relevant service leader and the Director of Resources.
- 7.22 A new accounting standard, IFRS16 – accounting for leases, comes into effect from 1 April 2021 (delayed from 1 April 2020). The key change is that accounting for lessees (i.e. leasing in assets) will change, and there will no longer be a distinction between finance and operating leases. The Council is currently working through the implications, but it will mean an increase in the assets and liabilities of our balance sheet.

Proportionality

- 7.23 Due to the level of non-financial investments, the Council has identified the proportion of income from these types of investments against gross service expenditure.

	2018-19 Actual £000	2019-20 Outturn £000	2020-21 Budget £000	2021-22 Budget £000	2022-23 Budget £000	2023-24 Budget £000
Gross Service Expenditure	111,763	113,426	111,923	103,101	104,447	105,863
Investment property income	8,903	9,052	7,665	7,664	7,692	7,692
Treasury management income	1,985	1,920	1,685	1,547	1,564	1,797
Investment income %	10%	10%	8%	9%	9%	9%

- 7.24 The table shows that the income from both investment property and treasury management income (“investment income”) contributes around 8% to 10% to the gross cost of services across the Council.

8. Knowledge and skills

- 8.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources and Financial Services Manager (s151 and Deputy s151 respectively) are both qualified accountants with many years’ post qualification experience. The Deputy Head of Asset Management is a qualified chartered surveyor and member of the Royal Institution of Chartered Surveyors (RICS) as are members of the Asset Management team. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA, ACT (treasury), and RICS.
- 8.2 Where Council staff do not have the knowledge and skills required, use is made of external advisors and consultants that are specialist in their field. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 8.3 Under the new MiFID regulations, for the Council to be able to “opt-up” to professional status, the Council is required to state the knowledge and skills of key staff involved in the treasury decision making – this is a mandatory criterion. Financial Institutions decide whether the Council can opt-up, and there is comfort in that where the Council is accepted as a professional client; we have the required level of skills and knowledge expected by the financial institution of key treasury staff.

9. Risks

- 9.1 Officers submit bids with a proposed timeframe for the project to be completed. This is put into the capital programme and feeds into the liability benchmark (to determine where we may need to borrow – at a high level), cash flow forecasts (projecting investment income and possible borrowing costs feeding into the

medium-term financial strategy) and the MRP projections (again, feeding into the medium-term financial strategy).

- 9.2 The capital programme predicts the Council's underlying need to borrow. This is the starting point to determine whether the Council needs to borrow externally, and for what period. If the profiling of the capital programme is significantly wrong, this means the Council will have budgeted less investment income, more external borrowing interest and more MRP than it needs to. All these are a cost to the revenue budget and therefore the council taxpayer.
- 9.3 Officers are working to minimise this impact and meet on a quarterly basis to review the capital programme and adjust the profiling. The medium-term financial strategy is updated continually with the latest interest and MRP projections taking account of the latest capital programme profile to ensure the most realistic position is presented in the revenue budget.
- 9.4 Slippage in the capital programme could also mean costs are higher than originally budget because of price inflation and changing market conditions. To help mitigate this, the Council has a capital contingency fund budget of £5 million each year acting as an additional budget included in the borrowing calculations across the programme as a whole. Each scheme also has contingencies built into the individual budgets.

Treasury management risks

- 9.5 The effective management and control of risk are prime objectives of the Council's treasury management activities. The treasury management strategy therefore sets out the various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- 9.6 Overall responsibility for treasury management remains with the Council. Treasury management activity involves risk and cannot be eliminated. The effective identification and management of risks are integral to the Council's treasury management objectives.
- 9.7 Treasury management activity needs to be managed to maximise investment income and reduce debt interest whilst maintaining the Council's exposure to risk.
- 9.8 Inflation is also a key factor. Investments are made and earn a return. If inflation is high, and investment returns are low, the investment return is not keeping up with inflation and the Council is, therefore, losing money.
- 9.9 Risk indicators relating to treasury management are in Appendix 1 section 7.

Risks relating to non-financial assets

- 9.10 There are some key identifiable risks of investing in property.
- 9.11 A downturn in the property market could lead to falling rents or higher vacancies meaning that rental income may not cover borrowing costs.

- 9.12 In addition, a downturn could lead to a fall in property values which could impact capital receipts if the Council wanted to sell the property to use the receipts for other purposes.
- 9.13 The Council mitigates these by having a diverse investment property portfolio, a review of tenant covenant strength prior to becoming a tenant, including a review of the company finances and credit checks. The Council will also request rent deposits where appropriate. In addition, we undertake a prudent cash flow model for each prospective investment in order to appraise the cash flow risk and the internal rate of return of the investment, and we keep abreast of the latest property market information to inform decisions.

10. Consultations

- 10.1 The Lead Councillor for Resources supports the recommendations in this report.

11. Financial Implications

- 11.1 The financial implications are covered throughout the report, and in the appendices.
- 11.2 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream (i.e. the amount funded from Council Tax, business rates and general government grants).
- 11.3 The budget for treasury management investment income in 2021-22 is £1.68 million, based on an average investment portfolio of £78.9 million, at a weighted average rate of 2.18%. The budget for debt interest paid is £5.65 million, of which £5.058 million relates to the HRA. If actual levels of investments and borrowing, and actual interest rates differ from that forecast, performance against budget will be correspondingly different.
- 11.4 Income from investment property is estimated to be £7.664 million in 2021-22.
- 11.5 The MRP budget is £2.4 million in 2021-22
- 11.6 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many years into the future. The Director of Finance is comfortable that the proposed capital programme is prudent, affordable and sustainable.

Risk indicators

- 11.7 The Council has set the following quantitative indicators to allow readers to assess the total risk exposure as a result of investment decisions.

Total risk exposure

- 11.8 This indicator shows the total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and the guarantees the Council has issued over third-party loans.

Total Investment Exposure	2018-19 Actual £000	2019-20 Forecast £000	2020-21 Forecast £000
Treasury management investments	95,628	105,165	78,906
Service investments: Loans	4,619	8,998	13,498
Service investments: Shares	3,183	6,103	9,103
Investment property	161,244	148,244	148,244
Total Investments	264,674	268,510	249,751

How investments are funded

- 11.9 Government guidance is that we should show how these investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.
- 11.10 The Council is not expected to borrow externally for any of the investment exposure in the table at para 14.6, within this timeframe. The only exception in the medium term could be the service investments in shares (Guildford Holdings) and loans (North Downs Housing).

Rate of return achieved

- 11.11 This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Councillors should note that due to the complex nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments net rate of return	2018-19 Actual £000	2019-20 Forecast £000	2020-21 Forecast £000
Treasury management investments	1.38%	1.42%	1.14%
Service investments: Loans	5.75%	5.75%	5.75%
Service investments: Shares	0.00%	0.00%	0.00%
Investment property	6.30%	5.50%	5.50%

- 11.12 Further indicators can be seen in **Appendix 1**, section 3.

12. Legal Implications

- 12.1 Various professional codes, statutes and guidance regulate the Council's capital and treasury management activities. These are:
- the Local Government Act 2003 ("the 2003 Act"), provides the statutory powers to borrow and invest and prescribes controls and limits on these activities, and in particular within the Local Authority (Capital Finance and Accounting) (England) Regulations 2003

- the 2003 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
- Statutory Instrument (SI) 3146 2003 (“the SI”), as amended, develops the controls and powers within the 2003 Act
- the SI requires the Council to undertake borrowing activity with regard to the Prudential Code. The Prudential Code requires indicators to be set – some of which are absolute limits – for a minimum of three forthcoming years
- the SI also requires the Council to operate the overall treasury management function with regard to the CIPFA TM Code
- 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
- Localism Act 2011

13. Human Resource Implications

13.1 where additional resources are required to deliver schemes identified within this report, officers have included this in the bid or have submitted a revenue bid.

14. Equality and Diversity Implications

14.1 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report

15. Climate Change/Sustainability Implications

15.1 There are no specific implications as a result of the report, however, capital bids have been made for some schemes relating to reducing carbon.

16. Executive Advisory Board comments

16.1 This report will be considered by the Joint EAB on 7 January 2021 and comments and recommendations will be reported at the meeting.

17. Summary of Options

17.1 Officers have detailed the options within each new capital bid.

17.2 The MHCLG Guidance and the CIPFA TM Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Finance Officer, having consulted with the Lead Councillor for Resources, believes the strategy represents an appropriate balance between risk and cost effectiveness. Some alternative strategies and risk management implications are:

Alternative	Impact on income /	Impact on risk management
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	expenditure	
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses, from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to higher impact in the event of a default; however, long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is unlikely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

18. Conclusion

- 18.1 The information included in this report shows the position of the current approved capital programme. Bids for future years that are viewed as essential projects have been submitted by officers.
- 18.2 If all schemes proceed within the timescales indicated, there will be an underlying need to borrow of £400 million by 31 March 2025.
- 18.3 The information in this report, and the Appendices, shows the Council has adopted the principles of best practice and complied with the relevant statute, guidance and accounting standards.

19. Background Papers

None

20. Appendices

- Appendix 1: Detailed capital and investment strategy
- Appendix 2: Schedule of new GF capital bids for 2021-22 to 2025-26 (to follow)
- Appendix 3: Schedule of approved GF capital programme
- Appendix 4: Schedule of provisional GF capital programme
- Appendix 5: Schedule of reserves funded capital schemes
- Appendix 6: Schedule of s106 funded schemes

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- Appendix 7: Summary of resources and financial implications
- Appendix 8: Treasury Management Policy Statement
- Appendix 9: Money Market Code Principles
- Appendix 10: Arlingclose Economic and Interest Rate Forecast November 2020
- Appendix 11: Credit rating equivalents and definitions
- Appendix 12: Glossary

Capital, Treasury and Investment Strategy - detail

1. Introduction

- 1.1 A capital strategy is the foundation of proper long-term planning of capital investment in assets and how it is to be delivered. It needs to link into the Council's overall corporate objectives and strategic priorities.
- 1.2 Council's need to invest in their assets, as they are the most valuable resource (termed as non-financial assets throughout the report).
- 1.3 Capital expenditure is defined as:
- "Money spent on acquiring or upgrading fixed assets, to increase the life of the asset or improve its productivity or efficiency to the organisation"*
- 1.4 Capital planning is about investment in assets and is, therefore, linked to asset planning. Council assets have been acquired using public money, so they have an obligation to protect the value of those assets. Failure to do this means assets will gradually deteriorate and in the long-term this puts the Council's ability to fulfil its basic responsibilities at risk.
- 1.5 An integral part of a capital strategy is how the programme is financed. This is inexplicitly linked to treasury management and informs the resources available for treasury investments.
- 1.6 Treasury management is an important part of the overall management of the Council's finances. Council's may borrow or invest for any purpose related to its functions, under any enactment, or for the purpose of the prudent management of its financial affairs.
- 1.7 The CIPFA definition of treasury management is:
- "the management of the organisations borrowing, investments 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"*
- 1.8 Statutory requirements, the CIPFA Code of Practice for Treasury Management in the public services (the TM Code) and the CIPFA Prudential Code regulate the Council's treasury activities.
- 1.9 MHCLG requires authorities to prepare an investment strategy, which comprises both treasury and non-treasury investments.
- 1.10 An authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (treasury management investments)

- to support local public services by lending to or buying shares in other organisations (service investments)
- to earn investment income (commercial investments where this is the main purpose)

1.11 The Local Government Act 2003, require Local Authorities to have regard to the Prudential Code. The Prudential Code, last revised in 2017, requires Local Authorities to determine a capital strategy. The strategy is to have regard to:

Capital expenditure

- an overview of the governance process for the approval and monitoring of capital expenditure
- a long-term view of capital expenditure plans
- an overview of asset management planning
- any restrictions around borrowing or funding of ongoing capital finance

Debt and borrowing and treasury management

- a projection of external debt and use of internal borrowing to support capital expenditure
- provision for the repayment of debt over the life of the underlying asset
- authorised limit and operational boundary for the following year
- the approach to treasury management including processes ,due diligence and defining the risk appetite

Commercial activity

- the Council's approach to commercial activities, including processes, ensuring effective due diligence and defining the risk appetite including proportionality in respect of overall resources

Other long-term liabilities

- an overview of the governance process for approval and monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.

Knowledge and skills

- a summary of the knowledge and skills available to the Council and confirmation that these are commensurate with the risk appetite.

1.12 Included in these regulations and codes of practice, we are required to set Prudential and Treasury Indicators for assessing the prudence, affordability and sustainability of capital expenditure and treasury management decisions. The MHCLG investment guidance also suggest some local indicators.

1.13 The following sections of the strategy outline the Council's balance sheet and treasury position, capital expenditure and treasury management strategy.

1.14 In order to understand the context of the capital and investment strategy (where we are going and how we will get there), it is important to understand where we are now.

2. External Context

Economic Background

- 2.1 The impact on the UK from Covid-19, together with the UK's exit from the EU and future trading arrangements, will remain a major influence on the Council's treasury management strategy for 2021-22.
- 2.2 UK Consumer Price Inflation (CPI) for September is 0.5% year on year. The unemployment rate rose to 4.5% and employment rate fell to 75.6%. This is expected to deteriorate due to the ongoing impact of Covid-19 on the jobs market, particularly when various government job retention schemes start to unwind in 2021 where unemployment is expected to peak at 7.75% in Q2 2021.
- 2.3 GDP growth fell by 19.8% in the second quarter of 2020. Monthly GDP figures have shown the economy is recovering but remains well below the pre-pandemic peak.
- 2.4 The Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than previous forecasts of 9%. The BoE also forecasts the UK economy will take until Q1 2022 to reach its pre-pandemic level.
- 2.5 The Bank of England maintained Bank Rate to 0.1% in November 2020 and extended its QE programme by £150 million to £895 million. There was no mention of potential future negative rates.

Credit outlook

- 2.6 The credit ratings of many UK institutions were downgraded due to the sovereign downgrade.
- 2.7 The potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021-22 remains advisable.

Interest rate forecast

- 2.8 Arlingclose are forecasting that BoE base rate will remain at 0.1% until at least the end of 2023.
- 2.9 Gilt yields are expected to remain very low in the medium term while short term yields are likely to remain below or at zero until such time the BoE rules out negative rates or growth/inflation prospects improve.

3. Balance sheet and treasury position

Balance Sheet

- 3.1 The Council has a strong asset backed balance sheet

	Balance at 31 March 2019		Balance at 31 March 2020	
	£'000	£'000	£'000	£'000
Long term assets	937,854		947,265	
Short term assets	22,924		14,392	
		960,778		961,657
				89%
Long term investments	45,100		43,109	
Short term investments	55,691		74,418	
		100,791		117,527
				11%
Total assets		1,061,569		1,079,184
Current liabilities	(37,975)		(36,915)	
Long term liabilities	(115,983)		(113,567)	
		(153,958)		(150,482)
				39%
Short term borrowing	(20,337)		(44,493)	
Long term borrowing	(192,665)		(192,435)	
		(213,002)		(236,928)
				61%
Total liabilities		(366,960)		(387,410)
Net assets		694,609		691,774

- 3.2 The summary balance sheet shows that cash investments make up only 11% of the Councils assets. Investment property makes up 16% of the long-term assets (being £153 million). The largest proportion of our liabilities is long-term borrowing, which is all HRA debt.

Financial Stability/Sustainability

- 3.3 Gearing is a measure of financial leverage, demonstrating the degree to which activities are funded by our own money or by debt. The higher the leverage, the more risky the company is considered to be because of the financial risk and that they must continue to service its debt regardless of the level of income or surplus. Gearing can be calculated by using the debt ratio (total debt / total assets), and is the proportion of our assets that are financed by debt.

	2018-19 Actual (£000)	2019-20 Estimate (£000)	2019-20 Outturn (£000)	2020-21 Estimate (£000)	2021-22 Estimate (£000)	2022-23 Estimate (£000)	2023-24 Estimate (£000)
Total debts	366,960	413,555	408,174	513,197	575,236	651,476	651,476
Total assets	1,061,569	1,157,327	1,145,799	1,319,566	1,425,037	1,533,889	1,558,526
Debt Ratio %	35%	36%	36%	39%	40%	42%	42%

- 3.4 This shows that our gearing is low, which is because of our strong asset base, and projecting forwards capital spend will continue to grow our asset base.
- 3.5 Future years' estimates are based on adding the budgeted cost of capital investment onto the assets, and adding the assumed debt funded expenditure (not external debt as shown in the liability benchmark) to the debt figure to give an idea how the financial stability of the Council will be evolving.

Local indicators

- 3.6 The Local Government Association (LGA) use a number of different financial indicators to assess the financial sustainability of Councils' as part of their financial diagnostic tool. We have chosen to use the following as local indicators:

- Total debt as a % of long term assets
- Ratio of equity by net revenue expenditure
- Un-ringfenced reserves as a % of net revenue expenditure
- Working capital as a % of net revenue expenditure
- Short term liability pressure (short term liabilities as a % of total liabilities)
- Total investments as a % of net revenue expenditure
- Investment property as a % of net revenue expenditure

3.7 Suggested MHCLG local indicators are:

Indicator	Description
Debt to net service expenditure (NSE) ratio	Gross debt as a percentage of net service expenditure
Commercial income to NSE ratio	Dependence on non-fees and charges income to deliver core services. Fees and Charges are to be netted off gross service expenditure to calculate the NSE
Investment cover ratio	The total net income from property investments, compared to the interest expense
Loan to value ratio	The amount of debt compared to the total asset value
Target income returns	Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties
Benchmarking of returns	As a measure against other investments and against other Councils' property portfolios
Gross and net income	The income received from the investment portfolio at a gross level and net level (less costs) over time
Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-investments expands
Vacancy levels and tenant exposures for non-financial investments	Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is as productive as possible

3.8 These indicators will be calculated on an actual basis and will form part of the outturn report.

Treasury position

3.9 The following table shows the Council's current treasury position, which is the next step to moving forward from the balance sheet.

	March 19 Actual £'000	Nov 19 position £'000
Investments		
<u>Managed in-house</u>		
Call Accounts	0	0
Notice Accounts - UK	8,000	8,000
Money Market Funds	13,229	17,332
Temporary Fixed Deposits	6,000	15,000
Long term Fixed Deposits	27,500	27,500
Certificates of Deposit	0	0
Unsecured bonds	2,300	0
Covered Bonds	18,850	15,850
Revolving credit facility	7,500	5,000
Total investments managed in-house	83,379	88,682
<u>Pooled Funds</u>		
Total pooled funds investments	11,829	16,214
Total Investments	95,209	104,896
Borrowing		
Temporary borrowing	20,000	45,000
Long-term borrowing (PWLb)	193,010	193,010
Long-term borrowing (LAs)	0	0
Total borrowing	213,010	238,010
Net investments / (borrowing)	(117,801)	(133,114)

3.10 The table shows the position at the start of the financial year (included in the balance sheet), and the position at the end of November 2020 (the latest position).

3.11 Investment balances are slightly higher lower, due to more temporary borrowing. The net borrowing position has increased since March 2019 by £15.5 million because there is a net increase in external borrowing as a result of expenditure on the capital programme.

4. Capital expenditure

4.1 To understand the movement in our balance sheet over the medium term, it is important to understand the anticipated capital expenditure and capital receipts over that time.

4.2 The Council has an ambitious Corporate Plan and medium to long-term aspirations within the Borough. There is, therefore, a number of processes in place to ensure the capital programme is approved and monitored for good governance.

4.3 The Council has the following parts to its capital programme:

- Capital vision
- Approved programme
- Provisional programme
- Reserves funded programme
- S106 funded programme

4.4 The Council splits the schemes into three types to enable us to review the amount of spend on statutory items against those which we are expecting a financial return from as part of our regeneration plans:

- a) development for financial reasons - those schemes that are for economic growth, regeneration, redevelopment and income generation purposes, including housing schemes
 - b) development for non-financial reasons - those schemes that are for economic growth, regeneration, redevelopment, including housing schemes and infrastructure and
 - c) non-development essential schemes (i.e. those that must be done to keep our fixed assets in an acceptable condition) - those schemes that need to be undertaken for statutory/compliance reasons, are required to maintain service provision at existing levels (or prevent cost escalation) or are infrastructure schemes
- 4.5 Type (a) 'development schemes for financial reasons' are required to provide a positive or neutral impact on the Councils' GF revenue account. It is envisaged that this is achieved by the revenue income generated by the completed scheme/project being greater than the capital financing costs on the GF revenue account.
- 4.6 Type (b) 'development schemes for non-financial reasons' are required to provide regeneration in the borough to support economic growth in the borough.
- 4.7 Type (c) 'essential schemes' often do not have cashable savings or efficiencies associated with them, but often prevent further cost escalation of services, or, in the case of infrastructure will act as a catalyst for type (b) schemes. Essential schemes often have revenue costs associated with them, particularly if funded from borrowing.
- 4.8 The capital programme covers a 5 to 10-year period, with more emphasis on the first five years.
- 4.9 Any projects that are expected to be delivered after the first five years of the programme, or those where the scheme has not yet been fully identified are placed on the Councils' Capital Vision. The vision enables us to model the potential financial impact of these schemes, and be aware of the potential schemes to be brought forward onto the GF capital programme in future.
- 4.10 Many of the bids in the capital programme are development projects, and their expenditure and income profile can span beyond the five-year timeframe. The Councils' capital programme, is therefore, a prudent one. Any income arising as a result of a development project that is outside the five years or is currently only estimated is shown in the capital vision. Any development projects will be subject to a thorough business case, which will assess the delivery model, and officers will ensure that they are financially viable before they can proceed.
- 4.11 The Council maintains a provisional programme to be able to produce a realistic five year programme, and include the financial implications in the outline budget. It also gives Councillors an indication as to what schemes are being investigated, and an indication as to when these schemes may be progressed.
- 4.12 Under the financial regulations, schemes that are fully funded by s106 receipts or grants and contributions can be added to the capital programme, where they have been approved by the relevant Lead Councillor and relevant Director in consultation with the Financial Services Manager.
- 4.13 During the year, the Capital Monitoring Group (CMG) meets on a quarterly basis to review the scheduling of the capital programme. The group consists of officer

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representatives across the Council from different departments to give a joined up approach.

- 4.14 The capital programme is also reviewed by CMT and Corporate Governance and Standards Committee (CGSC) as part of the regular financial monitoring for months 2, 4, 7, 10 and 11 and then as part of the final accounts report.
- 4.15 The proposed financing of the capital programme assume available resources will be used in the following order:
- capital receipts from the sale of assets (after applying the flexible use of capital receipts policy if applicable)
 - capital grants and contributions
 - earmarked reserves
 - the general fund capital schemes reserve
 - revenue contributions
 - internal borrowing
 - external borrowing
- 4.16 The actual financing of each years' capital programme is determined in the year in question, as part of the preparation of the Councils' statutory accounts.
- 4.17 Capital expenditure is split between the General Fund (GF) (incorporating non-HRA housing) and HRA housing. This strategy focusses on the GF capital programme. The HRA produces its 30-year business plan that is approved by Council in February each year, shown in a separate report.
- 4.18 Our current approved capital programme, revised in year for updates in the programme and for the new bids approved by the Executive is as follows:

CAPITAL EXPENDITURE SUMMARY	2020-21 Approved £000	2020-21 Outturn £000	2020-21 Variance £000	2020-21 Estimate £000	2021-22 Estimate £000	2022-23 Estimate £000	2023-24 Estimate £000	2024-25 Estimate £000
General Fund Capital Expenditure								
- Main Programme	65,188	67,513	2,325	19,922	9,260	9,261	11,862	0
- Provisional schemes	102,356	10,948	(91,408)	93,833	108,096	55,853	72,978	34,881
- Schemes funded by reserves	3,984	3,625	(359)	1,385	500	500	0	0
- S106 Projects	0	142	142	0	0	0	0	0
Total Expenditure	171,528	82,228	(89,300)	115,140	117,856	65,614	84,840	34,881
Financed by :								
Capital Receipts	0	(2,086)	(2,086)	(95)	0	0	0	0
Capital Grants/Contributions	(41,368)	(12,257)	29,111	(51,415)	(10,515)	(7,650)	(5,600)	0
Capital Reserves/Revenue	(10,964)	(7,312)	3,652	(1,605)	(720)	(720)	0	0
Borrowing	(119,196)	(60,573)	58,623	(62,025)	(106,621)	(57,244)	(79,240)	(34,881)
Financing - Totals	(171,528)	(82,228)	89,300	(115,140)	(117,856)	(65,614)	(84,840)	(34,881)
Housing Revenue Account Capital Expenditure								
- Main Programme	14,930	13,966	(964)	5,525	4,025	4,075	1,400	400
- Provisional schemes	12,457	250	(12,207)	42,012	22,792	16,695	5,575	5,575
Total Expenditure	27,387	14,216	(13,171)	47,537	26,817	20,770	6,975	5,975
Financed by :								
- Capital Receipts	(6,783)	(2,498)	4,285	(12,869)	(6,653)	(4,839)	(400)	(400)
- Capital Reserves/Revenue	(20,604)	(11,619)	8,985	(24,668)	(10,164)	(5,932)	3,425	4,425
- Borrowing	0	0	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Financing - Totals	(27,387)	(14,117)	13,270	(47,537)	(26,817)	(20,770)	(6,975)	(5,975)

- 4.19 The programme has slipped in 2020-21 – estimated expenditure on the GF of £171.5 million, has been reduced to £82.2 million. The majority of this relates to expenditure on regeneration schemes and has been moved into later years.

- 4.20 We split expenditure on housing services between the HRA and GF housing. Any expenditure that relates to the Council's own stock, or its role as a landlord, is accounted for in the HRA capital programme. All other housing related expenditure is accounted for in the GR capital programme.
- 4.21 Where direct development is concerned, we normally account for site preparation and feasibility costs in the GF programme, but construction costs, most enabling works and other costs incurred after planning approval are accounted for in the HRA capital programme. This is because we bear the preparation costs regardless of who builds the structure.

New capital schemes

- 4.22 To ensure good governance, the Council has the following process for the capital programme.
- 4.23 Each year, as part of the budget cycle, officers are asked to submit bids for capital funding covering at least a five-year period, and also for the capital vision.
- 4.24 Any projects that are expected to be delivered after the five-year period, of those where a scheme has not yet been fully identified are placed on the Councils' Capital Vision ¹(see Appendix 8). This allows us to model the potential financial impact of these schemes, and be aware of schemes that are likely to be brought forward onto the GF capital programme in future, and start planning potential funding streams for those schemes.
- 4.25 Many of the bids in the programme are development projects, and their expenditure and income profile could span beyond the five-year timeframe in this report. This report, therefore, shows a prudent capital programme and any income arising as a result of a development project (either revenue or capital) that is outside of the five years or is currently only estimates, is shown on the capital vision.
- 4.26 Some capital receipts or revenue streams may arise as a result of investment in particular schemes, but in most cases are currently uncertain and it is too early to make assumptions. Some information has been included in the capital vision highlighting the potential income. It is likely there are cash-flow implications of the development schemes, where income will come in after the five-year time horizon and the expenditure will be incurred earlier in the programme.
- 4.27 Each project will require a business case, in line with guidance set out in the HM Treasury Green Book ('Green book'). The following applies:
- Projects up to £200,000 – a simple business justification case will be required to justify the spending proposal
 - Projects £200,000 and over – will require a 3-stage business case consisting of:
 - a strategic outline case (i.e. the capital bid)
 - a detailed outline business case evaluating the strategic case, economic case (including options appraisal), commercial viability, financial affordability and management case for change – this will be reported to the Executive at the point a project is asking for approval to be moved from the provisional to the approved capital programme

¹ Long-term schemes identified in documents such as the Corporate Plan SCC Local Transport Plan, the Councils' Regeneration Strategy, Local Plan and the emerging Infrastructure Delivery Plan.

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- a final business case – setting out the procurement process and evaluation of tenders prior to the contractual commitment of expenditure
- 4.28 The Council has a limited amount of resources and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Councils' objectives. The criteria is as follows:
- a) Each project must meet one of the five spending objectives:
 - a. Economy (invest to save, i.e. to reduce cost of services)
 - b. Efficiency (i.e. to improve throughput and unit costs)
 - c. Effectiveness (improving outcomes for the community)
 - d. Retendering to replace elements of the existing service
 - e. Statutory or regulatory compliance (i.e. H&S)
 - b) Each scheme must be assessed against the fundamental themes within the Councils' Corporate Plan to show how well it contributes towards achieving the strategic objectives of the Council
 - c) Each scheme must have a cost benefit analysis, detailing the Net Present Value calculation (NPV) of both cash-flows and quantifiable economic benefits, payback period, Internal Rate of Return (IRR), Peak Debt and the assessment of its Revenue impact.
 - d) NPV is to be the most important criteria and must remain positive over a range of sensitivities for the Council to invest
 - e) NPV calculation must use the recommended treasury discount rate in the Green Book, currently at 3.5%
 - f) The revenue impact must be neutral or positive on the GF for all investment projects
 - g) All projects should assess the qualitative benefits
- 4.29 Bids are submitted for initial review by the officer led CMG in September. Their role is to scrutinise the bids, and review them in line with the overall capital programme. CMT will then review the updated bids, along with the financial impacts and NPV scores. Once CMT are fully supportive of the bids the relevant Lead Councillor will be given a copy, and they will be presented to Councillors in the JEABBWG for review and scrutiny in November/December before being passed through the Committee Cycle and ultimately being approved at Full Council in February.
- 4.30 The Council may set an affordability limit based on what the GF can afford for implications of the capital programme (primarily MRP and borrowing interest). The idea is that where there are some essential schemes that will not generate income there is an allowance in the revenue account to accommodate the revenue impact of those.
- 4.31 This local limit is based on the maximum increase in financing costs on the GF revenue account each year to £5 per Band D property, which is the maximum amount by which the Council can raise its Band D council tax.

- 4.32 The impact is that there will be a limit to the number of Essential capital schemes (ie those that need to be undertaken for statutory/compliance reasons, are required to maintain service provision at existing levels or prevent cost escalation, or are infrastructure schemes). Based on an average asset life of 25 years for MRP purposes, the limit for new essential schemes to be funded by borrowing for each financial year in the capital programme will be:

	2021-22 Projection	2022-23 Projection	2023-24 Projection	2024-25 Projection	2025-26 Projection
Affordable increase in financing costs	288,229	285,797	204,240	211,474	101,689
Maximum limit on non-development capital schemes	7,205,720	7,144,925	5,105,993	5,286,842	2,542,224

- 4.33 This limit does not apply to development capital schemes (i.e. those that will be undertaken for economic growth, regeneration, redevelopment or income generation purposes, titled development/infrastructure – non financial benefit and development – financial benefit) as these schemes are defined as those which are anticipated to have a neutral or positive impact on the GF revenue account or on the town. This means that annual savings or additional income achieved from an investment capital schemes is greater than its financing costs over a range of scenarios will generate a positive benefit to the financial sustainability of the Council. The approval of these schemes will be made on a case-by-case basis following submission of an outline business case.
- 4.34 No new bids were received for 2021-22.
- 4.35 Once Councillors have approved the new bids, they will be added to the provisional capital programme, unless the business case specifically recommends the scheme be implemented immediately, explaining in detail why.
- 4.36 Most projects over £200,000 require a further outline business case to be approved by the Executive before a project can be moved from the provisional to the approved programme, and authority is provided for officers to start implementing the project. Any project under £200,000 can be moved under delegation.
- 4.37 The net addition of the new bids for the GF is assumed to be funded by borrowing. The HRA new bids are assumed to be funded 1/3 capital receipts, 1/3 borrowing and 1/3 capital reserves.

5. Treasury management, borrowing and investment strategy

- 5.1 Treasury management is the management of the Councils' cash flows, borrowing and investments and the associated risks. The Council both borrows and invests substantial amounts of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Councils' prudent financial management.
- 5.2 Treasury risk management at the Council is conducted within the framework of the CIPFA Treasury Management in the Public Services: Code of Practice 2017 ('TM Code') which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Councils' legal obligation under the Local Government Act 2003 to have regard to the TM Code.

Capital Financing Requirement (CFR)

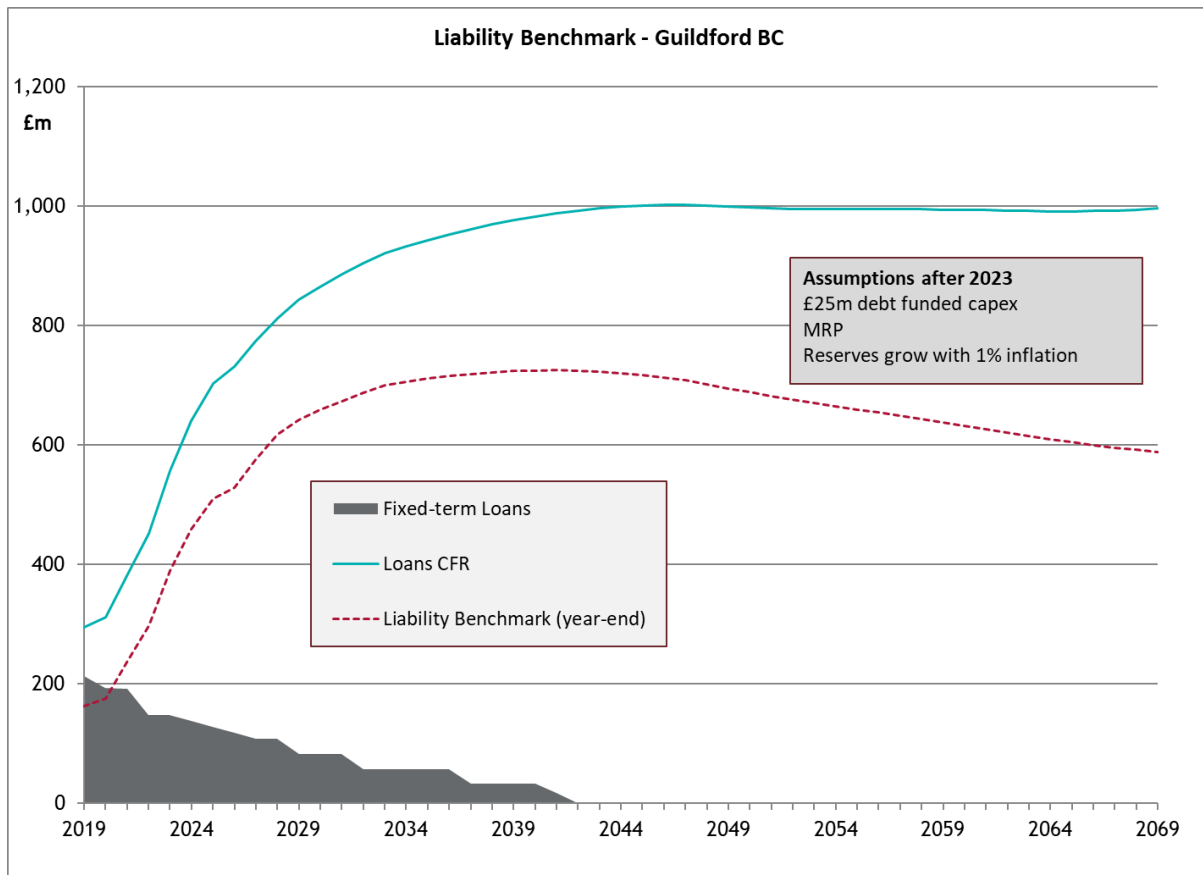
- 5.3 With the current treasury position, and future capital expenditure plans known, we can prepare a table showing the extent of our need to borrow for capital purposes (the CFR), and what we have borrowed, compared to our level (and projected level) of reserves. We split this between the HRA and the GF.
- 5.4 The CFR is derived from unfinanced capital expenditure, which arises when there are no capital receipts or reserves available to fund the capital programme.
- 5.5 The Councils' investments consist of usable reserves and working capital and are the underlying resources available for investment. In the table below, we are also showing a minimum investment balance of £45 million. This represents the minimum level of cash / investments we will hold at any point in time, to maintain sufficient liquidity.
- 5.6 The liability benchmark assumes:
- an allowance for currently known capital expenditure, until 2025-26, and then an assumed level of £25 million per annum for general capital bids, plus anticipated capital programme and capital vision items where the costs and timings can be estimated
 - MRP has been allowed for based on the underlying need to borrow for the GF capital programme until 2024-25, and then projected forward based on the assumed level of capital expenditure with MRP over 25 years' repayment period
 - income, expenditure and reserves are updated until 2029-30, based on estimated income and expenditure and then projected forward by using 1% inflation adjustment each year to allow for transfers to reserves each year.

Guildford BC							
Balance Sheet Summary and Projections in £'000 - last updated 18 Nov 2020							
31st March:	2019	2020	2021	2022	2023	2024	2025
Loans Capital Financing Req.	294,706	312,124	380,754	452,131	556,666	640,216	703,774
Less: External Borrowing	(212,702)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
Internal (Over) Borrowing	82,004	119,459	188,319	304,696	409,231	502,781	576,339
Less: Usable Reserves	(164,974)	(168,628)	(176,489)	(186,701)	(199,100)	(213,116)	(227,031)
Less: Working Capital Surplus	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
(Investments) / New Borrowing	(95,331)	(61,530)	(531)	105,634	197,770	277,304	336,823
Net Borrowing Requirement	117,371	131,135	191,904	253,069	345,205	414,739	464,258
Preferred Year-end Position	45,000	45,000	45,000	45,000	45,000	45,000	45,450
Liability Benchmark (year-end)	162,371	176,135	236,904	298,069	390,205	459,739	509,708
Peak to Trough Cash Flow	(7,388)	(7,462)	(7,536)	(7,612)	(7,688)	(7,765)	(7,842)
Liability Benchmark (mid-year)	154,983	168,674	229,367	290,457	382,517	451,975	501,866

Housing Revenue Account - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
HRA Loans CFR	197,024	207,024	217,024	227,024	237,024	237,024	237,024
HRA Reserves	(116,224)	(119,420)	(127,510)	(137,593)	(151,112)	(165,935)	(179,818)
HRA Working Capital	0	0	0	0	0	0	0
HRA Borrowing	(192,895)	(192,665)	(192,435)	(147,435)	(147,435)	(137,435)	(127,435)
HRA Cash Balance	(112,095)	(105,061)	(102,921)	(58,004)	(61,523)	(66,346)	(70,229)

General Fund - Summary and Projections in £000							
31st March:	2019	2020	2021	2022	2023	2024	2025
GF Loans CFR	97,682	105,100	163,730	225,107	319,642	403,192	466,750
GF Reserves	(48,750)	(49,208)	(48,979)	(49,108)	(47,988)	(47,181)	(47,214)
GF Working Capital	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,361)	(12,485)
GF Borrowing	(19,807)	0	0	0	0	0	0
GF Cash Balance	16,764	43,531	102,390	163,638	259,293	343,650	407,052

- 5.7 The liability benchmark shows the lowest risk level of borrowing – i.e. using the Councils' overall cash to fund the capital programme, and only externalising the borrowing when our minimum liquidity requirement is reached.
- 5.8 The differential between the CFR and the level of reserves is the Councils' overall external borrowing need. Where the external borrowing amount is lower than the CFR, it means we have internally borrowed and used non-capital receipts and reserves to initially finance capital expenditure (i.e. the Councils' overall cash). Items on the capital vision are currently excluded, mainly because the cost and/or timings of the schemes are unknown.
- 5.9 The Prudential Code recommends that the Councils' total debt (external borrowing) should be lower than its forecast CFR over the next three years – in other words, not over borrowing. The table shows the Councils' internal / (over) borrowing position and shows that we are expecting to comply with this recommendation.
- 5.10 The table shows our gross debt position against our CFR. This is one of the Prudential Indicators, and is a key indicator of prudence. This indicator aims to ensure that, over the medium-term, debt will only be for a capital purpose. We monitor this position and demonstrate prudence by ensuring that medium to long-term debt does not exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years (2019-20 to 2021-22). The liability benchmark is expected to increase to £510 million by March 2025.
- 5.11 The Council has an increasing CFR due to the increasing need to borrow for the GF capital programme. The increase in estimated capital spend is more than the annual MRP. We are projecting the cash balance of the Council to reduce, whilst maintaining a good level of (core) reserves over the period shown in the table.
- 5.12 HRA reserves are decreasing over the early part of the period because of the HRA plans to build new social housing. Our priority is to build new homes rather than reduce debt, although moving forward the table does not include any new borrowing, to show the true cash position of the HRA, and, therefore, the requirement to refinance borrowing.
- 5.13 GF reserves are projected to remain stable (our core cash). The CFR is increasing sharply due to the proposed capital programme. We are projecting a small need to borrow for the Council as a whole from 2021-22, based on the current profile of the capital programme. We have taken out short-term loans in the year to cover cash flow.
- 5.14 Working capital is the net of debtors and creditors we have at the end of the financial year, and will vary during the year. If we owe more money to creditors than we are owed by debtors, the working capital is a negative figure (as in the table above).
- 5.15 The liability benchmark can also be presented graphically:



5.16 The red solid line is the liability benchmark (the lowest risk strategy). If the liability benchmark line rises above the amount of loans we have (shaded area), we need to borrow externally and no longer have any internal borrowing capacity.

Borrowing strategy

5.17 The Council's chief objective when borrowing money is to strike an appropriately low risk between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Councils' long term plans change is a secondary objective.

5.18 Given the significant cuts to public expenditure and in particular local government funding, our borrowing strategy continues to focus on affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources or to borrow short-term instead.

5.19 We will not automatically externally borrow for the GF when the cash balance is negative, although we will review the position in line with our borrowing strategy and the cash position for the Council as a whole.

5.20 When making decisions about longer-term borrowing, we will review the liability benchmark, as opposed to just the CFR, to assess the length of time we need to borrow for, according to our projections on the level of reserves we may have, as well as other factors detailed in our borrowing strategy. This helps to limit a number of treasury risks of holding large amounts of debt and investments. We will also assess borrowing based on individual projects.

- 5.21 By doing this, we are able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk.
- 5.22 We will undertake some modelling taking into account the projects listed in the Corporate Plan and capital vision, for example, which will tell us the potential impact on our borrowing requirement.
- 5.23 We will continue to monitor our internal borrowing position against the potential of incurring additional interest costs if we defer externalising borrowing into the future when long-term borrowing costs are forecast to rise modestly. Arlingclose will assist us with this 'cost of carry' and breakdown analysis in line with our capital spending plans. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021-22 with a view to keeping future interest costs low, even if this causes additional cost in the short term.
- 5.24 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council needs to avoid this activity in order to retain access to PWLB funding.
- 5.25 The Council may decide to externalise our current internal borrowing, or to pre-fund future years' requirement, providing this does not exceed the authorised borrowing limit and the highest level of the CFR in the next three years (to ensure we do not over borrow).
- 5.26 Its output may determine whether we arrange forward stating loans during 2021-22, where the interest is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 5.27 We may continue to borrow short-term for cash flow shortages.

Sources of borrowing

- 5.28 We have previously borrowed our long-term HRA borrowing from the PWLB. We will review all borrowing sources moving forwards and may explore the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over reliance on one source of funding, in line with the CIPFA Code.
- 5.29 We will consider, but are not limited to, the following long- and short-term borrowing sources:
- HM Treasury's PWLB lending facility
 - any institution approved for investments
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except the local pension fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 5.30 We may also raise capital finance by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
 - hire purchase

- sale and leaseback

Municipal Bond Agency (MBA)

5.31 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB because:

- borrowing authorities will be required to provide bonds investors with a guarantee to refund their investment in the event that the agency is unable to for any reason and
- there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

Short-term and variable rate loans

5.32 These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the following interest rate exposure limits indicator, which is set to control the Councils' exposure to interest rate risk. Financial derivatives may be used to manage this interest rate risk (see below).

5.33 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

5.34 We are also required to present the maturity structure of borrowing. This indicator is set to control the Councils' exposure to refinancing risk, in terms of loans being unavailable. The upper and lower limits of on the maturity structure of borrowing will be:

Maturity Structure of borrowing		
	2020-21	
	Lower	Upper
Under 12 months	0%	50.00%
1 year to 2 years	0%	50.00%
3 years to 5 years	0%	60.00%
6 years to 10 years	0%	75.00%
11 years and above	0%	100.00%

5.35 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Debt Rescheduling

5.36 The PWLB allows local authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk and where we have enough money in reserves to fund the repayment.

Investment strategy

5.37 The CIPFA TM code requires the Council to invest its treasury funds prudently, and to have regard to the security (protecting capital sums from loss) and liquidity (keeping money readily available for expenditure when needed or having access to cash) of investments before seeking the highest rate of return, or yield. The

Council's objective 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 unsuitably low investment income.

- 5.38 Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 5.39 The Covid-19 pandemic has increased the chance that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of the investment. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 5.40 Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to continue to diversify into more secure and, where possible, higher yielding asset classes during 2021-22. This is especially the case for our longer-term investments. This diversification will represent a continuation of the new strategy adopted in 2015-16.
- 5.41 The Council has had a review undertaken, and as such, linked to the profile of the capital programme, the optimum asset allocation is:

Overnight liquidity	5%
Long-term fixed deposits (1-3years)	21%
Unsecured bonds (1-4years)	21%
Covered bonds (1-5 years)	23%
External funds	5%
Revolving credit facility	2%
Asset backed securities	10%
Private bonds	13%

This will be reviewed annually.

- 5.42 Diversification is key. All investments can earn extra interest, but not all investments will default. Also, to highlight the need for security and diversification it takes a long time of earning an extra 1% of interest cover to cover the 20% to 50% loss from a default. It is unlikely we will be able to move away from unsecured deposits entirely, but the less in this category and the more diversified the portfolio is the better the spread of risk.
- 5.43 Under the new IRFS 9 accounting standard, the accounting of certain investments depends on the Councils' 'business model' for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and, therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Counterparty limits

- 5.44 Limits per counterparty on investments are shown in the table below:

Sector	Time limit	Counterparty limit	Sector limit
UK Government	50 yrs	unlimited	n/a
Local authorities and other Government entities	25 yrs	£10 million	unlimited
Secured investments	25 yrs	£10 million	unlimited
Banks (unsecured)	13 mths	£6 million	unlimited
Building Societies (unsecured)	13 mths	£6 million	£15 million
Registered providers (unsecured)	5 yrs	£6 million	£20 million
Money Market Funds	n/a	£20 million	unlimited
Strategic pooled funds	n/a	£10 million	£50 million
Real estate investment trusts	n/a	£10 million	£20 million
Other investments	5 yrs	£10 million	£20 million

- 5.45 The time limits shown are the maximum from the start of an investment, and operationally we could have a shorter duration.
- 5.46 We have set limits to try and avoid default on our investments, although this may not always be successful. By setting realistic, but prudent limits we are forcing diversification which aims to help reduce the value of a default if we are exposed to one.
- 5.47 Credit rating: investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.48 Secured investments: investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 5.49 Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.50 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 generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

- 5.51 Registered providers (unsecured): loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formally known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 5.52 Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.53 Pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 5.54 Bond, equity and property funds offer enhanced returns over the longer-term, but are more volatile in the short-term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting our investment objectives will be monitored regularly.
- 5.55 Real estate investment trusts: shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with the property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.
- 5.56 Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.
- 5.57 Operational bank accounts: the Council may incur operational exposures, for example, through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the change of the Council maintaining operational continuity.
- 5.58 HSBC are our bankers. We may place investments with them, and on occasions we may be in a position where we have received some unexpected cash, and we may, therefore, breach the unsecured limit. We would aim for this to be for as short a duration as possible.

- 5.59 In addition, we may make an investment that is defined as capital expenditure by legislation, such as company shares.
- 5.60 We may invest in investments that are termed 'alternative investments'. These include, by way of example, but are not limited to, things such as renewable energy bonds (solar farms) and regeneration bonds. These are asset backed bonds, offering good returns, and will enable the Council to enter new markets, thus furthering the diversification of our investment portfolio with secured investments and enhancing yield. Any investments entered into of this type will be subject to a full due diligence review.

Risk and credit ratings

- 5.61 Arlingclose obtain and monitor credit ratings and they notify us with any changed in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty
- 5.62 Where credit rating agencies announce that a credit rating is on review for possible downgrade ("rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, we will limit new investments with that organisation to overnight until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.63 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the institutions in which we invest, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management and investment advisors.
- 5.64 We will not make investments with any organisation if there are substantive doubts about its credit quality, even if it meets the above criteria.
- 5.65 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of our investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to meet the Councils' cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 5.66 We will measure and manage our exposure to treasury management risk by using the following indicators:

- **Security:** we have adopted a voluntary measure of our exposure to credit risk by monitoring the value-weighted average credit rating of our investment portfolio. This is calculated by applying a score to each investment based on credit ratings (AAA=1, AA+=2 etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The average portfolio credit rating target is set for A for 2021-22.
- **Liquidity:** we monitor our liquidity for a given financial year using an online cash-flow system. We project forward for the financial year, and enter all known cash transactions at the beginning of the financial year and then update the position on a daily basis. This forms the basis of our investment decisions in terms of duration and value of investments made. We have set £40 million as our minimum liquidity requirement. We also have a high-level cash flow projection over four years.

5.67 **Principal sums invested for periods longer than a year:** the purpose of this indicator is to control the Councils' exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2020-21 Approved	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate
Upper limit for total principal sums invested for longer than a year	£50m	£50m	£40m	£30m

5.68 Where we invest longer-term we strike a balance between tradeable and fixed term investments. Whilst we do not enter into the tradeable deposits with the intention of selling, we are helping mitigate the risk exposure by using these types of investments so if we have a liquidity problem we can liquidate these investments prior to maturity at nil or minimal cost.

6. Other items

6.1 There are a number of additional items the Council is obliged by CIPFA and/or MHCLG to include in our strategy.

Policy on the use of Financial Derivatives

6.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits).

6.3 The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

6.4 The Council will only use standalone derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy,

although the risks they present will be managed in line with the overall treasury risk management strategy.

- 6.5 We may arrange financial derivative transactions with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.
- 6.6 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Derivative

- 6.7 The Council has opted up to professional client status with its providers of financial services, allowing it to access a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of our treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Policy on apportioning interest to the HRA

- 6.8 The Council operates a two-pooled approach to its loans portfolio, which means we separate long-term HRA and GF loans.
- 6.9 Interest payable and other costs or income arising from long-term loans (for example premiums and discounts on early redemption) will be charged or credited to the respective account. Differences between the value of the HRA loans pool and the HRAs underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance, which may be positive or negative.
- 6.10 We will charge long-term loan interest on an actual basis, as incurred.
- 6.11 For notional cash balances we will apply the average DMO rate for the year. This rate is the lowest credit risk investment. We apply this because if there are any investment defaults it will be a charge to the GF, regardless of whether it was HRA cash that was lost.

Appendix 2

To follow

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GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Verto ref	Code	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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	Projected expenditure total	Grants / Contributions towards cost of scheme	Funded from Reserves	Net cost of scheme
				(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(v) £000	(g) £000	(b)+(g) = (h) £000	(i) £000		(h)-(i) = (j) £000
APPROVED SCHEMES																			
COMMUNITY DIRECTORATE																			
General Fund Housing																			
	PR381	N51008	Disabled Facilities Grants		annual	605	605	169	605	605	605	605	605	-	2,420	3,025	(806)	-	2,219
		N51019	Better Care Fund		annual	-	-	122	-	-	-	-	-	-	-	-	-	-	-
	PR381	N51020	Home Improvement Assistance		annual	-	-	10	-	-	-	-	-	-	-	-	-	-	-
	PR381	N51021	Solar Energy Loans		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		N51023	BCF TESH Project		annual	-	-	3	-	-	-	-	-	-	-	-	-	-	-
		N51024	BCF Prevention grant		annual	-	-	15	-	-	-	-	-	-	-	-	-	-	-
		N51030/32	SHIP		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			General Grants to HAs		annual	100	100	-	100	100	100	100	100	-	400	500	-	-	500
		N55*	General feasibility, site preparation costs for affordable		annual	120	120	-	120	120	120	120	120	-	480	600	-	-	600
		N55011	Bright Hill Car Park Site		43	-	-	33	-	-	-	-	-	-	-	-	-	-	-
		N55014	Garage Sites-General		161	-	-	2	-	-	-	-	-	-	-	-	-	-	-
		N55017	Guildford Park feasibility					8											
		N55020	Shawfield					0											
		N55021	Site B10b feasibility		2	-	-	0	-	-	-	-	-	-	-	-	-	-	-
		N55022	Redevelopment bid 13		109	-	-	48	-	-	-	-	-	-	-	-	-	-	-
			Corporate Property		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED14(e)	PR159	P72**	Void investment property refurbishment works	570	324	170	191	-	191	-	-	-	-	-	-	570	-	-	570
		P74077	Unit 2 The Billings void works	-	-	-	36	22	36	-	-	-	-	-	-	-	-	-	-
ED14		P72031	5 High Street void works	-	-	-	19	8	8	11	-	-	-	-	11	-	-	-	-
ED14		P72047	10 Midleton void works	230	7	-	223	68	223	-	-	-	-	-	-	230	(100)	-	130
ED21		P72022	Methane gas monitoring system	100	45	-	51	-	0	51	-	-	-	-	51	100	-	-	100
ED21a		P72046	Methane gas monitoring Depots	-	-	-	4	-	4	-	-	-	-	-	-	-	-	-	-
ED22		P74058	Energy efficiency compliance - Council owned properties	245	82	137	163	0	0	163	-	-	-	-	163	245	-	-	245
ED26		P51*	Bridges -Inspections and remedial works	317	197	-	120	-	20	100	-	-	-	-	100	317	-	-	317
ED35			Electric Theatre - new boilers	120	-	-	120	-	120	-	-	-	-	-	-	120	-	-	120
ED41	PR162	P74064	The Billings roof	200	27	175	173	2	3	170	-	-	-	-	170	200	-	-	200
ED44	PR210 &	P05012	Broadwater cottage	319	93	-	226	122	226	-	-	-	-	-	-	319	-	-	319
ED45	PR257	P18190	Gunpowder mills - scheduled ancient monument	222	9	52	212	182	212	-	-	-	-	-	-	222	-	-	222
ED51(p)	PR424	P10010	Guildford House Exhibition lighting	50	-	50	50	-	50	-	-	-	-	-	-	50	-	-	50
ED47	PR385	P74070	Cladding of Ash Vale units (no longer reqd)	145	5	92	140	-	-	-	-	-	-	-	-	5	-	-	5
ED53	BID97	P74072	Tyting Farm Land-removal of barns and concrete	200	8	-	192	54	192	-	-	-	-	-	-	200	-	-	200
ED56	2-1920	P74073	Foxenden Tunnels safety works	110	22	-	88	5	88	-	-	-	-	-	-	110	-	-	110
ED57	3-1920	P74074	Holy Trinity Church boundary wall	63	8	-	55	43	47	2	-	-	-	-	2	57	-	-	57
CP1	1-2021	P18414	SMP Ph1 Calorifer replacement	28	-	28	28	-	-	28	-	-	-	-	28	28	-	-	28
CP2	2-2021	P18415	SMP Main pavilion amenity club	50	-	50	50	-	50	-	-	-	-	-	-	50	-	-	50
CP3	3-2021	P18416	SMP cricket pavilion	120	-	120	120	3	4	116	-	-	-	-	116	120	-	-	120
			Office Services																
BS4	BID205	P50016	Hydro private wire - Tollhouse to Millmead	4	3	-	1	-	1	-	-	-	-	-	-	4	-	-	4
COMMUNITY DIRECTORATE TOTAL				3,092	1,146	1,699	3,086	920	2,299	1,466	825	825	825	0	3,941	7,071	(906)		6,166
ENVIRONMENT DIRECTORATE																			
Operational Services																			
OP1/OP		P66*	Flood resilience measures (use in conjunction with grant)	445	324	21	121	-	0	121	-	-	-	-	121	445	-	-	445
OP5	PR275	P35017	Mill Lane (Pirbright) Flood Protection Scheme	71	55	-	16	-	-	16	-	-	-	-	16	71	(19)	-	52
OP6	PR304	P58012	Vehicles, Plant & Equipment Replacement Programme	10,665	6,099	4,220	4,566	57	4,000	566	-	-	-	-	566	10,665	(26)	-	10,639
OP22		P53005	Litter bins replacement (complete)	265	112	153	153	-	-	-	-	-	-	-	-	112	-	-	112
OP26	PR264	P35022	Morrow lane grille & headwall construction	60	3	57	57	-	-	57	-	-	-	-	57	60	-	-	60
OP27	PR271		Morrow & Burpham surface water study	15	-	-	15	-	-	15	-	-	-	-	15	15	-	-	15
OP28	PR284		Crown court CCTV	10	-	-	10	-	-	10	-	-	-	-	10	10	-	-	10
OP22	5-1920		Town Centre CCTV upgrade	250	-	-	250	-	-	250	-	-	-	-	250	250	-	-	250
Parks and Leisure																			
PL11	PR141	P22062	Spectrum Roof replacement	4,000	1,680	-	271	72	120	151	-	-	-	-	151	3,100	-	-	3,100
		P22063/P2	Spectrum roof - steelwork ph2	-	409	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		P22065	Spectrum roof - steelwork ph3	-	740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PL15			Infrastructure works: Guildford Commons	150	3	-	3	1	3	-	-	-	-	-	-	6	-	-	6
PL15(a)		P18183	Infrastructure works: Guildford Commons: Morrow	-	15	-	-	-	-	-	-	-	-	-	-	15	-	-	15
PL15(b)		P18184	Infrastructure works: Guildford Commons: Shalford	-	129	-	-	-	-	-	-	-	-	-	-	129	-	-	129
PL20(b)		P18208	Westnye Gardens play area	125	122	-	3	5	3	-	-	-	-	-	-	125	(3)	-	122
PL20(c)		P18224	Redevelopment of Westborough and Park barn play area	320	-	295	320	-	-	320	-	-	-	-	320	320	-	-	320
PL34	PR186		Stoke cemetery re-tarmac	47	-	47	47	-	-	47	-	-	-	-	47	47	-	-	47
PL35	PR211	P18194	Woodbridge rd sportsground replace fencing(complete)	280	262	-	19	15	19	-	-	-	-	-	-	280	-	-	280
PL42		P20001	Pre-sang costs	100	51	-	49	5	49	-	-	-	-	-	-	100	-	-	100
PL57	BID211	P18215	Parks and Countryside - repairs and renewal of paths,roads	165	121	-	44	16	44	-	-	-	-	-	-	165	-	-	165
PL24	PR212	P18219	Kings college astro turf	547	494	-	53	3	18	-	-	-	-	-	-	512	(401)	-	111
PL58	1-1920	P18220	Shalford Common - regularising car parking/reduction of	121	22	99	99	-	-	99	-	-	-	-	99	121	-	-	121
		P18223	Allen House Pavillion - Roof Works	30	-	30	30	-	30	-	-	-	-	-	-	30	-	-	30
PL60	7-1920	P18222	Traveller encampments - Bellfields Green	82	62	10	20	15	20	-	-	-	-	-	-	82	-	-	82
PL60	7-1920	P18226	Traveller encampments - Shalford Common	48	-	48	48	-	-	48	-	-	-	-	48	48	-	-	48
PL60	7-1920	P18231	Traveller encampments - Christchurch Spectrum	5	-	5	5	-	-	5	-	-	-	-	-	5	-	-	5
ENVIRONMENT TOTAL DIRECTORATE				17,801	10,702	4,907	6,199	189	4,311	1,700					1,700	16,713	(448)		16,265
FINANCE DIRECTORATE																			
Financial Services																			
FS1	PR303		Capital contingency fund	annual	-	5,000	4,900	-	900	5,000	5,000	5,000	5,000	-	20,000	20,900	-	-	20,900
RESOURCES DIRECTORATE TOTAL				0	0	5,000	4,900	0	900	5,000	5,000	5,000	5,000	0	20,000	20,900	0		20,900
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																			
Development / Infrastructure																			
ED54	BID129	P74069	Rodboro Buildings - electric theatre through road and parking	450	17	280	433	6	11	422	-	-	-	-	422	450	-	-	450

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Verto ref	Code	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-20	2020-21										Projected expenditure total	Grants / Contributions towards cost of scheme	Funded from Reserves	Net cost of scheme
						Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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				
				(a)	(b)	(c)	(d)	(e)	(f)	(ii)	(iii)	(iv)	(v)	(v)	(g)	(b)+(g) = (h)	(i)	(h)-(i) = (j)	
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
ED18	PR367	P15011	Museum and castle development	1,652	188	1,020	1,464	14	14	-	-	-	1,450	-	1,450	1,652	-	1,652	
ED52	PR437	P74067	Public Realm Scheme (Chapel Street/Castle	2,627	1,011	-	1,616	6	16	-	-	-	1,600	-	1,600	2,627	-	1,012	
P5	PR354	P79027/P7	Walnut Bridge replacement	5,098	1,667	1,593	3,414	108	3,414	17	-	-	-	-	17	5,097	(2,482)	1,665	
ED32	PR028	P79026	Internal Estate Road - CLLR Phase 1	11,139	10,571	-	568	111	568	-	-	-	-	-	-	11,139	(5,107)	6,032	
P9c		P79030	Town Centre Gateway Regeneration	3,523	50	3,480	3,473	-	-	-	-	-	3,473	-	3,473	3,523	-	3,523	
		P79032	SMC(West) Phase 1	4,403	1,192	2,975	3,211	252	1,553	1,658	-	-	-	-	1,658	4,403	(3,228)	1,175	
P16	BID111	P79033	A331 hotspots	3,930	269	3,146	3,661	25	3,161	500	-	-	-	-	500	3,930	(2,939)	991	
P14	PR402	P79034	Town Centre Approaches	1,033	7	816	1,026	9	603	400	-	-	-	-	400	1,010	(700)	310	
P22		P79036	Ash Bridge Land acquisition	120	104	-	16	-	16	-	-	-	-	-	-	120	-	120	
P21		P79037	Ash Road Bridge	4,060	1,803	2,214	2,257	412	1,000	1,257	-	-	-	-	1,257	4,060	(4,060)	-	
P11	PR364 &		Guildford West (PB) station	500	-	-	500	-	-	500	-	-	-	-	500	500	-	500	
			Development Financial																
	PR130	P79996	Investment in North Downs Housing (60%)	15,180	8,183	4,500	5,315	414	5,315	1,682	-	-	-	-	1,682	15,180	-	15,180	
	PR130	P79997	Equity shares in Guildford Holdings Ltd (40%)	10,120	5,460	3,000	3,543	277	3,543	1,117	-	-	-	-	1,117	10,120	-	10,120	
ED25	PR233	P79025 /	Guildford Park - Housing for Private and infrastructure works	6,500	3,444	3,462	3,056	-	(0)	-	-	-	-	-	-	3,444	-	3,444	
ED49	PR395	P72037	Middleton Ind Est Redevelopment	9,350	1,895	5,500	7,455	1,268	3,755	3,700	-	-	-	-	3,700	9,350	-	9,350	
P12	PR371	P72045	Strategic property acquisitions	8,520	7,024	-	1,496	638	1,496	-	-	-	-	-	-	8,520	-	8,520	
DF1	4-2021		Property acquisition	20,000		20,000	20,000		-	20,000	-	-	-	-	20,000	20,000	-	20,000	
PL9	PR136	P05009	Rebuild Crematorium	11,822	10,381	-	1,441	394	1,441	-	-	-	-	-	-	11,822	-	11,822	
ED27		P79023	North Street Development / Guild Town Centre regeneration	1,477	861	736	616	65	616	-	-	-	-	-	-	1,477	(50)	1,427	
ED6	PR350	P74039 /	Slyfield Area Regeneration Project (SARP)	31,259	5,202	700	8,750	4,992	8,750	2,211	3,435	3,436	-	-	9,082	31,459	(1,677)	29,782	
ED6	PR350	P79100/P1	WUV - Allotment relocation	200	158	160	-	99	-	-	-	-	-	-	-	-	-	-	
ED6	PR350	P79101	WUV - Int roads, Site clearance	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED6	PR350	P79102	WUV - New GBC Depot	2,480	0	-	2,480	5	2,480	-	-	-	-	-	-	2,480	-	2,480	
ED6	PR350	P79104	WUV - Thames Water relocation	-	8,267	-	-	436	-	-	-	-	-	-	-	-	-	-	
ED6	PR350	P79106	WUV - Land Purchase	-	-	-	-	1,091	-	-	-	-	-	-	-	-	-	-	
			DEVELOPMENT/INCOME GENERATING/COST REDUCTION	155,443	67,755	53,582	75,790	10,623	37,751	33,464	3,435	3,436	6,523	0	46,858	152,364	(20,243)	(2,565)	129,556
			APPROVED SCHEMES TOTAL	176,336	79,603	65,188	89,975	11,732	45,261	41,630	9,260	9,261	12,348	0	72,499	197,049	(21,597)	(2,565)	172,887
			non-development projects total	20,893	11,848	11,606	14,185	1,109	7,510	8,166	5,825	5,825	5,825	0	25,641	44,685	(1,354)	0	43,331
			development/infrastructure - non-financial benefit	38,535	16,879	15,524	21,639	943	10,356	4,754	0	0	6,523	0	11,277	38,512	(18,516)	(2,565)	17,430
			development- financial benefit	116,908	50,876	38,058	54,151	9,680	27,395	28,710	3,435	3,436	0	0	35,581	113,853	(1,727)	0	112,126
			TOTAL	176,336	79,603	65,188	89,975	11,732	45,261	41,630	9,260	9,261	12,348	0	72,499	197,049	(21,597)	(2,565)	172,887

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Verto ref	Code	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February										Future years estimated expenditure	Projected expenditure total	Grants or Contributions towards cost of scheme	Net total cost of scheme to the Council	
						Revised estimate	Expenditure at end P8	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	2026-27 Est for year	2027-28 Est for year					2027-28 est for yr and SARP to 2023
						(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(g) £000	(h) £000	(i) £000	(j) £000					(k) £000
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																				
COMMUNITY DIRECTORATE																				
General Fund Housing																				
			Old Manor House - replacement windows (no longer req'd)	193	-	193	193	-	-	-	-	-	-	-	-	-	-	-	-	
			Corporate Property																	
			Methane gas monitoring system	150	-	150	150	-	-	-	150	-	-	-	-	-	-	-	-	
			Energy efficiency compliance - Council owned properties	950	-	950	950	-	-	-	950	-	-	-	-	-	-	-	-	
			Bridges	370	-	370	370	-	-	370	-	-	-	-	-	-	-	-	-	
			Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	-	-	3,152	-	-	-	-	-	-	-	-	
			Tylney Farm Land-removal of barns and concrete hardstanding	50	-	50	50	-	-	-	50	-	-	-	-	-	-	-	-	
			Land to the rear of 39-42 Castle Street	10	-	10	10	-	-	10	-	-	-	-	-	-	-	-	-	
			New House works	416	-	416	416	-	-	-	416	-	-	-	-	-	-	-	-	
			Energy & CO2 reduction in Council non HRA properties	2,268	-	2,268	2,268	-	-	768	500	500	500	-	-	-	-	-	-	
			Office Services																	
			Renewables (no longer req'd)	65	-	65	65	-	-	-	65	-	-	-	-	-	-	-	-	
			Millmead House - MSE plant renewal	33	-	33	33	-	-	-	33	-	-	-	-	-	-	-	-	
			Hydro private wire - Tollmead	82	-	82	82	-	-	-	82	-	-	-	-	-	-	-	-	
COMMUNITY DIRECTORATE TOTAL				7,739	-	5,499	5,706	-	-	1,138	543	4,752	582	-	-	-	-	-	-	
ENVIRONMENT DIRECTORATE																				
Operational Services																				
			Mill Lane (Pitington) Flood Protection Scheme	200	-	200	200	-	-	-	200	-	-	-	-	-	-	-	-	
			Vehicles, Plant & Equipment Replacement Programme	780	-	780	780	-	-	780	-	-	-	-	-	-	-	-	-	
			Surface water management plan	200	-	200	200	-	-	-	200	-	-	-	-	-	-	-	-	
			Parks and Leisure																	
			New burial grounds - acquisition & development	7,834	38	7,872	7,872	-	-	30	-	-	-	-	-	-	-	-	-	
			Refurbishment / rebuild Sutherland Memorial Park Pavilion	150	-	150	150	-	-	150	-	-	-	-	-	-	-	-	-	
			Stoke pk office accommodation & storage buildings	665	-	665	665	-	-	-	665	-	-	-	-	-	-	-	-	
			Stoke Pk gardens water feature refurb	81	-	81	81	-	-	40	-	-	-	-	-	-	-	-	-	
			Sutherland Memorial Park - electrical works COMPLETE	39	-	39	39	-	-	-	-	-	-	-	-	-	-	-	-	
			Stoke Park Masterplan enabling costs	500	-	500	500	-	-	500	-	-	-	-	-	-	-	-	-	
			Parks and Countryside - repairs and renewal of paths,roads and	1,572	-	1,572	1,572	-	-	1,222	400	-	-	-	-	-	-	-	-	
			Sports pavilions - replace water heaters	154	-	154	154	-	-	28	42	42	42	-	-	-	-	-	-	
			Millmead fish pass	60	-	60	60	-	-	60	-	-	-	-	-	-	-	-	-	
			Traveller encampments	115	-	115	115	-	-	40	75	-	-	-	-	-	-	-	-	
ENVIRONMENT DIRECTORATE TOTAL				12,350	38	2,088	3,090	-	188	2,349	542	742	665	-	-	-	-	-	-	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																				
Development / Infrastructure																				
			Guildford Museum	16,810	-	16,810	16,810	-	-	-	-	-	16,810	-	-	-	-	-	-	
			Investment in North Downs Housing	30,100	-	30,100	30,100	-	-	5,518	12,538	-	-	-	-	-	-	-	-	
			Equity shares in Guildford Holdings Ltd	-	-	-	-	-	-	3,683	8,360	-	-	-	-	-	-	-	-	
			Sustainable Movement Corridor	6,045	-	6,045	6,045	-	-	-	-	3,023	3,022	-	-	-	-	-	-	
			Guildford West (PB) station	4,700	-	4,700	4,700	-	-	1,000	2,000	1,700	-	-	-	-	-	-	-	
			Guildford Gyrovator & approaches	10,967	-	10,967	10,967	-	-	-	-	-	10,967	-	-	-	-	-	-	
			Guildford bike share	530	-	530	530	-	-	100	430	-	-	-	-	-	-	-	-	
			Bus station relocation	500	-	500	500	-	500	-	-	-	-	-	-	-	-	-	-	
			Ash Road Bridge	18,440	-	18,440	18,440	-	-	18,440	-	-	-	-	-	-	-	-	-	
			Ash Road Footbridge	4,800	-	4,800	4,800	-	-	4,800	-	-	-	-	-	-	-	-	-	
Development Financial																				
			Guildford Park - Housing for Private and infrastructure works	23,125	-	23,125	23,125	-	-	-	-	-	-	-	-	-	-	-	-	
			Redeveloping Midtown industrial estate	5,557	-	5,557	5,557	-	-	-	-	-	-	-	-	-	-	-	-	
			Stoke Park - Home Farm Redevelopment	4,000	-	4,000	4,000	-	-	-	-	4,000	-	-	-	-	-	-	-	
			Styfield Area Regeneration Project (SARP) (GBC share)	289,869	-	289,869	289,869	-	-	26,136	69,012	34,206	40,112	34,881	24,342	22,271	38,909	289,869	289,869	
			North Street development	1,500	-	1,500	1,500	-	500	1,000	-	-	-	-	-	-	-	-	-	
			Bright Hill Development	13,500	-	13,500	13,500	-	800	5,000	7,000	820	-	-	-	-	-	-	-	
			Strategic property acquisitions	23,292	-	23,292	23,292	-	-	23,292	-	-	-	-	-	-	-	-	-	
			Property acquisition	20,000	-	20,000	20,000	-	-	10,000	10,000	-	-	-	-	-	-	-	-	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL				473,735	-	94,769	74,388	-	1,000	100,106	107,011	50,359	71,731	34,881	24,342	22,271	38,909	449,610	450,610	(97,948)
PROVISIONAL SCHEMES - GRAND TOTALS				493,823	38	102,356	83,184	-	1,188	103,593	108,095	55,853	72,978	34,881	24,342	22,271	38,909	460,923	462,149	(97,997)
non development projects				20,089	38	7,587	8,796	-	188	3,487	1,085	5,494	1,247	-	-	-	11,313	11,539	(49)	
development/infrastructure - non-financial benefit				92,892	0	45,750	46,280	0	500	33,441	22,999	5,153	30,799	0	0	0	92,392	92,892	(43,780)	
development- financial benefit				380,843	0	49,019	28,108	0	500	66,665	84,012	45,206	40,932	34,881	24,342	22,271	38,909	357,218	357,718	(64,158)
TOTAL				493,823	38	102,356	83,184	0	1,188	103,593	108,096	55,853	72,978	34,881	24,342	22,271	38,909	460,923	462,149	(97,997)

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Appendix 4

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GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2020-21 to 2024-25

Ref	Project Officer	Code	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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	Total net cost approved by Executive
				(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	(j) £000	(h)-(j) = (i) £000	(k) £000
APPROVED SCHEMES (fully funded from S106 contributions)																			
ENVIRONMENT DIRECTORATE																			
Operational Services																			
Parks and Leisure																			
S-PL36	HJ	P18177	Gunpowder mills - signage, access and woodland imps	36	20	-	16	1	16	-	-	-	-	-	-	36	(36)	-	-
S-PL38	HJ	P18192	Chantry Wood Campsite	36		-	36	-	36	-	-	-	-	-	-	36	(36)	-	-
S-PL47	SA	P18229	Fir Tree Garden	28	4	-	24	1	24	-	-	-	-	-	-	28	(28)	-	-
S-PL48	HJ	P18230	Boardwalk Heathfield Nature Reserve	13			13	-	13							13	(13)		
S-PL49	SA	P18232	Waterside Playarea Muti Unit	30			30	-	30							30	(30)		
S-PL50	SA	P18233	Albury Playground Equip (PC)	23			23	17	23							23	(23)		
ENVIRONMENT DIRECTORATE TOTAL				166	24	-	142	19	142	-	-	-	-	-	-	166	(166)	-	-
APPROVED S106 SCHEMES TOTAL				166	24	-	142	19	142	-	-	-	-	-	-	166	(166)	-	-

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GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE

Item No.	Project Officer	Code	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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
				(a) £000	(b) £000	(c) £000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g) = (h) £000
COMMUNITY DIRECTORATE																
		P59...	ENERGY PROJECTS per SALIX RESERVE:(PR220)			-	-	-	-	-	-	-	-	-	-	-
R-EN10	CR	P59034	LED Lighting replacement (complete)	80	61	-	19	-	(0)	-	-	-	-	-	-	61
R-EN11	CR		WRD energy reduction (no longer reqd)	70	-	-	70	-	-	-	-	-	-	-	-	-
R-EN12	7-2021		LED lighting	44		44	44	-	44	-	-	-	-	-	-	44
R-EN13	8-2021		ASHP CAB	28				-		28	-	-	-	-	28	28
ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE: GBC 'Invest to Save' energy projects (to be repaid in line with savings)																
R-EN12	CR	P59102	PV/energy efficiency projects	100	2	-	98	-	98	-	-	-	-	-	-	100
R-EN13	BID200	P59107	Park Barn Day Centre - air source heat pump	143	110	-	-	3	10	-	-	-	-	-	-	110
R-EN14	BID207	P59108	SMP - air source heat pump	28	1	28	27	-	0	27	-	-	-	-	27	28
ENERGY RESERVES TOTAL				493	174	72	258	3	152	55	-	-	-	-	55	371
BUDGET PRESSURES RESERVE																
	09-1920		Future Guildford implementation team	2,600		1,600	2,600	-	-	-	-	-	-	-	-	-
BUDGET PRESSURES RESERVE TOTAL				2,600	-	1,600	2,600	-	-	-	-	-	-	-	-	-
FINANCE DIRECTORATE																
INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually																
Hardware / software budget						500	500	-	500	500	500	500	-	-	1,500	2,000
R-IT2	SW-M	P81002	Hardware	annual	annual	-	-	3	-	-	-	-	-	-	-	-
R-IT2	SW-M	P81002	Software	annual	annual	-	-	301	-	-	-	-	-	-	-	-
	AH	P81034	ICT infrastructure improvements	1,485	1,695	-	-	30	-	-	-	-	-	-	-	1,695
R-IT3	09-1920		IDOX Acolaid to Uniform	275		-	275	-	275	-	-	-	-	-	-	275
R-IT4	09-1920		LCTS alternative	56		50	56	-	56	-	-	-	-	-	-	56
R-IT5	09-1920	P81035	Future Guildford ICT	1,200	656	-	544	-	544	-	-	-	-	-	-	1,200
IT RENEWALS RESERVE TOTAL				3,016	2,350	550	1,376	334	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																
P1R-CP2	KMc	P37503	Car parks - install/replace pay-on-foot equipment	1,170	240	-	930	-	-	930	-	-	-	-	930	1,170
Car Parks - Lighting & Electrical improvements:																
R-CP8	KMc/KS	P37520	- Castle car park (PR000299) deck surfacing	325	251	-	6	-	6	-	-	-	-	-	-	257
R-CP18	BID177	P37525	- Deck Millbrook car park	2,000	-	1,000	1,000	-	-	-	-	-	-	-	-	-
R-CP14	KMc/RH	P37514	Lift replacement (PR000293)	841	307	187	534	158	534	-	-	-	-	-	-	841
R-CP17	KMc/RH	P37522	Leapale rd MSCP drainage (PR000433)	90	26	-	64	-	16	-	-	-	-	-	-	42
R-CP19	BID194	P37523	Structural works to MSCP	300	50	-	250	-	-	100	-	-	-	-	100	150
R-CP20	10-1920	P37524	MSCP- Deck surface replacement & barriers	652	526	-	126	0	83	-	-	-	-	-	-	609
R-CP21	08-2021	P37526	Additional barriers Farnham Rd	15		15	15		15							15
R-CP22	08-2021	P37527	Deck surface replacement (stair cores)Farnham Rd	70		70	70		70							70
R-CP23	08-2021	P37529	Deck surface replacement Leapale Rd	400		400	400		10	390					390	400
R-CP24	08-2021	P37528	Signage replacement Leapale Rd(no longer reqd)	30		30	30		-	-					-	-
R-CP25	08-2021	P37530	Structural repairs roof turret timbers Castle St	60		60	60		60						-	60

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE

Item No.	Project Officer	Code	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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
				(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(g)+(h) £000
			CAR PARKS RESERVE TOTAL	5,953	1,401	1,762	3,485	158	794	1,420	-	-	-	-	1,420	3,614
			SPA RESERVE :													
			P20... SPA schemes (various)	100	annual	-	151	-	151	-	-	-	-	-	-	151
R-SPA1		P201..	Chantry Woods					-	-							
R-SPA2		P202..	Effingham					-	-							
R-SPA3		P203..	Lakeside					-	-							
R-SPA4		P204..	Riverside					-	-							
R-SPA5		P205..	Parsonage					-	-							
			SPA RESERVE TOTAL	100	-	-	151	-	151	-	-	-	-	-	-	151
			GRAND TOTALS	12,862	4,093	3,984	8,402	494	3,005	1,975	500	500	-	-	2,975	10,063

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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)

	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	2,086	0	0	0	21,641	27,117
Less applied re funding of capital schemes	(12,032)	0	(2,086)	(95)	0	0	0	0
Balance after funding capital expenditure as at 31 March	95	0	95	0	0	0	21,641	48,758

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
45,685	65,188	45,261	41,630	9,260	9,261	12,348	0
0	102,356	1,188	103,593	108,096	55,853	72,978	34,881
86	0	142	0	0	0	0	0
2,300	3,984	3,005	1,975	500	500	0	0
0	0	0	0	0	0	0	0
48,071	171,528	49,596	147,198	117,856	65,614	85,326	34,881
(18,111)	0	(2,086)	(95)	0	0	0	0
(8,421)	(41,368)	(12,257)	(51,415)	(10,515)	(7,650)	(5,600)	0
(2,300)	(4,204)	(6,692)	(2,195)	(720)	(720)	0	0
0	0	0	0	0	0	0	0
(28,832)	(45,572)	(21,035)	(53,705)	(11,235)	(8,370)	(5,600)	0
(19,239)	(125,956)	(28,561)	(93,493)	(106,621)	(57,244)	(79,726)	(34,881)
(48,071)	(171,528)	(49,596)	(147,198)	(117,856)	(65,614)	(85,326)	(34,881)

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

Estimated shortfall at year-end to be funded from borrowing

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
894	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
894	0	0	0	0	0	0	0
(894)	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
18,346	125,956	28,561	93,493	106,621	57,244	79,726	34,881

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

	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	
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	
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)	(299)	(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	18,346	125,956	28,561	93,493	106,621	57,244	79,726	34,881	400,527
Bids for funding (net)		0	0	0	0	0	0	0	0
Total estimated borrowing requirement if all bids on Appendix 1 approved	18,346	125,956	28,561	93,493	106,621	57,244	79,726	34,881	400,527

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Treasury management policy statement

Background

The Council adopts the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice (the TM Code), as described in Section 5 of the TM Code.

The Council will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
- suitable treasury management practices (TMP's), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

CIPFA requirement

The Council is required to adopt the following to define the policies and objectives of its treasury management activities.

1. The Council defines its treasury management activities are:

“the management of the Council’s investments 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”

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the Council's risk implications, and any financial instruments entered into to manage these risks
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council's requirements

The Council is also required to detail its high-level policies for borrowing and investments

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Appendix 8

1. The Council (i.e. full council) will receive reports on its treasury management policies, practices and objectives including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its closed, in the form prescribed in the TMPs
2. The Council delegates responsibility for the
 - a. implementation and monitoring of its treasury management practices and policies to the Corporate Governance and Standards Committee and
 - b. execution and administration of treasury management decisions, along with changes to the TMP's to the Chief Finance Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
3. The Council nominates the Corporate Governance and Standards Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies
4. The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk, refinancing risk and maturity risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt
5. The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned in investments remain important but are secondary considerations.

Money Market Code Principles

The money market code has been developed to provide a common set of principles in order to promote the integrity and effective functioning of the UK money markets.

It is intended to promote a fair, effective and transparent market in which a diverse set of UK market participants, supported by resilient infrastructure, are able to confidently and effectively transact in a manner that is consistent with the highest standards of behaviour.

The code is based on six underpinning principles in order to promote an open, fair and effective market:

Ethics

1. UK Market Participants are expected to behave in an appropriate and professional manner

Governance and Risk Management

2. UK Market Participants should have an applicable governance framework that facilitates responsible participation in the UK Markets and provides for comprehensive oversight of such activity at an appropriately senior level of management. There should be clear and defined internal escalation routes
3. UK Market Participants are expected to maintain a vigorous control environment to effectively identify, measure, monitor, manage and report on the risks associated with their engagement in the UK market

Information Sharing, Confidentiality and Communications

4. UK Market Participants are expected to be clear, accurate, professional, and not misleading in their communications, and to protect relevant confidential information to support effective communication

Execution, Surveillance, Confirmations and Settlement

5. UK Market Participants are expected to exercise appropriate care when negotiating, executing and settling transactions
UK Market Participants are expected to put in place effective and efficient processes to promote the secure, smooth, and timely settlement of transactions

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Arlingclose Economic forecast

Economic background: The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.

GDP growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, as does the UK not achieving a Brexit deal, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the end of 2023. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.5% and 0.75% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is below

Arlingclose Economic & Interest Rate Forecast - November 2020

Underlying assumptions:

- The medium-term global economic outlook remains weak. Second waves of Covid cases have prompted more restrictive measures and further lockdowns in Europe and the UK. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.
- The global central bank and government responses have been significant and are in many cases on-going, maintaining more stable financial, economic and social conditions than otherwise.
- Although these measures supported a sizeable economic recovery in Q3, the imposition of a second national lockdown in England during November will set growth back and likely lead to a fall in GDP in Q4.
- Signs of a slowing economic recovery were already evident in UK monthly GDP and PMI data, even before the latest restrictions. Despite some extension to fiscal

support measures, unemployment is expected to rise when these eventually come to an end in mid-2021.

- This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets continue to price in a chance of negative Bank Rate.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, the development of a vaccine or if the UK leaves the EU without a deal.

Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
50yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80% PWLB HRA Rate = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

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Credit Rating Equivalents and Definitions

	Fitch	Moody's	Standard & Poor's	Fitch	Moody's	Standard & Poor's
Long Term Investment Grade	AAA	Aaa	AAA	AAA 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.	Aaa Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.	AAA An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Pooers.
	AA+	Aa1	AA+	AA 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.	Aa Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.	AA 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.
	AA	Aa2	AA			
AA-	Aa3	AA-				
	A+	A1	A+	A 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.	A Obligations rated A are considered upper-medium grade and are subject to low credit risk.	A 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.
	A	A2	A			
	A-	A3	A-			
	BBB+	Baa1	BBB+	BBB 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.	Baa Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.	BBB 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.
	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			

Glossary

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

Arlingclose – the Council's treasury management advisors

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 Rate – the Bank of England base rate

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 regulator 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

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 for Communities and Local Government

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

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.

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

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’.

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 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.

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.

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.

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

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.

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

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

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 worse 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

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.

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.

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

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

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.

Treasury net – 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 – 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)

Corporate Governance and Standards Committee Report

Ward(s) affected: All

Report of Director of Resources

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Date: 14 January 2021

Financial Monitoring 2020-21 (April to November 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 November 2020.

Officers are projecting an increase in net expenditure on the general fund revenue account of £8,167,251.

Covid-19 continues to impact 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 £2,914,217 with support received from the Government of £2,197,153. The Government support will contribute to 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. This report considers the expenditure and income forecasted up to 30 November and will therefore potentially move adversely as the measures progress.

At its meeting on 5 May 2020, the Council 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.

The increase is net expenditure on services, net of reserve transfers, is £7,986,808.

There is 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. This is offset by a reduction in interest income of £531,550 leaving a net movement on Interest and MRP of £180,443.

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 is underway. The Council expects to spend £49.596 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 £28.561 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 paragraphs 7.3 to 7.6 of the report.

The Council held £143 million of investments and £276 million of external borrowing on 30 September 2020, which includes £192.5 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 November 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.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 Recommendation 8 of the 2015 Council Governance Review was: 'That the importance of the Corporate Governance and Standards Committee to the Council be recognised, particularly in the way in which it supports the overview and scrutiny function through ongoing scrutiny of financial matters, including its proposed 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 November 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 November 2020 [period 8].
 - (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 services, net of reserve transfers of £7,986,808. 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 £2,974,217 offset by Government grant of £2,197,153 and these are included in the forecast for the Resources Directorate. The breakdown of the direct costs to date are shown in the table below along with an estimated forecast for the year. These figures exclude any impact the second national lockdown will have and are expected to worsen.

Description	Actual £	Forecast £
Housing		764,000
Emergency Accommodation	179,919	
Culture		3,424,000
Leisure costs	1,684,681	
Finance & Corporate		38,000
Finance/Computer Software	38,364	
Other shielding		344,000

Description	Actual £	Forecast £
Food Purchases	277,053	
Other PPE		529,000
Staffing	131,542	
Consumables	115,929	
Equipment	21,067	
Other – excluding service areas		280,000
Grants and Subscriptions	526,709	
Gross Expenditure	2,974,217	5,412,000
Government Grant	(2,197,153)	(2,200,000)
Rentals	(135,865)	(135,865)
Net Expenditure	640,152	3,312,000

- 4.3 In addition to the £3.3million additional costs forecasted in the table above, estimates have been made for increased costs and lower than expected income within services with the best information available. Up to the end of November (Period 8) we incurred loss of fees and charges income across all services of £7.0million and have so far claimed £4.5million of that loss from the Government under the Sales, Fees and Charges compensation scheme. These estimates will continue to be monitored closely as the year progresses, and as further information becomes available.
- 4.4 The estimates contained within the report relate to the period from April to the end of November and therefore does not consider the full costs and implications of the second lockdown. This again will be closely monitored but it is expected to worsen the position reported here.
- 4.5 **Appendix 1** shows the summary monitoring report for the general fund revenue account. Officers have prepared the projected outturn on eight months' actual and accrued data.
- 4.6 **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.
- 4.7 Net external interest is currently projected to be £641,385 which is lower than our original estimate. The reduction is caused by the COVID-19 related fall in interest rates in the current financial year.
- 4.8 The Minimum Revenue Provision (MRP) based on the Capital Financing Requirement (CFR) on 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 on the general fund is £8,167,251 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 £
Devolutionary & Recovery Bill	Revenue	Executive	25/08/2020	30,000
Guildford Philanthropy	Revenue	CFO	15/10/2020	25,000
TOTAL				55,000

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 experienced in 2020-21 across directorates referred to in paragraph 4.1.

Directorate	Revised Budget	Projected Outturn	Variance	Comments
Resources	£7,752,837	£9,717,265	£1,964,428	COVID costs
Services	£17,425,315	£22,381,544	£4,956,229	Loss of income due to COVID
Strategy	£1,960,517	£2,005,980	£45,463	

Use of Reserves

4.12 As part of the budget setting process for 2020-21, it was anticipated that £256,000 would be transferred from earmarked reserves during the year. Major movements anticipated at this point in the year are explained in the table below.

Reserve	Variance (£000)	Explanation
Budget Pressure	120	Section 81 Environmental Act spending
Carry Forward Items	(112)	Infrastructure development planning and major projects spending unlikely to be used.
Car Park Maintenance	522	Multi Storey Car Parks repair and maintenance
IT Renewals	926	IT expenditure offset by revenue contributions.
On Street Parking	(260)	Income predictions lower as a result of Covid-19.

Reserve	Variance (£000)	Explanation
Invest to Save	220	Future Guildford expenditure
New Homes Bonus	70	Development of Leisure bid and Stoke Park master planning.
Energy Management	(42)	Contributions from revenue
Business Rates Equalisation	30	Deferred loan agreement
Other Reserves	(1,047)	Changes to SPAs, Refugee expenditure not budgeted, Unspent ringfenced grants taken to reserves, Family Support Programme higher grant received.
Net movement	428	

5 Housing Revenue Account

5.1 **Appendix 3** shows the budget monitoring report for the Housing Revenue Account (HRA) for the period April to November 2020. The report shows that HRA gross service expenditure, projected outturn is 88.95% of the budgeted level arising from likely underspend in repairs due to access restriction as a result of Covid 19, whilst income is projected to be 101.05% of the budgeted level, with a likelihood of increased bad debt provision. The projected outturn would enable a transfer of around £11.03 million to the new build reserve and the reserve for future capital expenditure.

- The rental income estimates for 2020-21 included a revised prudent allowance for Right to Buy (RTB) sales and the re-commissioning of new units. Rental income is currently projected not to change from original forecast of £29.98m as a result of changes in the economic landscape, especially in employment, lending and property market due to the Covid-19 pandemic.
- 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 out-turn 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.
- Apart from 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.

HRA Budget	2020-21 Estimate	2020-21 Projection	Variance
Income	(£33,136,660)	(£33,484,159)	(£347,499)
Expenditure on Housing Services	£17,316,730	£15,403,028	(£1,913,702)
HRA Share of CDC	£256,800	£251,530	£5,270
Net Interest	£4,543,970	£5,077,000	£533,030
Net reserves transfer	£11,008,504	£11,105,888	£97,309
Net HRA Budget	(£10,656)	(£1,646,713)	(£1,636,057)

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 6.

Loan type		Balance 30 Sept 20 £000	New loans £000	Loans repaid £000	Balance 30 Nov 20 £000	Weighted average rate of interest
PWLB						3.25%
Variable		45,000	0	0	45,000	
Fixed	Maturity	147,435	0	0	147,435	
	EIP	115	0	0	115	
Total long-term Loans		192,550	0	0	192,550	
Temporary Loans		83,500	0	0	83,500	0.55%
Total Loans		276,050	0	0	276,050	

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 gross budgeted and projected investment income for 2020-21 is £1.6 million. The gross cash balances representing the Council's reserves and working balances on 30 November 2020 available for investment were £143 million and net of short-term borrowing £69.5 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 £1,172,935. As at the 30 November, we are projecting that the outturn will be lower than budgeted.
- 6.8 The Council's annualised weighted return on investments for the period to November 2020 was 0.86% 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 September to November 2020.

Investment	Principal invested £000	Balance 30 Sept 20 £000	Movement in investment £000	Change in capital value £000	Balance 30 Nov 20 £000	Weighted average rate of interest
Investment Funds						
CCLA	5,000	6,243	30	11	6,254	1.88%
M&G	2,508	2,991	352	331	3,322	2.84%
Royal London	2,500	2,328	25	30	2,358	0.10%
Schroders	1,000	544	33	74	618	7.04%
Funding Circle	490	496	2	5	501	1.85%
Fundamentum	2,000	1,940	40	0	1,940	0.65%
UBS	2,500	2,136	(11)	59	2,195	2.31%
In- House Investments:						
Call Accounts		0	0		0	0.11%
Money Market Funds		55,776	(11,988)		43,788	0.18%
Notice Accounts		3,000	0		3,000	0.43%
Temporary Fixed Deposits		26,000	11,000		37,000	1.08%
Unsecured bonds		0	0		0	0.00%
Covered Bonds		17,100	0		17,100	0.77%
Long Term Fixed Deposits		19,500	0		19,500	1.65%
Revolving Credit Facility		5,000	0		5,000	1.70%
Total Investments		143,054	(518)	510	142,576	

- 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 £276 million. The Council did, however, breach the amount invested with its operational bank, HSBC, due to cashflow uncertainties as a result of COVID-19. 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 2020
 - the 2020-21 revised estimate which considers 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 paragraphs 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		65,188	89,975	45,261	(44,714)
- Provisional schemes		102,356	83,184	1,188	(81,996)
- Schemes funded by reserves		3,984	8,402	3,005	(5,397)
- S106 Projects		0	142	142	0
- Affordable Housing (General Fund)		0	0	0	0
	Total Expenditure	171,528	181,703	49,596	(132,107)
Housing Revenue Account Capital Expenditure					
	Approved programme	14,930	16,772	13,966	(2,807)
	Provisional programme	12,457	13,245	250	(12,995)
	Total Expenditure	27,387	30,017	14,216	(15,802)

Approved (main) programme (Appendix 4)

7.3 Expenditure is expected to be £45.261 million representing a £44.714 million variance to the revised estimate of £89.975 million. If a project is on the approved programme, it is an indicator that the project has started or is near to start following the approval of a final business case by the Executive. Whilst actual expenditure for the period of £11.732 million may seem low, several significant projects are in progress. These include:

- OP6 – Vehicles, Plant & Equipment Replacement (£4m)– 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.
- P21 – Ash Road Bridge (£1.0m) – work is progressing on this scheme with majority of budget still on provisional programme.
- ED6 – WUV (£8.750m) and (New GBC Depot (£2.480m) - work is progressing on the detailed design, pre-planning and site investigation work for this scheme to inform the final business case.
- SMC (£1.553m) – spend expected in 2020-21 with the majority of spend now expected in 2021-22.
- P12 – Strategic Property Acquisitions (£1.496m) - £625k potential new burial ground, £525k Fox’s Garage, £107k Thornberry Way.
- North Downs Housing (£5.315m) and Guildford Borough Council Holdings Ltd (£3.543m) – target to purchase further 25 properties this financial year, bringing total to 72.
- ED49 – Midleton Industrial Estate redevelopment (£3.755m) – work on design and planning is progressing with work on site to commence Jan 21 for phase 2/3.
- P16 – A331 Hotspots (£3.161m) – scheme is in discussion with SCC.

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 future years:

- 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 £1.453m expected in 2020-21 with the majority of spend now expected in 2021-22.
- ED25 – Guildford Park infrastructure works (£3.056m) – spend of £250k expected in 2020-21 the remaining £2.806m in 2021-22, this scheme is awaiting decision regarding progression of works and new planning approval and has been moved to the HRA capital programme. A significant amount of the cost of this project is still on the provisional capital programme awaiting final business case approval.
- ED18 - Museum (£1.464m) and ED52 Public Realm Scheme (£1.616m) – decision is pending as to the future of these projects.
- ED49 – Midleton Industrial Estate redevelopment (£3.7m) – work on design and planning is progressing with work on site to commence Jan 21 for phase 2/3 so part of spend now expected in 2021-22.
- FS1 – Capital Contingency Fund – (£4m) reduction as not required
- P21 – Ash Road Bridge (£1.257m) – work is progressing on this scheme however part of spend now likely in 2021-22. The majority of the budget is still on provisional programme.
- DF1 –Property Acquisition – (£20m) moved to 2021-22.

Provisional programme (Appendix 5)

7.5 Expenditure on the provisional programme is expected to be £1.188 million, against the revised estimate of £83.184 million, representing a variance of £81.996 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:

- North Street/ Bus Station relocation (£1m)

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 (£3.152m)
- P11(p) – Guildford West (PB) Station (£1.7m)
- P14(p) – Guildford Gyratory and Approaches (£3.5m)
- ED18(p) – Museum (£16.810m) - decision is pending as to the future of this project.

- ED25(p) - Guildford Park new MSCP and infrastructure works (£4.38m)
- ED49(p) – Midleton Industrial Estate (£5.557m)
- ED16(p) – WUV (£7.499m)
- P12(p) – Strategic Property Acquisitions (£9.492m)

S106 (Appendix 6)

- 7.7 Capital schemes funded from s106 developer contributions are expected to total £142,000.

Reserves (Appendix 7)

- 7.8 The outturn on capital schemes funded from the Council's specific reserves is anticipated to be £3.005 million. The main projects are:
- expenditure on car parks £794,000
 - ICT renewals and infrastructure improvements £1.376 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 £28.561 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 £13.966 million against a revised estimate of £16.772 million. Several projects are in progress. These include:
- Guildford Park - this scheme is awaiting decision regarding progression of works and new planning approval and has been moved to the HRA capital programme, 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 £250,000. The reprofiling of schemes has resulted in a lower level of expenditure in 2020-21.
- Guildford Park - this scheme is awaiting decision regarding progression of works and new planning approval.

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 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 four months' actual data. There are no specific recommendations and therefore no options to consider.

14 Conclusion

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

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- 14.2 Officers are currently projecting an increase in expenditure of £8,167,251 on the general fund revenue account.
- 14.3 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.
- 14.4 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.
- 14.5 Actual expenditure incurred on our general fund capital programme for the period has been comparatively low against the programme envisaged at the 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 £49.596 million on its capital schemes by the end of the financial year.
- 14.6 It is anticipated that the Council's underlying need to borrow to finance the capital programme will be £28.561 million by 31 March 2021. The Council has complied with Prudential Indicators during the period except for the upper limit on variable interest rates.
- 14.7 At the end of November 2020, the Council had £143 million of investment balances, and £276 million borrowing.

15 Background Papers

None

16 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

Appendix 1

Draft Actual 2019-20 £	GENERAL FUND SUMMARY	Original Estimate 2020-21 £	Latest Estimate 2020-21 £	Projected Outturn 2020-21 £
	0 Strategy Directorate	0	1,960,517	2,005,980
	0 Services Directorate	0	17,425,315	22,381,544
	0 Resources Directorate	0	7,752,837	9,717,264
3,850,231	Community Services	-314,990	0	0
17,680,547	Planning and Regeneration	3,142,170	0	0
12,557,225	Environment	11,556,920	0	0
3,579,422	Management Directorate	783,410	0	0
6,221,257	Finance	11,820,880	0	0
43,888,682	Total Directorate Level	26,988,390	27,138,669	34,104,788
	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
17,287,107	Directorate Level excluding depreciation	16,667,135	18,324,839	25,290,958
-1,180,245	External interest receivable (net)	-1,172,935	-1,172,935	-641,385
356,027	Housing Revenue Account	531,550	531,550	531,550
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	1,951,000
0	General Fund	0	0	0
20,552,732	Total before transfers to and from reserves	18,201,921	19,859,625	28,420,187
(from)	Transfers to and from reserves			
to	Capital Schemes reserve			
	-893,630 <i>Funding of Revenue Contribution to Capital Outlay</i>	0	0	0
	<i>Contribution in year</i>			
	-174,269 Budget Pressures reserve	0	0	-120,000
-2,103,206	Business Rates Equalisation reserve	-1,274,014	-1,274,013	-1,274,013
-469,494	Car Park Maintenance reserve	272,950	272,950	-275,884
-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	-383,290
-1,721,421	Invest to Save reserve	-10,000	-10,000	-229,900
-36,904	New Homes Bonus reserve	351,019	351,019	281,019
31,563	Energy Management reserve	0	0	42,199
109,467	On Street Parking reserve	-260,070	-260,070	0
-5,495,884	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	-0	0
3,234,252	Other reserves	-477,090	-477,090	712,064
12,184,540	Total after transfers to and from reserves	17,598,769	19,256,474	27,423,725
	Business Rates Retention Scheme payments			
31,332,993	Business Rates tariff payment	33,119,290	33,119,290	33,119,290
1,383,117	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			
-2,401,199	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
41,410,493	GUILDFORD BOROUGH COUNCIL NET BUDGET	48,718,973	50,376,678	58,543,929
1,740,697	Parish Council Precepts	1,741,000	1,741,000	1,741,000
43,151,190	TOTAL NET BUDGET	50,459,973	52,117,678	60,284,929
-34,941,330	Business Rates - retained income	-34,713,245	-34,713,245	-34,713,245
1,493,170	Collection Fund Deficit - Business Rates	-3,812,870	-3,812,870	-3,812,870
85,997	Collection Fund Surplus - Council Tax	0	0	0
9,789,027	COUNCIL TAX REQUIREMENT	11,933,858	13,591,563	21,758,814
	Projected (under)/over spend			8,167,251
	Movement in MRP and External Interest			180,443
	Underlying (under) / overspend on services			7,986,808

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Appendix 2

Resources Directorate	Revised Budget	Projected Outturn	Variance	Comments
Direct Expenditure	7,634,627	7,774,634	140,006	
Income	(10,396,020)	(11,007,731)	(611,711)	
Total Directly Controlled (income)/expenditure	(2,761,393)	(3,233,097)	(471,704)	
Indirect Expenditure	10,514,230	12,709,395	2,195,165	
Unclassified	0	240,967	240,967	
Net (income) / Expenditure	7,752,837	9,717,265	1,964,428	
Resources Caseworker	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	1,742,130	1,332,682	(409,448)	
Income	(3,153,550)	(3,149,372)	4,178	
Total Directly Controlled (income)/expenditure	(1,411,420)	(1,816,689)	(405,269)	
Indirect Expenditure	955,900	870,015	(85,885)	Staff savings due to vacancies and some staffing costs allocated in different areas, these will be corrected for the next reporting cycle.
Unclassified	0	4,284	4,284	
Net (income) / Expenditure	(455,520)	(942,391)	(486,871)	
Corporate Financial	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	175,380	213,156	37,776	
Income	(150,000)	(49,950)	100,050	
Total Directly Controlled (income)/expenditure	25,380	163,206	137,826	
Indirect Expenditure	252,000	168,593	(83,407)	
Net (income) / Expenditure	277,380	331,799	54,419	
Corporate Services	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	449,170	648,770	199,600	
Income	(121,200)	(42,467)	78,733	
Total Directly Controlled (income)/expenditure	327,970	606,303	278,333	
Indirect Expenditure	687,490	487,890	(199,600)	
Net (income) / Expenditure	1,015,460	1,094,193	78,733	Audit fees will be higher than budgeted
Feasibility Studies	Revised Budget	Projected Outturn	Variance	
direct_expenditure	40,000	0	(40,000)	
Total Directly Controlled (income)/expenditure	40,000	0	(40,000)	
indirect_expenditure	470	313	(157)	
Net (income) / Expenditure	40,470	313	(40,157)	
Lead Specialist - Finance	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	865,330	971,444	106,114	
Income	(1,056,230)	(1,056,230)	(0)	
Total Directly Controlled (income)/expenditure	(190,900)	(84,787)	106,113	
Indirect Expenditure	143,610	137,643	(5,967)	
Net (income) / Expenditure	(47,290)	52,857	100,147	
Lead Specialist - HR	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	415,970	911,424	495,454	
Income	(702,210)	(656,387)	45,823	
Total Directly Controlled (income)/expenditure	(286,240)	255,037	541,277	A number of invoices relating to agency staffing and the allocation incorrectly to HR services of staff positions has reflected in this overspend. During period nine these will be reassigned to the correct cost centre, but the bottom line for the Council will remain.
Indirect Expenditure	109,490	58,184	(51,306)	
Net (income) / Expenditure	(176,750)	313,220	489,970	
Lead Specialist - ICT	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	1,277,090	1,341,553	64,463	
Income	(1,526,670)	(1,526,670)	0	
Total Directly Controlled (income)/expenditure	(249,580)	(185,117)	64,463	
Indirect Expenditure	291,780	317,144	25,364	Business systems are paid for by relevant business area.
Net (income) / Expenditure	42,200	132,027	89,827	
Lead Specialist - Information Governance	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	69,020	79,626	10,606	
Income	(72,610)	(72,610)	0	
Total Directly Controlled (income)/expenditure	(3,590)	7,016	10,606	
Indirect Expenditure	7,920	5,967	(1,953)	
Net (income) / Expenditure	4,330	12,983	8,653	
Insurance Revenue Account	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	826,490	842,010	15,520	
Income	(832,710)	(292,129)	540,581	
Total Directly Controlled (income)/expenditure	(6,220)	549,881	556,101	
Indirect Expenditure	6,220	4,147	(2,073)	The insurance revenue account is recharged to across all services at the end of the financial year.
Net (income) / Expenditure	0	554,028	554,028	
ICT Investment and Renewal Fund	Revised Budget	Revised Forecast	Revised Variance	
Income	(893,250)	(595,500)	297,750	
Total Directly Controlled (income)/expenditure	(893,250)	(595,500)	297,750	
indirect_expenditure	914,440	380,107	(534,333)	Reflects recharges across the organisation not yet actioned.
Net (income) / Expenditure	21,190	(215,393)	(236,583)	
Lead Specialist - Legal	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	933,160	955,638	22,478	
Income	(1,404,720)	(970,670)	434,050	
Total Directly Controlled (income)/expenditure	(471,560)	(15,033)	456,527	
Indirect Expenditure	244,960	152,835	(92,125)	The shortfall in income is due to a likely pause on developments resulting from Covid-19 on s106 income £40,000 and lower recharge of legal fees £50,000.
Net (income) / Expenditure	(226,600)	137,803	364,403	

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Miscellaneous Expenses	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	323,727	108,585	(215,142)	
Income	(15,240)	(2,247,534)	(2,232,294)	
Total Directly Controlled (income)/expenditure	308,487	(2,138,949)	(2,447,436)	
Indirect Expenditure	612,130	815,873	203,743	
Net (income) / Expenditure	920,617	(1,323,075)	(2,243,693)	Includes the estimated additional costs and Government support to be received for Covid-19 first wave.
Other Employee Costs	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	517,160	369,745	(147,415)	
Income	(467,630)	(348,211)	119,419	
Total Directly Controlled (income)/expenditure	49,530	21,534	(27,996)	
Indirect Expenditure	50,160	63,627	13,467	
Unclassified	0	236,683	236,683	Underspends on staffings within organisational development and unclassified costs being investigated.
Net (income) / Expenditure	99,690	321,844	222,154	
Unallocatable Central Overhead	Revised Budget	Projected Outturn	Variance	
Indirect Expenditure	6,237,660	9,247,058	3,009,398	Back funding for 3 years paid up front £6.6m. £4.4m to be funded from reserves in 20/21.
Net (income) / Expenditure	6,237,660	9,247,058	3,009,398	
Services Directorate	Revised Budget	Projected Outturn	Variance	Comments
Direct Expenditure	66,022,575	66,065,452	42,877	
Income	(63,017,260)	(56,051,583)	6,965,677	
Total Directly Controlled (income)/expenditure	3,005,315	10,013,869	7,008,554	
Indirect Expenditure	14,420,000	12,367,675	(2,052,325)	
Net (income) / Expenditure	17,425,315	22,381,544	4,956,229	
Building Control	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	742,240	822,108	79,868	
Income	(503,500)	(351,363)	152,137	
Total Directly Controlled (income)/expenditure	238,740	470,745	232,005	Employment related savings but agency and consultants costs are over budget. Income under budget by £150,000
Indirect Expenditure	127,090	86,279	(40,811)	
Net (income) / Expenditure	365,830	557,024	191,194	
Building Maintenance	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	3,745,510	3,745,076	(434)	
Income	(4,058,890)	(4,258,890)	(200,000)	
Total Directly Controlled (income)/expenditure	(313,380)	(513,814)	(200,434)	
Indirect Expenditure	361,250	243,812	(117,438)	
Net (income) / Expenditure	47,870	(270,003)	(317,873)	Higher volume of income from external work
Business Rates	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	193,050	197,372	4,322	
Income	(258,910)	(239,901)	19,009	
Total Directly Controlled (income)/expenditure	(65,860)	(42,529)	23,331	COVID has affected recovery and the income and expenditure that results from Court action. Other expenditure will be incurred at annual billing.
Indirect Expenditure	42,940	44,300	1,360	
Net (income) / Expenditure	(22,920)	1,771	24,691	
Traveller Caravan Sites	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	106,530	73,261	(33,269)	
Income	(210,090)	(210,090)	0	
Total Directly Controlled (income)/expenditure	(103,560)	(136,829)	(33,269)	
Indirect Expenditure	25,520	12,984	(12,536)	
Net (income) / Expenditure	(78,040)	(123,845)	(45,805)	
Town Centre CCTV	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	80,370	79,845	(525)	
Total Directly Controlled (income)/expenditure	80,370	79,845	(525)	
Indirect Expenditure	20,330	18,821	(1,509)	
Net (income) / Expenditure	100,700	98,666	(2,034)	
Cemeteries	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	223,120	171,067	(52,053)	
Income	(78,230)	(81,595)	(3,365)	
Total Directly Controlled (income)/expenditure	144,890	89,472	(55,418)	
Indirect Expenditure	98,090	102,694	4,604	
Net (income) / Expenditure	242,980	192,166	(50,814)	
Civil Emergencies	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	56,480	57,256	776	
Total Directly Controlled (income)/expenditure	56,480	57,256	776	
Indirect Expenditure	4,960	2,973	(1,987)	
Net (income) / Expenditure	61,440	60,229	(1,211)	
Crematorium	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	700,960	615,700	(85,260)	The service has incurred around £20,00 of additional costs due to covid. In addition, the new crematorium maintenance contract is not yet signed and we are paying for service items covered by the contract, this will be refunded once the contract is signed
Income	(1,697,210)	(1,594,270)	102,940	
Total Directly Controlled (income)/expenditure	(996,250)	(978,570)	17,680	
Indirect Expenditure	179,390	264,650	85,260	
Net (income) / Expenditure	(816,860)	(713,920)	102,940	
Council Tax	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	657,630	749,014	91,384	
Income	(290,000)	(198,112)	91,888	
Total Directly Controlled (income)/expenditure	367,630	550,902	183,272	Due to Covid-19 recovery action is being deferred; it is expected that income from recovery of costs will reduce by £190,000.
Indirect Expenditure	164,780	143,750	(21,030)	
Net (income) / Expenditure	532,410	694,652	162,242	

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Customer Services	Revised Budget	Projected Outturn	Variance
Direct Expenditure	297,910	323,794	25,884
Income	(453,570)	(453,570)	0
Total Directly Controlled (income)/expenditure	(155,660)	(129,776)	25,884
Indirect Expenditure	87,710	63,742	(23,968)
Net (income) / Expenditure	(67,950)	(66,033)	1,917

Day Services	Revised Budget	Projected Outturn	Variance
Direct Expenditure	452,640	515,080	62,440
Income	(160,610)	(100,228)	60,382
Total Directly Controlled (income)/expenditure	292,030	414,852	122,822
Indirect Expenditure	266,330	203,890	(62,440)
Net (income) / Expenditure	558,360	618,742	60,382

Development Control	Revised Budget	Projected Outturn	Variance
Direct Expenditure	1,986,030	2,020,226	34,196
Income	(1,753,380)	(1,305,249)	448,131
Total Directly Controlled (income)/expenditure	232,650	714,977	482,327
Indirect Expenditure	597,810	414,926	(182,884)
Net (income) / Expenditure	830,460	1,129,903	299,443

Indirect expenditure to be reviewed. Planning appeals over budget at present but will be reviewed as the year progresses. Other income under budget

Digital Services	Revised Budget	Projected Outturn	Variance
Direct Expenditure	209,520	273,966	64,446
Total Directly Controlled (income)/expenditure	209,520	273,966	64,446
Indirect Expenditure	29,250	20,947	(8,303)
Net (income) / Expenditure	238,770	294,913	56,143

Emergency Communications	Revised Budget	Projected Outturn	Variance
Direct Expenditure	257,470	235,614	(21,856)
Income	(451,430)	(451,430)	0
Total Directly Controlled (income)/expenditure	(193,960)	(215,816)	(21,856)
Indirect Expenditure	70,170	67,103	(3,067)
Net (income) / Expenditure	(123,790)	(148,712)	(24,922)

EMI Services	Revised Budget	Projected Outturn	Variance
Direct Expenditure	188,310	231,049	42,739
Income	(129,340)	(90,384)	38,956
Total Directly Controlled (income)/expenditure	58,970	140,664	81,694
Indirect Expenditure	52,400	36,162	(16,238)
Net (income) / Expenditure	111,370	176,826	65,456

Engineering and Transportation Services	Revised Budget	Projected Outturn	Variance
Direct Expenditure	293,000	230,637	(62,363)
Income	(398,170)	(265,277)	132,893
Total Directly Controlled (income)/expenditure	(105,170)	(34,639)	70,531
Indirect Expenditure	63,600	44,613	(18,987)
Net (income) / Expenditure	(41,570)	9,974	51,544

Environmental Health	Revised Budget	Projected Outturn	Variance
Direct Expenditure	584,110	706,594	122,484
Income	(107,830)	(75,218)	32,612
Total Directly Controlled (income)/expenditure	476,280	631,376	155,096
Indirect Expenditure	277,260	195,353	(81,907)
Net (income) / Expenditure	753,540	826,730	73,190

Family Support Programme	Revised Budget	Projected Outturn	Variance
Direct Expenditure	432,760	475,516	42,756
Income	(421,900)	(144,696)	277,204
Total Directly Controlled (income)/expenditure	10,860	330,820	319,960
Indirect Expenditure	95,410	64,729	(30,681)
Net (income) / Expenditure	106,270	395,549	289,279

Increase in employee exp due to staff transferred from Waverley BC. Additional £35,000 of costs relating to the refugee programme which will be funded from grant income. Grant income from SCC will increase to reflect the transfer of the service from WaverleyBC but the amount is not yet known.

Fleet Management	Revised Budget	Projected Outturn	Variance
Direct Expenditure	840,480	839,495	(985)
Income	(2,580,460)	(2,579,908)	552
Total Directly Controlled (income)/expenditure	(1,739,980)	(1,740,413)	(433)
Indirect Expenditure	1,755,100	1,755,770	670
Net (income) / Expenditure	15,120	15,357	237

Food Safety	Revised Budget	Projected Outturn	Variance
Direct Expenditure	311,260	316,846	5,586
Income	(1,580)	(1,140)	440
Total Directly Controlled (income)/expenditure	309,680	315,706	6,026
Indirect Expenditure	65,390	46,051	(19,339)
Net (income) / Expenditure	375,070	361,758	(13,312)

Guildford House	Revised Budget	Projected Outturn	Variance
Direct Expenditure	345,890	361,196	15,306
Income	(83,330)	(29,972)	53,358
Total Directly Controlled (income)/expenditure	262,560	331,224	68,664
Indirect Expenditure	137,120	86,504	(50,616)
Net (income) / Expenditure	399,680	417,728	18,048

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Guildhall	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	109,940	82,193	(27,747)	
Income	(39,060)	(17,151)	21,909	
Total Directly Controlled (income)/expenditure	70,880	65,041	(5,839)	
Indirect Expenditure	75,570	45,439	(30,131)	
Net (income) / Expenditure	146,450	110,481	(35,969)	
Housing Benefits	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	28,583,160	28,583,160	(0)	
Income	(28,374,100)	(28,374,100)	(0)	
Total Directly Controlled (income)/expenditure	209,060	209,059	(1)	COVID has affected some activities - training and external checking. Some expenditure is linked to annual uprating and will be in the last quarter.
Indirect Expenditure	227,190	213,770	(13,420)	
Net (income) / Expenditure	436,250	422,829	(13,421)	
Corporate Health and Safety	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	146,490	149,985	3,495	
Income	(156,330)	(103,887)	52,443	
Total Directly Controlled (income)/expenditure	(9,840)	46,098	55,938	
Indirect Expenditure	19,040	13,140	(5,900)	
Net (income) / Expenditure	9,200	59,238	50,038	
Homelessness Support	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	783,220	928,921	145,701	Low level of deposit reclaimed due to embargo on private sector evictions and low move on from current tenancies. Additional Winter weather NSP grant for B&B, support and deposits. 126K Winter weather additional payment 10K
Income	(35,000)	(181,000)	(146,000)	
Total Directly Controlled (income)/expenditure	748,220	747,921	(299)	
Indirect Expenditure	109,670	81,934	(27,736)	
Net (income) / Expenditure	857,890	829,855	(28,035)	
Housing Advice	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	350,070	116,690	(233,380)	This is the GF element of the costs of running the housing advice service and will be transferred to the HRA at year end.
Total Directly Controlled (income)/expenditure	350,070	116,690	(233,380)	
Indirect Expenditure	90	120	30	
Net (income) / Expenditure	350,160	116,810	(233,350)	
Affordable Housing	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	89,670	129,903	40,233	
Total Directly Controlled (income)/expenditure	89,670	129,903	40,233	
Indirect Expenditure	24,520	16,663	(7,857)	
Net (income) / Expenditure	114,190	146,566	32,376	
Housing Surveying	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	672,960	678,299	5,339	
Income	(781,550)	(717,965)	63,585	
Total Directly Controlled (income)/expenditure	(108,590)	(39,665)	68,925	
Indirect Expenditure	108,350	74,918	(33,432)	
Net (income) / Expenditure	(240)	35,253	35,493	
Land Charges	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	218,770	194,481	(24,289)	
Income	(266,060)	(265,604)	456	
Total Directly Controlled (income)/expenditure	(47,290)	(71,123)	(23,833)	
Indirect Expenditure	33,620	27,493	(6,127)	
Net (income) / Expenditure	(13,670)	(43,630)	(29,960)	
Land Drainage	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	320	119	(201)	
Total Directly Controlled (income)/expenditure	320	119	(201)	
Indirect Expenditure	294,650	142,995	(151,655)	
Net (income) / Expenditure	294,970	143,114	(151,856)	
Leisure and Community	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	21,460	16,634	(4,826)	
Income	(9,580)	(9,574)	6	
Total Directly Controlled (income)/expenditure	11,880	7,060	(4,820)	
Indirect Expenditure	103,480	65,750	(37,730)	
Net (income) / Expenditure	115,360	72,809	(42,551)	
Leisure Play	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	211,050	139,643	(71,407)	
Income	(38,500)	(16,093)	22,407	
Total Directly Controlled (income)/expenditure	172,550	123,550	(49,000)	As a result of Covid-19 casual staffing levels are expected to be lower along with costs relating to the hire of premises.
Indirect Expenditure	43,240	29,267	(13,973)	
Net (income) / Expenditure	215,790	152,816	(62,974)	
Leisure Rangers	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	204,280	157,050	(47,230)	
Total Directly Controlled (income)/expenditure	204,280	157,050	(47,230)	Vacancies held as a result of FG and some activities curtailed by COVID. This has resulted in a projected underspend.
Indirect Expenditure	26,980	22,707	(4,273)	
Net (income) / Expenditure	231,260	179,756	(51,504)	
Leisure Sports	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	88,190	59,286	(28,904)	
Income	(1,500)	(5,150)	(3,650)	
Total Directly Controlled (income)/expenditure	86,690	54,136	(32,554)	Reduction in expenditure due to staffing vacancies.
Indirect Expenditure	14,920	10,193	(4,727)	
Net (income) / Expenditure	101,610	64,330	(37,280)	

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Licensing	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	257,980	261,650	3,670	
Income	(193,990)	(197,135)	(3,145)	
Total Directly Controlled (income)/expenditure	63,990	64,515	525	
Indirect Expenditure	98,150	94,480	(3,670)	
Net (income) / Expenditure	162,140	158,995	(3,145)	
Major Projects	Revised Budget	Projected Outturn	Variance	Employee costs are expected to be less than budget. The allocation between revenue and capital will be revised at each monitoring period. There are unbudgeted agency costs of £147,772. Consultants costs of £1,436,362 will be funded from reserves.
Direct Expenditure	1,435,806	1,385,111	(50,695)	
Total Directly Controlled (income)/expenditure	1,435,806	1,385,111	(50,695)	
Indirect Expenditure	170,840	115,943	(54,897)	
Net (income) / Expenditure	1,606,646	1,501,055	(105,591)	
MOT Bay	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	103,630	103,917	287	
Income	(154,070)	(95,110)	58,960	
Total Directly Controlled (income)/expenditure	(50,440)	8,807	59,247	
Indirect Expenditure	52,650	35,549	(17,101)	Income reduced due to covid impacts on testing and inspection
Net (income) / Expenditure	2,210	44,356	42,146	
Community Meals and Transport	Revised Budget	Projected Outturn	Variance	Net salary saving due to vacancies. Additional cost of food purchases £15,000 offset by additional income of £97,000 due to an increase in the sale of meals due to COVID 19.
Direct Expenditure	299,250	280,924	(18,326)	
Income	(156,090)	(235,436)	(79,346)	
Total Directly Controlled (income)/expenditure	143,160	45,488	(97,672)	
Indirect Expenditure	53,540	37,071	(16,469)	
Net (income) / Expenditure	196,700	82,559	(114,141)	
Guildford Museum	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	436,390	453,570	17,180	
Income	(31,110)	(11,007)	20,103	
Total Directly Controlled (income)/expenditure	405,280	442,563	37,283	
Indirect Expenditure	205,910	188,730	(17,180)	
Net (income) / Expenditure	611,190	631,293	20,103	
Off Street Parking	Revised Budget	Projected Outturn	Variance	Salary savings due to vacancies. Income shortfall is significant with no restrictions in offstreet parking for the first three months of the financial year. Occupancy going forward ranging from 33% to 85%. Season ticket and contract car parking under budget.
Direct Expenditure	3,399,780	3,346,375	(53,405)	
Income	(10,379,740)	(5,151,941)	5,227,799	
Total Directly Controlled (income)/expenditure	(6,979,960)	(1,805,566)	5,174,394	
Indirect Expenditure	2,296,930	2,290,770	(6,160)	
Net (income) / Expenditure	(4,683,030)	485,204	5,168,234	
On Street Parking	Revised Budget	Projected Outturn	Variance	Impacts of Covid on income lines and some cost lines Agency agreements payments assumed to not occur due to insufficient revenue
Direct Expenditure	1,264,720	1,084,519	(180,201)	
Income	(1,826,680)	(1,103,148)	723,532	
Total Directly Controlled (income)/expenditure	(561,960)	(18,628)	543,332	
Indirect Expenditure	225,710	130,971	(1,739)	
Net (income) / Expenditure	(336,250)	112,343	541,593	
Ordnance Survey and Mapping	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	3,540	5,585	2,045	
Total Directly Controlled (income)/expenditure	3,540	5,585	2,045	
Indirect Expenditure	4,530	4,530	0	
Net (income) / Expenditure	8,070	10,115	2,045	
Countryside and Parks Services	Revised Budget	Projected Outturn	Variance	R & M expenditure will be matched by budget at year end. £80,000 to be spent on Stoke Park master plan funded from reserve. Income less than budgeted (rents, fee income, advertising and events)
Direct Expenditure	3,497,130	3,827,643	330,513	
Income	(1,277,740)	(1,054,918)	222,822	
Total Directly Controlled (income)/expenditure	2,219,390	2,772,725	553,335	
Indirect Expenditure	1,705,550	1,361,375	(344,175)	
Net (income) / Expenditure	3,924,940	4,134,100	209,160	
Park and Ride Service	Revised Budget	Projected Outturn	Variance	The contribution to Spectrum P & R weekend service will increase as bus operator income falls. This is an indirect cost that is not included in the projection. Business rates have also not been included in the projection so final position is expected to be close to budgeted.
Direct Expenditure	552,300	245,731	(306,569)	
Income	(37,500)	18,595	56,095	
Total Directly Controlled (income)/expenditure	514,800	264,325	(250,475)	
Indirect Expenditure	328,820	182,035	(146,785)	
Net (income) / Expenditure	843,620	446,360	(397,260)	
Policy, Community and Events	Revised Budget	Projected Outturn	Variance	Salary savings due to vacancies and budgets still reflecting pre Phase A position. Only £25,000 of CIL carryforward to be spent and IDP carry forward will not be spent. Savings in consultants costs, printing and inspectors fees. Grants of £25,000 expected for neighbourhood plans.
Direct Expenditure	1,267,999	806,568	(461,431)	
Income	(60,760)	(25,828)	34,932	
Total Directly Controlled (income)/expenditure	1,207,239	780,740	(426,499)	
Indirect Expenditure	222,960	134,533	(88,427)	
Net (income) / Expenditure	1,430,199	915,273	(514,926)	
Private Sector Housing	Revised Budget	Projected Outturn	Variance	Income falling short on services provided to clients as a result of Covid-19
Direct Expenditure	685,190	623,886	(61,304)	
Income	(411,130)	(551,268)	(140,138)	
Total Directly Controlled (income)/expenditure	274,060	72,618	(201,442)	
Indirect Expenditure	128,800	101,231	(27,569)	
Net (income) / Expenditure	402,860	173,849	(229,011)	

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Public Conveniences	Revised Budget	Projected Outturn	Variance
Direct Expenditure	232,430	252,490	20,060
Income	(12,050)	(8,033)	4,017
Total Directly Controlled (income)/expenditure	220,380	244,457	24,077
Indirect Expenditure	130,840	110,780	(20,060)
Net (income) / Expenditure	351,220	355,237	4,017

Public Health	Revised Budget	Projected Outturn	Variance
Direct Expenditure	76,570	68,709	(7,861)
Total Directly Controlled (income)/expenditure	76,570	68,709	(7,861)
Indirect Expenditure	7,780	5,913	(1,867)
Net (income) / Expenditure	84,350	74,623	(9,727)

Refuse and Recycling	Revised Budget	Projected Outturn	Variance
Direct Expenditure	3,251,250	3,505,412	254,162
Income	(765,140)	(765,140)	(0)
Total Directly Controlled (income)/expenditure	2,486,110	2,740,272	254,162
Indirect Expenditure	1,490,320	1,490,306	(14)
Net (income) / Expenditure	3,976,430	4,230,579	254,149

There are additional costs associated with agency staff and vehicle hire costs. Trade refuse disposal charges and refuse sack sales are less than budget as is the corresponding income. Garden waste income will exceed budget. Cardboard recycling income will not achieve budget.

River Control	Revised Budget	Projected Outturn	Variance
Direct Expenditure	17,740	109,764	92,024
Total Directly Controlled (income)/expenditure	17,740	109,764	92,024
Indirect Expenditure	9,500	28,356	18,856
Net (income) / Expenditure	27,240	138,120	110,880

Roads and Footpaths	Revised Budget	Projected Outturn	Variance
Direct Expenditure	3,580	1,640	(1,940)
Total Directly Controlled (income)/expenditure	3,580	1,640	(1,940)
Indirect Expenditure	106,110	84,780	(21,330)
Net (income) / Expenditure	109,690	86,420	(23,270)

Snow and Ice	Revised Budget	Projected Outturn	Variance
Direct Expenditure	3,080	1,035	(2,045)
Income	(55,140)	(55,140)	0
Total Directly Controlled (income)/expenditure	(52,060)	(54,105)	(2,045)
Indirect Expenditure	30,940	29,976	(964)
Net (income) / Expenditure	(21,120)	(24,128)	(3,008)

SPA Sites	Revised Budget	Projected Outturn	Variance
Direct Expenditure	50,000	28,485	(21,515)
Income	(51,500)	(240,893)	(189,393)
Total Directly Controlled (income)/expenditure	(1,500)	(212,408)	(210,908)
Indirect Expenditure	26,050	53,911	27,861
Net (income) / Expenditure	24,550	(158,497)	(183,047)

SPA fees will continue to be collected as planning applications are approved therefore income should increase, however this is impossible to forecast

Street Cleansing	Revised Budget	Projected Outturn	Variance
Direct Expenditure	1,971,500	1,982,401	10,901
Income	(182,910)	(122,323)	60,587
Total Directly Controlled (income)/expenditure	1,788,590	1,860,077	71,487
Indirect Expenditure	527,970	511,543	(16,427)
Net (income) / Expenditure	2,316,560	2,371,621	55,061

Salary savings due to vacancies and service changes.

Street Furniture	Revised Budget	Projected Outturn	Variance
Direct Expenditure	57,700	44,903	(12,797)
Total Directly Controlled (income)/expenditure	57,700	44,903	(12,797)
Indirect Expenditure	53,690	28,264	(25,426)
Net (income) / Expenditure	111,390	73,167	(38,223)

Taxi Licensing	Revised Budget	Projected Outturn	Variance
Direct Expenditure	144,270	132,670	(11,600)
Income	(124,200)	(122,794)	1,406
Total Directly Controlled (income)/expenditure	20,070	9,876	(10,194)
Indirect Expenditure	72,590	51,273	(21,317)
Net (income) / Expenditure	92,660	61,149	(31,511)

Tourist Information Centre	Revised Budget	Projected Outturn	Variance
Direct Expenditure	255,230	252,063	(3,167)
Income	(58,630)	(16,474)	42,156
Total Directly Controlled (income)/expenditure	196,600	235,589	38,989
Indirect Expenditure	58,680	53,933	(4,747)
Net (income) / Expenditure	255,280	289,522	34,242

Income losses are due to covid impact on hospitality sector, may see some recovery in early 2021

Vehicle Maintenance	Revised Budget	Projected Outturn	Variance
Direct Expenditure	701,120	1,186,210	485,090
Income	(774,430)	(1,257,624)	(483,194)
Total Directly Controlled (income)/expenditure	(73,310)	(71,414)	1,896
Indirect Expenditure	78,670	53,584	(25,086)
Net (income) / Expenditure	5,360	(17,829)	(23,189)

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Waste and Fleet Business Development	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	1,342,930	1,391,077	48,147	
Income	(2,406,650)	(2,455,711)	(49,061)	
Total Directly Controlled (income)/expenditure	(1,063,720)	(1,064,634)	(914)	
Indirect Expenditure	435,030	286,647	(148,383)	
Net (income) / Expenditure	(628,690)	(777,987)	(149,297)	Trade waste impacted negatively by Covid Garden Waste impacted positively by covid (increased gardening and related demand)
Woking Road Depot	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	458,230	354,210	(104,020)	
Income	(623,240)	(409,410)	213,830	
Total Directly Controlled (income)/expenditure	(165,010)	(55,200)	109,810	
Indirect Expenditure	268,260	217,999	(50,261)	
Net (income) / Expenditure	103,250	162,799	59,549	
Woking Road Depot Stores	Revised Budget	Projected Outturn	Variance	
Direct Expenditure	68,380	51,826	(16,554)	
Income	(94,450)	(69,026)	25,424	
Total Directly Controlled (income)/expenditure	(26,070)	(17,200)	8,870	
Indirect Expenditure	25,960	18,746	(7,214)	
Net (income) / Expenditure	(110)	1,546	1,656	
17,425,315	22,381,544	4,956,229		
Strategy Directorate	Revised Budget	Projected Outturn	Variance	Comments
Direct Expenditure	8,191,152	8,304,842	113,690	
Income	(13,777,140)	(12,276,087)	1,501,053	
Total Directly Controlled (income)/expenditure	(5,585,988)	(3,971,245)	1,614,743	
Indirect Expenditure	7,546,505	5,977,225	(1,569,280)	
Unclassified	0	0	0	
Net (income) / Expenditure	1,960,517	2,005,980	45,463	
Arts Development	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	100,580	69,600	(30,980)	
Total Directly Controlled (income)/expenditure	100,580	69,600	(30,980)	
Indirect Expenditure	24,840	16,560	(8,280)	
Net (income) / Expenditure	125,420	86,160	(39,260)	
Audit Management	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	279,450	319,406	39,956	
Income	(398,730)	(265,820)	132,910	
Total Directly Controlled (income)/expenditure	(119,280)	53,586	172,866	
Indirect Expenditure	40,090	32,933	(7,157)	
Net (income) / Expenditure	(79,190)	86,519	165,709	
Business Forum	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	24,690	34,208	9,518	
Income	(30)	(30)	0	
Total Directly Controlled (income)/expenditure	24,660	34,178	9,518	
Indirect Expenditure	2,160	1,326	(834)	
Net (income) / Expenditure	26,820	35,504	8,684	
Citizens Advice Bureau	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	283,420	447,435	164,015	
Total Directly Controlled (income)/expenditure	283,420	447,435	164,015	
Indirect Expenditure	1,290	860	(430)	
Net (income) / Expenditure	284,710	448,295	163,585	
Civic Expenses	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	214,380	148,061	(66,319)	
Total Directly Controlled (income)/expenditure	214,380	148,061	(66,319)	
Indirect Expenditure	41,730	28,288	(13,442)	
Net (income) / Expenditure	256,110	176,349	(79,761)	
Climate Change	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	232,030	153,739	(78,291)	
Income	(184,300)	(170,000)	14,300	
Total Directly Controlled (income)/expenditure	47,730	(16,261)	(63,991)	
Indirect Expenditure	52,300	47,555	(4,745)	
Net (income) / Expenditure	100,030	31,294	(68,736)	
Community Development	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	161,170	153,890	(7,280)	
Total Directly Controlled (income)/expenditure	161,170	153,890	(7,280)	
Indirect Expenditure	14,600	9,613	(4,987)	
Net (income) / Expenditure	175,770	163,503	(12,267)	
About Guildford	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	53,160	23,315	(29,845)	
Income	(4,500)	(2,250)	2,250	
Total Directly Controlled (income)/expenditure	48,660	21,065	(27,595)	
Indirect Expenditure	3,240	2,237	(1,003)	
Net (income) / Expenditure	51,900	23,302	(28,598)	

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Community Lottery	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	2,900	967	(1,933)	
Income	(3,000)	(2,584)	416	
Total Directly Controlled (income)/expenditure	(100)	(1,617)	(1,517)	
Net (income) / Expenditure	(100)	(1,617)	(1,517)	
Public Relations				
Public Relations	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	262,230	234,572	(27,658)	
Total Directly Controlled (income)/expenditure	262,230	234,572	(27,658)	
Indirect Expenditure	59,400	41,283	(18,117)	
Net (income) / Expenditure	321,630	275,855	(45,775)	
Community Safety				
Community Safety	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	151,160	85,477	(65,683)	
Income	(15,000)	(22,538)	(7,538)	
Total Directly Controlled (income)/expenditure	136,160	62,939	(73,221)	
Indirect Expenditure	27,360	20,213	(7,147)	
Net (income) / Expenditure	163,520	83,152	(80,368)	
Council and Committee Support				
Council and Committee Support	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	318,160	320,770	2,610	
Income	(260,340)	(160,560)	99,780	
Total Directly Controlled (income)/expenditure	57,820	160,210	102,390	
Indirect Expenditure	367,370	237,040	(130,330)	
Net (income) / Expenditure	425,190	397,250	(27,940)	
Corporate Programmes				
Corporate Programmes	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	915,320	945,429	30,109	
Income	(1,176,060)	(1,180,516)	(4,456)	
Total Directly Controlled (income)/expenditure	(260,740)	(235,087)	25,653	Planned and reactive repairs expected to be under budget. Expenditure is allocated to the services and
Indirect Expenditure	1,833,990	1,593,553	(240,437)	shows as an underspend in Corporate Programmes until
Net (income) / Expenditure	1,573,250	1,358,466	(214,784)	budgets are transferred.
Democratic Representation				
Democratic Representation	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	710,180	687,810	(22,370)	
Income	(107,800)	(35,933)	71,867	
Total Directly Controlled (income)/expenditure	602,380	651,877	49,497	
Indirect Expenditure	216,440	144,973	(71,467)	
Net (income) / Expenditure	818,820	796,850	(21,970)	
Elections				
Elections	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	71,800	73,135	1,335	
Total Directly Controlled (income)/expenditure	71,800	73,135	1,335	
Indirect Expenditure	23,000	15,807	(7,193)	
Net (income) / Expenditure	94,800	88,942	(5,858)	
Electoral Registration				
Electoral Registration	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	255,790	203,057	(52,733)	
Income	(26,610)	(40,870)	(14,260)	
Total Directly Controlled (income)/expenditure	229,180	162,188	(66,992)	
Indirect Expenditure	46,490	38,555	(7,935)	
Net (income) / Expenditure	275,670	200,742	(74,928)	
G Live				
G Live	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	390,100	552,739	162,639	
Income	(49,380)	(16,460)	32,920	
Total Directly Controlled (income)/expenditure	340,720	536,279	195,559	Venue has been closed since March 2020. There is a
Indirect Expenditure	1,381,850	850,426	(531,424)	surplus from the previous contract year however there
Net (income) / Expenditure	1,722,570	1,386,705	(335,865)	are also supplier relief payments.
Grants to Voluntary Organisations				
Grants to Voluntary Organisations	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	475,730	592,306	116,576	
Total Directly Controlled (income)/expenditure	475,730	592,306	116,576	
Indirect Expenditure	7,810	7,590	(220)	
Net (income) / Expenditure	483,540	599,896	116,356	
Leisure Grants to Voluntary Organisations				
Leisure Grants to Voluntary Organisations	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	393,060	494,193	101,133	
Total Directly Controlled (income)/expenditure	393,060	494,193	101,133	
Net (income) / Expenditure	393,060	494,193	101,133	
Industrial Estates				
Industrial Estates	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	299,082	238,530	(60,552)	
Income	(3,148,420)	(3,494,352)	(345,932)	
Total Directly Controlled (income)/expenditure	(2,849,338)	(3,255,822)	(406,484)	
Indirect Expenditure	296,660	541,820	245,160	
Net (income) / Expenditure	(2,552,678)	(2,714,002)	(161,324)	
Investment Properties				
Investment Properties	Revised Budget	Revised Forecast	Revised Variance	
Direct Expenditure	96,630	115,195	18,565	
Income	(4,655,840)	(4,511,109)	144,731	
Total Directly Controlled (income)/expenditure	(4,559,210)	(4,395,914)	163,296	
Indirect Expenditure	231,960	257,769	25,809	
Net (income) / Expenditure	(4,327,250)	(4,138,145)	189,105	

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Leisure Management Contract	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	1,273,520	1,358,188	84,668
Income	(2,071,140)	(940,731)	1,130,409
Total Directly Controlled (income)/expenditure	(797,620)	417,457	1,215,077
Indirect Expenditure	2,141,800	1,366,180	(775,620)
Net (income) / Expenditure	1,344,180	1,783,637	439,457

Income budgets have been seriously affected by the Covid-19 with less income expected marginally off set by less expenditure being incurred.

Markets	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	22,070	14,259	(7,811)
Income	(32,000)	(25,952)	6,048
Total Directly Controlled (income)/expenditure	(9,930)	(11,694)	(1,764)
Indirect Expenditure	6,330	4,462	(1,868)
Net (income) / Expenditure	(3,600)	(7,232)	(3,632)

Housing Outside the HRA	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	1,210	10,555	9,345
Income	(7,100)	(7,100)	0
Total Directly Controlled (income)/expenditure	(5,890)	3,455	9,345
Indirect Expenditure	65,520	59,560	(5,960)
Net (income) / Expenditure	59,630	63,015	3,385

£99K government grant for transition of night shelter to hub, covering rental short fall and works to increase capacity that is covid 19 compliant . Additional maintenance costs until April 2022.

Other Property	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	155,990	62,975	(93,015)
Income	(1,092,670)	(1,125,740)	(33,070)
Total Directly Controlled (income)/expenditure	(936,680)	(1,062,765)	(126,085)
Indirect Expenditure	458,175	505,775	47,600
Net (income) / Expenditure	(478,505)	(556,990)	(78,485)

Parish Liaison	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	185,960	162,159	(23,801)
Total Directly Controlled (income)/expenditure	185,960	162,159	(23,801)
Indirect Expenditure	9,580	7,420	(2,160)
Net (income) / Expenditure	195,540	169,579	(25,961)

Pest Control	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	49,930	37,279	(12,651)
Income	(55,000)	(34,930)	20,070
Total Directly Controlled (income)/expenditure	(5,070)	2,349	7,419
Indirect Expenditure	6,060	4,077	(1,983)
Net (income) / Expenditure	990	6,426	5,436

Community Wellbeing	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	272,390	274,591	2,201
Total Directly Controlled (income)/expenditure	272,390	274,591	2,201
Indirect Expenditure	52,410	46,933	(5,477)
Net (income) / Expenditure	324,800	321,524	(3,276)

Tourism & Development	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	419,250	392,554	(26,696)
Income	(135,680)	(63,302)	72,379
Total Directly Controlled (income)/expenditure	283,570	329,253	45,683
Indirect Expenditure	117,150	82,626	(34,524)
Net (income) / Expenditure	400,720	411,879	11,159

Town Centre Management	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	119,800	98,438	(21,362)
Income	(353,540)	(175,309)	178,231
Total Directly Controlled (income)/expenditure	(233,740)	(76,871)	156,869
Indirect Expenditure	16,900	11,790	(5,110)
Net (income) / Expenditure	(216,840)	(65,081)	151,759

Youth Council	Revised Budget	Revised Forecast	Revised Variance
Direct Expenditure	10	10	0
Total Directly Controlled (income)/expenditure	10	10	0
Net (income) / Expenditure	10	10	0

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HOUSING REVENUE ACCOUNT SUMMARY - BUDGET MONITOR (APRIL 2020- NOV 2020)			APPENDIX 3	
2018-19 Actual £	2019-20 Actual £	Analysis	2020-21 Estimate £	2020-21 Projection £
		Borough Housing Services		
738,104	793,019	Income Collection	689,140	668,787
1,036,217	1,164,320	Tenants Services	888,840	1,230,913
81,030	122,998	Tenant Participation	148,880	114,599
69,865	107,717	Garage Management	101,690	94,367
59,064	41,744	Elderly Persons Dwellings	75,280	43,280
584,036	575,851	Flats Communal Services	513,510	601,168
423,867	414,254	Environmental Works to Estates	444,460	429,677
5,676,678	6,265,983	Responsive & Planned Maintenance	5,857,920	3,790,783
121,665	137,128	SOCH & Equity Share Administration	139,780	147,322
8,790,527	9,623,015		8,859,500	7,120,896
		Strategic Housing Services		
419,543	485,497	Advice, Registers & Tenant Selection	715,830	665,119
217,026	201,203	Void Property Management & Lettings	212,220	181,031
9,700	5,120	Homelessness Hostels	5,120	5,120
155,194	175,717	Supported Housing Management	159,700	153,752
426,311	527,717	Strategic Support to the HRA	382,340	467,493
1,227,774	1,395,255		1,475,210	1,472,515
		Community Services		
938,878	883,927	Sheltered Housing	904,640	727,344
		Other Items		
5,638,889	5,640,147	Depreciation	5,525,000	5,528,730
(45,515)	5,059,974	Revaluation and other Capital items	0	0
163,276	160,590	Debt Management	150,000	150,000
343,578	36,359	Other Items	402,380	403,543
17,057,407	22,799,267	Total Expenditure	17,316,730	15,403,028
(31,991,396)	(32,532,978)	Income	(33,136,660)	(33,484,159)
(14,933,989)	(9,733,711)	Net Cost of Services(per inc & exp a/c)	(15,819,930)	(18,081,131)
258,720	251,530	HRA share of CDC	256,800	251,530
(14,675,269)	(9,482,181)	Net Cost of HRA Services	(15,563,130)	(17,829,601)
(456,206)	(598,260)	Investment Income	(598,260)	(598,260)
5,159,240	5,131,995	Interest Payable	5,142,230	5,675,260
(9,972,235)	(4,948,446)	Deficit for Year on HRA Services	(11,019,160)	(12,752,601)
0	67,919	REFCUS - Revenue funded from capital	75,000	75,000
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000
7,849,699	8,530,888	Contrib to/(Use of) New Build Reserve	8,433,504	8,530,888
(421,229)	0	Tfr (fr) to Pensions Reserve	0	0
0	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0
76,058	0	Tfr (from)/to CAA re: Revaluation	0	0
0	0	Tfr (from)/to CAA re: REFCUS	0	0
(30,543)	0	Tfr (from)/to CAA re: Intangible assets	0	0
(1,750)	0	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0
0	6,150,360	HRA Balance	(10,656)	(1,646,713)
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)
(2,500,000)	3,650,360	Balance Carried Forward	(2,510,656)	(4,146,713)

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2018-19 Actual £	2019-20 Projection £	Analysis	2019-20 Estimate £	2019-20 Projection £
		Borough Housing Services		
(29,236,342)	(29,570,473)	Rent Income - Dwellings	(29,977,450)	(29,967,996)
(208,349)	(208,349)	Rent Income - Rosebery Hsg Assoc	(208,350)	(159,003)
(206,530)	(225,551)	Rents - Shops, Buildings etc	(316,830)	(316,830)
(718,083)	(753,058)	Rents - Garages	(759,740)	(759,740)
(30,369,304)	(30,757,431)	Total Rent Income	(31,262,370)	(31,203,569)
(140,122)	(113,577)	Supporting People Grant	(144,180)	(144,180)
(1,023,033)	(1,098,353)	Service Charges	(1,116,020)	(1,114,559)
(9,144)	(15,339)	Legal Fees Recovered	(28,840)	0
(51,614)	(53,277)	Service Charges Recovered	(57,730)	(506,317)
(398,179)	(495,001)	Miscellaneous Income	(527,520)	(515,534)
(31,991,396)	(32,532,978)	Total Income	(33,136,660)	(33,484,159)

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Verto ref	Code	Directorate/Service and Capital Scheme name	Approved gross estimate (a) £000	Cumulative spend at 31-03-20 (b) £000	2020-21		Expenditure at end P8 (e) £000	Projected exp est by project officer (f) £000	2021-22 Est for year (ii) £000	2022-23 Est for year (iii) £000	2023-24 Est for year (iv) £000	2024-25 Est for year (v) £000	2025-26 Est for year (v) £000	Future years est (g) £000	Projected expenditure total (b)+(g) = (h) £000	Grants / Contributions towards cost of scheme (i) £000	Funded from Reserves	Net cost of scheme (h)-(i) = (j) £000
						Estimate approved by Council in February (c) £000	Revised estimate (d) £000												
APPROVED SCHEMES																			
COMMUNITY DIRECTORATE																			
General Fund Housing																			
PR381		N51008	Disabled Facilities Grants		annual	605	605	169	605	605	605	605	605	-	2,420	3,025	(806)	-	2,219
		N51019	Better Care Fund		annual	-	-	122	-	-	-	-	-	-	-	-	-	-	-
PR381		N51020	Home Improvement Assistance		annual	-	-	10	-	-	-	-	-	-	-	-	-	-	-
PR381		N51021	Solar Energy Loans		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		N51023	BCF TESH Project		annual	-	-	3	-	-	-	-	-	-	-	-	-	-	-
		N51024	BCF Prevention grant		annual	-	-	15	-	-	-	-	-	-	-	-	-	-	-
		N51030/32	SHIP		annual	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			General Grants to HAs		annual	100	100	-	100	100	100	100	100	-	400	500	-	-	500
		N55*	General feasibility, site preparation costs for affordable		annual	120	120	-	120	120	120	120	120	-	480	600	-	-	600
		N55011	Bright Hill Car Park Site			43	-	33	-	-	-	-	-	-	-	-	-	-	-
		N55014	Garage Sites-General			161	-	2	-	-	-	-	-	-	-	-	-	-	-
		N55017	Guildford Park feasibility					8											
		N55020	Shawfield					0											
		N55021	Site B10b feasibility			2	-	0	-	-	-	-	-	-	-	-	-	-	-
		N55022	Redevelopment bid 13			109	-	48	-	-	-	-	-	-	-	-	-	-	-
			Corporate Prorperty			-	-	-	-	-	-	-	-	-	-	-	-	-	-
ED14(e)	PR159	P72**	Void investment property refurbishment works	570	324	170	191	-	191	-	-	-	-	-	-	570	-	-	570
		P74077	Unit 2 The Billings void works	-	-	-	36	22	36	-	-	-	-	-	-	-	-	-	-
ED14		P72031	5 High Street void works	-	-	-	19	8	8	11	-	-	-	-	11	-	-	-	-
ED14		P72047	10 Midleton void works	230	7	-	223	68	223	-	-	-	-	-	-	230	(100)	-	130
ED21		P72022	Methane gas monitoring system	100	45	-	51	-	0	51	-	-	-	-	51	100	-	-	100
ED21a		P72046	Methane gas monitoring Depots	-	-	-	4	-	4	-	-	-	-	-	-	-	-	-	-
ED22		P74058	Energy efficiency compliance - Council owned properties	245	82	137	163	0	0	163	-	-	-	-	163	245	-	-	245
ED26		P51*	Bridges -Inspections and remedial works	317	197	-	120	-	20	100	-	-	-	-	100	317	-	-	317
ED35			Electric Theatre - new boilers	120	-	-	120	-	120	-	-	-	-	-	-	120	-	-	120
ED41	PR162	P74064	The Billings roof	200	27	175	173	2	3	170	-	-	-	-	170	200	-	-	200
ED44	PR210 &	P05012	Broadwater cottage	319	93	-	226	122	226	-	-	-	-	-	-	319	-	-	319
ED45	PR257	P18190	Gunpowder mills - scheduled ancient monument	222	9	52	212	182	212	-	-	-	-	-	-	222	-	-	222
ED51(p)	PR424	P10010	Guildford House Exhibition lighting	50	-	50	50	-	50	-	-	-	-	-	-	50	-	-	50
ED47	PR385	P74070	Cladding of Ash Vale units (no longer reqd)	145	5	92	140	-	-	-	-	-	-	-	-	5	-	-	5
ED53	BID97	P74072	Tyting Farm Land-removal of barns and concrete	200	8	-	192	54	192	-	-	-	-	-	-	200	-	-	200
ED56	2-1920	P74073	Foxenden Tunnels safety works	110	22	-	88	5	88	-	-	-	-	-	-	110	-	-	110
ED57	3-1920	P74074	Holy Trinity Church boundary wall	63	8	-	55	43	47	2	-	-	-	-	2	57	-	-	57
CP1	1-2021	P18414	SMP Ph1 Calorifer replacement	28	-	28	28	-	-	28	-	-	-	-	28	28	-	-	28
CP2	2-2021	P18415	SMP Main pavilion amenity club	50	-	50	50	-	50	-	-	-	-	-	50	50	-	-	50
CP3	3-2021	P18416	SMP cricket pavilion	120	-	120	120	3	4	116	-	-	-	-	116	120	-	-	120
Office Services																			
BS4	BID205	P50016	Hydro private wire - Tollhouse to Millmead	4	3	-	1	-	1	-	-	-	-	-	-	4	-	-	4
COMMUNITY DIRECTORATE TOTAL				3,092	1,146	1,699	3,086	920	2,299	1,466	825	825	825	0	3,941	7,071	(906)		6,166
ENVIRONMENT DIRECTORATE																			
Operational Services																			
OP1/OP		P66*	Flood resilience measures (use in conjunction with grant)	445	324	21	121	-	0	121	-	-	-	-	121	445	-	-	445
OP5	PR275	P35017	Mill Lane (Pirbright) Flood Protection Scheme	71	55	-	16	-	-	16	-	-	-	-	16	71	(19)	-	52
OP6	PR304	P58012	Vehicles, Plant & Equipment Replacement Programme	10,665	6,099	4,220	4,566	57	4,000	566	-	-	-	-	566	10,665	(26)	-	10,639
OP22		P53005	Litter bins replacement (complete)	265	112	153	153	-	-	-	-	-	-	-	-	112	-	-	112
OP26	PR264	P35022	Merrow lane grille & headwall construction	60	3	57	57	-	-	57	-	-	-	-	57	60	-	-	60
OP27	PR271		Merrow & Burpham surface water study	15	-	-	15	-	-	15	-	-	-	-	15	15	-	-	15
OP28	PR284		Crown court CCTV	10	-	-	10	-	-	10	-	-	-	-	10	10	-	-	10
OP22	5-1920		Town Centre CCTV upgrade	250	-	-	250	-	-	250	-	-	-	-	250	250	-	-	250
Parks and Leisure																			
PL11	PR141	P22062	Spectrum Roof replacement	4,000	1,680	-	271	72	120	151	-	-	-	-	151	3,100	-	-	3,100
		P22063/P2	Spectrum roof - steelwork ph2	-	409	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		P22065	Spectrum roof - steelwork ph3	-	740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PL15			Infrastructure works: Guildford Commons	150	3	-	3	1	3	-	-	-	-	-	-	6	-	-	6
PL15(a)		P18183	Infrastructure works: Guildford Commons: Merrow	-	15	-	-	-	-	-	-	-	-	-	-	15	-	-	15
PL15(b)		P18184	Infrastructure works: Guildford Commons: Shalford	-	129	-	-	-	-	-	-	-	-	-	-	129	-	-	129
PL20(b)		P18208	Westnye Gardens play area	125	122	-	3	5	3	-	-	-	-	-	-	125	(3)	-	122
PL20(c)		P18224	Redevelopment of Westborough and Park barn play area	320	-	295	320	-	-	320	-	-	-	-	320	320	-	-	320
PL34	PR186		Stoke cemetery re-tarmac	47	-	47	47	-	-	47	-	-	-	-	47	47	-	-	47
PL35	PR211	P18194	Woodbridge rd sportsground replace fencing(complete)	280	262	-	19	15	19	-	-	-	-	-	-	280	-	-	280
PL42		P20001	Pre-sang costs	100	51	-	49	5	49	-	-	-	-	-	-	100	-	-	100
PL57	BID211	P18215	Parks and Countryside - repairs and renewal of paths.roads	165	121	-	44	16	44	-	-	-	-	-	-	165	-	-	165
PL24	PR212	P18219	Kings college astro turf	547	494	-	53	3	18	-	-	-	-	-	-	512	(401)	-	111
PL58	1-1920	P18220	Shalford Common - regularising car parking/reduction of	121	22	99	99	-	-	99	-	-	-	-	99	121	-	-	121
		P18223	Allen House Pavillion - Roof Works	30	-	30	30	-	30	-	-	-	-	-	30	30	-	-	30
PL60	7-1920	P18222	Traveller encampments - Bellfields Green	82	62	10	20	15	20	-	-	-	-	-	-	82	-	-	82
PL60	7-1920	P18226	Traveller encampments - Shalford Common	48	-	48	48	-	48	-	-	-	-	-	48	48	-	-	48
PL60	7-1920	P18231	Traveller encampments - Christchurch Spectrum	5	-	5	5	-	5	-	-	-	-	-	5	5	-	-	5
ENVIRONMENT TOTAL DIRECTORATE				17,801	10,702	4,907	6,199	189	4,311	1,700	-	-	-	-	1,700	16,713	(448)		16,265
FINANCE DIRECTORATE																			
Financial Services																			
FS1	PR303		Capital contingency fund	annual	-	5,000	4,900	-	900	5,000	5,000	5,000	5,000	-	20,000	20,900	-	-	20,900
RESOURCES DIRECTORATE TOTAL				0	0	5,000	4,900	0	900	5,000	5,000	5,000	5,000	0	20,000	20,900	0		20,900
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																			
Development / Infrastructure																			
ED54	BID129	P74069	Rodboro Buildings - electric theatre through road and parking	450	17	280	433	6	11	422	-	-	-	-	422	450	-	-	450

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Verto ref	Code	Directorate/Service and Capital Scheme name	Approved gross estimate	Cumulative spend at 31-03-20	2020-21										Projected expenditure total	Grants / Contributions towards cost of scheme	Funded from Reserves	Net cost of scheme
						Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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				
				(a)	(b)	(c)	(d)	(e)	(f)	(ii)	(iii)	(iv)	(v)	(v)	(g)	(b)+(g) = (h)	(i)	(h)-(i) = (j)	
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
ED18	PR367	P15011	Museum and castle development	1,652	188	1,020	1,464	14	14	-	-	-	1,450	-	1,450	1,652	-	1,652	
ED52	PR437	P74067	Public Realm Scheme (Chapel Street/Castle	2,627	1,011	-	1,616	6	16	-	-	-	1,600	-	1,600	2,627	-	1,012	
P5	PR354	P79027/P7	Walnut Bridge replacement	5,098	1,667	1,593	3,414	108	3,414	17	-	-	-	-	17	5,097	(2,482)	1,665	
ED32	PR028	P79026	Internal Estate Road - CLLR Phase 1	11,139	10,571	-	568	111	568	-	-	-	-	-	-	11,139	(5,107)	6,032	
P9c		P79030	Town Centre Gateway Regeneration	3,523	50	3,480	3,473	-	-	-	-	-	3,473	-	3,473	3,523	-	3,523	
		P79032	SMC(West) Phase 1	4,403	1,192	2,975	3,211	252	1,553	1,658	-	-	-	-	1,658	4,403	(3,228)	1,175	
P16	BID111	P79033	A331 hotspots	3,930	269	3,146	3,661	25	3,161	500	-	-	-	-	500	3,930	(2,939)	991	
P14	PR402	P79034	Town Centre Approaches	1,033	7	816	1,026	9	603	400	-	-	-	-	400	1,010	(700)	310	
P22		P79036	Ash Bridge Land acquisition	120	104	-	16	-	16	-	-	-	-	-	-	120	-	120	
P21		P79037	Ash Road Bridge	4,060	1,803	2,214	2,257	412	1,000	1,257	-	-	-	-	1,257	4,060	(4,060)	-	
P11	PR364 &		Guildford West (PB) station	500	-	-	500	-	-	500	-	-	-	-	500	500	-	500	
			Development Financial																
	PR130	P79996	Investment in North Downs Housing (60%)	15,180	8,183	4,500	5,315	414	5,315	1,682	-	-	-	-	1,682	15,180	-	15,180	
	PR130	P79997	Equity shares in Guildford Holdings Ltd (40%)	10,120	5,460	3,000	3,543	277	3,543	1,117	-	-	-	-	1,117	10,120	-	10,120	
ED25	PR233	P79025 /	Guildford Park - Housing for Private and infrastructure works	6,500	3,444	3,462	3,056	-	(0)	-	-	-	-	-	-	3,444	-	3,444	
ED49	PR395	P72037	Middleton Ind Est Redevelopment	9,350	1,895	5,500	7,455	1,268	3,755	3,700	-	-	-	-	3,700	9,350	-	9,350	
P12	PR371	P72045	Strategic property acquisitions	8,520	7,024	-	1,496	638	1,496	-	-	-	-	-	-	8,520	-	8,520	
DF1	4-2021		Property acquisition	20,000		20,000	20,000		-	20,000	-	-	-	-	20,000	20,000	-	20,000	
PL9	PR136	P05009	Rebuild Crematorium	11,822	10,381	-	1,441	394	1,441	-	-	-	-	-	-	11,822	-	11,822	
ED27		P79023	North Street Development / Guild Town Centre regeneration	1,477	861	736	616	65	616	-	-	-	-	-	-	1,477	(50)	1,427	
ED6	PR350	P74039 /	Slyfield Area Regeneration Project (SARP)	31,259	5,202	700	8,750	4,992	8,750	2,211	3,435	3,436	-	-	9,082	31,459	(1,677)	29,782	
ED6	PR350	P79100/P1	WUV - Allotment relocation	200	158	160	-	99	-	-	-	-	-	-	-	-	-	-	
ED6	PR350	P79101	WUV - Int roads, Site clearance	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED6	PR350	P79102	WUV - New GBC Depot	2,480	0	-	2,480	5	2,480	-	-	-	-	-	-	2,480	-	2,480	
ED6	PR350	P79104	WUV - Thames Water relocation	-	8,267	-	-	436	-	-	-	-	-	-	-	-	-	-	
ED6	PR350	P79106	WUV - Land Purchase	-	-	-	-	1,091	-	-	-	-	-	-	-	-	-	-	
			DEVELOPMENT/INCOME GENERATING/COST REDUCTION	155,443	67,755	53,582	75,790	10,623	37,751	33,464	3,435	3,436	6,523	0	46,858	152,364	(20,243)	(2,565)	129,556
			APPROVED SCHEMES TOTAL	176,336	79,603	65,188	89,975	11,732	45,261	41,630	9,260	9,261	12,348	0	72,499	197,049	(21,597)	(2,565)	172,887
			non-development projects total	20,893	11,848	11,606	14,185	1,109	7,510	8,166	5,825	5,825	5,825	0	25,641	44,685	(1,354)	0	43,331
			development/infrastructure - non-financial benefit	38,535	16,879	15,524	21,639	943	10,356	4,754	0	0	6,523	0	11,277	38,512	(18,516)	(2,565)	17,430
			development- financial benefit	116,908	50,876	38,058	54,151	9,680	27,395	28,710	3,435	3,436	0	0	35,581	113,853	(1,727)	0	112,126
			TOTAL	176,336	79,603	65,188	89,975	11,732	45,261	41,630	9,260	9,261	12,348	0	72,499	197,049	(21,597)	(2,565)	172,887

GENERAL FUND CAPITAL PROGRAMME - ESTIMATED EXPENDITURE 2020-21 to 2025-26

Ref	Verto ref	Code	Directorate / Service Units Capital Schemes	Gross estimate approved by Executive	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	Projected exp est by project officer	2021-22 Est							Future years estimated expenditure	Projected expenditure total	Grants or Contributions towards cost of scheme	Net total cost of scheme to the Council	
										for year	2022-23 Est for year	2023-24 Est for year	2024-25 Est for year	2025-26 Est for year	2026-27 Est for year	2027-28 Est for year					2027-28 est for yr and SARP to 2023
				(a)	(b)	(c)	(e)	(f)	(g)	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(b) to (a)-(i)	(j)	(k) - (l) = (m)	
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
PROVISIONAL SCHEMES (schemes approved in principle; further report to the Executive required)																					
COMMUNITY DIRECTORATE																					
General Fund Housing																					
CM1(p)	BID264		Old Manor House - replacement windows (no longer reqd)	193	-	193	193	-	-	-	-	-	-	-	-	-	-	-	-	-	
Corporate Property																					
ED21(p)			Methane gas monitoring system	150	-	150	150	-	-	-	150	-	-	-	-	-	150	150	-	150	
ED22(p)			Energy efficiency compliance - Council owned properties	950	-	950	950	-	-	-	950	-	-	-	-	-	950	950	-	950	
ED26(p)			Bridges	370	-	370	370	-	-	370	-	-	-	-	-	-	370	370	-	370	
ED48(p)	PR390		Westfield/Moorfield rd resurfacing	3,152	-	3,152	3,152	-	-	-	3,152	-	-	-	-	-	3,152	3,152	-	3,152	
ED53(p)	BID97		Tylney Farm Land-removal of barns and concrete handstanding	50	-	50	50	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED56(p)	BID261		Land to the rear of 39-42 Castle Street	10	-	10	10	-	-	10	-	-	-	-	-	-	10	10	-	10	
CP4	6-2021		New House works	416	-	416	416	-	-	-	-	-	-	-	-	-	-	-	-	-	
CP5	6-2021		Energy & CO2 reduction in Council non HRA properties	2,268	-	2,268	2,268	-	-	768	500	500	500	-	-	-	2,268	2,268	-	2,268	
Office Services																					
CD8(p)			Renewables (no longer reqd)	65	-	65	65	-	-	-	-	-	-	-	-	-	-	-	-	-	
BS3(p)	BID201		Millmead House - M&E plant renewal	33	-	33	33	-	-	-	33	-	-	-	-	-	33	33	-	33	
BS4(p)	BID205	P50016	Hydro private wire - Tollmead	82	-	82	82	-	-	-	-	-	-	-	-	-	82	82	-	82	
COMMUNITY DIRECTORATE TOTAL				7,739	-	5,499	5,706	-	-	1,138	543	4,752	582	-	-	-	7,015	7,015	-	7,015	
ENVIRONMENT DIRECTORATE																					
Operational Services																					
OP5(p)			Mill Lane (Pitington) Flood Protection Scheme	200	-	200	200	-	-	-	200	-	-	-	-	-	200	200	(20)	180	
OP6(p)			Vehicles, Plant & Equipment Replacement Programme	780	-	780	780	-	-	780	-	-	-	-	-	-	780	780	-	780	
OP21(p)	PR281		Surface water management plan	200	-	200	200	-	-	-	200	-	-	-	-	-	200	200	-	200	
Parks and Leisure																					
PL16(p)	PR348	P04006	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	
PL41(p)	PR231		Stoke pk office accommodation & storage buildings	665	-	665	665	-	-	-	-	-	-	-	-	-	665	665	-	665	
PL45(p)	PR388		Stoke Pk gardens water feature refurb	81	-	-	81	-	-	40	-	-	-	-	-	-	40	40	(29)	11	
PL55(p)	BID198		Sutherland Memorial Park - electrical works COMPLETE	39	-	39	39	-	-	-	-	-	-	-	-	-	-	-	-	-	
PL56(p)	BID210		Stoke Park Masterplan enabling costs	500	-	100	100	-	50	200	100	150	-	-	-	-	450	500	-	500	
PL57(p)	BID211	P18215	Parks and Countryside - repairs and renewal of paths, roads and	1,572	-	400	772	-	50	1,122	400	-	-	-	-	-	1,522	1,572	-	1,572	
PL58(p)	BID213		Sports pavilions - replace water heaters	154	-	28	28	-	28	42	42	42	-	-	-	-	126	154	-	154	
PL59(p)	BID228		Millmead fish pass	60	-	60	60	-	-	60	-	-	-	-	-	-	60	60	-	60	
PL60(p)	7-1920		Traveller encampments	115	-	115	115	-	40	75	-	-	-	-	-	-	75	115	-	115	
ENVIRONMENT DIRECTORATE TOTAL				12,350	38	2,088	3,090	-	188	2,349	542	742	665	-	-	-	4,298	4,524	(49)	4,475	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS																					
Development / Infrastructure																					
ED18(p)	PR367		Guildford Museum	16,810	-	16,810	16,810	-	-	-	-	-	16,810	-	-	-	16,810	16,810	(11,800)	5,010	
PR130	P79996		Investment in North Downs Housing	30,100	-	-	-	-	-	5,518	12,539	-	-	-	-	-	18,057	18,057	-	18,057	
PR130	P79997		Equity shares in Guildford Holdings Ltd	-	-	-	-	-	-	3,683	8,360	-	-	-	-	-	12,043	12,043	-	12,043	
P10(p)	PR316		Sustainable Movement Corridor	6,045	-	-	-	-	-	-	-	3,023	3,022	-	-	-	6,045	6,045	-	6,045	
P11(p)	PR364		Guildford West (PS) station	4,700	-	1,700	1,700	-	-	1,000	2,000	1,700	-	-	-	-	4,700	4,700	(3,750)	950	
P14(p)	PR402		Guildford Gyrovator & approaches	10,967	-	3,500	3,500	-	-	-	-	-	-	-	-	-	10,967	10,967	(6,000)	5,967	
P15(p)	BID139		Guildford bike share	530	-	530	530	-	-	100	430	-	-	-	-	-	530	530	-	530	
P17(p)	BID169		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																					
ED29(p)	PR233		Guildford Park - Housing for Private and infrastructure works	23,125	-	4,380	4,380	-	-	-	-	-	-	-	-	-	-	-	-	-	
ED49(p)	PR395		Redeveloping Miditon industrial estate	5,557	-	5,557	5,557	-	-	-	-	-	-	-	-	-	5,557	5,557	-	5,557	
PL51(p)	PR416		Stoke Park - Home Farm Redevelopment	4,000	-	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000	-	4,000	
ED16(p)	PR350		Styfield Area Regeneration Project (SARP) (GBC share)	289,869	-	-	7,499	-	-	26,136	69,012	34,206	40,112	34,881	24,342	22,271	38,909	289,869	289,869	(64,158)	235,711
ED38(p)	PR041		North Street development	1,500	-	29,090	500	-	500	1,000	-	-	-	-	-	-	1,000	1,500	-	1,500	
HC4(p)	PR248		Bright Hill Development	13,500	-	500	690	-	690	5,000	7,000	820	-	-	-	-	13,500	13,500	-	13,500	
P12(p)	PR371		Strategic property acquisitions	23,292	-	9,492	9,492	-	-	23,292	-	-	-	-	-	-	23,292	23,292	-	23,292	
DF1	4-2021		Property acquisition	20,000	-	-	-	-	-	10,000	10,000	-	-	-	-	-	20,000	20,000	-	20,000	
DEVELOPMENT/INCOME GENERATING/COST REDUCTION PROJECTS TOTAL				473,735	-	94,769	74,388	-	1,000	100,106	107,011	59,359	71,731	34,881	24,342	22,271	38,909	449,610	450,610	(97,948)	352,662
PROVISIONAL SCHEMES - GRAND TOTALS				493,823	38	102,356	83,184	-	1,188	103,593	108,056	55,853	72,978	34,881	24,342	22,271	38,909	460,923	462,149	(97,997)	364,152
non development projects				20,099	38	7,587	8,796	-	188	3,487	1,085	5,494	1,247	-	-	-	11,313	11,539	(49)	11,490	
Development/Infrastructure - non-financial benefit				92,892	0	45,750	46,280	0	500	33,441	22,999	5,153	30,799	0	0	0	92,392	92,892	(43,780)	49,102	
Development - financial benefit				380,843	0	49,019	28,108	0	500	66,665	84,012	45,206	40,932	34,881	24,342	22,271	38,909	357,218	357,718	(64,158)	303,560
TOTAL				493,823	38	102,356	83,184	0	1,188	103,593	108,056	55,853	72,978	34,881	24,342	22,271	38,909	460,923	462,149	(97,997)	364,152

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GENERAL FUND CAPITAL PROGRAMME - S106 ESTIMATED EXPENDITURE 2020-21 to 2024-25

Ref	Project Officer	Code	Service Units / Capital Schemes	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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	Total net cost approved by Executive
				(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	(j) £000	(h)-(j) = (i) £000	(k) £000
APPROVED SCHEMES (fully funded from S106 contributions)																			
ENVIRONMENT DIRECTORATE																			
Operational Services																			
Parks and Leisure																			
S-PL36	HJ	P18177	Gunpowder mills - signage, access and woodland imps	36	20	-	16	1	16	-	-	-	-	-	-	36	(36)	-	-
S-PL38	HJ	P18192	Chantry Wood Campsite	36		-	36	-	36	-	-	-	-	-	-	36	(36)	-	-
S-PL47	SA	P18229	Fir Tree Garden	28	4	-	24	1	24	-	-	-	-	-	-	28	(28)	-	-
S-PL48	HJ	P18230	Boardwalk Heathfield Nature Reserve	13			13	-	13							13	(13)		
S-PL49	SA	P18232	Waterside Playarea Muti Unit	30			30	-	30							30	(30)		
S-PL50	SA	P18233	Albury Playground Equip (PC)	23			23	17	23							23	(23)		
ENVIRONMENT DIRECTORATE TOTAL				166	24	-	142	19	142	-	-	-	-	-	-	166	(166)	-	-
APPROVED S106 SCHEMES TOTAL				166	24	-	142	19	142	-	-	-	-	-	-	166	(166)	-	-

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GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE

Item No.	Project Officer	Code	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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
				(a) £000	(b) £000	(c) £000	£000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(a) £000	(b)+(a) = (h) £000
COMMUNITY DIRECTORATE																
		P59...	ENERGY PROJECTS per SALIX RESERVE:(PR220)			-		-	-	-					-	-
R-EN10	CR	P59034	LED Lighting replacement (complete)	80	61	-	19	-	(0)	-	-	-	-	-	-	61
R-EN11	CR		WRD energy reduction (no longer reqd)	70	-	-	70	-	-	-	-	-	-	-	-	-
R-EN12	7-2021		LED lighting	44		44	44	-	44	-	-	-	-	-	-	44
R-EN13	8-2021		ASHP CAB	28				-		28	-	-	-	-	28	28
ENERGY PROJECTS per GBC INVEST TO SAVE RESERVE:																
<i>GBC 'Invest to Save' energy projects (to be repaid in line with savings)</i>																
R-EN12	CR	P59102	PV/energy efficiency projects	100	2	-	98	-	98	-	-	-	-	-	-	100
R-EN13	BID200	P59107	Park Barn Day Centre - air source heat pump	143	110	-	-	3	10	-	-	-	-	-	-	110
R-EN14	BID207	P59108	SMP - air source heat pump	28	1	28	27	-	0	27	-	-	-	-	27	28
ENERGY RESERVES TOTAL				493	174	72	258	3	152	55	-	-	-	-	55	371
BUDGET PRESSURES RESERVE																
	09-1920		Future Guildford implementation team	2,600		1,600	2,600	-	-	-	-	-	-	-	-	-
BUDGET PRESSURES RESERVE TOTAL				2,600	-	1,600	2,600	-	-	-	-	-	-	-	-	-
FINANCE DIRECTORATE																
INFORMATION TECHNOLOGY - IT Renewals Reserve (PR265) : approved annually																
Hardware / software budget																
						500	500	-	500	500	500	500	-	-	1,500	2,000
R-IT1	SW-M	P81002	Hardware	annual	annual	-	-	3	-	-	-	-	-	-	-	-
R-IT2	SW-M	P81002	Software	annual	annual	-	-	301	-	-	-	-	-	-	-	-
	AH	P81034	ICT infrastructure improvements	1,485	1,695	-	-	30	-	-	-	-	-	-	-	1,695
R-IT3	09-1920		IDOX Acolaid to Uniform	275		-	275		275	-	-	-	-	-	-	275
R-IT4	09-1920		LCTS alternative	56		50	56		56	-	-	-	-	-	-	56
R-IT5	09-1920	P81035	Future Guildford ICT	1,200	656	-	544	-	544	-	-	-	-	-	-	1,200
IT RENEWALS RESERVE TOTAL				3,016	2,350	550	1,376	334	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																
P1R-CP2	KMc	P37503	Car parks - install/replace pay-on-foot equipment	1,170	240	-	930	-	-	930	-	-	-	-	930	1,170
Car Parks - Lighting & Electrical improvements:																
R-CP8	KMc/KS	P37520	- Castle car park (PR000299) deck surfacing	325	251	-	6	-	6	-	-	-	-	-	-	257
R-CP18	BID177	P37525	- Deck Millbrook car park	2,000	-	1,000	1,000	-	-	-	-	-	-	-	-	-
R-CP14	KMc/RH	P37514	Lift replacement (PR000293)	841	307	187	534	158	534	-	-	-	-	-	-	841
R-CP17	KMc/RH	P37522	Leapale rd MSCP drainage (PR000433)	90	26	-	64	-	16	-	-	-	-	-	-	42
R-CP19	BID194	P37523	Structural works to MSCP	300	50	-	250	-	-	100	-	-	-	-	100	150
R-CP20	10-1920	P37524	MSCP- Deck surface replacement & barriers	652	526	-	126	0	83	-	-	-	-	-	-	609
R-CP21	08-2021	P37526	Additional barriers Farnham Rd	15		15	15		15							15
R-CP22	08-2021	P37527	Deck surface replacement (stair cores)Farnham Rd	70		70	70		70							70
R-CP23	08-2021	P37529	Deck surface replacement Leapale Rd	400		400	400		10	390					390	400
R-CP24	08-2021	P37528	Signage replacement Leapale Rd(no longer reqd)	30		30	30		-						-	-
R-CP25	08-2021	P37530	Structural repairs roof turret timbers Castle St	60		60	60		60						-	60

GENERAL FUND CAPITAL SCHEMES - PROJECTS FUNDED VIA RESERVES: ESTIMATED EXPENDITURE

Item No.	Project Officer	Code	Projects & Sources of Funding	Approved gross estimate	Cumulative spend at 31-03-20	2020-21 Estimate approved by Council in February	Revised estimate	Expenditure at end P8	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
				(a) £000	(b) £000	(c) £000	(d) £000	(e) £000	(f) £000	(i) £000	(ii) £000	(iii) £000	(iv) £000	(v) £000	(g) £000	(b)+(a)-(d) £000
			CAR PARKS RESERVE TOTAL	5,953	1,401	1,762	3,485	158	794	1,420	-	-	-	-	1,420	3,613
			SPA RESERVE :													
			P20... SPA schemes (various)	100	annual	-	151	-	151	-	-	-	-	-	-	151
R-SPA1		P201..	Chantry Woods					-	-							
R-SPA2		P202..	Effingham					-	-							
R-SPA3		P203..	Lakeside					-	-							
R-SPA4		P204..	Riverside					-	-							
R-SPA5		P205..	Parsonage					-	-							
			SPA RESERVE TOTAL	100	-	-	151	-	151	-	-	-	-	-	-	151
			GRAND TOTALS	12,862	4,093	3,984	8,402	494	3,005	1,975	500	500	-	-	2,975	10,063

Agenda item number: 7

Appendix 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)

	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	2,086	0	0	0	21,641	27,117
Less applied re funding of capital schemes	(12,032)	0	(2,086)	(95)	0	0	0	0
Balance after funding capital expenditure as at 31 March	95	0	95	0	0	0	21,641	48,758

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
45,685	65,188	45,261	41,630	9,260	9,261	12,348	0
0	102,356	1,188	103,593	108,096	55,853	72,978	34,881
86	0	142	0	0	0	0	0
2,300	3,984	3,005	1,975	500	500	0	0
0	0	0	0	0	0	0	0
48,071	171,528	49,596	147,198	117,856	65,614	85,326	34,881
(18,111)	0	(2,086)	(95)	0	0	0	0
(8,421)	(41,368)	(12,257)	(51,415)	(10,515)	(7,650)	(5,600)	0
(2,300)	(4,204)	(6,692)	(2,195)	(720)	(720)	0	0
0	0	0	0	0	0	0	0
(28,832)	(45,572)	(21,035)	(53,705)	(11,235)	(8,370)	(5,600)	0
(19,239)	(125,956)	(28,561)	(93,493)	(106,621)	(57,244)	(79,726)	(34,881)
(48,071)	(171,528)	(49,596)	(147,198)	(117,856)	(65,614)	(85,326)	(34,881)

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

Estimated shortfall at year-end to be funded from borrowing

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
894	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
894	0	0	0	0	0	0	0
(894)	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
18,346	125,956	28,561	93,493	106,621	57,244	79,726	34,881

GENERAL FUND CAPITAL PROGRAMME : SUMMARY OF RESOURCES AND FINANCIAL IMPLICATIONS

	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	
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	
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)	(299)	(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	18,346	125,956	28,561	93,493	106,621	57,244	79,726	34,881	400,527
Bids for funding (net)		0	0	0	0	0	0	0	0
Total estimated borrowing requirement if all bids on Appendix 1 approved	18,346	125,956	28,561	93,493	106,621	57,244	79,726	34,881	400,527

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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 P8 £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	2,962	3,162	1,800	1,800	1,800	0	0	10,700
New Build													
Guildford Park	75	0	75	0	0	213	0	0	0	0	0	0	75
Guildford Park (from GF)	6,500	0	3,444	3,462	(406)	197	250	2,806	0	0	0	0	6,500
Appletree pub site	3,200	719	3,483	0	(283)	15	(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	1	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	11	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	0	1,000
Pipeline projects	9,425	55	55	2,250	95	27	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	3	300						300
Schemes to promote Home-Ownership													
Equity Share Re-purchases	annual	155..397	annual	400	0	126	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		477	1,900						annual
Doors and Windows	annual	76	annual	300	370	89	670						annual
Structural/Roof	annual	260	annual	525	295	107	820						annual
Energy efficiency: Central heating/Lighting	annual	1,146	annual	1,000		495	1,000						annual
General	annual	1,891	annual	1,870	116	360	1,986						annual
Grants													
Cash Incentive Scheme	annual	0	annual	75	0	0	75						annual
TOTAL APPROVED SCHEMES	40,681	8,414	17,375	14,930	1,842	5,084	13,966	5,525	4,025	4,075	1,400	400	40,681

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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	250	14,499	26	0	0	0	16,000
Guildford Park (from GF)	23,125						4,380	11,625	7,120			23,125
Bright Hill	3,000	0	0	1,500	0	0	3,000	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			9,058	1,066	0	0	0	10,124
Redevelopment bid 14	3,000			1,000			2,500	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	66,249	318	1,225	12,457	788	250	42,012	22,792	16,695	5,575	5,575	66,249

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Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Director of Strategic Services

Author: John Armstrong, Democratic Services and Elections Manager

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Date: 14 January 2021

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

25 March 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Summary of Internal Audit Reports 1 November to 31 December 2020	To consider the final internal audit report prepared by KPMG concerning Burchatts Farm Barn.	Corporate Governance and Standards Committee	Neil Hewitson (KPMG) 0207 311 1791
Annual Audit Letter 2019-20	To review the letter and make any comments to the Executive as appropriate.	Corporate Governance and Standards Committee Executive: 20 April 2021	Claire Morris 01483 444827
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
The Council's Constitution	To review and update Financial Procedure Rules and Procurement Procedure Rules	Corporate Governance and Standards Committee Council: 13 April 2021	Victoria Worsfold 01483 444834 Faye Gould 01483 444120
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, effective communications and reporting, including the Council's Communications Protocol 	Corporate Governance and Standards Committee Executive: 26 January 2021 Council: 13 April 2021	John Armstrong 01483 444102 Diane Owens 01483 444027
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
Financial Monitoring 2020-21 Period 10 (April 2020 to January 2021)	To note the results of the Council's financial monitoring for period April 2020 to January 2021	Corporate Governance and Standards Committee	Victoria Worsfold 01483 444834
Corporate Performance Monitoring	To receive a quarterly setting out the Council's performance against its Key Performance Indicators	Corporate Governance and Standards Committee	Steve Benbough 01483 444052

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

22 April 2021 (additional committee date)

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
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
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
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
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
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

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

17 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	Victoria Worsfold 01483 444834
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	Victoria Worsfold 01483 444834
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	Neil Hewitson (KPMG) 0207 311 1791
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

29 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	Victoria Worsfold 01483 444834
2020-21 Audited Statement of Accounts	To approve the 2020-21 Statement of Accounts	Corporate Governance and Standards Committee	Victoria Worsfold 01483 444834
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	Victoria Worsfold 01483 444834
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	Neil Hewitson (KPMG) 0207 311 1791

Agenda item number: 8
Appendix 1

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

23 September 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2021-22 Period 4 (April to July 2021)	To note the results of the Council's financial monitoring for the period April to July 2021	Corporate Governance and Standards Committee	Victoria Worsfold 01483 444834
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
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

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

18 November 2021

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Financial Monitoring 2021-22: Period 6 (April to October 2021)	To note the results of the Council's financial monitoring for the period April to October 2021	Corporate Governance and Standards Committee	Victoria Worsfold 01483 444834
Summary of internal audit reports (April to September 2021)	To consider the summary of internal audit reports and progress on the internal audit plan for April to September 2021, including update on complaints to the Local Government Ombudsman for that period.	Corporate Governance and Standards Committee	Neil Hewitson (KPMG) 0207 311 1791
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 Performance Monitoring	To receive a quarterly setting out the Council's performance against its Key Performance Indicators	Corporate Governance and Standards Committee	Steve Benbough 01483 444052

CORPORATE GOVERNANCE AND STANDARDS COMMITTEE: 12 MONTH ROLLING WORK PROGRAMME

20 January 2022

Subject	Details of decision to be taken	Decision to be taken by	Contact Officer
Annual Audit Letter 2020-21	To review the letter and make any comments to the Executive as appropriate.	Corporate Governance and Standards Committee Executive: 25 January 2022	Claire Morris 01483 444827
Capital and investment strategy (2022-23 to 2025-26)	To comment on various recommendations to the Executive and Council	Corporate Governance and Standards Committee Executive: 25 January 2022 Council: 9 February 2022	Victoria Worsfold 01483 444834
Financial Monitoring 2021-22 Period 8 (April to November 2021)	To note the results of the Council's financial monitoring for the period April to November 2021	Corporate Governance and Standards Committee	Victoria Worsfold 01483 444834
Gender Pay Gap Report 2022-23	To note the Council's gender pay gap report	Corporate Governance and Standards Committee	Francesca Smith 01483 444014
Corporate Performance Monitoring	To receive a quarterly setting out the Council's performance against its Key Performance Indicators	Corporate Governance and Standards Committee	Steve Benbough 01483 444052

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